

# Waterford Place Homeowners Association, Inc.

Waters Row Terrace, Germantown, Maryland 20874

Property Management People

"MANAGEMENT" is our middle name

955-A Russell Ave., Gaithersburg, MD 20879

Phone (301) 963-3337 Fax (240) 361-0649

**TO: Waterford Place Homeowner Association Members/Unit Owners**

**FROM: Waterford Place Homeowner Association Board of Directors**

**DATE: October 17, 2025**

**RE: Proposed FY2026 Operating Budget for Waterford Place Homeowners Association, Inc.**

The Waterford Place Homeowners Association, Inc. (Association)'s Board of Directors (Board) has prepared an operating budget for the calendar year beginning January 1, 2026. The attached budget reflects a proposed HOA assessment increase from \$135.13 per unit per month to **\$149.94 per unit per month starting January 1, 2026**. For Members/Unit Owners who pay the total annual assessment in advance, **the proposed total annual assessment for 2026 is \$1,799.28**.

The proposed increase in the HOA assessment for 2026 is directly related to the rising costs of various administrative, professional, and community management services provided by contractors for our community. These cost increases include but are not limited to liability and fidelity insurance, US postal rates, contractual obligations, including community association management, legal services, trash collection/removal, landscaping, tree care services, repayment of an outstanding interfund loan to the capital reserve account, and the state-mandated requirement to fully fund the recommended reserves contributions to the Association's capital reserve fund. Additionally, the increase in the recommended annual funding of the capital reserves, as reflected in the proposed FY2026 budget, is partly due to the current high rate of inflation in today's construction industry, which is pushing replacement costs higher. Capital reserve funds are required to maintain, repair, or replace the aging infrastructure (Common Areas assets) in our 34-year-old community.

In the past five years, our contributions to the capital reserve fund have increased, and the costs for operational and capital expenses have increased substantially. While the uncertainties of the multi-year pandemic and recent high inflation rates aggravated this situation, the Board and Management diligently worked to keep the annual assessment reasonable for all Unit Owners. They also minimized the need for special assessments or mid-year budget increases and adjustments. Nevertheless, to meet the Association's legal, fiduciary, contractual, and professional obligations and requirements, maintain sound finances, and continue providing the quality services and infrastructure that the community demands, an increase in the annual assessment for FY2026 is necessary.

During the October 20, 2025, Waterford Place HOA Board of Directors Meeting, the Board will approve the proposed FY2026 Waterford Place HOA Operating Budget. Should you have any concerns with the proposed and approved FY2026 Waterford Place HOA Operating Budget, **please state your concerns in writing via mail (955A Russell Ave, Gaithersburg, MD 20879) or email [vonita.rivers@pmpbiz.com](mailto:vonita.rivers@pmpbiz.com)**.

The Board will adopt the final FY2026 Waterford Place HOA Operating Budget at the next Waterford Place HOA Board of Directors meeting scheduled for **Monday, November 17, 2025, at 7:00 p.m. EST**. (The FY2026 Waterford Place HOA Operating Budget will become effective on January 1, 2026.) The Board of Directors meeting will be held virtually using the Zoom videoconferencing service. Members/Unit Owners can participate in the meeting via videoconference (Zoom) or by calling in (phone number(s) will be provided with the Zoom meeting registration credentials in the confirmation email message). See the Waterford Place HOA Board of Directors Meeting registration link below.

**Board Meeting Registration Link: <https://zoom.us/meeting/register/tJMtf-6rqDwiHtUakDPVIFHFj7P4ad2G25-E>**

Thank you for your cordial attention, understanding, and cooperation.

**Attachments:** FY2026 WPHOA Operating Budget (proposed); FY2026 WPHOA Operating Budget Narrative; WPHOA Historical Analysis of Revenue & Expenses 2001 vs 2026; WPHOA Capital Reserves Analysis Presentation

MANAGED BY PROPERTY MANAGEMENT PEOPLE, INC.

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**Waterford Place Homeowners Association, Inc.**  
**FY2026 Operating Budget (DRAFT) - PROPOSED**

# of Units: 70

**\$149.94 per month**

<b>INCOME</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2026</b>	<b>2026</b>
<b>Assessments</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual &amp; Projected</b>	<b>Budget Variance</b>	<b>Budget</b>	<b>P.U.P.M.</b>
Assessments	82,593	92,114	102,253	113,509	113,509	0	125,948	\$149.94
Delinquent Interest Income	117	144	124	150	100	-50	150	\$0.18
Violation Fine Income	0	0	2,384	0	0	0	0	\$0.00
Recaptured Legal Fees	0	0	0	0	0	0	0	\$0.00
NSF Income	20	10	20	0	10	10	0	\$0.00
Interest Income	330	55	63	100	200	100	100	\$0.12
Reserve Transfers *	68,150	15,059	4,335	0	0	0	0	\$0.00
Other Income	750	0	0	0	250	250	0	\$0.00
<b>Total Income</b>	<b>151,960</b>	<b>107,382</b>	<b>109,179</b>	<b>113,759</b>	<b>114,069</b>	<b>310</b>	<b>126,198</b>	<b>\$150.24</b>
<b>EXPENSES</b>								
<b>Administrative Expenses</b>								
Bad Debt Expense	20	0	0	0	0	0	0	\$0.00
Bank Charges	0	10	55	0	55	55	0	\$0.00
Website Maint/Videoconferencing	0	324	324	484	484	0	484	\$0.58
Liability Insurance	1,031	1,192	1,397	1,816	1,560	-256	2,028	\$2.41
Fidelity Bond Insurance	553	553	553	719	553	-166	719	\$0.86
Meeting Room Rental	0	0	0	0	45	45	50	\$0.06
General Office Expense	504	501	424	1,200	165	-1,035	600	\$0.71
Payment Coupons/Parking Permits	258	14	2,573	230	248	18	250	\$0.30
Postage Expense	479	440	675	650	675	25	700	\$0.83
Printing & Reproduction	681	1,478	-54	650	500	-150	500	\$0.60
Federal Income Taxes	0	0	0	0	0	0	0	\$0.00
State Income Taxes	0	0	0	0	0	0	0	\$0.00
Water Quality Protection Tax	1,174	2,476	2,683	2,700	2,590	-110	2,700	\$3.21
Property Taxes	0	0	0	0	0	0	0	\$0.00
Montgomery County CCOC	350	467	455	455	455	0	455	\$0.54
SmartWebs Technology Fee	0	480	480	480	480	0	480	\$0.57
<b>Total Administrative Expenses</b>	<b>5,050</b>	<b>7,936</b>	<b>9,565</b>	<b>9,384</b>	<b>7,810</b>	<b>-1,574</b>	<b>8,966</b>	<b>\$10.67</b>
<b>Professional Expenses</b>								
Audit & Tax Preparation	1,702	408	3,050	1,725	1,840	115	1,840	\$2.19
Community Management	11,915	12,153	12,396	12,644	12,644	0	12,852	\$15.30
Legal Expense - Collections	0	816	4,692	3,000	4,500	1,500	3,000	\$3.57
Legal Expense - General	598	3,094	6,404	6,000	5,221	-779	5,000	\$5.95
Board Member Election	0	0	0	0	0	0	2,000	\$2.38
Reserve Study	0	0	2,550	0	0	0	0	\$0.00
<b>Total Professional Expenses</b>	<b>14,215</b>	<b>16,471</b>	<b>29,092</b>	<b>23,369</b>	<b>24,205</b>	<b>836</b>	<b>24,692</b>	<b>\$29.40</b>
<b>Community Activities</b>								
Social Event Expense	515	0	0	406	200	-206	405	\$0.48
<b>Total Activity Expenses</b>	<b>515</b>	<b>0</b>	<b>0</b>	<b>406</b>	<b>200</b>	<b>-206</b>	<b>405</b>	<b>\$0.48</b>
<b>Common Area Utility</b>								
Common Area Electricity	3,293	2,832	3,505	3,730	3,730	0	3,917	\$4.66
<b>Total Common Area Utility</b>	<b>3,293</b>	<b>2,832</b>	<b>3,505</b>	<b>3,730</b>	<b>3,730</b>	<b>0</b>	<b>3,917</b>	<b>\$4.66</b>
<b>Common Area Expenses</b>								
Grounds Maintenance Contract	22,568	29,965	21,446	21,321	21,321	0	23,500	\$27.98
Additional Landscaping	6,937	0	1,104	4,000	1,250	-2,750	4,500	\$5.36
Large Tree Pruning/Removal	0	3,810	0	5,804	8,030	2,226	11,785	\$14.03
Snow Removal	2,435	10,750	8,600	8,800	8,665	-136	9,400	\$11.19
Trash Removal Services Contract	5,908	10,039	8,180	9,391	9,374	-17	9,828	\$11.70
Other Maintenance/Repairs	4,592	3,104	4,209	5,000	4,202	-798	5,000	\$5.95
<b>Total Common Area Expenses</b>	<b>42,440</b>	<b>57,668</b>	<b>43,538</b>	<b>54,316</b>	<b>52,842</b>	<b>-1,474</b>	<b>64,013</b>	<b>\$76.21</b>
<b>Reserves</b>								
Capital Reserve Deposit	12,399	13,069	13,369	18,514	18,514	0	17,386	\$20.70
Contingency Deposit	1,690	1,690	1,690	1,690	1,690	0	1,690	\$2.01
Tree Removal/Replacement Deposit	0	0	0	1,500	1,500	0	1,500	\$1.79
Repay loan for front entrance work	0	0	0	700	700	0	3,379	\$4.02
Interest on Reserves	321	46	56	150	200	50	250	\$0.30
<b>Total Reserves</b>	<b>14,410</b>	<b>14,805</b>	<b>15,115</b>	<b>22,554</b>	<b>22,604</b>	<b>50</b>	<b>24,205</b>	<b>\$28.82</b>
<b>Capital Reserve Expenditures</b>								
Capital Reserve Expenditures *	67,640	15,059	4,300	0	0	0	0	\$0.00
<b>Total Reserve Expenditures</b>	<b>67,640</b>	<b>15,059</b>	<b>4,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0.00</b>
<b>TOTAL EXPENSES</b>	<b>147,563</b>	<b>114,770</b>	<b>105,115</b>	<b>113,759</b>	<b>111,391</b>	<b>-2,368</b>	<b>126,198</b>	<b>\$150.24</b>
<b>Net Income</b>	<b>4,397</b>	<b>-7,388</b>	<b>4,065</b>	<b>0</b>	<b>2,678</b>	<b>2,678</b>	<b>0</b>	<b>\$0.00</b>

