

Q & A

Mid South Lodge Frequently asked Questions & Answers

Chapter I General Description of the Mid South Lodge Program

Chapter II Rental Program Information

Chapter III Lodge Condominium Association Information

Revised 1/2010

Chapter I General Description of the Mid South Lodge Program

What is the Mid South Lodge?

The Mid South lodge is a grouping of 16 one-of-a-kind, hi-end condominium units adjacent to the Mid South Club house. The units are in 4 separate buildings with each building have 4 “end” style units. The Lodge development program is being limited to 16 units and will be considered “the crème de la crème” of the various condominium programs being developed in the Pinehurst / Southern Pines area.

Where are the Lodge units located?

The views from the rear decks of the Mid South Lodge units are spectacular. Buildings 1 & 2 have unfettered views of the first hole, driving range, new practice green, 9th hole and our 19th hole.

The 19th hole is a par 3 located behind the clubhouse just to the right of buildings 1 & 2. The teeing area will be located about 150 yards up the hill between the driving range and the 9th fairway. The spectacular par 3 will feature a wetland carry and will be used by all golfers to settle up on bets and as a warm up / practice green during other times. Buildings 3 & 4 have spectacular views of the 9th and 18th fairways and the lake in front of the greens complexes.

Club Membership / Special Membership Incentives

As part of its purchase of the Mid South Golf Course in 2004, Talamore and Mid South Club have created a unique 36 hole Membership opportunity. Members are able to access both golf courses and amenities at either facility. Because Mid South and Talamore are located across the street from each other, membership access to all the facilities is easy and convenient. A comprehensive Q & A and other Membership information are included with this packet of information.

As a **special incentive** for designated initial Lodge buyers who maintain enrollment* in the rental program, the Developer is providing a membership package for the first five calendar years of ownership. (Developer units only) The membership incentives include the following:

- No initial Non Refundable Membership Deposit or Transfer Fee. Currently a \$12,500 value.
- For the initial unit owner only – a Special Presidential Plan upgrade **WITHOUT** the payment of an additional deposit which is currently \$15,000.
- Complimentary Family Presidential Dues for 5 membership years for developer unit only.

- At the conclusion of the five year complimentary period, owners may choose a dues structure which suits their playing habits – ranging from our Holly Social Plans (starting at around \$1,000 annually) to the Presidential plan.
- Special Membership Incentives are not transferable to subsequent owners if unit is conveyed within the initial five year term. Subsequent owners will be required to pay the applicable transfer fee and any additional deposit required based on category of membership selected. No refund will be due the initial unit owner upon transfer or sale of the unit for the value of the initial membership deposit(s) or any unused portion of the complimentary dues package.
- *Enrollment qualifications require that the unit be in the rental program for a minimum of 30 full weeks per calendar year, with not less than 18 of those weeks occurring during the months of March, April, May, June, September and October. In the event a unit owner maintains enrollment for a period of less than five years and then elects to use the unit on a more frequent basis, annual dues shall be due based on the category of membership selected.

How big are the lodge units?

Each lodge unit has approximately 2,150 of dedicated personal owner space – 1,850 square feet of heated space and a private, covered rear porch of 300 sq. ft. There is a front covered porch on the lower level of approximately 1,275 square feet. The upstairs units have a covered front balcony of more than 300 sq. feet.

How do these compare to other 2 bedroom condominium units?

A typical 2 bedroom condominium in a resort market tends to be in the 1,000 – 1,300 sq. ft range and has 2 bedrooms and 2 baths. At Talamore we pushed that envelope higher with our villa program by going to 1350+ sq. ft. The Mid South Lodge units at 2,150 PLUS the spacious covered common porches, pushes the envelope even higher when it comes to spaciousness.

Describe the Bedrooms and baths

Each lodge has two spacious bedrooms which will accommodate two Queen size beds. The master bedroom will have a writing desk and chair, along with a window bench and TV armoire, and a spacious walk in closet. The front side, guest bedroom, will also feature two queen beds, along with a sitting chair and end table. A decorative nightstand and headboard will also be provided in each bedroom. Mirrors and pictures will be provided, along with comfortable, stylish bedding.

There is large Master Bath with a separate tiled shower, Jacuzzi tub and a private water closet. Each bath has been designed so that two people can comfortably/

privately use the bathroom area. Each bath has a double integrated sink and countertops in each bath are solid surface “corian” style material.

