

MIMI

MAJERLE MANAGEMENT, INC.

*~~A Real Estate Investor Services Company~~
Since 1987*

ASSOCIATION MANAGEMENT PROGRAM
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FINANCIAL PACKAGE



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MAJERLE MANAGEMENT, INC.

INTRODUCTION

Designed specifically with the smaller community in mind, this Financial Package is intended to take the day-to-day operation of the collections and disbursements functions off the shoulders of the volunteer board. At the same time, financial reporting is delivered in an easy-to-read format suitable for audit by the community's accountant. Removing direct control, without placing full control in the hands of management, is a level of financial security that all communities should exercise.

Full service management is very costly for small communities. The reason: time is the most expensive product we sell and some things take the same amount of time whether you have 2 units or 2,000. So, a \$400 item divided by 2 owners costs \$200 each while that same item divided by 2,000 owners costs only 20 cents each. For smaller communities, member participation is essential if the dues are going to be kept affordable. MMI will allow you to perform some of those functions to avoid paying management.

Among the functions best suited for volunteers are:

- Walking grounds with prospective contract bidders
- Conducting inspections for rules violations
- Opening Certificates of Deposit for reserve funds

Management would like to attend all board meetings. We believe our experience and the contributions we will make to the meetings will be well worth the money. We do not sit quietly while our inexperienced board members fumble through. We offer suggestions. We remind the board when the law or the governing documents require certain methods. We recommend contractors, lawyers and accountants who specialize in community management. But the cost of having us attend monthly meetings may be out of reach for a small community. But, you can save money by having some of your board meetings during business hours. The board could meet monthly, but have only one evening meeting per quarter. Management could attend only one meeting per quarter. In other words, there are ways to involve management without paying for monthly, evening meetings.

Please look over the financial management proposal. Maybe we can get started with this and have it lead to other functions at a later date. Your proposal also includes a-la-carte pricing for extra services and hourly rates for the unknown. These are included so you can plan for management involvement when you need it. We hope we can help your community move toward management service in a convenient and affordable manner.

The MMI Association Management Program

FINANCIAL PACKAGE ONLY

ASSESSMENT COLLECTION

- Community Website

It's the electronic age! Each MMI community, regardless how large or how small, received a website at no additional charge. Here, unit owners can log-on and view their payment accounts in real time. Owners can link to the bank for online payment and may change their contact information in the unit owner directory. At the owner's option, certain contact information may be locked-out to the general membership, but board members and management retain full access. The website may contain a seemingly limitless amount of information ranging from searchable governing documents and copies of meeting minutes and agendas to online forms, meeting & event calendars and copies of financial statements & audits. Naturally, some of this information should not be accessible to just anyone, so each item added to the website is given a security access level with management & the board at the highest levels, renter occupants and the general public at the lowest level.

- Personalized Payment Coupons & Envelopes Provided to Owners

Payment booklet printing is outsourced with booklets mailed directly to homeowners. Cost is billed at the actual rate. Return envelopes are optional.

- Electronic Debit and Credit Card Payment Options

Owners may go online at www.mmiassociations.com to pay online. They may choose to make a single payment or to have payments debited on the same day each month. Automatic debits are encouraged with no transaction fee.

- Posting of Dues and Late Fees; Owner Accounts Maintained Up-to-date

Payments mailed are sent to a lockbox for deposit twice daily with electronic notification and nightly posting. Of course, online and debit payments are posted as received. Late fees are posted on time and statements are immediately issued to delinquent homeowners.

- Monthly Statements to Delinquent Accounts

When statements are mailed to delinquent homeowners, they contain a warning about court action. The warning states on what date and for what unpaid balance cases will be referred for legal action.

- Monthly Report to Directors includes Delinquency List

Each monthly report contains a delinquency list as of the last day of the previous month. This report is a one-line list, sorted by unit number, with the total of all delinquencies shown.

- Serious Delinquents to Attorney for Letter and/or Filing of Civil Case

Your Board of Directors will define “serious” and we will act accordingly. When cases reach that level, lien letters will be sent and we will follow-up with the attorney for the filing of liens and civil actions. Our software tracks and records all collections action against each owner to form our own credit file which is available to the board.

- Funds Deposited in F.D.I.C. Institution

All Association funds remain in an F.D.I.C. insured institution and accessible to the association. Associations may choose to have a Board member sign all checks or to have management sign checks below a specified amount.

REPORT OF ACCOUNTING

- Accurate and Timely Accounting Statements

At MMI, we are proud to say that no Association report has ever been published late. Our goal is to have reports delivered or in the mail by the 15th of the month. Accuracy is equally important. Before the report is printed, it has been reviewed to ensure all accounts balance and that entries are posted correctly. Our software requires managerial intervention to correct errors, which also serves as a safeguard against records alteration.

