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## 2005 Special Assessment

December 9, 2004

Dear Fellow Homeowners,

After many hours of deliberation, the Board of Directors has come the decision to extend the Special Assessment for another year into 2005. The continued Special Assessment is needed in order for us to have adequate reserves to be utilized as collateral for financing for the upcoming Renovation Project in 2005. The rates for the Special Assessment, as approved at the November 17, 2004 Open Meeting, will remain the same as they were in 2004, with one-bedroom unit homeowners paying \$103 per month and two-bedroom unit homeowners paying \$118 per month through December 2005.

**The money that has been collected in 2004 for the Special Assessment as well as the money that will be collected in 2005 will be allocated to the upcoming Renovation Project. This will ultimately lead to a lower Special Assessment in the future.** Additionally, this is money that the Association, as well as the individual homeowner, will not have to pay interest on or borrow which will result in less money we will have to pay out over the term of the loan. Also, during this time we are investing the reserve money in higher yielding Certificates of Deposit and Treasury Notes so that we will get the best return for our investments and the Association can use the interest earned toward the project.

Currently, **we have exceeded our goal for 2004, which was set back in January, of accumulating \$1 million in the Long Term Reserve fund.** This is a significant accomplishment considering we had \$132,000 in reserves at the beginning of 2004. Our present reserve balance is an excellent start in ensuring that the Renovation Project will begin in 2005. However, we need to continue the Association's present course to ensure that we financially stay on track for the upcoming Renovation Project.

**The engineering firm of Frost, Christenson & Associates is nearly three-quarters (75%) complete with their field inspection of our common elements.** The next step will be that they will document their findings, and prepare specifications. These will then be presented to the Board and in turn, a package of proposed renovations will be presented to membership regarding the Renovation Project. Membership will then have an opportunity to review and comment on the project as well as formally approve it. Subsequently, these specifications will be sent out to qualified contractors who have the adequate capacity to handle the work and perform quality workmanship.

**The engineer's specifications will include roof replacements, siding replacement, stair tower repairs, and breezeway repairs.** We are also considering window and sliding glass door replacements, skylights, clubhouse renovation, as well as the installation of high-speed internet access and master satellite dish placement. More details concerning all of these items will follow at a later date.

Once the specifications are prepared and delivered, we will have a much better idea of the financing needed to fund the Renovation Project. At that time, we will then approach various financial and lending institutions to secure a community-wide loan. The increased money in the Long Term Reserve fund will not only lessen the amount of the loan that we must secure, but will also most likely reduce the rate of interest we will be required to pay on this loan. A higher reserve level is a good indicator of financial

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stability and presents our Association as a better "credit risk".

Additionally, we must continue every effort to increase the reserves as per the engineering reserve study generated in 2003, of almost \$3 million. Once the building phase of the Renovation Project is completed, there will still be many other items that will eventually need major repairs or replacement. This includes items such as roadways, concrete sidewalks, patios, curbs, light poles and fixtures, and all recreational amenities, such as the pool, and tot lot.

**Unfortunately, in the past, our Association reserves have been historically and chronically under-funded, due to many years of inadequate levels of monthly dues thus resulting in this deficiency in our reserves. However, because of this Board's efforts combined with Membership's cooperation, we are well on our way to a more solid financial foundation.**

Once we have the funding secured for the Renovation Project, we will re-visit the need for this monthly Special Assessment. After we have more accurate project costs, that we expect to be available in mid 2005, we will reconsider the Special Assessment. Also, at this time **we will present payment options**, such as continued monthly payments similar to what we pay now or lump sum payments up front at a discount for each homeowner's share in the cost of the Renovation Project. Additionally, due to the change in format of the Snow Removal contract, we do not anticipate a "Snow Assessment" later this season. Please see the 2005 Operating Budget Account Details for more information.

Accordingly, the Special Assessment fees are as follows:

**One-bedroom unit homeowners will pay a monthly Special Assessment amount of \$103.00** and a monthly maintenance fee of \$171.00 for a total monthly payment of \$274.00.

**Two-bedroom unit homeowners will pay a monthly Special Assessment amount of \$118.00** and a monthly maintenance fee of \$195.00 for a total monthly payment of \$313.00.

As with the regular Association fees, the percentage of ownership in common elements specifies the share of fees each one and two-bedroom unit homeowner pays. One-bedroom unit homeowners pay 0.1529% and two-bedroom unit homeowners pay 0.1749% of the total Special Assessment amount.

In closing, we would like to take this opportunity to remind you that, while unpopular, this Special Assessment is absolutely necessary for our community, and is not a decision we came to lightly. However, please keep in mind **once the Renovation Project is completed, we will have accomplished our goal of preserving our homes, and we will have a "brand-new" Community.** The Board kindly asks for your continued patience and cooperation as we progress through the upcoming year and the Renovation Project in 2005.

We welcome your feedback regarding this decision and the ongoing Renovation Project, so please come to the December Open Meeting and Annual Holiday Party on December 15<sup>th</sup> as well as all the open meetings throughout the year.

Sincerely,

Board of Directors  
Ravens Crest East at Princeton Meadows Condominium Association, Inc.