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PROPOSED 2025 OPERATING BUDGET AND RESERVE FUND BUDGET

October 15, 2024

Dear Hampshire Greens HOA Homeowners,

Attached for your review is the proposed 2025 operating budget for Hampshire Greens HOA which has been reviewed by the Board of Directors. We are pleased to announce that the budget reflects no increase in the semi-annual HOA fees for next year, which will remain \$620. As you can see, several service contracts and maintenance fees have increased due to inflation and increases in minimum wage. Despite these rising operating expenses, the HOA's reserve funds were reinvested into investment instruments yielding higher interest rates and the increased revenue offset some of the increased expenses.

The proposed budget also includes a \$52,578 annual contribution to the reserve fund which is more than the recommended amount of \$46,050 reflected in the independent reserve study conducted by Property Diagnostics in 2024. Furthermore, As of August 31, 2024, the Association had the following balances in the replacement reserves and in the Unappropriated Members' Equity:

Replacement Reserves:	\$207,828.60
Unappropriated Members' Equity	\$173,575.23

The Board of Directors has a fiduciary responsibility to ensure that the HOA has the amount of appropriate reserves, operating funds and the financial capability to react to emergency situations and comfortably afford future capital replacement projects without a need for any special assessments on the homeowners. Updating the reserve study every 5 years is a law requirement for all HOAs in the state of Maryland.

In accordance with Article 5, Section 5.11 of the HOA's Declaration of Covenants, Conditions and Restrictions, *"the Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature of the replaceable assets of the Association, the expected life of each asset, and the expected repair or replacement cost of each asset. The Board of Directors shall set the required reserve fund contribution, if any, in the amount sufficient to meet the projected reserve needs of the Association as shown on the reserve fund budget, with respect both to amount and timing by the imposition of annual assessments over the period of the budget. The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and assessments, as provided in Section 5.3"*.

Enclosed please find excerpts taken from the 2024 reserve study. This information, along with the information contained in this letter, hereby satisfies the requirements set forth in the above listed provision of the HOA's Declaration and confirms that the future needs of the Association as reflected in the reserve study are being met by the annual contribution to the reserve fund in the proposed 2025 budget. The full reserve study is available to any homeowner in the Abaris Vantaca Portal.

All homeowners are hereby notified that the Board of Directors will vote on formal adoption of the budget at the next virtual Board meeting that will be held on Tuesday, November 19, 2024 at 7:00 p.m. Homeowners who wish to participate in the meeting by phone may do so using the following ZOOM link:

<https://zoom.us/j/2316749465?pwd=Y3BXQTVyZENPMGZzTGvhWTRTWHEydz09>

Meeting ID: 231 674 9465

Passcode: 312078

If you have any questions or comments on the proposed 2025 budget, please participate in the upcoming Board meeting or send your comments in writing to sambush@abarisrealty.com. The final approved budget will be sent to all homeowners and posted on the HOA's website soon after the meeting. Thank you for your attention to these important matters and I hope you are all staying safe and well.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shireen Ambush".

