

MeterNet Sub-Metering and Billing Services Product Overview

- Sub-Metering
- Ratio-Billing
- Bill-Only
- Full-Service

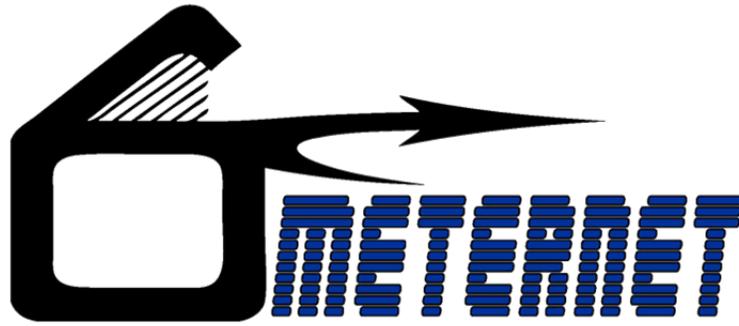
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Services Overview for Homeowners Associations, Townhomes, Co-ops & Condominiums



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1 The Water & Sewer Budget Challenge



Water and sewer cost in the U.S. have been escalating at roughly 2.5 times the rate of annual inflation for the past decade, even the 'Great recession' hasn't slowed the pace of rate increases across the country. This trend is driven by multiple factors of increased demand, limited and/or dwindling supply, increased regulations and higher costs due to replacement of aging infrastructure. In short, it is reasonable to expect water/sewer rate increases on between 7% and 12% per year for the foreseeable future in most larger metropolitan areas.

1.1 Feeling the Pinch

For HOA's that pay for the resident's water usage this has become a real problem, the increased cost means that water and sewer is now one of the largest expenses for many Associations, with little or no control over consumption/usage and no control over rate increases, high water/sewer bills are constantly eroding budgets, draining reserves and/or causing assessment increases.

1.2 Disproportionate Charges/Lack of Conservation

Since every homeowner effectively pays a flat-rate when water/sewer is included in the assessments, our case studies have shown that only ~10% of the homeowners are paying the correct amount, while ~65% are paying for more than their share and ~25% are not only paying for less than they use, but this same 25% are actually responsible for 50% of the total consumption!

This type of flat charge structure for a consumable is actually counter-productive and results in an anti-conservation mindset, with those conserve still paying the same but getting less in return.

This disconnect between usage and fiscal responsibility is even greater in Associations with high numbers of non-owner occupied units, since the tenants (water users) are not paying the assessments and often the homeowner has no real incentive or control over the tenants usage habits or maintenance of leaking toilets.

2 The Solution

Resident Utility Billing allows proper allocation of charges based on usage, promotes conservation, assists with leak detection, reduces costs and alleviates the burden of future rate increases from the Association's budget.

2.1 Sub-Metering

Installing a separate water meter at each unit allows each individual homeowner/resident to be billed for exactly the amount of water they use, this promotes conservation, appropriately allocates their proportion of charges (including higher 'penalty' tiers) and future rate increases.

When a community installs sub-meters, total usage usually decreases by 18-30% or more within the first six months, plus an important side benefit of sub-metering is that any existing (internal toilet & under-slab) water leaks become apparent and identified, plus the homeowner now has great incentive to repair them, since they are getting billed for the excess usage.

For buildings with plumbing configurations that allow for cost effective installation of sub-meters, this option provides tremendous benefits and will usually pay for itself within 6-18 months, purely from cost savings due to conservation.



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2.2 Ratio Billing (P.A.S.S)

Where sub-meters cannot be effectively installed, Ratio Billing based on factors of units and occupancy can be a very effective alternative to sub-metering. MeterNet's version of ratio billing, know as Proportional Allocation of Shared Services (P.A.S.S.) has been successfully used in multifamily utility billing for many years with great success.

