



COMMUNITY
MANAGEMENT
SERVICES, INC.

Part I – General Information

1. How long has your company been in business?

September 2010 marks our 33rd year in business.

2. Who will be the site manager assigned to handle this association?

To be determined after meeting with the Board.

3. How much experience do your managers have?

We have 24 managers with a combined 200 years of experience in this industry.

4. Which licenses or certifications do your managers have?

CAI, CACM, PCAM, IREM and ongoing in-house training.

5. To which professional organizations does your company belong?

ECHO, CAI, CACM, and PCAM.

6. What are your company's office hours?

8:00 AM to 5:00 PM, Monday through Friday.

7. What form of after-hours service does your company provide? Answering service? Pager? Answering machine?

Voice mail and emergency answering service with manager contact, via pager and cell phone, after office hours, seven (7) days per week.

8. What will your company do to help us run our association more efficiently?

Emphasize customer service and improved homeowner contact and follow through:

Size:

- Having a large professional staff (49 employees) to handle the customer service needs of an association your size.
- Having our staff organized by departments so your member's questions are answered by staff members who specialize in the specific area of concern. Each department will have an individual assigned specifically to your association.

Experience:

- We have 24 Managers with a combined 200 years of experience in this industry. If the assigned manager does not have the answer, there is a wealth of knowledge in our office to draw from, including millions of dollars of reconstruction experience.

Vendors:

- Big jobs, small jobs, we have established professional relationships with the best vendors in the valley specializing in serving the needs of planned communities. Our company size places our company's clients on the highest priority to accomplish the association's needs.

Informational:

- Accurate financials with multiple reporting capabilities, phone logs, work order logs, unit files, maintenance and repair tracking. We provide the information the Board needs to make good business decisions. Customized database currently being used to facilitate access and reporting.

9. If we are not happy with the service being provided to us, whom do we contact within your company?

Tim Johnson, President
Bill Hubbard, Vice President, Association Management Operations
Marianne Hudkins, Vice President, CMS Operations

Part II – Administrative

Meetings:

1. Will the assigned manager attend monthly/every other month/quarterly board meetings?

Varies with association's needs.

2. Does your company offer an early meeting discount? If yes, how much is the discount?

Yes, discount is negotiable.

3. How many hours do you allow for meetings before extra charges are incurred?

Two (2) hours.

4. How much do you charge per hour after the limit?

\$100.00 per hour if it is a regular occurrence and after a letter advising the association of intent to charge.

5. Do you attend annual meetings?

Yes. As agents for the association, our job is to provide service and support to the Board of Directors to make their job as trouble free as possible.

6. Will you prepare ballots and annual meeting notices?

Yes, it is part of the management agreement.

7. Will you prepare and post agendas for all meetings?

Yes, it is part of the management agreement.

8. Will you record, prepare and distribute the minutes of all meetings?

Yes, it is part of the management agreement.

9. Are your company's manager's reports oral or written?

Written reports with oral presentation at Board of Directors meetings.

10. Does your company provide board meeting packages prior to the meeting?

Yes, board packets are mailed one week prior to the meeting.

11. If yes, do the meeting packages include the following:

- Agenda – Yes.

- Previous meeting minutes – Yes.
- Manager’s Report – Yes.
- Copies or list of correspondence sent from manager – Yes.
- Work orders (service requests) pending and completed – Yes.
- Telephone log – Yes.
- Financial statements – Yes.
- Delinquency Report – Yes.
- Specifications and bids – Yes.

Record Keeping:

12. Does your company maintain an owner roster?

Yes.

13. How about a tenant roster?

Yes, if requested by the Board. Roster would be updated monthly.

14. Do you use lot files for the units?

Yes.

15. Do you have general files where you store the association’s records?

Yes, a complete file system is kept both computerized and hard copy.

16. Do you charge a storage fee for maintaining old files and records?

We store 5 years plus current year records at no charge.

17. If your answer was yes, how much do you charge?

Records older than current plus 5 years may be stored for the association at a rate of \$1.25 per banker’s box per month.

