



**NEW MARK COMMONS  
HOMES ASSOCIATION, INC.**  
C/O ABARIS REALTY INC.  
7811 MONTROSE RD STE 110  
POTOMAC MD 20854-3349  
www.newmarkcommons.net

December 2019

Dear NMC Residents

The NMC Board of Directors approved the attached budget for 2020 on December 5, 2019.

No changes in the budget were made from drafts presented in the October and November mailings to all NMC residents. This budget implements increases needed to position the community financially to address its operating fund and reserve fund (capital projects) responsibilities now and into the future.

The following table indicates the approved 2020 annual dues for each NMC property:

Town House 2 bedroom	\$2,826
Town House 3 bedroom	\$2,900
Detached 3 bedroom*	\$2,583 *includes Tegner
Detached 4 bedroom	\$2,657
Detached 5 bedroom	\$2,731

NMC 2020 assessment statements will be mailed in January. NMC annual assessments will continue to be split into two payments due in February and June.

*The balance of this letter explains how the budget was established and how the dues were calculated.*

### **NMC 2020 Budget Summary**

The 2020 NMC budget totals \$1,109,295. The budget is split into two sections:

- \$535,448 for the operating budget
- \$573,847 for the reserve fund comprised of:
  - \$125,060 for the loan payment (located in the operating budget in 2019)
  - \$398,787 for capital projects (a \$194,515 increase over 2019)
  - \$ 50,000 (contingency funds if not used)

The large increase in the contribution to the reserve fund is based on the following needs:

- Annual payments through 2025 for the \$750,000 loan used to partially fund the townhouse parking lot and sidewalk project completed in 2018
- Capital responsibilities identified in the 20-year reserve fund study conducted by Mason and Mason
- Lake dredging in 2021 (now overdue and last done 14 years ago)
- Drainage projects for multiple erosion areas (not in the reserve study)
- Replacement of many deteriorating retaining walls (cost estimates are much higher than noted in the reserve study)
- Address access to the Clubhouse for individuals with disabilities (not in the reserve study)

The 2020 budget was created looking at the community's long-range needs, not just next year.

NMC dues are calculated per criteria in our governing documents. The operating budget follows five categories of tiered assessments established in our 1967 covenants. A 2-bedroom townhouse pays the lowest operating dues assessment while the highest is paid by a 5-bedroom detached home. The reserve fund contribution is calculated via a 4:3 ratio for contributions as established in 1986 when the fund was originated. This means for every \$1.00 a townhouse owner pays into the reserve fund, a detached homeowner pays \$.75 into the reserve fund.

**Calculation of Dues for Each Type of Property**

	Multiplier used per NMC governing documents		2020 Dues per Unit			No. of Units	Total Revenue
	Operating budget based on 1967 covenants	Reserve fund based on 1986 board resolution	Operating	Reserve	Total		
TH 2br	1.000	1.000	\$1,259.05	\$1,567.23	\$2,826	43	\$121,530
TH 3br	1.059	1.000	\$1,333.11	\$1,567.23	\$2,900	142	\$411,848
Det 3br *	1.118	0.750	\$1,407.17	\$1,175.42	\$2,583	47	\$121,382
Det 4br	1.176	0.750	\$1,481.23	\$1,175.42	\$2,657	148	\$393,185
Det 5br	1.235	0.750	\$1,555.29	\$1,175.42	\$2,731	4	\$10,923

\* - includes 3 BR Tegner

\$1,058,868

In 2020, the townhouse dues generate \$533,378 and the detached homes dues generate \$525,490. The remainder of the budget comes (\$50,427) from other revenues sources such as nonresident pool memberships and Clubhouse rentals. The total 2020 budget of \$1,109,295 is a combined total of dues and other expected revenues.