While P.A.S.S. does not offer the same degree of benefits as sub-metering, it does accomplish many of the same goals; like promoting conservation (usually 3-9%), more fairly allocated charges than flat rates in assessments and most importantly actual costs to the association are transferred real-time to the homeowners.

When combined with building or zonal 'sub-meters', P.A.S.S. can become even more accurate at properly allocating charges and even provide a certain degree of leak detection capability through accurate usage tracking.

3 Overview of Services

Throughout all processes, the end result of timely and accurate billing with satisfied residents is the main objective; each of our processes is designed to work with the next in order to achieve this goal.

Each service segment below is designed as a part of an overall package, that when combined is one of our Service Options.

Primary Objectives:

- Improved Association operating revenues/budgeting
- Bolstering of reserve accounts
- Offset future utility rate hikes
- Reduce expenses
- Increased resident awareness
- Water conservation
- Regular utility tariff audits
- Proper allocation of charges to residents

3.1 Rates/Utility Costs

Utility rate information and usage data for the community is gathered; usually this is best acquired from copies of the water/sewer bills.

This information is used to verify rates for sub-metering, and used to calculate the charges for P.A.S.S. billing allocation.

3.2 Meter Readings

There are effectively two types of meters, those read manually onsite, and those that are read remotely through an internet connection; Manual meters are read once per billing cycle, within 2-days either side of the reading target date by one of our meter technicians. Electronic meter readings are downloaded automatically every night, readings and reporting/history are available through an online portal at all times.

Meter readings are audited each billing cycle, if a meter has failed a work order for the failed meter is generated and sent to the community manager for approval.

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3.3 Billing System, Software and Calculations



Our billing software system is both robust and efficient, with secure databases and mirrored backups to multiple locations, data integrity is ensured. Clients/Managers have online access to real-time account information including billing, financial and usage history and account status.

Provider (master-meter) rates are updated in accordance with the utility provider's tariff increases as they become effective, rates are internally audited on a periodic basis.

All rate schedule types are structurally matched to the providing utilities (a legal requirement of sub-metered billing), the method used to calculate usage and subsequent charges to residents are at the appropriate tier to match that of the provider utility rate.

Billing calculations are run approximately 5 days after the reading date and bills are mailed to the residents within 48 hours of billing calculations.

Final Bills (for move-out accounts) are created using daily meter read data or proration and are processed within 48 hours (usually same-day) from notification by the client/homeowner. The final bill is then either mailed to the unit-owner to be included in the tenant closeout process (if the unit is rented) or sent directly to the escrow company if the unit is being sold.

3.4 Bill Presentment

At the discretion of the recipient (resident), bills are delivered via either First Class Mail and/or E-bill through e-mail. Default delivery is by USPS mail with an 8.5"X11" invoice, perforated return stub and return envelope included.

All bill payments are due on the last day of the billing-month and considered late after the 3rd of the following month.

For Bill-Only clients, the bills are generated and sent to the community manager in either printable PDF format or XML as a data file which can be used to create combined assessment/water-sewer statements. Bill-Only statements are payable to the association, not MeterNet.

3.5 Payment Processing

Paper payments (checks and money orders) are processed through a secure lockbox facility; all payments are processed and posted to the residents' account the day they are received.

Payments can be made by credit card (optional method) either through our secure web-portal or over the phone. There is a convenience fee (in the amount of the processing charges) that applies to all credit card payments, this fee is assessed at the time of the transaction and is paid by the bill-payer.

ACH (Automated Check Handling) is our preferred payment method and there is no surcharge for this payment type, the customer simply fills out and signs the required form (downloadable from our website, or found on the back of their payment stub) allowing us to automatically debit their checking account for the amount due on their bill, we process all ACH payments in a timely manner so that the funds are withdrawn within 2 days prior to the invoice due-date.

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3.6 Customer Service



MeterNet customer service hours are Monday through Friday 8am to 5pm PST excluding most bank holidays. Calls are routed through an automated PBX during normal business hours and directly to voice mail after-hours, weekends and holidays.