FY2026 OPERATING BUDGET NARRATIVE

UNIT OWNERS ARE REMINDED THAT BUDGETS REFLECT AN ESTIMATED PROJECTION OF ANTICIPATED EXPENSES AND REVENUES AND, AS SUCH, ARE SUBJECT TO CHANGE BASED ON ACTUAL CIRCUMSTANCES.

I. INCOME:

- A. **Assessments:** The total income generated from the annual/monthly assessment charged to all Unit Owners pursuant to the Declaration of Covenants, Conditions and Restrictions (CC&R). The townhouse units are charged an assessment that generally includes all administrative expenses, professional fees, community activities, Common Area utilities, Common Areas expenses, and reserves. Each of the expenses is explained more fully in this narrative. **The proposed annual assessment includes an allowed 10% increase for FY2026, plus the anticipated cost increases for trash collection and insurance premiums (per CC&R Article V, Sect. 5a), plus the recommended FY2026 Capital Reserves Replacement Funding as required and allowed by the Maryland Reserve Study Law (effective 1/1/2022) – MD HOA Act § 11B-112.2(d)(1) and MD HOA Act § 11B-117(a)(2).**
- B. **Delinquent Interest Income:** Estimated funds collected from Unit Owners due to late payment of monthly assessments pursuant to Article VI of the Declaration of Covenants, Conditions, and Restrictions and approved Association collection policy.
- C. **Recaptured Legal Fees:** Funds collected from Unit Owners as a result of legal services expenses billed to the association to address legal matters involving Unit Owners’ compliance with HOA governing documents, rules, and regulations.
- D. **NSF Income:** Funds collected from Unit Owners for checks returned from the bank as Non-Sufficient Funds (NSF).
- E. **Interest Income:** Estimated income earned from excess operating funds in demand deposits.
- F. **Reserve Transfers:** Funds transferred from the Capital Reserves to pay for capital expenses related to the repair and replacement of Common Areas assets.
- G. **Other Income:** Miscellaneous income received by the Association (e.g., shared cost for tree removal on Common Areas and Unit Owner’s lot, landscaping improvements impacting Common Areas and Unit Owner’s lot, etc.).

II. EXPENSES:

- A. **Administrative Expenses:**
  - 1. **Bad Debt Expense:** This expense represents the allowance for uncollectible accounts, as mandated by the American Institute of Certified Public Accountants (AICPA) standards. It is related to such occurrences as homeowner bankruptcy or mortgage foreclosure.
  - 2. **Bank Charges:** Expenses related to commercial bank account fees.
  - 3. **Website Maintenance/Videoconferencing Subscription:** Allowance for the website hosting, maintenance, and other expenses that may arise in connection with a community website – <https://www.waterfordplacehoa.org>, and the Association’s videoconferencing subscription for hosting virtual board and committee meetings. **The Association’s community website will be renewed in**

**WATERFORD PLACE HOMEOWNERS ASSOCIATION, INC.**  
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**May 2026 and will become an annual expense since the vendor no longer offers multi-year subscriptions.**

4. **Insurance:** These are the estimated expenses for providing all appropriate insurance coverages for the Association, including liability and fidelity bond insurance. **In line with current insurance industry trends and expectations, the FY2026 budget anticipates a 30% increase over FY2025 costs.**
  - a. Liability Coverage for \$1,000,000.00 (Business Liability)
  - b. Fidelity Bond Coverage for Officers, Directors, and Management in an amount sufficient to cover the Association's bank accounts pursuant to Maryland Law.
5. **Meeting Room Rental:** Allowance for meeting room rental at the local school for the monthly Board meetings. (The Association's in-person meetings were impacted by the COVID-19 pandemic in 2020, resulting in a transition of the Board and Committee meetings to be held virtually since 2020. With the change in Maryland Law allowing the Association's meetings to be conducted remotely, the Board of Directors has opted to continue to conduct the Association's meetings using videoconferencing services.)
6. **General Office Expense:** Allowance for miscellaneous general and administrative Association/Board expenses.
7. **Payment Coupons:** Allowance for the annual preparation and printing of assessment payment coupons for all Unit Owners who do not utilize ACH (electronic) payments to submit their monthly HOA assessments. **The FY2026 budget reflects the same price as in FY2025 (\$4.95 per coupon book printed and mailed to Unit Owners who do not utilize ACH (electronic) payments).**
8. **Parking Permits:** Allowance for reordering WPHOA resident/visitor parking permits (hang tags) as needed. No amount is budgeted for FY2026 since the current permit inventory is adequate.
9. **Postage Expense:** Allowance for miscellaneous postage needs of the Association, as well as several community-wide mailings to Unit Owners/residents for such items as the annual budget, annual meeting notices, maintenance/compliance inspections, as well as mailing of newsletters, and other miscellaneous postage needs. **The FY2026 budget increase reflects the increased USPS postal rates and the frequency of USPS mailings by the Association.**
10. **Printing & Reproduction:** Allowance for the printing requirements associated with the budgeted postage needs as described above.
11. **Federal & State Income Taxes:** Allowance for the annual income tax liability based upon the taxability of non-assessment income, primarily late fee and interest income, as determined by the independent auditor.
12. **Water Quality Protection Tax/Property Taxes:** Allocation for payment of the annual Water Quality Protection Tax imposed against the Common Area parcels based upon a formula created by Montgomery County, based on several impervious surfaces.
13. **Montgomery County CCOC:** The allowance for the payment of fees assessed by the Montgomery County Commission on Common Ownership Communities, established to provide specific dispute resolution and educational support services to associations (HOAs, condos, co-ops) within the County. **The annual \$6.50 per unit fee will be paid in July as billed by the County.**

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**B. Professional Expenses:**

1. **Audit & Tax Preparation:** Expense for the services of a Certified Public Accountant (CPA) to prepare all annual tax returns and conduct an annual independent audit of the Association's books and records.
2. **Community Management:** The expected expense for professional community management services for property management, financial accounting, and consultation services. **The FY2026 contracted cost represents a \$0.25 per unit per month increase over the FY2025 per unit per month contracted cost.**
3. **Legal Expenses – Collections & General:** Allowance for general legal counsel expenses for matters such as legal document interpretation, collection assistance, enforcement of violations, and other legal services as may be required.
4. **Board Member Election<sup>1</sup>:** Allowance for annual Board Member Election to be conducted by an independent third party (as Maryland law requires).
5. **Reserve Study<sup>2</sup>:** Allowance for Level II Reserve Study (as Maryland law requires). The most recent Level II Reserve Study was completed in July 2024 and updated/revised in October 2024.

