



PROPERTY MANAGEMENT, INC. • 91 Clinton Road • Suite 1E • Fairfield, NJ 07004 • 973-228-5477
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December 14, 2009

Dear Association Members,

The PMV Board and Cedarcrest Property Management have spent the past few Board meetings working on the budget for 2010. Our budget includes money for our monthly operating expenses, the Deferred Maintenance Fund, and the Capital Reserve Fund. We have been able to keep our monthly maintenance fee at \$100 for the past 13 years. It had to come to an end sometime. It is truly remarkable when you consider that the average national inflation rate has been approximately 4 percent annually over the same 13 year period of time.

Unfortunately, as prices keep going up every year, and interest returns on our CD's and money market fund continue to go down, we find that we will not have enough money to meet our obligations for the coming year, and will therefore have to raise the monthly maintenance fee. Recognizing the fact that times are tough for all of us right now, we have worked very hard to keep the raise at a minimum of \$10 per month. So beginning on January 1st, 2010 the monthly fee will be raised to \$110, which is still one of the lowest fees in Morris County. We can be fairly certain with this raise now, we will not need a raise again next year.

We are sure that you will have questions about the reasons for the raise, and it is hoped that the following explanation will increase your understanding.

Our monthly operating expenses include everything from management fees, mailing production, postage and office expenses to landscape, lawn and tree maintenance and supplies, pool and clubhouse maintenance and supplies, lifeguard salaries, maintaining and repairing our sprinklers, and property taxes, water/sewer, gas and electric costs. Mulching the entire complex every 2 years is also included in these expenses. We will do this in 2010 with an approximate cost of \$45,000.

The Deferred Maintenance Fund is used for the painting of all wood trim and doors every 4 years, which will cost approximately \$133,000 (\$33,250 per year), and the staining of the decks every 3 years, which will cost approximately \$70,000 (\$23,333 per year). Due to all of the unhappiness and complaints regarding our previous painting & staining contractor Prokote, we have not renewed their



contract, and will be searching for bids from other painting contractors who will probably be more expensive.

State law mandates that Condominium/Townhouse complexes must keep a certain amount of money in a Capital Reserve Fund. This money is to be used to replace and improve common elements and equipment in the complex. We have used this fund in the past few years to fully renovate our pool area, repave the parking lot, retile the bathrooms, replace shrubs, trees and plants in our common areas, install new playground equipment, and we have heated our pool which uses thousands of dollars worth of gas each summer. All of these changes have improved our complex and increased our property values. In 2010 we have to resurface our tennis courts which are in terrible shape. This will cost approximately \$60,000.

Both the reserve funds, deferred maintenance and capital reserve, are contributed to monthly in pre-determined amounts and are included in the annual budget. The amount of money that must be kept in and contributed to the Capital Reserve Fund is determined by an independent state licensed engineering firm. PMV uses Becht Engineering BT, Inc. This year's study states that the amount which must be in the reserve fund for Jan.-Dec. 2010 is \$212,253. This means that we have to contribute \$18,787 to the fund in 2010 to reach that amount. A copy of this report and the 2010 budget is available to any owner who wishes to see it. Please contact Management. It is important to note that we had the reserve study updated this year by Becht Engineering BT.

We hope that this letter has helped you understand our process. Please feel free to contact Cedarcrest Property Management if you have any other questions, or you can attend our Board meeting on the third Thursday of every month (We take December off for the Holidays). Just call Tom at Cedarcrest Property Management and ask to be put on the meeting agenda.

Sincerely,
The PMV Board of Directors