

TRANSITION Frequently Asked Questions (FAQ)
Questions may be addressed to "DWO.Transition@gmail.com"

GENERAL

GEN-1) What is Transition?

Transition is the process of the developer (Pulte) turning over responsibility of the Board of Directors (BoD), which governs the community association, to the responsibility of the homeowners.

GEN-2) When is Transition?

Transition is a process, not an event and will require several phases. The current target for transition to begin is no earlier than February 2020. The actual date for turn-over must be within 90 days after 90% of planned homes have closed.

As of end of August 2019, the developer has closed on 799 of the 937 homes in DWO (~85%). Based on the developer's projected rate of closings, February continues to be a good estimate to begin the transition.

GEN-3) What is involved in the transition process?

There are several "phases" of the transition process:

- 1) **Pre-Transition Phase:** We are currently in the **pre**-transition phase commencing with the Transition Committee gathering data, to be followed by conducting analysis, and finally preparing recommendations for the BoD to consider. Based on the experience of our HOA Attorney and other external HOAs, the DWO Transition Committee is well-ahead of most other communities in preparing for transition.
- 2) **Transition Notice through Turn-over Phase:** When 90% of homes are turned over to homeowners (i.e. closings have occurred) there will be a notice from the developer and turn-over must occur within 90 days. At that time turn-over control of the Board of Directors is initiated and a new BoD will be elected at a meeting which is officially becomes the first annual board meeting of the new HOA.

*** **Turn-over Event:** An HOA meeting will be held to elect a new resident-controlled Board of Directors. This is the event where the developer officially turns-over control to DWO residents.

- 3) **Turn-Over+90 Phase:** Following the turn-over event, there is a 90-day period to complete a transition checklist to include a turn-over financial audit and verification that all documents legally required to be turned over have in fact been turned over to the HOA. Initial items will be brought to the attention of the developer to correct, to include construction defects, missing items, etc. During this time (and in the final transition phase), the HOA may elect to conduct a post turn-over independent engineering review at the sole cost of the HOA with emphasis on those areas identified by the Transition Committee findings.
- 4) **Final Transition Phase:** The final phase of the transition process lasts at least 5 years beyond the turn-over during which time additional items may be brought to the attention of the developer to correct - including construction defects, missing items,

etc. During this phase the HOA may elect to conduct, adjust, or amend any post turn-over independent engineering review required with emphasis on those areas identified by the Transition Committee findings.

GEN-4) Does the Transition Committee handle individual homeowner concerns with Pulte?

No, the Transition Committee's responsibility is to ensure that the DWO common property and infrastructure concerns are addressed. Individual property owners will need to utilize the Pulte warranty process for any specific issues with their home or property.

GEN-5) How will the homeowners know that the financial information is accurate?

The Financial Review Committee, operating since 2017, regularly reviews the HOA's financial statements, as well as conducts specific reviews requested by the board. The Transition Committee also has a Finance Team that is currently organizing, reviewing, and analyzing historical financial information and current processes. After turnover, our HOA Attorney has advised us that we should engage a firm to conduct an audit that focuses on the financial aspects of the turnover. Also, the HOA has routinely hired a firm to conduct a reserve study (currently every two years) and a reserve study is scheduled for 2020.

GEN-6) Will the reserve funding accommodate the future needs?

At this time DWO is adequately funded for replacement reserves. The study includes a 30 year cash flow funding schedule for future funding and budgeting purposes. In addition, our DWO Reserve study is updated every 2 years. The Transition Committee is evaluating the study to identify any gaps or missed assets any any findings will be incorporated into the 2 year update scheduled for 2020.

TURN-OVER

TO-1) What is 'turn-over'?

Turn-over is the actual event (meeting) where the developer 'turns over' control of the DWO HOA from majority developer to a majority resident-led HOA. Per FL statute, this event must take place within 90 days of when 90% of the homes have been acquired (closed) by homeowners. This meeting will also be the annual meeting of the members.

TO-2) When will we elect a new Board of Directors and how will that be done?

A new resident-controlled Board of Directors will be elected at turn-over per FL statute. A timeline and process are being developed and will be communicated. Currently the governing documents for DWO state the new Board members will be elected by a majority vote with the top vote getters being elected to the board.