**C. Community Activities:**

1. **Social Event Expense:** Allowance for social and community events.

**D. Common Area Utility:**

1. **Common Area Electricity:** Allowance for lighting at the entrance monument and the private street (Waters Row Terrace) and other Common Areas lighting within the community (11 lamp posts).

**E. Common Area Expenses:**

1. **Grounds Maintenance Contract:** Funds are allocated for the regular maintenance of the Common Areas, including mowing, trimming, and edging common sidewalks, mulching Common Area trees and shrubs, and a comprehensive chemical application package that includes fertilization and weed control. **The FY2026 budget includes a 10.22% increase over FY2025 contracted costs, according to Howell Brothers Lawn & Landscaping; however, it does not account for potential fuel surcharges. The contractor (Howell Brothers Lawn & Landscaping) proposed a 3-year contract agreement, including a 2.1% increase for FY2027 and a 2.1% increase for FY2028.**
2. **Additional Landscaping:** Allowance for funding plantings at the front entrance features during the spring and fall planting seasons, as well as other landscaping beautification improvements, which the Board of Directors may determine.
3. **Large Tree Pruning/Removal:** Allocation of funding necessary for appropriately caring for the community's Common Areas' green infrastructural system (trees and shrubs). Such maintenance may include pruning and fertilization during the proper season, the takedown (removal) of large dead, dying, or diseased trees, and pest management of diseases and insects.
4. **Snow Removal<sup>3</sup>:** Funding allocated during the winter season for the clearing/plowing of snow and/or sanding in the privately owned street (Waters Row Terrace), as well as the clearing and/or sanding of walkways that, based upon current Montgomery County law, are the responsibility of the Association to clear. Such sidewalks include all community sidewalks, including privately owned sidewalks directly in front of individual units/townhomes and those within Montgomery County-owned rights-of-way (Crystal Rock Dr., Waters Landing Dr., Locbury Dr., which border the WPHOA community). **The FY2026 budget includes an 8.48% increase over FY2025 contracted costs, as per Howell**

**Brothers Lawn & Landscaping; it does not include potential fuel surcharges. The contractor (Howell Brothers Lawn & Landscaping) proposed maintaining the same flat-rate contract price for the 2025-2026, 2026-2027, and 2027-2028 winter seasons.**

5. **Trash Removal Services Contract:** Allocation of funding for providing a twice-weekly curbside trash collection for all homes based on current market rates for trash collection. **The FY2026 budget includes a 5% increase per contract with J&J Trash Services and the anticipated fuel surcharges (\$0.45 per unit/month). Per the CC&R, Article V, Sect. 5a, the increase in refuse collection costs is in addition to the 10% maximum assessment fee allowed.**
6. **Other Maintenance/Repairs:** Allowance for miscellaneous maintenance and general repairs, including playground maintenance, CBUs (mailboxes) maintenance, picnic/sitting area maintenance, bulk removal, and stormwater drain maintenance in the Common Areas of the community.

**F. Reserves:**

1. **Capital Reserve Deposit:** This is the total gross reserve contribution required to meet the funding goals established through a reserve analysis that estimates the expected useful life and replacement cost of each community asset. The calculations of the reserve contributions are based upon the combination of the incorporation of the calculations established in a Replacement Reserve Study prepared in 2024 by Miller+Dodson Associates (capital reserve study consultant). **The current/final version of the WPHOA Level 2 Replacement Reserve Report, completed in July 2024 (updated/revised in October 2024), is accessible on the WPHOA website under the “WPHOA Community Documents” section.**

**As required and allowed by the Maryland Reserve Study Law (effective 1/1/2022) – MD HOA Act § 11B-112.2(d)(1) and MD HOA Act § 11B-117(a)(2), the proposed Capital Reserves Replacement Funding for FY2026 includes the recommended funding amount projected for FY202 by the reserve specialist.**

2. **Contingency Deposit:** Allowance to cover the cost of any number of unusual or unexpected expenses that do not occur regularly.
3. **Tree Removal/Replacement Deposit:** Allowance to establish a tree removal/replacement reserve for anticipated long-term/future tree removal and replacement costs.
4. **Repay Loan for Front Entrance Work:** Allowance for the repayment of a capital reserves loan (authorized by the 2018-2019 Board of Directors and assumed in December 2019) to fund the new landscaping improvements/enhancements and beautification of the community’s front entrance, which was completed in 2019-2020.
5. **Interest on Reserves:** Allocation of the interest income earned by depositing reserve funds in secure investment vehicles such as money market and certificate of deposit accounts. The accumulated interest reduces the monthly cash deposit required to meet the funding goals established through the reserve analysis.

**G. Capital Reserve Expenditures:**

1. **Capital Reserve Expenditures:** Allowance for a permanent structural change or addition that will enhance the Property’s overall value, increase its useful life, or adapt it to new uses.

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FY2026 OPERATING BUDGET NARRATIVE (10.05.2025)

**Footnotes:**

<sup>1</sup> The Maryland General Assembly passed new legislation, **House Bill 1534 (HB 1534)/Senate Bill 758 (SB 758)**, requiring that elections for officers or members of a community association’s governing body be conducted by “independent parties”. The Bill considers elections to include the collection and counting of ballots and the certifying of results for officers or members of an association’s governing body. Maryland community associations must now have their elections conducted by “independent parties,” which are not candidates in the election, do not include board members, and have no conflict of interest regarding any candidate(s) participating in the election. Importantly, the property managers (i.e., Property Management People, Inc. personnel) of many associations will **not** qualify as independent parties. Therefore, the community associations may engage third-party vendors or certified election platforms to manage elections.

**NOTE:** This recent change in Maryland law will result in a new annual expense for the WPHOA, effective in FY2026.

<sup>2</sup> The Maryland General Assembly passed new legislation, **House Bill 107 (HB 107)**, (eff. 10/01/2025), requiring that community associations conduct a Reserve Study (and update that Reserve Study every five years) of the reserves needed for future major repairs and replacement of the common elements of a cooperative housing corporation or condominium, or the common areas of a homeowners association (HOA).

Under HB 107, the Reserve Study requirement, previously applicable to only Prince George’s and Montgomery Counties, is applicable statewide. This Bill enables the included associations to meet their legal, fiduciary, and professional requirements. It also protects, preserves, and enhances a community’s property values, provides a planned replacement for major common items, and minimizes the need for special assessments.

<sup>2A</sup> The Maryland General Assembly passed new legislation, **House Bill 292 (HB 292)/Senate Bill 63 (SB 63)**, (eff. 10/01/2025), to further clarify reserve funding requirements, including: (1) Associations must adopt a reserve funding plan based upon a recognized accounting method, in consultation with a reserve specialist, and in accordance with the recommendations in their reserve study; (2) Boards must actually deposit budgeted reserve contributions annually into their reserve accounts and report their progress toward full funding at each annual meeting; (3) Temporary use of reserves for non-designated purposes is allowed if funds are repaid within five (5) years; and (4) Boards may vote to temporarily suspend reserve funding for one year (renewable once) if a financial hardship is formally documented and disclosed to the membership.

<sup>3</sup> Per **Montgomery County Code 49-17 and as amended in Bill 24-22**, each homeowner/resident is responsible for snow/ice removal on the sidewalk in front of their townhome/lot/property within 24 hours of the end of a snowstorm.

In the new snow removal contract for the winters of 2023-2024 and 2024-2025, the Board of Directors negotiated the inclusion of all sidewalks (including sidewalks in front of the townhomes) in the Waterford Place community, along with the regular Common Areas snow removal process when the snow removal contractor services the Waterford Place community.

**NOTE:** This enhancement to the snow removal contract does not eliminate the homeowner’s/resident’s legal responsibility for removing the snow/ice in front of their townhome/lot/property as required by the Montgomery County Code 49-17.

