

To all Island West Homeowners:

Reference: New Homes to be Built in Island West

The Island West Board of Directors (BOD) has been contacted by partners, Ken Skodachek and Jack Malloy, in Island West Associates. The BOD has met with Ken Skodachek to discuss construction on the undeveloped lots that he still owns in Island West.

We have advised him and provided him with current building guidelines that were developed by our ARC committee several years ago. The guidelines are available on our web site. Island West Associates has seven lots that are ready for development that do not require any infrastructure development. They are listed by street address, as follows: 167 Blythe Island Drive, 191 Blythe Island Drive, 211 Blythe Island Drive, 6 Wassaw Court, 7 Wassaw Court, 51 Yonges Island Drive and 63 Yonges Island Drive.

Mungo Builders is interested in the purchase of these home sites for development. They have signed a letter of intent to purchase the above named lots with a ninety day due diligence period that expires in January of 2014. After the expiration of the due diligence period, Mungo Builders could execute a contract to purchase directly with Island West Associates. If successful with the first seven lots, the builder can exercise an option to purchase the first eight of sixteen lots in Phase 3B on the undeveloped land on Yonges Island drive, between Wassaw Court and the home at 16 Yonges Island Drive.

If the builder does exercise that option, Island West Associates will begin construction on the necessary infrastructure that will be required to develop the remaining lots. This will include utilities, curb and gutters, construction of a Cul-de-Sac, lighting and signage to conform to the current Island West infrastructure and standards.

The BOD plans to meet with Mungo Builders to review our expectations, guidelines, and any concerns associated with new home construction in Island West. Our existing Architectural Review Committee (ARC) has met several times to discuss this proposed project and the impact on our community. Together, the BOD and the ARC have established the following criteria:

1. We will be requesting a \$500,000 performance bond from the developer to cover any damage to our roads, as a result of the heavy truck traffic required to site Phase 3B.
2. We will also request a similar performance bond from the builder.
3. An appraisal is being obtained on our existing roads so that we can establish a before and after, in the case of any claims.
4. The Golf Course has been advised of this project and we also recommended that they may need to obtain an appraisal and a performance bond for their portion of Island West Drive.
5. We anticipate that Allied Management will act as the initial point of contact for the builder to file an ARC application for each home he intends to build. Each application will require an application fee, architectural drawings and specs for review and approval. A refundable builder

deposit of \$6,000 will be collected for each home and held in escrow until the completion of the home. The deposit would be subject to deductions for and damages or fines for non-compliance during construction. A non-refundable fee of \$4,000 would also be collected with the construction of each home to cover the costs associated with construction inspections and cost to supervise the project by the ARC as well as wear and tear to the existing infrastructure.

6. A project of this size and scope should require professional oversight. Therefore, we are exploring ways to have a resident construction supervisor representing Island West's interest in this project and to guarantee that all homes built will meet our standards and requirements. We feel this is necessary to ensure that Island West and its residents are not impacted negatively.
7. The BOD plans to meet with Mungo Builders in the near future to discuss this project in more detail and express our concerns and requirements.
8. The BOD will discuss this project in more depth at our Annual Meeting on Nov. 12, 2013.
9. All new homes will be required to pay full the HOA dues and a onetime side road assessment of \$ 426.
10. All updates regarding this project will be posted on our web site.

These are the facts as we know them today. There have been some rumors concerning the fill in of lagoons, etc., but we are not in a position to discuss design details before discussions with the builder and plans are available for review.

We trust that this letter will help to address a number of the concerns that have been expressed. Please keep in mind that nothing is cast in concrete as of yet, but like good scouts, we are trying to be prepared and proactive.

See you at the annual meeting.

Yours truly,

The BOD

P.S. The side road is moving along very nicely