



111 GREGSON COURT FERGUS, ONTARIO

A TIMBERWORX CUSTOM HOMES INC.
PHASED CONDOMINIUM PROJECT

PROPOSED FIRST-YEAR BUDGET

Projected Expenses following based on March 2023 dollars without any inflation factor: *		
ITEM	INITIAL REGISTRATION (10 UNITS)	AFTER PHASE REGISTRATION (15 UNITS)
GENERAL MAINTENANCE, UTILITIES & INSURANCE		
Landscape/Grounds maintenance	\$0.00	\$5,600.00
Snow Removal	\$12,000.00	\$20,000.00
General Repairs & Maintenance	\$2,500.00	\$3,500.00
Electricity, Water (common elements only)	\$3,000.00	\$4,800.00
Insurance	\$9,750.00	\$19,500.50
SECTION TOTAL	\$27,250.00	\$53,400.50
MANAGEMENT & ADMINISTRATION		
Condominium Management Provider	\$12,000.00	\$14,400.00
Financial Audit and Legal Fees	\$1,000.00	\$1,000.00
Information Certificates	\$750.00	\$750.00
General Administrative Expenses (e.g., office supplies, bank fees, meetings)	\$2,000.00	\$2,000.00
SECTION TOTAL	\$15,750.00	\$18,150.00
OTHER GENERAL EXPENSES		
Condominium Authority of Ontario fees	\$120.00	\$180.00
Reserve Fund Study	\$0.00	\$0.00
Performance Audit	\$2,500.00	\$0.00
SECTION TOTAL	\$2,620.00	\$180.00
ESTIMATED TOTAL OPERATING EXPENSES	\$45,620.00	\$71,730.50
PROPOSED CONTRIBUTIONS TO RESERVE FUND	\$31,500.00	\$63,000.00
GRAND TOTAL ESTIMATE	\$77,120.00	\$134,730.50
ESTIMATED COMMON EXPENSES PER UNIT PER MONTH*	\$642.60	\$623.75

*All figures, including totals, herein are estimates and are subject to the qualifications, limitations and other factors that may result in increases as set out in this Budget Statement). Those of the foregoing budget figures that are expected to attract Harmonized Sales Tax ("H.S.T.") include H.S.T. calculated at 13%.

GENERAL NOTES & COMMENTS

- In this document, the term "Act" refers to the *Condominium Act, 1998* and the regulations made thereunder, as in force at the time of delivery of this budget statement.
- This budget statement is provided to satisfy the requirement of the Act that the declarant provide a proposed budget for the first year of operation of the condominium corporation. In the figures presented above, only the figures pertaining to the Initial Registration are subject to the declarant's obligations under section 75 of the Act. The additional figures, representing the estimated costs of operation of the property once both buildings are registered, are provided as possible projected costs, the accuracy of which the declarant does not guarantee.
- A budget is only a "best estimate" of expenses and cannot be expected to be exact in all respects. In particular, it should be noted that amounts are projected without the benefit of actual experience in the operation of this condominium (since it has not existed before) and the line items represent anticipated expense items only. Although every effort has been made to be accurate and comprehensive in establishing this budget statement, actual expense items and amounts may vary from what is set out herein, and the declarant (while it retains control of the condominium) has the right to reallocate any surplus arising in respect of the amount allocated for any item to or amongst other item(s) at any time and from time to time.
- The condominium is proposed to be registered as a "phased condominium" as explained in the Disclosure Statement. Once the initial registration stage of the project (consisting of the first building) is registered and a majority of the units contained in it have been sold and transferred to purchasers, the Declarant must turn over the control of the condominium to a new board of directors elected by the unit owners at the time. Therefore, notwithstanding this budget, if such elected board changes the budget and/or orders increases to or additional expenses and services, the actual costs of the condominium may be different than are set out herein. *The declarant shall not be responsible for any such changes that result in a revenue deficit or costs overage during the first year from registration of the condominium.*