Additionally, the new snow removal contract enhancement does not prohibit a homeowner/resident who wishes to continue to remove snow/ice from the sidewalk in front of their townhome/lot/property from doing so. Contracted snow/ice removal services do not include snow/ice removal from walkways, driveways, or any areas on the homeowner’s/resident’s lot/property.

**Generative Summary**

This document outlines the draft FY2026 Operating Budget for the Waterford Place Homeowners Association, detailing projected income and expenses.

**Income Sources**

- **Assessments:** Annual assessments from Unit Owners cover administrative, professional, community activities, utilities, and reserves, with a proposed 10% increase for FY2026.
- **Delinquent Interest Income:** Funds from late payments as per the Association’s collection policy.
- **Recaptured Legal Fees:** Income from legal fees charged to Unit Owners for compliance issues.
- **NSF Income:** Charges for returned checks due to insufficient funds.
- **Interest Income:** Earnings from excess operating funds in demand deposits.
- **Reserve Transfers:** Funds moved from Capital Reserves for capital expenses.
- **Other Income:** Miscellaneous income, including shared costs for community improvements.

**Expense Categories**

- **Administrative Expenses:** Includes bad debt allowances, bank charges, website maintenance, insurance (projected 30% increase), meeting room rentals, office expenses, postage, and taxes.
- **Professional Expenses:** Covers audit and tax preparation, community management (~2% increase), legal expenses, and costs for a 3rd-party-managed, independent board director election.
- **Community Activities:** Budget for social events.
- **Common Area Utilities and Expenses:** Allocations for electricity, grounds maintenance (10.22% increase), landscaping, snow removal (8.48% increase), and trash removal (5% increase).
- **Reserves:** Contributions for capital reserves, contingency funds, tree removal, and an interfund loan repayment to the capital reserves for the front entrance work initiated and completed in 2019-2020.

**Legal and Regulatory Context**

- New Maryland laws require independent elections for board members and regular reserve studies, impacting budget allocations.
- The budget reflects compliance with these laws, ensuring proper funding and management of community resources.

**Conclusion**

The FY2026 budget reflects a comprehensive approach to managing the Waterford Place community’s financial health, addressing both operational needs and compliance with evolving legal requirements. The proposed increases in assessments and expenses are aligned with anticipated cost changes and necessary reserve funding.



