



APPLETON PROPERTIES, INC.

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~~October 7, 2004~~

MEETING NOTICE

Dear Homeowner:

A special meeting is being called for ~~Wednesday~~ November 10, 2004 at 6:30 p.m. The meeting will be held at Millridge Homeowners Association Club House, 1610 ½ NW 143rd Avenue Portland Oregon 97229. The agenda item is to raise the monthly assessment by \$100.00 effective with the January 2005 invoice that will be mailed before the end of December 2004. Copies of inspection reports, a proposal for the construction timeline and ballots to vote on our decisions will be available at the meeting. As per our CC&Rs article VII section 7.1, only homeowners in attendance or by proxy will be eligible to vote on this important issue.

"The maximum annual assessment may be increased each year by the Board of Directors at a rate not greater than the published U.S. Cost of Living Index in effect at the time of such increase. However, such assessment may be increased above said rate pursuant to the approval of a majority vote of Owners, either in person or by proxy, at a duly constituted meeting called for such purpose."

Thank you for your time and assistance.

The Board of Directors



Special Meeting of Homeowners

November 10, 2004

Points of Information:

Serial Number _____

1. The suspension of Cost of Living increase will result in a base of the dues frozen in 2004. This base would then be combined with the current Cost of Living increase in effect in 2009 to calculate the dues for 2010. For example, if your 2004 monthly dues were \$191.00 a month and the cost of living rate in 2009 were 3% then the calculated dues for 2010 would be $191.00 * 1.03 = 196.73$. Rounded up, they would be 197.00 per month.
2. The Board of Directors, Budget Committee, and Homeowners may review the finances each year while calculating the budget for the following year to see if any assessment dues changes need to be made.

BALLOT

To increase reserves to pay for upcoming capital improvements, shall Millridge Townhouses Homeowners raise the monthly dues assessment by \$50.00 for the next 5 years and suspend the cost of living increase during the 5 year period effective January 1, 2005?

____ YES

____ NO

MILLRIDGE HOMEOWNERS

IMPORTANT INFORMATION

Please take time to read the attached material as soon as possible

Enclosed in this packet is information gathered to help you in your decision regarding the upcoming vote to increase our monthly dues for the purpose of covering increased operating expenses and rebuilding the HOA reserve fund. Each of these documents contains valuable specifics on what is expected of a homeowners' association to provide for its members and where Millridge fits into these guidelines. The studies and reports listed below, together with related information provided in the October 2004 newsletter, should verify the urgency of determining a course of corrective action. Included are:

ASSESSMENT MODELS as developed by the Assessment Committee

- Submitted for homeowners' discussion at the workshops

2005 (PROPOSED) BUDGET

- This budget was **adopted** at the Board meeting (10/26/04).

YEAR 2004 RESERVE STUDY prepared by Regenesi

2003 AUDIT prepared by Schwindt & Co.

INSPECTION REPORT (9/16/04) prepared by Cedar Mill Construction Company

- This report was solicited by Millridge HOA in response to homeowners' requesting specific information on building repair issues in the assessment discussions earlier this year.

We thank the committees that have worked hard to present solutions to the state of financial "crisis management" that the HOA has been in for some time. We also thank those who have contributed suggestions at the previous workshops and board meetings. **Please note the following important dates to continue in these pertinent discussions.**

Saturday: October 30 9:30 am Clubhouse
 ➤ Workshop: Discussion and explanation of proposed dues increase

Wednesday: November 3 6:30 pm Clubhouse
 ➤ Board Meeting: To evaluate the input from workshops and issue a recommendation to the owners for the vote on November 10.

Wednesday: November 10 6:30 pm Clubhouse
 ➤ Homeowner Meeting: To vote on increase in monthly dues to replenish the Reserve Fund, cover increasing operating expenses and make needed improvements to property (see above agenda for November 3)

Your participation and perusal of the above information will be greatly appreciated.

Millridge HOA Board of Directors

\$50 per month per unit / 5 year plan

	2005	2006	2007	2008	2009	
siding/trim	7,8,9 \$ 23,143	10,11,12 \$ 22,041	4,5,6,13 \$ 24,245	1,2,3,ch \$ 19,837	14,15,16 \$ 18,735	
paint	7,8,9 \$ 13,500	10,11,12 \$ 12,857	4,5,6,13 \$ 14,143	1,2,3,ch \$ 11,571	14,15,16 \$ 10,929	
asphalt	apron \$ 20,000	north alley \$ 20,000	rear alley \$ 20,000	south alley \$ 20,000	main drive \$ 20,000	
Water Main	North \$ 50,000					
Drainage corrections	All \$ 8,000					
Roof Maintenance	All \$ 14,000					
Annual Totals	\$ 128,643	\$ 54,898	\$ 58,388	\$ 51,408	\$ 49,663	\$ 343,000