Shireen Ambush, PCAM, CPM
Community Manager

**HAMPSHIRE GREENS HOA
Proposed Budget 2025**

2020 AUDIT	2021 AUDIT	2022 AUDIT	2023 AUDIT	ACCT #	TITLE	8 Mos ACTUAL	2024 Approved	2025 Proposed
					Revenue:	2024		
302,016	314,600	324,038	337,480	41080	Homeowners Fees	176,232	354,640	354,640
3,270	1,198	1,005	1,580	41400	Late Fees	2,400	1,000	1,500
3,421	2,245	2,820	4,195	41440	Legal Fees	3,667		
			1,870	41442	Legal - Admin Cost	915		
5,877	1,540	375	1700	41560	Miscellaneous Fees			
80				41570	NSF Fees			
473	195	783	8,195	43020	Interest Earned	8,494	4,400	10,100
				43920	NSF Cost			
511		4,866		43510	Bad Debt Recovery			
315,648	319,778	333,887	355,020		Total Revenue	191,708	360,040	366,240
					Expenses:			
					Administrative:			
32,025	32,025	32,025	48,398	50020	Management Fees	35,173	52,760	54,342
			3,464	50032	Legal - Admin Cost	235	1,320	1,000
22,239	14,204	14,945	20,844	50040	Legal	9,443	10,000	20,000
				50051	Corporate Transparency Act			500
6,350	100	7,055	3,700	50060	Audit/Tax Returns	4,313	4,000	4,350
6,119	2,909	3,323	5,835	50120	Postage/Printing	924	4,000	4,000
			8,866	50190	Community Inspections		800	
215				50310	Meeting Facilities		800	200
				50380	Bank Charges			
	137		2,828	50450	Social Committee	350	3,500	4,000
		1,430	250	50460	Secretarial Services (Minutes)		1,750	1,000
1,430	1,430		1,644	50590	Montg. County Assmt.	1,859	1,859	1,859
2,820				50620	Engineering Study		2,600	
144	144	153	144	50830	Website	144	420	300
	7,341		7,270	50960	Bad Debt Expense		5,000	5,000
7,587	8,848	8,444	2,647	50980	Miscellaneous	(1,865)	5,000	3,000
78,929	67,138	67,375	105,890		Sub Total	50,576	93,809	99,551
					Utilities:			
1,244	1,279	1,387	1,260	51020	Electricity	893	1,615	1,615
				51080	Water/Sewer			
1,244	1,279	1,387	1,260		Sub Total	893	1,615	1,615
					Contracts			
18,502	18,502	42,737	36,280	52020	Trash	24,680	40,000	40,000
75,001	69,106	69,533	70,212	52040	Grounds/Landscaping	63,747	87,872	88,896
12,841	10,740	12,433	8,313	52280	Security	5,256	10,000	10,000
1,878	10,930	9,640		52320	Snow Removal	18,342	10,000	10,000
108,222	109,278	134,343	114,805		Sub Total	112,025	147,872	148,896



**HAMPSHIRE GREENS HOA
Proposed Budget 2025**

2020 AUDIT	2021 AUDIT	2022 AUDIT	2023 AUDIT	ACCT #	TITLE	8 Mos ACTUAL	2024 Approved	2025 Proposed
					Maintenance, Repairs			
7,221	7,490	3,080	36,045	53260	Grounds & Landscaping	11,942	30,000	30,000
				53280	Tree Care	3,175	18,335	10,000
175			2,585	53340	Dog Waste Stations	1,649	3,000	4,500
18,380	3,768	3,351	3,774	53420	General Repairs	1,596	10,000	5,000
25,776	11,258	6,431	42,404		Sub Total	18,362	61,335	49,500
					Insurance, Taxes, Licenses			
6,893	6,761	7,370	7,708	59100	Insurance-Master Policy	6,468	8,500	10,000
			1,543	59300	Corporate Taxes	4,084	1,100	3,000
1,018	1,062	1,119	1,165	59400	Taxes-Real Estate	997	1,100	1,100
7,911	7,823	8,489	10,416		Sub Total	11,549	10,700	14,100
222,082	196,776	218,025	274,775		Total Operating Expenses	193,405	315,331	313,662
					Replacement Reserves			
30,899	45,602	56,040	56,040	63110	Replacement Fund	44,709	44,709	52,578
412	169	783	8,195	63120	Reserves - Interest			
31,311	45,771	56,823	64,235		Sub Total	44,709	44,709	52,578
253,393	242,547	274,848	339,010		Total Expenses & Reserves	238,114	360,040	366,240
62,255	77,231	59,039	16,010		NET INCOME (LOSS)	(46,406)	-	-





