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## 2008 Operating Budget

December 7, 2007

Dear Fellow Homeowners,

We present to you the 2008 Operating Budget for your review, which was approved by the Board of Directors 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 2007 to 2008.**

However, it again **remains necessary to continue the Special Assessment to build reserves for the upcoming Renovation Project in 2008.** Every dollar we collect, save, and earn interest on, reduces the amount we will need to borrow and assess when the time comes to start the project. Please see the enclosed letter regarding the 2008 Special Assessment for further information, as well as the Proposed Renovation Project Homeowner Information Booklet mailed to each Homeowner in September.

Accordingly, the fees remain 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**

**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**

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 2007 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 3%, or approximately \$75,000, for the 2007 fiscal year. This was due to several factors that included efficiently utilizing the maintenance staff, enforcing tighter fiscal controls, and obtaining competitive quotes for 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. **We have now built over \$4.9 million in reserves for the upcoming Renovation Project in 2008.**

### **Below are just a few examples of our financial performance in 2007:**

- 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 much higher costs.** This significantly saved our Association in expenses that would have been appropriated from Deferred Maintenance as well as Common Property Maintenance accounts.

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- 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**. On average, our Reserve accounts, which include the Long Term Reserve, Deferred Maintenance, and Litigation Reserve, earn approximately 5% interest. Thus, dramatically increasing the return on our investments, and we expect interest earned in the 2007 fiscal year to be over \$145,000, which is \$28,000 more than last year!
- On April 12, 2007, the Association sold Unit 916, which it had previously purchased in a Bankruptcy Auction, resulting in a net profit of almost \$12,000. This profit has been re-invested back into the Long Term Reserve fund, allowing us even greater savings in anticipation of the Renovation Project.

The **2008 Operating Budget** was developed to continue our current financial course for maintaining our Association and for funding the Renovation Project.

**Before the end of December, in a separate mailing, you will be receiving your new coupon booklets for your 2008 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, it will also help our Association to receive timely payments, with the anticipated result of further reducing our delinquencies and late payment fees for Homeowners. This method is preferred over online banking, since checks sent directly from your bank must be re-mailed to EPM's main office and hand-processed.

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 2008. 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.