

Signature Place Homeowners Association, Inc.
Projected 2021 Annual Budget

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I. Revenues (Notes 1,2 and 3)	
1. Maintenance Assessments	\$ 257,856
2. Easement Income	6,000
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	263,856
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II. Operating Expenses (Notes 4 and 6)	
A. General & Administrative	
1. Management Fees	39,500
2. Insurance	7,800
3. Legal Fees	4,000
4. Audit Fee	3,750
5. Insurance Deductible	1,000
6. Photocopying and Printing	900
7. Miscellaneous – G&A	800
8. Postage	800
9. Dues & Subscriptions	500
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Total General & Administrative Expenses	59,050
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B. Grounds & Maintenance Expenses	
1. Landscaping	80,000
2. Snow Clearing	42,000
3. Landscaping Improvements	4,000
4. Other Contracted Services	2,000
5. Irrigation, Repairs & Maintenance	500
6. Pond, Fountain & Aerator Maintenance	13,500
7. Maintenance Services	2,500
8. Trash Removal & Recycling	-
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Total Grounds & Maintenance Expenses	144,500
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C. Utilities	
1. Irrigation System Water	1,000
2. Electricity: Street Lighting, Irrigation & Aerators	15,000
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Total Utilities	16,000
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D. Easement Expenses (Note 3, D)

III. Other Funding (Note 5)

1. Operating Contingency	6,787
2. Replacement Funding	37,519

Total Other Funding 44,306

Total Operating Expenses & Other Funding \$ 263,856

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Note 1 Introduction

Signature Place Homeowners Association, Inc. (the "Association"), is the Homeowners Association for the Community Signature place located in Mount Laurel, NJ. The purpose of the Association is to provide for the preservation of the values in the community and for the maintenance of the common facilities. The Association is planned to consist of 158 townhomes.

The projected budget is designed to present the revenues, expenses and replacement funding for the year 2021 based on full occupancy in 2021 dollars. The Forecasted Statement of Revenues and Expenses and Allocations to Funds reflect those amounts expected to be incurred in the normal operations of common areas and elements. It does not include expenses which might be incurred by the individual unit owners.

The assumptions disclosed herein are those that the Manager believes are significant to the forecast. Further, even if full occupancy levels were attained and expenses remained at 2021 dollars, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. In addition, field changes may occur during construction. Thus, actual expenses may vary as a result of such changes.

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Note 2 Revenues

Maintenance Assessments

The Association will receive revenue from its members in the form of annual assessments, which will be collected on a monthly basis. The unit owners will be assessed \$1,632 per unit per year or \$136 per month. This is based upon full occupancy of 158 units.

Maintenance Assessments (Continued)

The Association may collect, at the time of closing, capital contributions, membership fees and/or other fees, which will be used for working capital or other purposes. These amounts have not been reflected in the accompanying forecast.

Easement Income

The Association has a cross easement agreement with a neighboring property for the shared usage of and entrance drive to the community. The provisions of the cross easement agreement appear on the Public Offering Statement for the Association and are incorporated herein by reference. Responsibility for the expenses related to the shared roadway are to be split evenly between the Association and neighboring property. The Association will maintain the property and collect monthly the neighboring property's share of the applicable expenses. The estimated annual amount of these shared expenses is \$12,000, therefore, \$6,000 has been allocated for easement income. See also Note 4.

Note 3 Operating Expenses

The Association will incur various expenses in connection with maintaining the common properties and facilities. Where not specifically stated, the estimates are based upon comparable properties. The expense categories are as follows:

A. General and Administrative Expenses

1. Management Fees

The operation of an Association requires various administrative and supervisory services. This category covers the cost of employing a management company to perform those duties. The cost is estimated based upon a proposed management agreement with Hano & Ginsberg LLP.

2. Insurance

The Association documents detail the coverage required by the Association. The estimates were based upon a quote from Hardenberg Insurance Group. Because of the occurrence of natural disasters and volatility in the insurance market, costs could vary significantly from estimates provided herein. Therefore, this line item and the potential for future assessment increases should be evaluated accordingly.

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Note 3 Operating Expenses (continued)

3. Legal Fees

The Association will require the services of an attorney for various purposes including collection matters, adopting resolutions, etc. This is the estimated cost of such services.

4. Audit Fees

This expense, based upon a proposal from an independent accounting firm, will cover the cost for an annual certified audit of the financial statements and preparation of the annual corporation income tax return.

5. Insurance Deductible

The Association's insurance policy provides for a deductible of \$1,000 for each property claim occurrence. Accordingly, the accompanying forecast provides for one such occurrence.

6. Photocopying and Printing

This category covers the estimated cost of photocopies and printing relating to Association business.

7. Miscellaneous - General and Administrative

This line item is an estimate for other general and administrative items not included elsewhere.

