

DRAFT LODGES FOP BUDGET LETTER (TO THE FRACTIONAL INTEREST OWNERS)

March 29, 2017

[Insert addressee information]

Dear [insert]:

As a fractional interest owner you are a member of both the condominium association and fractional owner's association, each of which has its own annual association budget and assessments:

Condominium Association

All eight (8) condominium units are assessed dues for common expenses which cover the operation, maintenance and repair of condominium common elements which are primarily the building exteriors and grounds.

We have finalized the budget and reserve study for 2017 and we have implemented a few minor changes effective May 1, 2017:

- As in 2016 The HOA and the Fractional Owners Program will have separate Insurance policies. The HOA Insurance includes premiums for property and general liability for common elements and umbrella liability insurance specifically for units B1, D1 and D2. It also covers HOA directors/officers liability insurance, and other coverage required by the Condominium bylaws for all units.
- As stated last year the line item budget number for Water and Sewer was significantly lower than actual cost. For 2017, the Declarant will subsidize the water and sewer cost for the Association in the amount of \$2500.
- The overall HOA dues assessment will increase \$2,934 from 61,100 (2016) to \$64,034 due to primarily to an increase in Insurance (\$599), Water/ Sewer (\$1250) and reserve replacement (\$905) per the recommendation from our annual reserve study.

Fractional Ownership Program (FOP)

The FOP Association manages all aspects of the unit interiors and furnishings and your fractional use program. We have finalized the budget and reserve study for the 2017 Fractional Owner Program and we have implemented the following effective May 1, 2017:

The enclosed association 2017 budgets (HOA and FOP) include all anticipated operating expenses and a reserve fund contribution supported by updated reserve studies.

The 2017 overall FOP assessment will increase \$5999 from \$101,620 (2016) to \$107,619 mainly to cover increase in property tax (\$1,872), operational expenses (\$1635), maintenance and repair (\$930) utilities costs (\$832) and replacement reserve (\$600).

2017

FOP ASSESSMENTS ONLY			MONTHLY DUES		
Unit	Sq Footage	2017 Budget	FOP	HOA	Combined
A1	1942	\$ 23,562.13	163.63	61.41	225.04
A2	1924	\$ 23,343.74	162.11	61.41	223.52
B2	1615	\$ 19,594.67	136.07	41.66	177.73
C1	1931	\$ 23,428.67	162.70	61.41	224.11
C2	1458	\$ 17,689.80	122.85	41.66	164.51
Total	8870	\$ 107,619.00			

Please review the enclosed budgets (HOA – FOP) and accompanying notes. The 2017 reserve studies are available on the Lodges at Cannon Beach website or we can send on by request. For additional information or questions please feel free to contact either Terri Ferguson (503.436.9085) or myself.

Sincerely,

Patrick Nofield

Escape Investments, LLC

503.436.2480