# Waterford Place Homeowners Association, Inc.

**Historical Analysis of Revenue and Expenses (2001 vs. 2026)**

*Prepared by Jacquie Roberts*

*Treasurer, Waterford Place Homeowners Association, Inc.*

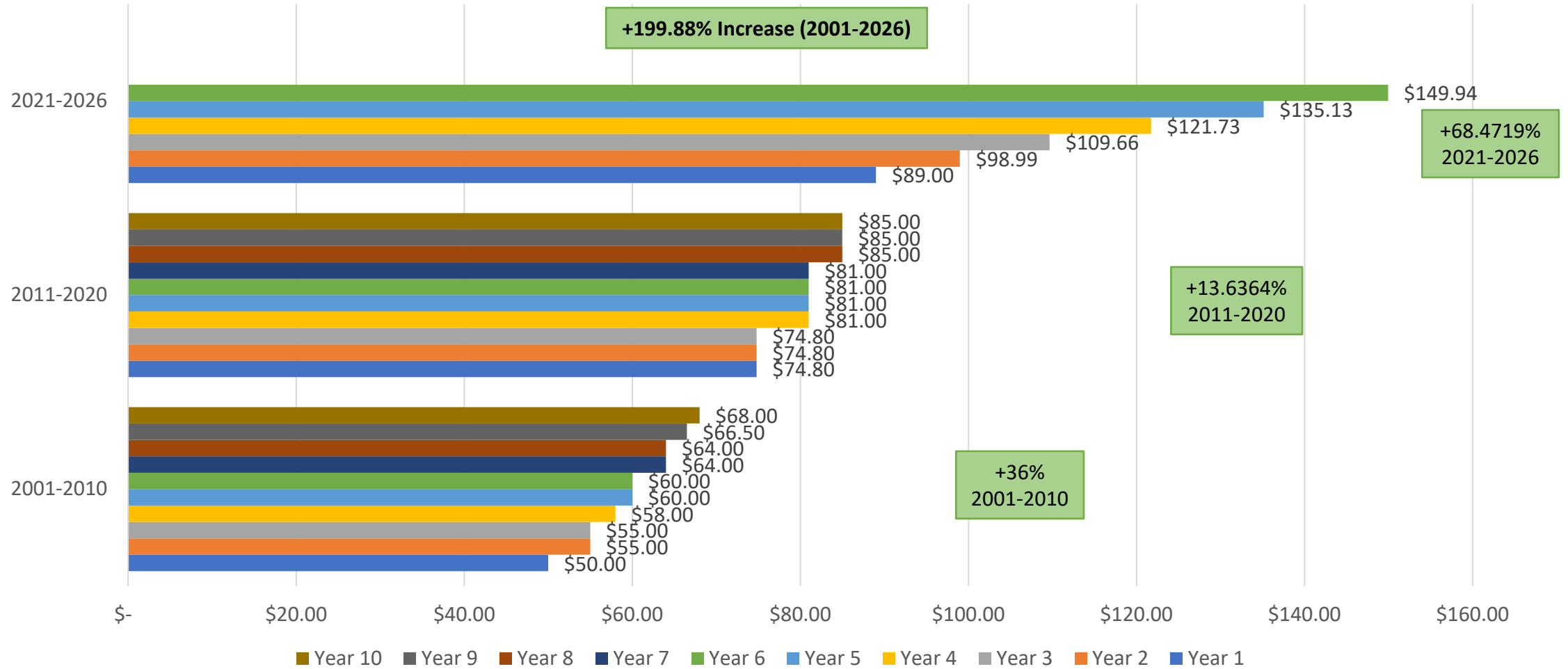
*(October 16, 2025)*

# Historical Analysis of the WPHOA Revenue and Expenses (2001 vs. 2026)

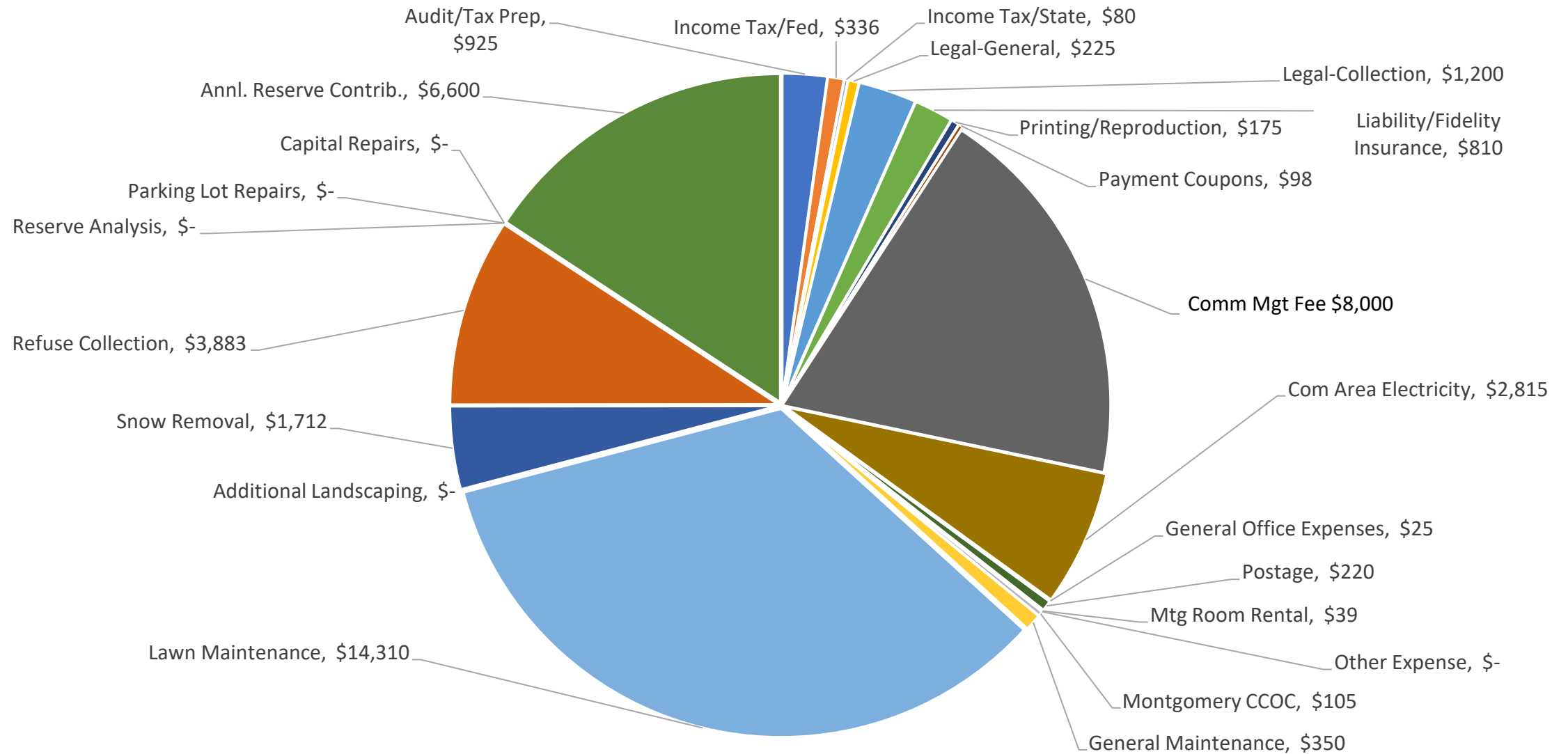
- Since 2001, the WPHOA **Assessments have increased by 199.88%** (from **\$50** in 2001 to **\$149.94** in 2026). It should be noted that the WPHOA Assessments are the only guaranteed source of revenue for the Association.
- Since 2001, the WPHOA **Expenses to Maintain, Repair, and Replace the Common Areas Assets have increased by 239.4883%** (from **\$37,173** in 2001 to **\$126,198** in 2026).
- In direct comparison to the categorized expenses in 2001, the WPHOA **Expenses to Maintain, Repair, and Replace the Common Areas Assets have increased by 173.1149%** (from **\$37,173** in 2001 to **\$101,525** in 2026 for the same expense line items).
- Over the past 20+ years, additional line-item expenses/categories were added to the annual operating budgets to support the WPHOA. These expense lines included, but were not limited to, **community services** (*maintaining a community website, orienting new owners and residents, organizing social activities*) and WPHOA's **compliance and business management services** (*paying the mandatory annual Montgomery County "Rain Tax," incorporating changes impacted by legislative changes in Montgomery County and Maryland laws related to snow removal, tree care services, mandatory reserve study updates and requirements for fully-funded capital reserve accounts, etc.*).
- The additional line-item expenses/categories (identified in this document on slide #12 as "**Expense Categories Not Utilized in 2001 Budget But Are Now Essential WPHOA Expenses - \$24,673 (2026)**") represent a **24.3024% additional increase to the categorized expenses utilized in 2001 and 2026.**

# Waterford Place HOA Revenue Source (HOA Assessments)

WPHOA Annual Assessment Reflected as the Per Unit Per Month (PUPM) Rate for WPHOA Assessment Over the Past 20+ Years



# 2001 Waterford Place HOA Expenses – \$37,173



# 2001 Waterford Place HOA Expenses – \$37,173



■ Audit/Tax Prep - \$925	■ Income Tax/Fed - \$336	■ Income Tax/State - \$80	■ Legal-General - \$225
■ Legal-Collection- \$1,200	■ Liab/Fidelity Insur.- \$810	■ Printing/Repro. - \$175	■ Payment Coupons - \$98
■ Comm Mgt Fee - \$8,000	■ Com Area Elec. - \$2,815	■ General Ofc. Exp. - \$25	■ Postage - \$220
■ Mtg Room Rental - \$39	■ Other Expense - \$0	■ Montgomery CCOC - \$105	■ General Maintenance - \$350
■ Lawn Maint. - \$14,310	■ Add'l Landscaping - \$0	■ Snow Removal - \$1,712	■ Refuse Collection - \$3,883
■ Reserve Analysis - \$0	■ Capital Repairs - \$0	■ Parking Lot Repairs - \$0	■ Annl. Reserve Contrib. - \$6,600





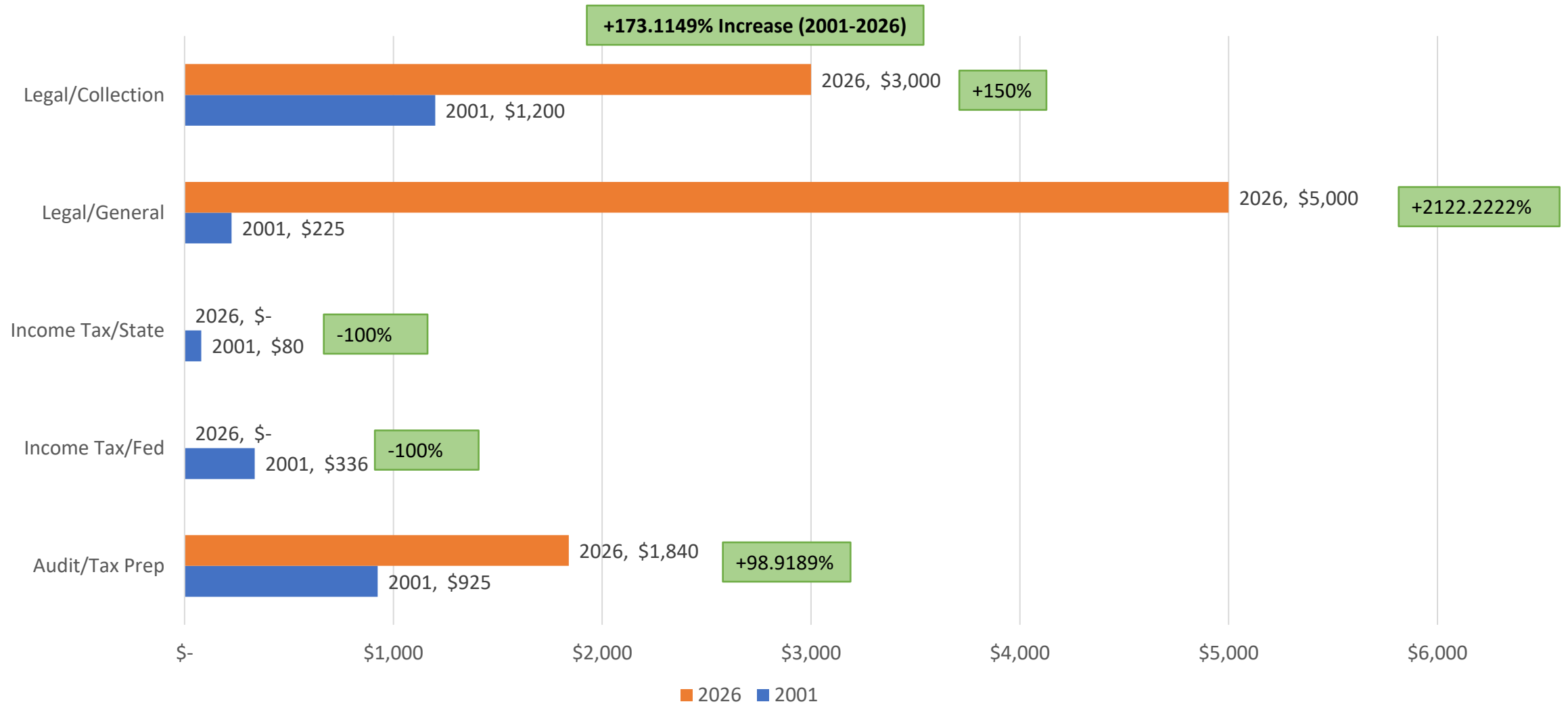
# 2026 Waterford Place HOA Expenses – \$126,198

