

QUESTIONS & ANSWERS

1. What is the Community Enhancement Contribution?

ANSWER: The Community Enhancement Contribution (CEC) is a fee that is paid by the new buyer when a house or business is purchased in Val Vista Lakes.

2. Why are we putting this fee into place?

ANSWER: This fee will bring in a minimum of \$200,000 (probably more) to VVL that can be used to improve our community.

3. Doesn't VVL receive enough money from the monthly dues?

ANSWER: No. The maximum amount we can increase our assessments is limited by the Consumer Price Index (CPI). And expenses rise faster than this CPI increase every year. Due to the failure of prior boards to increase the assessments equal to the CPI for numerous years (2010 – 2017) VVL failed to receive approximately \$2.5M of assessments that could have been used to beautify and maintain our neighborhood.

4. I'm not planning to sell my house. How does this CEC fee affect me?

ANSWER: It will not impact you at all, however, the added revenue from other home sales will make VVL a better place to live and much more attractive to potential buyers if you decide to sell your home in the future. The funds from this fee will allow VVL to be better maintained and provide for more of the deferred maintenance items to be addressed.

5. I'm planning to buy another house in VVL. How will this CEC fee affect me?

ANSWER: If you buy another residence in VVL, you will be subject to paying the new fee on the house you buy.

6. Are there any exceptions to paying this one-time CEC fee?

ANSWER: Yes. If a property moves to a new owner through an estate planning mechanism, such as a gift, a trust or inheritance process, the CEC is not applied to the transaction.

7. Who pays this CEC fee when the house is sold?

ANSWER: The Buyer of the home will pay the fee. Sometimes, the Seller may make a decision to assist in paying the fee, but it will be the Seller's choice during negotiations of the sale.

8. Will this stop someone from buying my house when I want to sell it?

ANSWER: This small one-time fee is a very low percentage of the cost of an average VVL residence. VVL is a highly desirable community. Our houses sell quickly and we believe that practice will continue when this fee is added. Its hard to imagine that \$2,000 would negatively affect a VVL house sale, especially when it is a fairly common fee in other HOA's.

9. Is this fee competitive? Do other communities have a similar fee?

ANSWER: Many valley Master Planned Communities incorporate a Community Enhancement Contribution to supplement their reserve accounts. Thirty-five (35) years of wear and tear on

VVL community assets have not been well provided for and this is no longer an option we can avoid. The \$2000 is one of the lowest contributions of our study group.

10. How is VVL going to use this money?

ANSWER: These funds can be used as directed by the Board of Directors for a combination of operating and reserve expenses, including capital improvements. The funds will be tracked on a line-item basis in the VVL annual budget.

11. Why do I have to “consent” to this change?

ANSWER: The VVL CC&Rs govern the fees that can be charged to members, but the CC&Rs need to be amended to implement this new fee. The CC&Rs require that 75% of our members consent to this amendment. We are asking our members to help our community obtain the funds necessary to maintain the high standard of living that was originally intended for our Val Vista Lakes community.

12. What happens if I don’t give my consent?

ANSWER: If fewer than 75% of our members give consent, the initiative will fail and the community will continue to fall into disrepair until additional capital is collected or generated, possibly through a special assessment paid by members.

13. Will this CEC fee “solve” all of VVL’s financial burdens?

ANSWER: No, the list of deferred and scheduled maintenance items, planned improvements, and desired improvements will continue to challenge our operating and reserve accounts. But adding an additional \$200,000 annually will be very helpful.

The most current Reserve Study indicated that in 2019 there were \$2.1 million dollars in items that needed to be replaced or repaired. The Reserve fund is insufficient to do all those repairs and still have a healthy Reserve fund. Many of the items are infrastructure items that you don’t see, such as pumps, pipes, controllers and mechanical items that will only become apparent when they actually do fail. This could lead to the possibility of a special assessment, which would be far worse for VVL members and VVL home values than the proposed Community Enhancement Contribution. Your Board believes the Community Enhancement Contribution (CEC) is the best avenue for the continued success of Val Vista Lakes, without creating a large impact on current homeowners.

14. When does this new fee take effect?

ANSWER: The proposal will be effective upon 75% of our members consenting to it. The consent process will begin in the September timeframe. We expect to use an online as well as a paper process for the convenience of our members. There will be Town Hall meetings and we are also planning a door-to-door program to ensure our members have an opportunity to receive answers to their questions.

THE FUTURE OF VAL VISTA LAKES RESTS IN YOUR HANDS!