



10540 Caminito Baywood
San Diego, CA 92126
www.mvhoa.org

Phone: (858)566-0244
Fax: (858)566-0231
zinsco@mvhoa.org

Mesa Village Homeowners Association

ACTION REQUIRED

ZINSCO ELECTRICAL PANEL INSPECTION AND REPLACEMENT CAMPAIGN

Date: 9/19/2024

As you should now be aware, the Association is facing a serious fiscal challenge. Insurance costs for the Association have increased dramatically over what was budgeted for FY2025. Farmer's, who had insured us for many years, gave us notice of non-renewal. We have been actively shopping for a replacement Policy. We did anticipate an increase, due the Zinsco circuit panel issue, so the budgeted amount was \$360,000. However, after shopping all available insurance companies, our proposal came in at \$814,000 per year. For comparison, FY 2024 budget for insurance was \$214,200. The reason for this drastic increase is the presence of Zinsco breaker panels throughout the Association. They have been determined, by industry experts, to be deficient and a potential fire hazard. Insurance underwriters will no longer accept them. Not all units have them, but many do, as well as some of the common area breaker panels. Replacing the affected common area panels will be a huge expense to the Association, probably between \$400,000 and \$500,000. Regarding the Zinsco panels in individual units, we have asked that all homeowners notify us via email and photos which panels they have in their units. Those units with The Zinsco brand, must have them replaced. This is a painful financial burden to all of us, as some individual units as well as common area panels are affected. However, the cost of getting these replaced now will be far less than ongoing extreme insurance premiums. Unfortunately, this issue may also affect lenders who may deny loans involving affected units.

In an effort to be proactive and "get a grip" on this problem, the board has made some difficult decisions. First, the Board has passed a resolution, in compliance with Civil Code Section 5610(c), to levy an emergency assessment of \$844 per unit, to cover the shortfall in insurance premium for FY2025. The resolution states that the Board could not have reasonably anticipated this dramatic increase in insurance premium. An increase was anticipated and budgeted for in the FY2025 budget, but not to the extreme degree which is being experienced. This emergency assessment will be due 30 days from the date of this notice. For those who cannot pay the lump sum of \$844, an additional monthly amount of \$71 will be applied to monthly assessments.

Second, the association is insisting that all homeowners respond with photos of their breaker panels and make arrangements to replace Zinsco panels immediately.

Failure, on the part of a homeowner to update the Zinsco panel will jeopardize the ability for the association to bring down our insurance premiums, thus causing financial hardship on all other owners. Additionally, if that unit were to have a fire related to the Zinsco panel, that owner could be financially liable for damages to other units and/or common property.

This is a serious matter which must be resolved quickly. It may well adversely affect your property values and make it difficult to obtain individual homeowners insurance. We ask for your cooperation in resolving this challenge.

After consultation with our legal staff, the board is prepared to enforce this directive in accordance with the Association's governing documents as follows:

The electrical panels are the responsibility of individual homeowners per Article VIII, Section 2,

which states, in part:

Each Owner shall also be responsible for the maintenance, replacement and repair of the plumbing, electrical and heating systems servicing solely his or her Unit and located in, under or upon his or her Unit, or the ceilings, roof, floors or walls within or surrounding his or her Unit, including television cable equipment and connections, and all appliances and utility equipment located within or without said Unit, so long as those systems are used exclusively by such Owner and not in common.

Zinsco panels serve individual units exclusively and owners are required to replace them. The Association began notifying owners in December 2023 that the panels must be replaced, but some owners have been slow to respond. The Association has the right to conduct repairs and replacement itself if the owner failed to complete them after requisite notice. To do so, the Association may be able to utilize its right of entry, found in Article III, Section 3, which states:

For the purpose of preventing damage to the Common Area, the Association, its Directors and/or the on-site property manager shall have the right to enter into any Unit so long as the following procedures are met:

- A. The Association has contacted the appropriate authorities, if applicable;*
 - B. At least two (2) Board members have approved said entry;*
 - C. The Association has notified the Owner, in writing sent via certified mail return receipt requested and first-class mail, at least five (5) business days before the intended entry, that the Association intends to enter the Unit and specifies the purpose(s) for said entry;*
 - D. If the Owner has previously provided the Association with an address other than that of the Unit, then a copy of the notice described in subparagraph (C) above will be sent via first class mail addressed to the Occupant at the Unit address;*
 - E. If the Owner fails to respond to the notice or fails to contact the Association to make arrangements for entry, then the Association may seek a court order to effectuate the entry. If the Association seeks a court order, the Association may impose a Special Reimbursement Assessment against the Owner for any fees and costs incurred.*
- Notwithstanding the foregoing, in the event of a fire or similar disaster, if entry into a Unit is required within five (5) business days for insurance purposes or in situations where the Board has an affirmative duty to act, entry shall be permitted after a reasonable attempt has been made to notify the occupant and the Owner of the Unit of the Association's need and intent to enter the Unit. When there is an entry into any Unit, such entry shall be made with as little inconvenience to the occupant as possible.*

Additionally, the Association has the right to levy a reimbursement assessment against individual owners if the Association must replace the Zinsco panels itself. Article IV, Section 5(A)(ii) says the following:

- (a) in the event that the In Association incurs any costs or expenses, to accomplish*

*the payment of delinquent Assessments,
(b) any repair, maintenance or replacement to any portion of the Properties that the Owner is responsible to maintain under the Governing documents but has failed to undertake or complete in a timely fashion, or
(c) to otherwise bring the Owner and/or his or her Unit into compliance with any provision of the Governing Documents, the amount incurred by the Association (including reasonable fines and penalties duly imposed as set forth in the Association Rules and Regulations, title company fees, accounting fees, court costs and reasonable attorney's fees) shall be assessed and charged solely to and against such Owner as a Special Reimbursement Assessment.*

Our intention is to take affirmative action to replace the hazardous Zinsco panels. If owners fail to respond to notices to replace them, the Association will then call each of the owners whose panels it replaced to a hearing and levy a reimbursement assessment for the amount each panel costs. The Association will notify owners that this will be the outcome if it is required to do this work itself and that the costs of gaining member compliance (e.g., collection costs, interest, attorney's fees, etc.) will be added to the reimbursement assessment.

We understand this will require a significant upfront cost outlay to the Association, but it likely will cost less than the ongoing insurance premium increases would. Further, the reimbursement assessments should eventually allow the Association to recover the costs associated with such a project. The reimbursement assessments may become a lien against the owner's property, aiding the Association in the eventual recovery of the assessment amounts.

We certainly hope and expect that these above options will not be necessary. It is in the best interest of us all to get to 100% non-Zinsco panels ASAP. Get our insurance premiums back down and keep our property values up. For additional information please visit our website at www.mvhoa.org.

Sincerely,



Jim Webster
President of the Board of Director

On Behalf of the Board of Directors
Mesa Village Homeowners Association