

FREQUENTLY ASKED QUESTIONS ON FIRST AMENDMENT TO CONDOMINIUM LEASE

WHAT IS A LEASEHOLD ESTATE?

Simply stated, a Leasehold estate is a form of property interest where a lease is involved. At On Top of the World Clearwater there are 81 condominium buildings which were sold as leasehold units. Additionally, there are 10 condominium buildings where the individual units were sold in fee simple. Unlike a fee simple form of ownership, the interest created by a lease is for a defined term of years in return for the payment of lease dues. The lease gives the owner the right to occupy and use the property for the "term." The leasehold units at On Top of the World Clearwater were sold for a term of 99 years and lease dues are collected as part of the monthly Community Service Fees for convenience. During the term of the lease, the owner may sell the leasehold interest and the buyer assumes the remaining lease term. When the lease term is up, ownership of the entire property reverts to the Landlord unless the lease term is extended.

Many of the earlier leases at On Top of the World Clearwater have less than 50 years remaining on their lease term.

WHY IS THE AMENDMENT BEING OFFERED AND HOW DOES THE AMENDMENT BENEFIT ME?

On Top of the World Clearwater community recently celebrated its 50th anniversary, which means that some of the leases in the community are over 50 years old. In order to protect the value of the leasehold units and to ensure that lenders would be comfortable with the remaining term of the lease, an extension of the lease is being offered. When you sign the Amendment, your lease will be extended until June 30, 2119 and your lease dues annual increases will be capped at \$6.00 per year.

IS AN ADDITIONAL PAYMENT REQUIRED?

No additional payment is required to extend your lease. The Lessor is currently paying all recording costs for the Amendment to Lease and is not charging you for the extension of the lease term.

HOW ARE LEASE DUES COLLECTED?

There is no change to the way lease dues are currently collected. Your monthly lease dues will continue to be collected along with your association Community Service Fees as a convenience.

If you are currently paying your monthly Community Service Fees by auto debit then such auto debit will continue.

ARE ANNUAL INCREASES TO LEASE DUES CHANGING?

No. The extension of the lease term does not affect the annual increases. In fact, the extension limits the annual increase to only \$6.00 per year even though the annual rate is permitted to increase by more than \$6.00 per year in the current lease.

HOW DOES THIS AFFECT MY PROPERTY TAXES AND INSURANCE?

No effect is expected on your property taxes or insurance. You are responsible for paying your property taxes and for obtaining insurance on your unit.

DOES THE AMENDMENT AFFECT THE VALUE OF MY PROPERTY?

A longer remaining lease term is likely going to be more appealing to potential future purchasers of your unit, but is not expected to have a large impact on the value of your property in the near term.

THE ASSOCIATION MAINTAINS FINANCING RESTRICTIONS, WHY DOES MY LEASE HAVE FINANCING RESTRICTIONS?

Both the On Top of the World Condominium Association, Inc. and Lessor have always implemented financing restrictions to maintain financial stability in the community. By ensuring that owners have reasonable equity in their units, the On Top of the World Clearwater community has experienced a relatively low number of foreclosures.

DO I HAVE TO HAVE A NOTARY?

The Amendment must be signed before a notary and two witnesses. Your Community Service Office, located at the East Activity Center (2069 World Parkway Blvd. East) will notarize this document free of charge. They will also collect your Lease Amendment and forward to the Lessor. In addition, your local bank may provide notary services or you may send an email to leaseFAQ@clw-info.net to coordinate notary services.

WHAT HAPPENS IF I DO NOT SIGN THE LEASE AMENDMENT?

If you do not sign the Amendment then your lease will not be extended to June 30, 2119 your annual lease dues may increase by more than \$6.00 per year. Additionally, there is no guarantee that the Amendment will be available in the future.

WHY ARE OTHERS REQUIRED TO SIGN THE AMENDMENT IF I AM BUYING THE UNIT IN MY NAME ALONE?

Florida law provides that a spouse has an interest in a homestead property. Therefore, if the property is your primary residence, your spouse must join in the Amendment. Additionally, all persons having an interest in the property must join in signing the Amendment.

WILL I STILL OWN MY PROPERTY?

Yes, you will still own your property. Your ownership interest will not change but your lease term will be extended until June 30, 2119.

MY QUESTION IS NOT ANSWERED, WHO DO I CONTACT?

You may send an email to leaseFAQ@clw-info.net with any additional questions you may have. Alternatively, you may correspond with Colen & Wagoner, P.A., 1756 N. Belcher Rd., Clearwater, FL 33765.

WHERE DO I RETURN MY FIRST AMENDMENT TO LEASE WHEN COMPLETE?

You may email your completed First Amendment to Lease to leaseFAQ@clw-info.net or hand deliver to the Community Service Office located at the East Activity Center, 2069 World Parkway Blvd. East, Clearwater, Florida 33763 or mail to Colen & Wagoner, P.A., 1756 N. Belcher Rd., Clearwater, FL 33765.