October 1, 2025

Dear Townhome Owner,

Attached you will find a copy of the 2026 tentative operating and reserve fund budgets. The Board of Directors has worked diligently to develop a budget that will allow for the preservation of resale values and limit discretionary spending. The recommended assessment levels reflect a proposed **3.0%** increase from 2025.

Unit Model	Description	2025 Monthly Assessment	2026 Monthly Assessment
Night Fall	Two-story end unit	$331.75	$ 341.71
Morning Star	Two-story interior unit	$297.64	$ 306.56
Day Spring	Second-floor ranch unit	$299.97	$ 308.97
Evening Song	First-floor ranch unit	$255.07	$ 262.72

General Information: We should specify that given our financial position and capital needs, the Board continues to closely watch discretionary expenses. Please take note that 33% of your monthly assessment is being allocated to the reserve fund for long-term capital expenditures. Moving into 2026, we are continuing to fight against rising labor and materials costs along with inflation.

Insurance Premiums: This was the driver of the 15% increase in 2025. Despite having success lowering premiums for the 2026 budget, we are still paying twice as much as 2023 figures. Insurance continues to be our most volatile expense. If we can stay near current levels, we can strive for inflationary increases to the annual assessment.

Below is a summary explaining the key components of the budget.

Administrative – Administrative fees for 2026 are straightforward and have been projected based on historical data and existing contracts. The Association has been able to successfully control administrative expenses in previous years, and this trend should continue in 2026. Insurance expenses are detailed above.

Buildings – Building expenses will continue to cover general maintenance and work order repairs. Building expenses also include fire alarm repairs, fire alarm monitoring, roofing/siding repairs, exterior lighting repairs, and gutter cleaning. There are not phased construction projects planned in 2026 as part of our operating budget. Phased capital project programs have allowed the association to save on work order expenses and keep building repairs and maintenance expenses manageable.

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Note: Power washing services will <u>not</u> be provided by the Association other than a light cleaning prior to any scheduled painting work. If you are interested in having your unit power washed you may contract this out. Make sure the contractor is properly insured to perform the service. If you have algae stains on your building, consider using Wet and Forget to remove the stains. It is easy to apply and less expensive than power washing.

<u>Grounds</u> – Overall, grounds expenses will be slightly less than 2025 due to no sealcoating. The Association will continue removing dead trees throughout the property and planting new trees as needed. Kramer Tree Specialists will continue pruning and treating our trees. Additionally, all common areas will be mulched in 2026. This was delayed in 2025 to cut operating expenses. All grounds-related items receive careful consideration and are only approved if the budget allows.

**** Note: Parkway tree replacement is the responsibility of the Village. Also, when you see turf repairs near your unit, please volunteer your time to water these areas. The Association is investing in the property and needs your assistance. If your pet damages the turf around your unit, please repair these areas promptly.*

<u>Reserves</u> – The Association is projecting to contribute $378,000.00 to reserves in 2026. Large ongoing contributions continue to be necessary to keep up with projected capital project costs. In 2026, we have estimated to spend $1,145,000.00. This includes siding replacement on another 8 buildings and painting/wood replacement to follow siding work completed in 2025.

Future capital needs of the Association are discussed in the reserve study put together by Waldman Engineering. If you are interested in reviewing the study, copies are available on the association's website. The reserve study will be updated after the siding project is completed.

<u>Strategic Planning</u>

We need to stay the course as capital projects across 49 buildings are expensive. The current siding/fascia/trim project is estimated to cost over $6 million. The roofing project exceeded $2 million. The Association has developed its strategic plan for upcoming and continued capital projects. Although we cannot predict exact years of replacement, here are a few of the ongoing and upcoming items:

- Siding/fascia/trim 2022-2028: Assuming insurance premiums remain manageable, we plan to complete the siding project over the next two years.
- Tabled: Concrete walkway replacement. Concrete can last a long time depending on drainage and erosion, so evaluation of concrete condition will be ongoing, and replacement will be prioritized. This project has been put on hold. Limited concrete replacement will likely start in 2028.
- Tabled: Driveway replacement. The worst buildings were addressed in 2025 to buy some time. The next round of driveway replacements will likely start in 2028 and continue annually based on condition.
- Other items: The strategic plan helps us gauge and plan for upcoming projects. This list is not all inclusive or perfect but does provide a long-term vision for the property that will assist our financial planning.

These are the highlights of the 2026 budget. We hope that this lays out the budget in a clear and concise manner. The proposed budget is scheduled to be passed at the November 6th board meeting which will be held at 7:00 PM at Our Lady of Mount Carmel Church. In the meantime, if you have specific questions relative to the budget, feel free to contact Elite Management at (708) 352-2870.

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