**+239.4883% Increase (2001-2026)**

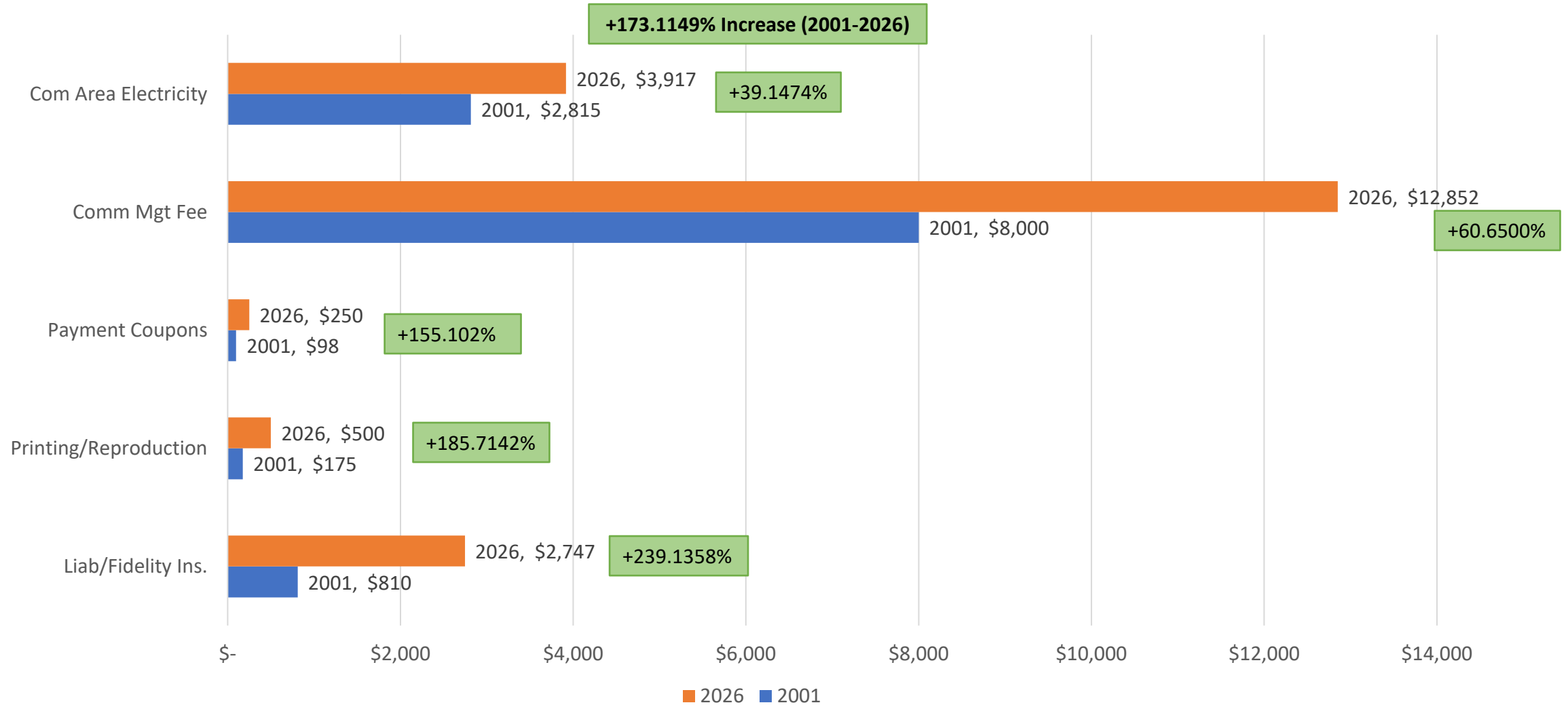
**NOTE:** The expense categories that are “**bold**” are expense categories that were also captured in the WPHOA 2001 operations budget. Any category that is not bold reflects an additional category of expenses that evolved over the past 20+ years to pay for services to manage, maintain, repair, and replace the WPHOA Common Areas and increase community property values.

- **Bad Debt Expense - \$0**
- **Bank Charges - \$0**
- Website/Videoconferencing- \$484
- **Liability Insurance- \$2,028**
- **Fidelity Bond Insurance - \$719**
- **Mtg Room Rental- \$50**
- **General Office Expense - \$600**
- **Payment Coup/Parking Permits - \$250**
- **Postage Expense- \$700**
- **Printing & Reproduction- \$500**
- **SmartWebs Technology - \$480**
- **Income Tax/Fed- \$0**
- **Income Tax/State- \$0**
- **Water Quality Protection Tax- \$2,700**
- **Property Taxes- \$0**
- **Montgomery CCOC- \$455**
- **Audit/Tax Prep- \$1,840**
- **Comm Mgt Fee- \$12,852**
- **Legal-General- \$5,000**
- **Legal-Collections - \$3,000**
- **Reserve Study (Analysis)- \$0**
- **Social Event Expenses - \$405**
- **Com Area Electricity- \$3,917**
- **Grounds (Lawn) Maintenance - \$23,500**
- **Additional Landscaping- \$4,500**
- **Large Tree Pruning/Removal- \$11,785**
- **Snow Removal- \$9,400**
- **Trash Removal/Refuse Collect. - \$9,828**
- **Other Maintenance/Repairs- \$5,000**
- **Capital Reserves Deposit - \$17,386**
- **Contingency Deposit- \$1,690**
- **Tree Remove/Replace Deposit- \$1,500**
- **Repay Loan (Front Entrance Work)- \$3,379**
- **Interest on Reserves - \$250**
- **Board Elections Vendor - \$2,000**
- **Capital Reserves Expenditures - \$0**

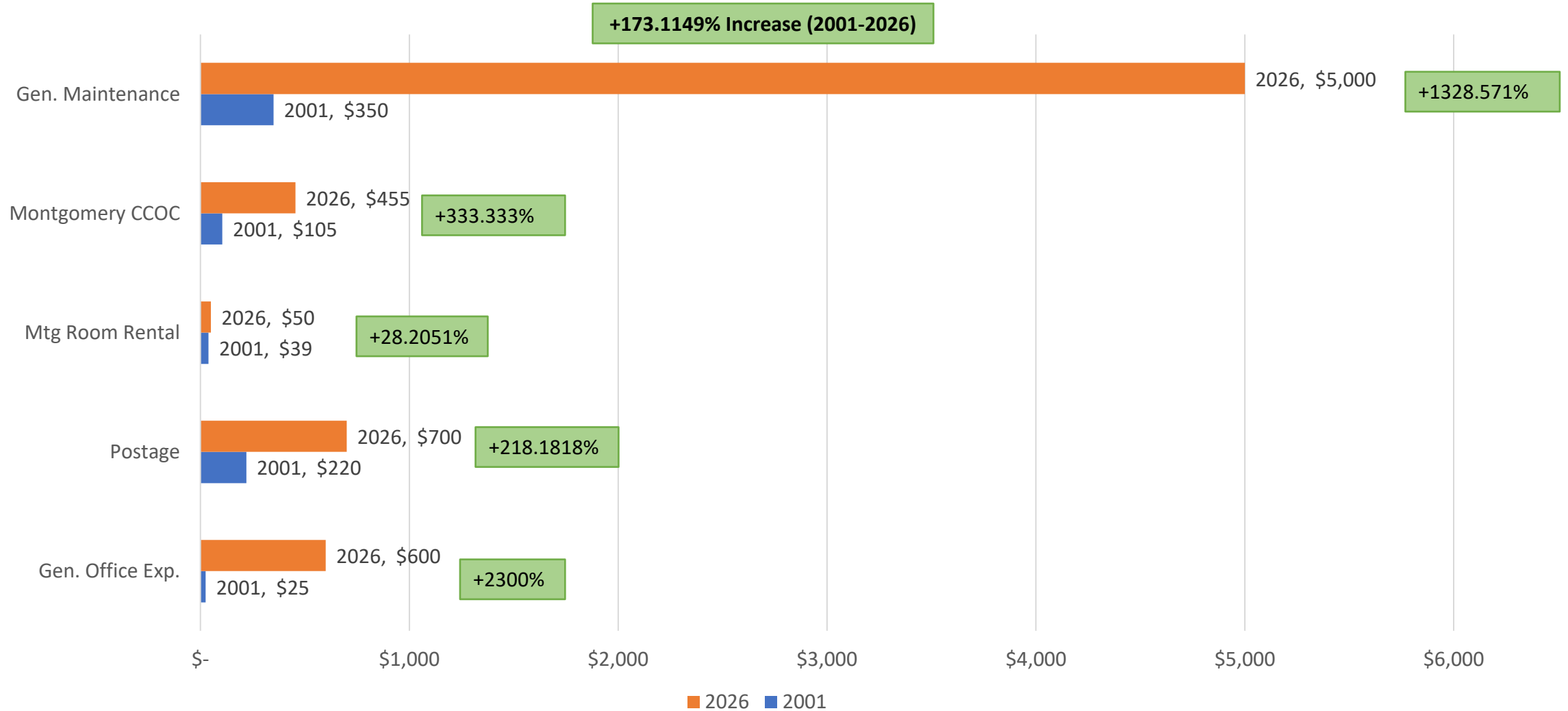
# Comparison of Same Expense Categories Utilized in 2001 Budget \$37,173 (2001) vs. \$101,525 (2026)



