

**Whittier Community Association, Inc.**

c/o Vanguard Management Associates, Inc.  
P.O. Box 39 • Germantown, Maryland 20875-0039  
301-253-5052 x3053

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October 1, 2009



Dear Whittier Community Association Homeowner,

The Board of Directors for the Whittier Community Association, Inc. (Association) has prepared a draft operating budget for the fiscal year beginning January 1, 2010. This budget reflects a 4.9% increase for the General assessment, a 4% increase for the Townhouse Neighborhood assessment and no increase for the Single Family Neighborhood assessment.

The **proposed annual** assessments for 2010 will be:

	<b>General</b>	<b>Neighborhood</b>	<b>Total</b>
Condominium Homes	\$276.00	N/A	\$276.00
Single Family Homes	\$276.00	\$17.00	\$293.00
Townhomes	\$276.00	\$210.00	\$486.00

The Board of Directors will entertain written comments on this proposed budget. All Whittier homeowners are invited to submit WRITTEN comments on the draft budget by October 19, 2009. Comments will be distributed to Board members for review and consideration at the scheduled Board meeting on:

October 26, 2009  
7:00 p.m.  
Somersford House  
(2<sup>nd</sup> building in from Christophers Crossing and Whittier Dr.).

Thank you for your cordial attention to this matter.

Sincerely,  
For the Board of Directors  
Whittier Community Association, Inc.

Nancy Keen  
Community Manager

Enclosure

**WHITTIER COMMUNITY ASSOCIATION, INC.**  
 2010 OPERATING BUDGET  
 January 1, 2010 through December 31, 2010  
 GENERAL ASSOCIATION (All Homes) BUDGET SUMMARY

Annual Assessment:      \$276.00      4.9% Increase over 2009

2010 TOTAL:	2009 Total	\$ Change
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**INCOME:**

Residential Assessments:	\$414,000.00	\$390,763.21	\$23,236.79
Lakefront Center Assessment	\$1,081.60	\$1,040.00	\$41.60
Capital-Builder	\$0.00	\$0.00	\$0.00
Capital-Homeowner	\$0.00	\$1,440.00	(\$1,440.00)
Outside Pool Memberships	\$18,000.00	\$17,000.00	\$1,000.00
Misc. Income - Pool Passes	\$7,400.00	\$7,400.00	\$0.00
Swim Team Income	\$1,800.00	\$1,400.00	\$400.00
Misc. Income - Newsletter	\$300.00	\$300.00	\$0.00
Interest Income	\$4,016.50	\$3,012.38	\$1,004.13
<b>ADJUSTED INCOME:</b>	\$446,598.10	\$422,355.59	\$24,242.52

**EXPENSES:**

**Reserve Contributions:**

Gross Contribution	\$37,400.00	\$35,900.00	\$1,500.00
<i>Sub-Total:</i>	\$37,400.00	\$35,900.00	\$1,500.00
Less: Reserve Interest:	(\$13,249.61)	(\$13,601.73)	(\$352.12)
Net Reserve Contribution:	\$24,150.39	\$22,298.27	\$1,852.12

**General & Administrative:**

Management, Audit, Legal, Professional & Banking Fees	\$85,322.00	\$79,676.05	\$5,645.95
Postage, Printing, Newsletter, Coupons	\$21,740.00	\$19,320.82	\$2,419.18
Insurance	\$38,150.00	\$38,150.00	\$0.00
Bad Debt Expense	\$38,150.00	\$38,150.00	\$0.00
Income Tax	\$6,343.57	\$6,094.24	\$249.33
Record Storage, Miscellaneous, Meetings	\$4,009.00	\$3,598.00	\$411.00
Electricity	\$480.00	\$480.00	\$0.00
Social & Recreation	\$6,000.00	\$6,000.00	\$0.00
<i>Sub-Total:</i>	\$172,044.57	\$158,319.11	\$13,725.46

**WHITTIER COMMUNITY ASSOCIATION, INC.**  
 2010 OPERATING BUDGET  
 January 1, 2010 through December 31, 2010  
 GENERAL ASSOCIATION (All Homes) BUDGET SUMMARY

Annual Assessment:      \$276.00      4.9% Increase over 2009

2010 TOTAL:	2009 Total	\$ Change
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**Pool Operation:**

Management, Pool Pass Admin.	\$128,192.25	\$121,567.45	\$6,624.80
Repairs, Supplies, Miscellaneous	\$16,650.00	\$16,260.00	\$390.00
Utilities: Telephone; Electric; Water & Sewer	\$30,110.00	\$30,110.00	\$0.00
<i>Sub-Total:</i>	\$174,952.25	\$167,937.45	\$7,014.80