- Bound and Numbered Pages for Easy Reference at Board Meetings

We've seen Association reports stapled, rubber banded – even loose pages in an envelope – making it difficult to keep Board members “on the same page” at a meeting. All MMI reports are spiral bound and covered. Pages are numbered with a table of contents. This saves time and keeps everyone together at meetings. Electronic transmission or transmission on CD is also available to save printing and postage costs.

- Copies for Board Members available

Your Association will receive copies of the monthly report for each Board member, if desired.

- Copies of all Bank Statements and Invoices Included

Each report contains copies of all bank statements and reconciliation reports for each. In addition, there will be a check register followed by invoices in the order of the written checks (provided the invoices are paid).

- Monthly Financial Report

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| ■ Balance Sheet | ■ General Ledger | ■ Owner & Renter Directories |
| ■ Profit & Loss w/Budget | ■ Copies of Bills | ■ Bank Statements w/Reconciliation |
| ■ 12 Month Profit & Loss | ■ Check Register | ■ Newsletters/Correspondence |
| ■ Payroll Summary | ■ Copies of Payroll Reports | |

MAINTAIN ASSOCIATION FINANCIAL FILES & RECORDS

- Well Organized Files Open for Appropriate Inspection

MMI will store your financial files. We provide two conference rooms, a 4-seat and an 8-seat, available for homeowners to visit and to view the records which, by law, must be open to your community members.

ARRANGE ANNUAL AUDIT & TAX RETURN PREPARATION

- Financial Reports Ready for Audit within 15 Days of Close of Year

We're always ready for an audit. Because we bind our monthly reports and include the entire record of financial management in each report, auditors generally visit and sit with the reports for a few hours. We can print any additional reports they require while they wait.

- Highly Organized Records Reduce Audit Cost

Most professional services are billed by the hour. Time and time again, auditors compliment us on the quality, accuracy and format of our financial record keeping. This saves time and time is money.

ANNUAL RESERVE SCHEDULE & RESERVE BANKING

- Capital Assets Listed; Funding Allocated

We are strong advocates of reserve funding. Our goal is to make sure everyone, particularly members of the Board of Directors, understands the importance of adequate reserves and how to determine what is adequate. If you have a reserve schedule, we will incorporate that schedule into our reporting. If you don't, we will help you develop one. Reserve funding is like retirement planning. If you fund your reserves early, the hardship of funding will be reduced and spread-out over a longer period.

- Deposits Made to Reserve Accounts as Instructed by Board

Either by budget or by direction of the Board, MMI will make deposits to and withdrawals from your reserve accounts.

- Periodic Review of Available Investment Accounts

When you have sufficient funds to warrant investment, we will seek information on the best investment vehicles for your money. We will report investment options based upon liquidity, investment return and risk. Of course, your Board will make the decisions before changes are made.

ANNUAL BUDGET PROPOSAL (optional)

- Preliminary Budget Developed

Your property manager will analyze income and expenses of the past year or two and incorporate any known changes in contract rates, inflation and planned expenditures. Before the committee arrives, a preliminary budget will be on the table. A narrative will be included to explain each line item and how that number was derived.

- Budget Proposal Presented to Budget Committee

At our office, the preliminary budget will be presented to the committee on paper and on-screen. Here, the committee will discuss the budget line-by-line and develop the recommended budget for the Board.

- Final Budget Draft to Board of Directors

The Committee's recommended budget will be ready for presentation either by the Property Manager or a Committee member to the Board at the next Board meeting. Once the Board adopts a preliminary budget, MMI will print and mail it to all homeowners for the required 30-day review. The mailing will include a meeting announcement for the community membership.

- General Budget Meeting attended by Property Manager

Your MMI Property Manager will attend and, if desired, present the budget to the homeowners for comment.

- Revisions Incorporated and Final Budget Provided to Owners

Any community suggestions will be considered for incorporation, where possible, and the Board will pass the final budget. Notice of the adoption of the budget and notice of any change in association dues will be mailed to all homeowners following adoption.

- Budget Incorporated into Accounting for Comparison Statement

The new budget will be entered into our accounting system to appear on budget comparison financial statements.

CONSULTATION

- Your Property Manager is Available to Your Liaison for Consultation

Our experience and our connections in the maintenance industry make us an invaluable source of information that is made available to you through a liaison or through email. We answer most email and voicemail within 24 hours.

- Guidance in Day-To-Day Operation of the Organization/Corporation

Your association is a business and must operate under the rules of condominiums or homeowners associations, as well as under business or corporate law. MMI will always endeavor to guide you to compliance so your actions are not left open to challenge and your community is safe from legal action.