Describe the kitchen and living area

The kitchen and living area features an open space floor plan with great flow and visibility between the areas. The living room will feature a leather sofa and loveseat, and a comfortable recliner in decorative fabric. A 40” plasma television will be wall mounted above the gas fireplace. A stereo/dvd system with speakers in the living area will also be provided. Coffee tables, end tables, and a sofa table with appropriate lighting will finish the living room.

The adjacent dining room features comfortable seating for 4 around a large round table. A buffet/wine rack will house various accessories and will also be home to your personal pictures and other decorative items.

The kitchen is outfitted with ‘Whirlpool Gold’ or a similar stainless steel appliance line. The separate wall oven, glass cook top range, microwave oven and refrigerator are all provided along with maple cabinets and granite counter tops. The kitchen opens out to the dining room and has a built in bar / countertop which will house 3 barstools. Adjacent to the living area is a half bath and separate laundry area with a stack washer/dryer. An ironing board, iron and appropriate shelving is also provided.

Other appropriate kitchen items including dinnerware, glassware, utensils, cooking pots, toaster, coffee maker and other suitable kitchen accessories are all provided.

Is there a private owner’s closet?

There are not one, but two private owner’s closets. The first owner’s closet is located across from the front door of the unit under the covered porch and is extremely spacious enough for golf clubs or for other large items such as suitcases, etc. The second owner’s closet is located adjacent to the master bedroom and is convenient for smaller personal items, special towels, sheets, etc.

Who designed the Lodge?

The Lodge units were designed by the local architectural firm of Stagaard and Chao. The firm also designed the Mid South clubhouse (under construction), the existing Talamore clubhouse and cabana, the Talamore Villas and numerous homes with Talamore and other prominent communities including Forest Creek, Pinehurst #7, Pinewild and National.

What is the quality /value of the furnishing package?

Included in this sales package is a listing of each item that is included with the Lodge unit and pictures of many of the items. Because of the volume of purchasing, we have arranged for a direct shipment of many of the items right

from the manufacturer. This furnishing package purchased even at a discount from a furniture retailer, would cost well in excess of \$50,000.

What is the quality of materials being used in construction?

The Lodge units are being built like a custom single family home. Everything from the windows which feature wood trim highlighting the divided light panels, to the 8 foot doors, the tile baths, granite kitchen, ceramic tile covered porch, brick pavers on the entry purchases, the fountain in each building's covered entry to the skylights above the covered entry's are all top quality first rate building materials.

Other than a mortgage, what are the annual expenses associated with owning a lodge unit?

- Real Estate Taxes

Real Estate Taxes are expected to be approximately 1% of the purchase prices less an allowance for furnishings. So expect somewhere between \$3,250 and \$4,000 per year.

- Utilities

Electric and water are each titled/billed directly to the unit owner as there are independent dedicated services provided for each unit. These should average about \$200-\$250 a month, depending on usage. Phone service shall be through the Association owned system, so the monthly charge for phone is included in the quarterly dues assessment.

- Insurance

Building Insurance is included in the Condominium Association Fees. Unit Owners are advised to take a policy covering the contents of the unit. We are recommending \$75,000 as the stated value/replacement cost of the contents which are included with the sale of the unit. This coverage, along with liability coverage should cost the unit owner about \$300 a year.

- Association Fees – Master Mid South Association

Mid South is a gated community which has private streets and full time security. Each unit owner pays into the Master Association to cover these expenses. The annual fee for the Master Association for the Community is currently \$600 per year range and is billed one time per year and is subject to change annually.

- Association Fees – Condominium Association

We have established the dues for the Lodge condominium association is currently \$900 paid quarterly. This fee covers all exterior maintenance of the Lodge units including painting, roofs, gutter maintenance, landscaping, etc. The fee also includes insurance for the Lodge building (content insurance by owner), association liability insurance, propane expenses related to the

operation of the gas fireplace and basic cable service for each Lodges unit along with wireless internet access and phone for the Lodge complex. More information and detailed budgets concerning the Lodge Association are included in Chapter 3 of this Q & A.

What are the Amenities for personal and accompanied guest use?

Lodge unit owners will have access to all the club's facilities when on property. These facilities include the golf courses at Mid South and Talamore, the Talamore pool and cabana, the Mid South member's pool, cabana, tennis courts.

What are the Amenities for guests of the Lodge?

Guests staying in the lodge units who are on a golf package will have access to the golf courses at Mid South and Talamore per their plan, and the pools and cabanas at Talamore and the Mid South Club.

Chapter II **Rental Program Information**

General Description of the entities involved and Rental program.