The significant increase to the reserve fund (capital projects) shows the impact of the 4:3 ratio with the townhouse owners paying more into the reserve fund than the detached homeowners. The rationale for this ratio, when creating the reserve fund, was that the townhouse owners almost exclusively benefit from the sidewalks, parking lots and retaining walls that serve the townhouses. The reserve fund was created when the town houses’ parking lots were 20 years old and in need of repair. At 50 years old in 2018, repairs to the townhouse parking lots and sidewalks cost NMC over \$750,000. In 2020, drainage projects are planned to address erosion problems in the townhouse areas.

The need to implement this level of dues increase is recognized to be unwelcome by NMC residents. None of us want to pay more. But the Board believes this increase is the right thing to do in order to ensure our community is maintained in an appropriate manner and remains a safe and desirable place to call home.

The NMC dues increases from 2019 to 2020 can also be looked at in the following ways:

Type	2019 dues	2020 dues	Annual Increase	
			Percent	\$
TH2	\$1,990	\$2,826	43%	\$836
TH3	\$2,073	\$2,900	39%	\$827
Det 3 br *	\$2,013	\$2,583	28%	\$570
Det 4 br	\$2,096	\$2,657	26%	\$561
Det 5br	\$2,180	\$2,731	25%	\$551

\* - includes Tegner

The above numbers are presented to be transparent about the impact of the approved 2020 NMC budget. All the above numbers say the same thing: 2020 NMC dues are increasing significantly.

Overall revenue generated by NMC dues' assessments in 2019 and in 2020 reflects the same amount. The total amount each year is equal to a 50% increase of the 2018 dues. In 2019, there was a \$264,515 increase to the NMC budget and again in 2020 there was an overall increase of \$264,515 to the budget.

### **Moving Forward**

The value and enjoyment of all NMC properties is tied to the care provided and condition maintained of all the HOA common grounds and amenities like the Clubhouse, lake, pool, parking lots, sports courts, etc. In approving the 2020 NMC budget, the Board has taken its role of being responsible for the HOA very seriously. Careful oversight of the spending of all NMC budgeted funds will be done by the Board.

The Board has also agreed that, barring any unanticipated circumstances, the 2021 NMC dues be held as close to possible to the 2020 level. The Board encourages residents to contribute to the current review of NMC governing documents underway by the Governance Committee, recently established by the Board. How future NMC dues are determined is subject to change as the 1967 covenants are expected to be updated in the near future.

If you have any questions, please write the [board@newmarkcommons.net](mailto:board@newmarkcommons.net)

Sincerely,

Kathleen Moran, President  
Karin Boychyn, Treasurer  
Alex Belida, Vice President/Secretary  
John Daroff, Board Member  
Joe Jordan, Board Member  
Ron Tipton, Board Member

