

## Q & A for Current Status of Amenity Transaction as of March 8, 2017

Prepared by Poinciana Community Development District and  
Poinciana West Community Development District (the "Districts")

This document is intended to answer commonly asked questions about the current status of the proposed acquisition of the Solivita Recreation Amenities by the Districts. The Districts encourage residents to review this document to obtain accurate information. Any document referenced below is a public record capable of inspection by any member of the public. For purposes of this document, the following definitions apply:

*"Club Membership Fee"* means the monthly fee currently paid to Avatar by owners of property within Solivita by virtue of the Club.

*"Club Operations Fee"* means the monthly fee currently paid to Avatar by owners of property within Solivita for operation and maintenance (O&M) of the Solivita Recreation Amenities by virtue of the Club Plan.

*"Club Plan"* means that Amended and Restated Club Plan binding on all residential property in Solivita.

*"CDD Debt Assessment"* means the non ad-valorem special assessment proposed to be levied by the Districts on each developed and undeveloped residential lot within Solivita 1) to acquire the Solivita Recreation Amenities, 2) to construct a new Performing Arts Center and a wellness center, and/or 3) to reconstruct and renovate certain buildings located within the Village Center. The CDD Debt Assessment will replace the Club Membership Fee.

*"CDD O&M Assessment"* means the non ad-valorem special assessment proposed to be levied by the Districts each year on each developed and undeveloped residential lot within Solivita to fund the operation, maintenance, repair and replacement of the existing Solivita Recreation Amenities and newly constructed Performing Arts Center and wellness center. The CDD O&M Assessment will replace the Club Operations Fee.

### Current Solivita Club Plan Facts

**Question** *Does the current Club Plan require Avatar to pay Club Membership Fees on its undeveloped lots?*

Answer No.

**Question** *Does the current Club Plan require Avatar to pay Club Operation Fees on its undeveloped lots?*

Answer No.

**Question** *Does the current Club Plan provide for a periodic increase of Club Membership Fees?*

Answer Yes. Monthly Club Membership fees are permitted to be increased \$1 plus tax each month, for a total of \$12 plus tax per year, per home. (As more fully set forth below, and pursuant to the Asset Purchase and Sale Agreement, the amount of the annual CDD Debt Assessment will be capped at an amount lower than existing Club Membership Fees rather than increasing on an annual basis like the Club Membership Fee.)

**Question** *How long must a resident pay Club Membership Fees?*

Answer In perpetuity.

**Question** *Does the current Club Plan restrict use of the Solivita Recreation Amenities to only residents of Solivita?*

Answer No.

**Question** *Does the current Club Plan restrict the number of Club memberships Avatar can issue to future residents of Solivita Grande?*

Answer No.

**Question** *Does the current Club Plan restrict use of the Solivita Recreation Amenities to persons over 55 years of age?*

Answer No.

**Question** *Does the current Club Plan budget set aside monies for a capital reserve?*

Answer No.

**Question** *In the event that Avatar mortgaged the Solivita Recreation Amenities and failed to pay the mortgage on the Solivita Recreation Amenities, would such amenities be subject to foreclosure and sale?*

Answer Yes.

**Question** *Do the residents, the HOA or the Districts currently have any control over the Solivita Recreation Amenities?*

Answer No. The Solivita Recreation Amenities are completely controlled by Avatar.

**Question** *Why did the Districts enter into negotiations to purchase the Solivita Recreation Amenities?*

Answer The Boards of Supervisors of the Districts (collectively, the “Boards”) believe that it is in the best interests of the residents that the Districts own and control the Solivita Recreation Amenities in perpetuity to preserve the lifestyle in Solivita and protect home values. Development within Solivita will be completed at some point in the future and Avatar may not own the Solivita Recreation Amenities after that point in time. District ownership is preferred compared to a third party purchasing and controlling the Solivita Recreation Amenities in perpetuity. The Boards also desire to capitalize on the opportunity to prevent the annual increase in Club Membership Fees that residents pay by replacing the Club Membership Fees with CDD Debt Assessments, as well as on the opportunity to have such fees terminate after 30 years which, in the long term, will save the residents money.

