

BERDING & WEIL LLP

ATTORNEYS AT LAW

5879-91
TPB, ALA, JBC,
LNG, MRH, MM,
MK, MP

March 14, 2007

Interested Owner
Foskett Ranch Development
Lincoln, CA 95648

Re: Smolich v. Meritage Homes, et al.

Dear Owner:

As you may know, our firm represents a group of Foskett Ranch owners in their claims against Meritage Homes for excessive noise pollution from the Sierra Pacific Mill. Those of you who live close to the Mill know exactly what I'm talking about. Those of you who live further away may not be as concerned about this problem. But regardless of where your home is in Foskett Ranch, you do know that the mill is there and that many of your neighbors are having a great deal of difficulty sleeping at night because of the noise from the mill.

Meritage Homes recently sent a letter to all Foskett Ranch homeowners in what appears to be an attempt to undermine the efforts of your neighbors to get Meritage to deal with this noise issue. As you might expect, the Meritage letter leaves more unsaid than said, and it is the things that they fail to mention that are of concern to you and your neighbors. Specifically, Meritage does not mention that Sierra Pacific has an easement that likely permits it to operate much as it does. It should not be surprising that the easement is not mentioned in the letter because Meritage did not disclose it to you when you purchased your homes. That easement could prevent any owner from taking effective action to quiet the mill's operations, and it should have been disclosed at the time of sale, but wasn't. The letter also does not tell you that we have been having ongoing and productive discussions with Meritage's attorneys about the very things they discuss in the letter—the ways that might be employed to mitigate the sound problem and thereby find a just and negotiated solution to the problem.

We think it's important that you have the benefit of our thoughts on this situation. First, the problem exists; there is no question about it. Just ask anyone who lives close to the mill and a lot of people who live further away. Second, Meritage knew about this problem long before it built any homes there. It also knew that there was probably going to be very little that could effectively be done to force Sierra Pacific to quiet its operations. Third, Meritage chose to build and sell the homes without attempting any serious mitigation measures. Last but not least, it is likely that the reason that they are now acknowledging the noise issue is because a large group of your neighbors have joined together to make their claim known. They employed the legal process because that is what it took to get Meritage to respond in the way that they now have.

Re: **Smolich v. Meritage Homes, et al.**

March 14, 2007

Page 2

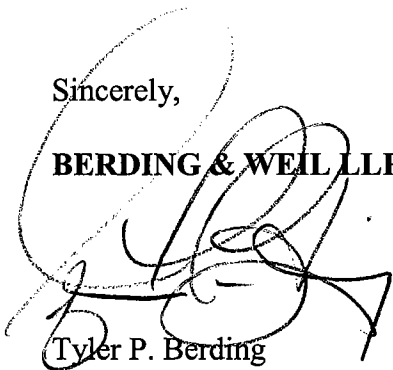
This problem will continue to exist until Meritage deals with the problem in some effective way. It would have been great if the matters stated in their letter could have been implemented before everyone moved in rather than subjecting owners to years of sleepless nights. Most everyone in the community knows about the problem and it wasn't the "tactics of class action lawyers" that made them aware. Meritage sold homes without effectively dealing with this known problem. If your homes have decreased in value because of this problem, please consider carefully what caused that to happen. We also do not think that it is appropriate to use economic scare tactics to dissuade owners from asserting their legal rights.

Be assured that we intend to allow Meritage every opportunity to adequately mitigate this sound problem if that is physically possible. There is no agreement among experts yet as to whether that can be done. We have invested in the best sound engineers we could find to investigate the problem on behalf of each of you. Their reports will be made available to anyone who wishes to read them. After you have reviewed all of the information that is available, you will be able to draw your own conclusions about what it will take to adequately solve this problem and who should do it. We intend to assist that process in every way that we can.

Berding & Weil LLP is in the process of developing a website where we can post relevant documents and status letters to keep all owners abreast of current developments. The website is presently under construction, but can be accessed at <http://bwclassaction.com/smolich-v-meritage/>. As always, please do not hesitate to contact the undersigned or Allison Andersen at any time.

Sincerely,

BERDING & WEIL LLP



Tyler P. Berding

tberding@berding-weil.com

TPB:bc