HAMMOCKS COMMUNITY ASSOCIATION INCORPORATED

MINUTES OF THE EMERGENCY SPECIAL MEETING OF THE BOARD OF DIRECTORS

Monday, May 18, 2026, at 7:00 p.m. via Zoom Only

1. Call to Order:

The Emergency Special Meeting of the Board of Directors was called to order by Frank Perez, Secretary, at 7:04 PM on Monday, May 18, 2026, via Zoom only. Frank Perez chaired the meeting because President Don Kearns was traveling at the time and was seated on an airplane, limiting his ability to participate verbally.

2. Determination of a Quorum:

A quorum was established.

Present:

1. Don Kearns
2. Johanna Acosta
3. Juan Franco
4. Kristen Gurucharri
5. Frank Perez
6. Pete Cabrera

The Court-Appointed Monitor, Judge David M. Gersten (ret.) and General Counsel Jesmany Jomarrón, Esq., were also present.

3. Proof of Notice of Meeting:

Notice of the Emergency Special Meeting was posted on the Association's official website on May 18, 2026. General Counsel Jomarrón explained that a full 48-hour notice could not be provided due to the meeting's emergency nature and the imminent expiration of the real estate offer. It was further explained that the actions taken at the meeting would later be presented for ratification at a properly noticed board meeting.

4. New Business:

a. Review and Approval of the Offer/Counteroffer to Purchase and Sell the Redlands Property

General Counsel Jomarrón presented the Board with a Buyer's proposed offer to purchase the Association's Redlands property received on Monday, May 18, 2026. Mr. Jomarrón explained that this proposal was a revision to an earlier offer submitted by the same Buyer on Friday, May

15, 2026. After the Buyer and realtor visited the property on Sunday and observed its condition, the transaction structure was revised from a single-family residential financing transaction to a vacant land transaction because the existing structure would not qualify for traditional single-family financing.

General Counsel Jomarrón explained that, during the inspection, the Buyer and realtor discovered substantial debris and cleanup issues on the property, including construction debris, a trailer, a boat, and numerous bags of hardened concrete. As a result, the Buyer withdrew the original clean $1,100,000.00 offer and replaced it with a revised proposal requesting a $25,000.00 seller credit for cleanup costs.

General Counsel Jomarrón further explained that, prior to learning the full extent of the cleanup issues, he had already recommended over the weekend that the Association counter the original offer at $1,120,000.00. He stated that, notwithstanding the cleanup issues, he believed the property still justified a $1,120,000.00 valuation and therefore recommended that the Board maintain the proposed counteroffer price of $1,120,000.00 while agreeing to the requested cleanup credit in light of the documented condition of the property and anticipated cleanup expenses.

General Counsel Jomarrón also explained revisions to the financing contingency and closing deadlines, including reducing the financing contingency period from forty-five (45) days to thirty-five (35) days and reducing the closing period from sixty (60) days to forty-five (45) days.

The Board further discussed:

- Continuing to actively market the property during the contract period;
- Continuing to solicit backup offers;
- The buyer's familiarity with agricultural properties in the Redlands area;
- The buyer's lender already being familiar with the proposed financing structure; and
- The benefit of shifting the cleanup obligations and associated risks to the buyer.

Frank Perez stated that he agreed with the proposed structure and believed it was favorable to the Association.

Johanna Acosta discussed the practical effect of inspection contingencies in real estate contracts and suggested negotiating the cleanup credit amount downward. She also noted that the speed of the transaction was favorable given current market conditions.

Juan Franco questioned whether the financing contingency should be removed entirely and discussed the distinction between financed and cash offers. General Counsel Jomarrón confirmed that the property would continue to be marketed in the event a cash buyer emerged.

Pete Cabrera commented that the proposal was a "no brainer" because it avoided the Association having to undertake cleanup obligations and associated risks.

Don Kearns agreed with the proposal and stated that the cleanup costs could easily exceed the requested credit amount.

A motion was made by Pete Cabrera to approve the proposed counteroffer for the sale of the Redlands property at a purchase price of $1,120,000 with a $25,000 seller credit for cleanup, together with the financing, inspection, and closing terms discussed at the meeting, and further authorizing General Counsel Jomarrón to negotiate the purchase price down to $1,100,000 if necessary to finalize the transaction.

Seconded by: Frank Perez.

Motion carried unanimously 6-0.

5. Owner Comments on Agenda Items

No owners appeared for owner comments.

6. Adjournment

Motion to adjourn the meeting by Pete Cabrera.

Seconded by Frank Perez.

Motion carried unanimously.

Meeting adjourned at approximately 7:17 PM.

Respectfully submitted,

Frank Perez, Secretary
Hammocks Community Association Incorporated

SECRETARY