Correspondence and Mailings:

18. Does your company charge for any of the following? If yes, how much?

- General letters – No, except postage.
- Notices – No charge to produce.
- Special Mailouts – No charge to produce; printing – 10¢ per side; stuffing/folding – 4¢ per page; envelopes – 9¢; labels - \$10.00 Homeowner labels; postage – exact postage charged, exception – newsletters that are mailed with billing at no charge up to 44¢.
- Newsletters – No, except printing, folding/stuffing charge.

Escrow Coordination:

19. Are your costs billed to the association or to the owner?

To the owner.

20. How much do you charge for a transfer fee?

1. Transfer fee - \$300.00

Includes demand statement, buyer escrow instructions, CC&Rs, Article of Incorporation, By-laws, prior month's financial statement, budget for 2 years, audit/review, litigation letter, owner occupancy letter, homeowner's certification, verbal or written closing demand updates.

2. Demand Only – Transfer fee - \$125.00

Includes demand statement and buyer escrow instructions.

21. How much do you charge for a refinance fee?

1. Refinance Fee - \$150.00

Includes demand statement, CC&Rs, Articles of Incorporation, By-laws, prior month's financial statement, budget for 2 years, audit/review, litigation letter, owner occupancy letter, homeowner's certification, verbal or written closing updates.

2. Demand Only – Refinance Fee - \$25.00

Demand statement only.

22. If your company charges for any of the following documents, how much?

All of these items are available with the transfer fee or individually for:

- Minutes -12 months for \$48.00
- Articles of Incorporation, CC&Rs, Bylaws, Rules and Regulations - \$110.00
- Financial statement – Audit/Review - \$25.00
- Statement/Demand of owner's account - \$25.00
- Statement of approved assessment increase - \$10.00
- Statement of restriction in governing documents limiting the occupancy, residency or use of a separate interest (Not all Associations have such limitations). - Dependent on governing documents of Association.

Enforcement of Rules and Regulations:

23. Does your company send out violation notification letters?

Yes, part of the management agreement.

24. Do you charge a fee for sending them out? How much?

No, except postage.

25. Do you help the board establish a hearing procedure?

Yes.

26. Does your procedure include the right to appeal?

At the Board's discretion, but recommended by Community Management.

Part III – Financial

Bank Accounts:

1. Will you keep all of the association's bank accounts in the association's name?

Yes, absolutely.

2. Does your company use trust accounts?

No.

3. If yes, who gets the interest?

Not applicable.

4. Will all of the association's accounts be interest bearing?

Yes.

Bookkeeping:

5. Do you do bookkeeping in-house, or is it done by an outside company?

In-house.

6. Are the cash receipts and disbursement statements submitted to the board on a monthly or quarterly basis?

Monthly.

7. Does your financial statement show an actual-to-budget comparison?

Yes.

8. Does your financial statement show a reserve account reconciliation?

Yes.

9. Does your financial statement show how much is in each of the association's accounts?

Yes.

10. How often are the bank statements reconciled?

Monthly. Bank statements are reconciled by the accountant for the association, not the Accounts Payable clerk that writes the checks.

11. Is a copy of the reconciliation submitted to each board member?

Yes.

Homeowner Assessment:

12. How do you handle billing of members for their monthly assessments? Statements? Coupons?

Statements.

13. Do you use "Direct Deposit" to the bank?

Homeowner option, service available at no charge.

14. If the assessments are received at your office, how often are deposits sent to the bank?

Daily.

Accounts Payable:

15. Who approves payment of the service/product invoices made out to the association?

Manager can authorize check requests, only the board can approve payment.

16. Who prepares the checks?

Accounts payable department. (One accounts payable clerk will be assigned to your account.)

17. Who signs the checks? How many signatures do you recommend?

Board members sign the checks. Two signatures are required.

18. After the disbursements have been made, how do you file the paid invoices? By month? By account?

Invoices are filed by month and tracked by date and account.

Delinquency Collection:

19. Do you send out a statement describing the association's delinquency collection policy?

Yes, annually.

20. Is the delinquency collection process handled in-house or by an outside company?

The first ninety days are processed in house. If delinquency progresses beyond that point then it is handled by a collection vendor of Board's choice with our company's interaction.

21. Are there any additional costs for the delinquency collection? If yes, how much are they?

No additional cost to the association.