Lodge Unit Owners will be able to enroll their lodge unit in a rental program managed by an affiliate called Talamore Properties. Talamore Properties operates out of a suite of offices in the Talamore Villas along with other related companies called Talamore Golf and Travel and Total Villa Care. Collectively these companies form a comprehensive approach/system to handling all aspects of rental and property management. These entities have collectively been managing rental for Talamore Villa owners since 1997.

The Lodges at Mid South will come under the marketing umbrella currently used for the Talamore Villas, yet will have their own distinct rate system. It is anticipated that the Lodge units will rent for approximately 30%–50% MORE per night than the current Talamore Villas. The Lodge units will have their own “rotation” separate from the Talamore Villas. Because of the premium, limited nature of the Lodge units, it is anticipated that the Lodge units will be rented on a more frequent basis than the current Talamore Villas.

What is Talamore Properties ?

Talamore Properties (“TPI”) is an independent property management company established to manage daily, weekly and monthly rentals for the Talamore Villas and will now offer similar style services to the Mid South Lodge owners. Through its own management or through a variety of outsourced subcontractors, TPI provides all marketing, daily administration, daily maid service, repairs, and routine interior maintenance. Our staff is well experienced with lodging and daily operations and we are equipped with the latest software to provide you with monthly reports.

What is Total Villa Care ?

Total Villa Care (“TVC”) is a separate company established to handle routine condominium maintenance as an independent third party entity. TVC handles all the administrative and financial duties required for daily maid service, routine villa maintenance such as HVAC filter replacement, routine carpet maintenance, window cleaning, and the supply of kitchen accessories. TVC also coordinates all additional work or repairs needed for the benefit of the unit owner. TVC enters into contracts with TPI and the Condominium Owners separately based on the scope of work.

What is Talamore Golf and Travel ?

Talamore Golf and Travel (“TG&T”) is a travel agency which specializes in the selling and coordinating the land based portion of golf packages to the Pinehurst Area. TG&T has been selling Pinehurst area golf packages since 1992. TG&T’s experience with the local courses has made it one of the largest golf and vacation packagers in the area. TG&T markets nationwide and has built up a hefty database with thousands of clients who have played Talamore and enjoyed a Pinehurst Area golf package. TG&T books golfers on many Pinehurst Area courses including, **Talamore, The Mid South Club**, some of the courses at the Pinehurst Resort, Pinehurst National, Pinewild, Pine Needles, Mid Pines, The Carolina, Little River, the Legacy, The Pit, Woodlake, Longleaf, Beacon Ridge, Deercroft, Anderson Creek, Tot Hill Farm, Bayonet at Puppy Creek, Foxfire, Highland Hills, Seven Lakes, Southern Pines Elks Club, Tobacco Road, Country Club of Whispering Pines, Whispering Woods, and Mid Pines. Lodging facilities utilized by TG&T include the Talamore Villas and the new lodges at Mid South.

TGT, in conjunction with the Talamore and Mid South golf courses, does a tremendous amount of marketing regionally and nationally to encourage rental of villas at Talamore and the new Mid South Lodge. Our sales representative can review these mediums with you.

What does the organizational chart look like between these entities?

TPI works with TG&T and other national and local golf packagers to provide lodging at the Talamore Villas and now the Mid South Lodge as part of a golf package to the Pinehurst area. TPI has a regular “rack rate” for clients who contact TPI directly and a packager rate for recognized travel agencies and golf packagers.

The following is an organizational chart indicating the relationship between the Villa owner, TPI and the various outside agencies involved in the typical rental process of the villa on a short and long term basis.

LODGE OWNER

Enters into management agreement with

TPI

Who subcontracts and has reservation agreements with

<u>TVC</u>	<u>Travel Agencies</u>	<u>Real Estate</u>
<u>Brokers</u>		
Various vendors, employees incl. term rentals HVAC repairs, contract cleaning, light bulb replacement, etc.	maids, short term rentals	long

Directly markets and secures reservations and deposits from

Resort Guest, Corporate clients, long term rentals

Long term guests in the Lodge may contact TPI directly. Typically Short term guests book via TG & T other outside agencies

Who owns TPI, TVC and TG&T ?

These three entities along with the Mid South Golf Club are owned by the principal of Talamore’s development entity. Development of the Mid South Lodge and future villa condominiums will be by a development entity owned by the same principal.

Will I be able to use my lodge to come down and play golf ?

