

September 8, 2008

Dear Resident:

Just a wanted to give you an update on a few items that have recently transpired in the subdivision:

- 1.) Regular "Household" garbage pick up will resume on our regular days (Monday & Thursday) beginning this week. SDT did have an unscheduled pick-up last Saturday to assist the residents with garbage services that were missed due to Hurricane Gustav. The CEMHOA truly appreciates the continued work they have been doing in providing excellent and consistent service.
- 2.) The Board is currently working on a plan to assist all the residents in picking up any "storm debris" in a timely and cost efficient manner. I have asked all board members for their recommendations within the next 48 hours, just in case we have to evacuate for "Ike", we do not need any potential flying debris located in front of our homes.
- 3.) The subdivision sustained minor damage to several light poles and street signs due to the recent hurricane and recent severe weather. If any resident is willing to volunteer their time and/or materials needed to repair the street signs please feel free the contact the office no later than September 15th.
- 4.) Attached is a DRAFT COPY of a proposed operating plan that the elected board members, a few residents and the Declarant have compiled in order to establish several sound corporate business practices into the management of our Association. This document should assist in providing a greater awareness of financial transparency and operational accountability. It is intended to make it easy for anyone to see the complete spending process. This includes, but is not limited to: Who, What, Where, When & Why money is spent on behalf of the CEMHOA. It is also an attempt to establish certain procedures that can be adopted by the board to assist the residents during their eventually running the "daily operations" of the CEMHOA, once the Declarant no longer is involved with the management of the Association. This document is not intended in any way to address or attempt to change any of the CC&R's of Clipper Estates, but it should be used to enforce them in a positive manner with more resident awareness and involvement.
- 5.) Please visit our subdivision's website for clarification of many items that have been falsely misstated or grossly exaggerated by a select few residents: www.clipperestates.com

It is strongly recommended that each resident read the proposed operating plan and send any comments you may have on specific item(s) in writing before the end of September. Please include your name, address and email address on all correspondence with the CEMHOA and DO NOT send in any anonymous comments, they will be immediately discarded. This should allow the board sufficient time to change and adopt the operating plan for the 2009 Fiscal year. Also, if you have an interest in being placed on any of the committee's mentioned in the operating plan; please submit your name with a brief description of your experience so that the board can choose the best available residents to serve on the appropriate committee.

We are currently trying to establish the website's "hurricane section" in order for information to be distributed in a timely manner. To accomplish this task we need at least one email address for each resident/household, please make sure we have your email address.

If any resident/lot owner has any questions that have not been answered, please feel free to contact the office and set up an appointment at a mutually agreed upon time. Your patience, understanding and continued support is greatly appreciated!

Clipper Estates Master Homeowners Association:

By: Joseph S. Tufaro


President

Clipper Estates Master Homeowners Association (CEMHOA)
Proposed Operating Plan
(DRAFT COPY)

Mission: To efficiently manage the operation, maintenance and improvements of the Clipper Estates Subdivision in a manner consistent with the established Covenants and by-laws. This is driven by the need for low and predictable costs to the homeowner.

Goals:

1. Cost Control.
2. Financial and Operational Transparency.
3. Contract, Purchasing Management and Accountability.
4. Efficient and Cost effective maintenance/capital System.
5. Maximize resident participation in beautification, maintenance, finance and capital improvement activities (ie: Special Projects).
6. Firm and consistent enforcement of the Covenants, Conditions & Restrictions (CC&R's).

1. Cost Control :

- a. Cost control is a management responsibility but is highly dependent upon the expectations and behaviors of the residents. Management should strive to provide the needed services at costs not to exceed the average for established equivalent homeowners associations.
- b. Cost saving initiatives will be communicated and documented by employees, contractors or residents in order for the board of directors to fully evaluate each expense (ie: adopt budget).
- c. Residents need to maximize written communications to the office personnel. The efficient utilization of the office personnel is severely reduced by frequent resident visits that often ask the same questions and involve idle communication. **OFFICE VISITS BY RESIDENTS SHOULD BE DISCOURAGED. UNLESS NECESSARY, ALL OFFICE VISITS SHOULD BE BY APPOINTMENT ONLY!**
- d. Cost control for contracted professional services, including but not limited to (Legal, Architectural, and Accounting) should involve a written description of services required and should focus on necessary (must do) items and not superfluous (nice to do) or redundant items.

Feedback from the professionals in ways to improve efficiency and reduce hours of wasted time should be encouraged and evaluated when necessary.

