

FREQUENTLY ASKED QUESTIONS FOR THE CAPITAL INITIATION FEE NUMBER II

1. What is the real financial condition of Big Canoe?
 - A. Big Canoe is in very good financial shape. Annual independent certified audits have been performed and the 2006 audit can be reviewed on the Big Canoe web site. The 2007 Audit is being conducted. Previous years reports are available at the POA offices. See the attached Appendix- 1, "Financial Performance Update, April 2008" for more details.

2. What are the current and future debt obligations of the Big Canoe POA?
 - A. The attached Appendix -2 "Big Canoe POA Debt Schedule as of March 31, 2008" shows the current debt and end of the year anticipated debt when all the 2005 Amenity Package projects are scheduled to be completed.

3. How was the Sconti fire insurance check of \$3,928,200 used ?
 - A. See the attached Appendix-2 "Update on the Use of the Insurance Proceeds".

4. What guarantee do the Property Owners have that the Capital Initiation Funds will not be used for operational costs?
 - A. The wording on the ballot the Property Owners will be voting on, will, if approved, limit the use of income to funding a Capital Reserve Fund, debt service or retirement of capital debt, interest on capital debt, funds for new large capital projects, and an additional funding source for annual capital expenditures. The funds will be kept in a separate bank account and yearly statements issued to property owners. CIF funds shall not be used for Operating Expenses.

5. What's the difference between the current Amenity Reserve Fund and the proposed Capital Reserve Fund?
 - A. The Amenity Reserve Fund was a restricted fund created by the 1987 Settlement Agreement to assure funds would be available to pay the