YES. Under our system you will be able to use your Villa when it is not rented. It is necessary to contact the rental office and advise us of dates when you want to come down and use the villa so we can make sure not to book it during your stay. We have no limitations regarding the number of days per year you may use your villa except as provided to maintain special membership incentives provided to initial buyers.

What are the rates you will charge to rent out the Lodge ?

Rates vary with the season. Spring and Fall are considered “In Season” with Winter and Summer being lower. We have different weekday and weekend rates to encourage a broader base of customer. 2008 rates for the Lodge units are in the following ranges:

Spring: \$270 – \$380
 Summer: \$188 – \$288
 Fall: \$250 – \$360
 Winter: \$188 – \$288

All rates are per night, per lodge with a total occupancy of 4 guests maximum. Rates are inclusive of local taxes and maid service. Golf fees are in addition to these rates.

What does TPI charge for management services ?

TPI charges 40% of the net revenues received from renting the Lodge on a daily basis. A 30% management fee is charged on Monthly Rentals. Net Revenues are calculated by taking the gross proceeds and deducting expenses for maid service, taxes, and credit card commissions. Maid Service is charged for daily service and a final cleaning at check out. These management fees are lower than those charged in similar resort markets for comparable services.

How will I know how I am doing with my investment ?

All Lodge owners will receive regular monthly reports and checks.

Who pays the real estate taxes, phone bill, electric bill, cable bill and water bill ?

All taxes, water and electric services will be in the Lodge owner's name and will be billed directly to the Lodge Owner. Payment will be made by the Lodge owner as per the instructions and charges of the separate services. Basic Cable service is being paid for in a bulk rate, commercial contract through the Lodge Owner's Association and is included in the regular quarterly dues. In addition to basic cable, wireless internet service and phone is being established in the lodge area for unit owners and guests and is part of the fees paid for by the Association.

Will someone be able to call long distance from my Lodge and will there be hi-speed wireless internet service ?

Persons renting the unit will have to use a credit card or calling card for long distance service. All phones in the Lodge will be set up for local calls only while being used for rental. Lodge Owners will receive special long distance benefits while using their unit for personal use. Hi-speed wireless internet service will be available on an unlimited basis to renters and unit owners. All fees for phone service and hi-speed wireless internet service are included in the fees charged by the Condominium Association.

If I bring down some guests and stay in the Lodge with them, will they be able to play Mid South or Talamore and what will they be charged ?

Your guests will be charged special guest rates based on accompanied or unaccompanied status. A list of our current fees is included in the membership material in this packet.

What happens if something breaks or if furniture is damaged?

If something is broken in your Lodge such as a lamp, door or damage to furniture, then the individual renting the Lodge is responsible and TPI will make every effort to collect for such damages, however, minor damage may not be detected and consequently would be the responsibility of the unit owner. TPI routinely checks each unit and after each day rented a form is filled out by the maid service denoting any problems or issues with the units. TPI holds a credit card as a damage deposit from individuals renting the Lodge.

Who replaces worn out carpet and furniture ?

Each Lodge owner is responsible for replacing carpet and furniture as needed. TPI provides you annually with an assessment of all the furniture in your unit. To make regular replacements more convenient, TVC will go out to bid on a collective basis for furniture, carpet and appliance replacement on a regular basis based on projected participation. By buying replacement furniture and accessories through TVC on a group basis, owners can participate in bulk discounts.

What happens if a Lodge unit owner does not keep their unit in good condition ?

As protection to all Lodge owners to maintain the best looking and most rentable units, TPI will consistently grade the Lodge units A, B or C. All units begin as an A in good condition. As normal wear and tear occurs, unit owners will be advised of necessary maintenance and replacement. Provided repairs are not made in a timely fashion, units may be downgraded to a B status in which case unit owners will have a specified time to make necessary repairs and replacement in the unit. If no action is taken by the Lodge owner, then TPI may downgrade the unit to a C status and take it out of the rental cycle until repairs are made.

Because of the top quality nature of construction materials and furnishings, we do not anticipate any issues related to the rating of units for many years to come. As an example, we are now 7 years into the rental program at Talamore with its villas and none of the units have been downgraded.

How am I assured that my Lodge will be rented out equally with other Lodge owners ?

