

ORCHARD RUN TOWNHOUSE CONDOMINIUM ASSOCIATION, INC

c/o Vanguard Management Associates, Inc.
P.O. Box 39 Germantown, Maryland 20875-0039
(301)-540-8600 x3027
www.orchardrun.org

November 2019

Dear Orchard Run Townhouse Owner,

The Board of Directors for the Orchard Run Townhouse Condominium has approved an operating budget for the fiscal year beginning January 1, 2020 as previously submitted to you. The assessment for 2020 will be **\$182.00** per unit per month.

To assist you in making your 2020 monthly payments, you will receive, under separate cover, a 12 month coupon booklet and envelopes.

All payments should be mailed to the address on the coupon which is the “lockbox” address for Orchard Run Townhouse Condominium where your check is deposited when received.

★ ★ ★ IMPORTANT INFORMATION REGARDING YOUR ASSESSMENT PAYMENT ★ ★ ★

- **The address for payment only is: P.O. BOX 93687
Las Vegas NV 89193-3687**
- Please make sure to use the coupons and envelopes that are sent to you when you are mailing your payment.
- ***If you set-up Recurring ACH Payment (Direct Debit) on the Alliance Association Bank website, you must update your automatic payment amount. Please log onto www.vanguardmgt.com and click on “Resident Resources” to link to AAB.***
- **If you use your bank’s online bill pay service please update the payment amount and account number and verify the mailing address prior to making payment.**
- Payments should not to be mailed or hand delivered to the Vanguard Management office. Checks received in the office will be returned “Return to sender”.
- You may also pay your assessment at your community association bank website, Alliance Association Bank (AAB), by credit card or one time electronic payment. You must have your coupon with you in order to complete this process. Please log on to www.vanguardmgt.com and click on “Resident Resources” to link to AAB to make payments by credit card or electronic payment. Please allow 4 business days for processing. Credit card payments are subject to a convenience fee charged by the bank. (The Management ID, Association ID and Unit Number are all at the bottom of the coupon. There is an example online to assist you in setting up online payment using a coupon.)
- If you are currently enrolled in direct debit through our office you do not need to take any action.

You are reminded that the monthly assessment payment is due the first (1st) day of each month and is considered late if not received by the fifteenth (15th) day of the month. Late payments may be subject to a late fee and collection costs. You will receive no further notices so please place your coupons in a secure place, as there may be a charge for a replacement set.

PLEASE MAKE ALL CHECKS PAYABLE TO:
“Orchard Run Townhouse Condominium”
AND REFERENCE THE ACCOUNT NUMBER ON YOUR CHECK

Please also note that the Orchard Run Townhouse Condominium has its own extension number at Vanguard Management. You can conduct most business, reach the accounting department or reach the community manager by calling (301)540-8600 and dialing extension **3027**. There will be a number of menu selections that will facilitate your business with the Condominium. All written correspondence should be sent to the address shown at the top of this letter and questions about your account should be directed to (301)540-8600 x3303. You may also communicate with Vanguard Management by visiting Vanguard's web site at www.vanguardmgt.com, click on "Community Contact Info" and then "Orchard Run Townhouse Condominium".

You are reminded that Maryland law provides that Condominium Unit Owners will be responsible for up to \$5,000.00 of the Condominium's Master Policy insurance deductible if the source of the casualty damage originates in his/her/their unit. You are encouraged to check your homeowner's insurance policy and contact your individual insurer to make sure that you are adequately insured. Additionally you should be aware that the Condominium's master policy insurance does not cover your personal contents and belongings, any betterments or improvements you may have made to your home, and as noted, the master policy insurance deductible of up to \$5,000.00 for repairs to your unit. That master policy insurance deductible amount is currently \$ 5,000.00. Most insurers will provide a rider on your policy to cover the master policy insurance deductible.

You are encouraged to maintain your unit and all mechanical equipment appurtenant to your home in good working order. In this regard, HVAC condensation lines should be cleared on a regular basis, furnace and clothes dryer filters should be regularly cleaned, outside water lines should be turned off and drained before cold weather occurs, units should be kept warm enough to prevent freezing of pipes, washer hoses should be replaced before they dry rot and burst, hot water heaters should be checked and repaired and care should be taken concerning what is put into the drainage and sewer systems. Your cooperation in maintaining your home and being a responsible homeowner will assist everyone in keeping the costs of insurance as low as possible and will contribute to the overall well being, health and safety of the community.

