

PROFESSIONAL PROPERTY MANAGEMENT Q and A

Note: Responses are based on current knowledge and subject to change when contracts are negotiated and finalized. There may also be slight differences between PPM companies based on the services that they provide.

Q: What are the communities/boards expectations for a PPM? The purpose is to have the day to day operations managed. The daily operations and Administrative functions are inefficient. Staff do not have stable direction when the Boards change on a yearly basis. The Board expects the PPM company that we hire to be certified in community management and understand the governance structure set out in our CCRs and manage to those rules, regulations, etc. They must be cost effective and offer owners a efficient and effective way to pay their dues, report issues, and have access to their accounts. They need to offer regular avenues of communication to both owners and the Board of Directors. They need to offer compliance services that are fairly and equally enforced. They need to be experienced in complicated property issues when properties have been abandoned and or under foreclosure.

Q: Will the board use these expectations as a check list for the companies they are looking at? Yes

Q: What would be the specific services they would perform for Clearwood? They would do all accounts payable and receivables, bank and title or deed demands, set up new owner accounts, assist in Board Meeting preparation, water billing, work with Committee Chairs to keep the Association engaged in communications, permitting, Violation processing. They will assist in contracting for the annual independent audit and reserves study and have the ability to access a better selection of contractors. They will provide Human Resources assistance to staff, handle HRC and EEOC complaints. They will advise the board and make professional recommendations to help reduce risk.

Q: Would the Board still manage Water and Maintenance? No, however as a private community with an extensive road and waters system maintenance will operate as it currently does. Savings will be realized with the company's access to better pricing on benefits and insurance. We will still own our own water system. Employees will report through The Maintenance Water Manager to the Community Manager. This could change depending on the contract and the company selected.

Q: Would there still be office staff? Yes, but with all of the duties and administrative work being transferred to the PPM, office staff would be reduced. This would not happen for the first 60 days or so while transitioning and setting up systems. It would eventually be reduced to one person who will still be available to answer questions, set up new owners, gate and mailbox access registrations, etc. Depending on the company selected there is a possibility of them picking up staff to work in their company.

Q: How does using a PPM save the community money? First, they are experienced and know how to maximize efficiencies. They work on an economy of scale, meaning they have specialists such as accountants who service all properties they manage. We will not need to lease postage and copy machines. We will save expenses on computer management, phones, Administrative wages, benefits for a reduced number of employees. We will no longer

contract with an accountant and will have no need to pay monthly license fees for technology used currently for accounting and payroll.

Q: What specifics would their appointed community manager address or oversee? Employee supervision, compliance checks, permitting processes, owner concerns. Works with Board on issues. Assists committees established in the CCRs and their responsibilities to operate within the confines of the CCRs.

Q: Who does the community manager answer to? The PPM company as a whole reports to the Board. They are a contracted service provider.

Q: If we hire a PPM, they would be considered an employee of the Clearwoods? Does Clearwood/Board still have total control of the community? They are providing PPM services as outlined in the contract between them and the Association. The function of the Board is able to put more focus on the decision making process

Q: How do violations come into play? What standards will they use? They will spend approximately two days every month visiting the entire community and will process violations in accordance with the CCRs. It will eliminate issues with selective enforcement and ensure dedicated resources to maintaining property Standards. The current violation process where members can write up violations

Q: How would they help in the communities big decision making? Example: New gates,etc. We anticipate we would still ask for community input to sit on committees to help look at options just like we did with the gates project. As experienced property and Association management they would be of more assistance to deal with day to day issues in the project than the Board can be.

Q: What time frame does the board believe they could voting on a bid? As early as next week we will determine whether we go to PPM or not. We are prepared to review savings and costs and vote to select one of two proposals. Once that is done, the selected company will work with the Board on completing a contract.

Q: Will the board allow resolution No. 2010-03-07 A Non binding Resolution Concerning Professional Property Management to be voted on before they allow a vote to make sure they have the fell of the community? No, the Member has pulled the resolution from consideration for this election.

Q: In general what is the time frame the board (not community) would like to have PPM in place?
We would like to start transition in mid July. We understand that it could take up to 90 days.

Q: How does the board expect to get the understanding of the communities feel for a PPM before voting for a PPM? It is the responsibility of the Board to manage the finances of the Community. If we know we can conservatively save 40,000 to 60,000 dollars it would be irresponsible for us to ignore this option. We know this won't make everyone happy, but it is an Operational decision on our part to make if we can reduce current expenses within our currently approved budget.

Q: If PPM would not be cost "neutral" (and please explain what cost neutral means) how would the approval of paying for PPM be approved? Also please share any cost breakdown information (even if it's a "work in progress") The community should be able to ask the appropriate questions. Cost Neutral means no gains or losses, a break even scenario. If we didn't have enough money to contract with PPM under our current budget we would have two options. One would be to continue on as we are. The other would be to increase assessments and contract in the next budget year which would be 2020. Right now we are going to election with the same budget we had this past year for 2019.

Q: The second company Total Property Management will not be at the June 23rd Meeting? Will the community be able to have them come out as well? Please note that there will be plenty of residents like myself that have only been homeowners in Clearwood for a short time. And these conversations are new. So saying a board has communicated with them years ago, is NOT good enough. Total Property Management did come and it was noted on the posted Agenda.

Q: Has the board investigated the difference between PPM and a property manager recently? And if so what are the costs break down there? Yes we have in the last year. For what we could afford we could not hire a PPM. It would cost between 100,000 to 125,000 for salary and benefits with none of the cost savings in other services and is not an option. Our community does not have any income producing ventures; for example, Lawrence Lake has a clubhouse they rent out regularly for events, some HOAs have golf courses, restaurants, or marinas or charge fees for the use of the amenities such as the pool, ball parks, tennis courts.

Q: Will having PPM make our assessments go up each year? They assure us that their goal is find efficiencies to help maintain cost control. The monthly management fee covers all their services. The Association still is responsible for budget preparation and members vote on the budget and assessment increases. Cost of living and increases in goods and services will increase with changes in the economy. It is not possible to make any promises but remember that you still have a Board of Directors who makes these decisions and-or it still comes to membership for a vote on budget approval and assessment increases.

Q. What is the biggest change that I will see as an owner? Once transitioned, you will see a more robust communication system. You will have the ability to perform a lot of your business on line. The VIS corporation has a technology portal for Owners where they can look up their accounts and other property information. There will be 24 hour access to report issues. We are old you can expect a response generally within 24 hours.