



1700 Ravens Crest Drive • Plainsboro, NJ 08536

Tel: 609-275-7353 • Fax: 609-275-0891

www.RavensCrestEast.com e-mail: Management@RavensCrestEast.com

2006 Operating Budget

December 9, 2005

Dear Fellow Homeowners,

We present to you the 2006 Operating Budget for your review, which was approved by the Board of Directors via e-mail vote earlier this month, to be ratified at the December Open Board Meeting. The two most significant items to note are that the **monthly Maintenance Fees are not increasing from 2005 to 2006**. However, we have come to the realization that it **remains necessary to continue the Special Assessment to build reserves for the upcoming Renovation Project in 2006**. Please see the enclosed letter regarding the 2006 Special Assessment for further information.

Accordingly, the fees are as follows:

One-bedroom Unit Homeowners will pay a monthly maintenance fee of \$171.00 and a monthly Special Assessment amount of \$103.00, for a **total monthly payment of \$274.00 per month**.

Two-bedroom Unit Homeowners will pay a monthly maintenance fee of \$195.00 and a monthly Special Assessment amount of \$118.00, for a **total monthly payment of \$313.00 per month**.

The percentage of Ownership in Common Elements specifies the share of fees each Unit Owner pays. One-bedroom Homeowners pay 0.1529% and two-bedroom Homeowners pay 0.1749% of the annual Operating Budget.

Review of 2005 Operating Budget Financial Performance

Building on the Board's and Management's success of the fiscal restraints implemented in 2004, the Association did very well in keeping within budgetary guidelines, coming in under budget by five percent (5%) for the 2005 fiscal year. This was due to several factors that included efficiently utilizing the maintenance staff, enforcing tighter fiscal controls, and bidding out the insurance coverage to keep the premiums as low as possible.

Any surplus money will be transferred to the Long Term Reserve account, to aid in the replenishment of this fund. **The Board and Membership have now built over two million dollars (\$2,000,000) in reserves for the upcoming Renovation Project in 2006.**

Below are just a few examples of our financial performance in 2005:

- Long-term contract negotiation, keeping costs down, such as landscape and irrigation services, along with snow removal set at a fixed price for all storms between two to twelve inches (2-12").
- **On-site maintenance performed many repairs to our buildings that normally would have been performed by outside contractors at a much higher cost.** This significantly saved our Association in expenses that would have been appropriated from Deferred Maintenance as well as Common Property Maintenance accounts.
- Also, our Association benefited significantly from increasing the **Initial Capital Contribution from \$300.00 to \$750.00**. The Amendment was passed in May 2004 by Membership and it is estimated that this amendment contributed approximately \$45,000 in additional funds to the Operating Account.

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- It is, also, very important to note that **Homeowner delinquencies are down**, thanks to legal counsel and the Board's active approach regarding those Homeowners who were not paying the Maintenance Fees and Special Assessment in a timely fashion. Many of these delinquent accounts, that have been allowed to exist for years, have been paid in full and cleared off the delinquency report.
- The Board continued to upgrade **the investment returns on our reserve money** from low paying money market accounts to **higher yielding Certificates of Deposit and Treasury Notes**. Thus dramatically increasing the return on our investments, and we expect interest earned in the 2005 fiscal year to reach a total of \$45,000.

The **2006 Operating Budget** was developed to continue our current financial course for maintaining our Association and for funding the Renovation Project.

Within the next few days, in a separate mailing, you will be receiving your new coupon booklets for your 2006 payments. Included in that mailing will be a Direct Debit form to complete at your option in order to have your monthly payments directly debited from your bank account. We encourage everyone to complete this form, as not only will it save you the time, hassle, and cost of mailing a monthly check, but it will help our Association to receive timely payments, with the anticipated result of further reducing our delinquencies and late payment fines for Homeowners.

We look forward to our fellow Homeowners' continued cooperation in paying the monthly fees and Special Assessment in order to work toward the common goal of commencing the Renovation Project in 2006. We recognize the financial sacrifices of our fellow Homeowners to protect and improve our Community.

In closing, the Board would like to remind our fellow members that the Community's financial well-being, quality of life, and maintaining or even increasing our property values are always in the forefront of our minds.

Best wishes for a happy, healthy, and peaceful holiday season!

Sincerely,

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