

TREETOPS HOMEOWNERS ASSOCIATION  
 ADOPTED BUDGET FISCAL YEAR 7-1-09 to 6-30-10  
 BASED ON ESTIMATED AVERAGE HOMES

INCOME	MONTHLY	ANNUALLY
OPERATING COST INCOME	20,687.10	248,245.18
INTEREST INCOME	5.77	69.29
OTHER INCOME	68.33	820.00
<b>TOTAL INCOME</b>	<b>20,761.21</b>	<b>249,134.47</b>

OPERATING COST PAYABLE BY ALL HOMES	MONTHLY	ANNUALLY
ANNUAL CPA COMPILATION REPORT/TAX PREPARATION	300.00	3,600.00
BANK SERVICE FEES	16.67	200.00
MANAGEMENT/BOOKKEEPING (4)	1,200.00	14,400.00
CORPORATE ANNUAL REPORT (5)	12.50	150.00
ELECTRIC (METERED) & STREET LIGHTING(6)	3,750.00	45,000.00
ENTRANCE SIGN/WALL MAINTENANCE & REPAIR (7)	475.00	5,700.00
ENTRY GATE MAINTENANCE & REPAIR (8)	625.00	7,500.00
GROUNDS MAINTENANCE CONTRACT (9)	2,925.00	35,100.00
GROUNDS MISCELLANEOUS (10)	2,000.00	24,000.00
LANDSCAPE -TREE REPLACEMENT (11)	633.33	7,600.00
HOLIDAY DECORATIONS	83.33	1,000.00
INSURANCE/LIABILITY & PROPERTY	666.67	8,000.00
IRRIGATION REPAIRS & SUPPLIES & RESERVES (12)	550.00	6,600.00
IRRIGATION MAINTENANCE (12)	403.33	4,840.00
LEGAL (13)	625.00	7,500.00
OFFICE EXPENSES, POSTAGE & PRINTING (14)	266.67	3,200.00
PLAYGROUND, GAZEBO, & CANOE LAUNCH MAINTENANCE	537.50	6,450.00
PHONE (GATE) (15)	208.33	2,500.00
POND MAINTENANCE (16)	750.00	9,000.00
IRRIGATION WELL USE LEASE (17)	3,733.75	44,805.00
INSTALLATION OF ADDITIONAL STREET LIGHTING (18)	175.00	2,100.00
<b>TOTAL EXPENSES</b>	<b>19,937.08</b>	<b>239,245.00</b>
<b>TOTAL COST PAYABLE BY EACH HOME</b>	<b>176.43</b>	<b>2,117.21</b>

DESCRIPTION OF RESERVES FOR ALL HOMES

TOTAL RESERVE PAYABLE BY ALL HOMES IN THE COMMUNITY	MONTHLY	ANNUALLY
PLAYGROUND EQUIPMENT RESERVE	166.67	2,000.00
GAZEBO & CANOE LAUNCH RESERVE	166.67	2,000.00
GATE RESERVE (18)	166.67	2,000.00
ROAD RESERVE (19)	250.00	3,000.00
<b>TOTAL RESERVE PAYABLE BY ALL HOMES</b>	<b>750.00</b>	<b>9,000.00</b>
<b>TOTAL RESERVE PAYABLE BY EACH HOME</b>	<b>6.64</b>	<b>79.65</b>

RESERVES	RESERVES COLLECTED (AS OF 6/31/09)	RESERVES TO BE FUNDED IN FYE 6-30-10	TOTAL ESTIMATED RESERVES FOR FYE 6-30-10
PLAYGROUND EQUIPMENT RESERVE	8,000.00	2,000.00	10,000.00
GAZEBO & CANOE LAUNCH RESERVE	8,000.00	2,000.00	10,000.00
GATE RESERVE	14,000.00	2,000.00	16,000.00
ROAD RESERVE	16,500.00	3,000.00	19,500.00
<b>TOTAL RESERVES</b>	<b>46,500.00</b>	<b>9,000.00</b>	<b>55,500.00</b>