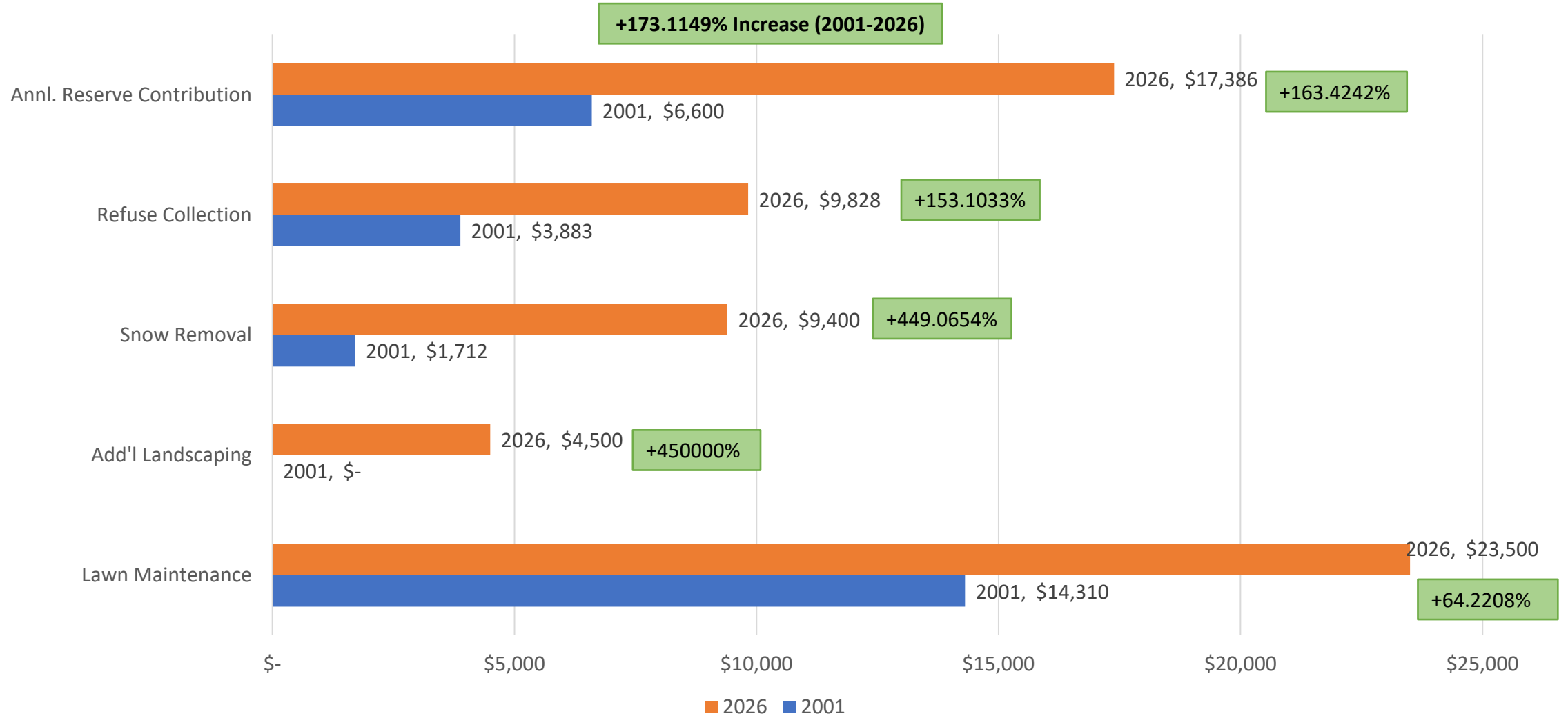
# Comparison of Same Expense Categories Utilized in 2001 Budget \$37,173 (2001) vs. \$101,525 (2026)



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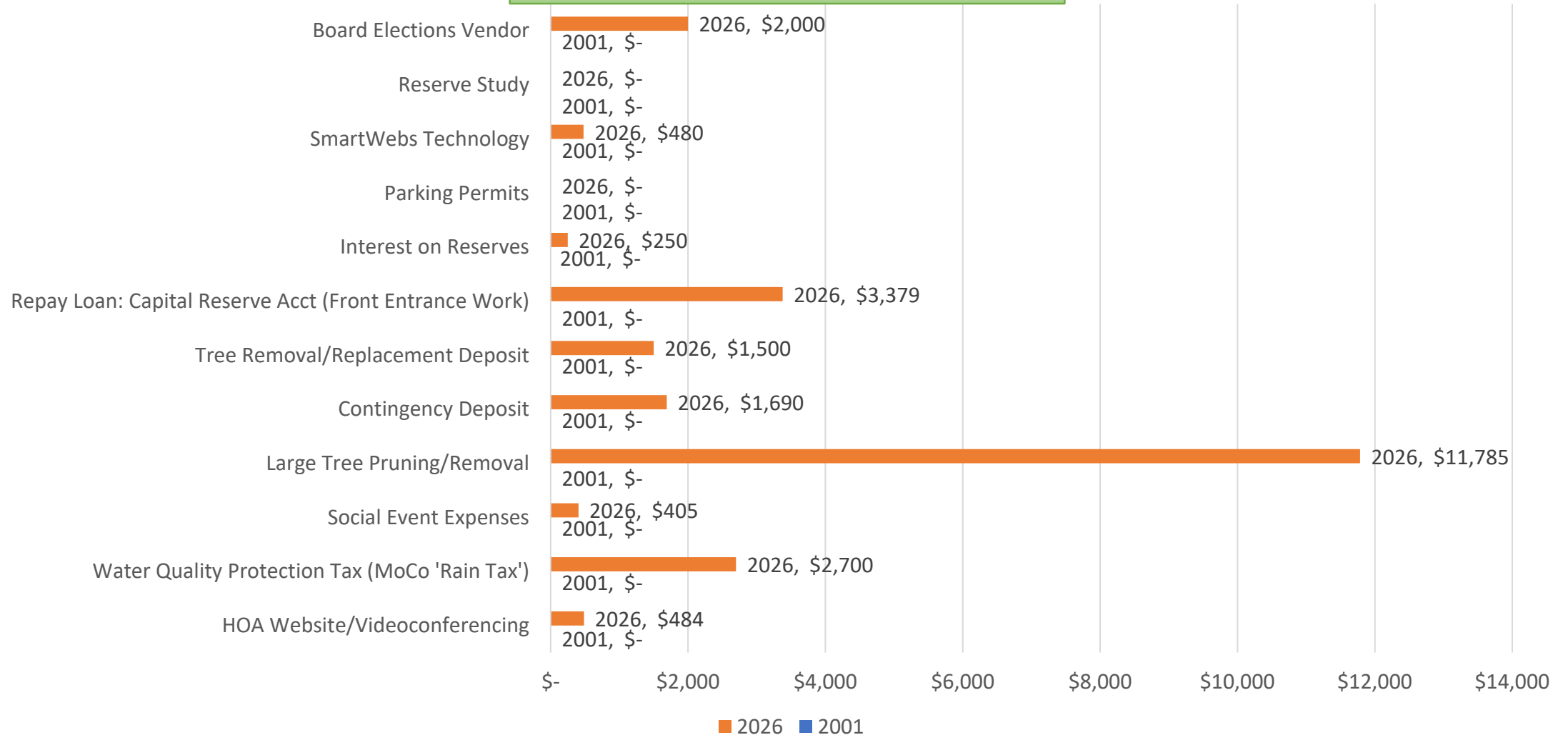


# Comparison of Same Expense Categories Utilized in 2001 Budget \$37,173 (2001) vs. \$101,525 (2026)



# Expense Categories Not Utilized in the 2001 Budget But Are Now Essential WPHOA Expenses - \$24,673 (2026)

+24.3024% Increase (for additional essential expenses)



# Waterford Place Homeowners Association, Inc.

*Capital Reserves Analysis FY2026*



Homeowners associations have the responsibility, under their declaration, to maintain, repair, and replace common areas. This is accomplished by maintaining appropriate reserve funding levels and conducting periodic reserve studies to assess the financial needs for maintaining, repairing, and replacing common areas and shared assets in a homeowners association. These actions by the governing body (Board of Directors) are necessary to ensure long-term financial stability and avoid unexpected costs for lot owners.

