



CDC Management Services, LLC

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www.cdcmanagement.com

DATE: November 15, 2012
TO: Outlook Vista Homeowners
FROM: Janice Van Hook, CMCA©, AMS©,
Sr. Community Association Manager
RE: Notice of 2013 Budget Ratification Meeting

The Outlook Vista Homeowner Association Board of Directors has called a meeting of all members of the Association for the purpose of ratifying the 2013 budget. The meeting will be held as follows:

Date: Wednesday, December 5, 2012
Time: 6:45 pm to 8:00pm
Location: Penny Creek Elementary School - Library

The Budget is designed to anticipate rising costs, increases for goods, services and contracts, and projected increases from vendors for their services. The Board practices fiscal responsibility through contract negotiation, cost containment, and competitive bids while fulfilling its responsibility to protect, maintain, and enhance the association's real property.

The 2013 budget reflects an increase in homeowner assessments to \$442.61 per home per year; assessments are billed at \$36.88 per month.

If, at this meeting, a majority of the community voting power *rejects* the budget as approved by the Board, the Budget will *not* be ratified and the old budget will remain in place until such time as a subsequent Budget is ratified. *Otherwise*, at the conclusion of the meeting, the Budget shall be ratified as approved by the Board. **If ratified, the new Budget will go into effect in January 1, 2013.**

If ratified, coupon booklets for the new monthly assessment will be mailed in December. Please watch for them in the mail or contact the management office if you do not receive a coupon booklet by December 26th. For those homeowners participating in our auto-debit program, no coupon booklet will be mailed to you as a cost saving measure. If you are interested in signing up for our auto-debit program, please visit our web-site at www.cdcmanagement.com.

**OUTLOOK VISTA HOMEOWNER ASSOCIATION
2013 OPERATING BUDGET
EFFECTIVE: JANUARY 1, 2013 - DECEMBER 31, 2013**

Adopted: 2012-10-29

Ratified:

	2012 APPROVED BUDGET	2012 PROJECTED YE	2013 APPROVED BUDGET	2013 MONTHLY BUDGET
Number of Units:	28	28	28	28
Dues Per Unit Per Year:	\$ 414.00	\$ 414.00	\$ 442.61	
Dues Per Unit Per Month:	\$ 34.50	\$ 34.50		\$ 36.88
INCOME				
4100 Homeowner Assessments	11,590.00	11,592.00	12,393.00	1,032.75
4101 Reserve Funding	-450.00	-450.00	-450.00	-37.50
Total Income:	11,140.00	11,142.00	11,943.00	995.25

EXPENSES

General & Admin

5110 Audit / Taxes	150.00	130.00	150.00	0.00
5200 Management Fee	5,880.00	4,002.00	6,048.00	504.00
5250 Insurance	1,250.00	1,179.00	1,185.00	98.75
5300 Office Expense / Postage	600.00	933.00	975.00	81.25
5500 License/ Permits	10.00	20.00	10.00	0.83
5720 Reserve Study	0.00	475.00	475.00	39.58
5900 Miscellaneous	0.00	0.00	200.00	16.67
Total General & Administrative Expenses:	7,890.00	6,739.00	9,043.00	741.08

MAINTENANCE

7000 Landscape Maintenance	2,000.00	219.00	1,350.00	112.50
7020 Misc. Landscaping	0.00	0.00	0.00	0.00
7040 Drainage Facility Inspection	1,250.00	1,250.00	1,250.00	104.17
7050 Common Area Maintenance / Repairs	0.00	0.00	300.00	25.00
Total Maintenance Expenses:	3,250.00	1,469.00	2,900.00	241.67

TOTAL OPERATING EXPENSE:	11,140.00	8,208.00	11,943.00	982.75
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NET INCOME/LOSS	0.00	2,934.00	0.00	12.50
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Yearly	Yearly	Yearly	Yearly
Contribution	Contribution	Contribution	Contribution

ESTIMATED RESERVE COMPONENTS FOR FUNDING:

ie Drainage Facility, Mailboxes, Fencing	450.00	450.00	450.00	37.50
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Outlook Vista Homeowner Association BUDGET ASSUMPTIONS FOR 2013

This budget for Outlook Vista Homeowner Association is based mostly on income and expense data accounted for during the previous twelve month period. Reasonable steps are taken to ascertain increases in utility expenses as well as other key expense categories. The suggested budget sum for each category is a combination of historical accounting data and market trends.

