

# SAMPLE #1 - SUHRCO

## Condominiums Supplemental Budget

*The line items below are estimates; however, the full \$1.7 million is being assessed to the owners.*

<b>B</b>	Funds from Reserves	\$ 100,000.00	Use \$100k from Reserves; leaves \$170k as of 7/31/12
	<b>Reserve Funds for Project</b>	<b>\$ 100,000.00</b>	
<b>A</b>	Pre-Construction Expenses	\$ 25,000.00	Attorney, SUHRCO,
	Pre-Construction Expenses	\$ (25,000.00)	Paid out of Op; no pay back for these expenses
	Construction Budget	\$ 1,426,466.32	Vendor's scope of work - Base Bid, Shingle Roof, & WSST
	Performance Bond	\$ -	Vendor's Performance Bond; not required by Mutual of Omaha
	Contingency	\$ 71,323.32	5% contingency
	Project Manager Fee	\$ 75,000.00	Architects
	Insurance	\$ 2,000.00	Add'l insurance during construction
	General Counsel	\$ 10,000.00	Dave Silver---Barker Martin
	Interest Expense	\$ 25,000.00	Loan interest accrued during construction period
	Admin & Office Supplies	\$ 1,200.00	Mailers, coupons, postage, etc.
	One-time S/B Setup Fee	\$ 265.00	Association expense
	Acct'g & Loan Management Fees	\$ 21,255.00	First year of add'l Accounting fees <b>C</b>
	Add'l Property Management	\$ -	Architects to manage per Board
		\$ 1,632,509.64	
	Allowance for Bad Debt (10%)	\$ 163,250.96	Estimate 10% of total project budget
	Loan Origination costs	\$ 4,239.40	Estimated at .25% of loan per loan docs
	<b>Total Project Budget</b>	<b>\$ 1,800,000.00</b>	
	<b>Est. Supplemental Budget</b>	<b>\$ 1,700,000.00</b>	After transferring \$100k from Reserves
	<b>Total Loan Assessed to Owners</b>	<b>\$ 1,700,000.00</b>	<b>Assessed to owners</b>
	SB Handling Fee (\$5/unit/month)	Assessed to and paid by owners on monthly payment plan	

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### Items to note:

- Addresses Pre-construction expenses and how they are handled - A
- Documents the Use of Reserve monies for a portion of the budget - B
- Adds in Additional Accounting Fees - C

## Association 1 Loan / Supplemental Budget Overview

### Overview:

- A Supplemental Budget of \$1,700,000 was ratified by owners on September 11, 2012.
- The Supplemental Budget is assessed to owners starting November 1, 2012 for 15 years to include interest.
- The purpose of the Supplemental Budget is for roof repairs; window replacements; door hardware; new or repaired garage doors and siding; deck repairs; replacement of railing; painting; closing, and other costs related to the comprehensive building envelope repair and rehabilitation project.
- The Association has obtained a line of credit for \$1,700,000 with Mutual of Omaha for twelve (12) months which then converts to a term loan for 14 years after the construction period has ended.
- The interest rate for the draw period (12 months) and the term loan is 4.5% The interest rate is tied to the 5 year treasury plus a 3 % spread and may change in September 2017 and again in September 2022 if the US Treasury bill should change. As of October 4, 2012, the US Treasury 5 year constant maturity rate is 0.63%.
- The loan may be prepaid by the Association, in whole or in part, with any monthly installment without prepayment penalty.
- Effective September 2014 and each year thereafter, Mutual of Omaha will adjust the principal & interest payment required to fully amortize the unpaid principal balance based on the loan's maturity date. Adjusting the principal & interest payment is beneficial to the Association as the monthly principal & interest payment payable by the Association to Mutual of Omaha will decrease each year. The decrease will help offset decreased cash flow in the case of high delinquencies.
- The Association may reset / reamortize the loan (due to owner pay offs or excess funds received) at any time for a fee of \$100.00 per written request. The option to reset / reamortize the loan at any time for a fee of \$100.00 is beneficial to both the owner and the Association.
  - The owners benefit by being required to pay off only their principal balance due at the time of payoff. If the option to reset / reamortize were not available, owners would be responsible for both the principal balance due at the time of payoff and the remaining months of interest that would have accrued on their principal balance through the end of the loan term. For example, if the owner of a unit with 1.459% of ownership chose to pay off his/her principal balance on January 1, 2014, the payoff amount would be \$23,313.34 plus the \$100.00 fee. If the option to reset / reamortize with a fee were not available, his/her pay off amount would be \$23,313.34 principal plus \$7,993.98 interest. This is a savings to the owner of \$7,893.98 (accrued interest minus \$100.00 fee). Additionally, the owner will save on the \$5/month Supplemental Budget handling fee for the remaining months of the loan term, an additional \$825.00 savings. Owners may also make partial payoffs on their Supplemental Budget balance, including the \$100.00 fee, to pay down their Supplemental Budget principal balance and lower their monthly installment amount.
  - The Association benefits from the option to reset / reamortize the loan due to owner pay off or excess fund received as the principal balance will be decreased, and the Association's liability for the loan to Mutual of Omaha will decrease. This will help offset potential cash flow issues in the case of high Supplemental Budget delinquencies.

I thought this was a GREAT recap - for owners, potential owners, auditors, etc.

### Line of Credit / Loan & Payment Details:

- The Association will be required to pay interest only payments to Mutual of Omaha once the first construction draw has been processed.
- Principal and interest payments will be due once the line of credit has converted to a term loan but starting no later than September 2013.
- The Association will set up a new bank account at Mutual of Omaha to deposit Supplemental Budget income received. The signers on this account will be as follows:
  -
- Payments to vendors will be made out of this Supplemental Budget account.
- Having SUHRCO signers on the account will allow for more efficient and timely payments to vendors. Otherwise, the Board members would have to sign the checks prior to distributing to vendors.
- Monthly loan payments to Mutual of Omaha will be made by ACH from the Supplemental Budget account on the 20<sup>th</sup> of each month.
- Invoices for the construction project will be approved by the Architects and the Board prior to forwarding to SUHRCO for payment.
- Architects will obtain required lien releases from contractors and forward to SUHRCO with approved invoices. Lien releases must be received prior to SUHRCO presenting payment to vendors.
- SUHRCO will send a draw request (including Board approval) with copies of the approved invoices to Mutual of Omaha to draw on the line of credit during the construction period.
- Mutual of Omaha will deposit the draw funds to the Supplemental Budget account, and SUHRCO will cut and release checks to vendors once lien releases have been received.
- Draw requests are limited to one per week; the expectation is no more than two draws per month.
- The Association is responsible to submit to Mutual of Omaha a year-end financial statement and the next year's budget no later than 120 days after the close of the fiscal year (December 31<sup>st</sup>).
- The Association is responsible to submit to Mutual of Omaha an Aged Delinquency Report on a quarterly basis. The Association will be considered in default of the loan if overall delinquencies for the Association older than 60 days past due are more than 10% at any time during the term of the loan. The Association has 10 days from the date of written notification by Mutual of Omaha to decrease the delinquency rate to less than 10%.

### Supplemental Budget Income:

- Owners who pay off their principal balance by October 31, 2012 will not be assessed the monthly accrued interest. This could be a savings between \$9,250 and \$13,805 depending on the % of ownership of the unit.
- Owners who have not paid off their principal balance by October 31, 2012 will automatically be enrolled in the monthly installment payment plan and will be assessed interest.
- A \$5.00 per month fee is assessed to each unit for owners enrolled in the monthly payment plan; a one-time \$5.00 fee will be assessed to each owner who pays off his/her principal balance by October 31, 2012.
- The interest rate for the monthly payment plan is 4.5% for 5 years. If the interest rate applicable to the Association's loan with Mutual of Omaha increases, the monthly payment for each unit enrolled in the monthly payment plan will also increase; owners will be given at least 30 days' notice of any change in the monthly payment amount.
- Supplemental Budget payments are due and payable by each owner on the 1<sup>st</sup> of each month and late after the 10<sup>th</sup> of each month; late fees will assess on all unpaid balances.

- Monthly Supplemental Budget payments may be paid by check (payable to Association 1) or by ACH (at the owner's request). Owners may pay both the regular monthly HOA assessments and the monthly Supplemental Budget assessment on one check.
- Owners may choose to pay off their principal balance at any time after November 1, 2012 for a fee of \$100.00.
- Owners may also make partial payoffs on their Supplemental Budget balance, including the \$100.00 fee, to pay down their Supplemental Budget principal balance and lower their monthly installment amount. Each partial payoff will require payment of the \$100.00 fee at the time of payoff.
- Owners wishing to pay off their principal balance should contact the Senior Association Accountant, to obtain the pay off amount. Her email is @suhrc.com. Or she can be reached by calling the SUHRCO office at 425-455-0900.
- In the event of a surplus of Supplemental Budget funds collected once the loan has been paid off, those funds will be committed to the Association's Maintenance Reserve account at such time and in such amounts as the Board feels is in the Association's best interest.

Follow up to questions raised in the October 4, 2012 meeting:

- Is there a down side to paying off my Supplemental Budget portion up front and in full?
  - NO, there is no downside. Owners who pay off their Supplemental Budget up front may save up to \$13,805 in interest and up to \$825 in handling fees that would be paid out over the 15 year term.
  - Additionally, if an owner takes out an equity loan to pay off his/her Supplemental Budget, the payments he/she makes on the equity loan may be tax deductible, whereas the monthly installment plan on the Supplemental Budget is most likely not tax deductible. Please contact your tax advisor to discuss what payments may be tax deductible.
- Can I pay off part of my Supplemental Budget up front and then in monthly installment payments for the remainder of my balance?
  - Yes, owners may make partial payoffs on their Supplemental Budget balance (either before November 1<sup>st</sup> or at any time during the 15 year term), including the \$100.00 fee, to pay down their Supplemental Budget principal balance and lower their monthly installment amount. Each partial payoff will require payment of the \$100.00 fee at the time of payoff.
  - Owners who pay off a portion of their Supplemental Budget up front and then pay down their Supplemental Budget principal over the remainder of the term will see significant savings in interest that would be paid out on the full Supplemental Budget principal over the 15 year term.
  - Please contact the Senior Association Accountant, to obtain the payoff amount. Her email is @suhrc.com. She can also be reached by calling the SUHRCO office at 425-455-0900.

**Unit Payments  
Based on Supplemental Budget**

Unit	Percent	Unit Principal	Monthly Principal Payment	Monthly Payment with Fee	Address
A139	2.008	\$ 34,136.00	\$261.14	\$ 266.14	
A140	1.914	\$ 32,538.00	\$248.91	\$ 253.91	
A141	1.914	\$ 32,538.00	\$248.91	\$ 253.91	
A142	1.914	\$ 32,538.00	\$248.91	\$ 253.91	
A143	1.914	\$ 32,538.00	\$248.91	\$ 253.91	
A144	1.914	\$ 32,538.00	\$248.91	\$ 253.91	
A145	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
B132	2.055	\$ 34,935.00	\$267.25	\$ 272.25	
B133	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
B134	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
B135	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
B136	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
B137	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
B138	2.008	\$ 34,136.00	\$261.14	\$ 266.14	
C125	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
C126	1.985	\$ 33,745.00	\$258.15	\$ 263.15	
C127	1.985	\$ 33,745.00	\$258.15	\$ 263.15	
C128	1.985	\$ 33,745.00	\$258.15	\$ 263.15	
C129	1.985	\$ 33,745.00	\$258.15	\$ 263.15	
C130	1.985	\$ 33,745.00	\$258.15	\$ 263.15	
C131	2.101	\$ 35,717.00	\$273.23	\$ 278.23	
D118	2.154	\$ 36,618.00	\$280.13	\$ 285.13	
D119	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
D120	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
D121	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
D122	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
D123	1.961	\$ 33,337.00	\$255.03	\$ 260.03	
D124	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
E109	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
E110	2.008	\$ 34,136.00	\$261.14	\$ 266.14	
E111	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
E112	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
F105	2.101	\$ 35,717.00	\$273.23	\$ 278.23	
F106	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
F107	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
F108	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
G113	2.101	\$ 35,717.00	\$273.23	\$ 278.23	
G114	2.008	\$ 34,136.00	\$261.14	\$ 266.14	
G115	2.008	\$ 34,136.00	\$261.14	\$ 266.14	
G116	2.008	\$ 34,136.00	\$261.14	\$ 266.14	
G117	2.054	\$ 34,918.00	\$267.12	\$ 272.12	
H101	1.617	\$ 27,489.00	\$210.29	\$ 215.29	
H102	1.444	\$ 24,548.00	\$187.79	\$ 192.79	
H103	1.443	\$ 24,531.00	\$187.66	\$ 192.66	
H104	1.443	\$ 24,531.00	\$187.66	\$ 192.66	
H201	1.617	\$ 27,489.00	\$210.29	\$ 215.29	
H202	1.444	\$ 24,548.00	\$187.79	\$ 192.79	
H203	1.443	\$ 24,531.00	\$187.66	\$ 192.66	
H204	1.443	\$ 24,531.00	\$187.66	\$ 192.66	
H301	1.617	\$ 27,489.00	\$210.29	\$ 215.29	
H302	1.459	\$ 24,803.00	\$189.74	\$ 194.74	
H303	1.459	\$ 24,803.00	\$189.74	\$ 194.74	
H304	1.459	\$ 24,803.00	\$189.74	\$ 194.74	
<b>100.000</b>	<b>1,700,000.00</b>	<b>13,004.89</b>	<b>\$ 13,269.89</b>		

### HOA Estimated Loan Amortization Schedule

Unit % Ownership:	100.0000	This is a sample amortization schedule for the HOA's loan of \$1,700,000.00. This schedule is subject to change depending on the final loan terms.
Total Loan:	\$ 1,700,000.00	
Unit Principal:	\$1,700,000.00	
Interest Rate:	4.50%	
Monthly Principal Pymt:	\$13,004.89	
<b>Total Monthly Payment:</b>	<b>\$13,004.89</b>	

	Monthly Payment	Interest	Principal	Balance		Payment #
				<b>\$1,700,000.00</b>		
\$	13,004.89	\$ 6,375.00	\$ 6,629.89	\$ 1,693,370.12		180
\$	13,004.89	\$ 6,350.14	\$ 6,654.75	\$ 1,686,715.37		179
\$	13,004.89	\$ 6,325.18	\$ 6,679.70	\$ 1,680,035.66		178
\$	13,004.89	\$ 6,300.13	\$ 6,704.75	\$ 1,673,330.91		177
\$	13,004.89	\$ 6,274.99	\$ 6,729.89	\$ 1,666,601.02		176
\$	13,004.89	\$ 6,249.75	\$ 6,755.13	\$ 1,659,845.88		175
\$	13,004.89	\$ 6,224.42	\$ 6,780.46	\$ 1,653,065.42		174
\$	13,004.89	\$ 6,199.00	\$ 6,805.89	\$ 1,646,259.53		173
\$	13,004.89	\$ 6,173.47	\$ 6,831.41	\$ 1,639,428.12		172
\$	13,004.89	\$ 6,147.86	\$ 6,857.03	\$ 1,632,571.09		171
\$	13,004.89	\$ 6,122.14	\$ 6,882.74	\$ 1,625,688.34		170
\$	13,004.89	\$ 6,096.33	\$ 6,908.55	\$ 1,618,779.79		169
\$	13,004.89	\$ 6,070.42	\$ 6,934.46	\$ 1,611,845.33		168
\$	13,004.89	\$ 6,044.42	\$ 6,960.47	\$ 1,604,884.86		167
\$	13,004.89	\$ 6,018.32	\$ 6,986.57	\$ 1,597,898.29		166
\$	13,004.89	\$ 5,992.12	\$ 7,012.77	\$ 1,590,885.53		165
\$	13,004.89	\$ 5,965.82	\$ 7,039.07	\$ 1,583,846.46		164
\$	13,004.89	\$ 5,939.42	\$ 7,065.46	\$ 1,576,781.00		163
\$	13,004.89	\$ 5,912.93	\$ 7,091.96	\$ 1,569,689.04		162
\$	13,004.89	\$ 5,886.33	\$ 7,118.55	\$ 1,562,570.49		161
\$	13,004.89	\$ 5,859.64	\$ 7,145.25	\$ 1,555,425.24		160
\$	13,004.89	\$ 5,832.84	\$ 7,172.04	\$ 1,548,253.20		159
\$	13,004.89	\$ 5,805.95	\$ 7,198.94	\$ 1,541,054.27		158
\$	13,004.89	\$ 5,778.95	\$ 7,225.93	\$ 1,533,828.33		157
\$	13,004.89	\$ 5,751.86	\$ 7,253.03	\$ 1,526,575.30		156
\$	13,004.89	\$ 5,724.66	\$ 7,280.23	\$ 1,519,295.07		155
\$	13,004.89	\$ 5,697.36	\$ 7,307.53	\$ 1,511,987.55		154
\$	13,004.89	\$ 5,669.95	\$ 7,334.93	\$ 1,504,652.61		153
\$	13,004.89	\$ 5,642.45	\$ 7,362.44	\$ 1,497,290.17		152
\$	13,004.89	\$ 5,614.84	\$ 7,390.05	\$ 1,489,900.13		151
\$	13,004.89	\$ 5,587.13	\$ 7,417.76	\$ 1,482,482.37		150
\$	13,004.89	\$ 5,559.31	\$ 7,445.58	\$ 1,475,036.79		149
\$	13,004.89	\$ 5,531.39	\$ 7,473.50	\$ 1,467,563.29		148
\$	13,004.89	\$ 5,503.36	\$ 7,501.52	\$ 1,460,061.77		147
\$	13,004.89	\$ 5,475.23	\$ 7,529.65	\$ 1,452,532.11		146
\$	13,004.89	\$ 5,447.00	\$ 7,557.89	\$ 1,444,974.22		145
\$	13,004.89	\$ 5,418.65	\$ 7,586.23	\$ 1,437,387.99		144
\$	13,004.89	\$ 5,390.20	\$ 7,614.68	\$ 1,429,773.31		143
\$	13,004.89	\$ 5,361.65	\$ 7,643.24	\$ 1,422,130.07		142
\$	13,004.89	\$ 5,332.99	\$ 7,671.90	\$ 1,414,458.17		141
\$	13,004.89	\$ 5,304.22	\$ 7,700.67	\$ 1,406,757.51		140
\$	13,004.89	\$ 5,275.34	\$ 7,729.55	\$ 1,399,027.96		139
\$	13,004.89	\$ 5,246.35	\$ 7,758.53	\$ 1,391,269.43		138
\$	13,004.89	\$ 5,217.26	\$ 7,787.63	\$ 1,383,481.80		137
\$	13,004.89	\$ 5,188.06	\$ 7,816.83	\$ 1,375,664.98		136
\$	13,004.89	\$ 5,158.74	\$ 7,846.14	\$ 1,367,818.83		135
\$	13,004.89	\$ 5,129.32	\$ 7,875.57	\$ 1,359,943.27		134
\$	13,004.89	\$ 5,099.79	\$ 7,905.10	\$ 1,352,038.17		133
\$	13,004.89	\$ 5,070.14	\$ 7,934.74	\$ 1,344,103.43		132
\$	13,004.89	\$ 5,040.39	\$ 7,964.50	\$ 1,336,138.93		131
\$	13,004.89	\$ 5,010.52	\$ 7,994.36	\$ 1,328,144.56		130
\$	13,004.89	\$ 4,980.54	\$ 8,024.34	\$ 1,320,120.22		129
\$	13,004.89	\$ 4,950.45	\$ 8,054.44	\$ 1,312,065.78		128

