

November 28, 2018

Amberlea at South Riding Unit Owners,

Effective January 1, 2019, the Association's monthly assessments will increase to \$259.52 per month. If you have enrolled in the direct debit program, the new amount will automatically be deducted from your account, starting with the January withdrawal. If you pay by check, online, or via any other payment method, please be sure to update your payment information starting with the amount due on January 1<sup>st</sup> to avoid any late fee charges.

The Board of Directors realizes this may seem like a substantial increase and does not take an increase in assessments lightly. It is our fiduciary responsibility to effectively manage the Association's budget and we continually monitor expenses to minimize the financial impact of maintaining an aging community on unit owners. The Board considered multiple increases and ultimately, with the support of unit owners present at the November meeting, voted to approve this increase to compensate for previous years when smaller, incremental increases should have been made and to ensure that the Amberlea remains a pleasant, well-maintained place for all residents to call home.

It is our hope that the following information aids in clarifying the necessity for this year's increase.

#### Where do my Association dues go?

Amount	Source	Purpose
\$68.52	South Riding Proprietary Master Assessment	Community amenities to include trash service, parks, pools, recreation areas, and common area maintenance throughout South Riding. This assessment is a pass-through cost paid to SRP; the Amberlea Board of Directors has no control over this cost.
\$191.00	Amberlea at South Riding Condominium Association	Funding Association's reserves and the annual operating budget which includes common area maintenance and repairs, landscaping, snow removal, property insurance, water, and management services. A copy of the adopted 2019 operating budget is attached.

#### Why such a significant increase this year?

There is no one true answer. The increase is based on several factors:

- **Funding Reserves** – Under previous Board leadership and prior management, the Association's reserves went underfunded for many years. Based on previously adopted budgets and at the rate in which they were funded, the Association's reserves would have been depleted in the next 15 years and suffered a \$6.3 million deficit by 2046, according to the last reserve study. This would have had detrimental effects to an aging community. The Amberlea is now almost 15 years old and with age comes needed maintenance and repairs. The Association relies on properly funded reserves to pay for major expenses such as roof replacements, asphalt and driveway replacements, and deck and siding repairs. In 2019 alone, the reserve study has planned for nearly \$450,000 in deck repairs. A copy of the reserve study can be obtained through our management office.
- **Increased Cost of Living** – Many operating expenses increase an average of 2-3% annually. Loudoun Water

recently published that rates would be increasing by 3.5% per year (approximately \$15,600 per year) for the next three years. This is a prime example of a cost outside our budgetary control. To offset these types of increases, together with management, the Board solicits multiple quotes for services from vendors to ensure cost efficiency. When possible, multi-year contracts are executed to prevent or lock in annual escalation during the contract term. Additionally, early termination clauses are included to protect the Association should the vendor not fulfill the terms of the contract or provide subpar services. For example, our contracted landscape vendor recently proposed a 14% increase. This was unacceptable and thus the Board solicited bids from several companies and chose to execute a three-year contract with a new vendor at a fixed rate for the contract term.

- **Community Maintenance** – As previously mentioned, the Amberlea is now nearly 15 years old in some sections. Expenses arise outside of major repairs funded by the reserves. Painting, landscaping and tree replacements, and common area maintenance and repairs are all examples of routine expenses that come with maintaining the community. Routine maintenance is done to mitigate extensive, costly repairs when at all possible. Doing your part as an owner can also help reduce these costs (examples: watering your trees and shrubs; keeping decks, driveways, stoops and sidewalks clean and free of trash and debris; properly winterizing hose bibs). Please notify management when you suspect something needs repair as early detection can sometimes prevent major, more costly repairs.

#### **Additional Clarifications Regarding Association Dues**

- All Amberlea unit owners, including the Board of Directors, pay the same monthly dues, regardless of when their property was purchased. Board members are not compensated for their roles on the Board.
- The monthly dues charged by the Amberlea are actually much lower than neighboring condominium communities. Other Loudoun County condominium association dues range from \$240 to \$375 per month, with the average over \$300 per month for new, stacked construction neighborhoods. Many of these communities are newer than the Amberlea and will also see increases as they age. In comparison, the Amberlea dues are significantly lower than the average, particularly when factoring the age and construction style (full townhome style with yard space as opposed to apartment or stacked townhome style).
- Annual monthly increases are more advantageous than special assessments. Special assessments are often thousands of dollars payable as a single payment and due within a short timeframe. By increasing monthly dues annually, the increased monthly expense is usually much less of a financial burden than enacting special assessments, allowing owners to budget for monthly expenditures rather than being obligated to pay a large sum at one time. This is also advantageous to the Association as it assists with long term budgeting plans and reduces administrative time and costs.
- \$30 a month = weekly trip to Starbucks; 1 dinner out; a trip to the movies for two.

**Please be sure to update your payment information effective January 1, 2019.** If you have any questions regarding the budget or information provided above, please contact [amberlea@sfmtcinc.com](mailto:amberlea@sfmtcinc.com) or call (703) 392-6006, x260. We also welcome all unit owners to attend the next Board of Directors Meeting scheduled for January 30, 2019 at 6:30 PM (South Riding Center, 42420 Unicorn Drive).