This budget is a tool to assist the Board in its duty to govern the Association's operations. Budgets are forecasts. They are a guideline and not cast in stone. The Board should review the budget and make any changes then have the manager review for accuracy and comment before the Board adopts the budget.

The following are notes regarding the budget for the year 2013.

INCOME:

Assessments: (GL 4100)

Budget requirements are based on assessments of \$442.61 per year, per lot. Assessments are billed monthly \$36.88. This represents \$2.38 per month increase over the prior assessments as the Association assumes its responsibilities for common areas and administrative functions operating a corporation. Assumption based on income from full build-out of 28 lots.

Reserve Funding: (GL 4101)

Budget assumption for 2013 is based on monthly contribution to the maintenance reserves at the same rate as prior year.

EXPENSES:

General and Administrative Expenses:

Audit/Tax Preparation: (GL 5110)

Assumption is based on having only an annual tax preparation completed by an independent CPA.

Audit is not a requirement but is recommended. Audits typically cost approximately \$1900-\$2100. The Washington RCW 64.38.045 outlines "At least annually, the association shall prepare, or cause to be prepared, a financial statement of the association. The financial statements of associations with annual assessments of fifty thousand dollars or more shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven percent of the votes cast by owners, in person or by proxy, at a meeting of the association at which a quorum is present, vote each year to waive the audit."

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Management Fees: (GL 5200)

Assumption is based on full build-out management fee for all 28 lots, incorporating a 3% projected CPI for 2013. Actual CPI determined as of January. Agent fee per contract increase annually at 2.5% or CPI, whichever is greater.

Management Company acts as the daytime office for the Association providing services such as payment of association expenses, preparation of monthly financial reports for the board of directors, issuance of correspondence as directed by the Board, assist the board in obtaining quotes for service and insurance, and manager in attendance at one board meeting and one annual homeowner meeting per contract year.

Additional management services such as insurance claim monitoring, legal representation, project management, or attendance at additional meetings or overtime for meetings are provided as additional expenses would be charged as needed, and as approved by the board.

Insurance: (GL 5250)

Assumption is based on current policy through 12/2012. Directors & Officer's Liability has been added and effective with the election of new directors in September 2012.

Insurance also includes a 1x per year endorsement to school district for use of facilities for HOA meetings.

Office Expenses: (GL 5300)

Budget increased over prior year due to increased communication; HOA growing with new homeowners. Assumptions include:

1. General Correspondence
2. Board of Directors meeting preparation & packets
3. Special Mailings, Annual meeting notifications, newsletters, budget mailings
4. Printing, scan, copy, and postage
5. Past Due Account Notices
6. Statements or coupon booklets
7. Off-site storage of association's archive records
8. Bank fees

License/Permits: (GL 5500)

Budget assumption for one annual renewal of non-profit corporation report required by WA Secretary of State. Report renewal is September 2013.

Reserve Study Preparation (GL 5720):

Budget assumption based on quote for full study plus updates for \$810 per year.

Washington State HOA new Reserve Study laws 64.38.065 & 64.38.70 (effective January 2012) require obtaining a full reserve study every 3rd year and an updates yearly.

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Misc. Expense (GL 5900):

Budget assumption includes allowance for rental of meeting rooms for 2 events for two Homeowner's Meetings.

Maintenance:

Landscape Maintenance – Contract: (GL 7000)

Assumption is an allowance for engaging regular landscaping services for the common areas. No current contract. RFP process planned for 2013. Budget is based on approximately quarterly clean up of common area landscaping – end of cul-de-sac or open space.

Misc. Landscape: (GL 7020)

Assumption is based on no expense planned for 2013. Recommend an allowance for extra or miscellaneous services could include: tree care, arborist inspections, bark installation in common areas, plant material replacement, aeration, and maintenance of NGPA areas.

Drainage Facility Inspection: (GL 7050)

Assumption is based on an allowance for general inspection of drainage facility, swales etc. required annually.

Common Area Repairs & Maintenance: (GL 7050)

Assumption is based on an allowance for general miscellaneous needs such as cleaning of mailboxes, graffiti removal, signage repair or placement, fence repair.