## Asset and Purchase Sale Agreement

**Question**     *Have the Districts signed a contract to purchase the amenities?*

Answer        Yes, an Asset Purchase and Sale Agreement (“PSA”) was signed and became effective on December 5, 2016.

**Question**     *What Solivita Recreation Amenities are included in the PSA?*

Answer        Riviera Spa and Fitness Center / Indoor Pool & Track; Waterfront Galleries/Café; Mosaics Building and Starlite Ballroom; Bell Tower; Freedom Park; Palms Amenity Complex; Rainbow Lakes #1 Community Pool & Cabana; Rainbow Lakes #2 Community Pool & Cabana; Candlewood Community Pool & Cabana; Capri Community Pool & Cabana; Terra Vista #1 Community Pool & Cabana; Terra Vista #2 Community Pool & Cabana; Flora Vista #1 Community Pool & Cabana; Flora Vista #2 Community Pool & Cabana; Lago Vista Community Pool & Cabana; Venezia Facility / Two (2) Tennis Courts, Community Pool & Cabana; Bella Viana Pool & Cabana; vacant land for new Performing Arts Center; vacant land for new Wellness Center.

**Question**     *What is the purchase price in the PSA?*

Answer        \$73.7 million.

**Question**     *Are there any adjustments to, or reductions from, the purchase price that are anticipated?*

Answer        Yes. It is anticipated there will be a reduction from the purchase price due to the increase in bond interest rates over the past several months. This amount may be several million dollars, depending on interest rates at the time the bonds are offered for sale. There is also a deduction of approximately \$3.9 million from the amount the District must pay that is built into the PSA to keep the assessment structure generally consistent with the current club structure. Based on these adjustments, the District anticipates the amount paid by the District under the PSA will actually fall between \$62 to \$69 million.

**Question**     *What other significant amounts are allocated to be paid or provided by either the District or Avatar under the PSA, or are otherwise being undertaken by Avatar?*

Answer

Avatar is responsible for paying all closing costs on the transaction contemplated by the PSA. This amount is estimated at a minimum of \$600,000, and reduces Avatar's net recovery from this transaction.

This transaction may also result in capital gains or other taxes for Avatar, which will further reduce Avatar's net recovery from the sale of the Solivita Recreational Amenities.

The Solivita Recreational Amenities are currently privately owned. As a result they were assessed Series 2012 Bond Debt Assessments by the Poinciana CDD and Series 2017 Bond Debt Assessments by the Poinciana West CDD. Under the PSA, Avatar is obligated to pay off the existing Series 2012 Bond Debt Assessments and the existing Series 2017 Bond Debt Assessments on the Solivita Recreation Amenities at closing. This amount to be paid by Avatar is approximately \$441,000, and reduces Avatar's net recovery from this transaction.

Avatar is obligated to pay both CDD Debt Assessments and CDD O&M Assessments on the platted and unplatted lots it owns starting from the date of closing on the Solivita Recreational Amenities. For example, in Fiscal Year 2017-2018 and based on 1,400 unsold lots, CDD Debt Assessments paid by Avatar are projected at \$1,682,480 and CDD O&M Assessments are projected at \$1,655,640. For as long as Avatar owns such lots, Avatar will be responsible to pay CDD Debt Assessments and CDD O&M Assessments. Assuming a sales pace of 200 homes per year, at buildout Avatar will have paid approximately \$6,730,000 in CDD Debt Assessments and \$6,622,000 in CDD O&M Assessments. The cost to Avatar of paying CDD Debt Assessments and CDD O&M Assessments in the approximate amount of \$13,352,000 reduces Avatar's net recovery from this transaction.