HAMPSHIRE GREENS HOMEOWNERS ASSOCIATION								
A. ARCHITECTURAL GROUNDS								
PROPERTY DIAGNOSTICS, INC.								
ITEM	QUANTITY	NORMAL USEFUL LIFE (Years)	ESTIMATED REMAINING LIFE (Years)	CURRENT REPLACEMENT COST	CURRENT FUND AMOUNT	REQUIRED FUND AMOUNT	FULLY FUNDED AMOUNT	TARGET DATE (Year)
1a. Asphalt Path - Newer	509 SY	20	20	\$27,500.00	\$0.00	\$27,500.00	\$0.00	2044
1b. Asphalt Path - Older	1,041 SY	20	17	56,240.00	8,436.00	47,804.00	8,436.00	2041
2. Concrete Walk	3,235 SF	50	26	38,820.00	0.00	38,820.00	18,633.60	2050
3. Entry Monument	2,810 SF	40	39	62,000.00	0.00	62,000.00	0.00	2063
4. Ground Lights	34 Ea	25	25	8,500.00	0.00	8,500.00	0.00	2049
5. Electrical Switchgear	Lot	40	16	7,500.00	4,500.00	3,000.00	4,500.00	2040
6. Keystone Walls	210 SF	40	16	4,620.00	2,772.00	1,848.00	2,772.00	2040
7. Stone Wall	520 SF	40	16	7,800.00	4,680.00	3,120.00	4,680.00	2040
8. Tennis Court - Resurface	1,421 SY	40	19	92,375.00	2,328.49	90,046.51	48,496.88	2043
9. Tennis Court - Crackfill & Color Coat	12,800 SF	100	9	50,000.00	45,500.00	4,500.00	45,500.00	2033
10. Chain Link Fence 10' - Tennis Court	455 LF	25	7	31,850.00	26,272.84	5,577.16	22,932.00	2031
11. Tot Lot Equipment - Harbour Town Drive	Lot	20	2	50,000.00	40,000.00	10,000.00	45,000.00	2026
12. Tot Lot - Mulch Padding Floor	Lot	3	2	2,200.00	733.33	1,466.67	733.33	2026
13. Plastic Border	140 LF	30	2	3,500.00	1,866.67	1,633.33	3,266.67	2026
14. Tot Lot Equipment - Bay Hill Lane	Lot	20	20	54,000.00	0.00	54,000.00	0.00	2044
15. Tot Lot Mulch Padding Floor - Bay Hill Lane	2,110 SF	3	3	3,750.00	3,100.00	650.00	0.00	2027
16. Wood Border	600 LF	30	30	17,250.00	0.00	17,250.00	0.00	2054
17. Vinyl Fence - Split Rail	144 LF	25	5	3,168.00	3,168.00	0.00	2,534.40	2029
18. Picnic Table (Metal)	9 Ea	20	4	10,800.00	8,640.00	2,160.00	8,640.00	2028
19. Benches	17 Ea	30	4	18,700.00	16,206.67	2,493.33	16,206.67	2028
20. Trash Can	6 Ea	20	5	3,000.00	2,250.00	750.00	2,250.00	2029
21. Gazebo	1 Ea	25	20	12,000.00	0.00	12,000.00	2,400.00	2044
22. Security Camera Poles	3 Ea	40	16	3,000.00	1,800.00	1,200.00	1,800.00	2040
23. Security Camera System	Lot	15	7	15,000.00	8,000.00	7,000.00	8,000.00	2031
24. Dog Stations	4 Ea	12	9	2,400.00	600.00	1,800.00	600.00	2033
25. Reserve Study - Update	1 Ea	5	5	3,000.00	600.00	2,400.00	0.00	2029
TOTAL:				\$588,973.00	\$181,454.00	\$407,519.00	\$247,381.54	



V. SUMMARY OF YEARLY EXPENDITURES

Draw Fund – In our approach to establishing an effective reserve fund allocation, we are refining our strategy for draw fund components. By determining an Estimated Remaining Life, such as 32 years, we calculate an annual cost by dividing the total expense over this timeframe. This annual cost is then allocated to the item as a draw fund every 5 years (annual cost multiplied by 5) at years 5, 10, 15, 20, 25, and 30, with the final amount (equivalent to 2 years' worth of work) allocated in year 32.

This adjustment is necessary because our projections extend only 30 years. Without this approach, items like Concrete, with a longer lifespan, would not be adequately funded as they extend beyond the projection period. Although the total amount remains the same, presenting it as a draw fund emphasizes the availability of funds when needed. If no work is required, the allocation is shifted to the subsequent year, ensuring funds are readily available for timely maintenance.

