

Frequently Asked Questions – Section E

What are the Covenants?

When you purchased your property, you agreed to a set of Restrictive Covenants that were attached to your Property Deed. Those Covenants are unique to your subdivision. They describe the fees, the services you agreed to purchase from the PIPOA, and the rules for amending your covenants. In the Covenants you assign the maintenance of all common areas to the PIPOA as TRUSTEE.

What amendments are being considered?

1. *Strike the unlimited waiver of liability that the PIPOA currently enjoys if they fail to properly maintain our bulkheads, boat ramps, and canal system, and,*
2. *Roll back the annual CAM fees to 2006 levels.*

How many lots are in the SECTION E subdivision?

94

There are 39 canal lots.

There are 55 interior lots.

How much will my CAM fees be reduced?

If you have an interior lot your fees will be reduced by 50%. If you have a canal lot your fees will be reduced by 80%.

On average, how much money will a SECTION E owner save once the amendments pass?

Canal Lots will drop from \$696.96 to \$139.39, a savings of \$557.57 each year.

Interior Lots will drop from \$152.89 to \$78.25, a savings of \$74.64 each year.

How many Owners must agree to the proposals for the amendments to pass?

48

Will the ARCH help me to leave the PIPOA?

No. We feel strongly that the membership benefits outweigh the costs, and that by rolling back the rates and striking the liability waiver the PIPOA will be a much better value than it is today.

What are the Common Areas we authorize the PIPOA to maintain?

Only 3 things:

1. *The boat ramps*
2. *The bulkheads*
3. *The canal system*

What are CAM fees?

Common Area Maintenance (CAM) fees are annual fees we pay to the PIPOA for the maintenance of the Bulkheads, the Boat Ramps, and the Canal system.

How are CAM fees calculated?

They are based upon a set fee per square foot of your property lot. There is one fee for interior lots and one fee for canal lots. Fees are invoiced annually in advance, then consumed month by month under the accrual method of accounting.

When did the CAM fee rates increase?

In 2007 the PIPOA went around to the different neighborhoods and gathered signatures to increase the rates for "interior lots" by 100% and to increase the rates for "canal lots" by 500%.

Was there ever any financial information as to why the increases were needed and how the money was to be spent?

No. It was just an arbitrary rate increase with no financial planning or projections that we have ever been able to find.

Has the PIPOA ever prepared a financial model showing the fees received and the growth over time as the new rates kick in?

No. None that we have ever been able to find. Today they have no idea what money they will collect or spend from year to year.

Did all neighborhoods agree to the new rates?

No. Some refused. Some used the opportunity to make additional changes to their covenants. The results of this action unevenly impacted the entire community.

Were all fees instantly increased?

No. The existing owners were grandfathered. The higher rates were applied to the new owners when you sold your property. That has left us with the two-tier system many owners believe is unfair.

If we roll back our CAM fee rates to 2006 will we get a refund?

Depending upon the date the change is filed, you should expect a rebate from the PIPOA for the pre-paid but unearned portion of your CAM fee overage. Once the covenant changes are filed, we will petition the PIPOA and request a refund for all effected homeowners.

Are 2006 rates the proper fee to pay for the services we are receiving?

Yes. We think so. By our calculations, today the PIPOA only spends a little over 9 cents of every dollar on the services they are authorized to perform. The rest goes to skyrocketing administrative fees and unauthorized services.

Does the PIPOA invoice all Members who are required to pay CAM fees?

No. The PIPOA has designated a select group of owners as so special that they will never be assessed any fees nor will any attempt be made to collect any fees past due. Our estimate is that this is approximately 20% of all fees due each year. There is no basis in fact or law to justify this behavior.

If we roll back the rate to 2006 levels what will happen to current PIPOA activities?

In our opinion, nothing. They are currently not performing the three tasks they are assigned to do, so it may be business as usual for them. Today your CAM fees are being used for spending on unauthorized tasks. We hope the fee change will inspire them to reassess the budget and refocus on only those tasks that are authorized by you in your covenants.

If all subdivisions roll back their rates will it cause the PIPOA to go bankrupt?

No. The PIPOA currently has a war chest of more than \$12mil. If they continue the current path of out of control spending, then they will have until sometime between 2035 and 2040 before they run out of money. This gives them almost 2 decades to change course and refocus on the core mission.

What does the Waiver of Liability mean to me?

If you live on the water and your bulkhead fails, they do not have to repair it. If your bulkhead damages your property, or your neighbor's bulkhead failure damages your property, they do not have to compensate you. If you or your guests or your boat is damaged on the boat ramps, they do not have to compensate you. If you or your guests are injured in the parks, they do not have to compensate you.

What happens when you delete the Waiver of Liability?

If you are damaged due to the failure to maintain any common area you will be able to seek reimbursement from the PIPOA. We anticipate the PIPOA will take the responsible approach and place the highest priority on properly maintaining your bulkheads due to their liability exposure.

Is there a time limit for a drive to amend my covenants?

No. The rules only state that when you have met the approval number of signatures the amendments are filed with Nueces County and are instantly apply to all properties that have those covenants attached.

Does it cost me anything to amend my covenants?

No. Just your signature. Other Owners in your neighborhood have volunteered to pay the costs for this action.

How can I vote on the amendments?

Request a ballot from the website. Then we provide 5 ways to vote:

- 1. E-sign and submit a ballot using the electronically signable PDF. (easiest)*
- 2. Print, Sign & Mail a ballot to:* *Padre Island ARCH Group*
6113 Saratoga, Suite F Box 329
Corpus Christi, TX 78414
- 3. Print, Sign, Scan & email a ballot to PadreIslandARCH@gmail.com*
- 4. Print, Sign, Take a picture of the signature page of the ballot & email the photo to PadreIslandARCH@gmail.com*

How do I know if you have received my ballot?

Once your Ballot is received, we will return to you a unique ID number for your Amendment vote. With this ID you will be able to verify that your vote was applied at the completion of the amendment process.

Does the PIPOA have a voice in your covenants?

No. The PIPOA as an organization has no control over your Covenants. Only you and your neighbors in your subdivision control the language within your Covenants.

Can the PIPOA enforce rules that are not found within my Covenants?

No. Your Covenants setup an employer/employee relationship whereby you have hired them to perform extremely limited tasks on your behalf. If it is not described in your covenants, then they cannot and should not enforce a rule or standard on you.