

**LODGES AT CANNON BEACH, A CONDOMINIUM  
2017 BUDGET NOTES**

The 2017 budget projects a zero operating fund balance for the Association. The remainder of the budget notes will be identified by the Income or Expense budget item name.

**OWNER ASSESSMENTS:** The 2017 budget is approved for total owner assessments (dues) of \$64,034. The allocation of the Assessments is determined by the number of bedrooms in a condominium unit. See the Dues Summary that follows the budget.

**ADMINISTRATIVE EXPENSES:** See below for detail:

Fees – Bank, Annual Reports, Licenses – includes bank account fees, if any; the annual Oregon condominium report required by the Oregon Real Estate Agency, and the annual Oregon corporation report.

Professional Fees – includes tax return preparation and reserve study annual updates. If any other professional fees, such as legal, engineering or CPA, are determined necessary, the expense would be included in this line item.

Management Services and Supplies – includes a full condominium management package of services that covers all areas of management required by the management agreement including physical, financial and administrative services.

**INSURANCE:** As in 2016 The HOA and the Fractional Owners Program will have separate Insurance policies. Insurance includes premiums for property and general liability for and common elements and umbrella liability insurance units B1, D1 and D2. It also covers HOA directors/officers liability insurance, and other coverage required by the Condominium bylaws. Personal property of unit owners B1, D1 and D2 are not covered by the Association's insurance policy.

**MAINTENANCE & REPAIRS:** Annual property inspection is budgeted as part of the maintenance plan. Exterior window cleaning is specified as an Association responsibility and is budgeted in the "Common Elements – Bldg R&M" line item along with other general building repair/maintenance budgeted based on cost history. Grounds Maintenance covers the contracted landscape service plus an estimate for maintenance of hard surface grounds that are general common elements.

**UTILITIES – COMMON:** Commonly billed or metered utilities are budgeted in this category along with the trash collection fees for the entire Condominium. Commonly metered/billed utilities have historically included water and sewer service. The cable service is assessed to Condominium owners (8 units) through the Condominium budget as it is a bundled service to keep competitive rates. For 2017, the Declarant will continue to subsidize the water and sewer cost for the Association in the amount of \$2500. The Declarant will further subsidize water and sewer utility cost equal to \$1250 in 2018.

**REPLACEMENT RESERVE FUND CONTRIBUTION:** Reserves for asset replacement and refurbishment are estimated based on determination of general common and limited common elements. See the Lodges at Cannon Beach Condominium Declaration for a description of common elements and units. The reserve contribution is determined based on an asset reserve study with industry average asset lives and replacement costs that are updated annually. The 2017 reserve study has been finalized and is available on our web site lodgesatcannonbeach.com "Downloads" or by request.