

*Derwood Station Homeowners Association, No. 2*  
*Derwood, MD 20855*

*Board of Directors*  
*2013-14*

*László Harsányi*  
*President*

*Tom Jordan*  
*Vice President*

*Gary Palmer*  
*Treasurer*

*Dr. Barry Wolcott*  
*Secretary*

*Jack Krakower*  
*Member-at-Large*

*John Redmon*  
*Member-at-Large*

*TMGA Agent :*  
*Guisela Deering*

*DSHOA2 Website:*  
*Derwoodstation2.com*

October 22, 2013

Dear Homeowner:

I am writing on behalf of the Board of Directors for the Derwood Station Homeowners Association, No. 2 regarding the 2014 proposed operating budget.

The Board of Directors works hard to keep operating costs down. However, the cost of maintenance services continues to rise. Further detail can be found in the enclosed letter from the Board of Directors. In order to keep up with the increasing costs, the Board of Directors has proposed an increase in the annual Association assessment of 5% for fiscal year 2014. The proposed increase will raise annual assessments to \$271.85 due January 1, 2014. The Board of Directors will continue to look for alternative ways to balance the budget and keep costs down.

Please review the enclosed 2014 proposed budget and notes. Should you have any questions or concerns, please contact me at 301-948-6666 or send me an email at [gdeering@tmgainc.com](mailto:gdeering@tmgainc.com). You may also contact any of your Board members.

The Board will review all homeowner comments and approve the 2014 budget at their November 18, 2013 meeting. The meetings are usually held at a Board member's home. If you would like to attend this meeting, please contact me a couple of weeks before the meeting and I will provide you with the location and time of the meeting. As always, the monthly Board meetings are open to all Derwood Station Homeowners Association, No. 2 homeowners.

Sincerely,



Guisela Deering, Agent for  
Derwood Station Homeowners  
Association, No. 2

Enclosures  
GD  
DS: IIL6, Ilo

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MESSAGE FROM THE ASSOCIATION PRESIDENT

October 22, 2013

Dear Association Members:

You may have noticed a lot of work being done on our Common Areas, and wondered, "How is this being paid for?" Here is a short discussion of that work and its funding:

**Five Year Common Area Improvements Plan**

By the end of 2013, we will have completed work on the second of five individual year-long stages of improving the appearance of our many Common Areas.

The first year's project was the Common Area from Oskaloosa to the Tot Lot, and included removing many damaged and dying white pine trees and replanting with multiple types of leafy and evergreen trees.

The second year's project involves the Common Area that runs from Indianola Drive westward towards the Red Cross Building on Crabbs Branch Way. Again, we removed many dead, dying, and problematic trees and will be replanting soon with several new trees.

The third year's project will involve the small Common Area off Oskaloosa Drive opposite Wapello Way and the larger area off Indianola Drive to the west between us and HOA 1.

The Board's plan is to pay the costs of all five years of this project from aggregate annual assessment income collected over that period.

**Common Area Mitigation**

As discussed with you in the past, the Maryland-National Capital Parks and Planning Commission acting with the Inter-County Connector Commission will be making major renovations to wetlands adjacent to several of our common Areas. These will require the cutting of most of the large white pines on the Common Area east of Indianola lying between our HOA and HOA 1. Rather than acquiring the needed right of way across our Common Areas by eminent domain, the State Highway Authority leased a construction and ten-year access right of way from the Association. Their contract requires them to "mitigate" any damage to the Common Area at the end of construction.

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While the Association did incur some legal costs associated with this lease by the State Highway Authority, the Board of Directors intends to hold the majority of the remaining money in a separate account ... in case the contractually required "mitigation" falls short of what seems best for our community.

Additionally, the Board of Directors has also allocated a portion of these funds for improvements in other Common Areas. These improvements include:

- The asphalt walkways connecting Algona Court, Titonka Court, and Oskaloosa Drive to the Tot Lot, the decorative bridge as well as benches, tables, and plantings along that pathway.
- Addition of two large leafy trees near the Tot Lot to replace ones removed following their being damaged during an earlier storm.
- Removing the tree stumps from the Common Area near the Tot Lot and the Common Area off Indianola to the west towards the Red Cross Building and Crabbs Branch Way.

Should you have questions, please feel free to address them to the Board in writing, by e-mail, or in-person at a monthly meeting.

Sincerely,

Laszlo Harsanyi,  
DSHOA2 BOD President

**DERWOOD STATION HOMEOWNERS ASSOCIATION NO. 2**  
**2014 PROPOSED OPERATING BUDGET**  
**Approved Assessment 2013: \$258.90 per year**  
**Proposed Assessment 2014: \$271.85 per year**

