

**LODGES AT CANNON BEACH, FRACTIONAL OWNERSHIP PROGRAM  
2017 BUDGET NOTES**

The 2017 budget projects a zero operating fund balance for the Association. The 2017 budget will assume \$0 deficit or surplus. 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 of \$107,619 (dues) assuming a \$0 deficit/surplus at year end. The allocation of the Assessments is determined by the unit square footage. See the Dues Summary that follows the budget.

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

Fees – Bank, Annual Reports, Licenses – includes the annual Oregon corporation report. If any bank fees are charged by the bank, they will be reported on this line item. .

Professional Fees – includes tax return preparation; if any other professional fees, such as legal, engineering or CPA, are determined necessary, the expense would be included in this line item. The reserve study update is paid from the reserve fund.

Management Services and Supplies – includes a full fractional ownership program package of services that covers all areas of management required by the governing documents including physical, financial and administrative services. Fees charged by the management company include dues billing, collection, accounting and general administrative management. The Board of Directors approved a scope of services to be provided for a fixed monthly fee, and hourly rates for additional services if/as needed.

**INSURANCE:** The 2017 budget includes a separate Insurance policy for the fractional owners program apart from the HOA. Premiums include coverage for property and general liability, personal property and fractional owner unit owner liability, unit and common elements, plus a directors/officers liability insurance for the fractional ownership association.

**PROPERTY TAXES:** The 2017 budget is based on property tax bills received in November 2016. As provided in the fractional ownership governing documents, property taxes are paid through the association dues.

**OPERATING EXPENSES:** The 2017 budget includes the charge for management hotel services for the fractional units, which includes the front desk check-in and related services and management hospitality services (breakfast, lobby, fitness center) at a flat rate of \$257 per month (a 3% increase over previous year). The 2017 budget also includes the estimated cost for miscellaneous replacements and the annual deep clean. The weekly check-out Housekeeping Fee will be charged to owners (or their guests) upon each check-in based on a flat charge of \$65 for a two-bedroom unit, \$85 for a three-bedroom unit. This fee covers all cleaning, inspection, linen/laundry cleaning, propane tank check and fill if needed, paper supplies, and the amenity package (soaps, lotions, coffee, etc.). Additional (extra) Housekeeping Fees will be based on a flat charge of \$90 for a two-bedroom unit, \$120 for a three-bedroom unit.

**MAINTENANCE & REPAIRS:** “Unit Maintenance – Labor” is a flat fee at \$402 per month (a 3% increase over previous year) for a scope of services provided by the management company which includes unit routine maintenance and response to owner/guest requests for assistance during their stay. Eg., replace light bulbs, batteries, assist with electronics requests, reset circuit breakers, adjust/lubricate doors and windows, replace furnace filters, etc. “Unit Maintenance – Contractors/Vendors/Supplies” – includes all outsider service providers and costs. The 2017 budget is based on recent cost history.

**UTILITIES – UNIT:** The 2017 budget is based on 2016 cost history. The cable service is assessed to Condominium owners (8 units) through the Condominium budget as it is a commonly billed service for all units.

**REPLACEMENT RESERVE FUND CONTRIBUTION:** Reserves for asset replacement and refurbishment are estimated based on determination of unit and personal property assets with an estimated life between two and 30 years. The reserve contribution is determined based on an asset reserve study with industry average asset lives and replacement costs that are updated annually. The reserve study is available on request or online at lodgesatcannonbeach.com

“Downloads”.