

DEER RUN AT FRONTIER VILLAGE ASSOCIATION

October 9, 2025

TO: All Members of Deer Run at Frontier Village Association

SUBJECT: Membership Vote on Special Assessment and Loan Voting Instructions

Please review this memo and enclosed voting materials regarding a proposed Special Assessment in the total (collective) amount of \$1,549,585 allocated equally among the Units, which is necessary to fund the Roofing Project, and a proposed loan. **Ballots must be received by the Inspector of Elections no later than the deadline listed below in order to be counted. Voting instructions are below.**

PURPOSE OF SPECIAL ASSESSMENT

The Association's consultants have informed the Board that the roofs, which are over 20 years old, are in poor condition and that replacement is necessary to avoid further deterioration and leaks. The Roofing Project will consist of the following items on all residential buildings and the pool house:

- Preparing work areas following safety protocols;
- Removing 1 layer of shingle roof system;
- Nailing 1 layer of GAF Tiger Paw Underlayment over prepared substrate;
- Installing 1 layer of GAF Pro Starter over prepared substrate;
- Installing new 2"x3" Drip Edge metal flashing on entire perimeter;
- Nailing 1 layer of GAF Timberline HDZ Shingles following manufacture guidelines;
- Installing new venting following manufacture guidelines;
- Installing GAF 10" TimberCrest Premium Ridge Cap Shingles over prepared substrate; and
- Removal and disposal of all debris off-site.

The cost for this work is estimated to be of **\$1,549,585**. This amount includes the cost of the repairs, permit fees, design costs, a contingency fee, project management, construction management, and administrative and legal costs. Because neither the operating account nor the reserve account has adequate funds, a special assessment in the amount of \$1,549,585 is required.

Special assessments are allocated equally among all units, pursuant to the CC&Rs. Each owner's share will be **\$13,960**.

WHAT HAPPENS IF THE SPECIAL ASSESSMENT DOES NOT PASS?

- 1) Condition of the roofs will continue to deteriorate, likely increasing safety risks, water leak issues, and future repair costs.
- 2) Repair costs are likely to rise with time and inflation.
- 3) Property values could decline due to visible disrepair and deferred maintenance.

- 4) Failure to perform the work may adversely affect the Association's ability to obtain insurance or increase insurance premiums.
- 5) Failure to perform the work may adversely affect current owners' ability to sell because buyers may have even more limited financing options due to lender restrictions.
- 6) Owners must disclose necessary repairs and the requested special assessment to prospective buyers.
- 7) The Association's responsibility to maintain, repair, and replace these components, and levy assessments sufficient to comply with its obligation, will not go away. Therefore, it will likely be necessary for the Board to increase assessments up to the statutory maximums without member approval (i.e., regular assessment increases up to 20% each fiscal year and special assessments up to 5% of the budgeted gross expenses each fiscal year).

PURPOSE OF THE LOAN

The Board understands that some members may prefer to pay their portion of the Special Assessment over time. The loan will provide members with the option to pay their portion of the Special Assessment in installments over the term of the loan, while still allowing the Association to obtain funding to perform the necessary work.

WHAT HAPPENS IF THE LOAN DOES NOT PASS?

The Association will not be authorized to take out a bank loan. As a consequence, the Board will not be able to offer the 10-year installment payment option. Accordingly, if the Special Assessment passes, but the loan does not, owners will be required to make a single lump sum payment of \$13,960 on or around January 6, 2026.

TERMS OF SPECIAL ASSESSMENT

If the Special Assessment is approved, all members will be sent an "Option Form" in which they will be asked to select one of the following options for payment of their share of the Special Assessment:

Option 1 – Payment in full in a single lump sum due approximately thirty (30) to sixty (60) days after the Special Assessment is approved; or

Option 2 – Payment in accordance with the terms of the loan, estimated to be ten (10) years.

Members who select Option 1 will be required to pay a one-time \$25 set up fee. Members who select Option 2 will be required to pay interest on the loan, which is currently estimated to be 6.8%, but is subject to change at the time of loan closing, a one-time \$25 set up fee, a \$5/month processing fee, and a one-time \$950 voluntary lien cost.

Members who select Option 2 will be required to pay a one-time \$950 fee to prepare, record, and release a voluntary lien, and sign and notarize the voluntary lien, which will be recorded against the member's property until the Special Assessment is paid in full.

If a member does not return the Option Form by the due date specified by the Board, the Board will presume that the member has decided to pay their share of the Special Assessment in a single lump sum payment.