	Monthly Payment	Interest	Principal	Balance	Payment #
\$	13,004.89	\$ 4,920.25	\$ 8,084.64	\$ 1,303,981.15	127
\$	13,004.89	\$ 4,889.93	\$ 8,114.96	\$ 1,295,866.19	126
\$	13,004.89	\$ 4,859.50	\$ 8,145.39	\$ 1,287,720.80	125
\$	13,004.89	\$ 4,828.95	\$ 8,175.93	\$ 1,279,544.87	124
\$	13,004.89	\$ 4,798.29	\$ 8,206.59	\$ 1,271,338.28	123
\$	13,004.89	\$ 4,767.52	\$ 8,237.37	\$ 1,263,100.91	122
\$	13,004.89	\$ 4,736.63	\$ 8,268.26	\$ 1,254,832.65	121
\$	13,004.89	\$ 4,705.62	\$ 8,299.26	\$ 1,246,533.39	120
\$	13,004.89	\$ 4,674.50	\$ 8,330.39	\$ 1,238,203.00	119
\$	13,004.89	\$ 4,643.26	\$ 8,361.62	\$ 1,229,841.38	118
\$	13,004.89	\$ 4,611.91	\$ 8,392.98	\$ 1,221,448.40	117
\$	13,004.89	\$ 4,580.43	\$ 8,424.45	\$ 1,213,023.94	116
\$	13,004.89	\$ 4,548.84	\$ 8,456.05	\$ 1,204,567.90	115
\$	13,004.89	\$ 4,517.13	\$ 8,487.76	\$ 1,196,080.14	114
\$	13,004.89	\$ 4,485.30	\$ 8,519.59	\$ 1,187,560.55	113
\$	13,004.89	\$ 4,453.35	\$ 8,551.53	\$ 1,179,009.02	112
\$	13,004.89	\$ 4,421.28	\$ 8,583.60	\$ 1,170,425.42	111
\$	13,004.89	\$ 4,389.10	\$ 8,615.79	\$ 1,161,809.63	110
\$	13,004.89	\$ 4,356.79	\$ 8,648.10	\$ 1,153,161.53	109
\$	13,004.89	\$ 4,324.36	\$ 8,680.53	\$ 1,144,481.00	108
\$	13,004.89	\$ 4,291.80	\$ 8,713.08	\$ 1,135,767.92	107
\$	13,004.89	\$ 4,259.13	\$ 8,745.76	\$ 1,127,022.16	106
\$	13,004.89	\$ 4,226.33	\$ 8,778.55	\$ 1,118,243.61	105
\$	13,004.89	\$ 4,193.41	\$ 8,811.47	\$ 1,109,432.13	104
\$	13,004.89	\$ 4,160.37	\$ 8,844.52	\$ 1,100,587.62	103
\$	13,004.89	\$ 4,127.20	\$ 8,877.68	\$ 1,091,709.94	102
\$	13,004.89	\$ 4,093.91	\$ 8,910.97	\$ 1,082,798.96	101
\$	13,004.89	\$ 4,060.50	\$ 8,944.39	\$ 1,073,854.57	100
\$	13,004.89	\$ 4,026.95	\$ 8,977.93	\$ 1,064,876.64	99
\$	13,004.89	\$ 3,993.29	\$ 9,011.60	\$ 1,055,865.04	98
\$	13,004.89	\$ 3,959.49	\$ 9,045.39	\$ 1,046,819.65	97
\$	13,004.89	\$ 3,925.57	\$ 9,079.31	\$ 1,037,740.34	96
\$	13,004.89	\$ 3,891.53	\$ 9,113.36	\$ 1,028,626.98	95
\$	13,004.89	\$ 3,857.35	\$ 9,147.53	\$ 1,019,479.44	94
\$	13,004.89	\$ 3,823.05	\$ 9,181.84	\$ 1,010,297.61	93
\$	13,004.89	\$ 3,788.62	\$ 9,216.27	\$ 1,001,081.34	92
\$	13,004.89	\$ 3,754.06	\$ 9,250.83	\$ 991,830.51	91
\$	13,004.89	\$ 3,719.36	\$ 9,285.52	\$ 982,544.98	90
\$	13,004.89	\$ 3,684.54	\$ 9,320.34	\$ 973,224.64	89
\$	13,004.89	\$ 3,649.59	\$ 9,355.29	\$ 963,869.35	88
\$	13,004.89	\$ 3,614.51	\$ 9,390.38	\$ 954,478.97	87
\$	13,004.89	\$ 3,579.30	\$ 9,425.59	\$ 945,053.38	86
\$	13,004.89	\$ 3,543.95	\$ 9,460.94	\$ 935,592.45	85
\$	13,004.89	\$ 3,508.47	\$ 9,496.41	\$ 926,096.03	84
\$	13,004.89	\$ 3,472.86	\$ 9,532.03	\$ 916,564.01	83
\$	13,004.89	\$ 3,437.12	\$ 9,567.77	\$ 906,996.24	82
\$	13,004.89	\$ 3,401.24	\$ 9,603.65	\$ 897,392.59	81
\$	13,004.89	\$ 3,365.22	\$ 9,639.66	\$ 887,752.92	80
\$	13,004.89	\$ 3,329.07	\$ 9,675.81	\$ 878,077.11	79
\$	13,004.89	\$ 3,292.79	\$ 9,712.10	\$ 868,365.01	78
\$	13,004.89	\$ 3,256.37	\$ 9,748.52	\$ 858,616.50	77
\$	13,004.89	\$ 3,219.81	\$ 9,785.07	\$ 848,831.42	76
\$	13,004.89	\$ 3,183.12	\$ 9,821.77	\$ 839,009.65	75
\$	13,004.89	\$ 3,146.29	\$ 9,858.60	\$ 829,151.05	74
\$	13,004.89	\$ 3,109.32	\$ 9,895.57	\$ 819,255.48	73
\$	13,004.89	\$ 3,072.21	\$ 9,932.68	\$ 809,322.81	72
\$	13,004.89	\$ 3,034.96	\$ 9,969.93	\$ 799,352.88	71
\$	13,004.89	\$ 2,997.57	\$ 10,007.31	\$ 789,345.57	70
\$	13,004.89	\$ 2,960.05	\$ 10,044.84	\$ 779,300.73	69
\$	13,004.89	\$ 2,922.38	\$ 10,082.51	\$ 769,218.22	68
\$	13,004.89	\$ 2,884.57	\$ 10,120.32	\$ 759,097.90	67
\$	13,004.89	\$ 2,846.62	\$ 10,158.27	\$ 748,939.63	66
\$	13,004.89	\$ 2,808.52	\$ 10,196.36	\$ 738,743.27	65
\$	13,004.89	\$ 2,770.29	\$ 10,234.60	\$ 728,508.67	64
\$	13,004.89	\$ 2,731.91	\$ 10,272.98	\$ 718,235.69	63
\$	13,004.89	\$ 2,693.38	\$ 10,311.50	\$ 707,924.19	62

	Monthly Payment	Interest	Principal	Balance	Payment #
\$	13,004.89	\$ 2,654.72	\$ 10,350.17	\$ 697,574.02	61
\$	13,004.89	\$ 2,615.90	\$ 10,388.98	\$ 687,185.04	60
\$	13,004.89	\$ 2,576.94	\$ 10,427.94	\$ 676,757.10	59
\$	13,004.89	\$ 2,537.84	\$ 10,467.05	\$ 666,290.05	58
\$	13,004.89	\$ 2,498.59	\$ 10,506.30	\$ 655,783.75	57
\$	13,004.89	\$ 2,459.19	\$ 10,545.70	\$ 645,238.05	56
\$	13,004.89	\$ 2,419.64	\$ 10,585.24	\$ 634,652.81	55
\$	13,004.89	\$ 2,379.95	\$ 10,624.94	\$ 624,027.87	54
\$	13,004.89	\$ 2,340.10	\$ 10,664.78	\$ 613,363.09	53
\$	13,004.89	\$ 2,300.11	\$ 10,704.77	\$ 602,658.32	52
\$	13,004.89	\$ 2,259.97	\$ 10,744.92	\$ 591,913.40	51
\$	13,004.89	\$ 2,219.68	\$ 10,785.21	\$ 581,128.19	50
\$	13,004.89	\$ 2,179.23	\$ 10,825.66	\$ 570,302.54	49
\$	13,004.89	\$ 2,138.63	\$ 10,866.25	\$ 559,436.28	48
\$	13,004.89	\$ 2,097.89	\$ 10,907.00	\$ 548,529.28	47
\$	13,004.89	\$ 2,056.98	\$ 10,947.90	\$ 537,581.38	46
\$	13,004.89	\$ 2,015.93	\$ 10,988.96	\$ 526,592.43	45
\$	13,004.89	\$ 1,974.72	\$ 11,030.16	\$ 515,562.26	44
\$	13,004.89	\$ 1,933.36	\$ 11,071.53	\$ 504,490.74	43
\$	13,004.89	\$ 1,891.84	\$ 11,113.05	\$ 493,377.69	42
\$	13,004.89	\$ 1,850.17	\$ 11,154.72	\$ 482,222.97	41
\$	13,004.89	\$ 1,808.34	\$ 11,196.55	\$ 471,026.42	40
\$	13,004.89	\$ 1,766.35	\$ 11,238.54	\$ 459,787.88	39
\$	13,004.89	\$ 1,724.20	\$ 11,280.68	\$ 448,507.20	38
\$	13,004.89	\$ 1,681.90	\$ 11,322.98	\$ 437,184.22	37
\$	13,004.89	\$ 1,639.44	\$ 11,365.45	\$ 425,818.77	36
\$	13,004.89	\$ 1,596.82	\$ 11,408.07	\$ 414,410.71	35
\$	13,004.89	\$ 1,554.04	\$ 11,450.85	\$ 402,959.86	34
\$	13,004.89	\$ 1,511.10	\$ 11,493.79	\$ 391,466.08	33
\$	13,004.89	\$ 1,468.00	\$ 11,536.89	\$ 379,929.19	32
\$	13,004.89	\$ 1,424.73	\$ 11,580.15	\$ 368,349.04	31
\$	13,004.89	\$ 1,381.31	\$ 11,623.58	\$ 356,725.46	30
\$	13,004.89	\$ 1,337.72	\$ 11,667.17	\$ 345,058.29	29
\$	13,004.89	\$ 1,293.97	\$ 11,710.92	\$ 333,347.38	28
\$	13,004.89	\$ 1,250.05	\$ 11,754.83	\$ 321,592.54	27
\$	13,004.89	\$ 1,205.97	\$ 11,798.91	\$ 309,793.63	26
\$	13,004.89	\$ 1,161.73	\$ 11,843.16	\$ 297,950.47	25
\$	13,004.89	\$ 1,117.31	\$ 11,887.57	\$ 286,062.90	24
\$	13,004.89	\$ 1,072.74	\$ 11,932.15	\$ 274,130.75	23
\$	13,004.89	\$ 1,027.99	\$ 11,976.90	\$ 262,153.85	22
\$	13,004.89	\$ 983.08	\$ 12,021.81	\$ 250,132.04	21
\$	13,004.89	\$ 938.00	\$ 12,066.89	\$ 238,065.15	20
\$	13,004.89	\$ 892.74	\$ 12,112.14	\$ 225,953.01	19
\$	13,004.89	\$ 847.32	\$ 12,157.56	\$ 213,795.45	18
\$	13,004.89	\$ 801.73	\$ 12,203.15	\$ 201,592.30	17
\$	13,004.89	\$ 755.97	\$ 12,248.91	\$ 189,343.38	16
\$	13,004.89	\$ 710.04	\$ 12,294.85	\$ 177,048.53	15
\$	13,004.89	\$ 663.93	\$ 12,340.95	\$ 164,707.58	14
\$	13,004.89	\$ 617.65	\$ 12,387.23	\$ 152,320.35	13
\$	13,004.89	\$ 571.20	\$ 12,433.68	\$ 139,886.66	12
\$	13,004.89	\$ 524.57	\$ 12,480.31	\$ 127,406.35	11
\$	13,004.89	\$ 477.77	\$ 12,527.11	\$ 114,879.24	10
\$	13,004.89	\$ 430.80	\$ 12,574.09	\$ 102,305.15	9
\$	13,004.89	\$ 383.64	\$ 12,621.24	\$ 89,683.91	8
\$	13,004.89	\$ 336.31	\$ 12,668.57	\$ 77,015.34	7
\$	13,004.89	\$ 288.81	\$ 12,716.08	\$ 64,299.26	6
\$	13,004.89	\$ 241.12	\$ 12,763.76	\$ 51,535.49	5
\$	13,004.89	\$ 193.26	\$ 12,811.63	\$ 38,723.87	4
\$	13,004.89	\$ 145.21	\$ 12,859.67	\$ 25,864.19	3
\$	13,004.89	\$ 96.99	\$ 12,907.90	\$ 12,956.30	2
\$	13,004.89	\$ 48.59	\$ 12,956.30	\$ (0.00)	1
		\$ 640,879.46	\$ 1,700,000.00		



**Unit Amortization Schedule**

Unit % Ownership:	<b>1.4430</b>	This is a sample amortization schedule for the four units with CEL 1.443% on a 15-year payment plan at 4.5%.
Total Loan:	\$ 1,700,000.00	
Unit Principal:	<b>\$24,531.00</b>	
Interest Rate:	<b>4.50%</b>	
Monthly SB Fee:	\$ 5.00	
Monthly Principal Pymt:	\$187.66	
Total Monthly Payment:	<b>\$ 192.66</b>	

Monthly Payment	Interest	Principal	Balance	Payment #
			<b>\$24,531.00</b>	
\$ 192.66	\$ 91.99	\$ 95.67	\$ 24,435.33	180
\$ 192.66	\$ 91.63	\$ 96.03	\$ 24,339.30	179
\$ 192.66	\$ 91.27	\$ 96.39	\$ 24,242.91	178
\$ 192.66	\$ 90.91	\$ 96.75	\$ 24,146.17	177
\$ 192.66	\$ 90.55	\$ 97.11	\$ 24,049.05	176
\$ 192.66	\$ 90.18	\$ 97.48	\$ 23,951.58	175
\$ 192.66	\$ 89.82	\$ 97.84	\$ 23,853.73	174
\$ 192.66	\$ 89.45	\$ 98.21	\$ 23,755.53	173
\$ 192.66	\$ 89.08	\$ 98.58	\$ 23,656.95	172
\$ 192.66	\$ 88.71	\$ 98.95	\$ 23,558.00	171
\$ 192.66	\$ 88.34	\$ 99.32	\$ 23,458.68	170
\$ 192.66	\$ 87.97	\$ 99.69	\$ 23,358.99	169
\$ 192.66	\$ 87.60	\$ 100.06	\$ 23,258.93	168
\$ 192.66	\$ 87.22	\$ 100.44	\$ 23,158.49	167
\$ 192.66	\$ 86.84	\$ 100.82	\$ 23,057.67	166
\$ 192.66	\$ 86.47	\$ 101.19	\$ 22,956.48	165
\$ 192.66	\$ 86.09	\$ 101.57	\$ 22,854.90	164
\$ 192.66	\$ 85.71	\$ 101.95	\$ 22,752.95	163
\$ 192.66	\$ 85.32	\$ 102.34	\$ 22,650.61	162
\$ 192.66	\$ 84.94	\$ 102.72	\$ 22,547.89	161
\$ 192.66	\$ 84.55	\$ 103.11	\$ 22,444.79	160
\$ 192.66	\$ 84.17	\$ 103.49	\$ 22,341.29	159
\$ 192.66	\$ 83.78	\$ 103.88	\$ 22,237.41	158
\$ 192.66	\$ 83.39	\$ 104.27	\$ 22,133.14	157
\$ 192.66	\$ 83.00	\$ 104.66	\$ 22,028.48	156
\$ 192.66	\$ 82.61	\$ 105.05	\$ 21,923.43	155
\$ 192.66	\$ 82.21	\$ 105.45	\$ 21,817.98	154
\$ 192.66	\$ 81.82	\$ 105.84	\$ 21,712.14	153
\$ 192.66	\$ 81.42	\$ 106.24	\$ 21,605.90	152
\$ 192.66	\$ 81.02	\$ 106.64	\$ 21,499.26	151
\$ 192.66	\$ 80.62	\$ 107.04	\$ 21,392.22	150
\$ 192.66	\$ 80.22	\$ 107.44	\$ 21,284.78	149
\$ 192.66	\$ 79.82	\$ 107.84	\$ 21,176.94	148
\$ 192.66	\$ 79.41	\$ 108.25	\$ 21,068.69	147
\$ 192.66	\$ 79.01	\$ 108.65	\$ 20,960.04	146
\$ 192.66	\$ 78.60	\$ 109.06	\$ 20,850.98	145
\$ 192.66	\$ 78.19	\$ 109.47	\$ 20,741.51	144
\$ 192.66	\$ 77.78	\$ 109.88	\$ 20,631.63	143
\$ 192.66	\$ 77.37	\$ 110.29	\$ 20,521.34	142
\$ 192.66	\$ 76.96	\$ 110.71	\$ 20,410.63	141
\$ 192.66	\$ 76.54	\$ 111.12	\$ 20,299.51	140
\$ 192.66	\$ 76.12	\$ 111.54	\$ 20,187.97	139
\$ 192.66	\$ 75.70	\$ 111.96	\$ 20,076.02	138
\$ 192.66	\$ 75.29	\$ 112.38	\$ 19,963.64	137
\$ 192.66	\$ 74.86	\$ 112.80	\$ 19,850.85	136
\$ 192.66	\$ 74.44	\$ 113.22	\$ 19,737.63	135
\$ 192.66	\$ 74.02	\$ 113.64	\$ 19,623.98	134
\$ 192.66	\$ 73.59	\$ 114.07	\$ 19,509.91	133
\$ 192.66	\$ 73.16	\$ 114.50	\$ 19,395.41	132
\$ 192.66	\$ 72.73	\$ 114.93	\$ 19,280.48	131
\$ 192.66	\$ 72.30	\$ 115.36	\$ 19,165.13	130
\$ 192.66	\$ 71.87	\$ 115.79	\$ 19,049.33	129