TO-3) Does the Transition Committee become the new Board of Directors?

No. The new Board of Directors will be elected by the residents. All positions of the new Board will be open to **all** current resident owners in DWO. Some of the newly elected

Board members could be from the Transition Committee, some could be current Resident Board members, some could have served on other DWO committees, but none of that is a requirement in order to be elected to the Board.

TO-4) Will the developer remain involved in the HOA after turn-over?

The developer has the right to retain a position on the board after turn-over; however, our HOA Attorney has never seen Pulte do this in her extensive experience.

TO-5) Will the HOA assessments change after transition?

The Board of Directors sets the HOA assessments based on the expenses and needs of the community. Transition is not a direct factor in any change of assessments.

TO-6) Will the DWO HOA have a mortgage on the clubhouse at developer turn-over?

There is no mortgage on the Montecito Clubhouse and the BOD has no intention of applying for any such mortgage.

TRANSITION COMMITTEE

TC-1) What is the purpose of the Transition Committee?

The Transition Committee will work to ensure a smooth transition from developer to homeowner control. They will do this by gathering, analyzing, and validating data, then identifying gaps and deficiencies and making recommendations to the Board of Directors.

TC-2) How was the Transition Committee established?

The BoD approved a committee structure and then put out a call for residents to submit an interest form and their resume. Individuals were then interviewed and selected by the BoD to form the committee with a diverse set of knowledge and skills.

TC-3) Why are there 23 people on the DWO Transition Committee?

DWO BoD decided to structure the transition committee into seven 3-person teams to cover the breadth of information about the community. The concept is those teams, led by a Chair and Vice Chair, will gather, analyze, and validate information about all aspects of the community and subsequently make informed recommendations to the BoD.

TC-4) What is the process for the committee to make recommendations to the Board of Directors?

The recommendations will be data driven. Based on analysis of available data where there are gaps, opportunities for enhancements, and/or threats to DWO, information will be presented to the Board outlining a recommendation based on data.

TC-5) What is the communication strategy for the DWO community?

The Transition Committee provides a monthly status update in the Breeze newsletter beginning with August 2019. Additionally, there will be separate communications to the community through email (Transition Talk) when there is specific information to be shared, such as the release of the initial Frequently Asked Questions, announcement from the developer that they have reached the 90% threshold of homes closed, information about the process for election of a new resident Board of Directors, etc.

TC-6) Should I report concerns about maintenance issues to the Transition Committee?

Residents should report any concerns about maintenance issues directly to management. The Developer, through an Engineering study, as well as the Transition Committee are documenting outstanding maintenance issues and looking for systemic issues as well as ensuring that the budget and/or reserve estimates take those issues into consideration.

OUTSIDE EXPERTISE

OE-1) Why have you not hired an independent legal counsel for transition?

The HOA currently has legal counsel, Karen Wonsettler, who is guiding the HOA through transition. The Transition Committee held an educational session with the HOA Attorney where she provided insight into the transition process. She responded to questions posed from all teams within the Transition Committee. It was evident during that session that she works for the HOA, not for the developer. Pulte uses a completely different law firm for developer HOA issues. Until such time as it is determined that she cannot represent the HOA/community interests, her services will be utilized.

OE-2) When do we need to bring in independent outside professional experts?

It is recommended by the HOA Attorney to have a financial review conducted to include reserve and deficit funding audits within 90 days post turn-over. Pulte will have an independent 3rd party turnover audit of financial records performed and provided to the HOA board. An independent engineering review may be conducted at any time post turn-over but is recommended no earlier than 12 months after in order to afford ample time for possible defects to emerge. The data-driven analysis by the Transition Committee will inform the focus for any such future engineering study.

OE-3) Will we have an independent engineering study conducted for DWO?

It is still to be determined if DWO requires an independent engineering study, but likely there will be some segment of DWO facilities and/or infrastructure for which we will have such a study conducted, which will be a cost to the HOA. The developer has had an independent engineering firm conduct a study during 2019 and is currently assessing the results, and what and how they will address. The Transition Committee has received a portion of this study and is analyzing and assessing the contents. This data will be used along with other information we receive to assist with any recommendations to the BoD for additional action to follow post the turn-over event to focus such a study.

