

Salt Pond Homeowners' Association

December 14, 2006

Dear Salt Pond property owners:

The Board of the Salt Pond Homeowners Association (SPHA) and our Salt Pond property manager, Legum & Norman, wish you and your family Happy Holidays and a joyous, healthy, prosperous New Year. With this letter, we are providing the 2007 Salt Pond budget; the 2007 mowing fee for undeveloped lots; and other information of interest to Salt Pond property owners.

Salt Pond 2007 Budget

Enclosed is the Salt Pond budget for the 2007 calendar year. Under separate cover, you will soon be receiving the bill for payment of 2007 annual dues (\$847 for home owners and \$423.50 for owners of undeveloped lots). The increase in the annual dues is necessary in order to maintain the appearance and amenities of the Salt Pond and begin to treat the ponds and wetlands, which are a part of the common areas to be transferred to SPHA. The trash pick-up fee of \$145 for detached homes is also included in the bill. Payments received by February 15, 2007 will not be charged a late fee.

Increase in Mowing Fee

For 2007, the fee for mowing undeveloped lots has increased to \$225 per mowing season, which is in line with competitive pricing in the area. (Undeveloped lots, excluding heavily-wooded lots, are required to be mowed. Owners may use the mowing service or make their own arrangements.) Owners who used this mowing service in 2006 will have the fee added to their bill for annual dues. If owners prefer to arrange for mowing themselves and do not want to continue this mowing service in 2007, please notify Legum & Norman (L&N) (phone: 302-537-9499, fax: 302-539-1447), as soon as possible.

Salt Pond Financial Statements

For additional financial information, owners may contact L & N and view the detailed financial statements at the L&N office in Bethany Beach. The 2006 year-end financials will also be available in mid-January of 2007. Please call L&N (phone: 302-537-9499) in advance to arrange a convenient time to view these documents.

Salt Pond Photo Identification Cards

If you have not used the Salt Pond recreational facilities (pools, tennis courts, fitness center) in 2006, you should be aware that owners are required to show new photo IDs to gain entry. Dependent children over the age of 16 should also have a new photo ID. Owners are required to accompany their guests to the facilities or send their new photo ID along with the guest card. All Salt Pond owners were mailed the photo ID form last January. The form must be completed and returned to Legum & Norman along with passport-quality photos (one per person). Old photo IDs (issued before 2006) are no longer valid. We urge you to avoid any inconvenience by getting your new IDs before

you need them! If you need the form, please contact Donna Hemphill, Legum & Norman, phone: 302-537-9499, fax 302-539-1447. Thank you.

Salt Pond Board meetings

Owners are welcome to attend the monthly Salt Pond Board meetings, which are usually held on the third Friday of the month at 2 pm at the Salt Pond Community Center. If Board meetings are rescheduled, a notice will be posted in the Community Center mail room. If you wish to be on the agenda at a Board meeting, please notify a Board member or Donna Hemphill at L&N in advance, provide the topic you wish to discuss, and any supporting written information you have.

Sincerely,

-- The Board of the Salt Pond Homeowners Association

Enclosure: 2007 Salt Pond Budget Summary

SALT POND HOMEOWNERS ASSOCIATION APPROVED BUDGET FOR 2007		Enclosure
<u>INCOME</u>	2007	
Annual Fees	\$ 424,771	
Pool & Tennis Court	\$ 9,500	
Mowing Fees	\$ 9,000	
Club Rental	\$ 6,600	
Misc. Income	\$ 2,500	
Interest Income	\$ 350	
Late Fees	\$ 630	
TOTAL OPERATING INCOME	\$ 453,351	
Trash Fee	\$ 42,630	
TOTAL INCOME	\$ 495,981	
<u>EXPENSES</u>	2007	
Providing Recreational Amenities:		
Pools:		
Pool Management Contracts	\$ 46,500	
Safety and Security Payroll	\$ 31,795	
Pool Repairs and Maintenance	\$ 20,300	
Subtotal: Pools	\$ 98,595	
Fitness Equipment and Maintenance	\$ 3,200	
Total: Recreation	\$ 101,795	
Protecting Our Common Property:		
Ponds and Wetlands Maintenance	\$ 46,300	
Lawn Care & Landscaping	\$ 72,000	
Roads	\$ 21,051	
Snow Removal	\$ 750	
Street Lights	\$ 13,500	
Common Grounds	\$ 2,000	
Total: Common Property	\$ 155,601	
Maintaining the Community Center	\$ 37,155	
Managing Community Operations:		
L&N Management Activities	\$ 46,700	
Paying Overhead Costs:		
Utilities	\$ 61,000	
Taxes	\$ 100	
Legal, Auditor and Insurance	\$ 37,000	
General Administrative	\$ 14,000	
Total: Overhead	\$ 112,100	
TOTAL OPERATING EXPENSES	\$ 453,351	
Trash Expenses	\$ 42,630	
TOTAL EXPENSES	\$ 495,981	
NET SURPLUS/(DEFICIT)	\$ -	

Note: Based on 2007 annual dues of \$847 per home and \$423.50 per undeveloped lot, which reflect necessary costs to maintain the appearance and amenities of Salt Pond. In 2007, SPHA will begin treating the ponds and wetlands, which are part of the common areas to be transferred to SPHA.