

GOLF COURSE Q AND A PART I

Q. If the community provides the subsidy; will the committee oversee the money we give to Crown?

A. It is the intention of the board to include in any negotiation with Crown that we have some control over any money we give them. In fact, we have discussed putting it all in an escrow account that we control, or a two signature policy, and they would have to show us receipts and work completed before we cut or sign any checks.

Q. Is there a better option with a brighter outlook that you would recommend?

A. Our job as a committee is to provide you with as much information as possible. The board will discuss the options and decide how to best proceed with a recommendation based on your input.

Q. Has anyone gone to the Beaufort Land Trust to see if they could get involved in managing the course if it closed?

A. We would have to purchase it first. The land trust may only deal with land owners. Therefore we would need to buy the land before the land trust might play a role.

Q. Can a subsidy be put toward a purchase?

A. Like a rent to own situation? Crown has made it very clear that they want out of the golf course business. They want to sell the course not be landlords. That said, it is something we can address with them.

Q. Will there be net revenue coming back to the community if there is a subsidy?

A. The proposal indicates that but it is highly unlikely that we would see any revenue for the first few years as the money would be invested in Capital expenses. The proposal does indicate that to be so, and if it were to happen at some point, then it's possible.

Q. Are there any successful management company's out there?

A. There are hundreds of Management Company's out there. Some are, yes.

Q. Are there price increases today at Traditions/ Old Carolina vs Eagle Pointe, or Rose Hill Vs. Eagles Pointe, and what is the percentage of now vs then?

A. 2019 to date there has only been one unit sold in OC/ Trad making the current sq ft price \$149.46. In EP to date 4 homes have sold, sq ft price is now \$155.65, Rose Hill has sold 7 homes to date making their current sq ft price \$165.41. The average sale price in these developments over the past 430 months (Jan 2108 to present) puts EP at \$303,868 vs RH at \$417,157, Crescent, \$415,176, and Island West, \$367,797. These are like neighborhoods with comparable amenities and a public golf course, that effects the sq ft pricing as well.* comps from HHMLS

Q. If the special assessment is too high then people will not be able to sell their homes. Thoughts?

A. At Rose Hill the special assessment worked as follows:

- 1. Some people paid the special assessment upfront. Therefore when they came to sell their homes the buyer would only pay the normal POA fee. Therefore no negative impact on house value.**
- 2. For those people who financed the special assessment over 5 years (ie \$500/year), when they sold their homes they paid off the unpaid portion of the special assessment upon closing. The new owner was only on the hook for the regular POA fees. Therefore no negative impact on house prices.**

This is how it would work at Eagles Pointe.

Q. Is the golf course leveraged for more than it's worth?

A. Crown has told us they owe a million dollars and would pay the mortgage no matter because they have ongoing relationships with the banks they borrow from. The valuation we are having done will give us the information we need including an appraisal of the course, deferred maintenance on the course, and condition of the buildings and more.

Q. Is anyone exploring development here?

A. Not us but there is a possibility in a bankruptcy scenario that could change the zoning for the land on the course. We would have no say in that unless we were the only ones to bid on the property and purchased it. It would not happen right away but it could happen.

Q. If Crown walked away, who would be responsible for the lagoons? They need to be dredged and maintained, this is our flood prevention.

A. The owner of the golf course lands is responsible for the lagoons. However, the owner of the golf course lands is a LLC (Limited Liability Company). If the course is closed and no buyer is found then the LLC would most likely claim it does not have monies to take care of the lagoons. Currently the community is only responsible for the lake and has been spending significant funds to insure that it is in the appropriate shape.

Q. What about the Federal Wetlands Conservancy? Couldn't they step in?

A. There may be a number of options that we can look at, but at the present time we have not simply because of time and resource constraints.

Q. How about a three way partnership, Crown, EP and a management company?

A. Crown wants out. They have made it clear they don't want to be in the golf course business outside of the next few years.

Q. So they want our money to help sell the golf course? They are millionaires, why should we bail them out? They got themselves into this mess.

A. We agree. But the fact is that it's our problem now too. The board is looking at ways to negotiate the best deal possible for the community. These guys are an LLC, they created it to purchase two golf courses and they were stupid. If we did agree to a subsidy, and I'm not saying we are, there would have to be something in it for the community. We all own homes in here, they need to have some skin in the game too. We would ask for things like the front entrance, which they own, the clubhouse, rounds of golf, oversight, and reduction in the amount of time we would commit. But that's all part of the negotiation for any of these options. We first need all the facts, numbers, more information.

Q. Will the community have transparency when it comes to the numbers and values?

A. Absolutely. We want to be as transparent as possible so that we can all make an informed decision together. This is complicated and we have never faced anything like this before. It's evolving and that's why we put a golf committee together, to help us gather the facts. They have done a great job and the reason we are having these small meetings is to give you those facts and the opportunity to ask these questions.

Q. If non golfers are asked to help financially, can we at least have a couple hours daily to use golf path for walking or running?

A. At the current time community members do walk the course when the course is not open to golfers. Having walkers on the course at the same time that golfers are present presents a danger to the walkers and could result in excessive liability to the course. Therefore the current rule would probably continue.

Q. Could EP property owners buy the clubhouse and not the rest of the golf course?

A. Difficult to say. We would have to ask the owners of the course if that was a possibility. To date we have not done so. This issue does effect the clubhouse, the outbuildings, the parking lot, which Crown owns, the entrance and the road, which we have an easement for.

Q. Who came up with the format in small groups? Why don't we all meet at once to share information and who is going to make the determination about how we go forward?

A. The golf committee decided on the small groups first in order to give community members the opportunity to more deeply discuss the options and ask questions or share ideas. It has been very well received as noted by the many notes and comments of appreciation for this format.

The board has always intended to have community wide meetings and allowed the committee to do this first. There will be one or a series of community wide meetings after the small meetings are complete. The same information has been provided by the same person at all meetings, which will continue. The board will make the determination or recommendation as to how we proceed based on the community input and of course, a vote.

Q. Can you tell us what information you have in front of the attorney now?

A. Currently we have questions regarding the possible development of the golf course lands, questions regarding the procedure to be followed for a community vote and will include others as they arise.

Q. Why haven't they been marketing the course? It seems like nobody knows they are here.

A. Their answer was that they were embarrassed to market it the way it is. They didn't want to show pictures of a beautiful course and have people show up and be upset. They are working on the course every day, not the capital improvements, but the drainage, tree removal, even the greens, a few of them are deplorable. They are trying and have finally even ordered a new sign after we found out on our own that we could in fact do so.

If you asked a question you don't see listed, or have a question, concern or idea to share, please email it to me at:

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Thank you.