

To: Future Old Main & Classroom Homeowners

Subject: How Homeowners Association Dues Work For You

Owning your own home has many benefits:

1. Can be a good long-term equity investment.
2. Offers tax advantages through deduction of interest and taxes.
3. Pride of ownership.
4. Stability in one's living situation.

In the case of buildings like Old Main and Classroom, where there will be 70 owners associated together for the maintenance and care of their common areas, a Homeowners Association can give those benefits the greatest chance of success over time.

The costs associated with maintaining buildings like Old Main and Classroom are really no different than the costs associated with owning a single family home. When comparing a condominium purchase with the purchase of a detached single family home, please remember – yard maintenance, water/sewer/trash service, tree pruning, maintenance/repairs of plumbing, heating, cooling and electrical – all substantially impact the cost of owning that single family home. In the case of a Homeowners Association, costs that would be paid to other vendors or utilities are instead paid to the Association, who pays the vendors and utilities collectively.

Let us explain this by describing the HOA dues of \$219.92 for the average home at Old Main & Classroom, and where they are spent. We hope this will be helpful to you.

- A. Maintaining the building and its systems – heating, cooling, lighting, elevators, secure entry system, fire sprinkler system, fire alarm system, janitorial for halls and stairs, trash, recycling, cleaning windows - \$66/month. No different than costs to maintain a single family home.
- B. Maintaining the grounds, fountains, campus lighting, campus trash pick-up, sidewalks, & delivery area - \$36/month. Think of it like having someone keep your yard looking good. And our campus is beautiful – part of maintaining our collective investment.
- C. Utilities – water & sewer service, electricity & gas service for the hallway and emergency lighting, and to pump tempered water to your heat/air conditioning unit, telephone service for the entry system, and telephone monitoring for fire and elevator - \$52/month.
- D. Insurance for the Building - \$21/month. All you need to insure personally are the contents of your home, not the home itself.
- E. Management and Accounting for the Association – a professional manager is needed to handle billing and collection of dues, pay the bills, manage the vendors and service providers, and work with your Executive Board - \$13/month.
- F. Savings Account – the Association, for example, will need to paint all the exterior windows and doors in about 5 years. We need to save that money now. The Association will put \$24,000/year into its savings account for this painting and for other capital costs. That's \$32/month for the average home.