Please also note that, under Chapter 10B of the Montgomery County Code, the Office of Common Ownership Communities and the Commission on Common Ownership Communities (CCOC) offers dispute resolution, education, and other services to owners and residents of common ownership communities in Montgomery County.

For the Board of Directors,
ORCHARD RUN TOWNHOUSE
CONDOMINIUM ASSOCIATION

Nancy Keen
Community Manager
nkeen@vanguardmgt.com

2020 Meeting Schedule

The Association Board of Directors meetings in 2020 are currently scheduled for the 2nd Thursday of each calendar quarter, 7:00pm, at the UpCounty Regional Service Center located at 12900 Middlebrook Rd. Germantown, Md. 20874. Meeting dates for 2020 are:

January 9, 2020
April 9, 2020

July 9, 2020
October 8, 2020

ORCHARD RUN TOWNHOUSE CONDOMINIUM

2020 OPERATING BUDGET SUMMARY

Monthly Assessment:	\$182.00	2.25% Increase over 2019	
	Approved 2020 TOTAL	Approved 2019 Budget	\$ Change
INCOME:			
Residential Assessments	\$98,280.00	\$96,120.00	\$2,160.00
Late Fee Income	\$960.00	\$960.00	\$0.00
Interest Income	\$62.40	\$0.00	\$62.40
ADJUSTED INCOME:	\$99,302.40	\$97,080.00	\$2,222.40
EXPENSES:			
Reserve Contributions:			
Gross Reserve Contribution	\$13,124.00	\$9,098.63	\$4,025.37
Less: Reserve Interest	(\$641.51)	(\$586.76)	(\$54.75)
Net Reserve Contribution:	\$12,482.49	\$8,511.87	\$3,970.63
General & Administrative			
Management, Audit and Legal	\$27,652.88	\$26,881.92	\$770.96
Postage, Printing, Newsletters, Coupons and Record Storage	\$1,574.95	\$1,760.70	(\$185.75)
Casualty Loss Expense and Insurance	\$23,240.00	\$23,240.00	\$0.00
Bad Debt	\$4,000.00	\$4,000.00	\$0.00
Web Site, Miscellaneous and Banking Fees	\$1,095.00	\$1,095.00	\$0.00
Electricity	\$780.00	\$1,020.00	(\$240.00)
Income Taxes and Meetings	\$425.25	\$387.76	\$37.49
County Commission	\$225.00	\$225.00	\$0.00
<i>Sub-Total:</i>	\$58,993.08	\$58,610.38	\$382.69
Site Improvement:			
Landscaping Improvements	\$3,070.00	\$3,465.00	(\$395.00)
<i>Sub-Total:</i>	\$3,070.00	\$3,465.00	(\$395.00)
Maintenance:			
Street Light Repairs and Site Maintenance	\$2,670.00	\$2,670.00	\$0.00
Grounds Maintenance	\$9,200.00	\$8,830.00	\$370.00
Trash Collection	\$3,391.20	\$3,391.20	\$0.00
Snow Clearing	\$9,500.00	\$11,600.00	(\$2,100.00)
<i>Sub-Total:</i>	\$24,761.20	\$26,491.20	(\$1,730.00)
TOTAL EXPENSES:	\$99,306.77	\$97,078.45	\$2,228.32
NET INCOME/(LOSS):	(\$4.37)	\$1.55	(\$5.92)

Orchard Run Townhouse Condominium

SUMMARY BUDGET NOTES

Fiscal Year: January 1 to December 31

1. INCOME:

- A. Residential Assessments: The total income generated from the monthly assessment charged to all homeowners pursuant to the Declaration of Covenants, Conditions and Restrictions (Declaration).
- B. Late Fee Income: Estimated funds collected from homeowners as a result of late payment of assessments pursuant to the By Laws and an approved collection policy.