BREAKDOWN OF ASSESSMENTS

TOTAL ASSESSMENTS PAYABLE BY EACH HOME	MONTHLY	ANNUALLY
OPERATING EXPENSES	176.43	2,117.21
RESERVE	6.64	79.65
<b>TOTAL GENERAL ASSESSMENT PER UNIT</b>	<b>183.07</b>	<b>2,196.86</b>

**TREETOPS NEIGHBORHOOD ASSOCIATION, INC.**

**ADOPTED BUDGET FISCAL YEAR 7/1/09 TO 6/30/10**

**NOTES**

1. All initially capitalized terms not defined herein shall have the meaning assigned to such term in the Declaration of Covenants, Restrictions and Easements for Treetops Neighborhood Association, Inc. Each owner should consult the declaration and its exhibits for a more complete description of assessments.
2. This fiscal year operating budget is based on estimates and is not a guarantee of the actual amount of operating costs; therefore it is possible that actual Assessments may be less than or greater than projected.
3. This estimated Operating Budget is based on 113 homes. On or before May 30<sup>th</sup> of each year the Association shall determine each Owner's pro rata share: provided, however, in no event shall an Owner's pro rata share be greater than 1/113 unless Treetops contains less than 113 homes when completed. The operating cost income consists of assessments collected from homeowners, assessments collected from Developer owned lots, and Developer contributions and/or deficit funding.
4. This line item is for management (to include deed restriction/architectural enforcement, supervision of contractors/maintenance, processing invoices and budget preparation); accounting services (to include preparation of annual financial statements, processing bi-monthly check runs); attendance at Board, annual and special meetings of the association; and other services as required. A management services contract is currently in place for these services.
5. The Corporate Annual Report is required by law and is an annual expense.
6. This line item is for metered electric used to run entrance landscape lighting and irrigation within Treetops. This does include electric for the streetlights. This line item is subject to change based on usage and further possible development within the community.
7. This line is for the standard maintenance for the entrance sign and brick wall surrounding Treetops.
8. This line is for the contracted maintenance and repair of the front entry gate. The maintenance contract is based on semi-annual inspections. This budget item also includes amounts for possible repairs to the modem equipment programs, gate entry equipment, and service charges for repair.
9. This line item includes mowing, edging, blowing, weeding, fertilization (four times per year on sod/three times per year on plant material), pruning, monthly irrigation checks, and policing of grounds. Pricing is subject to

change based on possible changes or additions to landscape, pricing increases, and/or irrigation changes.

10. This line item includes any additional property maintenance and non-contracted landscape work within Treetops. These items include but are not limited to tree removal, tree trimming (two times per year), sod replacement, annual replacement (four times per year), mulching (replenishment), lighting repairs and sign replacement.
11. This line item is for tree replacement.
12. This line item is for the cost of repairing irrigation lines, sprinkler heads and valve covers. This is based on triple net lease of the well from the well owner.
13. This line item includes legal expenses incurred by the Association for deed restriction enforcement, title searches, liens, and foreclosures. This number is subject to vary based on the specific legal issues that may occur during the course of the year.
14. This item included day-to-day postage, copies, long distance telephone and fax charges, printing of coupons, and any office supplies needed for the management of the Association. This item also includes the cost of mailing newsletters and meeting notices. This line item may vary based on the amount of mailings or newsletters forwarded to the membership.
15. This line item is for the cost of the gate entry phone.
16. This line item is subject to change based on whether additional water purification is needed after aquatic landscaping is fully in place.
17. Irrigation well usage- The HOA has entered into a well lease agreement whereby each pays a monthly fee of \$29/ month. For purposes of this budget, it is estimated that an average of 113 homes will be using the irrigation system. The well usage lease also considers irrigation of the common areas at \$402/ month.