Schedule for each different payment amount

	Monthly Payment	Interest	Principal	Balance	Payment #
\$	192.66	\$ 71.44	\$ 116.23	\$ 18,933.11	128
\$	192.66	\$ 71.00	\$ 116.66	\$ 18,816.45	127
\$	192.66	\$ 70.56	\$ 117.10	\$ 18,699.35	126
\$	192.66	\$ 70.12	\$ 117.54	\$ 18,581.81	125
\$	192.66	\$ 69.68	\$ 117.98	\$ 18,463.83	124
\$	192.66	\$ 69.24	\$ 118.42	\$ 18,345.41	123
\$	192.66	\$ 68.80	\$ 118.87	\$ 18,226.55	122
\$	192.66	\$ 68.35	\$ 119.31	\$ 18,107.24	121
\$	192.66	\$ 67.90	\$ 119.76	\$ 17,987.48	120
\$	192.66	\$ 67.45	\$ 120.21	\$ 17,867.27	119
\$	192.66	\$ 67.00	\$ 120.66	\$ 17,746.61	118
\$	192.66	\$ 66.55	\$ 121.11	\$ 17,625.50	117
\$	192.66	\$ 66.10	\$ 121.56	\$ 17,503.94	116
\$	192.66	\$ 65.64	\$ 122.02	\$ 17,381.91	115
\$	192.66	\$ 65.18	\$ 122.48	\$ 17,259.44	114
\$	192.66	\$ 64.72	\$ 122.94	\$ 17,136.50	113
\$	192.66	\$ 64.26	\$ 123.40	\$ 17,013.10	112
\$	192.66	\$ 63.80	\$ 123.86	\$ 16,889.24	111
\$	192.66	\$ 63.33	\$ 124.33	\$ 16,764.91	110
\$	192.66	\$ 62.87	\$ 124.79	\$ 16,640.12	109
\$	192.66	\$ 62.40	\$ 125.26	\$ 16,514.86	108
\$	192.66	\$ 61.93	\$ 125.73	\$ 16,389.13	107
\$	192.66	\$ 61.46	\$ 126.20	\$ 16,262.93	106
\$	192.66	\$ 60.99	\$ 126.67	\$ 16,136.26	105
\$	192.66	\$ 60.51	\$ 127.15	\$ 16,009.11	104
\$	192.66	\$ 60.03	\$ 127.63	\$ 15,881.48	103
\$	192.66	\$ 59.56	\$ 128.10	\$ 15,753.37	102
\$	192.66	\$ 59.08	\$ 128.59	\$ 15,624.79	101
\$	192.66	\$ 58.59	\$ 129.07	\$ 15,495.72	100
\$	192.66	\$ 58.11	\$ 129.55	\$ 15,366.17	99
\$	192.66	\$ 57.62	\$ 130.04	\$ 15,236.13	98
\$	192.66	\$ 57.14	\$ 130.53	\$ 15,105.61	97
\$	192.66	\$ 56.65	\$ 131.01	\$ 14,974.59	96
\$	192.66	\$ 56.15	\$ 131.51	\$ 14,843.09	95
\$	192.66	\$ 55.66	\$ 132.00	\$ 14,711.09	94
\$	192.66	\$ 55.17	\$ 132.49	\$ 14,578.59	93
\$	192.66	\$ 54.67	\$ 132.99	\$ 14,445.60	92
\$	192.66	\$ 54.17	\$ 133.49	\$ 14,312.11	91
\$	192.66	\$ 53.67	\$ 133.99	\$ 14,178.12	90
\$	192.66	\$ 53.17	\$ 134.49	\$ 14,043.63	89
\$	192.66	\$ 52.66	\$ 135.00	\$ 13,908.63	88
\$	192.66	\$ 52.16	\$ 135.50	\$ 13,773.13	87
\$	192.66	\$ 51.65	\$ 136.01	\$ 13,637.12	86
\$	192.66	\$ 51.14	\$ 136.52	\$ 13,500.60	85
\$	192.66	\$ 50.63	\$ 137.03	\$ 13,363.57	84
\$	192.66	\$ 50.11	\$ 137.55	\$ 13,226.02	83
\$	192.66	\$ 49.60	\$ 138.06	\$ 13,087.96	82
\$	192.66	\$ 49.08	\$ 138.58	\$ 12,949.38	81
\$	192.66	\$ 48.56	\$ 139.10	\$ 12,810.27	80
\$	192.66	\$ 48.04	\$ 139.62	\$ 12,670.65	79
\$	192.66	\$ 47.51	\$ 140.15	\$ 12,530.51	78
\$	192.66	\$ 46.99	\$ 140.67	\$ 12,389.84	77
\$	192.66	\$ 46.46	\$ 141.20	\$ 12,248.64	76
\$	192.66	\$ 45.93	\$ 141.73	\$ 12,106.91	75
\$	192.66	\$ 45.40	\$ 142.26	\$ 11,964.65	74
\$	192.66	\$ 44.87	\$ 142.79	\$ 11,821.86	73
\$	192.66	\$ 44.33	\$ 143.33	\$ 11,678.53	72
\$	192.66	\$ 43.79	\$ 143.87	\$ 11,534.66	71
\$	192.66	\$ 43.25	\$ 144.41	\$ 11,390.26	70
\$	192.66	\$ 42.71	\$ 144.95	\$ 11,245.31	69
\$	192.66	\$ 42.17	\$ 145.49	\$ 11,099.82	68
\$	192.66	\$ 41.62	\$ 146.04	\$ 10,953.78	67
\$	192.66	\$ 41.08	\$ 146.58	\$ 10,807.20	66
\$	192.66	\$ 40.53	\$ 147.13	\$ 10,660.07	65
\$	192.66	\$ 39.98	\$ 147.69	\$ 10,512.38	64
\$	192.66	\$ 39.42	\$ 148.24	\$ 10,364.14	63

	Monthly Payment	Interest	Principal	Balance	Payment #
\$	192.66	\$ 38.87	\$ 148.79	\$ 10,215.35	62
\$	192.66	\$ 38.31	\$ 149.35	\$ 10,065.99	61
\$	192.66	\$ 37.75	\$ 149.91	\$ 9,916.08	60
\$	192.66	\$ 37.19	\$ 150.48	\$ 9,765.60	59
\$	192.66	\$ 36.62	\$ 151.04	\$ 9,614.57	58
\$	192.66	\$ 36.05	\$ 151.61	\$ 9,462.96	57
\$	192.66	\$ 35.49	\$ 152.17	\$ 9,310.79	56
\$	192.66	\$ 34.92	\$ 152.75	\$ 9,158.04	55
\$	192.66	\$ 34.34	\$ 153.32	\$ 9,004.72	54
\$	192.66	\$ 33.77	\$ 153.89	\$ 8,850.83	53
\$	192.66	\$ 33.19	\$ 154.47	\$ 8,696.36	52
\$	192.66	\$ 32.61	\$ 155.05	\$ 8,541.31	51
\$	192.66	\$ 32.03	\$ 155.63	\$ 8,385.68	50
\$	192.66	\$ 31.45	\$ 156.21	\$ 8,229.47	49
\$	192.66	\$ 30.86	\$ 156.80	\$ 8,072.67	48
\$	192.66	\$ 30.27	\$ 157.39	\$ 7,915.28	47
\$	192.66	\$ 29.68	\$ 157.98	\$ 7,757.30	46
\$	192.66	\$ 29.09	\$ 158.57	\$ 7,598.73	45
\$	192.66	\$ 28.50	\$ 159.17	\$ 7,439.56	44
\$	192.66	\$ 27.90	\$ 159.76	\$ 7,279.80	43
\$	192.66	\$ 27.30	\$ 160.36	\$ 7,119.44	42
\$	192.66	\$ 26.70	\$ 160.96	\$ 6,958.48	41
\$	192.66	\$ 26.09	\$ 161.57	\$ 6,796.91	40
\$	192.66	\$ 25.49	\$ 162.17	\$ 6,634.74	39
\$	192.66	\$ 24.88	\$ 162.78	\$ 6,471.96	38
\$	192.66	\$ 24.27	\$ 163.39	\$ 6,308.57	37
\$	192.66	\$ 23.66	\$ 164.00	\$ 6,144.56	36
\$	192.66	\$ 23.04	\$ 164.62	\$ 5,979.95	35
\$	192.66	\$ 22.42	\$ 165.24	\$ 5,814.71	34
\$	192.66	\$ 21.81	\$ 165.86	\$ 5,648.86	33
\$	192.66	\$ 21.18	\$ 166.48	\$ 5,482.38	32
\$	192.66	\$ 20.56	\$ 167.10	\$ 5,315.28	31
\$	192.66	\$ 19.93	\$ 167.73	\$ 5,147.55	30
\$	192.66	\$ 19.30	\$ 168.36	\$ 4,979.19	29
\$	192.66	\$ 18.67	\$ 168.99	\$ 4,810.20	28
\$	192.66	\$ 18.04	\$ 169.62	\$ 4,640.58	27
\$	192.66	\$ 17.40	\$ 170.26	\$ 4,470.32	26
\$	192.66	\$ 16.76	\$ 170.90	\$ 4,299.43	25
\$	192.66	\$ 16.12	\$ 171.54	\$ 4,127.89	24
\$	192.66	\$ 15.48	\$ 172.18	\$ 3,955.71	23
\$	192.66	\$ 14.83	\$ 172.83	\$ 3,782.88	22
\$	192.66	\$ 14.19	\$ 173.47	\$ 3,609.41	21
\$	192.66	\$ 13.54	\$ 174.13	\$ 3,435.28	20
\$	192.66	\$ 12.88	\$ 174.78	\$ 3,260.50	19
\$	192.66	\$ 12.23	\$ 175.43	\$ 3,085.07	18
\$	192.66	\$ 11.57	\$ 176.09	\$ 2,908.98	17
\$	192.66	\$ 10.91	\$ 176.75	\$ 2,732.22	16
\$	192.66	\$ 10.25	\$ 177.41	\$ 2,554.81	15
\$	192.66	\$ 9.58	\$ 178.08	\$ 2,376.73	14
\$	192.66	\$ 8.91	\$ 178.75	\$ 2,197.98	13
\$	192.66	\$ 8.24	\$ 179.42	\$ 2,018.56	12
\$	192.66	\$ 7.57	\$ 180.09	\$ 1,838.47	11
\$	192.66	\$ 6.89	\$ 180.77	\$ 1,657.71	10
\$	192.66	\$ 6.22	\$ 181.44	\$ 1,476.26	9
\$	192.66	\$ 5.54	\$ 182.12	\$ 1,294.14	8
\$	192.66	\$ 4.85	\$ 182.81	\$ 1,111.33	7
\$	192.66	\$ 4.17	\$ 183.49	\$ 927.84	6
\$	192.66	\$ 3.48	\$ 184.18	\$ 743.66	5
\$	192.66	\$ 2.79	\$ 184.87	\$ 558.79	4
\$	192.66	\$ 2.10	\$ 185.57	\$ 373.22	3
\$	192.66	\$ 1.40	\$ 186.26	\$ 186.96	2
\$	192.66	\$ 0.70	\$ 186.96	\$ 0.00	1
		\$ 9,247.89	\$ 24,531.00		

# SUHCRO uses a balance sheet approach to segregate the SA/Loan accounting

SUHRCO RESIDENTIAL PROPERTIES, LLC  
 [REDACTED] CONDOMINIUMS

SYSTEM DATE: 01/14/2013

SELECT DATE: 01/14/2013

As of

09:21:15

DECEMBER 31, 2012

Cur. Period: 12/12

PROJECT SQ FT 59,063

Sel. Period: 12/12

PROJECT UNITS 53

ACCOUNT	CURRENT MONTH	LAST MONTH	NET CHANGE	LAST YEAR	
1000	ASSETS				
1010	CASH				
1030	Cash - Operating Account	50,410.48	43,565.67	6,844.81	55,583.56
1030-001	Cash - S/B Funds in Op	550,015.81	604,389.34	54,373.53-	0.00
1049	TOTAL OPERATING CASH	600,426.29	647,955.01	47,528.72-	55,583.56
1050	OTHER CASH				
1060	Maintenance Rsv-[REDACTED]	265,253.61	261,116.35	4,137.26	203,027.59
1070	Insurance Rsrv-[REDACTED]	17,112.13	17,112.13	0.00	17,112.13
1081	WA Fed [REDACTED]	23,487.78	23,413.45	74.33	23,280.62
1089	TOTAL OTHER CASH	305,853.52	301,641.93	4,211.59	243,420.34
1099	TOTAL CASH	906,279.81	949,596.94	43,317.13-	299,003.90
1100	ACCOUNTS RECEIVABLE				
1104	Delinq Monthly Assessments	12,277.66	11,922.07	355.59	18,045.59
1149	Delinq Supplemental Budget	1,745.92	1,478.28	267.64	0.00
1150	Other Owner Receivables	4,569.50	4,554.50	15.00	8,446.11
1190	Deposits in Transit	0.00	0.00	0.00	12,497.60
1199	TOTAL RECEIVABLES	18,593.08	17,954.85	638.23	38,989.30
1300	PREPAID EXPENSES				
1315	Prepaid Insurance	5,238.00	5,236.50	1.50	1,529.00-
1399	TOTAL PREPAID EXPENSES	5,238.00	5,236.50	1.50	1,529.00-
1499	TOTAL CURRENT ASSETS	930,110.89	972,788.29	42,677.40-	336,464.20
2000	LIABILITIES				
2011	Accounts Payable	27,506.81	34,999.73	7,492.92-	3,010.15
2505	Prepaid Monthly Assessments	1,131.13	1,851.76	720.63-	4,620.34
2509	Prepaid Supplemental Budget	362.25	362.25	0.00	0.00
2510	Prepaid Miscellaneous	10.00	10.00	0.00	0.00
2520	AP & AR LIABILITY	29,010.19	37,223.74	8,213.55-	0.00
2540	CONSTRUCTION DEFECT				
2541	Supplemental Budget Income	641,452.44	633,228.72	8,223.72	0.00
2542	Supplemental Budget Expense	112,549.49-	58,243.60-	54,305.89-	0.00
2542-001	Mutual of Omaha Int Expense	46.17-	29.48-	16.69-	0.00
2542-002	Mutual of Omaha Loan Fees	4,450.00-	5,450.00-	1,000.00	0.00
2545	CONSTRUCTION DEFECT AVAILABL	524,406.78	569,505.64	45,098.86-	0.00
2600	LOANS PAYABLE				
2999	TOTAL LIABILITIES	553,416.97	606,729.38	53,312.41-	7,630.49
3000	EQUITY				
3910	Accumulated Earnings	331,452.83	331,452.83	0.00	257,509.90
3920	Current Year Earn/Loss	45,241.09	34,606.08	10,635.01	71,323.81
3998	TOTAL CAPITAL	376,693.92	366,058.91	10,635.01	328,833.71
3999	TOTAL LIABILITY & CAPITAL	930,110.89	972,788.29	42,677.40-	336,464.20

		Bank	Bank		AR - SA	PPD - SA	Unbilled SA	Interest Billed 2012	Due to/from		AP 20	Total
												0.00
Beginning Balance		0.00										0.00
Special Assessment		640068.77			1745.92	(362.25)	1066594.28	(8046.72)				1700000.00
Special Assessment Interest					PPD Billing Fee	(10.00)		8046.72				8036.72
Interest												0.00
Reversal												0.00
Accrual												0.00
Expenses		(90052.96)									(112765.15)	(202818.11)
Transfers												0.00
												0.00
												0.00
												0.00
												0.00
												0.00
												0.00
												0.00
												0.00
Ending Balance	0.00	550015.81	0.00	0.00	1745.92	(372.25)	1066594.28	0.00	0.00	0.00	(112765.15)	1505218.61
					12.2	12.2	12.2				WTB	1505218.61
											Cash WTB	550015.81
											Cash WP 35	550015.81
				2540	CONSTRUCTION DEFECT		Per books					
Beginning Balance	0.00										<b>Expenses</b>	
Allocations	(1708036.72)			2541	Supplemental Budget Income		641,452.44				36253.48	Architect
Expenses	202818.11			2542	Supplemental Budget Expense		112,549.49-				116521.05	Construction
Interest	0.00			2542-001	Mutual of Omaha Int Expense		46.17-				29892.83	Legal
				2542-002	Mutual of Omaha Loan Fees		4,450.00-				4450.00	Loan Fee
											46.17	Loan Interest
				2545	CONSTRUCTION DEFECT AVAILABL		524,406.78				15654.58	Management
OK	(1505218.61)	-					Unbilled SA Adjustment	1066594.28	12.2			
OK	WTB (1505218.61)	-					Additional AP	(85772.45)	20.1		202818.11	
							Trivial Prepaid Billing Fee	(10.00)		Pg 2 total	202818.11	
							Per C&C Audit	1505218.61				

To adjust to "Full Receivable" method of presentation

R Rep Letter  
\$450 =Trivial T

A WTB 12-31-12  
3rdFund 35



# *Independent Auditors' Report*

To the Board of Directors and Members  
██████████ Condominium Owners Association  
██████████, Washington

## **Report on the Financial Statements**

We have audited the accompanying financial statements of ██████████ Condominium Owners Association, which comprise the balance sheet as of December 31, 2012, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended and the related notes to the financial statements.

## **Association's Responsibility for the Financial Statements**

The Association is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ██████████ Condominium Owners Association as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter - Required Supplementary Information**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future repairs and replacements are adequate to meet such future costs because that determination is outside the scope of our audit.

