

MEMORIAL NORTHWEST HOA

2006 FINAL BUDGET

Board Approved
November 2005

2006 Budget Agenda

- Objectives
- Assumptions
- Budget Overview /Expense Analysis
- Charts
- Surplus / Deficit & Capital Spend History
- What is not in the Budget
- Revisit Assessment Recommendation

2006 Budget Objectives

Priorities

- Fund HOA security, common area maintenance & administrative activities (former maintenance fund)
- Fund Community Center expenditures assuming at least one more year before undertaking major renovations
- Maintain at least three - six months of HOA maintenance expenses (note – does not include community center peak summer expenses)
- Keep total dues constant for 2006 ($\$196 + \$175 = \$371$)
- Break-even or generate an overall surplus (if possible)
- Prepare homeowners for a dues increase in the next year or several years

2006 Budget Key Assumptions

Revenues similar to this year

- HOA dues constant ($\$196 + \$175 = \$371$)
- Similar collections of past dues; interest income up slightly
- Community Center rentals / miscellaneous revenues slightly lower

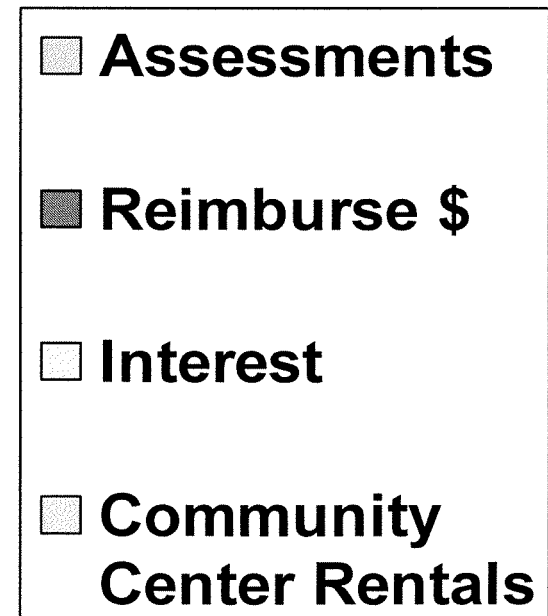
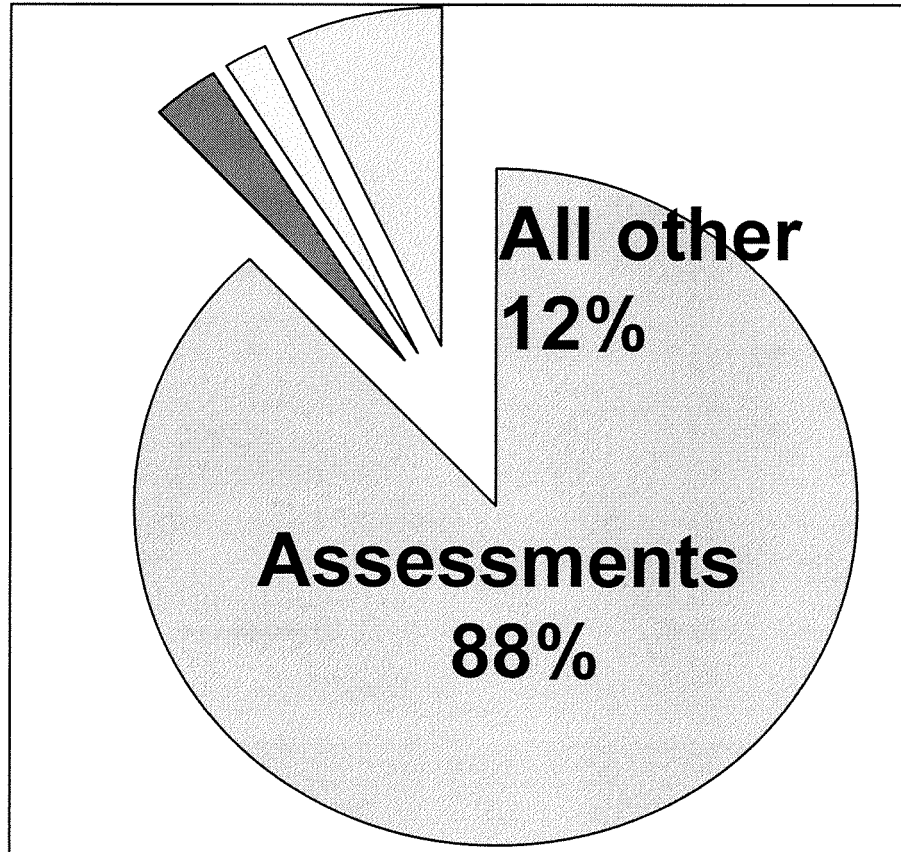
Spending increases overall

