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## 2006 Special Assessment

December 9, 2005

Dear Fellow Homeowners,

After careful consideration, the Board of Directors has again come to the decision to extend the Special Assessment for another year into 2006. The continued Special Assessment is needed in order for our Association to have adequate reserves to be utilized as collateral for the financing and funding for the upcoming Renovation Project in 2006. The rates for the 2006 Special Assessment, which will be ratified by the Board at the December 14, 2005 Open Board Meeting, will remain the same as they were in 2005, with one-bedroom Unit Homeowners paying \$103 per month and two-bedroom Unit Homeowners paying \$118 per month through December 2006.

**The money that has been collected in 2005 for the Special Assessment as well as the money that will be collected in 2006 will be allocated to the upcoming Renovation Project. This will ultimately lead to a lower final 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, and will result in less money that 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 our Association will receive the best return for our investments and the Association can put the interest earned toward the project.

**Currently, we have accumulated over \$2 million in our Long Term Reserve fund.** Our present reserve balance is an excellent foundation in ensuring that the Renovation Project will begin in 2006. 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 (FCA) has prepared preliminary specifications and these specifications have been delivered to the Board.** The Board, in conjunction with selected Homeowner volunteers, has reviewed these preliminary specifications and is in the process of providing feedback to FCA. Upon receipt of the finalized specifications from FCA, the Board will present a package of proposed renovations to each Homeowner. Homeowners will then have the opportunity to review and comment on the project, as well as to formally approve it. Subsequently, these specifications will be sent to qualified contractors who possess the adequate expertise and capacity to handle the work and to perform quality workmanship.

**The engineer's specifications will include roof replacements, siding replacements, stair tower repairs, drainage remediation, site-wide lighting upgrades, deck repairs and deck railing replacements, 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 finalized, 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

*(Continued)*

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secure a community-wide loan. The increased money in our reserve funds will not only lessen the amount of the loan that we must secure, but will also most likely reduce the rate of interest that we will be required to pay on this loan. In addition, a greater level of reserves is a good indicator of financial 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 underfunded, due to many years of inadequate levels of monthly dues, thus resulting in this deficiency in our reserves. However, because of the 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 projection costs, that we expect to be available in the beginning of 2006, we will reconsider the Special Assessment. Also, at that 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.

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 Special Assessment fees each one-bedroom 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 2006.

We welcome your feedback regarding this decision and the ongoing Renovation Project, so please come to the December Open Meeting on December 14<sup>th</sup> as well as the Open Meetings throughout the year.

Sincerely,

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