22. Do you provide a delinquency report on a monthly or quarterly basis?

Monthly.

23. Is the report written or oral?

Written and may also be reviewed orally at the Board meeting.

Budget:

24. Will your company prepare a pro forma budget?

Yes.

25. Does your company bill an individual homeowner for a copy of the budget?

Every association member receives a copy of the budget as required by law (special mail out). Additional copies may be charged to the homeowner at a reasonable rate.

26. Do you coordinate the budget preparation with a committee?

Board or committee at the Board's discretion.

27. Does your company do the entire reserve study?

No. An independent reserve study is required by law at least every three years. Those numbers are incorporated into the association's budget. Our company will update the budget information with current year-to-date and inflation rate numbers.

28. Do you oversee the preparation of reserve study by an outside party?

Yes.

29. How often is the reserve study conducted?

Every three years – minimum requirement.

Audit/Review and Taxes:

30. Do you coordinate the activities involved in audit/review preparation?

Yes, and actively assist whenever questions arise.

31. When do you send out the review/audit?

Within 120 days after the close of the fiscal year.

32. Do you charge an individual homeowner for a copy of the review/audit?

No, special mailout by the association to comply with current laws.

33. Do you make sure that an association's taxes are paid on a timely basis?

Yes, part of the management agreement.

Vendor 1099's:

34. Does your company prepare 1099's for all of the association's unincorporated vendors?

Yes, part of the management agreement.

Part IV – Maintenance

1. What information does your company request from a contractor before awarding a contract for major work?

- Contractor's license – Yes.
- Certificate of Insurance – Yes.
- Illness and Injury Prevention Program (IIPP) – If requested by board.
- Eligibility for bonding – If requested by board.
- List of references – Yes.
- Professional certificates – Yes.

2. Do you file and retain the information requested above?

Yes.

3. How many bids do you obtain for major jobs like re-roofing or repainting?

A minimum of three (3).

4. At what monetary level do you consider a job to be major?

\$1,000.00 plus. However, this amount may vary, it is really dependent upon what the specific job is and the board's discretion.

5. How many site inspections does your bid include?

A minimum of one per month.

6. Do you handle service requests?

Yes, part of management agreement.

7. Will the association's vendors be supervised by your company?

Our company will assist in the supervision of contracts as approved by the Board of Directors, and will monitor the association's regular vendors.

8. Do you provide a list of the association's vendors to the board members on a regular basis?

Yes.

9. Does your company provide any in-house maintenance services for the associations you manage? If yes, what kind and what are the rates?

No, we believe this is a conflict of interest. However, thirty-three (33) years in the industry has provided us the opportunity to develop an extensive vendor listing for all association services.

Part V – Extra Services

1. Are any of the following provided to the association at an extra cost? If yes, what is the cost?
 - Participation in legal matters/lawsuits – \$100.00 per hour
 - Insurance claims facilitation (beyond submission of claim to agent) – No extra cost.
 - Participation in revision of legal documents – No extra cost.
 - Negotiating contracts greater than \$5,000.00 – No extra cost.

Part VI – Expenses

1. How much does your company charge for the following management expenses?
 - Copies - 10¢ (50 free copies per month) – Copy charges are for items needed to maintain permanent records for the association.
 - Printing – 10¢ – Newsletter, audits, budgets, annual meeting information, special mailings as directed by the board.
 - Coupons/Statements - Included in management fee.
 - Envelopes - 9¢ (exceptions – homeowner correspondence, billing statements, delinquency notices are no charge.)
 - Faxes - Included in management fee.
 - Mileage - Company absorbs.
 - Office Supplies - Company absorbs – unless specific request from Board of Directors for their association use, then just our cost.
 - Postage - Actual cost; exception – billing statements are no charge.
 - Direct Depositing of homeowner assessments - No extra cost.

Part VII – Management Fees

1. Will there be a start up or close out fee?

No.

2. What will be your monthly fee?

Please see page 6, Agents' Fee, of the Management Agreement.

3. What hourly rates do you charge for the following staff members?

- Principals
- Managers
- Administrative Assistants
- Accounting Personnel/Bookkeepers
- Delinquency collection personnel

Included in management fee for all contracted services.