

SWEETWATER COVE PROPERTY OWNERS ASSOCIATION, INC.

Frequently Asked Questions About HOA Assessments and Fees¹

I. COMMON ASSESSMENT (Declaration of CCRs §§ 7.2)

Q: What is it?

A: It is an annual assessment on all lots in Sweetwater Cove.

How much is it?

A: i) Unimproved Lots: \$1,075.00 (\$750.00 common assessment + \$325 maint. fee)
ii) Improved Lots: \$750.00.

Q: When did Common Assessments commence?

A: After the sale of the first lot by Declarant in 2019.

Q: When is it due?

A: July 1st of each year.

Q: Can it be increased?

A: Yes. The Board of Directors of Sweetwater Cove POA may increase or decrease the Common Assessment by adopting a resolution, without a member vote, provided that amount of the increase does not exceed 115% of the amount in the preceding fiscal year, or less than 85% of the amount in the preceding fiscal year. (See Decl. of CCRs § 7.3)

Q: When does an increase approved by the Board of Directors go into effect?

A: 90 days after Board approval.

II. OPERATING FUND CAPITALIZATION FEE (Declaration of CCRs §§ 1.25 and 7.7)

Q: What is it?

A: It is a one-time fee assessed upon the sale of any unimproved lot to a non-builder.

Q: How much is it?

A: \$537.50 (50% of the Common Assessment for unimproved lots)

Q: When is it assessed?

A: Upon transfer of an unimproved lot to any non-builder. (see Declaration of CCRs §§ 1.25 and 7.7)

Q: When is it due?

A: At closing.

III. RESERVE FUND CAPITALIZATION FEE (Declaration of CCRs § 1.35)

¹ The information contained herein is being provided for convenience only for the purpose of summarizing certain provisions of the Declaration of Covenants, Conditions and Restrictions of Sweetwater Cove, a Subdivision on Galveston Island, Texas (the "Declaration"), insofar as it concerns the assessments and fees that may be levied by the Sweetwater Cove Property Owners Association, Inc. as of January 31, 2020. The information contained herein is subject to change without notice. Nothing herein is intended to modify, restrict, amplify, alter, or change any of the provisions of the Declaration. To the extent of a conflict between the Declaration and the information contained herein, the Declaration, and any amendments or supplements thereto, shall control. Nothing herein is intended to be legal advice and no representations or warranties of any kind, express or implied, are being made herein.

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Q: What is it?

A: It is a one-time fee assessed on Lots transferred from a Builder to a new owner.

Q: How much is it?

A: \$268.75 (25% of the amount of the Common Assessment).

Q: When is it assessed?

A: Upon transfer of an unimproved lot to any non-builder.

Q: When is it due?

A: At closing.

IV. REIMBURSEMENT ASSESSMENT (Declaration of CCRs §§ 1.352 5.17, 7.5)

Q: What is it?

A: The Board of Directors may levy a Reimbursement Assessment against any Member if the failure of the Member or any Related User of such Member to comply with this Declaration, the Articles of Incorporation, the Bylaws, any Architectural Guidelines, or the Rules and Regulations shall have resulted in the incurring or expenditure of expense or funds, or in the determination that costs will be incurred or funds will be expended, by the Association

Q: How much is it?

A: Actual cost incurred by the Association.

Q: When is it assessed?

A: 30 days after the Board provides a member written notice of a violation and opportunity to be heard

Q: When is it due?

A: The amount of the Reimbursement Assessment shall be due and payable to the Association thirty (30) days after notice to the Member of the decision of the Board of Directors that the Reimbursement Assessment is owing which shall be made following such hearing opportunity.

V. SPECIAL ASSESSMENT (see Declaration of CCRs §§ 5.17, 7.6)

Q: What is it?

A: A Special Assessment is assessed to cover the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Property, including fixtures and personal property related thereto, or any maintenance or improvement of any Universal Common Area.

Q: How much is it?

A: Actual cost incurred by the Association.

Q: Is a member vote required to authorize a Special Assessment?

A: Yes. A Special Assessment requires a two-thirds (2/3) vote of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Q: When is it due?

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VI. SUPPLEMENTAL ASSESSMENT (see Declaration of CCRs §§ 1.43)

Q: What is it?

A: It is additional Common Assessment imposed on any Additional Property annexed into the Subdivision which shall be provided for in the Annexation Agreement therefor, for purposes of paying or defraying the costs of any special services or amenities benefitting solely such Additional Property.

Q: How much is it?

A: Actual cost incurred on any Additional Property.