<b>NEW MARK COMMONS HOA</b>						
<b>2020 BUDGET</b>						
				7 MOS.	ADOPTED	ADOPTED
AUDIT	MGMT	GL		ACTUAL	BUDGET	BUDGET
2017	2018	A/C #		2019	2019	2020
<b>REVENUE:</b>						
<b>MEMBERS ASSESSMENTS:</b>						
354,634	532,052	41030	SEMI-ANNUAL FEE (OPERATING)	\$ 315,928	\$ 601,900	\$ 535,022
73,919	215	41114	RESERVES FUND	99,456	191,575	523,846
984	1,107	41200	GARAGE FEE	1,661	1,107	1,107
1,119	908	41400	LATE/INTEREST FEES	1,736	1,570	1,570
	1,575	41440	LEGAL FEES	-	-	-
	4,611	41560	MISCELLANEOUS FEES	123	-	-
746	-	41600	FINANCE INTEREST	-		
1,150	-	41680	TRANSFER FEE	-		
432,552	540,468		Sub-total	418,904	796,152	1,061,545
<b>OTHER REVENUE:</b>						
3,131	7,015	43020	INTEREST EARNED	5,050	3,500	7,000
3,516	2,625	43100	POOL GUEST/USER	1,323	3,500	2,500
469	379	43300	ADVERTISING REVENUE	100	500	500
22,389	21,875	43320	POOL OUTSIDE MEMBERSHIP	22,500	28,500	33,750
4,550	2,145	43442	CLUBHOUSE RENTAL	3,650	1,000	4,000
3,980		43510	BAD DEBT RECOVERY			
1,316	73	43980	MISC., OTHER	-	-	-
39,351	34,112		Sub-total	32,623	37,000	47,750
<b>471,903</b>	<b>574,580</b>		<b>TOTAL REVENUE</b>	<b>\$451,527</b>	<b>\$ 833,152</b>	<b>\$ 1,109,295</b>
<b>EXPENSES:</b>						
<b>ADMINISTRATIVE:</b>						
17,370	70,523	50020	MANAGEMENT FEE	42,963	73,650	80,000
14,447	15,601	50040	LEGAL	6,055	10,000	25,000
6,750	-	50060	AUDIT/TAX RETURNS	6,650	5,000	5,750
		50070	CONSULTANT FEE - LAKE DREDGE			
1,104	-	50111	IT-HARDWARE/SOFTWARE	-		
3,343	7,724	50120	POSTAGE,PRINTING	4,271	7,000	8,000
	1,800	50460	SECRETARIAL SERVICE	5,160	4,200	4,200
1,920	1,920	50590	MONTG.COUNTY ASSMT.	1,920	3,840	1,920
6,988	4,794	50700	ENTERTAINMENT	2,261	7,500	7,500
117	553	50830	WEBSITE	1,566	1,500	2,000
7,200	6,200	50970	SWIM TEAM	-	6,200	6,200
6,684	1,015	50980	MISCELLANEOUS	737	1,800	1,800
65,923	110,130		Sub-total	71,583	120,690	142,370
<b>UTILITIES:</b>						

<b>NEW MARK COMMONS HOA</b>						
<b>2020 BUDGET</b>						
				<b>7 MOS.</b>	<b>ADOPTED</b>	<b>ADOPTED</b>
<b>AUDIT</b>	<b>MGMT</b>	<b>GL</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>BUDGET</b>
<b>2017</b>	<b>2018</b>	<b>A/C #</b>		<b>2019</b>	<b>2019</b>	<b>2020</b>
14,469	13,870	<b>51020</b>	ELECTRICITY	7,181	15,000	15,000
1,490	1,508	<b>51040</b>	GAS	1,015	1,675	1,675
5,195	8,909	<b>51080</b>	WATER/SEWER	2,675	6,000	9,000
3,556	2,793	<b>51090</b>	TELEPHONE	1,756	3,600	3,600
24,710	27,080		Sub-total	12,627	26,275	29,275
			<b>CONTRACTED SERVICES:</b>			
	4,340	<b>52020</b>	TRASH	450	4,000	4,500
48,654	47,200	<b>52040</b>	GROUNDS/LANDSCAPING	34,188	58,608	60,366
	389	<b>52060</b>	EXTERMINATING			1,176
59,430	66,500	<b>52180</b>	POOL	19,000	67,830	76,000
3,527	2,513	<b>52181</b>	CLUBHOUSE - ALARM	1,287	4,000	3,000
9,585	33,576	<b>52320</b>	SNOW REMOVAL	20,880	30,000	30,000
	471	<b>52551</b>	FOUNTAIN SERVICE- LAKE	-	1,000	1,000
5,681	12,350	<b>52980</b>	MAINTENANCE CONTRACT	10,190	13,000	13,000
126,877	167,339		Sub-total	85,995	178,438	189,042
			<b>MAINTENANCE REPAIRS:</b>			
3,183	3,393	<b>53240</b>	LIGHTING MAINTENANCE	3,342	4,500	4,500
5,148	6,704	<b>53260</b>	GROUNDS/LANDSCAPING	5,015	10,000	10,000
4,759	7,606	<b>53270</b>	GROUNDS ENHANCEMENT	-	10,000	10,000
20,885	44,795	<b>53280</b>	TREE CARE	24,014	34,000	50,000
	1,600	<b>53540</b>	TENNIS COURTS	321	500	500
6,488	6,040	<b>53552</b>	LAKE - MAINT CONTRAC	4,161	6,500	6,500
539	-	<b>53680</b>	JANITORIAL SUPPLIES	-		
1,359	1,754	<b>53720</b>	MAINTENANCE/SUPPLIES	-	1,500	-
2,976	2,066	<b>53870</b>	POOL EQUIPMENT,SUPPL	-	6,000	6,000
1,384		<b>53872</b>	POOL REGISTRATION	2,500	2,500	2,500
1,232	1,917	<b>53880</b>	POOL REPAIRS	375	4,000	4,000
	1,204	<b>53884</b>	POOL PASS SYSTEM	1,663	1,400	1,600
47,953	77,079		Sub-total	41,391	80,900	95,600
			<b>PERSONNEL SERVICES:</b>			
38,258	-	<b>54320</b>	PAYROLL:ADMINISTRATION	-	-	-
4,790	-	<b>54440</b>	PAYROLL-TAXES			
164	993	<b>54540</b>	UNEMPLOYMENT INSURANCE	-		
8,824	5,765	<b>54680</b>	CONTRACT STAFFING	2,542	6,000	6,000
52,036	6,758		Sub-total	2,542	6,000	6,000
			<b>LOAN REPAYMENT:</b>			
		<b>57020</b>	PRINCIPAL REDUCTION	22,841	95,021	-
		<b>57040</b>	INTEREST EXPENSE	18,136	30,080	-
2,413		<b>58020</b>	DEPRECIATION			