5. This budget statement presumes the condominium will be managed effectively, such that unnecessary costs to do not arise, including without limitation that bills are paid in a prompt manner so that late fees and interest are not incurred.
6. There is no provision in this budget statement for insurance deductibles in the event of any insurable claim. If any claims are made and the condominium is responsible for the deductible, common expenses may increase to cover the same.
7. There has been no inflation factor assumed in the estimated budget amounts. Costs arising after January 2021 should be read and construed as automatically increased by 3.00% per annum (or the actual inflation rate at the time of such reading).
8. The budgeted operating costs do not include items of a major repair or replacement nature in respect of the common elements and assets of the Corporation. Common elements include everything within the condominium plan other than the units. Assets are those items that the condominium owns (currently anticipated to be *nil*). Such expenses will be anticipated in the Reserve Fund Study and funds therefore are collected into the Reserve Fund of the condominium.
9. Amounts set out for any line item in this budget statement may be reallocated to and amongst other line items at any time and from time to time and a deficiency or surplus in any particular line item does not necessarily reflect a deficiency or surplus in the budget overall.
10. Cash flows for the condominium may be temporarily affected in the initial months after registration due to the requirement to pay certain expenses up front, such as insurance premiums. This budget does not anticipate how such possible cash flow issues might affect assessments of common expenses at such periods, which shall predominantly be the responsibility of the condominium’s board of directors to determine. Your agreement of purchase and sale provides for an adjustment in favour of the Declarant in the event it covers initial costs for the condominium.
11. After the first anniversary of registration, the condominium may experience increases in common expense amounts that could increase each unit’s proportionate annual and monthly costs. This could be as a result of inflation, the recommendations set out in the statutorily mandated first year Reserve Fund Study, and other factors that affect common expenses out of and in the ordinary course. Such increases are also outside of the control and responsibility of the Declarant and cannot be contemplated in this type of budget statement.

PARTICULARS OF THE EXTENT OF TYPE, LEVEL AND FREQUENCY OF SERVICES

Landscape/Grounds Maintenance	\$0.00 / \$5,600.00
Pursuant to the declaration of the condominium, the condominium corporation is responsible for all common elements grounds maintenance. The declarant intends to provide this service at no charge during the first year of operation of the condominium.	
Snow Removal	\$12,000.00 / \$20,000.00
This represents the estimated costs for a contractor to plow and de-ice the parking lot, driveway, and all sidewalks at the front and rear of the building(s) within the condominium.	
General Repairs and Maintenance	\$2,500.00 / \$3,500.00
This is the estimated costs for incidental repairs to the common elements during the first year of operation of the condominium that are not covered by any applicable warranties or any other entries herein. Such costs may increase in future years as the property ages and is used. These amounts include estimates for annual inspection of a single fire hydrant, repair and replacement of exterior lighting, roof inspections, maintenance of the lawn irrigation system, inspection of sprinkler system and backflow preventer.	
Electricity, Water (common elements only)	\$3,000.00 / \$4,800.00
This represents the estimated costs for water use and electricity in relation to the common elements only, as well as any expected environmental surcharges imposed by the province, municipality and/or utility supplier.	
Insurance	\$9,750.00 / \$19,500.00
This represents the estimated cost of the minimum coverage required to be carried by the condominium by the Act:	
<ul style="list-style-type: none"> • for directors, officers liability coverage (and Property Manager liability coverage that may be required by agreement, if any); • for damage to the common elements and “standard units” components caused by major perils defined by the Act on a replacement cost basic subject to a reasonable deductible. 	

Note that, Unit Owners are responsible at their own expense to carry insurance coverage for:

- damage to all unit improvements, as defined in the Standard Unit definition;
- deductibles, liability coverage as occupiers of the unit;
- contents;
- coverage that the declaration, by-laws and/or any agreements require they carry; and
- such other coverage that it is prudent for a condominium unit owner to carry.

It is up to the unit owner to verify the limits of the condominium's coverage and to determine what additional coverage the unit owner should carry.

Condominium Management Provider **\$12,000.00 / \$14,400.00**

This is the estimated cost of retaining a professional (licensed) condominium management provider to handle all usual management functions (accounting, reporting, meetings, record keeping, etc.) required under the Act. This is based on a fee estimate provided in 2022 by M. F. Property Management Ltd., the manager proposed to be hired for this condominium by the declarant board. The actual management fees may be more or less than this depending on the market for such services at the time they are formally retained.