Avatar is obligated to pay its CDD O&M Assessments early and on October 1 of each year thereby giving the District funds to operate at the very beginning of each year while the District waits for the tax receipts to be received from the Tax Collector relative to the CDD O&M Assessments levied on property owned by residents.

Avatar is obligated to pay its CDD Debt Assessments early to the extent necessary to ensure the District pays its debt service payments on time in the year of closing.

Avatar is responsible for paying whatever amounts are necessary to bring the Solivita Amenity Facilities in compliance with the Americans with Disabilities Act (“ADA”). This will likely be a substantial cost, and work is ongoing. The cost to Avatar of providing these renovations reduces Avatar’s net recovery from this transaction.

Avatar is obligated to convey all personal property and inventory within the Solivita Recreation Amenities to the District.

Avatar has committed to repair the items in disrepair that are identified in the commercial inspection report commissioned by the Districts. The cost to Avatar of providing these repairs reduces Avatar’s net recovery from this transaction.

Avatar has agreed to provide a letter of credit or other security to the District equal to eighteen (18) months of operations and maintenance expenses for the District to access in the event that Avatar fails to pay its CDD O&M Assessments. Based on 1,400 unsold lots, this equates to approximately \$2.5 million of additional protection for the Districts. The cost to Avatar of providing this security reduces Avatar’s net recovery from this transaction.

The Districts have agreed to retain Avatar as a general project manager for the new amenities for a fee equal to five percent (5%) of the cost of construction of the Performing Arts Center, Wellness Center and reconstruction/remodeling of Solivita Recreation Amenities. According to the Districts’ Engineer, 5% is a market rate for this type of work. The Districts believe that Avatar’s involvement in the construction process will help ensure consistency of the new buildings with the existing buildings. In addition, Avatar’s familiarity with the project and lessons learned from experience in the community for the last 17 years will assist the Districts to provide the best new amenities possible.

The Districts have agreed to provide 1,000 annual household passes to Avatar to be used for future Solivita Grande homeowners. Each pass lasts only one year and entitles the holder to two cards. At least ninety percent (90%) of these annual household passes must be issued to a household with a member fifty-five (55) years or older. All annual passes expire five years after the first annual household pass is activated. The value of these passes is far outweighed by Avatar’s commitment to pay CDD O&M Assessments on the land it owns, which is the basis for the Districts’ negotiated position on this issue.

**Question**     ***Does the PSA contemplate the construction of new facilities or the reconstruction/renovation of existing Solivita Recreation Amenities?***

Answer Yes. The PSA contemplates that approximately \$11.2 million will be available from the issuance of bonds to construct new facilities or reconstruct/renovate existing Solivita Recreation Amenities. The Boards have yet to determine the exact scope of the new and/or renovated facilities, but have generally discussed the construction of a new Performing Arts Center and Wellness Center, along with the reconstruction/remodeling of existing Solivita Recreation Amenities such as the Ballroom, Mosaics Restaurant and the Waterfront Café.

**Question How soon do the Districts anticipate constructing the new amenities and/or reconstructing/renovating the existing Solivita Recreation Amenities?**

Answer Upon determining the scope of the new facilities to be constructed and existing Solivita Recreational Amenities to be reconstructed/renovated, the Districts intend to commence the construction and reconstruction/renovation as soon as practical after closing on the bonds, and plan to complete the construction of the new facilities and the reconstruction/renovation of the existing Solivita Amenity Facilities within 3 years of the issuance of the bonds.

## **Future Operation and Funding of the Solivita Recreation Amenities**

**Question** *If the Districts purchase the Solivita Recreation Amenities, will Avatar or the District continue to collect Club Membership Fees and Club Operation Fees?*

Answer The PSA requires the Club Plan to be terminated and no further new Club Membership Fees or new Club Operation Fees will be invoiced after closing. Instead of paying Club Membership Fees to Avatar, residents will pay CDD Debt Assessments to the Districts. Instead of paying Club Operation Fees to Avatar, residents will pay CDD O&M Assessments to the Districts.