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2025		
Total for 2025		\$ -

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2026	Tot Lot Equipment - Harbour Town Drive	\$ 50,000.00
	Tot Lot - Mulch Padding Floor	\$ 2,200.00
	Plastic Border	\$ 3,500.00
Total for 2026		\$ 55,700.00

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement
2027	Tot Lot Mulch Padding Floor - Bay Hill Lane	\$ 3,750.00
Total for 2027		\$ 3,750.00



SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement	
2028	Picnic Table (Metal)	\$	10,800.00
	Benches	\$	18,700.00
Total for 2028		\$	29,500.00

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement	
2029	Vinyl Fence - Split Rail	\$	3,168.00
	Trash Can	\$	3,000.00
	Reserve Study - Update	\$	3,000.00
	Tot Lot - Mulch Padding Floor (Harbour Town Drive)	\$	2,200.00
Total for 2029		\$	11,368.00

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement	
2030	Tot Lot Mulch Padding Floor - Bay Hill Lane	\$	3,750.00
Total for 2030		\$	3,750.00

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement	
2031	Chain Link Fence 10' - Tennis Court	\$	31,850.00
	Security Camera System	\$	15,000.00
Total for 2031		\$	46,850.00

SUMMARY OF YEARLY EXPENDITURES

Year	Item to be Replaced	Cost of Replacement	
2032	Tot Lot - Mulch Padding Floor (Harbour Town Drive)	\$	2,200.00
Total for 2032		\$	2,200.00



HAMPSHIRE GREENS HOMEOWNERS ASSOCIATION				
INFLATED CASH FLOW BREAKDOWN				
Year	Total Replacement Costs / 30yrs with 3% Inflation	Hampshire Greens HOA's Yearly Contribution with 3% Inflation Match	Current Fund based on Hampshire Greens HOA's Contribution	Current Fund based on Hampshire Greens HOA's Contribution with 1% Interest Earned
			\$ 181,454	
2025	\$ -	\$ 46,050	\$ 227,504	\$ 229,779
2026	\$ 59,092	\$ 47,432	\$ 218,119	\$ 220,300
2027	\$ 4,098	\$ 48,855	\$ 265,057	\$ 267,708
2028	\$ 33,203	\$ 50,320	\$ 284,826	\$ 287,674
2029	\$ 13,179	\$ 51,830	\$ 326,325	\$ 329,588
2030	\$ 4,478	\$ 53,385	\$ 378,496	\$ 382,281
2031	\$ 57,620	\$ 54,986	\$ 379,647	\$ 383,444
2032	\$ 2,787	\$ 56,636	\$ 437,293	\$ 441,666
2033	\$ 73,263	\$ 58,335	\$ 426,738	\$ 431,005
2034	\$ 4,032	\$ 60,085	\$ 487,059	\$ 491,929
2035	\$ 3,045	\$ 61,888	\$ 550,772	\$ 556,280
2036	\$ 5,347	\$ 63,744	\$ 614,677	\$ 620,824
2037	\$ -	\$ 65,657	\$ 686,481	\$ 693,346
2038	\$ 3,328	\$ 67,626	\$ 757,644	\$ 765,221
2039	\$ 10,516	\$ 69,655	\$ 824,360	\$ 832,603
2040	\$ 36,780	\$ 71,745	\$ 867,568	\$ 876,244
2041	\$ 96,592	\$ 73,897	\$ 853,549	\$ 862,084
2042	\$ 6,384	\$ 76,114	\$ 931,814	\$ 941,132
2043	\$ 161,980	\$ 78,398	\$ 857,549	\$ 866,125
2044	\$ 178,263	\$ 80,749	\$ 768,611	\$ 776,297
2045	\$ 11,441	\$ 83,172	\$ 848,028	\$ 856,509
2046	\$ 124,547	\$ 85,667	\$ 817,629	\$ 825,805
2047	\$ 4,342	\$ 88,237	\$ 909,701	\$ 918,798
2048	\$ 28,256	\$ 90,884	\$ 981,426	\$ 991,240
2049	\$ 30,360	\$ 93,611	\$ 1,054,491	\$ 1,065,036
2050	\$ 88,463	\$ 96,419	\$ 1,072,992	\$ 1,083,722
2051	\$ 8,330	\$ 99,312	\$ 1,174,703	\$ 1,186,450
2052	\$ -	\$ 102,291	\$ 1,288,741	\$ 1,301,629
2053	\$ 5,184	\$ 105,360	\$ 1,401,804	\$ 1,415,822
2054	\$ 65,944	\$ 108,520	\$ 1,458,399	\$ 1,472,983