Bldg #	units	Section	
7,8,9	21	C	Expected increase in income \$ 58,200 per year Will not allow for amount needed for current projects will not allow for building reserves or handling other capital improvement such as roof and fence repair/replacement, concrete repair, tree removal, etc... that will be needed in the next few years.
10,11,12	20	D	
4,5,6,13	22	B	
1,2,3,ch	18	A	
14,15,16	17	E	

\$100 per month per unit / 5 year plan

	2005	2006	2007	2008	2009	
siding/trim	7,8,9 \$ 23,143	10,11,12 \$ 22,041	4,5,6,13 \$ 24,245	1,2,3,ch \$ 19,837	14,15,16 \$ 18,735	
paint	7,8,9 \$ 13,500	10,11,12 \$ 12,857	4,5,6,13 \$ 14,143	1,2,3,ch \$ 11,571	14,15,16 \$ 10,929	
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Water Main	North \$ 50,000					
Drainage corrections	All \$ 8,000					
Roof Maintenance	All \$ 14,000					
Annual Totals	\$ 128,643	\$ 54,898	\$ 58,388	\$ 51,408	\$ 49,663	\$ 343,000

Bldg #	units	Section	
7,8,9	21	C	Expected increase in income \$ 116,400 per year \$ 582,000 Will allow for current maintenance issues and will begin rebuilding the reserves after 1st year.
10,11,12	20	D	
4,5,6,13	22	B	
1,2,3,ch	18	A	
14,15,16	17	E	

Millridge Townhouses
Millridge Homeowners Association

Account	Category	2004 Budget Adopted Assumed 2.11% CLI	2004 YTD Actual Thru September	2004 Forecasted Thru End of Year	2005 Proposed 2.7% CLI	Notes
Note: CLI of 2.7% contributed an additional \$6,000 to the estimated \$5,165 calculated at meeting.						Contribution to Reserves
						15,692.40
						1,307.70
						per Month
INCOME						
4100	DUES Income	216,618.96	166,035.13	221,380.17	227,357.44	
4200	CLUBHOUSE Income	257.04	700.00	933.33	300.00	
4300	LATE Fees	500.04	4,046.30	5,395.07	200.00	
4400	INTEREST Income	1,500.00	539.66	719.55	600.00	
4450	LEGAL Fess Income	0.00	2,007.78	2,677.04	-	
4500	OTHER Income	0.00	3,830.14	5,106.85	-	
	TOTAL INCOME	218,876.04	177,159.01	236,212.01	228,457.44	
UTILITY Expense						
		Prior Yr + 7%			Forecasted Yr +10%	
5010	WATER	13,446.00	10,494.12	13,992.16	14,500.00	Approximately 10%
5011	ELECTRIC PUBLIC AREA	7,625.04	2,762.22	3,682.96	5,000.00	Approximately 10%
5013	NATURAL GAS	3,074.04	1,337.61	1,783.48	2,000.00	Approximately 10%
5014	TRASH	13,752.96	9,661.86	12,882.48	15,000.00	Approximately 10%
5015	SEWER	31,830.96	25,710.14	34,280.19	34,000.00	Approximately 10%
	TOTAL UTILITIES	69,729.00	49,965.95	66,621.27	70,500.00	
ADMINISTRATIVE Expense						
		Prior Yr + 3%				
5100	MANAGEMENT Fees	16,892.04	12,669.03	16,892.04	16,892.04	Fixed per Appleton
5102	AUDIT/ACCOUNTING Services	5,150.04	3,300.00	4,400.00	5,000.00	
5104	CONSULTING Fees	999.96	1,133.80	1,511.73	1,000.00	
5106	LEGAL Fees	1,545.00	2,359.47	3,145.96	1,500.00	
5108	MEMBERSHIPS/Dues	357.00	79.00	105.33	400.00	
5109	TAX Preparation Fee	499.92	-	-	500.00	
	Uninsured Claims				10,000.00	
	TOTAL Administrative Management	25,443.96	19,541.30	26,055.07	35,292.04	
GENERAL Office Expense						
5130	FORMS Duplications	450.00	744.67	992.89	1,000.00	
5132	OFFICE Supplies	1,733.04	1,279.07	1,705.43	2,000.00	
5134	POSTAGE Machines Stamps	1,164.00	632.18	842.91	1,100.00	
5136	BANK Charges	198.00	120.45	160.60	200.00	
	TOTAL GENERAL Office Expense	3,545.04	2,776.37	3,701.83	4,300.00	
	TOTAL ADMINISTRATIVE Expense	28,989.00	22,317.67	29,756.89	39,592.04	