May 24, 2026

Sunrise Villas Board of Directors,

FAQ #184

1. (There are) some questions regarding FAQ #184 posted today. Although you did amend the original answer posted stating that the cost for Hermann was only $72,850 – your amended amount of $110,750 is still far short of what the Hermann Contract 2 reads. In addition to these amounts, you completely leave off the amounts in parts III, V, and VI. There is no mention in the contract of the base hours that are "included" in these fees. These are NOT the hourly additions as the response tries to imply. These are solid KNOWN amounts as the contract states. The response posted today diverts the subject to the "hourly additions" - which yes, we will have to give approval – but for which we don't know the "base hours" included in parts III, V and VI. Therefore, this omission makes it impossible to evaluate when this kicks in.

2. In addition to the $110,750, you should have also included the stated amounts in III, V, and VI, since this will be required to get ANYTHING done in addition to the actual contractors of course. Therefore, this actually does make the total in excess of $330,000 as was stated at the meeting by the homeowner. Also missing is the $44,030 which was actually paid to Hermann Design April 12, 2025. This presumably is part of the $4.5 million and went to Hermann Design also. That addition would make Hermann payments at least $374,030.

3. Furthermore, after leaving off the irrigation part of our project there has been a vague reference to an additional $50,000 paid to Hermann to add the irrigation plans. This has never been clarified (ie. No contract) and actually there are some mentions about irrigation in Contract 1 – so perhaps that is totally wrong. We cannot imagine that this project would have been designed with NO changes to irrigation. We cannot see that DWA would be part of this project if water was not involved. After all, we are not doing this to spruce up or beautify the grounds, nor has the fire department banned grass because it was a fire hazard. This project is intended to SAVE WATER – if Hermann Design did not understand that – then the committee really was NOT communicating the MISSION to them and we would question Hermann's honesty if it was an inadvertent omission by them. And even worse the HOA paid the bill with NO PLANS for irrigation.

4. When the amount in excess of $300,000 was mentioned at the last board meeting – some board members expressed aghast as if they did not actually understand the contracts and had not read them or understood them (This is alarming). Gary said actually that amount was true if you carry everything out – but then this total figure was largely dismissed. Then you're printing this FAQ today which also covers up the true amounts is disappointing - when you have the opportunity to offer full disclosure (To both the surprised board members and other owners). We don't know if the total is excessive, but the owners deserve to know the full amounts you know – not covered up or disguised by only adding up Parts I and II to represent the full contract. Please do not try to cover for the expenses. It makes the

whole project look deceptive. After all, it is a $4.5 million project and we should expect it to be a MAJOR part of that. Please be transparent as so many, many owners have asked.

5. Below is a spreadsheet of these figures taken from Hermann Contract II. Please feel free to share this with the full board. If you are surprised at the true amounts – please look it over and discuss with Hermann to get full clarification and understanding before the HOA proceeds. Then do the right thing and edit the response to FAQ #184 ASAP. This should have been revealed before the voting began, but better late than never.

Sunrise Villas Construction Documents Hermann Design Fees
FEES AND CHARGES

	ITEM	COST	PHASES	TOTALS	(Calculation Method)
I.	Preliminary Planning			$ 37,900.00	
II.	Construction Documents			$ 72,850.00	
III.	Meetings and Coordination	$ 4,500.00	11	$ 49,500.00	(=$4500 *11)
IV.	Revisions (Hourly - see rates below*)			-	
Landscape Architechure Service Fees					
V.	Submittals (Hourly)	$ 1,500.00	11	$ 16,500.00	(=$1500*11)
VI.	Bidding Phase Services (Hourly)	$ 3,500.00	11	$ 38,500.00	(=$3500*11)
VII.	Construction Phase (Hourly)	$ 10,500.00	11	$ 115,500.00	(=10500*11)
			TOTAL	$ 330,750.00	
-	Reimbursables (Billed ONLY if incurred)			$1,000	

Hourly Rates: These vary from $90/hr for Administrative work to $165 for Irrigation Design.
** Incidentally this is a 26% raise for Admin and a 22% Design work increase from the initial contract rates signed April 12, 2025. That contract states that there may be a 6% increase in rates from year to year.

Major piece of information missing is that parts III, V, and VI above have no base hours stipulated, so it will be impossible for the HOA to know if/when the "Hourly Rates" kick in and they require us to approve them for the project to proceed. It is open ended in that respect, and allows for easy BUDGET CREEP.