- e. Time consumed and charges incurred by CEMHOA that are associated with specific lot, home site and/or resident (i.e. fences, swimming pools, new construction, lawsuits, etc..) should be accounted for separately and charged to the lot owner (similar resolution adopted by the board 10/4/06, pertaining to all legal charges incurred).
- f. Current copies of the CC&R's for Clipper Estates will be available on the Web Site. This should be updated as needed so that it always will remain as the residing OFFICIAL DOCUMENT of record. This should reduce the current communication load in this area as well as providing a mechanism of communication to prospective/current lot owners about the rules that they are required to adhere to.
- g. Utilization of the established block representatives, and the elected board members should be encouraged in order to minimize communication workload in the office and to help make sure that our elected representatives are aware of all residents concerns. They are our spokespersons with the management system and have more clout than we do as individuals. All questions or concerns by any resident should be relayed to their parcel representatives, who in turn should report to the elected board members any input they receive. The elected board members should at the next available board meeting relay any questions or concerns in a business like and professional manner not to allow personal feelings to get in the way of the concerns of all the residents.

2. Financial and Operational Transparency:

- a. All HOA bills should be made out to CEMHOA and all checks and payments should be disbursed from the CEMHOA account and utilize CEMHOA checks only. This will make it easier to account for all expenditures in a clear and concise manner.
- b. All CEMHOA data should be made available to any resident upon a written request in a reasonable amount of time.
- c. Annual reports should be posted on the website and continued to be mailed to each lot resident. These reports will include a brief summary

in laymen's terms, to assist all residents in facilitating a better understanding of all work performed.

3. Contract and Purchasing Management and Accountability:

- a. All contracts should be documented and specify the goods and/or services provided and the cost. Where possible, Penalties & Incentives should be considered for not completing the work on schedule and this should be incorporated into the contract.
- b. All purchases must be dated, have a receipt and documentation stating the reason for the purchase.
- c. All purchases and/ or contracts over \$2500 must be accompanied by at least 2 other documented alternate bids and/or competitive prices. If exceptions are required, thorough documentation of reasons must be submitted. All Board members should be made aware of this information in a timely manner.
- d. Elected board members should be made aware of bids/contracts/purchases in excess of \$2500 BEFORE the transaction is initiated. This does not pertain to any "emergency" situations/decisions that may come up that the president of the CEMHOA has to make in an emergency situation and in no way is meant to undermine the daily operations or the CC&R's of the CEMHOA.
- e. Office/Clerical personnel should have written job descriptions. This should specify key responsibilities and expectations.
- f. All Contracts for Professional services (Legal, Architectural, Accounting, Management etc..) will be presented to the full board for approval prior to the issuance of the contract (ie: Annual Operating Budget).

4. Efficient and Cost effective maintenance and capital system.

- a. Solicit homeowner participation in Maintenance, Capital Planning, and Finance Committee's through the re-establishment and implementation of these committees to make all recommendations to the Board for its approval and incorporation into the Annual Operating Budget.

- b. Generate short and long term maintenance plan to establish current and future spending needs (ie: Road Repairs, Bad Debt Expense, Past Due Receivables).
- c. Maintenance Committee should be actively involved in the gathering and evaluation of bids on contracts for maintenance projects. With increased energy costs roadwork has become increasingly expensive and NO ONE LIKES SURPRISES!!!!!!!
- d. Capital Planning Committee should be actively involved in Special Projects as well as establishing long term goals for all projected future Capital Expenses.
- e. Finance Committee should be responsible for evaluating the annual/quarterly operating budget and make recommendations to the Board prior to any meeting.
- d. Maintenance and Capital spending should follow the contracting/purchasing process in Section 3 as a minimum; for large expenditures it may be desirable to get more than 2 bids.

5. Resident Participation:

- a. Maximize resident participation by establishing committees such as maintenance, yard of the month, garden club, holiday decorations, rules enforcement, capital spending, finance committee etc...
- b. No resident should serve on more than one committee without Board approval. This should allow more input and participation from residents and not have a select few making all the recommendations to the board for the entire subdivision.
- c. No resident shall be allowed to serve on any Board or Committee if the resident has a delinquent receivable due to the CEMHOA for any reason!

6. Covenant Enforcement

- a. Subdivision CC&R's were established to preserve and enhance property values, heighten safety, promote community awareness and ensure that a minimum set of standards are maintained by each resident.
- b. These rules are for everyone and should be administered fairly and consistently by the Architectural Review Committee.

- c. The first step toward full compliance is to have an easily accessible copy of the covenants on the web to allow all residents to know what is expected of them, just in case they did not receive a copy when they purchased their home/lot.
- d. It is each residents responsibility as homeowners to comply with the rules that were signed and accepted at the time of the purchase of our homes/lot as well as any resolution adopted by the CEMHOA Board of Directors.
- e. Willful violations should be addressed immediately and consistently.
- f. Empty lots are private property; trespassing and dumping laws should be enforced when others place articles/materials on these lots (i.e. contractor materials, trash, vehicles, trailers, etc). It should not be necessary for lot owners to put up fences to keep vehicles from damaging the lot.
- g. Trailer and RV rules need to be enforced.