**Site Improvement:**

Landscaping Improvements	\$13,000.00	\$12,500.00	\$500.00
Capitol Improvements	\$7,300.00	\$7,300.00	\$0.00
<i>Sub-Total:</i>	\$20,300.00	\$19,800.00	\$500.00

**General Maintenance:**

Site Maintenance & Repair	\$4,750.00	\$3,600.00	\$1,150.00
<i>Sub-Total:</i>	\$4,750.00	\$3,600.00	\$1,150.00

**Contract Maintenance:**

Grounds Maintenance	\$45,851.00	\$45,851.00	\$0.00
Snow Clearing	\$4,550.00	\$4,550.00	\$0.00
<i>Sub-Total:</i>	\$50,401.00	\$50,401.00	\$0.00

<b>Operating Contingency</b>	\$0.00	\$0.00	\$0.00
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<b>TOTAL EXPENSES:</b>	\$446,598.21	\$422,355.83	\$24,242.38
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<b>NET INCOME/(LOSS)</b>	(\$0.11)	(\$0.25)	\$0.14
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# Whittier Community Association

## OPERATING BUDGET NOTES

### GENERAL ASSOCIATION

January 1, 2010 to December 31, 2010

PROJECTED SETTLED UNITS: Projection of the number of homes to be conveyed from a builder to a Class A member during the fiscal year. NOTE: The actual number of settled homes may vary from the number projected due to construction delays, market conditions and/or other factors. Variation in the actual number of settled units will cause a variation in both income and expenses experienced by the Association.

#### I. INCOME:

- A. Residential Assessments: The total income generated from the annual assessment charged to all homeowners pursuant to Article V of the Declaration of Covenants, Conditions and Restrictions.
- B. Capital Homeowner: Funds collected at settlement from homeowner for each new 1<sup>st</sup> time sale as a means to fund Association operations. Recommended to remove amount as this line item will disappear as the building stops.
- C. Outside Pool Memberships: Income from the sale of outside pool memberships and the sale of guest passes during the season.
- D. Misc. Income - Pool Passes: Income from the fee collected for processing of swimming pool pass applications.
- E. Misc. Income - Newsletter: Income from advertisements.
- F. Interest Income: Estimated income earned from excess operating funds placed in demand deposits.

#### II. EXPENSES:

- A. Reserve Contributions: The calculations of the reserve contributions are based upon the Reserve Study which was completed in June 2006.
  - 1. Gross Reserve Contribution: The total gross reserve contribution necessary to meet the funding goals established through the comprehensive reserve study which has estimated the expected useful life and replacement cost of each community asset.
  - 2. Less: Reserve Interest: Allocation of the interest income earned by the deposit of reserve funds to secure investment vehicles such as money market and certificate of deposit accounts. The earned interest thereby reduces the annual cash deposit required to meet the funding goals established through the reserve analysis.
  - 3. Net Reserve Contribution: The actual cash outlay for deposit into reserve accounts which is necessary to meet the established funding goals as previously discussed.
- B. General & Administrative Expenses:
  - 1. Management Fee: The projected expense for professional community management services for property management, financial accounting and consultation services.
  - 2. Audit: Expense for the services of a Certified Public Accountant (CPA) for the preparation of all annual tax returns and the conduct of an annual audit of the Association books and records.
  - 3. Legal Fees: Allowance for retaining general legal counsel for such matters as legal document interpretation, collection assistance, violation enforcement and other legal assistance as may be required.
  - 4. Postage: Allowance for miscellaneous postage needs of the Association as well as several community-wide mailings to members for such items as the annual budget and annual meeting notices.
  - 5. Insurance: The estimated expense for providing all appropriate insurance coverage for the Association including:
    - a. All-Risk/General Liability Coverage in the amount of \$1,000,000.00;
    - b. Directors's & Officer's Liability Coverage in the amount of \$1,000,000.00;
    - c. Fidelity Bond of Officers and Directors in an amount sufficient to cover the amount in the Association's bank accounts.
    - d. Umbrella coverage in the amount of 15 million.
  - 6. Bad Debt Expense: Allowance for uncollectible accounts due to homeowner bankruptcies and/or mortgage company foreclosures.
  - 7. Printing & Reproduction: Allowance for the printing requirements associated with the budgeted postage needs as described above.
  - 8. Newsletter: Allowance for the preparation and printing of a newsletter for distribution to all homeowners.
  - 9. Income Tax: Allocation for payment of quarterly estimated income taxes as determined by the independent auditor.

