

Q and A from the Board of Directors meeting

Q: I would like to use the RV lots; we were told they were on hold; are they available now?

A: At this time, due to maintenance needed and budgetary repairs needed at the lot; the Board has put new additions to the RV lot on hold. When the lot is opened, the Board will have an email notice sent out.

Q: I am asking about the bad debt number, operating reserves, replacement reserves? As I do not agree with the pared down budget.

A: Operating and Replacement reserves funds are kept in separate accounts and uses are very different and rules on how they may be used also must be followed. Operating reserves are the backup to our cash accounts for unexpected expenses, unexpected repairs or acts of God repairs (storm damages), etc.; funding to this account should be 3% yearly of the gross assessments. A well-funded reserve can help make sure that any long-term issues will not cause major damage to the association cash account. (This account was not being funded properly till 2022). This is used for non-recurring expenses. This goes to emergency, storm, and unbudgeted expenses. The Operating Reserve is not used to fund the cash account due to the Special Assessment not being passed to cover the underfunded cash account to pay the monthly expenses.

The Replacement Reserve account is funded to the RR Study; there will be major expenses for the pool, parking areas and playgrounds, and other long-term expenses from this account. We will need to do the asphalt replacement, which may cost over \$600k+ for this replacement alone. The HOA is required to fund this account and update the funding study every five years. The requirements are by Federal, State and the governing documents of the deed restricted community.

The budget submitted and approved originally for FY2023 with the 195 SA was to fund the underfunded cash account, to support the expenses of the community. This has not been done for many years in the past. The corrections started in 2021 to put the Association in a positive position.

The community average delinquency runs a range of 21-24%; this was accounted for as a place holder in the bad debt/delinquent line on the forecasted Budget. You cannot count money that is not being paid or coming in; therefore, the delinquent amount is accounted for in the forecasted budget. If you do not account for the delinquency, you have a False narrative in the money that will be coming in.

Q. We see that James River Grounds, Handyman Services, and VSA- fees are high in our opinion. We also feel that they have other work they are doing outside of Timberlake, and we are paying them. How do you explain this?

A: JRG was given the task of cut, edge, blow common areas throughout the 600-acres of Timberlake Association. They are cutting the full common grounds, and from time to time have missed small areas; when contacted, they are responsive. They do not cut grounds outside the mowing season. However, they do perform other tasks. Prior landscaping, for many years, cut less than Half of the community therefore the contract was cheaper; and many areas were excessively overgrown with large trashed filled areas. JRG is a large landscaping company with the crew and equipment to handle such a large, spread out and complex maze of property. JRG also is a corporate business company, with many clients so, Timberlake would not be their only client. However, it is ludicrous to

think that Timberlake would be their only client, and that we would be paying for them at other communities. Yes, they work at many other communities, and those communities pay them for their contracted work. The same would go for the Handyman Services and VSA. They have other clients beyond Timberlake Community Association as any business would have.

Q: How are collections being handled? Is the Board doing anything on delinquent accounts?

A: This question has been asked many times. The answer is Yes. The Board has been working with VSA management team since April of 2021; to be sure all owners know their account charges and payments. By giving the Community access in TOPs to see your account and know your balances firsthand. For those not meeting their obligations, they are emailed and mailed, the required notices. Many over the FY2022 were sent to collections. This was NOT the practice of the prior management or board. For many years accounts were left unnoticed and uncollected. This has been a large task and was done in projected sections from the most to least past due. Fees are due on the **first of any month without demand**. Late fees are charged on the 6th. This is per the governing documents of the deed restricted community. If mailing your payments, we suggest you mail the payment by the 25th of the month for the next month due for the payment to arrive on time. Bill pays from your bank should be released by this time as well. You also may make payments by ACH from your bank account. Payments to a lock box are more secure, accurate and cost effective.

Q: How did 21% of the community make the decision to null and void the Special assessment; against the other 80%? What will be the ramifications?

A: The members petitioned to stop the Special Assessment. The 80% may have thought that paying it was their vote; some just did not vote, and others may not have understood. There are many reasons; but the removal of the special assessment, does mean removal of items from the budget. As the budget was underfunded in the cash account to cover the general expenses (This is a Net Loss). We hope to move forward in a positive understanding of what we may have to do without. The special assessment to cover expenses is due to a lack of proper prior funding and improper budgets.

Q: What is the Board doing about a Treasurer?

A: A president can be a treasurer, or a secretary can be a treasurer. The president is the leader of the board and is responsible for overlooking the affairs of the corporation. The community is not Self-managed and is professionally managed with an accounting team and persons trained to follow the income/expenses, along with the Board. Association management is not for profit.