**Question** *How will I pay the CDD Debt Assessments and CDD O&M Assessments after closing?*

Answer Assuming that closing occurs in May 2017, on June 1, 2017 residents will receive a bill from the Districts for the monthly prorated amount of the CDD Debt Assessments and CDD O&M Assessments outstanding through the end of the Districts' fiscal year, or through September 30, 2017. This amount will be similar to their monthly Club Membership Fee and Club Operation Fee and will replace such fees. Residents will continue to be billed monthly for the CDD Debt Assessments and CDD O&M Assessments through September 2017.

On November 1, 2017, the CDD Debt Assessments and CDD O&M Assessments for the entire fiscal year of the Districts (i.e. October 1 through September 30), will be included on the resident's tax bill distributed by the Polk County Tax Collector. The resident will pay the CDD Debt Assessments and CDD O&M Assessments at the same time and in the same manner as his/her county property tax bill.

Once the CDD Debt Assessments and CDD O&M Assessments are on the county tax bill, residents will no longer receive monthly bills from the Districts. Accordingly, residents will need to budget for payment of CDD Debt Assessments and CDD O&M Assessments similar to how they budget for the payment of their property taxes.

**Question** *What is the amount of the projected CDD Debt Assessment that will replace the Club Membership Fees?*

Answer This depends on what you currently pay in Club Membership Fees. See Chart below. The annual and monthly Club Membership Fees listed below include 7%



sales tax and are based on what residents pay currently in 2017, which is \$1 more per month than the first number listed under “Unit Type.”

**Annual Breakdown**

<u>Unit Type*</u>	<u>Annual 2017 Club Membership Fee</u>	<u>Proposed CDD Debt Assessment**</u>	<u>Reduction</u>
\$65 (\$66)	\$847.44	\$780.84	\$66.60
\$74 (\$75)	\$963.00	\$887.76	\$75.24
\$75 (\$76)	\$975.84	\$899.64	\$76.20
\$84 (\$85)	\$1,091.40	\$1,006.32	\$85.08
\$85 (\$86)	\$1,104.24	\$1,018.20	\$86.04

**Monthly Breakdown**

<u>Unit Type*</u>	<u>2017 Club Membership Fee</u>	<u>Proposed CDD Debt Assessment**</u>	<u>Reduction</u>
\$65 (\$66)	\$70.62	\$65.07	\$5.55
\$74 (\$75)	\$80.25	\$73.98	\$6.27
\$75 (\$76)	\$81.32	\$74.97	\$6.35
\$84 (\$85)	\$90.95	\$83.86	\$7.09
\$85 (\$86)	\$92.02	\$84.85	\$7.17

\*Amounts in parenthesis reflect current 2017 monthly Club Membership Fee

\*\* The proposed CDD Debt Assessment includes 3% County collection costs and assumes full payment in November of each year. If a resident does not pay their County tax bill in November and thus take advantage of the 4% early payment discount, the amount to be paid will be higher in accordance with Florida law.

**Question** *Will the projected CDD Debt Assessments increase on an annual basis like the current Club Membership Fees?*

**Answer** No. This is a savings to the current and future residents because the annual CDD Debt Assessment will be a fixed amount.

**Question** *Will the CDD Debt Assessment be payable in perpetuity like the Club Membership Fees?*

**Answer** No. The CDD Debt Assessment will secure bonds which mature in 30 years. When those bonds mature, the CDD Debt Assessments securing those bonds will cease to be collected. This is an additional significant savings for the future owners of property in Solivita.