OWNERS ARE REMINDED THAT BUDGETS REFLECT AN ESTIMATED PROJECTION OF ANTICIPATED EXPENSES AND REVENUES AND, AS SUCH, ARE SUBJECT TO CHANGE BASED UPON ACTUAL CIRCUMSTANCES.

10. Street Light Electricity: Allowance for the monthly expenses for one (1) association owned street light.
  11. Coupon Printing: Funds associated with charge that Management applies for printing of assessment coupons.
  12. Record Storage: Hard costs that Vanguard Management is charged that is passed on to the Association for monthly storage of community archive records.
  13. Miscellaneous G&A: Allowance for miscellaneous general & administrative Board expenses.
  14. Social & Recreation: Allowance for the Lakeside Festival Event.
  15. Bank & Checking Charges: Expenses related to bank account fees and the printing of checks and deposit slips.
- C. Pool Operation: The expenses necessary to operate the Cobblestone, Wetherburne and Greenleaf pools.
1. Management: Allowance for the expense of a professional, full service pool management company to provide staff and supplies for the operation of the swimming pool facilities.
  2. Pool Pass Administration: Allowance for the handling and distribution of pool passes including the printing costs for the applications, rules, and passes.
  3. Repairs: Allowance for the preseason preparation of the swimming pool and bathhouse facilities including such repairs as skimmer replacement, minor caulking, minor plumbing repairs as well as other miscellaneous repairs to the facilities during the season.
  4. Supplies: Funds allocated for the purchase of supplies necessary for the operation of the facilities
  5. Misc. Operation Expense: As allowance for costs of possible extra events (currently unplanned) at pools as well as other miscellaneous needs.
  6. Telephone: Allocation of funding for a public coin operated telephone at the pool facilities which is required by local codes. The telephone is disconnected during the off season.
  7. Water & Sewer: The allocation of the necessary funding for the water needs for the facilities including the spring "fill-up", maintenance of the pool water level during the season and bathhouse needs for showers and toilets.
  8. Electricity: Funding allocated for the electrical consumption of the electric pump motors and the filtration system, lighting and other electricity needs as may be needed for the safe operation of the facility.
- D. Site Improvement:
1. Landscaping: Allowance of funding for the planting of annual flowers at the entry features and other locations within the community during the spring and fall planting seasons as well as other landscaping improvements which may be determined by the Board of Directors.
  2. Capitol Improvements: Allocation of funds for future capitol improvement projects.
- E. Maintenance Expense:
1. Site Maintenance & Repair: Allocation of funding necessary for miscellaneous maintenance needs throughout the community such as minor tot lot repair, trash clean-up, and other miscellaneous grounds repairs.
- F. Contract Maintenance:
1. Grounds Maintenance: Funds allocated for the regular maintenance of the common areas including mowing, trimming, edging of common sidewalks, mulching of common area trees and shrubs and a complete chemical application package including fertilization and weed control.
  2. Snow Clearing: Allocation of funds for clearing and sanding of all Association owned sidewalks, mail box pads and public sidewalks that are not adjacent to homes. This does not include the City streets.
- G. Required Operating Contingency (10% of Total Expenses): Frederick City law requires that the Association maintain an operating contingency fund equal to 10% of annual expenses. No additional funding is necessary for 2010.

<b>WHITTIER COMMUNITY ASSOCIATION, INC.</b> 2010 OPERATING BUDGET January 1, 2010 through December 31, 2010 SUPPLEMENTAL TOWNHOUSE BUDGET (Townhomes Only)
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Annual Assessment:	\$210.00	4.0% Increase over 2009
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2010	2009	\$
TOTAL:	Total	Change

**INCOME:**

Residential Assessments:	\$115,080.00	\$110,696.00	\$4,384.00
<b>ADJUSTED INCOME:</b>	\$115,080.00	\$110,696.00	\$4,384.00

**EXPENSES:**

**Reserve Contributions:**

Gross Contribution	\$31,000.00	\$27,000.00	\$4,000.00
<i>Sub-Total:</i>	\$31,000.00	\$27,000.00	\$4,000.00
<b>Less: Reserve Interest:</b>	(\$3,108.98)	(\$3,036.45)	(\$72.52)
Net Reserve Contribution:	\$27,891.02	\$23,963.55	\$3,927.48

**Administrative Expense:**

Bad Debt Expense	\$2,800.00	\$2,800.00	\$0.00
Annual Property Inspection	\$3,774.00	\$3,714.00	\$60.00
<i>Sub-Total:</i>	\$6,574.00	\$6,514.00	\$60.00