- Security contract up 2.4% (same deputy / coverage level)
- Electricity rates up 25% (weighted average estimate TXU)
- Management Company up 5% (first increase since CMS with HOA))
- Maintenance contracts for common areas and Community Center flat
- Substantial number of minor renovations at Community Center similar to last year
 - ✓ Slightly more money for tennis (versus low spend in 2005)
 - ✓ Similar level for fitness center (will allow 3-4 new machines)
 - ✓ Pool reduced due to no need to purchase pool furniture
 - ✓ Assumes no major renovations for club house
 - ✓ Increase in hours office is open to homeowners
- No planned old maintenance fund “capital spending” – new entrance monuments, etc.

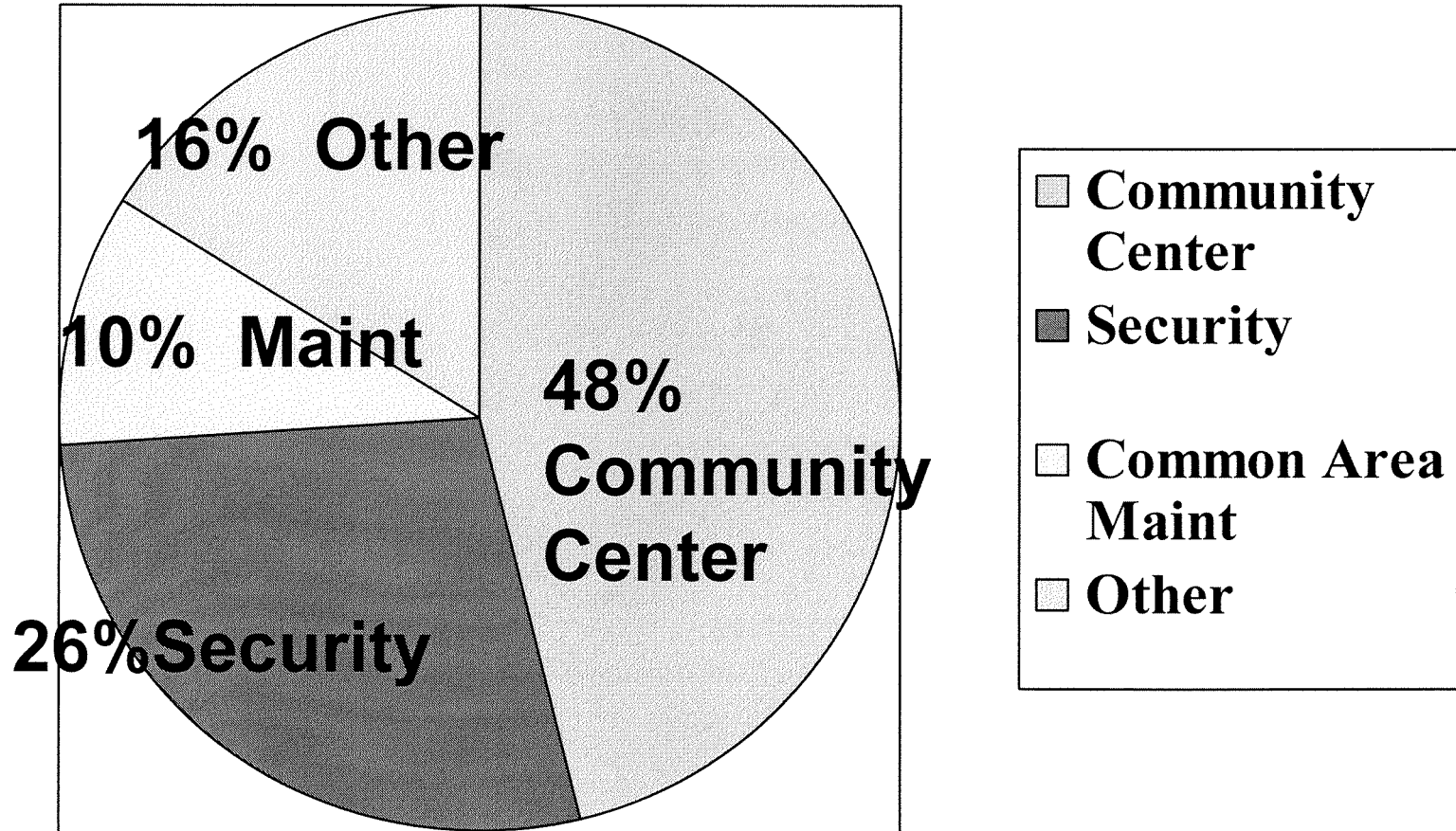
2006 HOA Budget

Revenue	\$786,000
Assessments (88 %)	
Reimbursements, Interest (4 %)	
Community Center rentals, misc. (8 %)	
Expenses	\$780,000
Community Center (48%)	
Security (26%)	
Common area maintenance / pest control (10 %)	
Management Company (7%)	
Other - Insurance, Tax, Legal & Collections, Other (9%)	
Excess Rev / expenses	\$6,000