Accounting principles generally accepted in the United States of America [GAAP] require that the Supplementary Information on Future Major Repairs be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements and related notes in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bellevue, Washington

May 27, 2013



**Condominium Owners Association**  
 Balance Sheet  
 December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	CONSTRUCTION DEFECT FUND	TOTAL
<b>ASSETS</b>				
Cash, including interest bearing deposits	\$ 67,523	\$ 265,254	\$ 550,016	\$ 882,792
Investments		23,488		23,488
Supplemental Budget Receivable			1,746	1,746
Assessments Receivable	16,847			16,847
Less: Allowance for Bad Debts	(13,430)			(13,430)
Prepaid Insurance	5,238			5,238
Prepaid Income Taxes	100			100
Unbilled Supplemental Budget			1,066,594	1,066,594
<b>TOTAL ASSETS</b>	<b>\$ 76,278</b>	<b>\$ 288,741</b>	<b>\$ 1,618,356</b>	<b>\$ 1,983,375</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 12,578		\$ 112,765	\$ 125,343
Assessments Received in Advance	1,131		372	1,503
<b>TOTAL LIABILITIES</b>	<b>13,709</b>		<b>113,137</b>	<b>126,847</b>
 <b>FUND BALANCES</b>				
Operating	62,569			62,569
Replacement		\$ 288,741		288,741
Construction Defect			1,505,219	1,505,219
<b>TOTAL FUND BALANCES</b>	<b>62,569</b>	<b>288,741</b>	<b>1,505,219</b>	<b>1,856,529</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 76,278</b>	<b>\$ 288,741</b>	<b>\$ 1,618,356</b>	<b>\$ 1,983,375</b>

See Notes to the Financial Statements


**Condominium Owners Association**  
 Statement of Changes in Fund Balances  
 For the Year Ended December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	CONSTRUCTION DEFECT FUND	TOTAL
Balance at the Beginning of the Year	\$ 71,662	\$ 238,806	\$ 0	\$ 310,467
Excess <Deficiency> of Revenues over Expenses	(9,093)	49,936	1,505,219	1,546,061
Balance at the End of the Year	<u>\$ 62,569</u>	<u>\$ 288,741</u>	<u>\$ 1,505,219</u>	<u>\$ 1,856,529</u>

See Notes to the Financial Statements

**██████████ Condominium Owners Association**  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	CONSTRUCTION DEFECT FUND	TOTAL
<b>REVENUES</b>				
Assessments	\$ 152,921	\$ 49,380		\$ 202,301
Supplemental Assessments			\$ 1,700,000	1,700,000
Late Fees, NSF	1,325			1,325
Supplemental Assessment Interest			8,037	8,037
Legal Fees	5,301			5,301
Move-In Fees	500			500
Interest		556		556
Miscellaneous	160			160
<b>TOTAL REVENUES</b>	<b>160,207</b>	<b>49,936</b>	<b>1,708,037</b>	<b>1,918,179</b>
<b>EXPENSES</b>				
Audit & Tax Preparation	2,200			2,200
Bad Debts	6,278			6,278
Bank Fees	615			615
Electricity	2,452			2,452
Exterior Building Project	17,449			17,449
Federal Taxes	60			60
Insurance	20,586			20,586
Landscape	13,520			13,520
Legal - Collections	5,301			5,301
Management	17,496			17,496
Miscellaneous	545			545
Office Supplies	2,998			2,998
Repairs & Maintenance	13,210			13,210
Reserve Study	990			990
Trash	9,808			9,808
Water & Sewer	55,791			55,791
Supplemental Assessment Expenses				
Architect			36,253	36,253
Construction			116,521	116,521
Legal			29,893	29,893
Loan Fee			4,450	4,450
Loan Interest			46	46
Management			15,655	15,655
<b>TOTAL EXPENSES</b>	<b>169,300</b>	<b>49,936</b>	<b>202,818</b>	<b>372,118</b>
<b>EXCESS &lt;DEFICIENCY&gt; OF REVENUES OVER EXPENSES</b>	<b>\$ (9,093)</b>	<b>\$ 49,936</b>	<b>\$ 1,505,219</b>	<b>\$ 1,546,061</b>

See Notes to the Financial Statements

**██████████ Condominium Owners Association**  
Statement of Cash Flows  
For the Year Ended December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	CONSTRUCTION DEFECT FUND	TOTAL
<i>Cash Flows from Operating Activities:</i>				
Cash from Assessments	\$ 159,076	\$ 49,380		\$ 208,456
Cash from Supplemental Assessments			\$ 640,069	640,069
Interest Received		556		556
Miscellaneous Income	7,286			7,286
Income Taxes Paid	(283)			(283)
Cash Paid for Services/Products	(171,252)		(90,053)	(261,305)
Net Increase <Decrease> in Cash from Operating Activities	(5,173)	49,936	550,016	594,778
<i>Cash Flows from Investing Activities:</i>				
Purchase of Investments		(207)		(207)
Net Increase <Decrease> in Cash	(5,173)	49,728	550,016	594,571
Cash, including interest bearing deposits, at the Beginning of Year	72,696	215,525		288,221
Cash, including interest bearing deposits, at the End of Year	<u>\$ 67,523</u>	<u>\$ 265,254</u>	<u>\$ 550,016</u>	<u>\$ 882,792</u>

Reconciliation of Excess <Deficiency> of Revenues over Expenses to Net Cash Received by Operations:

Excess <Deficiency> of				
Revenues over Expenses	\$ (9,093)	\$ 49,936	\$ 1,505,219	\$ 1,546,061
Decreased Assessments Receivable	9,645		(1,746)	7,899
Increased Bad Debt Allowance	1,802			1,802
Increased Prepaid Insurance	(2,106)			(2,106)
Increased Prepaid Taxes	(100)			(100)
Decreased Unbilled Supplemental Budget			(1,066,594)	(1,066,594)
Decreased Accounts Payable	(1,709)		112,765	111,056
Decreased Prepaid Assessments	(3,489)		372	(3,117)
Decreased Taxes Payable	(123)			(123)
Net Increase<Decrease>in Operating Cash	<u>\$ (5,173)</u>	<u>\$ 49,936</u>	<u>\$ 550,016</u>	<u>\$ 594,778</u>

See Notes to the Financial Statements

**██████████ Condominium Owners Association**

Notes to the Financial Statements  
December 31, 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

██████████ Condominium Owners Association was incorporated ██████████ 2000 in the state of Washington as a nonprofit corporation. The Association is responsible for the operation and maintenance of the common property. This is a ██████ unit condominium development located in ██████ Washington.

Accounting Method

The Association prepares its statements on the accrual basis of accounting whereby income and expenses are recognized when earned and incurred. Fund accounting is employed to properly account for the monies. The Operating Fund is used to pay for all utility, insurance, general maintenance, landscaping, and administrative obligations of the Association. The Replacement Fund has been established to meet the replacement and major repair obligations of the Association with regard to the common area components. The Construction Defect Fund has been established to account for the income and expenses as defined further in note 5.

Capitalization Policy

Replacements and improvements to the real property are not capitalized on the books of the Association as title is held by the members as a fractional interest as tenants in common. Property and equipment acquired by the Association are recorded at cost. The property is depreciated over its estimated useful lives using the straight line method of depreciation. There is no capitalized property at the end of the year.

Assessments Receivable

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on the assets of the unit owner. The Association uses the allowance method to account for uncollectible assessments receivable.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, including Interest Bearing Deposits

For purposes of the statement of cash flows, Cash, including Interest Bearing Deposits, includes cash on hand, funds on deposit with financial institutions, and investments with original maturities of three months or less.

Investments

Investments include certificates of deposit with original maturities over ninety days. These are level one type investments, classified as such when that investment is quoted in an active market and is measured at the unadjusted quoted market price.

Date of Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, which is the date that the financial statements were available to be issued.

**Condominium Owners Association**

Notes to the Financial Statement  
December 31, 2012

**NOTE 2 - REPLACEMENT FUNDING PROGRAM**

The Association is currently funding replacement reserve accounts for the future major repair and replacement of Association common areas as disclosed in Note 1. Accumulated funds are held in separate accounts and are generally not available for operating purposes. The funding is based upon a professional reserve study approved by the board of directors.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and variations may be material. Therefore, the amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to certain legal limitations, to increase assessments, pass special assessments, or delay replacement if these funds are found to be inadequate for all future costs.

**NOTE 3 - INCOME TAXES**

Associations may be taxed either as homeowners associations or as regular corporations. For the current year the Association elected to file as a homeowners association using form 1120-H under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance and care of Association property. Net nonexempt function income which includes interest, user fees and revenues from non-members is taxed at 30%. Certain expenses were allocated to offset a portion of the taxable income.

The Association's federal tax return is subject to audit by the Internal Revenue Service. The tax returns for the current and prior two fiscal years remain open for examination by the IRS. In evaluating the Association's tax positions and accruals, the Association believes that its estimates are appropriate based on the current facts and circumstances.

**NOTE 4 - OWNERS' ASSESSMENTS**

Monthly assessments to owners varied by unit. Of this amount, a portion was designated to the replacement fund.

The annual budget and owners' assessments are determined by the Board of Directors, within certain restrictions. The Association retains excess operating funds at the end of the year, if any, for use in future operating periods.

**Condominium Owners Association**

Notes to the Financial Statement  
December 31, 2012

**NOTE 5 - CONSTRUCTION DEFECT FUND ACTIVITY - SUPPLEMENTAL ASSESSMENT/LOAN**

The Board approved a \$1,700,000 Special Assessment at the August 14, 2012 meeting. The members ratified that Special Assessment at a special meeting held September 11, 2012. The special assessment and all other assessments are collateral for a loan from Mutual of Omaha for the same amount. The promissory note for this loan was signed September 25, 2012. The loan is structured to be a 15 year multiple draw term loan. Loan advances will take place during the first 12 months of the term loan. Payments are interest only during this period, at a rate of 4.5%. After this 12 month period, the payments will be monthly principal and interest, fully amortized for the remaining term of the loan. As of the end of the year, there was no amount due as there were no drawdowns in 2012. In 2012 the Association paid \$4,450 in loan fees.

The loan proceeds may only be used for roof repairs, new windows, door hardware, new garage doors, new siding, deck repairs, railing, and painting, plus closing and other related costs. Repairs began in December, 2012.

As part of this Supplemental Budget, the Association anticipates the use of \$100,000 of Replacement Fund monies.

Owners were given the option to pay their special assessment in full by November 1, 2012 or in installment payments over 15 years. Thirty-four owners paid the special assessment in full and nineteen opted for installment payments. Installment payments are due over a 15 year period beginning November 1, 2012, at 4.5% interest. Funds from special assessments collected in full are being used to pay for repairs before drawing down on the loan.

This activity is reported in the Construction Defect Fund.

**NOTE 6 - UNINSURED CASH BALANCES**

The Association's cash deposits are with various financial institutions. Beginning January 1, 2013, noninterest bearing accounts are no longer insured separately by FDIC. Instead, all accounts in one financial institution are combined and the maximum FDIC insurance amount per bank is \$250,000. At the end of the year, bank balances exceeded the new FDIC limitation by over \$363,000 at Key Bank and by over \$15,000 at Chase Bank.

[REDACTED]
**Condominium Owners Association**

December 31, 2012

Supplementary Information on Future Major Repairs  
 and Replacements  
 (Unaudited)

*An update "No-site-Visit" Reserve Study was prepared on October 6, 2011 by Association Reserves, Inc. for the period beginning January 1, 2012 to December 31, 2012 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. Funding requirements consider an annual inflation rate of 3.0% and interest of .40%, net of taxes, on amounts funded for future major repairs and replacements. The following table is based on the study and presents significant information about the components of common property.*

Component	Estimated Remaining Useful Life	Estimated Future Replacement Costs	Fund Balance at Year End
Exterior - Recladding/Renovation	0 yrs.	\$ 1,325,000	
Asphalt - Resurface	16 yrs.	129,179	
Asphalt - Seal/Repair/Stripe	1 yr.	14,214	
Pole Lights - Replace	0 yrs.	27,814	
Building Lights - Replace	20 yrs.	15,262	
Mailboxes - Replace	16 yrs.	10,214	
Wood Fence - Replace	0 yrs.	53,642	
Indoor/Outdoor Carpet - Replace	6 yrs.	1,194	
Entry Sign - Refurbish/Replace	6 yrs.	3,582	
Exterior Surfaces - Repaint	8 yrs.	117,493	
Windows/Glass Doors - Replace	30 yrs.	712,887	
Roofs - Repair/Replace	22 yrs.	539,287	
Landscape - Refurbish	2 yrs.	5,835	
<b>TOTAL</b>			<u>\$ 288,741</u>

Percent Funded as of January 1, 2012 - 15.4%



# SAMPLE #2 - MORRIS

<i>Contractors</i>	<b>Selected</b>
<i>Construction Cost (Stucco w/o Mesh &amp; Marlin Windows)</i>	1549727.99
<i>Roofing</i>	119365.00
	<b>\$1,669,092.99</b>
<i>WSST (9.5%)</i>	158563.83
<b>Construction Cost</b>	<b>\$1,827,656.82</b>
<i>Project Contingency (12%)</i>	219318.82
<i>Building Permit</i>	10881.60
<i>Third Party Inspection per RCW 64.55</i>	7500.00
<i>Loan Management Fees (Funds Collection Management)</i>	12500.00
<i>Upfront Contractors' Incentives</i>	
<i>Reserve Funds Repayment (RCW 64.34.384)</i>	160568.94
<i>Reserve Funds Project Expenses</i>	-200000.00
<b>Total Project Cost</b>	<b>\$2,038,426.19</b>
<b>Assessment Scenarios:</b>	
<b>Small Units - 1BR (4)</b>	<b>\$26,805.30</b>
<b>Large Units - 2BR (60)</b>	<b>\$32,186.75</b>

<i>Special Assessment Income (lump sum pmts)</i>	\$1,005,033.55	<i>Estimate based on projected survey results</i>
<i>Special Assessment Income (loan payments)</i>	\$1,110,768.42	<i>Initial estimate of loan plus first monthly pymt &amp; int</i>
<i>Construction Loan Proceeds</i>	\$0.00	
<i>Interest Income - Banks</i>	\$0.00	
<b>TOTAL INCOME</b>	<b>\$2,115,801.97</b>	
<b>EXPENSES</b>		
<i>Construction Costs</i>	\$1,827,656.82	
<i>Architectural / Project Management</i>	\$0.00	
<i>Engineering (3rd Party Inspection)</i>	\$7,500.00	
<i>Industrial Hygeinist</i>	\$0.00	
<i>Consultant Contingency</i>	\$0.00	
<i>Legal Fees</i>	\$0.00	
<i>Non-Contract Management Time</i>	\$0.00	
<i>Office/Admin Expense (Morris Management)</i>	\$12,500.00	<i>Estimate based on projected loan amount @1.25%</i>
<i>Building Permits</i>	\$10,881.60	
<i>Landscaping</i>	\$0.00	
<i>General Contingency</i>	\$219,318.82	
<i>Debt Servicing - loan payments</i>	\$11,694.72	<i>Estimated monthly pymt (Principal &amp; interest @5%)</i>
<i>Debt Servicing - special assessment fees</i>	\$26,250.00	
<b>TOTAL EXPENSES</b>	<b>\$2,115,801.96</b>	
<i>Small unit (1 BR) monthly special assessment</i>	TBD	<i>Assessment across all 64 units with lump sum</i>
<i>Large unit (2 BR) monthly special assessment</i>	TBD	<i>payment option available per survey inputs</i>

**████████ Condominium Owners Association**

c/o Morris Management, Inc.  
325 118<sup>th</sup> Ave SE, Suite 204  
Bellevue WA 98005

**Official survey required**

May 7, 2012

Re: 2012 Special Assessment Budget Ratification Meeting

Dear Homeowner(s):

After careful thought, planning and consideration, and pursuant to the Covenants, Conditions, and Restrictions of the ██████ Condominium Owners Association, the Board of Directors has approved a special assessment budget (enclosed) to provide for remediation of the exterior building envelope. The amount will be levied in 120 equal monthly special assessments. Each owner will be required to choose whether to pay their obligation as each special assessment is levied (which will include debt servicing expenses) or they may elect to satisfy their obligation at a discount by paying one lump sum amount up front. Based upon the budget assumptions the amount of the discounted lump sum payment is anticipated to be:

- 1 Bedroom Units - \$26,805.30
- 2 Bedroom Units - \$32,186.75

Based upon the budget assumptions the amount of the monthly special assessment including interest is anticipated to be:

- 1 Bedroom Units- \$287.00
- 2 Bedroom Units- \$345.00

Enclosed is an **official survey** which asks each owner to commit to either paying the discounted lump sum amount or to participate in the monthly special assessment. Please fill out the enclosed form and return it to Morris Management on or before May 18<sup>th</sup>, 2012. This survey is required by the Mutual of Omaha Bank as part of the loan approval process. **Exact monthly assessment amounts will only be available when all owners have made their final commitment regarding their method of payment.** If we have not received the survey form by the date indicated above we will assume that you will be paying your special assessment as it is levied each month.

**A Special Assessment Budget Ratification Meeting has been scheduled for May 23rd, 2012 at 7:00 pm.** The meeting will be held at ██████ Building B Lobby. The budget is automatically ratified unless a majority of the owners specifically vote against the budget. Therefore, although we encourage you to attend, your attendance is not necessary unless you plan on voting not to ratify the approved budget.

When the budget has been ratified and the surveys are received, we will update all owners again regarding payment due date and the amount of the monthly special assessment payments.

Thank you for taking the time to review this information and we look forward to seeing you on the 21st. Should you have any questions, please do not hesitate to contact a Board Member.

Sincerely,

*Board of Directors*

████████ *Condominium Owners Association*

Encl: Approved Budget, Budget Ratification Meeting Agenda, Survey Form.

June 18, 2012

Dear [REDACTED] Homeowner:

The start date for the construction loan payments is fast approaching. As such, we wanted to give you information about your special assessment.

Please read this letter carefully and save it for future reference.

**FOR THOSE OWNERS WHO CHOSE TO MAKE THEIR PAYMENT IN FULL:**

Please ensure those funds are received by Morris Management's offices on or before the close of business on Monday, July 1st, 2012. These assessment payments are **\$26,805.30** for 1 BR Units and **\$32,186.75** for 2 BR Units. A billing statement is attached hereto. Please make checks payable to [REDACTED] **Special Assessment** and either pay in person at Morris Management located at 325-118<sup>th</sup> Avenue SE, Suite 204, Bellevue, WA or mail the check in the enclosed envelope.

