



EVERGREEN

MANAGEMENT INC.

MEMORANDUM

TO : Unit Owners
TIDEVIEW CONDOMINIUM ASSOCIATION

FROM : Jason Lescalleet, Association Manager

SUBJ : 2007 Association Budget.

DATE : November 21, 2006

Enclosed is a copy of your Association's 2007 budget. The Board of Directors approved this budget after careful review. Please note the following changes:

The 2007 condominium fee is increasing to \$185 per month, effective January 1, 2007.

The major examples of increased spending are as follows:

- **Insurance** – \$32,500 – As presented at last year's annual meeting, the Association's insurance company has been looking very closely at the Tideview policy. In addition to mandating the fire sprinkler inspections of 2006, Hub International put the Association on notice that there would be an increase in the 2007 policy based on increased replacement value. For many years the Association has been paying an insurance rate that is below market value due to this lower replacement cost. The Board confirmed this last year when they solicited prices from other companies. No other companies could come close to the policy price Tideview has been paying. For the purposes of this budget, the Board is practicing due diligence by planning on an estimated 25% increase. Hopefully, this will cover the anticipated increase that is coming in April 2007. In the meantime, the Board will again put this policy out to bid with other insurance companies. If the actual policy amount is more than \$32,500, the Board will be forced to increase again to meet the deficit in this line item. The Board will present these facts in more detail at the 2007 annual meeting in April.
- **Snow Removal** – \$18,500 – While the cost of this service increased by approximately 10% due to increased fuel expense and insurance rates, the Board signed a contract for two years with a locked price. (We are currently negotiating for a third year at the same price.)
- **Repairs/Maintenance** – \$20,000 – Last year, the Board lowered this line item from \$21,130 to \$18,012 in an attempt to compensate for the increase in Reserve Funding. As the Association ages and material expenses continue to rise, the Board will remain proactive in funding this line item to ensure proper upkeep of the physical components of the Association. This year, the Board brought this category back up to \$20,000 to ensure the property is properly maintained.
- **Painting** – \$9,600 – Continuing the philosophy explained under Repairs and Maintenance, the Board is committed to improving the exterior appearance at Tideview. In previous years, the expense of painting trim was included in the line item for Repairs and Maintenance. Tideview has never had a budget specifically for painting, and the buildings show this with extensive peeling paint and dry rot. The Board will begin phasing in a paint program by budgeting a little more each year until all of the painted components have been painted once. From there, we can more accurately plan on a regularly recurring paint program. \$9,600 is budgeted to paint 8 buildings.

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- **Reserve Funding** – \$80,400 – This is the fund that the Association invests in to plan for future replacement of Capital Components such as roofing, siding/rot repair, and asphalt. These are expensive projects, and proper planning for these expenses will save the Association unplanned or untimely Special Assessments. I enclosed a long-term analysis of your projected capital needs to assist the Association in understanding the need to plan for these expenditures. While the Reserve Fund may seem healthy today, the current balance is the lowest your Association has seen in years. With the cost of construction-related projects increasing each year, the Board has been challenged with the task of ensuring the Association has money to perform these projects when they come due. In 2003, the Board began planning on a project that would replace all of the asphalt in the Association by 2013. This timeline was based on a combination of the need for replacement and the balancing act of trying to schedule this work in a manner that unit owners can afford. As the paving project came due, prices for construction escalated more steeply than current funding could afford (predominantly due to increased fuel prices). As a result, the Board has delayed the project by one year and increased funding to accommodate the rising costs. Similarly, the roof replacement schedule is currently planned to continue until 2012. The Board would like to see all of Tideview's roofs replaced sooner than 2012, mainly because of the wood trim components associated with the roofs. As we replace roofs, all roof-related wood is wrapped in metal to greatly reduce the expense of future maintenance, repair, and painting. The Board will review this plan each year, looking for ways to accelerate these projects; but at this time, please consider the following two items:
 1. The year 2012 will end with even less money in your reserve account than you have now.
 2. This projection does not include the expense to repave Tideview Drive. The four phases of the pavement replacement project only represent the parking areas at Tideview Estates. Next year's plan will include this projected expense in 2016. This is the reason for the projected balance of \$189,000 at the end of 2015.

Your Board of Directors and I look forward to a productive year at the Tideview Condominium Association in 2007. Please contact me with any questions.



EVERGREEN
M A N A G E M E N T I N C.