2006 HOA Revenues

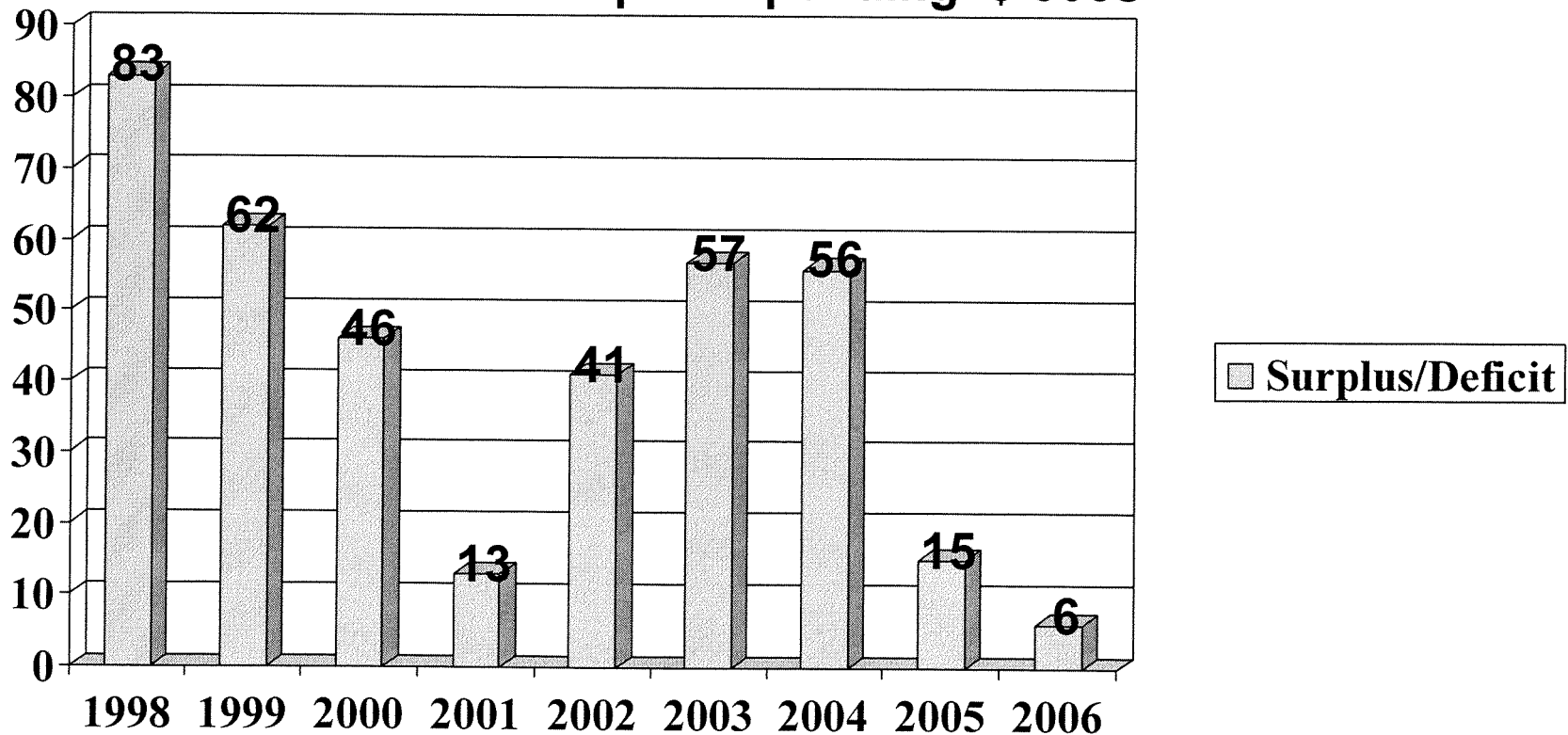


2006 HOA Expenses



Overall Surplus / Deficit

Before Capital Spending \$ 000s



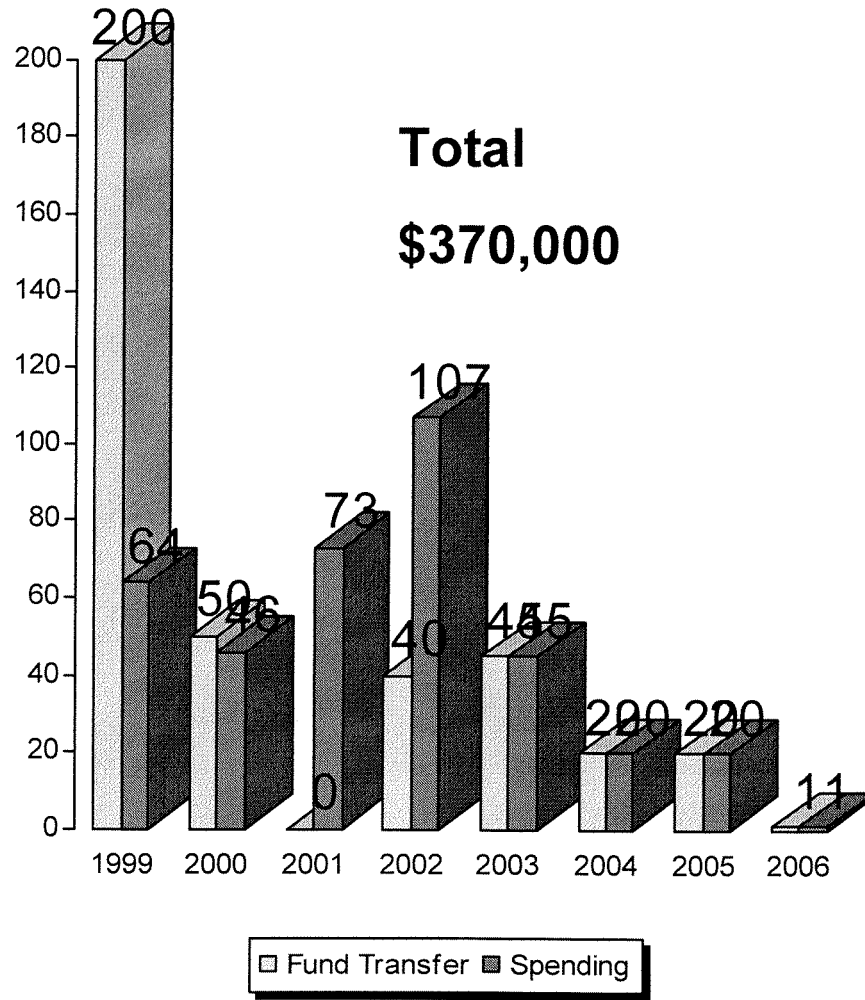
2003 primarily due to Section 18,25 revenues

2004 primarily due to security contract reduction

2005 primarily due to Community Center

Capital Fund Activity

\$ 000s



- Originally funded \$200 in 1999 / Transfer surplus funds in succeeding years
- 1999 Stuebner Airline Entrance
- 2000 Champion Forest South
- 2001 Champion Forest North / Sprinkler project
- 2002 Deep Pines / Sprinkler project / Started Narmore Entrance
- 2003 Complete Narmore Entrance / Sec #18,25 Entrance, (no pocket park although was originally in budget)
- 2004 Limited spend for minor interior entrance monuments
- 2005 No substantive Capital Spending

What is *not* in the 2006 Budget

“Major” Community Center renovations / additions / major repairs

Assume new pool, clubhouse, pocket park, etc. would be under “Master Plan” and financed via a long term debt program

Major exterior entrance monuments

Last significant improvements were #18,25 entrances in 2003 and sprinklers in 2004

Repairs to pillars or homeowner fences

Funding for possible Opposition to proposed and tabled Louetta low income apartment complex

HOA Assessments Overview

Recommend keep dues constant for 2006

- Homeowner funds well managed / No HOA Maintenance assessment increases for 10 years
- Community Center assessment of \$175 was designed to be sustainable for at least several years
- Lower or comparable assessments to other well run local HOA's
- Continued inflation for security, maintenance, energy costs and administration will eventually result in a need to raise assessment
 - Recommend preparing Homeowners for increase in 2007 unless energy costs come back down
 - Do not anticipate a need to raise assessment due to Community Center or debt program to fund major renovations / new buildings at Community Center