Payment in Full Due Upon Sale, Transfer or Refinance

Any unpaid balance of the Special Assessment levied and allocated against a unit will be due and payable upon the close of escrow of that unit if it is sold, transferred, or refinanced at any time after initial notification to the membership by the Association that the Special Assessment has been approved.

MEMBER APPROVAL REQUIREMENTS

For the Special Assessment:

The Association's CC&Rs and California Civil Code section 5605 state that the proposed Special Assessment must be approved by the vote of a majority of a quorum of members. This means that a majority of members (at least 56 members) must vote, and a majority of those voting must vote in favor of the Special Assessment. Our understanding is that special assessments are commonly approved by homeowners as the only way to continue the financial viability of their associations.

For the Loan:

The Association's CC&Rs state that the proposed loan must be approved by the vote of 75% of the members. This means that at least 84 members must return ballots and vote "yes" to approve the loan.

Your Ballot to vote on the proposed Special Assessment and loan is enclosed. **Ballots must be returned by the deadline listed below**, unless the voting deadline is extended.

MEMBERSHIP VOTE

Enclosed with this letter is a Ballot for you to vote on the proposed Special Assessment and loan. The vote on the proposed Special Assessment and loan will be conducted using a secret ballot, double-envelope system mandated by law, the details of which are explained below. All members are entitled to cast one (1) Ballot for each unit owned. If more than one (1) person owns the unit, the members shall determine who shall cast the Ballot, but no unit may cast more than one (1) Ballot.

Voting Instructions

The enclosed voting packet contains: (i) the Ballot for the proposed Special Assessment and loan; (ii) a small envelope marked “Ballot”; and (iii) a larger postage pre-paid, envelope addressed to the Inspector of Elections with a place for your name, address, and signature in the upper left-hand corner.

For your vote to be counted, you must follow these instructions.

1. Mark the Ballot by voting either "for" or "against" the proposed Special Assessment and either "for" or "against" the proposed loan. You do not need to make any other marks on the Ballot.
2. Put the completed Ballot in the small envelope marked “Ballot” and seal it. You do not need to write anything on this smaller envelope.
3. Put the small “Ballot” envelope inside the larger envelope addressed to the Inspector of Elections and seal it.
4. **Sign your name** on the line provided on the outside of the larger envelope, and print your name and address in the upper left-hand corner. **If you fail to sign your name, your ballot will not be counted.**
5. Mail or hand-deliver the larger envelope with the small, unmarked envelope and Ballot inside to:

Deer Run at Frontier Village Association
Inspector of Elections
c/o The HOA Election Guys, Inc.
27472 Portola Pkwy #205-412
Foothill Ranch, CA 92610

Voting Deadline

The deadline to return your Ballot is **12:00 p.m. (noon) on November 10, 2025**. Whether you choose to mail or hand-deliver your Ballot, it must be **received** by 12:00 p.m. (noon) on November 10, 2025 to be counted.

Each owner is responsible for ensuring that their Ballot is received by the Inspector of Elections by the deadline. Owners should contact the Inspector of Elections directly with questions about delivery or receipt of their Ballot.

Board Meeting

The Inspector of Elections will receive and hold the Ballots inside the unopened larger envelopes until they are opened and tabulated at an open meeting of the Board of Directors that

will be held on **November 10, 2025 at 6:00 p.m. via Zoom and at the following location.** The Zoom information and address of the physical location are as follows:

Date: November 10, 2025

Time: 6:00 pm

Zoom Link: <https://commoninterest.zoom.us/j/81356473386>

Meeting ID: 813 5647 3386

Password: 083912

Dial In Number: 1-253-205-0468

Physical Location: 5030 Treaty Court, San Jose, CA 95136

Ballots will be opened and tabulated by the Inspector of Elections at the open meeting of the Board of Directors. Members may attend the Board meeting via Zoom or at the physical location and observe the counting of Ballots. The Inspector of Elections reserves the right to extend the deadline to open and tabulate Ballots if deemed necessary, and the Ballot tabulation meeting may be rescheduled. Notice of the results of the election will be provided to the membership within fifteen (15) days of the counting of the Ballots, but may also be informally announced as soon as the counting is completed at the open Board meeting.

The Association's Voting and Election Rules governing this election may be found at:

www.thehoaelectionguys.com/deerrun

The Board believes that the proposed Special Assessment is necessary and in the best interests of the Association and all members. Your vote is important, please vote!

Very truly yours,
Board of Directors

Enclosures (3): Official Ballot
 Smaller Envelope Marked "Ballot"
 Larger Envelope