TPI's software is provided by First Resort Software company of Aspen, Colorado. This software is approved by the North Carolina Real Estate Commission for property management and provides for an even rotation of rentals based on revenue distribution. Rental distribution will never be an exact distribution because certain rentals may occupy only a portion of the Lodge, seasonal rates do change in the middle of months and owner's personal use of a unit will be recognized by the system with a nominal dollar value assigned to it, yet software ensures that the distribution will be as even as possible. Revenue Distribution is a very fair way of managing rentals of this nature because of the variety of types of rentals we encounter – from short to long term, from one night with one couple to 6 nights in the whole Lodge. In a straight rotation, it is possible that on your turn in the cycle, you might only get a two night stay in your Lodge unit and your next door neighbor might get a six night stay for theirs. With revenue distribution, your Lodge would be given the chance to “catch up” in the revenue cycle with the other Lodge who received a longer term, more lucrative rental.

As stated previously the Lodge units will have their own “rotation” separate from the rental programs being managed by Talamore Properties.

What kind of appreciation should we expect from the Lodge?

We cannot promise or provide figures of appreciation going forward because of a variety of factors we cannot control including the local and national economy, interest rates, natural or man made disasters, acts of god and numerous other items. What we can provide are the basic facts surrounding the Talamore Villa Program which started in late 1997. Depending on when someone purchased and which unit they purchased, most villa unit owners have seen annual compound growth rates ranging from 3% – 7%. These appreciation figures are generally consistent with the general Pinehurst/Southern Pines marketplace.

Equally important, our unit owners have seen a tremendous up-tick in liquidity, especially since the combining of Mid South and Talamore. Talamore Properties offers discounted brokerage services to Lodge property owners for in house re-sales. Liquidity and ease of sale is an important aspect to consider, especially when buying a second home as future needs may change.

Are there any Tax Benefits related to unit depreciation

Also factoring into the investment should be the tax benefits of depreciation of the furniture, fixtures and appliances with the unit. Unit owners can allocate as much as \$75,000 of their purchase price to these items which can be depreciated over a 5 – 7 year period. The balance of the purchase price can be allocated based on \$50,000 for land and the balance to the building. Under these basic terms, and using the more conservative 7 yr allowance for F,F&E not 5 years, a purchase price of \$375,000 can be allocated as follows:

Deprec. Category	Total	Term	Deprec. \$ Yrs 1-7	Deprec. \$ Yrs 8-30
FF& E	\$75,000	7 yrs	\$10,714	0
Land	\$50,000	n/a	n/a	n/a
Building	\$250,000	30 yrs	\$8,333	\$8,333
Subtotals			\$19,047	\$8,333

Note: These figures are being provided for general illustrative purposes ONLY. Please consult with your accountant for actual figures and benefits which would apply to your personal financial situation.

How much money will I make per year from renting out the Lodge ?

Our real estate staff is able to provide rental history on Lodges actively in the rental program.

Chapter III

Lodge Condominium Association Information

The following Q & A is meant to answer some of the questions which pertain to the Mid South Condominium Association and the unit owner's responsibility for maintenance. Please refer to the complete set of documents for a complete listing of all responsibilities and clarification of all terms and conditions.

Where are the Mid South Lodges located ?

The Mid South Lodge units are located adjacent to the Clubhouse at the Mid South Club.

How many units will be in the Mid South Condominium Association ?

The Mid South Condominium Association has been set up to have 16 lodge units located adjacent to the Mid South Clubhouse and 74 Villa units located on a contiguous piece of property near the new Mid South member amenities.

The Lodge and Mid South Villa Units will each have independent operating budgets for unit maintenance based on the type of unit (lodge or villa). Common area will be apportioned to the respective budgets based on location (lodge or villas).

How big are the Lodge Units ?

The standard Lodge units are 1850 sq. feet of heated space with private covered porches of 300 sq. ft. there are common covered porches and balconies on each building totaling approximately 1600 sq. ft. for each set of 4 units. There are two floors in each Lodge building. Each Lodge has 2 bedrooms and 2 ½ baths.

What type of construction materials will be used ?

The Mid South Lodges have been designed with hardi-plank and brick exteriors and quality appointments and details throughout. The interior features 9 foot ceilings, vaulted second floors, 8 foot doors and windows, aluminum railings on the outside decks, a master bedroom with great views, kitchen, living room, washer / dryer and a fully covered staircase for second level units.

Who manages the rental of the Lodge ?

During the Declarant control period, Talamore Properties, Inc., an independent property management company, will provide management services for the Mid South Lodges through the Mid South Condominium Association. Talamore Properties has been managing the Condominium Association for the Talamore Villas (now 100 units) since inception and is well staffed and experienced to handle the task of the Mid South Condominium Association. Talamore Properties offers a unique and exceptional management program. On-sight management is in place for after hour emergencies. Management offices are currently located in building 12 of the Talamore Villas.