**FOR THOSE OWNERS WHO WILL PARTICIPATE IN THE MONTHLY SPECIAL ASSESSMENT:**

You will need to make monthly payments starting on July 1<sup>st</sup>, 2012. Interest is charged at an annual rate of 5.0% for the first 60 months (5 years) of the 120 month (10 years) program. The interest rate may adjust after 60 months (5 years). These payments (including principle and interest) will be **\$291.12** per month for 1BR Units and **\$349.57** per month for 2BR Units.

Checks should be made payable to [REDACTED] **Special Assessment**. We will be mailing each participating owner a payment coupon book in June for your use in making your monthly payment. As noted above, the first payment will be **due on July 1<sup>st</sup>** and on the 1<sup>st</sup> day of each following month.

If you intend to remit your payments through an online bill payment service through your bank, please make sure payments are remitted to the address on the coupons and be sure to include your account number (from the coupons) to ensure your account is credited properly. If you prefer, we also have available for you the option of remitting your monthly special assessment payments electronically. To participate, please complete the enclosed Authorization Agreement for Preauthorized Payment (goldenrod colored page), attach a "void" check (a deposit slip does not have the correct bank information), and return it to us in the enclosed envelope. We will notify you by post card of our receipt of your Authorization Agreement and let you know when electronic debits will begin. In the meantime, please remit your payments by check.

Once the Program has begun, if an individual owner wants to make a "substantial" (in excess of \$1,000.00) principal payment, or pay off their balance in full, please contact Morris Management to ensure your payment is applied appropriately. You will need to submit a \$100.00 payment in addition to the principal payment, to cover costs related to re-amortizing the Association's loan. This is a charge from the bank. There is no other prepayment cost or penalty.

Sincerely,

*The Board of Directors*

[REDACTED] Condominium Owners Association  
[REDACTED]@morrismanagement.com  
Morris Management, Inc.  
325-118<sup>th</sup> Avenue SE, Suite 204  
Bellevue, WA 98005

**- Separate payments are made for special assessments**  
**- Substantial principal payment requires a reamortization**

██████████ Condominium Owners

Balance Sheet  
As of 06/30/12

Account	Description	Operating	Reserves	Other	Totals
ASSETS					
15000	Operating Checking Account-USB	63,809.13			63,809.13
15010	Oper. A/C Receivable/Payable	(14,568.24)			(14,568.24)
15100	Operating Savings Account-USB	19,741.55			19,741.55
15110	Op Savings A/C Receiv./Payable	14,568.24			14,568.24
15205	Reserve Fund-Peoples Bank		142,594.12		142,594.12
15400	Special Assessment Account-USB			454,904.83	454,904.83
15450	SPA Project Account			45,165.82	45,165.82
16100	Capital Contrib - Receivable	640.00			640.00
16200	Member Assessment Receivable	13,121.94			13,121.94
16500	Late Fee Receivable	1,882.54			1,882.54
16750	Administrative Fee Receivable	425.00			425.00
16900	Misc Income Receivable	728.06			728.06
16950	Legal Fees Receivable	1,237.20			1,237.20
16990	Allowance - Doubtful Accounts	(870.36)			(870.36)
17000	Petty Cash	30.00			30.00
17120	Prepaid Mill Creek Assessment	12,000.00			12,000.00
17370	Prepaid Elevator Contract	816.40			816.40
17410	Prepaid Federal Income Taxes	1,334.00			1,334.00
17501	Prepaid Exp./Dep.-KTC (SPA)			1,567.43	1,567.43
17503	Prepaid Expenses/Deposits-AA			3,000.00	3,000.00
18200	R/F Deposit Receivable		112,893.96		112,893.96
TOTAL ASSETS		114,895.46	255,488.08	504,638.08	875,021.62
		=====	=====	=====	=====

**LAST YEAR - prior to actual onset of the special assessment, the activity was recorded in a separate fund on the regular financial statements**

██████████ Condominium Owners

Balance Sheet  
As of 06/30/12

Account	Description	Operating	Reserves	Other	Totals
LIABILITIES & EQUITY					
CURRENT LIABILITIES:					
24400	Prepaid Owner Assessments	2,960.26			2,960.26
24410	Prepaid Special Assessments			504,225.10	504,225.10
24430	Loan-Mutual of Omaha Bank			283,024.00	283,024.00
25000	Accounts Payable	388.18			388.18
25900	Accounts Payable-Other			112,893.96	112,893.96
26100	Demand/TXFR Fee Liability	225.00			225.00
26105	Administrative Fee Liability	750.00			750.00
	Subtotal Current Liab.	<u>4,323.44</u>	<u>.00</u>	<u>900,143.06</u>	<u>904,466.50</u>
RESERVES:					
	Subtotal Reserves	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
EQUITY:					
31000	Retained Earnings	93,074.13			93,074.13
31005	Retained Earnings-Current Year	3,080.00			3,080.00
31010	Retained Earnings - Reserves		395,901.69		395,901.69
31020	Retained Earnings - Other			(107,666.89)	(107,666.89)
31025	Retained Earnings-Current Year			(3,080.00)	(3,080.00)
	Current Year Net Income/(Loss)	14,417.89	(140,413.61)	(284,758.09)	(410,753.81)
	Subtotal Equity	<u>110,572.02</u>	<u>255,488.08</u>	<u>(395,504.98)</u>	<u>(29,444.88)</u>
	TOTAL LIABILITIES & EQUITY	<u>114,895.46</u>	<u>255,488.08</u>	<u>504,638.08</u>	<u>875,021.62</u>
		=====	=====	=====	=====

██████████ Condo. Owners SPA  
 Balance Sheet  
 As of 04/30/13

Account	Description	Operating	Reserves	Other	Totals
ASSETS					
15400	Special Assessment Account-USB			53,441.13	53,441.13
15450	SPA Project Account			7.18	7.18
16320	SPA A/R-Monthly Payment			21,523.17	21,523.17
16325	SPA A/R-Monthly Pay Interest			5,869.75	5,869.75
16340	Loan Cost SPA A/R-MP			571.70	571.70
16345	Loan Cost SPA A/R-Interest			171.74	171.74
16500	Late Fee Receivable			631.22	631.22
16520	Late Fee Interest A/R-SPA			523.54	523.54
16750	Administrative Fee Receivable			598.95	598.95
16950	Legal Fees Receivable			929.50	929.50
17503	Prepaid Expenses/Deposits-AA			3,000.00	3,000.00
	TOTAL ASSETS	.00	.00	87,267.88	87,267.88
		=====	=====	=====	=====

**CURRENT YEAR - A  
 separate set of books is  
 being kept (e.g.  
 separate association)**

██████████ Condo. Owners SPA

Balance Sheet  
As of 04/30/13

Account	Description	Operating	Reserves	Other	Totals
LIABILITIES & EQUITY					
CURRENT LIABILITIES:					
24400	Prepaid Owner Assessments			2,306.29	2,306.29
24430	Loan-Mutual of Omaha Bank			1,145,104.48	1,145,104.48
26105	Administrative Fee Liability			599.39	599.39
	Subtotal Current Liab.	<u>.00</u>	<u>.00</u>	<u>1,148,010.16</u>	<u>1,148,010.16</u>
RESERVES:					
	Subtotal Reserves	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
EQUITY:					
31020	Retained Earnings - Other			(392,424.98)	(392,424.98)
31025	Retained Earnings-Current Year			(3,080.00)	(3,080.00)
	Current Year Net Income/(Loss)	.00	.00	(665,237.30)	(665,237.30)
	Subtotal Equity	<u>.00</u>	<u>.00</u>	<u>(1,060,742.28)</u>	<u>(1,060,742.28)</u>
	TOTAL LIABILITIES & EQUITY	<u>.00</u>	<u>.00</u>	<u>87,267.88</u>	<u>87,267.88</u>
		=====	=====	=====	=====

Income/Expense Statement  
 Period: 04/01/13 to 04/30/13

Account	Description	Actual	Current Period		Actual	Year-To-Date		Yearly Budget
			Budget	Variance		Budget	Variance	
REPLACEMENT FUND INCOME								
48010	SPA Full Payment Income	.00	.00	.00	922,652.85	997,789.00	(75,136.15)	997,789.00
48020	SPA-Monthly Payment Income	9,029.80	11,352.00	(2,322.20)	122,484.40	113,520.00	8,964.40	136,224.00
48025	SPA Monthly Payment-Int Inc.	2,451.86	.00	2,451.86	24,737.09	.00	24,737.09	.00
48040	Loan Cost SPA Income-MP	225.56	.00	225.56	3,059.50	.00	3,059.50	.00
48045	Loan Cost SPA Interest Income	61.26	.00	61.26	634.56	.00	634.56	.00
48300	Interest Income - Settlement	.67	.00	.67	53.24	.00	53.24	.00
48500	Late Fees-SPA	50.00	.00	50.00	1,705.00	.00	1,705.00	.00
48520	Late Fee Interest-SPA	63.20	.00	63.20	585.76	.00	585.76	.00
48950	Legal Fee Reimbursement	155.00	.00	155.00	1,203.50	.00	1,203.50	.00
	REPL FUND INCOME	12,037.35	11,352.00	685.35	1,077,115.90	1,111,309.00	(34,193.10)	1,134,013.00
REPLACEMENT FUND EXPENSES								
68094	Loan Re-Amortization Fees	.00	.00	.00	(100.00)	.00	100.00	.00
68100	Construction Expenses-Other	.00	.00	.00	1,702,740.38	.00	(1,702,740.38)	1,696,952.00
68200	Professional Fees-Other	.00	.00	.00	8,987.12	.00	(8,987.12)	.00
68220	Engineering	.00	.00	.00	.00	.00	.00	7,500.00
68305	Legal Fees-Collections	155.00	.00	(155.00)	914.50	.00	(914.50)	.00
68500	Management Fees-Other	104.17	104.17	.00	1,041.70	1,041.70	.00	1,250.00
68540	Bank Fees-Other	.00	.00	.00	18.00	.00	(18.00)	.00
68550	MOB Loan Interest Expense	4,728.41	.00	(4,728.41)	28,649.44	.00	(28,649.44)	.00
68590	Miscellaneous Expenses-Other	.00	.00	.00	102.06	.00	(102.06)	.00
68800	General Contingency	.00	.00	.00	.00	.00	.00	219,319.00
68920	Debt Service-Loan Payment	.00	11,352.00	11,352.00	.00	113,520.00	113,520.00	136,224.00
	REPL FUND EXPENSE	4,987.58	11,456.17	6,468.59	1,742,353.20	114,561.70	(1,627,791.50)	2,061,245.00
	REPL FUND INCOME/(LOSS)	7,049.77	(104.17)	7,153.94	(665,237.30)	996,747.30	(1,661,984.60)	(927,232.00)

**- Income is separated between those who pay in full and those who pay monthly**  
**- Also separated by types of charges (see billing next page)**



AGED OWNER BALANCES: AS OF Apr. 30, 2013  
ACCOUNT NUMBER SEQUENCE

\* - Previous Owner or Renter

ACCOUNT #	UNIT #	NAME/ADDRESS	CURRENT	OVER 30	OVER 60	OVER 90	TOTAL
16600001	A-11	[REDACTED]	Last Pmt: 00/00/00		0.00		
		C2 SPA-Monthly Pay	223.38	0.00	446.76	1563.66	2233.80
		C3 SPA-MP Interest	60.65	0.00	121.30	424.55	606.50
		C4 Loan Cost SPA	5.58	0.00	11.16	39.06	55.80
		C5 LC SPA-Interest	1.51	0.00	3.02	10.57	15.10
		17 Late Fee Int.	0.00	18.30	0.00	29.77	48.07
		01 Late Fees	0.00	0.00	0.00	35.00	35.00
		05 Attorney Fees	155.00	0.00	0.00	289.00	444.00
		TOTAL:	446.12	18.30	582.24	2391.61	3438.27
16600009	A-21	[REDACTED]	Last Pmt: 00/00/00		0.00		
		C2 SPA-Monthly Pay	268.22	0.00	536.44	1877.54	2682.20
		C3 SPA-MP Interest	72.83	0.00	145.66	509.81	728.30
		C4 Loan Cost SPA	6.70	0.00	13.40	46.90	67.00
		C5 LC SPA-Interest	1.82	0.00	3.64	12.74	18.20
		01 Late Fees	0.00	0.00	0.00	35.00	35.00
		03 Admin. Fees	0.00	0.00	0.00	75.00	75.00
		17 Late Fee Int.	0.00	22.00	0.00	41.25	63.25
		TOTAL:	349.57	22.00	699.14	2598.24	3668.95
16600013	A-25	[REDACTED] 25	Last Pmt: 10/23/12		355.00		
		C2 SPA-Monthly Pay	268.22	0.00	536.44	799.23	1603.89
		C3 SPA-MP Interest	72.83	0.00	145.66	218.49	436.98
		C4 Loan Cost SPA	6.70	0.00	13.40	20.10	40.20
		C5 LC SPA-Interest	1.82	0.00	3.64	5.46	10.92
		01 Late Fees	0.00	0.00	50.00	0.00	50.00
		03 Admin. Fees	0.00	0.00	0.00	50.00	50.00
		17 Late Fee Int.	13.70	0.00	13.70	5.45	32.85
		05 Attorney Fees	0.00	304.00	0.00	0.00	304.00
		TOTAL:	363.27	304.00	762.84	1098.73	2528.84
16600021	A-35	[REDACTED]	Last Pmt: 00/00/00		0.00		
		C2 SPA-Monthly Pay	268.22	0.00	536.44	1877.54	2682.20
		C3 SPA-MP Interest	72.83	0.00	145.66	509.81	728.30
		C4 Loan Cost SPA	6.70	0.00	13.40	46.90	67.00
		C5 LC SPA-Interest	1.82	0.00	3.64	12.74	18.20
		01 Late Fees	0.00	0.00	0.00	35.00	35.00
		03 Admin. Fees	0.00	0.00	0.00	25.00	25.00
		17 Late Fee Int.	0.00	22.00	0.00	41.25	63.25
		TOTAL:	349.57	22.00	699.14	2548.24	3618.95

**Great breakdown by unit owner as to the type of costs associated with the monthly billing of the special assessment!**



# SAMPLE #3 - CONDOMINIUM MANAGEMENT

## Condominiums Association Construction Project/Special Assessment Management Services Contract

### Bookkeeping Services:

Each owner  
will have  
separate  
ledger

1. We will create an account number for the special assessment for each owner within our system for Association. This will allow us to keep the payments and ledger cards separate from the normal monthly dues.

Unit  
owners  
send  
separate  
checks

2. Open another checking account to deposit the special assessment money. Transfer the money received through the ACH transaction from the operating checking account to the special assessment checking each month. The payments mailed to the lockbox will be deposited in each account accordingly. We need to stress to the owners not to combine the payments in one check. The system will credit only one account if the payment is combined.

Expenses  
segregated  
on income  
statement

3. The construction expenses will have their owner GL numbers and will be shown after the "Net Operating Expenses" on the income statement so it does not affect or change the normal operating expenses reporting.

Separate  
spreadsheet

4. Create a monthly spreadsheet that outlines the special assessment cash received and expenses for the month.

Annual  
reamortization

5. Re-amortize the individual schedules annually – at the end of December. Extra payments received during the year will be treated as prepayments until we re-amortize the schedule.

6. Communicate with Attorney to make sure the resolutions outline the steps above.

7. Our fee for performing the steps above is \$200.00 a month until the construction work is completed and invoices paid in full. The fee after this point will drop down to our standard rate of \$2.00 per unit.

### Management Services:

1. Complete the loan application process and act as the liaison between bank, attorney, and the Board, \$300 - \$500 depending on involvement and time it takes to complete the process.
2. Property visits and meetings for the purpose of the construction project - \$50.00 an hour. Time includes the travel time.

3. Liaison for communications between the Board, homeowners, project manager, and attorney. Mail correspondence as needed. Fee for these services is covered under our normal monthly fee. Hard cost, copies and postage are charged back as outlined in the management contract.

Date \_\_\_\_\_

Signatures:

\_\_\_\_\_

Condominium Management

\_\_\_\_\_

Condominium Association

September 28, 2011

TO: All [REDACTED] Owners  
RE: Building Remediation Repair Assessment

Dear [REDACTED] Owners:

At their September Board meeting, your Board of Directors approved the building remediation repair assessment, in the amount of \$1,557,836. The repair assessment will be used to complete repairs to the building as outlined in the attached repair assessment resolution and construction forecast report.

Owners interested in discussing the final assessment amount may attend a ratification meeting scheduled to be held on October 19<sup>th</sup>, beginning at 6:30 PM at the offices of The CWD Group, Incorporated, 2600 West Commodore Way, Suite 2, Seattle, WA 98199. (Please note this location was chosen in the interests of meeting the timelines necessary for the start of construction; no local community meeting locations were available.)

Your attendance is not required at this meeting, and unless at that meeting the assessment is *rejected* by 51% of the membership, the repair assessment will be ratified and will go into effect November 1, 2011. Supporting materials and the repair assessment schedule are enclosed for your review.

The first payment will be due November 1, 2011. Owners have the option of paying in one payment, making six interest-free payments, or making payments on a fifteen year loan as outlined on the attached assessment schedule. Following the ratification meeting, payment envelopes and ACH (automatic withdrawal) information will be sent to all owners.

Thank you for your cooperation and review of the enclosed materials. If you have any questions, please do not hesitate to contact me.