Sincerely,

Amberlea at South Riding  
Board of Directors

# THE AMBERLEA AT SOUTH RIDING CONDOMINIUM UOA

## OPERATING BUDGET

JANUARY 1, 2019 - DECEMBER 31, 2019

	Adopted 2018	Reforecast 2018	Approved 2019
Monthly Assessment -	\$161.00		\$191.00
Monthly Master Assessment -	\$69.00		\$68.52

### INCOME

Assessment Income	1,199,772.00	1,199,772.00	1,423,299.25
Special Assessment Income	0.00	0.00	0.00
Late Fee & Misc Income	9,000.00	11,900.00	10,000.00
Legal Services Reimbursement	0.00	13,602.00	5,000.00
Owner Admin. Fees Income	0.00	0.00	0.00
Owner Interest Fee Income	0.00	56.82	0.00
Master Fee Income	514,188.00	514,188.00	510,611.04
Violation Income	0.00	650.00	0.00
Resale Income	9,500.00	0.00	0.00
Interest Income	20,787.00	35,289.40	27,828.66
Miscellaneous Income	0.00	0.00	0.00
<b>TOTAL INCOME</b>	<b>1,753,247.00</b>	<b>1,775,458.22</b>	<b>1,976,738.95</b>

### EXPENSES

#### GENERAL & ADMINISTRATIVE

Management	120,000.00	120,000.00	123,600.00
Inspection Services	0.00	0.00	0.00
Checks & Coupons	3,432.00	5,650.00	2,350.00
Audit Services	6,850.00	6,850.00	7,375.00
Architect & Engineering Services	0.00	17,370.00	0.00
Legal Services-General	20,000.00	21,975.48	8,000.00
Legal Services-Collections	0.00	35,195.91	18,000.00
Bank Charges	240.00	80.00	0.00
Postage	0.00	4,834.41	4,900.00
Property Insurance	90,086.00	93,112.51	95,283.03
Insurance Loss/Deductible	0.00	0.00	0.00
Printing & Copying	0.00	8,558.19	9,000.00
Income Taxes	3,118.00	3,118.00	3,200.00
Deficit Funding	0.00	0.00	0.00
Licenses, Permits & Fees	0.00	846.46	900.00
Master Assessment	514,188.00	507,853.80	510,611.04
Resale Disclosure Expense	9,500.00	(1,400.00)	0.00
Miscellaneous & Administrative	10,000.00	1,118.31	600.00
Bad Debt	3,300.00	13,894.12	11,997.72
<b>Total General &amp; Administrative</b>	<b>780,714.00</b>	<b>839,057.19</b>	<b>795,816.79</b>

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### UTILITIES

Electricity	50,000.00	33,871.08	34,887.21
Water & Sewer	450,489.00	444,820.24	459,925.95
<b>Total Utilities</b>	<b>500,489.00</b>	<b>478,691.32</b>	<b>494,813.16</b>

### MAINTENANCE & REPAIRS

Cleaning Service	0.00	0.00	0.00
Grounds Upkeep	10,000.00	24,652.00	40,000.00
Building Repairs & Maintenance	50,000.00	46,370.93	50,000.00
Common Area Maintenance	30,000.00	17,534.39	38,000.00
Fire Equipment Repair	0.00	0.00	0.00
Painting Exterior	41,210.00	40,685.50	59,780.00
Plumbing Repairs	0.00	3,494.87	3,500.00
Electrical Repairs	0.00	0.00	0.00
Trash Bulk Pick-up	0.00	0.00	0.00
<b>Total Maintenance &amp; Repairs</b>	<b>131,210.00</b>	<b>132,737.68</b>	<b>191,280.00</b>

### CONTRACT SERVICES

Grounds Maintenance	82,188.00	84,648.00	83,004.00
Parking Enforcement	0.00	0.00	0.00
Pet Waste Stations	0.00	5,783.34	6,000.00
Trash Removal	0.00	0.00	0.00
Exterminating	0.00	350.00	0.00
Snow Removal	51,887.00	7,060.00	40,000.00
Carpet Cleaning	0.00	0.00	0.00
<b>Total Contract Services</b>	<b>134,075.00</b>	<b>97,841.34</b>	<b>129,004.00</b>

<b>TOTAL OPERATING EXPENSES</b>	<b>1,546,488.00</b>	<b>1,548,327.53</b>	<b>1,610,913.95</b>
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### RESERVE EXPENDITURES

Capital Expenses	0.00	0.00	459,870.00
<b>Total Reserve Expenditures</b>	<b>0.00</b>	<b>0.00</b>	<b>459,870.00</b>

### RESERVES CONTRIBUTIONS

Replacement Reserve	206,759.00	206,759.04	365,825.00
Transfer from Reserves	0.00	0.00	(459,870.00)
<b>Sub-total</b>	<b>206,759.00</b>	<b>206,759.04</b>	<b>(94,045.00)</b>

<b>TOTAL EXPENSES</b>	<b>1,753,247.00</b>	<b>1,755,086.57</b>	<b>1,976,738.95</b>
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<b>SURPLUS / (DEFICIT)</b>	<b>0.00</b>	<b>20,371.65</b>	<b>0.00</b>
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est Retained Earnings Dec 31, 2017	\$ 95,435.10
Projected Surplus/(Deficit) at Dec 31, 2018	\$ 20,371.65
est Retained Earnings Dec 31, 2018	\$ 115,806.75
Operating Reserve at 10% 2018 Ass/Inc	\$ 119,977.20
est Retained Earnings Dec 31, 2019	\$ 4,170.45