

12 SOUTH TOWERS HOMEOWNERS ASSOCIATION, INC.
PROPOSED BUDGET FOR THE PERIOD OF
January 1, 2009 – December 31, 2009

INCOME

Assessments – Base – This category reflects the amount of income received from the owners' monthly assessments in the amount of \$120 per unit per month which is allocated to offset normal operating expenses. \$76,105

Assessments – Reserve – This category reflects the amount of income received from monthly assessments, which are applied towards the Capital Reserve Fund. \$1,655.00

Dividend & Interest Income – This category reflects the estimated interest income received from the Edwards Jones Inc. Money Market account in which the Association's reserve funds are deposited. Since this interest does not accrue directly to the Association's operating account, this estimate is not used for budget purposes. \$0.00

OPERATING EXPENSES

REPAIRS AND MAINTENANCE

Maintenance & Repairs – This category reflects costs for anticipated repairs to the exterior of four building's Hardiboard soffitt area in the amount of \$8,500, cost to repair concrete walkway \$3,500, \$10,500 for painting a portion of the Hardiboard on each of the 8 remaining buildings. Also budgeted is \$1,000 for unanticipated repairs. \$23,500.00

Grounds and Landscaping – This category reflects the \$1,660.00 per month cost for landscaping and lawn care services such as grass cutting, weed control, leaf removal, mulching, aerating, fertilization, trimming, fall over-seeding and irrigation system and snow removal if required. Also included is the cost to change out the pine-straw mulch to pine-bark mulch in Dec. 08. \$23,480.00

Plumbing Repairs – This category reflects the cost to make repairs to the common area underground water lines in the amount of \$2000 per annum. \$2,000.00

Roofing – This category reflects the cost of \$1,500.00 to make necessary repairs, which are not covered under warranty. Also included is the cost to clean the roofs and downspouts four times a year at \$425.00 each. \$3,200.00

Signage – This category includes the cost of \$250 per year to maintain the no trespassing, no loitering, no dumping, and parking permit signage. \$250.00

CONTRACT SERVICES

Dumpster – This category reflects the current cost per month for eight cubic yard dumpsters to be serviced once a week by Waste Management. The city also makes one weekly pick-up. \$3,000.00

Exterminating – This category reflects the cost of \$900 per year for monthly pest control services provided by Mack's Pest Control. Service will be provided to each unit on the 2nd Thursday of every month. This category also reflects the cost of \$1,350 per annum for the termite renewal bond by Ace Exterminating. \$2,250.00

UTILITIES

Electricity – This category reflects the cost to maintain the common area pole lighting provided by Nashville Electric Service and the lights for the storage building. \$1,500.00

Water & Sanitation – This category reflects the cost of water for the irrigation system. \$450.00

ADMINISTRATION

Insurance – This category reflects the estimated cost of \$7,500 per annum for general building coverage in the amount of \$4,262,500, general liability coverage of \$1,000,000 and a \$1,000,000 umbrella policy. Directors and Officers liability and maintenance fee coverage in the amount of \$800 is also included. This policy does not include any coverage for unit owners’ personal property and each owner is encouraged to seek separate coverage. \$8,300.00

Legal & Professional Fee – This category reflects the cost of \$1,000 for legal work required for 12 South Towers Homeowners Association, Inc. including delinquent accounts. It also includes \$125 for payment of the Association’s annual tax return prepared by Hillis and Clark, CPAs and a \$20.00 fee to file the annual report with the Secretary of States office. \$1,150.00

Management Fees – This category reflects the cost of \$550.00 per month for routine professional management services provided by Evans Reality Management, LLC. In addition, there will be a 5% supervisory fee for handling any insurance claims or rehabilitation expenses and \$50 per hour for any court time appearances or pre-trail meeting related to Association business. For budget purposes, no amount has been budgeted for these later items. \$6,600.00

Office Expense – This category reflects the cost of postage and copies related to payments and notices to owners and maintaining the Associations website. \$300.00

Provision – Federal Income Tax – This category reflects costs for the Association’s Federal and State tax obligations. \$125.00

TOTAL \$76,105.00

CAPITAL RESERVE

Capital Reserve Fund – This category reflects the amount of income received from the owners’ monthly assessments, which is allocated to build up capital reserve funds. \$1,655.00

Current Reserve Fund Balance as of 10/17/08 \$46,178.00

Current Balance in Operating Account as of 10/21/08 \$.00