<b>NEW MARK COMMONS HOA</b>						
<b>2020 BUDGET</b>						
				<b>7 MOS.</b>	<b>ADOPTED</b>	<b>ADOPTED</b>
<b>AUDIT</b>	<b>MGMT</b>	<b>GL</b>		<b>ACTUAL</b>	<b>BUDGET</b>	<b>BUDGET</b>
<b>2017</b>	<b>2018</b>	<b>A/C #</b>		<b>2019</b>	<b>2019</b>	<b>2020</b>
2,413			Sub-total	40,977	125,101	-
			<b>INSURANCE/ TAXES/ LICENSES</b>			
33,993	60,709	<b>59100</b>	INSURANCE-MASTER POL	46,193	45,000	35,861
		<b>59220</b>	INSURANCE - D&O		23,500	14,500
		<b>59300</b>	CORPORATE TAXES	3,100	900	3,000
		<b>59400</b>	TAXES-PERSONAL PROPERTY	815	-	-
18,338	17,220	<b>59420</b>	TAXES- CITY STORMWATER FEE	-	18,500	18,500
1,288	175	<b>59902</b>	POOL FEES & PERMITS	175	1,300	1,300
53,619	78,104		Sub-total	50,283	89,200	73,161
			<b>SUB-TOTAL OPERATING EXPENSES</b>			535,448
			<b>REPLACEMENT RESERVES</b>			
	13,300	<b>63020</b>	OPER/CONTINGENCY RES	7,386	14,774	50,000
73,919	115,400	<b>63110</b>	REPLACEMENT RESERVE	95,886	191,774	398,787
3,131		<b>63120</b>	RESERVE INTEREST			
		<b>63992</b>	LOAN REPAYMENT			125,060
77,050	128,700		Sub-total	103,272	206,548	573,847
<b>450,581</b>	<b>595,190</b>		<b>TOTAL EXPENSES</b>	<b>\$408,670</b>	<b>\$ 833,152</b>	<b>\$ 1,109,295</b>
21,322	(20,610)		NET INCOME (LOSS)	42,857	-	-