**Question** *What is the amount of the projected CDD O&M Assessment that will replace the Club Operations Fees for the remainder of Fiscal Year 2016-2017?*

Answer Fiscal Year 2016-2017 ends on September 30, 2017. For all lots, the CDD O&M Assessment is estimated at \$97.10 per month, for each residential lot. This is based on a proposed operations and maintenance budget (“CDD O&M Budget”) from May 1, 2017 to September 30, 2017 that is on file with the District. See Chart below. Please note that the proposed CDD O&M Budget has not been adjusted to reflect the fact that the District is not subject to state sales tax. Once the Districts have accumulated historical data on the actual amount of sales tax savings, reductions in future CDD O&M Budgets are anticipated to account for such savings.

**Monthly Breakdown (Remainder of Fiscal Year 2016-2017)**

<u>Unit Type</u>	<u>2017 Club Operations Fee</u>	<u>Proposed CDD O&amp;M Assessment*</u>	<u>Increase</u>
Lot	\$90.79	\$97.10	\$6.31

**Question** *What is the net monthly financial impact on residents of the CDD Debt Assessment and CDD O&M Assessment replacing the Club Membership Fees and the Club Operations Fees, respectively, for the remainder of Fiscal Year 2016-2017 (i.e. through September 30, 2017)?*

Answer See Chart below.

**Monthly Breakdown (Fiscal Year 2016-2017)**

<u>Unit Type*</u>	<u>Club Membership Fee Savings</u>	<u>O&amp;M Increase</u>	<u>Net Increase/ Savings</u>
\$65 (\$66)	(\$5.55)	\$6.31	\$0.76
\$74 (\$75)	(\$6.27)	\$6.31	\$0.04
\$75 (\$76)	(\$6.35)	\$6.31	(\$0.04)
\$84 (\$85)	(\$7.09)	\$6.31	(\$0.78)
\$85 (\$86)	(\$7.17)	\$6.31	(\$0.86)

\*Amounts in parenthesis reflect current 2017 monthly Club Membership Fee

**Question** *What is the amount of the projected CDD O&M Assessment that will replace the Club Operations Fees for Fiscal Year 2017-2018?*

Answer Fiscal Year 2017-2018 will run from October 1, 2017 to September 30, 2018. For all lots, the CDD O&M Assessment is estimated at \$98.55 per month, or \$1,182.60 per year for each residential lot. This is based on a proposed CDD O&M Budget from October 1, 2017 to September 30, 2018 that is on file with the District. See Chart below. Please note that the proposed CDD O&M Budget has

not been adjusted to reflect the fact that the District is not subject to state sales tax. Once the Districts have accumulated historical data on the actual amount of sales tax savings, reductions in future CDD O&M Budgets are anticipated to account for such savings.

**Annual Breakdown (Fiscal Year 2017-2018)**

<u>Unit Type</u>	<u>2017 Club Operations Fee</u>	<u>Proposed CDD O&amp;M Assessment*</u>	<u>Increase</u>
Lot	\$1,089.48	\$1182.60	\$93.12

**Monthly Breakdown (Fiscal Year 2017-2018)**

<u>Unit Type</u>	<u>2017 Club Operations Fee</u>	<u>Proposed CDD O&amp;M Assessment*</u>	<u>Increase</u>
Lot	\$90.79	\$98.55	\$7.76

\* The proposed CDD O&M Assessment includes 3% County collection costs and assumes full payment in November of each year. If a resident does not pay their County tax bill in November and thus take advantage of the 4% early payment discount, the amount to be paid will be higher in accordance with Florida law.