TMGA Acct Code	Category	2013 Approved Budget	2014 Proposed Budget 5% increase
<b>INCOME</b>			
6310	Assessment Income	57,477	60,351
6350	Collection Cost/Reimbursable	1,000	1,000
6360	Certified/Lien/NSF Income	350	350
6910	Interest Income-Operating	50	50
6916	Advertisting Income	0	50
6345	Prior Year Surplus	0	0
6925	Reimbursement from DSS	0	0
6999	Reserve Contribution	0	0
	<b>TOTAL INCOME</b>	<b>58,877</b>	<b>61,801</b>
<b>EXPENSES</b>			
<b>GENERAL &amp; ADMINISTRATIVE</b>			
7100	Management Fees	14,899	15,346
7140	Audit	1,800	1,800
7165	Legal Fees - Reimbursable	1,000	1,000
7166	Legal Fees Non Reimbursable	4,000	4,000
7250	Bank Charges	0	0
7260	Postage & Mail	900	600
7265	Mailing/Handling Fee	500	500
7280	Insurance	1,916	1,916
7300	Dues & Subscriptions	15	15
7290	Bad Debt	0	0
7400	Printing & Reproduction	1,350	1,000
7390	Coupon Printing	356	356
7440	Taxes	0	0
7455	Stormwater tax	60	60
7880	Misc. Homeowner Admin Fees	350	150
7900	Community Social Activities	600	600
7890	Misc. General & Administrative	772	800
7910	Commission on Common Ownership	666	666
	Sub-Total	29,184	28,809
<b>SITE MAINTENANCE &amp; REPAIRS</b>			
9010	Tree Maintenance	3,705	3,705
7901	Common Area Tree Project	13,837	13,837
9110	General Maintenance & Repair	1,000	1,315
9117	Tot Lot Maintenance	250	1,000
	Sub-total	18,792	19,857
<b>CONTRACT SERVICES</b>			
9610	Lawn Maint. & Landscaping	9,400	11,635
9800	Snow Removal	1,500	1,500
	Sub-Total	10,900	13,135
	<b>TOTAL EXPENSES</b>	<b>58,876</b>	<b>61,801</b>
	<b>NET INCOME/(LOSS)</b>	<b>1</b>	<b>0</b>

**DERWOOD STATION HOMEOWNERS ASSOCIATION #2  
2014 BUDGET NOTES**

**I. INCOME**

6310	<u>Assessment Income</u>	Includes 5%increase in assessments for 2014.
6350	<u>Collection Cost/Reimbursable</u>	Legal fees incurred that are applied to the homeowner's account which the HOA expects to recoup.
6360	<u>Certified/Lien/NSF Income</u>	When Certified Notices of Intent, liens or insufficient fund fees are charged, TMGA charges the Association and this charge is reflected as an expense (see 7880, Miscellaneous Homeowner Administrative Fees). The fees are applied to that homeowner's account. When the account balance is paid, the fees are reimbursed to the Association. The reimbursement is reflected on this line item.
6910	<u>Interest Income-Operating</u>	Interest from Assessments held in an interest bearing account & transferred to operating checking when needed.
6345	<u>Prior Year Surplus</u>	Surplus carried over -from previous year's operating fund.
6925	<u>Reimbursement from DSS</u>	Shared cost from Derwood Station HOA South for maintenance of tot lot (see 9117).
6999	<u>Reserve Contribution</u>	Funds placed in an account for repair/replacement of structures in the Common Area.

**II. EXPENSES – GENERAL AND ADMINISTRATIVE**

7100	<u>Management Fees</u>	Contract for TMGA to collect assessments and run the day to day business of the HOA.
7140	<u>Audit</u>	Contract for audit, required under MD HOA laws, to have independent auditor review the books and prepare taxes.
7165	<u>Legal Fees - Reimbursable</u>	Attorney fees for collection of outstanding debt to the HOA-offsets 6350
7166	<u>Legal Fees Non Reimbursable</u>	Attorney fees for advice and representation in legal matters
7250	<u>Bank Charges</u>	Banking fees that may be charged by financial institutions
7260	<u>Postage &amp; Mail</u>	Postage for individual and mass mailings to HOA members.

7265	<u>Mailing/Handling Fee</u>	Costs to process mailings that were previously included in the postage and mail budget line item 7260.
7280	<u>Insurance</u>	Insurance premiums for required insurance coverage for 1 year.
7300	<u>Dues &amp; Subscriptions</u>	DS HOA No. 2 membership in the Greater Shady Grove Alliance.
7290	<u>Bad Debt</u>	Fees/assessments and associated legal costs that were deemed uncollectable.
7400	<u>Printing &amp; Reproduction</u>	Printing charges for mailings such as newsletters, Annual Meeting notices, and budget mailings. Postage increase at Federal level
7390	<u>Coupon Printing</u>	Charge for creating coupons for annual HOA assessment.
7440	<u>Taxes</u>	Tax on interest from accounts.
7455	<u>Stormwater tax</u>	Tax for storm water management
7880	<u>Misc. Homeowner Admin Fees</u>	Offsets receipt of certified or insufficient funds charges - Acct. Code 6360
7900	<u>Community Social Activities</u>	Cost to sponsor social gatherings amongst Association members and families
7890	<u>Misc. General &amp; Administrative</u>	Misc expenses such as rental of site for Annual Meetings, supplies, and other expenses not specifically budgeted for.
7910	<u>Commission on Common Ownership</u>	Membership in the Mont. Co. Commission On Common Ownership Communities (CCOC). CCOC provides information and advice and can act as mediator or arbitrator for disputes.

**IV. SITE MAINTENANCE & REPAIRS**

9010	<u>Tree Maintenance</u>	Tree maintenance expenses, such as limbing up branches and taking down trees. Tree replacement program for all common area maintained by Association.
7901	<u>Common Area Tree Project</u>	Budgeted account for 5-year tree project based on 2011 Tree inventory performed by 3rd party contractor.
9110	<u>General Maintenance &amp; Repair</u>	Repairs & Maintenance of common area elements such as the bulletin boards and grounds. Repairs to other sports equipment.

9117	<u>Tot Lot Maintenance</u>	Upkeep of the tot lot such as cleaning graffiti off the lot, raking the wood chips, etc.
9610	<u>Lawn Maint. &amp; Landscaping</u>	Contract for mowing the common areas (14.7 acres) around the community.
9800	<u>Snow Removal</u>	Contract required by Montgomery County for clearing snow and ice from sidewalks that border HOA Common Areas.