What's the deal with golf membership privileges with Lodge owners ?

With the purchase of the Mid South Club, we now have 36 holes to offer our members. Check with the Membership office for the membership options available. John McDougald , our Director of Golf and General Manager can answer any membership questions you may have. 910-692-5884 (Talamore) or 910-695-3193 (The Mid South Club).

Who is responsible for replacing worn out carpet and furniture ?

Lodge owners are responsible for replacing carpet and furniture as needed.

How often do I need to replace furniture and carpet ?

As part of your Lodge purchase, you will be provided with a base furniture package. The furniture package has been carefully selected, keeping in mind, quality and durability which should last several years. Carpet will need to be replaced generally every five – seven years with the possible exception of high traffic areas, which might need to be replaced more frequently by the Lodge owner.

How much are Association fees and what do they include ?

See your real estate professional for the current Lodge Association rates. The following is a breakdown of the items included in the Lodge Association's budget.

Grounds and Buildings

Grounds Common Area Maintenance (labor only)
Grounds Supplies
Irrigation Supplies & Repairs
Tree Work
Building Supplies & Repairs
Pest Control
Termite Bond
Trash Removal
Landscape/Parking Area Lighting

Administration/Other

Cablevision*
Wireless Hi Speed Internet & Phone Service**
Propane (gas fireplace)
Management service
Administrative Supplies
Insurance
Tax Preparation & Expense
Transfer to Reserve Fund
Miscellaneous

General Description of Association Expenses:

Ground Maintenance: Grounds Maintenance labor for the upkeep of the landscaping around the Lodge Units.

Ground Supplies & Repairs: Supplies necessary to maintain the grounds such as seed, fertilizer, mulch as well as minor road maintenance.

Irrigation: Maintenance and repair of the irrigation system which directly serves the Lodge property.

Tree Work: Trees are one of the area's biggest assets making tree maintenance an important item.

Building Supplies & Repairs: Minor maintenance and repairs to the buildings.

Pest Control: Exterior pest control for normal pests such as bees, rodents, dirt dovers, ants, etc. Interior pest control is the responsibility of the unit owner and is offered as part of a regular maintenance service through TVC.

Termite inspection: Annual termite inspection and termite bond is a normal expense in our area.

Cablevision: Due to the high cost of individual cable, the Association is providing Basic Cable under a commercial contract.

Wireless Hi-Speed Internet & Phone Service. The Mid South Condominium Association has a special hi speed wireless system for the entire lodge area in conjunction with a special VOIP phone system which allows dialing to each unit either by a phone number or as an extension from the main club number. Unlimited local calling is included and unit owners will have a special code to access long distance service while they are using their unit on personal stays. The cost for the Lodge phone & hi-speed internet service is substantially less than if unit owners had to hook up service individually.

Management Service: The Managing Agent oversees the maintenance and administration of the Lodge complex. The Mid South Condominium Association is currently managed by TPI which will act as the manager until 75% of the planned Mid South Condominiums have been completed and conveyed. At that time, the HOA will elect its own officers and will determine the requirements for future management. See Mid South Condominium Association Documents for more information.

Administrative Supplies: Postage, copies, checks, long distance telephone calls, etc.

Insurance: 1) Property coverage on the buildings (unit owners need to provide content and liability coverage); 2) Liability coverage on the common areas; 3) Directors and Officers coverage on the Board of Directors.

Tax Preparation & Expense: Covers the cost of filing income tax returns on interest earned by the Association and the taxes owed. Each owner will pay their own property tax on their unit which includes their pro rata share of the common property.

Transfer to reserve: Funds the Association sets aside each year to pay for or help offset the costs of future, major repairs and replacements such as painting, paving the parking areas and drive, roofs, etc.

Miscellaneous: Covers small unforeseen expenses that don't fit in other categories.

TOTAL OPERATING EXPENSES: The total cost annually to operate the Association and maintain the Lodge property.

Please note that the breakdown of the fees above is for the Mid South Condominium Association fees only. Fees applicable to security and the private road system and common area maintenance for the general Mid South community are part of the Master HOA fee due by each owner and are explained further in this Q&A. This information is subject to change.

**Call the Real Estate office at Talamore Properties, Inc.
7207.Kim Strange (Broker) or Bobby Brooks (Broker in Charge) will be happy
to assist you with a current price list.**