

1/7/21

*Questions Submitted After November Financials Were Shared With WHP
And
Accountant/WHP BOD Collaborative Responses*

1. What was exact amount of money saved by paying insurance ahead of time? I asked this on 12/03/2020 2020

Question 1 Response: It saved \$490.21, which is the equivalent of financing \$15,454.64 @ 7.549% interest, repaid over 9 months. It was the most economical/financially-advantageous decision to pay in full.

2. Why did we need to replace Baker and Baker? It has been rumored that they dropped us. True?

Question 2 Response: Bob Baker: We decided not to renew our contract for personal reasons.

3. What is yearly fee for Bergy & Company? How long is our contract with them? Why did it cost us \$4,450 to switch?

Question 3 Response: \$2,500 per month. Cancellable by either party w/ 60 days notice. The Board felt it was wise to have us on-board for the last month of Baker's time, for purposes of transferring access to information, knowledge sharing and trouble-shooting the transition, which I agree was a good idea.

4. How much money is Farmers bank making in interest from WHP Association?

Question 4 Response: To answer the question you asked, we have no idea, nor could we know that. To answer the question you may have meant to ask - WHP is earning 1.25% in money market accounts, which is about double the highest nationwide money market rate offered right now according to bankrate.com @ 0.60%. Farmer's bank has not lowered the rate to keep up with market rates. Also, according to bankrate.com the best 5-year CD offer in the nation right now is 1.35%. So, we are actually pretty lucky at the moment.

5. Please provide exact amount we now owe Mr. Almand. How much of that figure is for non occupancy issue related services?

Question 5 Response: We don't have any outstanding invoices to Jim. It would take some calculating to figure that out, will have to get back on that.

6. Why are our bills always being paid late? Medicom, Lawn?

Question 6 Response: Not aware of any late bills since we've been involved. All bills are paid within about a week or 1.5 weeks from receiving them.

7. What exactly is "other professional" fees? \$16,500 was spent on what?

Question 7 Response: Reserve study, Audit & tax return, staffing service, web design

8. Why can't you break down payroll? Previous years this was broken down into Park Manager, Administration, Maintenance etc.

Question 8 Response: The amount of each employee's pay is obviously a very sensitive topic. All businesses go to great lengths to keep this from becoming public knowledge, because almost without exception, whenever this happens some employee will become disgruntled. It's not good. So typically, actual rates of pay for each employee are kept in the knowledge of the fewest people possible. I, myself, am on the board of a public company, and I'm only privy to the compensation of the top executives. The average shareholder, or lot owner in this case, is not privy to any compensation information, other than the gross totals reported in the financial statements.

9. What was exact dollar figure of Choptank Coop rebate? Where was that money spent?

Question 9 Response: Looking back it looks like \$6,812? I wasn't around at the time so I can't be sure I'm seeing it all. But it's not money we can spend. It just made the June electric bills \$6,812 smaller than they otherwise would be. Also keep in mind the Choptank rebate can vary a lot from year to year - its entirely up to Choptank and their own budgeting. For us, it makes budgeting for electric cost more challenging than it would be otherwise.

10. At \$5.00 per month marina reserve should be \$2325 not \$3537. Please explain.

Question 10 Response: \$3,537 per month is the budgeted amount for the marina reserve. Total annual budget of \$42,440.

11. Has anyone thought of only closing the office one day a week in order to save paying the guard

Question 11 Response: Board: Thank you for this suggestion. Even though we are in the off season at WHP and there could be a perception that this is a slow time, that couldn't be further from the truth. Billie is very involved in helping to work through our budget process with the accountants, working on our reserve study efforts, and other year-end business practices in addition to her usual duties. Once we clear these hurdles we would like to work towards that goal. Again, thank you for sharing this suggestion.

12. More transparency is needed in the future, before Reserve funds are spent. How much money, to date, has been returned to the reserve fund?, and please tell me what was the total amount of reserves used from 8/1/19 to 12/29/20.

Question 12 Response: The operating fund borrowing from the reserve fund from time to time is perfectly fine. It happens all time with homeowner associations. As a matter of fact, the park will probably have to do it again next fall. This is because the lot fees are broken down into 12 even monthly payments for the convenience of the lot owner, but the expenses for the park are very heavy in the summer and light in the winter. This will leave the operating fund short on cash each fall. **A park that is almost 40 years old should have more money in reserves. It only had \$305k in March 2020, and this board will have added \$70,340 to the reserves in one year.** \$70k was borrowed by the operating account in September and October to pay bills. In November the operating account repaid \$53k and in December it repaid the remaining \$17k. The operating fund has also made all budgeted monthly contributions to the reserve fund through December. No reserve money has been spent so far this fiscal year.

13. How much did it cost to mail and print payment books and envelopes?

Question 13 Response: Pretty sure Farmer's Bank does this for free as a courtesy for all their homeowner and condo associations.

14. I see that a late fee of \$17.50 will be charged to accounts which are made 15 days late. This charge relates to the monthly assessment of \$175.00. Please note where these late payments are mentioned in White Horse Park's Declarations: White Horse Park Declarations; Page 16; Section 9.11: "Any assessment, general or special, which shall remain unpaid thirty (30) days subsequent to its due date shall commence to accrue interest on the thirty-first (31st) day at the rate of one and one-half per cent (1-1/2%) per month. Said interest shall be treated in all respects as a part of the assessment." My point: \$17.50 is 10 percent (not 1-1/2%), and the time frame is 15 days, not 30 days. Please rethink violations to White Horse Park's governing documents.

Question 14 Response: The declaration does not prohibit the charging of a late fee. The section above just prescribes that interest shall be charged and explains how. Also, from a practical perspective, the late fees are used to fund the general operations of the park just like the assessment itself. If the board decided to stop charging late fees, they'd just have to increase the regular

assessments charged to all owners to compensate for the loss of the late fee income. And so then, lot owners who are not late are paying more than they otherwise would.

15. As you should know, USPS has suffered greatly as a result of Covid-19. Mail is not moving as quickly like it has in the past. How will Bergey & Company determine if a payment is received past the due date?

Question 15 Response: Because of USPS delays, the board has temporarily decided to delay the charging of late fees until the 22nd of each month, giving everybody an extra week before the late fee is applied. This has been in place for a few months now.

16. Why are 3 payment coupons being mailed to White Horse Park Homeowners - Why not 12?

Question 16 Response: The fiscal year ends March 31. The new monthly assessment amounts starting April 2021 have not yet been determined.

17. When mailing payment coupons, Bergey should include a statement that Farmer's Bank of Willards / revopay service can still be used for online payments. [note: to date (12/31) White Horse Park (WHP) nor Bergey & Co. has informed WHP property owners of the coupon mailing] - Q: How do we know this [FlexBill Coupon Book] is not a scam?

Question 17 Response: These are sent out by Farmer's Bank. They do this as a courtesy for all their homeowner and condo associations.

18. If people get comfortable using a payment coupon, will Bergey & Co. send them [coupons] out for the quarterly electric bills? If not, please devise a method to inform WHP property owners on how to make their electric bill payments and any other special assessments that could come up in the future.

Question 18 Response: This is a good idea, we'll try to remind people of paying electronically at every opportunity.