Our highly trained customer service staff works in our main office and none of the functions are outsourced; this is a key to our linear process integrity and makes potentially difficult transactions significantly easier to handle, delighting our customers.

MeterNet's customer service staff of knowledgeable professionals is well trained, promoting excellent quality resident service and attention to detail during transactions.

3.7 Manager Communication, Reporting and Reconciliation

The entire correspondence process is managed by multiple channels so that there is never a delay, and by using our proprietary electronic 'Resident Status Change' form and hard copy faxable versions, all transactions are fully documented.

Accurate and timely reporting functions are paramount to the success of any utility billing/sub-metering project. Our reporting processes include both 'push' (e-mail reports that are relevant to each of the five billing cycle phases directly to the designated recipient(s)) and 'pull', where the designated Community managers have access to all relevant reports 24/7, 365 days a year, through our secure online reporting and account access module.

Home Owners Association reimbursement of funds collected from residents occurs in the third week of the month, for the prior month's billing period. These funds are paid via check and a full financial reconciliation report is issued to the Manager's accounting department.

3.8 Reporting System Features

Community Managers/Designees receive regular detailed reports each billing cycle through our paperless PDF reporting system. Full-Service clients receive several reports at relevant times throughout each billing cycle, while Bill-Only clients receive a single reports package along with the statement batch, once per billing cycle.

The billing software system has standard and user-defined reporting functions with unlimited history available for; billing, financial accounting, usage, meter history, resident rosters, rates and audits.

3.9 Collections and Past-Due Accounts

Ultimately the success of any utility billing program will be measured to some degree by the actual collection rate; due to the laws regarding sub-metered billing, this area requires a well-defined procedure and close working relationship between the Association and MeterNet to ensure that all past-due accounts are handled in an efficient and timely manner.

As a third party billing service, we cannot legally enforce collection proceedings against a resident, tenant or homeowner for non-payment of a utility bill. However the HOA can enforce collections and as an agent of the Association, we work diligently to notify the delinquent residents of their offence and that the HOA may even place a lien on the unit. This can only be done if payment of the utility bill is defined specifically as being the owner's responsibility, within the language of the association bylaws.



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Our standard policy is to assess a late fee of \$7.50 and send a Past Due Notice to all accounts that are over 3 days past the payment due-date, this past due notice stipulates that if payment is not received within 15 days, their account may be turned over to the HOA for collections or further action. At the same time, a list of past due accounts is sent to the community manager. The HOA may also choose to at their discretion to turn over severely delinquent accounts to a collection agent or attorney of their choice.

The second phase of our delinquent collections process is for accounts over 20-days past-due, for these offenders; we post a red Delinquent Notice on their door, with a specific due date and time on which payment must be received 'To avoid further action'. This notice of delinquency also notifies the resident of the fact that an additional \$30 charge has been assessed to their account for the notification process.

Note: Service cannot be turned off for non-payment of a sub-metered utility bill according to most state laws.

Resident payments rejected by our financial institution as 'Non Sufficient Funds' (NSF) incur a \$35 NSF charge which is assessed to their MeterNet account.

3.10 Metering System Maintenance

This very important component of a successful sub-metering program is far too often overlooked! To address this very real aspect of our business, MeterNet contracts with qualified meter technicians in each territory we serve to maintain and install meters at client sites, including the electronic transmitters, receivers and concentrators, meter maintenance is offered on an as-needed basis.



4 Billing Service Options

MeterNet offers several different types of services, each with their own advantages; all services can be delivered on either a Monthly or Bi-monthly frequency.

4.1 Metered, Full-Service

MeterNet's flagship service offering, this is the most hands-off solution for Associations. In this scenario, sub-meters are used to calculate usage and MeterNet handles the complete process, from meter reading through billing, customer service, payment processing and collections. With this option MeterNet is effectively functioning in much the same way as a utility company does, at least from the resident's perspective.

