

Dear Homeowner:

It's the time of year again when the HOA Board meets to determine a budget for the upcoming year. It's the prime responsibility of the Board to keep the HOA financially sound in a fair and equitable manner for each homeowner, now and in the future. So far we seem to be in good shape. We have a small operating surplus for the year and money in a reserve account. We've been lucky that inflation has been unusually low and our expenses haven't increased for a couple of years; but inflation isn't going to stay low forever so we need to plan for the future.

We are still a new HOA. To review, the Drake Landing HOA was organized on May 14, 2005. At that time the dues that the builder had established were kept unchanged since there was no history to refer to. Sometime in 2007 it was discovered that the HOA might not have enough money to meet operating expenses and a panic line-of-credit was established. Starting in January of 2008, we had a small dues increase to cover the operating expense shortfall and avoided using the LOC. A committee was formed to review cutting expenses from the budget. Unfortunately there was no way expenses could be cut enough. In January 2009 we had a second and much larger dues increase which we are still operating under today.

Last November at the annual homeowners meeting the Board decided it was time to get a reserve study done so we could better understand the future requirements of the HOA. The reserve study was completed in January 2011 and is published on our web site. Over the summer the Board also met with the people who did the reserve study to make sure we fully understood what we were reading in the study. Although the HOA is in good financial shape we need to do a little more. Effective on the date the study was completed our reserve was only 19% funded. It doesn't have to be 100% funded immediately, but we

need to continue to work toward the reserve being fully funded. In the reserve study it was recommended that we increase our funding to the reserve by 5.5% annually to meet future requirements.

This fall the Board met to look at ways to plan for inflation and increase our reserve funding. It was decided that at some time a dues increase would be necessary. We understand that no one likes a dues increase, especially a large jump as in 2009. In order to avoid a large increase in dues sometime in the future, we have decided to make small and predictable annual increases starting in January 2012. To meet the reserve requirements over the next 12 years we think that a small 1/2 cent per square foot increase per year in the dues would be enough. This would amount to around \$5 a month dues increase for the smaller one bedroom unit and around \$12 a month for the largest of a single commercial unit annually. We feel that this is a small, fair and predicable way to reach our goal of 100% funding of the reserve. Of course this will be looked at annually by the HOA Board. Over time there will be new Board members with different ideas so nothing is guaranteed. Also the reserve study is just a current snapshot of our Drake Landing complex. The Board plans on a review of the reserve study every few years to see how the plan is working.

**Please take a look at the reserve study on our web site.
<http://www.summitresortgroup.com> Then come to the homeowners meeting on November 19 and voice your opinions. Hope to see you there.**

**Sincerely,
Your Drake Landing HOA Board**