8. Postage

This category covers the estimated cost of postage and mailings relating to Association business.

9. Dues and Subscriptions

This category covers the estimated cost of dues and subscriptions to relevant association's and/or memberships relating to Association business.

B. Grounds and Maintenance Expenses

1. Landscaping

The Association is required to maintain the common grounds. This category includes the cost of lawn care for the common areas and is based upon a quote provided by a landscaping contractor.

B. Grounds and Maintenance Expenses

2. Snow Clearing

The Association will be responsible for clearing snow from the common roadways, walkways and parking areas, as well as treatments of sanding and salting roadways and parking areas and ice melter for walkways. This expense has been estimated based upon the average snowfall of approximately 30" of snow during the season, utilizing rates proposed by a snow clearing contractor. The line item also allows for six applications of salt to the roadways and parking areas and ice melter to the walkways.

Actual snow clearing costs are dependent upon weather conditions during the winter months. Should weather conditions be more severe than usual, the cost of snow clearing could exceed the forecasted amount. The impact of such conditions, and the possibility for additional assessments or increases in maintenance fees should be considered accordingly.

3. Landscape Improvements

This line item represents the estimated cost of other grounds enhancements throughout the community not included in the landscaping line item above.

4. Other Contracted Services

This line item is expected to cover the estimated cost for miscellaneous repairs and maintenance to the common elements not included in the other line items that might be necessary during the first year of the Association and is based upon comparable associations. Such repairs could be higher in future years.

5. Irrigation Repairs and Maintenance

This line item is intended to cover the estimated costs of opening and closing the irrigation system, installed on the common areas, as well as for minor repairs.

6. Pond, Fountain and Aerator Maintenance

The Association will be responsible for maintaining the detention and retention basins. This is an estimate of the annual cost of landscaping, weed and algae control, aerator maintenance and seasonal fountain removal and reinstallation.

Note 3 Operating Expenses (Continued)

B. Grounds and Maintenance Expenses (Continued)

7. Maintenance Services

This line item is expected to cover the estimated cost for repairs and maintenance to the common elements that might be necessary during the first year of the Association. Such repairs could be higher in future years.

8. Trash Removal and Recycling

The forecast anticipates that the Township will pick up all trash and recycling at no cost to the Association (See Note 6).

C. Utilities

1. Irrigation System Water

This line item represents the estimated cost of water for irrigation of common areas for an average season. Irrigation costs were estimated using current water rates and based upon an estimate of the area to be irrigated assuming approximately one-half of the total water needed is received from rainfall. Actual water usage is dependent upon weather conditions during the summer and fall months. Therefore, above average heat and lack of rainfall could result in higher water usage and thus, result in higher costs than forecasted. The impact of such conditions and the possibility for additional assessments or increases in maintenance fees should be considered accordingly.

2 Electricity – Street Lighting, Irrigation and Aerators

This is an estimate of the cost of electricity for the LED street lights based upon the number of lights, 138, and the estimated cost to be on for twelve hours a day, as well as the estimated cost to run the irrigation system. In addition, the annual electricity costs associated with the fountains in the detention basin are included. Energy costs are subject to market changes in the cost of electricity as well as usage patterns. Therefore, actual costs will vary from the estimate herein and that variation could be material and the potential for future assessment increases should be evaluated accordingly.

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Note 3 Operating Expenses (Continued)

D. Easement Expense

As explained in Note 3 the Association is responsible for maintaining a portion of an entrance road that is shared with a neighboring property. The Association will bill the neighboring property 50% of the shared costs which is also reflected as Easement Income in the accompanying forecast. The expenses incurred relating to this area include road maintenance and replacement reserves, basin maintenance, maintenance and electric for the lighted entrance monument. The expenses for these items have been recorded in other operating expense line items.

Note 4 Other Funding

1. Operating Contingency

This line item is intended to cover needs not anticipated at this time, as well as any unexpected variations from estimated amounts in this forecast.

2. Replacement Funding

The Association documents call for the establishment and accumulation of separate funds for the eventual replacement of certain common element components of the buildings. The annual funding requirement is based on a study prepared in 2017 by Kipcon, Inc. appearing in Exhibit I and should be read in connection with this forecast. The Schedule of Replacement Funding includes those items whose useful life is not expected to exceed 30 years. Items with longer useful lives have been excluded and will be included at the time their useful life is 30 years or less. The Schedule of Replacement Funding is detailed in Exhibit I.

These funds are usually set aside in separate cash and investment accounts and utilized for the repair and replacement of common elements. Because the costs and useful lives of the commonly owned assets are estimates, there is a risk that the eventual replacement of the items may occur sooner or cost more than currently anticipated. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments or delay major repairs and replacement until sufficient funds are available, if possible.