**General Maintenance:**

Lawn Maintenance	\$59,615.00	\$59,228.00	\$387.00
Landscaping Improvements	\$5,000.00	\$5,000.00	\$0.00
Snow Clearing	\$16,000.00	\$16,000.00	\$0.00
<i>Sub-Total:</i>	\$80,615.00	\$80,228.00	\$387.00

**TOTAL EXPENSES:**

	\$115,080.02	\$110,705.55	\$4,374.48
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**NET INCOME/(LOSS)**

	(\$0.02)	(\$9.55)	\$9.52
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**Whittier Community Association**

OPERATING BUDGET NOTES  
Jan 1, 2010 to Dec 31, 2010

*SUPPLEMENTAL TOWNHOUSE BUDGET*  
(Townhomes Only)

**I. INCOME:**

A. Residential Assessments: The total income generated from the annual assessment charged to all homeowners pursuant to Article IV of the Declaration of Covenants, Conditions and Restrictions.

**II. EXPENSES:**

A. Reserve Contributions: The calculations of the reserve contributions are based upon the Reserve Study which was completed in June 2006.

1. Gross Reserve Contribution: The total gross reserve contribution necessary to meet the funding goals established through the comprehensive reserve study which has estimated the expected useful life and replacement cost of each community asset.

2. Less: Reserve Interest: Allocation of the interest income earned by the deposit of reserve funds to secure investment vehicles such as money market and certificate of deposit accounts. The earned interest thereby reduces the annual cash deposit required to meet the funding goals established through the reserve analysis.

3. Net Reserve Contribution: The actual cash outlay for deposit into reserve accounts which is necessary to meet the established funding goals as previously discussed.

B. Administrative Expenses:

1. Bad Debt: Allowance for uncollectible accounts due to homeowner bankruptcies or mortgage foreclosures.

2. Annual Property Inspections: Allowance for annual maintenance inspection of each home.

C. General Maintenance:

1. Lawn Maintenance: Funds allocated for regular maintenance services such as lawn mowing, trimming, and edging of all common areas within the townhouse sections of the community.

2. Grounds Improvement: Funding for projects associated with enhancing the overall townhouse section of the community.

3. Snow Clearing: Funding has been allocated during the winter season for the clearing and sanding of the **Association owned** sidewalks, mail box pads and public sidewalks that are not adjacent to homes.

<b>WHITTIER COMMUNITY ASSOCIATION, INC.</b> 2010 OPERATING BUDGET January 1, 2010 through December 31, 2010 SUPPLEMENTAL TOWNHOUSE BUDGET (Townhomes Only)
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Annual Assessment:	\$17.00	0.0% Increase over 2009
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2010 TOTAL:	2009 Total	\$ Change
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**INCOME:**

Residential Assessments:	\$5,661.00	\$5,525.00	\$136.00
<b>ADJUSTED INCOME:</b>	\$5,661.00	\$5,525.00	\$136.00

**EXPENSES:**

**General Maintenance:**

Annual Property Inspections	\$2,242.50	\$2,182.00	\$60.50
Lawn Maintenance	\$2,400.00	\$2,400.00	\$0.00
Snow Clearing	\$1,018.00	\$943.00	\$75.00
<i>Sub-Total:</i>	\$5,660.50	\$5,525.00	\$135.50

<b>TOTAL EXPENSES:</b>	\$5,660.50	\$5,525.00	\$135.50
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<b>NET INCOME/(LOSS)</b>	\$0.50	\$0.00	\$0.50
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**Whittier Community Association**  
OPERATING BUDGET NOTES  
*Jan 1, 2010 to Dec 31, 2010*

SUPPLEMENTAL "SINGLE FAMILY" BUDGET

I. PROJECTED SETTLED UNITS:

Projection of the number of homes to be conveyed from a builder to a Class A member during the fiscal year. NOTE: The actual number of settled homes may vary from the number projected due to construction delays, market conditions and/or other factors. Variation in the actual number of settled units will cause a variation in both income and expenses experienced by the Association.

II. INCOME:

A. Residential Assessments: The total income generated from the annual supplemental assessment charged to all home owners pursuant to Article VI of the Declaration of Covenants, Conditions and Restrictions (Declaration) and the Supplemental Declaration. The supplemental assessment intended to pay those costs attributable to the maintenance inspections of each home within the Whittier community.

III. EXPENSES:

A. General Maintenance:

1. Annual Property Inspection: Allocation for annual property inspections of private property dwellings and yards when applicable.
2. Lawn Maintenance: Funds allocated for regular maintenance services such as lawn mowing, trimming, and edging of all common areas within the single family sections of the community.
3. Snow Clearing: Funding has been allocated during the winter season for the clearing and sanding of the Association owned sidewalks, mail box pads and public sidewalks.