For the [REDACTED] of Directors,



[REDACTED]  
Agent

████████ ████████ ████████ ASSOCIATION  
**Building Remediation Repair Assessment Schedule**  
 Approved by the ████████ ████████ Board of Directors September 16, 2011

Total Repair Assessment: \$1,557,836

*\* Payments based upon a fixed rate equivalent to the 5 year SWAP Rate + 3.75% in the month the loan is closed, with an interest rate floor of 5.50%. The rate will reset after 60 months (5 years) and 120 months (10 years).*

**6 interest free pmts OR 15 yr**

Unit	CEL%	Total Repair Assessment	Six Intrest-Free Payments of:	Fifteen Year Amortized Payments*
Retail A	3.07%	\$47,825.57	\$7,970.93	\$390.77
Retail B	2.90%	45,177.24	7,529.54	369.14
101	2.12%	33,026.12	5,504.35	269.85
102	1.99%	31,000.94	5,166.82	253.30
106	1.67%	26,015.86	4,335.98	212.57
108	1.51%	23,523.32	3,920.55	192.21
114	1.76%	27,417.91	4,569.65	224.03
115	1.82%	28,352.62	4,725.44	231.66
201	2.07%	32,247.21	5,374.53	263.49
202	1.90%	29,598.88	4,933.15	241.85
203	2.02%	31,468.29	5,244.71	257.12
204	2.71%	42,217.36	7,036.23	344.95
206	1.62%	25,236.94	4,206.16	206.21
207	1.03%	16,045.71	2,674.29	131.11
208	1.51%	23,523.32	3,920.55	192.21
209	1.40%	21,809.70	3,634.95	178.20
210	1.43%	22,277.05	3,712.84	182.02
211	1.87%	29,131.53	4,855.26	238.03
212	1.63%	25,392.73	4,232.12	207.48
214	1.75%	27,262.13	4,543.69	222.75
215	1.82%	28,352.62	4,725.44	231.66
301	2.11%	32,870.34	5,478.39	268.58
302	1.95%	30,377.80	5,062.97	248.21
303	2.03%	31,624.07	5,270.68	258.40
304	1.99%	31,000.94	5,166.82	253.30
305	1.31%	20,407.65	3,401.28	166.75
306	1.63%	25,392.73	4,232.12	207.48
307	1.05%	16,357.28	2,726.21	133.65
308	1.51%	23,523.32	3,920.55	192.21
309	1.45%	22,588.62	3,764.77	184.57
310	1.44%	22,432.84	3,738.81	183.30
311	1.89%	29,443.10	4,907.18	240.57
312	1.63%	25,392.73	4,232.12	207.48
314	1.70%	26,483.21	4,413.87	216.39
315	1.82%	28,352.62	4,725.44	231.66

████████ ████████ OWNERS ASSOCIATION  
**Building Remediation Repair Assessment Schedule**  
 Approved by the ████████ ████████ Board of Directors September 16, 2011

Total Repair Assessment:                      \$1,557,836

*\* Payments based upon a fixed rate equivalent to the 5 year SWAP Rate + 3.75% in the month the loan is closed, with an interest rate floor of 5.50%. The rate will reset after 60 months (5 years) and 120 months (10 years).*

Unit	CEL%	Total Repair Assessment	Six Intrest-Free Payments of:	Fifteen Year Amortized Payments*
401	1.47%	22,900.19	3,816.70	187.11
402	1.33%	20,719.22	3,453.20	169.29
403	2.05%	31,935.64	5,322.61	260.94
404	2.01%	31,312.50	5,218.75	255.85
405	1.33%	20,719.22	3,453.20	169.29
406	1.63%	25,392.73	4,232.12	207.48
407	1.06%	16,513.06	2,752.18	134.93
408	1.51%	23,523.32	3,920.55	192.21
409	1.46%	22,744.41	3,790.73	185.84
410	1.45%	22,588.62	3,764.77	184.57
411	1.89%	29,443.10	4,907.18	240.57
412	1.67%	26,015.86	4,335.98	212.57
414	1.81%	28,196.83	4,699.47	230.39
415	1.90%	29,598.88	4,933.15	241.85
505	1.34%	20,875.00	3,479.17	170.57
506	1.79%	27,885.26	4,647.54	227.85
507	1.08%	16,824.63	2,804.10	137.47
508	1.54%	23,990.67	3,998.45	196.02
509	1.48%	23,055.97	3,842.66	188.39
510	1.46%	22,744.41	3,790.73	185.84
511	1.91%	29,754.67	4,959.11	243.12
512	1.65%	25,704.29	4,284.05	210.03
515	2.07%	32,247.21	5,374.53	263.49
<b>TOTALS:</b>	<b>100.00%</b>	<b>\$1,557,836.00</b>	<b>\$259,639.33</b>	<b>\$12,728.82</b>

**UNANIMOUS WRITTEN CONSENT OF THE BOARD OF DIRECTORS  
OF [REDACTED] OWNERS ASSOCIATION  
IN LIEU OF MEETING REGARDING  
REPAIR ASSESSMENT AND BUDGET RATIFICATION MEETING**

The undersigned, being all of the members of the Board of Directors of [REDACTED] Owners Association (the "Association"), pursuant to RCW 24.03.465 by this instrument, in lieu of a meeting of the Board of Directors of this Association, hereby unanimously consent to the actions stated in the resolution contained herein effective as of this 19<sup>th</sup> day of September, 2011.

WHEREAS, the Board of Directors (the "Board") of the Association is charged by the Condominium Declaration for [REDACTED] (the "Declaration") with maintaining, repairing and restoring the common elements of the Condominium; and

WHEREAS, the Board has been advised by its consultants that the common elements comprising the building envelope suffer from significant problems and need to be repaired and replaced; and

WHEREAS, the Board has been further advised by its consultants that it is necessary to make repairs and replacement certain building components in order to rehabilitate the building envelope and protect the Condominium from substantial damage (the "Project"); and

WHEREAS, the Board is authorized, pursuant to terms of Paragraphs 9.4 and 15.10 of the Declaration, to levy a repair assessment against the owners to cover the cost of the Project, subject to ratification by the owners pursuant to Section 15.3 of the Declaration; and

WHEREAS, Alliance Association Financial Services (the "Bank") is willing to make a loan to the Association in the amount of up to \$1,557,836 (the "Loan") on the terms set forth in its proposal letter dated July 21, 2011 (the "Proposal"); and

WHEREAS, the Board is authorized to borrow money on behalf of the Association pursuant to RCW 24.03.035(8); and to assign its right to future assessments to secure such liabilities pursuant to RCW 64.34.304(1)(n) and Paragraph 12.4.17 of the Declaration;

NOW, THEREFORE, BE IT RESOLVED, that the terms of the Loan set forth in the Proposal are hereby approved, and the Officers of the Association are hereby authorized and directed to accept the Proposal (with "Option 2" for the term loan portion of the Loan), to pay the initial fees due the Lender to secure the Loan, and thereafter to execute and deliver to Lender such instruments and documents as may be required by Lender to evidence and secure the Loan; and

BE IT FURTHER RESOLVED THAT that there is hereby levied against all units in the Condominium, pursuant to the budget attached hereto as Exhibit A and incorporated herein by reference, a repair assessment to pay the costs of the Project in the amount of \$1,677,836.04, plus interest sufficient to amortize the Loan authorized herein due, payable in one hundred eighty (180) fully amortizing monthly installments of \$12,811.64 (more or less depending on interest rate resets, currently estimated at 5.6% per annum for the first sixty (60) months and subject to adjustment every sixty (60) months thereafter unless sooner paid); and

BE IT FURTHER RESOLVED, that each owner's share of that monthly repair assessment shall be calculated on the basis of the Common Expense Liability as set forth in Schedule B to the Declaration, reconciled pursuant to paragraph 15.16 of the declaration as necessary from time to time, and shall include a *pro rata* share based on the Common Expense Liability of all costs of borrowing and all fees and costs incurred by the Association in connection with maintaining the loan and collecting the repair assessment from the Owners; and

BE IT FURTHER RESOLVED, that while the amount assessed hereby is due only in installments, any Owner may prepay the principal sum of their repair assessment in full, plus any interest accrued on the Bank loan to the date of prepayment, at any time and thereby avoid paying any not yet accrued interest and Loan costs; and



BE IT FURTHER RESOLVED, that a copy of this budget being adopted by the Board of Directors by this resolution shall be attached hereto and filed in the records of the Association herewith; and

BE IT FURTHER RESOLVED, that unpaid repair assessment amounts will bear interest at the rate of 12% per annum from the date due, and any delinquent repair assessment account will be assessed a \$50.00 per month late fee on the fifteenth (15th) of each month; and

BE IT FURTHER RESOLVED, that any delinquent repair assessment account will be subject to all actions available to the Association under the Declaration and any amendments thereto regarding delinquent Assessments; and

BE IT FURTHER RESOLVED, that pursuant to RCW 64.34.308(3) and Section 15.3 of the Declaration, a special budget ratification meeting of members of [REDACTED] Owners Association shall be held on October 19, 2011 at the hour of 6:30P at a location to be announced, and the Association's manager shall give notice thereof to all owners of record as required in advance of the meeting.

BE IT FURTHER RESOLVED, that the President and Secretary are authorized and directed to do all things and execute all documents within the power of the Board which they believe to be necessary or appropriate to the best interests of the Association in accomplishing the purposes of this resolution.

BE IT FURTHER RESOLVED that the foregoing resolutions shall remain in full force and effect until written notice of their revocation or amendment is duly received by the Bank.

Executed at Seattle, Washington on the 19<sup>th</sup> day of September, 2011.

**Directors:**

[REDACTED]

**Condominiums**  
**CONSTRUCTION FORECAST REPORT**  
9/30/2011

DESCRIPTION	Budget	Authorized Amount	Amount to Complete	Final Forecasted Cost	Variance (Over)/Under
<b>Construction Contract Base</b>					
Estimate (██████████)	\$ 869,825.00		\$ 869,825.00	\$ 869,825.00	\$ -
Alternate: replace 100% of Gyp	\$ 97,492.00		\$ 97,492.00	\$ 97,492.00	\$ -
Sales tax on Base Bid @ 9.5%	\$ 91,895.12		\$ 91,895.12	\$ 91,895.12	
<b>SUBTOTAL</b>	<b>\$ 1,059,212.12</b>	<b>\$ -</b>	<b>\$ 1,059,212.12</b>	<b>\$ 1,059,212.12</b>	<b>\$ 1,059,212.12</b>
<b>Building Permit</b>					
Building permit; includes permit and inspections (estimated @ 2%)	\$ 21,184.24	\$ -	\$ 21,184.24	\$ 21,184.24	\$ 21,184.24
<b>Allowances (including sales tax)</b>					
OSB Sheathing replacement	\$ 40,000.00				
Framing Repair at storage closet floors, walls and roofs	\$ 15,000.00				
Framing Repair at Exterior Walls	\$ 25,000.00				
Framing Repair at Decks	\$ 20,000.00				
Framing Repair at South Roof	\$ 10,000.00				
Framing treatment	\$ 7,500.00				
Aluminum plates at concrete decks for railing support	\$ 1,500.00				
Remove and Reset power lines in Alley	\$ 10,000.00				
Reslope courtyard and concrete decks as needed	\$ 12,000.00				
Interior repair (damage resulting from exterior work) \$750/unit	\$ 40,500.00				
Interior repairs at units below occupied decks	\$ 15,000.00				
Insulation replacement at walls and decks	\$ 15,000.00				
<b>SUBTOTAL (with sales tax)</b>	<b>\$ 171,367.50</b>				
Approved Changes (Incl sales tax)		\$ -			
Allowance Budget Remaining			\$ 171,367.50		
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$ 1,251,763.86</b>	<b>\$ -</b>	<b>\$ 1,251,763.86</b>	<b>\$ 1,251,763.86</b>	<b>\$ 1,251,763.86</b>
<b>O GROUP SERVICES</b>					
AG Architectural Services (Plans and Specifications)	Complete				
AG Construction Management (Assumes 6 Month Construction)	\$ 50,290.00	\$ -	\$ 50,290.00	\$ 50,290.00	\$ 50,290.00
AG Architectural Administration and Third Party Inspections (Assumes 6 month Construction)	\$ 75,434.00	\$ -	\$ 75,434.00	\$ 75,434.00	\$ 75,434.00
<b>OTHER PROFESSIONAL SERVICES</b>					
██████████ - Construction Liasson Services Assumes 8-10 hrs /week for duration of construction	\$ 48,000.00	\$ -	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00
"Special Structural Inspections" Otto Rosenaeu	\$ 3,500.00	\$ -	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
Legal Review - Contracts	\$ 3,500.00	\$ -	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
Structural Engineering Support	\$ 20,000.00	\$ -	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Window Testing per RCW 64.55	\$ 6,500.00	\$ -	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>\$ 207,224.00</b>	<b>\$ -</b>	<b>\$ 207,224.00</b>	<b>\$ 207,224.00</b>	<b>\$ 207,224.00</b>
<b>PROFESSIONAL SERVICES AND CONSTRUCTION CONTINGENCY (10%)</b>	<b>\$ 145,898.79</b>		<b>\$ 145,898.79</b>	<b>\$ 145,898.79</b>	<b>\$ 145,898.79</b>
<b>BAD DEBT CONTINGENCY (5%)</b>	<b>\$ 72,949.39</b>		<b>\$ 72,949.39</b>	<b>\$ 72,949.39</b>	<b>\$ 72,949.39</b>
<b>TOTAL PROJECT COST</b>	<b>\$ 1,677,836.04</b>	<b>\$ -</b>	<b>\$ 1,677,836.04</b>	<b>\$ 1,677,836.04</b>	<b>\$ 1,677,836.04</b>

**██████████ Condominium**  
**Repair Assessment Schedule**  
**Total Amount for Repair Assessment: \$1,557,836.00**

Unit No.	Common %	SPA Amount
C00A	3.07%	\$47,825.57
C00B	2.90%	\$45,177.24
101	2.12%	\$33,026.12
102	1.99%	\$31,000.94
106	1.67%	\$26,015.86
108	1.51%	\$23,523.32
114	1.76%	\$27,417.91
115	1.82%	\$28,352.62
201	2.07%	\$32,247.21
202	1.90%	\$29,598.88
203	2.02%	\$31,468.29
204	2.71%	\$42,217.36
206	1.62%	\$25,236.94
207	1.03%	\$16,045.71
208	1.51%	\$23,523.32
209	1.40%	\$21,809.70
210	1.43%	\$22,277.05
211	1.87%	\$29,131.53
212	1.63%	\$25,392.73
214	1.75%	\$27,262.13

Unit No.	Common %	SPA Amount
215	1.82%	\$28,352.62
301	2.11%	\$32,870.34
302	1.95%	\$30,377.80
303	2.03%	\$31,624.07
304	1.99%	\$31,000.94
305	1.31%	\$20,407.65
306	1.63%	\$25,392.73
307	1.05%	\$16,357.28
308	1.51%	\$23,523.32
309	1.45%	\$22,588.62
310	1.44%	\$22,432.84
311	1.89%	\$29,443.10
312	1.63%	\$25,392.73
314	1.70%	\$26,483.21
315	1.82%	\$28,352.62
401	1.47%	\$22,900.19
402	1.33%	\$20,719.22
403	2.05%	\$31,935.64
404	2.01%	\$31,312.50
405	1.33%	\$20,719.22

Unit No.	Common %	SPA Amount
406	1.63%	\$25,392.73
407	1.06%	\$16,513.06
408	1.51%	\$23,523.32
409	1.46%	\$22,744.41
410	1.45%	\$22,588.62
411	1.89%	\$29,443.10
412	1.67%	\$26,015.86
414	1.81%	\$28,196.83
415	1.90%	\$29,598.88
505	1.34%	\$20,875.00
506	1.79%	\$27,885.26
507	1.08%	\$16,824.63
508	1.54%	\$23,990.67
509	1.48%	\$23,055.97
510	1.46%	\$22,744.41
511	1.91%	\$29,754.67
512	1.65%	\$25,704.29
515	2.07%	\$32,247.21

**TOTALS:**

Units	%	Amount
58	100.00%	\$1,557,836.00

Schedule is setup to assume pmt is made - any deviations are posed

Owner: [REDACTED]

Amortization Summary	
Scheduled Payment	\$ 269.85
Scheduled Number of Payments	180
Actual Number of Payments	186
Total Early Payments	\$ (539.70)
Total Interest	\$ 16,365.58

Special Assessment Information	
Special Assessment Amount	\$33,026.12
Finance & Lien Recording Fee	-
<b>Total Amount Due</b>	<b>\$ 33,026.12</b>
Current Interest Rate	5.50 %
Term (in years)	15
Number of Payments Per Year	12
Start Date of Special Assessment	11/1/2011
Optional Extra Payments	\$ -