Financial Audit and Legal Fees **\$1,000.00 / \$1,000.00**

This is the estimated cost of occasional legal advice on a few minor matters from time to time (it is not anticipated there would be much cause for legal services during this period) and the filing of annual tax returns. It presumes the condominium will waive the audit requirement under the Act as permitted by the Act for condominiums with fewer than 25 units. In addition, no amount is included for the turnover meeting, which is typically paid for by the declarant, or the post-turnover audit. This is the audit that is to be turned over to the condominium within 60 days following the turnover meeting. This amount does not include the cost of the audit that the Act requires after the end of the first fiscal year of operation, which properly should be included in the condominium's second-year budget that its board of directors at the time will prepare.

Information Certificates **\$750.00 / \$750.00**

The Act requires condominium corporations to provide information certificates to all unit owners at least two times annually, and updates from time to time. This covers the estimated cost of preparing and distributing these.

General Administrative Expenses **\$2,000.00 / \$2,000.00**

This category represents the cost of one annual meeting and miscellaneous communications, telephone, courier, postage and stationery, as may be required. Given the number and proximity of units, it is not anticipated that any costs may be incurred here over and above whatever excess is provided from estimates for other line entries. This also includes the anticipated cost of bank fees relating to the accounts (minimum of two) that the condominium is required to maintain pursuant to the Act and other miscellaneous expenses not anticipated here.

Condominium Authority of Ontario fees **\$120.00 / \$180.00**

The Condominium Authority of Ontario (CAO) is an independent non-profit corporation created by statute to provide various kinds of support to condominium corporations and unit owners, including an online registry of corporations throughout the province, and the Condominium Authority Tribunal. Currently, the fee required to be paid by each condominium throughout the province is \$1 per unit per month.

Reserve Fund Study **\$0.00 / \$0.00**

The Act states that a condominium corporation must maintain a Reserve Fund in a special account for the major repair and replacement of common elements and assets of the condominium, and that a Reserve Fund Study must be undertaken to determine the correct amount to be contributed to the fund. The costs of the study may be paid out of the Reserve Fund. This is also a cost that should not need to be incurred except every three years of operation of the condominium.

Performance Audit **\$2,500.00 / \$0.00**

The Act requires that a performance audit be conducted by a professional engineer or architect within 6 to 10 months following registration of the condominium (and for each subsequent phase within 6 to 10 months following registration of such phase). The purpose of this audit is to determine the condition of the common elements following registration, to permit the condominium to make claims against developer, supplier or contractor warranties, if any.

Contribution to Reserve Fund **\$31,500.00 / \$63,000.00**

This is the amount projected to be in the Reserve Fund for the Corporation at the end of the first year after registration of the condominium, subject to payment of the costs of the first Reserve Fund Study. The initial figure is an estimate of the amount required to be contributed to the Reserve Fund of the condominium based upon a preliminary Reserve Fund Study prepared in 2023, prior to registration of the condominium, by Caliburn Engineering Inc. and is presumed to be accurate. The corporation will still need to perform a Reserve Fund Study following registration. Once the Reserve Fund Study following registration is completed, the actual contribution may vary from the figures set out here, although it is not anticipated that the variance should be significant.

Note that at this time, the Act requires that the amount contributed to the Reserve Fund be the amount determined on a cash flow basis that is required to offset adequately the expected cost in the year of the expected major repair or replacement of the common elements and assets of the condominium. Until the condominium conducts its first Reserve Fund Study and implements a proposed plan under section 94 of the Act, the total amount of the contributions to the Reserve Fund cannot be less than 10.0% of the budgeted amount required for contributions to the other, operating expenses of the condominium. The estimated contribution to the Reserve Fund in this budget statement is equal to 59.12% of the projected operating expenses.

OTHER STATEMENTS

1. There are no current or expected fees, charges, rents or other revenue to be paid to or by the condominium corporation or by any of the unit owners for the use of the common elements.
2. There are no services that are not included in this budget statement that the Declarant provides, or expenses that the declarant pays, that might reasonably be expected to become, at any subsequent time, a common expense.
3. The Declarant has no actual knowledge of any pending lawsuits material to property that will comprise the units, common elements and assets of the Corporation that may affect such property after the registration of a deed to a unit from the Declarant to a purchaser.