Note 5 Municipal Services

The Municipal Services Act, N.J.S.A. 40:67-23.2 et, seq., as amended by Chapter 6 of the Public Laws of 1993, requires municipalities to reimburse “qualified private communities” for the costs of certain municipal services not provided thereto or to provide those services. It is anticipated that the Township will only be providing trash removal and recycling services for the Association (See Note 4.B.8). In light of the uncertainties as of the date of this forecast as to how else the Municipal Services Act might benefit the Association, this forecast has taken the more cautious and conservative approach of assuming that the Association will receive no further economic benefits under the Act.

EXHIBIT I



February 3, 2017

Ms. Colleen Keefer
D.R. Horton, Inc.- New Jersey
8 Neshaminy Interplex, Suite #115
Trevose, Pennsylvania 19053

Reference: **D.R. Horton- Signature Place
Preliminary Reserve Schedule
Kipcon Project No. 12372-01**

Dear Ms. Keefer:

As requested, Kipcon Incorporated has prepared the attached Reserve Schedule for use in the Public Offering Statement for Signature Place located in Mount Laurel, New Jersey. Quantities and costs were calculated from the drawings and other information provided by D.R. Horton, Inc. These schedules have been prepared in conformance with the *National Reserve Study Standards of the Community Associations Institute (CAI)*, which is a national educational organization for the community association industry.

As the recommendations are intended to be budgetary in nature, it is very important that the study be updated at the completion of construction to reflect the actual as-built conditions, construction dates of each component, and current costs. In addition, the schedules should be updated on a regular basis, thereafter, in order to continue to reflect current conditions and costs.

If you have any questions or comments, please do not hesitate to contact me. Thank you again for selecting Kipcon to provide these services.

Sincerely,
KIPCON INCORPORATED

John T. Stevens, ICS, RS, CGP
Vice President and General Manager

JTS/bf

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**D.R. Horton- Signature Place
Reserve Schedule
Date Issued: February 3, 2017**



COMPONENT	QUANTITY	UNIT COST	RESERVE SCHEDULE REQUIREMENT PRESENT DOLLARS	ESTIMATED USEFUL LIFE	MONTHLY RESERVE SCHEDULE FUNDING REQUIRED	ANNUAL RESERVE SCHEDULE FUNDING REQUIRED	NOTES
<u>Sitework</u>							
Pavement Overlay	15,610	SY	\$15.00	\$234,150	20	\$976	\$11,707.50 1
Concrete Sidewalks	43,970	SF	\$10.00	\$439,700	30	\$1,221	\$14,656.67 2
4' Wood Split Rail Fencing	1,590	LF	\$21.80	\$34,657	20	\$144	\$1,732.85 3
Aerators	3	EA	\$5,072.27	\$15,217	10	\$127	\$1,521.68 4
Entrance Monuments	2	EA	\$5,000.00	\$10,000	25	\$33	\$400.00 5
<u>Electrical</u>							
Street Lights	1	LS	\$150,000.00	\$150,000	20	\$625	\$7,500.00 6
TOTALS				\$883,724		\$3,127	\$37,519

D.R. Horton- Signature Place

Notes for Reserve Schedule

General

The following notes summarize various conditions relating to items that have been included within the *Component Inventory*. The quantities and component descriptions contained in the *Component Inventory* are based on documents and other information supplied to Kipcon by representatives of D.R. Horton, Inc. Unless otherwise noted, the unit costs shown were taken from various construction estimating guides published by R. S. Means, Incorporated (2016 Editions). It should be noted that pavement sealcoating has been left out of this schedule at the request of the Developer.

The preparation of this Reserve Study is based on the Full Funding definition in the National Reserve Study Standards of the Community Associations Institute (CAI). The study is based on full occupancy of the building and 100% completion of all components. Statutory requirements for these studies are based on adequate funding. If the as-built construction does not match the design drawings, this study is not valid as it is based on the information contained within the design drawings and prepared before construction is completed.

Numbered

1. The unit cost shown represents milling and a two-inch (2") overlay (after compaction) of the asphalt pavement to be installed at the roadways and parking areas throughout the community.
2. The unit cost shown represents the removal and replacement of the 4' and 6' wide concrete sidewalks to be installed throughout the community. The cost shown is based on local contractor pricing.
3. The unit cost shown represents the removal and replacement of the four foot high (4') wood split rail fencing to be installed around the perimeter of the basin.
4. The unit cost shown represents the removal and replacement of the three (3) aerators to be installed at the basin. No details were provided as to the size of the aerators so 2 hp has been assumed.
5. The lump sum cost shown represents the removal and replacement of the various components of the entrance monuments. One is to be installed at the Brigg's Road entrance and another is to be installed at the Union Mill Road entrance.
6. The lump sum cost shown represents the removal and replacement of the various street lights to be installed along the roadways throughout the community. The cost shown represents the replacement of the fixtures only as the poles have an extended useful life.