PmtNo.	Payment Date	Beginning Balance	Payment	Payment	Payment	Principal	Actual Interest	Ending Balance
1	11/1/2011	\$ 33,026.12	\$ 269.85	(\$ 269.85)	\$ 0.00	(\$ 151.37)	\$ 151.37	\$ 33,177.49
2	12/1/2011	33,177.49	269.85	(269.85)	0.00	(152.06)	152.06	33,329.55
3	1/1/2012	33,329.55	269.85	(269.85)	0.00	(152.76)	152.76	33,482.31
4	2/1/2012	33,482.31	269.85	(269.85)	0.00	(153.46)	153.46	33,635.77
5	3/1/2012	33,635.77	269.85	(269.85)	0.00	(154.16)	154.16	33,789.93
6	4/1/2012	33,789.93	269.85	(269.85)	0.00	(154.87)	154.87	33,944.80
7	5/1/2012	33,944.80	269.85	(269.85)	0.00	(155.58)	155.58	34,100.38
8	6/1/2012	34,100.38	269.85	(269.85)	0.00	(156.29)	156.29	34,256.67
9	7/1/2012	34,256.67	269.85	(269.85)	0.00	(157.01)	157.01	34,413.68
10	8/1/2012	34,413.68	269.85	(269.85)	0.00	(157.73)	157.73	34,571.41
11	9/1/2012	34,571.41	269.85	(269.85)	0.00	(158.45)	158.45	34,729.86
12	10/1/2012	34,729.86	269.85	2,698.50	2,968.35	2,809.17	159.18	31,920.69
13	11/1/2012	31,920.69	269.85	(269.85)	0.00	(146.30)	146.30	32,066.99
14	12/1/2012	32,066.99	269.85	-	269.85	122.88	146.97	31,944.12
15	1/1/2013	31,944.12	269.85	-	269.85	123.44	146.41	31,820.68
16	2/1/2013	31,820.68	269.85	-	269.85	124.01	145.84	31,696.67
17	3/1/2013	31,696.67	269.85	-	269.85	124.57	145.28	31,572.09
18	4/1/2013	31,572.09	269.85	-	269.85	125.15	144.71	31,446.95
19	5/1/2013	31,446.95	269.85	-	269.85	125.72	144.13	31,321.23
20	6/1/2013	31,321.23	269.85	-	269.85	126.30	143.56	31,194.93
21	7/1/2013	31,194.93	269.85	-	269.85	126.87	142.98	31,068.06
22	8/1/2013	31,068.06	269.85	-	269.85	127.46	142.40	30,940.60
23	9/1/2013	30,940.60	269.85	-	269.85	128.04	141.81	30,812.57
24	10/1/2013	30,812.57	269.85	-	269.85	128.63	141.22	30,683.94
25	11/1/2013	30,683.94	269.85	-	269.85	129.22	140.63	30,554.72
26	12/1/2013	30,554.72	269.85	-	269.85	129.81	140.04	30,424.91
27	1/1/2014	30,424.91	269.85	-	269.85	130.40	139.45	30,294.51
28	2/1/2014	30,294.51	269.85	-	269.85	131.00	138.85	30,163.51
29	3/1/2014	30,163.51	269.85	-	269.85	131.60	138.25	30,031.91
30	4/1/2014	30,031.91	269.85	-	269.85	132.20	137.65	29,899.70
31	5/1/2014	29,899.70	269.85	-	269.85	132.81	137.04	29,766.89
32	6/1/2014	29,766.89	269.85	-	269.85	133.42	136.43	29,633.47
33	7/1/2014	29,633.47	269.85	-	269.85	134.03	135.82	29,499.44
34	8/1/2014	29,499.44	269.85	-	269.85	134.65	135.21	29,364.80
35	9/1/2014	29,364.80	269.85	-	269.85	135.26	134.59	29,229.53
36	10/1/2014	29,229.53	269.85	-	269.85	135.88	133.97	29,093.65
37	11/1/2014	29,093.65	269.85	-	269.85	136.51	133.35	28,957.15
38	12/1/2014	28,957.15	269.85	-	269.85	137.13	132.72	28,820.02
39	1/1/2015	28,820.02	269.85	-	269.85	137.76	132.09	28,682.26
40	2/1/2015	28,682.26	269.85	-	269.85	138.39	131.46	28,543.87
41	3/1/2015	28,543.87	269.85	-	269.85	139.02	130.83	28,404.84
42	4/1/2015	28,404.84	269.85	-	269.85	139.66	130.19	28,265.18
43	5/1/2015	28,265.18	269.85	-	269.85	140.30	129.55	28,124.88
44	6/1/2015	28,124.88	269.85	-	269.85	140.95	128.91	27,983.93
45	7/1/2015	27,983.93	269.85	-	269.85	141.59	128.26	27,842.34
46	8/1/2015	27,842.34	269.85	-	269.85	142.24	127.61	27,700.10
47	9/1/2015	27,700.10	269.85	-	269.85	142.89	126.96	27,557.21
48	10/1/2015	27,557.21	269.85	-	269.85	143.55	126.30	27,413.66
49	11/1/2015	27,413.66	269.85	-	269.85	144.21	125.65	27,269.46
50	12/1/2015	27,269.46	269.85	-	269.85	144.87	124.99	27,124.59
51	1/1/2016	27,124.59	269.85	-	269.85	145.53	124.32	26,979.06
52	2/1/2016	26,979.06	269.85	-	269.85	146.20	123.65	26,832.86
53	3/1/2016	26,832.86	269.85	-	269.85	146.87	122.98	26,686.00
54	4/1/2016	26,686.00	269.85	-	269.85	147.54	122.31	26,538.46
55	5/1/2016	26,538.46	269.85	-	269.85	148.22	121.63	26,390.24
56	6/1/2016	26,390.24	269.85	-	269.85	148.90	120.96	26,241.34
57	7/1/2016	26,241.34	269.85	-	269.85	149.58	120.27	26,091.77
58	8/1/2016	26,091.77	269.85	-	269.85	150.26	119.59	25,941.50
59	9/1/2016	25,941.50	269.85	-	269.85	150.95	118.90	25,790.55
60	10/1/2016	25,790.55	269.85	-	269.85	151.64	118.21	25,638.91



Amortization Summary	
Scheduled Payment	\$ 258.40
Scheduled Number of Payments	180
Actual Number of Payments	146
Total Early Payments	\$ 4,237.02
Total Interest	\$ 10,140.35
Original Int	14,887.10

Special Assessment Information	
Special Assessment Amount	\$31,624.07
Finance & Lien Recording Fee	-
<b>Total Amount Due</b>	<b>\$ 31,624.07</b>
Current Interest Rate	5.50 %
Term (in years)	15
Number of Payments Per Year	12
Start Date of Special Assessment	11/1/2011
Optional Extra Payments	\$ -

Pmt No.	Payment Date	Beginning Balance	Payment	Payment	Payment	Principal	Interest	Balance
1	11/1/2011	\$ 31,624.07	\$ 258.40	5,012.28	\$ 5,270.68	\$ 5,125.73	\$ 144.94	\$ 26,498.34
2	12/1/2011	26,498.34	258.40		258.40	136.94	121.45	26,361.39
3	1/1/2012	26,361.39	258.40	(0.01)	258.39	137.56	120.82	26,223.83
4	2/1/2012	26,223.83	258.40	(0.01)	258.39	138.19	120.19	26,085.64
5	3/1/2012	26,085.64	258.40	-	258.40	138.84	119.56	25,946.80
6	4/1/2012	25,946.80	258.40	(0.02)	258.38	139.45	118.92	25,807.35
7	5/1/2012	25,807.35	258.40	(0.01)	258.39	140.10	118.28	25,667.25
8	6/1/2012	25,667.25	258.40	(0.01)	258.39	140.74	117.64	25,526.51
9	7/1/2012	25,526.51	258.40		258.40	141.40	117.00	25,385.11
10	8/1/2012	25,385.11	258.40		258.40	142.05	116.35	25,243.06
11	9/1/2012	25,243.06	258.40		258.40	142.70	115.70	25,100.36
12	10/1/2012	25,100.36	258.40		258.40	143.35	115.04	24,957.01
13	11/1/2012	24,957.01	258.40		258.40	144.01	114.39	24,813.00
14	12/1/2012	24,813.00	258.40	(258.40)	(0.00)	(113.73)	113.73	24,926.73
15	1/1/2013	24,926.73	258.40	(258.40)	(0.00)	(114.25)	114.25	25,040.99
16	2/1/2013	25,040.99	258.40	(258.40)	(0.00)	(114.78)	114.77	25,155.76
17	3/1/2013	25,155.76	258.40	-	258.40	143.10	115.30	25,012.67
18	4/1/2013	25,012.67	258.40	-	258.40	143.75	114.64	24,868.91
19	5/1/2013	24,868.91	258.40	-	258.40	144.41	113.98	24,724.50
20	6/1/2013	24,724.50	258.40	-	258.40	145.07	113.32	24,579.43
21	7/1/2013	24,579.43	258.40	-	258.40	145.74	112.66	24,433.69
22	8/1/2013	24,433.69	258.40	-	258.40	146.41	111.99	24,287.28
23	9/1/2013	24,287.28	258.40	-	258.40	147.08	111.32	24,140.20
24	10/1/2013	24,140.20	258.40	-	258.40	147.75	110.64	23,992.45
25	11/1/2013	23,992.45	258.40	-	258.40	148.43	109.97	23,844.02
26	12/1/2013	23,844.02	258.40	-	258.40	149.11	109.29	23,694.91
27	1/1/2014	23,694.91	258.40	-	258.40	149.79	108.60	23,545.11
28	2/1/2014	23,545.11	258.40	-	258.40	150.48	107.92	23,394.63
29	3/1/2014	23,394.63	258.40	-	258.40	151.17	107.23	23,243.47
30	4/1/2014	23,243.47	258.40	-	258.40	151.86	106.53	23,091.60
31	5/1/2014	23,091.60	258.40	-	258.40	152.56	105.84	22,939.04
32	6/1/2014	22,939.04	258.40	-	258.40	153.26	105.14	22,785.79
33	7/1/2014	22,785.79	258.40	-	258.40	153.96	104.43	22,631.83
34	8/1/2014	22,631.83	258.40	-	258.40	154.67	103.73	22,477.16
35	9/1/2014	22,477.16	258.40	-	258.40	155.37	103.02	22,321.79
36	10/1/2014	22,321.79	258.40	-	258.40	156.09	102.31	22,165.70
37	11/1/2014	22,165.70	258.40	-	258.40	156.80	101.59	22,008.90
38	12/1/2014	22,008.90	258.40	-	258.40	157.52	100.87	21,851.38
39	1/1/2015	21,851.38	258.40	-	258.40	158.24	100.15	21,693.13
40	2/1/2015	21,693.13	258.40	-	258.40	158.97	99.43	21,534.16
41	3/1/2015	21,534.16	258.40	-	258.40	159.70	98.70	21,374.47
42	4/1/2015	21,374.47	258.40	-	258.40	160.43	97.97	21,214.04
43	5/1/2015	21,214.04	258.40	-	258.40	161.16	97.23	21,052.87
44	6/1/2015	21,052.87	258.40	-	258.40	161.90	96.49	20,890.97
45	7/1/2015	20,890.97	258.40	-	258.40	162.64	95.75	20,728.33
46	8/1/2015	20,728.33	258.40	-	258.40	163.39	95.00	20,564.94
47	9/1/2015	20,564.94	258.40	-	258.40	164.14	94.26	20,400.80
48	10/1/2015	20,400.80	258.40	-	258.40	164.89	93.50	20,235.91
49	11/1/2015	20,235.91	258.40	-	258.40	165.65	92.75	20,070.26
50	12/1/2015	20,070.26	258.40	-	258.40	166.41	91.99	19,903.85
51	1/1/2016	19,903.85	258.40	-	258.40	167.17	91.23	19,736.68
52	2/1/2016	19,736.68	258.40	-	258.40	167.94	90.46	19,568.75
53	3/1/2016	19,568.75	258.40	-	258.40	168.70	89.69	19,400.04
54	4/1/2016	19,400.04	258.40	-	258.40	169.48	88.92	19,230.57
55	5/1/2016	19,230.57	258.40	-	258.40	170.25	88.14	19,060.31
56	6/1/2016	19,060.31	258.40	-	258.40	171.04	87.36	18,889.28
57	7/1/2016	18,889.28	258.40	-	258.40	171.82	86.58	18,717.46
58	8/1/2016	18,717.46	258.40	-	258.40	172.61	85.79	18,544.85
59	9/1/2016	18,544.85	258.40	-	258.40	173.40	85.00	18,371.45
60	10/1/2016	18,371.45	258.40	-	258.40	174.19	84.20	18,197.26

Unit	St	Zip	Full	6.00	Month	Month Total	6 month Total	Full Total	No Response	Notes	
101	WA	98103	33,026.12	5,504.35	269.85				33,026.12		
102	WA	98124	31,000.94	5,166.82	253.30		31,000.94				
106	WA	98007	26,015.86	4,335.98	212.57	26,015.86					
108	WA	98103	23,523.32	3,920.55	192.21		23,523.32				
114	WA	98103	27,417.91	4,569.65	224.03	27,417.91					
115	WA	98103	28,352.62	4,725.44	231.66	28,352.62					
201	WA	98103	32,247.21	5,374.53	263.49		32,247.21				
202	WA	98103	29,598.88	4,933.15	241.85		29,598.88				
203	VA	22201	31,468.29	5,244.71	257.12		31,468.29				
204	WA	98103	42,217.36	7,036.23	344.95	42,217.36					
206	WA	98103	25,236.94	4,206.16	206.21	25,236.94					
207	ID	83864	16,045.71	2,674.29	131.11	16,045.71					
208	WA	98103	23,523.32	3,920.55	192.21				23,523.32		
209	WA	98103	21,809.70	3,634.95	178.20	21,809.70					
210	WA	98012	22,277.05	3,712.84	182.02	22,277.05					
211	TX	75207	29,131.53	4,855.26	238.03			29,131.53			
212	WA	98103	25,392.73	4,232.12	207.48				25,392.73		
214	WA	98103	27,262.13	4,543.69	222.75	27,262.13					
215	WA	98103	28,352.62	4,725.44	231.66	28,352.62					
301	WA	98026	32,870.34	5,478.39	268.58		32,870.34				
302	HI	96816	30,377.80	5,062.97	248.21		30,377.80				
303	WA	98103	31,624.07	5,270.68	258.40	31,624.07					
304	WA	98103	31,000.94	5,166.82	253.30				31,000.94	In collections	
305	WA	98103	20,407.65	3,401.28	166.75		20,407.65				
306	WA	98103	25,392.73	4,232.12	207.48		25,392.73				
307	WA	98103	16,357.28	2,726.21	133.65	16,357.28					
308	WA	98103	23,523.32	3,920.55	192.21	23,523.32					
309	WA	98103	22,588.62	3,764.77	184.57		22,588.62				
310	WA	98103	22,432.84	3,738.81	183.30	22,432.84					
311	WA	98103	29,443.10	4,907.18	240.57	29,443.10					
312	WA	98103	25,392.73	4,232.12	207.48	25,392.73					
314	TX	75265	26,483.21	4,413.87	216.39	26,483.21					
315	WA	98103	28,352.62	4,725.44	231.66	28,352.62					
401	WA	98103	22,900.19	3,816.70	187.11		22,900.19				
402	AZ	85013	20,719.22	3,453.20	169.29				20,719.22		
403	WA	98107	31,935.64	5,322.61	260.94				31,935.64	In collections	
404	WA	98103	31,312.50	5,218.75	255.85	31,312.50					
405	WA	98103	20,719.22	3,453.20	169.29				20,719.22	In collections	
406	WA	98006	25,392.73	4,232.12	207.48		25,392.73				
407	WA	98021	16,513.06	2,752.18	134.93			16,513.06			
408	WA	98103	23,523.32	3,920.55	192.21		23,523.32				
409	WA	98103	22,744.41	3,790.73	185.84			22,744.41			
410	WA	98103	22,588.62	3,764.77	184.57	22,588.62					
411	WA	98103	29,443.10	4,907.18	240.57	29,443.10					
412	FL	32256	26,015.86	4,335.98	212.57		26,015.86				
414	WA	98103	28,196.83	4,699.47	230.39		28,196.83				
415	WA	98103	29,598.88	4,933.15	241.85	29,598.88					
505	WA	98103	20,875.00	3,479.17	170.57	20,875.00					
506	WA	98155	27,885.26	4,647.54	227.85				27,885.26		
507	WA	98122	16,824.63	2,804.10	137.47		16,824.63				
508	WA	98103	23,990.67	3,998.45	196.02				23,990.67	In collections	
509	WA	98103	23,055.97	3,842.66	188.39		23,055.97				
510	WA	98109	22,744.41	3,790.73	185.84		22,744.41				
511	WA	98103	29,754.67	4,959.11	243.12	29,754.67					
512	PA	15317	25,704.29	4,284.05	210.03			25,704.29			
515	WA	98103	32,247.21	5,374.53	263.49			32,247.21			
C00A	WA	98007	47,825.57	7,970.93	390.77	47,825.57					
C00B	WA	98007	45,177.24	7,529.54	369.14	45,177.24					
						<b>\$725,172.65</b>	<b>\$468,129.72</b>	<b>\$126,340.50</b>	<b>\$238,193.12</b>	\$1,557,835.99	
			126,340.50	78,021.60	7,871.49						
			6			180					
			126,340.50	468,129.60	1,416,868.20						
Interest Charges						-453,502.43					
			126,340.50	468,129.60	963,365.77						
Units			5	18	35						
										1,557,835.87	
										0.12	

## Separate Special Projects Fund - Financial Statements

c/o The CWD Group, Inc., AAMC  
2600 West Commodore Way, 2  
Seattle, WA 98199

	CURRENT MONTH	PRIOR MONTH	CHANGE	
<b>**** ASSETS ****</b>				
<b>OPERATIONS FUND</b>				
10001	Operating Checking-W	47,638.02	40,281.38	7,356.64
10101	Sweep Account	25,056.08	25,048.53	7.55
	<b>Total Operating Funds</b>	<b>72,694.10</b>	<b>65,329.91</b>	<b>7,364.19</b>
<b>Accounts Receivable</b>				
15000	Account Receivable-Owner	28,340.21	26,715.99	1,624.22
15010	Allowance for Doubtful Accounts	(3,561.00)	(7,204.56)	3,643.56
15600	Prepaid Expenses	620.86	0.00	620.86
	<b>Total Accts Receivable/Prepaid Exp</b>	<b>25,400.07</b>	<b>19,511.43</b>	<b>5,888.64</b>
	<b>TOTAL OPERATIONS FUND</b>	<b>98,094.17</b>	<b>84,841.34</b>	<b>13,252.83</b>
<b>SPECIAL PROJECTS FUND</b>				
13000	Special Project Savings - WT	10,540.98	17,365.07	(6,824.09)
13001	Special Project Checking - WT	2,238.96	2,238.96	0.00
13002	Special Project Checking #2	39,671.52	6,373.14	33,298.38
	<b>Total Sp Project Funds</b>	<b>52,451.46</b>	<b>25,977.17</b>	<b>26,474.29</b>
<b>Accounts Receivable</b>				
16000	Account Receivable-Special Projects	17,543.16	16,793.42	749.74
16010	SPA Bad Debt Allowance	(8,115.00)	0.00	(8,115.00)
16020	Future SPA- Accounts Receivable	878,077.74	911,587.23	(33,509.49)
	<b>Total Accounts Receivable</b>	<b>887,505.90</b>	<b>928,380.65</b>	<b>(40,874.75)</b>
	<b>TOTAL SPECIAL PROJECTS FUND</b>	<b>939,957.36</b>	<b>954,357.82</b>	<b>(14,400.46)</b>
<b>REPLACEMENT FUND</b>				
14010	Replacement Reserve-Key Bank	0.00	20,674.16	(20,674.16)
14011	Repl Reserve- WA Trust	59,675.25	34,010.84	25,664.41
14040	Replacement Reserve - Alliance Bank	45,031.82	45,020.53	11.29
	<b>Total Reserve Funds</b>	<b>104,707.07</b>	<b>99,705.53</b>	<b>5,001.54</b>
	<b>TOTAL REPLACEMENT FUND</b>	<b>104,707.07</b>	<b>99,705.53</b>	<b>5,001.54</b>
	<b>TOTAL ASSETS</b>	<b>1,142,758.60</b>	<b>1,138,904.69</b>	<b>3,853.91</b>