4.2 Metered, Bill-Only

This lower-cost option is designed for associations that want to take on a larger role in the utility billing process. MeterNet reads the meters, calculates the charges and sends the calculated bills to the community manager, where they are then incorporated into the homeowner's dues assessments and paid along with the assessments. With this option, MeterNet is not involved with payments, collections or customer service, we are purely a back-office solutions provider.

4.3 P.A.S.S., Full-Service

Proportional allocation billing, utilizes the total charges to the association, number of units, number of occupants per unit and common area usage as factors in a calculation to fairly and accurately distribute costs and generate bills for residents.

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Due to the calculation factors and increased customer service of P.A.S.S. billing, we only offer this service as a 'full-service' option.

4.4 Sub-Metering Services

MeterNet and our group of approved contractors provide everything from meter reading, consulting and compliance auditing, to installation, repair and replacement of water sub-meters Nationwide.

5 Pricing, Costs and Terms

OVERVIEW: The basis of MeterNet' pricing is calculated from actual costs, based on the number of units and service type offered. One time client implementation fee covers meter record gathering, data-entry and resident account setup plus a resident introduction letter. Base service fees cover the process of running a normal billing cycle/process. All other fees are charged to the resident on an as-needed basis, only those who utilize the added functionality, or incur the penalties pay for them.

TERMS: With the exception of the implementation fee, which is invoiced as of contract execution and deducted from the first Reimbursement, all other service charges are paid by the residents.

Reimbursement statements are submitted in an itemized format, showing all services provided on separate lines, with quantity and price, followed by the total charges for that line-item.

Contact our sales department at: 1-800-985-1179 X 801 or email, Sales@MeterNetUSA.com today for a free no-obligation price quote.

6 Why choose MeterNet?



Simply put; we are the HOA & Condominium experts! This single-mindedness has allowed us to develop business models, procedures and systems that add exceptional value to our HOA/condo clients.

- Privately owned and operated; our team knows the regulations, agencies and water districts in the areas we serve, we also support association legal advocacy groups.
- Know our customers; at every opportunity we attend board meetings and work with community managers to ensure success.
- Feet on the ground; meters are read and serviced by MeterNet technicians, allowing simple problems to be resolved on-the-spot and more complex issues quickly & hassle free.
- A clear-cut, well defined collections process; doing everything legally possible to collect your money, including hanging delinquent notices on doors.
- Duplicate statements, allowing owners of tenant occupied units to have the water bill sent directly to the tenant and still receive a copy of the bill to ensure their tenants stay current.
- Unit sale transactions; MeterNet has a process to handle the billing and collection of water bills through escrow when units change hands.

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- Customer service; we talk in terms of Homes, Owners, Communities and Associations. Not: Apartments, Tenants, Landlords, Complexes and Managers. There is a difference!
- Water monitoring; MeterNet works with associations to not only sub-meter the residential usage, but also the common area usage, which allows us to track 100% of the water usage. When compared against the municipal supply meters this will show any discrepancies or underground leaks.
- Single source, full-service; from installing meters through billing, customer service and meter repair & re-certification, our team handles it all.

Conclusion

Thank you for considering MeterNet!

We are always happy to discuss any aspect of sub-metering or utility billing, whether you are a Homeowner, Community Manager or Board Member.

The bottom line is:

- For most Associations and Homeowners an 18-30% or more reduction in residential water use would make a huge difference in their budget.
- The magnitude of this savings will only become greater as water rates rise and rate structures are revised to include higher and steeper 'penalty' tiered charges for higher usage.
- With the new tiered rate structures, 18-30% of water that can be saved with sub-metering/billing, can equate to an overall cost savings of 40-60%.
- The majority (60-75%) of homeowners will pay less with sub-metered billing than they do currently.
- The cost of installing sub-meters is usually recouped from savings within 6-18 months!
- A good investment, quick payback, long-term gain, benefits the majority of homeowners.....

Contact us today for a free, no-obligation comprehensive proposal and let us show you the MeterNet advantage! 1-800-985-1179