**Question**      ***What is the net monthly and annual financial impact on residents of the CDD Debt Assessment and CDD O&M Assessment replacing the Club Membership Fees and the Club Operations Fees, respectively, in Fiscal Year 2017-2018?***

**Answer**      See Chart below.

**Annual Breakdown (Fiscal Year 2017-2018)**

<u>Unit Type*</u>	<u>Club Membership Fee Savings</u>	<u>O&amp;M Increase</u>	<u>Net Increase</u>
\$65 (\$66)	(\$66.60)	\$93.12	\$26.52
\$74 (\$75)	(\$75.24)	\$93.12	\$17.88
\$75 (\$76)	(\$76.20)	\$93.12	\$16.92
\$84 (\$85)	(\$85.08)	\$93.12	\$ 8.04
\$85 (\$86)	(\$86.04)	\$93.12	\$ 7.08

**Monthly Breakdown (Fiscal Year 2017-2018)**

<u>Unit Type*</u>	<u>Club Membership Fee Savings</u>	<u>O&amp;M Increase</u>	<u>Net Increase</u>
\$65 (\$66)	(\$5.55)	\$7.76	\$2.21
\$74 (\$75)	(\$6.27)	\$7.76	\$1.49
\$75 (\$76)	(\$6.35)	\$7.76	\$1.41
\$84 (\$85)	(\$7.09)	\$7.76	\$0.67
\$85 (\$86)	(\$7.17)	\$7.76	\$0.59

\*Amounts in parenthesis reflect current 2017 monthly Club Membership Fee.

Note that the minor projected increase in assessments for Fiscal Year 2017-2018 is due to the impact of inflation as well as the District's anticipated purchase of numerous new vehicles for its facility maintenance operations. The anticipated CDD O&M Budget amounts are based on currently available information but have not yet been approved by the Boards and are subject to change.

**Question**     ***Is there a draft CDD O&M Budget that residents can review?***

Answer        Yes. It is located on the Districts' websites at [www.poincianacdd.org](http://www.poincianacdd.org) and [www.poincianawestcdd.org](http://www.poincianawestcdd.org). There is a draft CDD O&M Budget for the remainder of Fiscal Year 2016-2017 and a draft CDD O&M Budget for Fiscal Year 2017-2018.

**Question**     ***Are the CDD O&M Budgets set in stone yet?***

Answer        No. The District has not yet approved the operations and maintenance budget, but District staff does not expect it to increase, and it may in fact decrease slightly. All O&M Budgets used for the purposes of preparing this Q&A document will likely be reduced to take into account sales tax savings once an accurate estimate can be obtained.

**Question**     ***Do the CDD O&M Budgets assume the sales tax savings the Districts will enjoy?***

Answer        No. The impact of the sales tax savings is presently unknown and therefore has not been budgeted. These are conservative budgets and the sales tax savings will either be used to reduce CDD O&M Assessments and/or will be put into a reserve fund.

**Question**     ***What major items are included in the draft CDD O&M Budget for the protection of the residents that was not included in previous Club budgets?***

Answer        The District is establishing a capital reserve fund to plan for major repairs and replacements at levels recommended by the District's valuation consultant. The District is establishing an operating reserve fund to make sure the District has sufficient funds to meet its payment obligations. The District is budgeting to replace numerous older maintenance vehicles in the first two years of its ownership of the Solivita Recreational Amenities. All of these additions to the budget protect the residents and still do not result in a material increase verses

what residents are paying in 2017 Club Membership Fees and Club Operations Fees.

**Question** *Do lots and unplatted lands owned by Avatar currently pay Club Membership Fees and Club Operations Fees?*

Answer No.

**Question** *If the Districts purchase the amenities, will the lots and unplatted lands owned by Avatar pay CDD Debt Assessments and CDD O&M Assessments?*

Answer Yes, that is required by the PSA.

**Question** *How much is an undeveloped lot owned by Avatar required to pay under the PSA?*

Answer For CDD Debt Assessments, the amount paid by an undeveloped lot will be equal to or more than the CDD Debt Assessment to be paid by a current resident. For CDD O&M Assessments, the amount paid by an undeveloped lot will be equal the CDD O&M Assessment to be paid by a current resident.

**Question** *Will the Districts close on the PSA if the amount to be paid by residents in CDD assessments is projected to be materially higher than what residents currently pay in Club Fees for the same facilities?*

Answer No. The Districts will not sell the bonds if the total amount in annual CDD Debt Assessments and CDD O&M Assessments is projected to be materially in excess of what residents currently pay to Avatar for Club Membership Fees and Club Operations Fees.