Consolidated  
**BALANCE SHEET**  
12/31/2012

c/o The CWD Group, Inc., AAMC  
2600 West Commodore Way, 2  
Seattle, WA 98199

		CURRENT MONTH	PRIOR MONTH	CHANGE
<b>**** LIABILITIES &amp; EQUITY ****</b>				
<b>OPERATIONS FUND</b>				
20000	Accounts Payable-Operations	8,815.28	0.00	8,815.28
21000	Accts Pay-Accruals	6,994.36	3,946.78	3,047.58
23000	Prepaid Assessments	1,829.60	2,735.85	(906.25)
	<b>Total Operations Liabilites</b>	<b>17,639.24</b>	<b>6,682.63</b>	<b>10,956.61</b>
	YTD Operations Fund Equity	22,505.35	15,497.93	7,007.42
39999-OP	Retained Earnings	57,949.58	62,660.78	(4,711.20)
	<b>Total Homeowners Equity</b>	<b>80,454.93</b>	<b>78,158.71</b>	<b>2,296.22</b>
	<b>TOTAL OPERATIONS FUND LIAB &amp; EQUITY</b>	<b>98,094.17</b>	<b>84,841.34</b>	<b>13,252.83</b>
<b>SPECIAL PROJECTS FUND</b>				
23001	Prepaid Spec Assess	466.74	679.71	(212.97)
26000	Accounts Payable-Special Projects	722.00	1,890.50	(1,168.50)
26001	Account Payable - SPA Accrual Contract	49,142.79	213,568.40	(164,425.61)
26001.1	Account Payable - SPA Accrual	274.00	0.00	274.00
27000.2	Construction Remediation Loan Payable	751,156.23	751,156.23	0.00
	<b>Total Special Projects Liability</b>	<b>801,761.76</b>	<b>967,294.84</b>	<b>(165,533.08)</b>
	YTD Special Projects Equity	(227,385.05)	(383,271.90)	155,886.85
39999-SP	Retained Earnings	365,580.65	370,334.88	(4,754.23)
	<b>Total Special Project Equity</b>	<b>138,195.60</b>	<b>(12,937.02)</b>	<b>151,132.62</b>
	<b>TOTAL SP PROJECT FUND LIAB &amp; EQUITY</b>	<b>939,957.36</b>	<b>954,357.82</b>	<b>(14,400.46)</b>
	<b>Total Reserve Liabilities</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	YTD Reserve Equity	(48,929.41)	(53,930.95)	5,001.54
39999-RES	Retained Earnings	153,636.48	153,636.48	0.00
	<b>Total Reserve Equity</b>	<b>104,707.07</b>	<b>99,705.53</b>	<b>5,001.54</b>
	<b>TOTAL REPLACEMENT FUND LIAB &amp; EQUIT</b>	<b>104,707.07</b>	<b>99,705.53</b>	<b>5,001.54</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,142,758.60</b>	<b>1,138,904.69</b>	<b>3,853.91</b>



2600 West Commodore Way Ste 2  
Seattle WA 98199

The CWD Group, Inc., AAMC  
2600 West Commodore Way, 2  
Seattle, WA 98199

	MONTHLY ACTUAL	BUDGET	CURRENT VARIANCE	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D VARIANCE	ANNUAL BUDGET	REMAINING IN BUDGET
<b>SPECIAL PROJECTS FUND REVENUE</b>								
81102	Special Projects Assessment	0	0	0%	1,276,247	0	0%	0 (1,276,247)
81205	City Rebate	0	0	0%	15,297	0	0%	0 (15,297)
82550	SPA Finance Charges	4,096	0	0%	59,660	0	0%	0 (59,660)
82990	Interest Income-Special Assessment	5	0	0%	761	0	0%	0 (761)
	<b>Total Special Project Fund Reven</b>	<b>4,101</b>	<b>0</b>	<b>0%</b>	<b>1,351,964</b>	<b>0</b>	<b>0%</b>	<b>0 (1,351,964)</b>
<b>SPECIAL PROJECT FUND EXPENSES</b>								
83000	Bank Loan Interest	3,345	0	0%	12,094	0	0%	0 (12,094)
83500	Special Project Exp	(163,245)	0	0%	1,555,843	0	0%	0 (1,555,843)
83900	SPA Bad Debt	8,115	0	0%	11,412	0	0%	0 (11,412)
	<b>Total Sp. Project Fund Expenses</b>	<b>(151,786)</b>	<b>0</b>	<b>0%</b>	<b>1,579,349</b>	<b>0</b>	<b>0%</b>	<b>0 (1,579,349)</b>
	<b>NET SP. PROJECT FUND REVENUE</b>	<b>155,887</b>	<b>0</b>	<b>0%</b>	<b>(227,385)</b>	<b>0</b>	<b>0%</b>	<b>0 227,385</b>

# *Independent Auditors' Report*

To the Board of Directors and Members  
[REDACTED] Owners Association  
[REDACTED], Washington

## **Report on the Financial Statements**

We have audited the accompanying financial statements of [REDACTED] Owners Association, which comprise the balance sheet as of December 31, 2012, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended and the related notes to the financial statements.

## **Association's Responsibility for the Financial Statements**

The Association is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of [REDACTED] Owners Association as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Owners Association**  
 Balance Sheet  
 December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	SPECIAL PROJECTS FUND	TOTAL
<b>ASSETS</b>				
Cash, including interest bearing deposits	\$ 72,694	\$ 104,707	\$ 101,594	\$ 278,995
Special Projects Assessments Receivable			17,543	17,543
Assessments Receivable	28,340			28,340
Less: Allowance for Bad Debts	(3,561)		(8,115)	(11,676)
Prepaid Insurance	1,994			1,994
Prepaid Income Taxes	132			132
Unbilled Special Assessments			878,078	878,078
<b>TOTAL ASSETS</b>	<u>\$ 99,599</u>	<u>\$ 104,707</u>	<u>\$ 989,100</u>	<u>\$ 1,193,406</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 15,189		\$ 55,840	\$ 71,029
Assessments Received in Advance	1,830		467	2,296
Construction Mediation Loan Payable			800,299	800,299
<b>TOTAL LIABILITIES</b>	<u>17,018</u>		<u>856,606</u>	<u>873,625</u>
 <b>FUND BALANCES</b>				
Operating	82,580			82,580
Replacement		\$ 104,707		104,707
Special Projects			132,494	132,494
<b>TOTAL FUND BALANCES</b>	<u>82,580</u>	<u>104,707</u>	<u>132,494</u>	<u>319,782</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 99,599</u>	<u>\$ 104,707</u>	<u>\$ 989,100</u>	<u>\$ 1,193,406</u>

████████████████████ **Association**  
 Statement of Changes in Fund Balances  
 For the Year Ended December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	SPECIAL PROJECTS FUND	TOTAL
Balance at the Beginning of the Year	\$ 57,940	\$ 153,636	\$ 365,581	\$ 577,157
Excess <Deficiency> of Revenues over Expenses	24,640	(48,929)	(233,087)	(257,376)
Balance at the End of the Year	\$ 82,580	\$ 104,707	\$ 132,494	\$ 319,782

**Association**  
Statement of Revenues and Expenses  
For the Year Ended December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	SPECIAL PROJECTS FUND	TOTAL
<b>REVENUES</b>				
Assessments	\$ 182,049	\$ 59,760		\$ 241,809
Special Assessments			\$ 1,335,906	1,335,906
Late Fees	3,440			3,440
Move In/Out Fees	2,400			2,400
Storage Fee	3,141			3,141
Interest	56	509	761	1,326
City Light Rebate			15,297	15,297
Miscellaneous	500			500
<b>TOTAL REVENUES</b>	<u>191,586</u>	<u>60,269</u>	<u>1,351,964</u>	<u>1,603,819</u>
<b>EXPENSES</b>				
Audit & Tax Preparation	2,400			2,400
Bad Debts	24,370			24,370
Electricity	5,821			5,821
Elevator Maintenance	3,515			3,515
Federal Taxes	268			268
Insurance	15,339			15,339
Landscape	1,502			1,502
Life Safety	4,955			4,955
Management	21,113			21,113
Management Fees - Additional	7,485			7,485
Miscellaneous	246			246
Office Supplies	3,878			3,878
Professional Fees	672			672
Repairs & Maintenance	31,758			31,758
Telephone	2,380			2,380
Trash	15,108			15,108
Water & Sewer	26,136			26,136
Reserve Expenses				
Bank Fee		8		8
Elevator		109,190		109,190
Special Projects Expenses				
Bad Debt			11,412	11,412
Bank Loan Interest			12,094	12,094
Building Envelope Remediation			1,556,425	1,556,425
Roof			5,120	5,120
<b>TOTAL EXPENSES</b>	<u>166,946</u>	<u>109,198</u>	<u>1,585,051</u>	<u>1,861,195</u>
<b>EXCESS &lt;DEFICIENCY&gt; OF REVENUES OVER EXPENSES</b>	<u>\$ 24,640</u>	<u>\$ (48,929)</u>	<u>\$ (233,087)</u>	<u>\$ (257,376)</u>

**Association**  
Statement of Cash Flows  
For the Year Ended December 31, 2012

	OPERATING FUND	REPLACEMENT FUND	SPECIAL PROJECTS FUND	TOTAL
<i>Cash Flows from Operating Activities:</i>				
Cash from Assessments	\$ 193,673	\$ 59,760		\$ 253,433
Cash from Special Assessments			\$ 419,015	419,015
Interest Received	56	509	761	1,326
Miscellaneous Income	9,481		15,297	24,778
Income Taxes Paid	(400)			(400)
Cash Paid for Services/Products	(172,664)	(109,198)	(1,533,203)	(1,815,065)
Net Increase <Decrease> in Cash from Operating Activities	30,145	(48,929)	(1,098,130)	(1,116,914)
<i>Cash Flows from Financing Activities:</i>				
Loan Proceeds			800,299	800,299
Net Increase <Decrease> in Cash	30,145	(48,929)	(297,831)	(316,615)
Cash, including interest bearing deposits, at the Beginning of Year	42,549	153,636	399,425	595,610
Cash, including interest bearing deposits, at the End of Year	<u>\$ 72,694</u>	<u>\$ 104,707</u>	<u>\$ 101,594</u>	<u>\$ 278,995</u>

Reconciliation of Excess <Deficiency> of Revenues over Expenses to Net Cash Received by Operations:

Excess <Deficiency> of				
Revenues over Expenses	\$ 24,640	\$ (48,929)	\$ (233,087)	\$ (257,376)
Change in Assessments Receivable	11,272		(5,915)	5,357
Decreased Bad Debt Allowance	(14,163)			(14,163)
Increased Prepaid Insurance	(108)			(108)
Increased Prepaid Taxes	(132)			(132)
Decreased Prepaid Expenses	621			621
Increased Bad Debt Allowance			6,275	6,275
Increased Unbilled Special Assessments			(878,078)	(878,078)
Increased Accounts Payable	8,790		45,573	54,362
Change in Prepaid Assessments	352		(32,899)	(32,547)
Decreased Taxes Payable	(385)			(385)
Decreased Security Deposits	(741)			(741)
Net Increase<Decrease>in Operating Cash	<u>\$ 30,145</u>	<u>\$ (48,929)</u>	<u>\$ (1,098,130)</u>	<u>\$ (1,116,914)</u>

**Owners Association**  
Notes to the Financial Statements  
December 31, 2012

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

rs Association was incorporated 2005 in the state of Washington as a nonprofit corporation. The Association is responsible for the operation and maintenance of the common property. This is residential-unit and two-commercial-unit condominium development located in , Washington.

Accounting Method

The Association prepares its statements on the accrual basis of accounting whereby income and expenses are recognized when earned and incurred. Fund accounting is employed to properly account for the monies. The Operating Fund is used to pay for all utility, insurance, general maintenance, landscaping, and administrative obligations of the Association. The Replacement Fund has been established to meet the replacement and major repair obligations of the Association with regard to the common area components. The Special Projects Fund has been established to account for the income and expenses as defined further in note 5.

Capitalization Policy

Replacements and improvements to the real property are not capitalized on the books of the Association as title is held by the members as a fractional interest as tenants in common. Property and equipment acquired by the Association are recorded at cost. The property is depreciated over its estimated useful lives using the straight line method of depreciation. There are no capitalized assets as of the end of the year.

Assessments Receivable

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on the assets of the unit owner. The Association uses the allowance method to account for uncollectible assessments receivable.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, including Interest Bearing Deposits

For purposes of the statement of cash flows, Cash, including Interest Bearing Deposits, includes cash on hand, funds on deposit with financial institutions, and investments with original maturities of three months or less.

Date of Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, which is the date that the financial statements were available to be issued.

**Owners Association**

Notes to the Financial Statement  
December 31, 2012

**NOTE 2 - REPLACEMENT FUNDING PROGRAM**

The Association is currently funding replacement reserve accounts for the future major repair and replacement of Association common areas as disclosed in Note 1. Accumulated funds are held in separate accounts and are generally not available for operating purposes. The funding is based upon a professional reserve study approved by the board of directors.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and variations may be material. Therefore, the amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to certain legal limitations, to increase assessments, pass special assessments, or delay replacement if these funds are found to be inadequate for all future costs.

**NOTE 3 - INCOME TAXES**

Associations may be taxed either as homeowners associations or as regular corporations. For the current year the Association elected to file as a homeowners association using form 1120-H under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance and care of Association property. Net nonexempt function income which includes interest, user fees and revenues from non-members is taxed at 30%. Certain expenses were allocated to offset a portion of the taxable income.

The Association's federal tax return is subject to audit by the Internal Revenue Service. The tax returns for the current and prior two fiscal years remain open for examination by the IRS. In evaluating the Association's tax positions and accruals, the Association believes that its estimates are appropriate based on the current facts and circumstances.

**NOTE 4 - OWNERS' ASSESSMENTS**

Monthly assessments to owners varied by unit. Of this amount, a portion was designated to the replacement fund.

The annual budget and owners' assessments are determined by the Board of Directors, within certain restrictions. The Association retains excess operating funds at the end of the year, if any, for use in future operating periods.

**NOTE 5 - SPECIAL PROJECTS FUND ACTIVITY**

A Special Projects Fund has been established to account for the activity involved in the prior year settlement, Special Assessment (note 6) and bank loan (note 7).



**Owners Association**  
Notes to the Financial Statement  
December 31, 2012

**NOTE 6 - SPECIAL ASSESSMENT/CHANGE IN ACCOUNTING METHOD**

In October 2011 the members of the association ratified the Repair Assessment Special Assessment in the amount of \$1,557,836. Owners had the option to pay their share in one lump sum, to make six equal interest free payments or make monthly payments for 15 years based on an amortization schedule. The interest rate on the monthly payment plan option will reset after 60 months and after 120 months. Five units chose to pay in full, eighteen chose to make six payments and the remaining thirty-five units are making monthly payments. Income in the prior year was recorded as billed to the unit owner according to their chosen payment plan.

In the current year, the remaining principal portion of the special assessment was recorded as Unbilled Special Assessments.

Both methods - recording income as billed and recording all income as assessed - are allowed under accounting methods generally accepted in the U.S. Thus, the revision to recognize the remainder of the unbilled special assessment is shown as income in the current year.

**NOTE 7 - BANK LOAN**

The Association obtained a \$1,000,000 bank loan from Western Alliance Bank on March 12, 2012. The proceeds will finance repairs, maintenance and/or replacement of the common elements including a building remediation project to repair water damage and permanently repair the building envelope. The loan was secured by the assignment of assessments - all current and future, regular and special.

Until March 15, 2013 when the loan converts from a construction loan to a fifteen (15) year term loan, the Association will pay interest only on the outstanding balance at a rate of 5.25%. After the conversion date until the maturity date of March 15, 2028 principal and interest payments will be due in accordance with the terms of the note. The interest rate will adjust every five years. There is a loan commitment fee of \$3,500 and an underwriting fee of \$1,500.

The Association assessed unit owners a special assessment for their portion of the loan. (See Note 6). The terms of the bank loan required that any prepayments of the special assessment be paid to the bank and credited to the outstanding principal. The Association can have the loan payment reamortized over the remaining loan term after each prepayment. The first reamortization each year will be free. Each additional reamortization shall cost \$250.

[REDACTED] **Owners Association**  
 December 31, 2012  
 Supplementary Information on Future Major Repairs  
 and Replacements  
 (Unaudited)

***A reserve study was prepared on July 18, 2011 by Reserve Study Group for the period beginning January 1, 2012 to December 31, 2012 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 2.4% and interest of 1.0%, net of taxes, on amounts funded for future major repairs and replacements. The following table is based on the study and presents significant information about the components of common property.***

Component	Estimated Remaining Useful Life	Estimated Current Replacement Costs	Fund Balance at Year End
Roof - PVC Membrane (Duro-Last)	18 yrs.	\$ 70,680	
Roof - Asphalt Shingle	25 yrs.	15,575	
Roof - Parapet Flashing	30 yrs.	12,045	
Gutters & Downspouts	30 yrs.	22,075	
Roof - Chimney Caps	25 yrs.	6,132	
Siding - Cementitious (Cem plank)	30 yrs.	362,340	
Exterior Painting	8 yrs.	73,370	
Exterior Joint Sealant	5 yrs.	25,000	
Deck - Coating Reseal	12 yrs.	39,235	
Deck - Coating Replace	24 yrs.	79,800	
Deck - Railings (Aluminum)	30 yrs.	59,000	
Exterior Light Fixtures	15 yrs.	8,910	
Vent Covers	15 yrs.	12,745	
Windows & Sliding Glass Doors (Vinyl)	35 yrs.	140,000	
Awning - Fabric	12 yrs.	9,000	
Gate - Rollers	5 yrs.	1,500	
Gate - Operator	5 yrs.	2,600	
Entry Intercom System	19 yrs.	5,000	
Fire Control Panel	5 yrs.	4,500	
Fire Suppression System	4 yrs.	3,000	
Fire Extinguisher & Cabinets	10 yrs.	3,760	
Plumbing System - General	9 yrs.	28,000	
Elevator - Modernization	15 yrs.	55,000	
Elevator - Cab Refurbishment	5 yrs.	8,000	
Emergency Lighting	10 yrs.	12,480	
Interior Lighting Fixtures	15 yrs.	11,100	
Flooring - Carpet (Hallway)	3 yrs.	15,525	
Flooring - Carpet (Stairwell)	12 yrs.	7,200	
Interior Painting	3 yrs.	14,768	
Bathroom (Repair)	12 yrs.	2,800	
Lobby - Furniture	7 yrs.	4,000	
Mailbox - Standard Horizontal	20 yrs.	2,500	
Irrigation System	4 yrs.	1,500	
Concrete Flatwork - Limited Repair	9 yrs.	1,000	
<b>TOTAL</b>			<b>\$ 104,707</b>

*Percent Funded as of January 1, 2012 - 100%*