TIDEVIEW ESTATES CONDOMINIUM ASSOCIATION: Replacement Fund Analysis													
Placed in Service: 1988 FY: 01 January												100 Units	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(in thousands)												
Beginning Balance	132.88	166.80	174.70	110.44	82.71	112.01	92.70	127.95	71.75	103.46	80.97	161.22	109.11
FY Reserve Funding	36.77	38.00	43.00	75.40	80.40	88.80	88.80	88.80	88.80	88.80	88.80	88.80	88.80
Total Available	169.65	204.80	217.70	185.84	163.11	200.81	181.50	216.75	160.55	192.26	169.77	250.02	197.91
Replacement Items													
Roofs	2.00	32.00	111.00	83.10	45.00	46.00	47.00	48.00	49.00	25.00	2.00	2.00	2.00
Patio Doors				9.00	5.40	5.67	5.95	6.25	6.56	6.89	7.24	7.60	7.98
Fencing													
Generator				2.80									
Major Repairs	2.00	2.00	0.00	2.20									
Street Lights													
Sewer pump				4.8									
Roads						55.00		88.00		77.00		130.00	
Site Work	2.00	0.00	0.50	1.40	2.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Trim Replacement	2.00	0.00	0.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Miscellaneous	1.00	0.00	0.00	1.00									
Total Expenditures	9.00	34.00	111.50	106.30	55.40	111.67	58.45	147.75	61.06	114.39	14.74	145.10	15.48
Net Replacement	160.65	170.80	106.20	79.54	107.71	89.14	123.04	69.00	99.49	77.87	155.04	104.92	182.43
Interest @ 3.9%	1.61	3.42	4.24	3.17	4.30	3.56	4.91	2.75	3.97	3.11	6.19	4.19	7.28
Carry Over	162.26	174.22	110.44	82.71	112.01	92.70	127.95	71.75	103.46	80.97	161.22	109.11	189.71

TIDEVIEW CONDOMINIUM ASSOCIATION 2007 BUDGET

Accounts	2003	2004	2005	2006	2006	2007	Cost per unit per month
	Budget	Budget	Budget	Budget	Projected	Approved	
Condo Fees	143,997	144,000	162,000	186,000	186,000	222,000	
Misc Income (Late fees, fines, etc.)							
TOTAL INCOME	\$143,997	\$144,000	\$162,000	\$186,000	\$186,000	\$222,000	
Accounting Fees	500	500	500	500	400	500	\$0.42
Administrative Expense	1,800	2,020	2,000	2,000	2,200	2,210	\$1.84
Insurance	13,750	14,500	24,000	24,000	26,000	32,500	\$27.08
Grounds Maintenance	22,000	22,000	22,000	24,000	24,000	24,000	\$20.00
Fertilizer	3,700	3,700	3,700	3,900	3,961	4,000	\$3.33
Snow Plowing	15,000	17,500	17,500	17,500	16,864	18,500	\$15.42
Legal	500	500	500	500	500	500	\$0.42
Management Fees	17,970	17,970	17,970	18,688	18,688	18,690	\$15.58
Pest Control	300	360	1,400	1,400	440	1,400	\$1.17
Repairs/Maintenance	18,750	19,500	21,130	18,012	18,000	20,000	\$16.67
Asphalt Maintenance	5,000	1,000	3,000	3,000	0	3,000	\$2.50
Paint						9,600	\$8.00
Septic Tank & Pumps	1,500	1,500	1,500	1,500	2,735	1,700	\$1.42
Taxes	1,700	1,700	0	0	415	500	\$0.42
Electric	3,000	2,000	2,000	2,000	2,300	2,500	\$2.08
Gas	250	250	300	500	100	500	\$0.42
Water/Sewer	1,500	1,000	1,500	1,500	1,500	1,500	\$1.25
Door Replacements					9,000	0	\$0.00
OPERATING EXPENSES	\$107,220	\$106,000	\$119,000	\$119,000	\$127,103	\$141,600	\$118.00
Reserve Deposits	36,777	38,000	43,000	67,000	67,000	80,400	\$67.00
TOTAL EXPENSES	\$143,997	\$144,000	\$162,000	\$186,000	\$194,103	\$222,000	\$185.00
Surplus/deficit	\$0	\$0	\$0	\$0	-\$8,103	\$0	

Condo Fee Per Unit = \$120 \$120 \$135 \$155 \$185