

**Daylesford Lake Condominium Association
Capital Contribution Amendment
Frequently Asked Questions**

Overview

At the May 24th meeting, homeowners will vote on an amendment to the Declaration of Condominium for Daylesford Lake concerning changes to the Capital Contribution Fee. Information regarding this amendment was mailed to homeowners in mid-April, along with a proxy ballot for anyone who is unable to attend the meeting on the 24th. Below are answers to some questions regarding this amendment.

Q: What is the Capital Contribution Fee?

A: The Capital Contribution Fee is a one-time fee that new Daylesford Lake Homeowners pay upon becoming members of the Homeowner's Association. The fee is collected every time a unit is sold or transferred*, and can be used as revenues of the Condominium Association, or for operating and/or reserve expenses.

Q: What will the proposed amendment do?

A: The proposed amendment will give the Executive Board of the Association the ability to increase the Capital Contribution Fee in the future, if they deem it is necessary and in the best interest of the community. The right of the Board to increase the fee is capped at one year's assessment.

Q: Why is it necessary to increase the Capital Contribution Fee?

A: The current fee of \$250 is no longer sufficient to cover the increased maintenance, repair, and replacement expenses of the Association. Rather than increasing the monthly assessment, the Capital Contribution Fee is collected as part of the real estate transaction.

Q: The amendment doesn't indicate the amount of the increase. What will the new fee be?

A: The amendment gives the Board the *right* to change the fee at any point in the future, and only specifies that the fee shall not exceed the annual assessment (i.e., total of monthly dues) charged during the most recent fiscal year for the particular unit being sold or transferred*. With that being said, the Board is currently considering increasing the fee to an amount equal to three months' assessment, or \$900.

Q: Will we have the opportunity to vote on the amount of the new fee?

A: If the amendment is approved, the Board will be able to determine the amount of the new fee and any additional increases in the future without a vote by homeowners. Remember, it is the Board's responsibility to make any such decisions with the best interest of the community in mind. Changes in the fee will be reflected in the budget, and notice will be given to all Unit Owners of this change.

Q: How will this increase affect me?

A: As a current Homeowner, the fee was already collected when you purchased your unit, so the increase will not impact you at the present time. No additional fees will be collected to account for any differences between the current fee of \$250, and whatever the new fee will be. If you plan to sell or transfer* your unit in the future, the new fee will be due at the time of sale or transfer*, and may be negotiated with other closing costs or transfer fees.

Q: How does the proposed increase to \$900 compare to the Capital Contribution Fees of other associations in the area?

A: The following is information we have regarding capital contributions or special assessments due at closing of sale for neighboring communities: Stirling Chase in Chesterbrook: \$4,000; Waynesboro Woods: \$2,000; Sugar Knoll: \$1,400; The Ponds in Chesterbrook: \$500.

Q: When does the amendment take effect?

A: When 67% of homeowners vote in favor of changing the amendment. Proxies received after the Meeting on May 24th will also be counted. There is no cutoff date set when voting will be completed.

*The fee does **not** apply to certain types of transfers, such as for gratuitous transfers between certain related parties. As a general rule of thumb, if the transfer of a unit is exempt from transfer taxes, it is probably also exempt from the Capital Contribution Fee.