6. FAQ # 94 and #182

Although #94 was posted on January 27 where the response was that all would be disclosed – your response was finally posted May 20th in #182. (113 days later) This alone is confusing since #94 was not edited to reference #182 – but it was what was omitted after that long response time that is still concerning.

a) Long before May, the estimated assessment had increased to $16,000.
b) The 6.5% to 6.7 % was stated, but not specifically what was used to determine the stated payments.
c) The monthly payment was listed as $124 which was over 15 years. (180 payments)
d) Truth in Lending laws typically state the total amount to pay back - $22,320. It would be good to state this clearly. If the rate used was the lower 6.5% for $14k for 15 years, but it would be

considerably higher if it turns out to be 6.7% for $16k for 15 years. The total would be payments of about $141 or about $25,380 to pay-off after the full 15 years – an increase in excess of $3000 and an additional cost of $9380 above the Option A or Option B payments.

Homeowners choosing or forced financially to choose option C deserve to know this up front – full disclosure – not low-balled to make it seem more desirable.

This group of Option C owners is least likely to afford coming up with the $16,000 or two $8,000 payments. If a person is 80 years old and on SSI and a fixed income, then they would have to survive to age 95 to pay off the loan, which is well above actuarial tables of US lifespan. Tables actually show they are likely to live 8 – 10 years. Perhaps it would have been better to consider a maximum term of 5 to 10 years for the loan – but this option was not presented. Was it even asked of the people who might consider or even require this option? It may be difficult for them to secure a reasonable loan on their own for 3-5 years depending on income and age. Yes, as some here would say (sadly) they could be forced to move.

7. Option B is also not clear when the two $8k payments would be made. If the project is approved in June – we are thinking the earliest the first payment would probably be due is September. But this is speculation – is there some more specific plan which has not been disclosed? Even more unclear is the second payment – which is clearly stated on the ballot info as TWO YEARS to pay. That would be due then in September 2028. We are thinking the vast majority of the owners who were not forced financially to choose Option C will select option B. (We doubt anyone would choose Option A – given option B is no more expensive.) But this puts the timeline for project completion in jeopardy it would seem – we understand the work must be completed in July 2028 in order for DWA to inspect and approve the work so they can process the rebates and for the HOA to meet the January 2029 deadline. This seems like a basic scenario to have thought about – but it is not clear the board has considered this. It is not like contractors will wait that long to get paid (For example, Hermann has interest and penalties built into their portion of the fees). Going out and getting construction loans will be costly and definitely increase the $4.5 million budget.

8. Legal expenses – there have been several references to the legal expenses we have already incurred. The ballot wording was another area in which they would have been consulted. But no disclosures on what has been spent so far, nor even what amount is budgeted within the $4.5 million project proposed. Certainly, we used Epstein to get all the parts of the Hermann contract inspected so our HOA should be well protected. After the missing "irrigation" portion of the Hermann contract – did we consult them to see if Hermann was responsible financially for any omissions on a "water-savings project" that completely left out irrigation? We do live in a desert after all. Or perhaps they should have caught the hourly rates that at least in part ballooned to 22% and 26% in Hermann Contract 2 from the 6% annual increases negotiated in Contract 1 (since the board seemed to miss it). In the 2025 budget (the latest posted online) – the amount for normal legal is only $5000 – but that is for all HOA business throughout the year and presumable would not include this big project. NLB Consulting

probably is another budget item that should have been disclosed by now – if not actually paid yet, then at least budgeted amounts posted from the $4.5 million.

9. Project Minutes not disclosed nor posted on the website: Steering Committee's last (and only) minutes are from Feb. 20 and Mar 23. The only Hermann meeting is posted from Feb 27. Surely that cannot be the only meetings that they have had. The very latest was 61 days ago and 85 days ago respectively. Furthermore, it took 401 days to post the first Hermann contract and 85 the second one. Neal said he "forgot" at the meeting – but he is only one person. The person responsible for communication according to one of the minutes is Amy we believe. Perhaps the person who actually posts to the website should have taken some responsibility, but they all kind of thru Neal under the bus when taking responsibility for this lack of transparency. Now when we are asked to support the project it is even more necessary to be open, honest, and transparent. It is vital for the success of this project.

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There are so, so many things to consider in this project – again showing that we desperately need a project manager to help put all the contingencies in place. We have not even mentioned the technical parts – tree irrigation, soil types and measurements, etc., etc. etc. We don't think our volunteers should be burdened with this – because it is too much for board members to handle. We know they have worked hard, but it seems unfair to put them in this position. And if things don't go as hoped – it could be a disaster for ALL owners. $4.5 million is not small change – clearly, we need "Independent Professional Project Manager" help.