2. EXPENSES:

- A. RESERVE CONTRIBUTION: The calculations of the reserve contributions are based upon the professional Reserve Study completed by Reserve Advisors in 2019.
 - 1. Gross Reserve Contribution: The total gross reserve contribution based on funding goals established from reserve schedule.
 - 2. Less: Reserve Interest: Allocation of the interest income earned by the deposit of reserve funds to secure investment vehicles such as money market accounts, certificates of deposit and/or U.S. Treasury instruments. The earned interest thereby reduces the monthly cash deposit required to meet the funding goals established through the reserve schedule.
 - 3. Net Reserve Contribution: The actual cash outlay for deposit into reserve accounts that is necessary to meet the established funding goals as previously discussed.
- B. General & Administrative Expenses:
 - 1. Management Fee, Audit, and Legal: The projected expense for professional community management services for property management, financial accounting and consultation services. Expense for the services of a Certified Public Accountant (CPA) for the preparation of all annual tax returns and to conduct the annual audit of the Association books and records. Allowance for retaining general legal counsel for such matters as legal document interpretation, collection assistance, violation enforcement and other legal assistance as may be required.
 - 2. Postage, Printing, Newsletters, Coupons, and Record Storage: Allowance for miscellaneous postage needs of the Association such as community-wide mailings to members for such items as the annual budget and annual meeting notices. Allowance for the printing requirements associated with the budgeted postage needs as previously described. Management's cost to out-source printing of one-time cost for assessment coupons. Funding to cover the expense for the storage of the Association's historical archive records.
 - 3. Insurance Deductible and Insurance: Allowance for the \$5,000 deductible for claims made against the Condominium Master Policy. The estimated expense for providing all appropriate insurance coverage for the Association including:
 - (1) All-Risk Building Coverage/General Liability Coverage for property damage and personal injury.
 - (2) Directors's & Officer's Liability Coverage
 - (3) Fidelity Bond Coverage to protect Association cash assets in an amount sufficient to cover the amount in the Association's bank accounts plus three

BUDGETS REFLECT AN ESTIMATED PROJECTION OF ANTICIPATED EXPENSES AND REVENUES AND, AS SUCH, ARE SUBJECT TO CHANGE BASED UPON ACTUAL CIRCUMSTANCES.

months assessment income pursuant to MD law.

4. Bad Debt Expense: Allowance for uncollectible accounts due to homeowner bankruptcies and/or mortgage company foreclosures.
 5. Website, Miscellaneous G&A, and Bank and Checking Charges: Allowance for the expense of the web site host and other expenses that may arise in connection with the web site. Allowance for miscellaneous general & administrative expenses. Expenses related to commercial bank account fees.
 6. Electricity: Allowance for the operation of the common areas street lighting.
 7. Income Tax and Meetings: Allowance for the payment of federal and state income taxes based upon non-assessment income. Expenses related to room reservations for Board meetings.
 8. County Commission: The allowance for the payment of fees assessed by the Montgomery County Commission on Common Ownership Communities that has been established to provide certain dispute resolution and educational support services to association within the County. Payment of the annual \$5.00 per home fee will be made in July as billed by the County.
- C. Site Improvement:
1. Site/Landscaping: Allowance for improvements to the landscaping in the common areas of the community.
- D. Maintenance:
1. Street Light Repairs and Site Maintenance: Allocation of funding necessary for the maintenance of the private street lighting. Such maintenance includes bulb replacement and repair of other electrical components. Allocation of funding necessary for miscellaneous maintenance needs throughout the community such as removal of dead landscaping, trash clean-up, dog waste supplies and other miscellaneous grounds repairs.
 2. Grounds Maintenance: Funds allocated for the regular maintenance of the **common areas** including mowing, trimming, edging of common sidewalks, mulching of common area trees and shrubs and a complete chemical application package including fertilization and weed control.
 3. Trash Collection: Funds allocated for the private, twice weekly curbside collection of trash.
 4. Snow Clearing: Funding has been allocated during the winter season for the plowing and sanding of the common area streets (drive lanes) on an "as needed" basis and, based upon a Montgomery County law, funds are allocated for the clearing of the private, Association owned sidewalks that are not adjacent to an individual home.