### **Inspection of Solivita Recreation Amenities**

**Question**     ***What efforts have the Districts made to inspect the Solivita Recreation Amenities?***

Answer         The Districts are conducting extensive inspections of the Solivita Recreation Amenities. These efforts are being overseen by the Districts' Engineer and are ongoing. These efforts include i) financial feasibility and valuation analyses prepared by Environmental Financial Group, ii) commercial property inspection by Delta Engineering, with a follow up inspection to be completed before closing, iii) two different ADA inspections and reports, iv) Phase 1 environmental inspection, v) mold inspection, vi) termite inspection, vii) food and beverage operations analysis, and others to be determined. In addition, matters related to title and other real property matters are under extensive review.

**Question**     ***Have the Districts agreed to purchase facilities that are not compliant with the ADA?***

Answer         No. The PSA requires Avatar to deliver the facilities in a condition that fully complies with the ADA.

### **Sales Center and Administration Building**

**Question**      ***What is the future of the Sales Center and Administration Building?***

**Answer**        The PSA, and a separate Option Agreement that has been approved by the Districts and Avatar and which will be executed at or prior to closing on the Solivita Recreational Amenities, require Avatar to deed the Sales Center and Administration Building to the Districts in the future for a set purchase price of zero dollars.

## Summary of Significant Benefits of District Ownership versus Avatar or Third Party Ownership

<u>District Ownership</u>	<u>Avatar/Third Party Club Ownership</u>
New Performing Arts Center <i>without</i> increasing capital amounts paid	No new Performing Arts Center
New Wellness Center <i>without</i> Increasing capital amounts paid	No new Wellness Center
Amenities Resident owned through CDD Structure	No resident ownership
Programming controlled by resident Board	Programming Controlled by free market principles
Lifestyle controlled by resident Board	Lifestyle controlled by free market principles
Policies, Rules and Rates established by resident Board	Policies, rules and rates controlled by free market principles
Non-resident use controlled by User Rates adopted by resident Boards	Non-resident use controlled by free market principles
Sovereign immunity limits on liability	No limits on liability, and liabilities not covered by insurance the responsibility of residents under the Club Plan
CDD Debt Assessments capped for 30 years	Club Membership Fees increase every year
CDD Debt Assessments terminate after 30 years	Club Membership Fees collected in perpetuity
Resident Board approves CDD O&M Assessment rates	No resident control over annual Club Operations Fees
Amenity Manager selected and accountable to resident Board	No resident control over selection or performance of amenity manager
Ability to access public bond market in the future	Facility expansion limited by free market principles
Avatar pays a portion of the CDD Debt Assessments	Club Owner collects Club Membership Fees as profit; Club Owner not required to pay Club Membership Fees
Avatar pays a portion of the CDD O&M Assessments	Club Owner not required to pay Club Operations Fees



Solivita Grande Passes limited in number and duration

Solivita Grande use is unlimited and controlled by free market principles

Amenities not subject to foreclosure

Amenities subject to foreclosure if mortgaged and failure to pay by Avatar

Sales Center and Administration Building eventually owned and controlled by resident Board

Residents have no control over future ownership and use of Sales Center and Administration Building

Establishment of capital reserve fund for repair or replacement of amenity improvements without increasing amounts paid

No establishment of capital reserve fund

Sales tax savings (relative to both (i) 7% sales tax paid on fees remitted to Avatar pursuant to Club Plan and (ii) 7% sales tax paid on purchases of supplies, materials, etc. by the Club)

No sales tax savings

**NOTE: THIS Q&A FOR CURRENT STATUS OF AMENITY TRANSACTION HAS NOT BEEN PREPARED OR APPROVED BY AVATAR PROPERTIES, INC.**