The reserve funding level is determined based on the recommendations in the most recent reserve study or updated reserve study completed under § 11B-112.3 of the Maryland Code. The annual reserve funding level must align with the funding recommendations from the most recent reserve study. These funds must be deposited into the reserve account by the end of each fiscal year.

# Reserve Funding



# What is the significance of the annual reserve funding level?

- Ensures that the homeowners association sets aside adequate funds to maintain and repair common areas over time.
- Based on recommendations from the most recent reserve study or updated reserve study, and must be achieved within a specified timeline.
- Helps prevent financial shortfalls and ensures the long-term sustainability of the association's responsibilities.

## Annual Reserve Funding Level

# How is the reserve study conducted for homeowners associations? <sup>4</sup>

A reserve study typically involves the following steps:

- **Assessment of Common Areas:** Certified reserve specialists evaluate the physical condition of common areas and shared facilities, such as the road, parking bays, walking path, playground, picnic/sitting areas, sidewalks, curbs, gutters, entrance monument, stormwater management, and signage.
- **Estimation of Useful Life:** They estimate the remaining useful life of these components and the cost of repairs or replacements.
- **Financial Analysis:** The study calculates the amount of money the association needs to set aside annually to meet future repair and replacement costs.
- **Recommendations:** The study provides funding recommendations to ensure the association maintains adequate reserves.



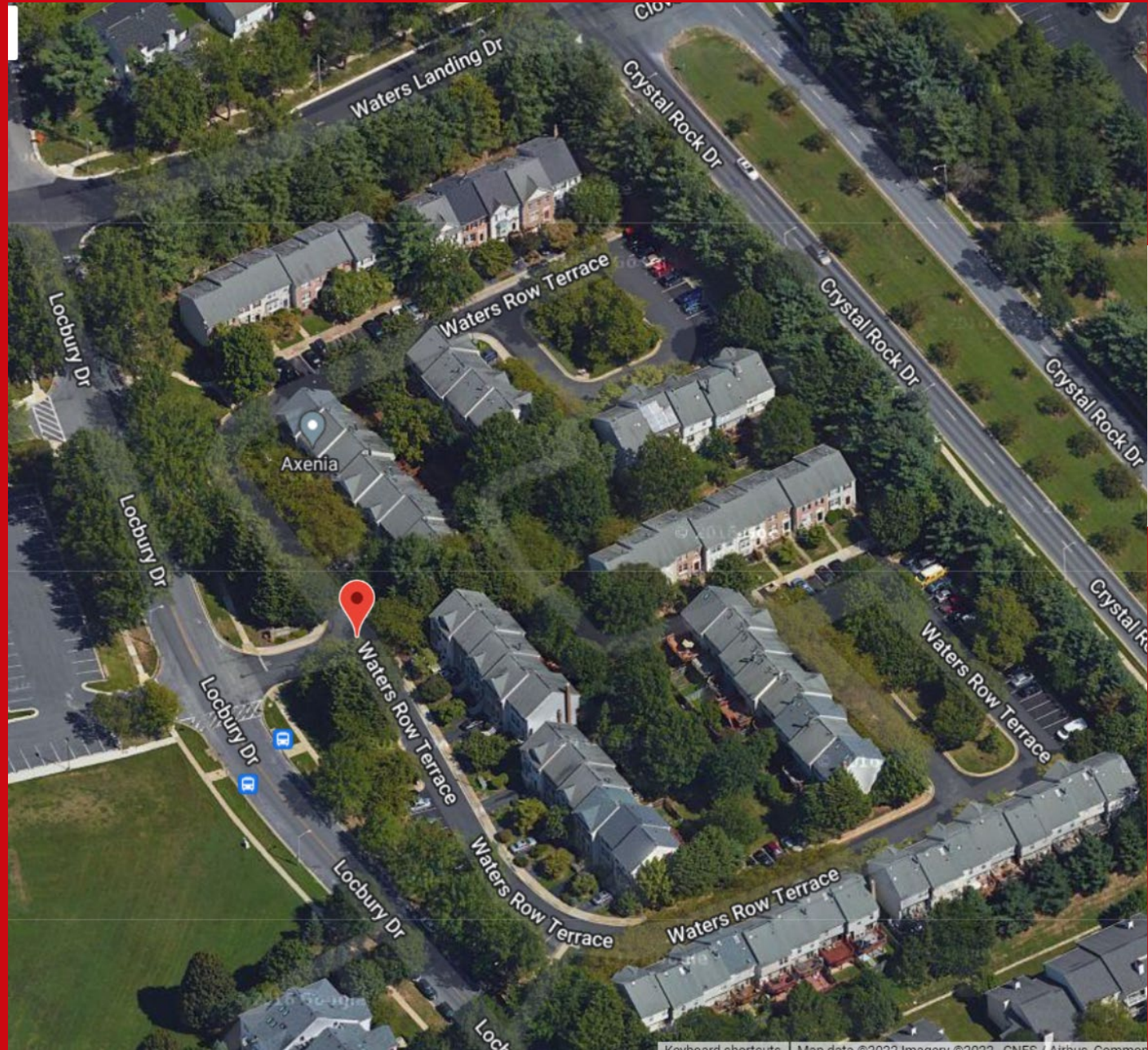
## RESERVE STUDY



**This process helps homeowners associations plan for long-term maintenance and avoid unexpected financial burdens.**

# Waterford Place Homeowners Association

*Reserve Funding  
Analysis  
(2014-2028)*



# WPHOA Reserve Funding Analysis (2014-2019)

Reserve Study conducted by Miller & Dodson Capital Reserve Consultants in 2013; period covered 2014-2017. \*Next RS updated March 2020.

BUDGET YEAR	Proj'd Reserve Rpt (2014) Total Annual Contrib.	WPHOA Actual Total Annual Contrib.	Annual Contrib. Delta +/-	Proj'd Reserve Rpt (2014) EOY Balance (Dec 31)	WPHOA Capital Reserve Actual EOY Balance (Dec 31)	EOY Balance Delta +/-	Proj'd Reserve Rpt (2014) Planned/Projected Capital Element Replacement
2014	\$10,624	\$880	(\$9,744)	\$125,183	\$128,303	\$3,120	\$12,825
2015	\$11,254	\$16,721	\$5,467	\$130,577	\$127,616	(\$2,961)	\$5,230
2016	\$11,924	\$14,961	\$3,037	\$141,012	\$143,610	\$2,598	\$0
2017	\$12,633	\$11,924	(\$709)	\$151,575	\$154,939	\$3,364	\$250
2018	\$13,385	\$9,681	(\$3,704)	\$162,199	\$166,454	\$4,255	\$0
2019	\$14,182	\$880	(\$13,302)	\$171,579	\$152,638	(\$18,941)	\$1,000
2020*	\$10,931	\$10,561	(\$370)	\$37,680	\$182,611	\$144,931	\$104,976

**COMMENTS:** **2014** – Planned repairs/replacement of asphalt pavement rejuvenation and tot lot wood retaining wall were deferred until 2021-2023. A ‘No Parking’ sign \$276 was purchased in 2014; and the Board wrote off \$5K that was due to be deposited in the reserve account. **2015** – Planned repairs/replacement of asphalt path overlay, wood picnic table, and wood bench were deferred until 2022-2024. Cap Res expenditures \$18,320. **2016** – No scheduled replacements. **2017** – Planned repairs for asphalt path seal coat deferred until 2026. **2018** – No scheduled replacements. **2019** – Misc. signage replacement was deferred until 2022-2023. Board borrowed \$18,391.90 from the Cap Res account for the landscaping project in 12/2019. **2020\*** – Planned repairs/replacement of asphalt path rejuvenation, concrete flatwork, Tot Lot MP structure, metal benches, and receptacle were deferred until 2022-2023. \*2020 Level 2 Reserve Study conducted in 3/2020; updated version 6 in 2022.

# WPHOA Reserve Funding Analysis (2020-2024)

Reserve Study conducted by Miller & Dodson Capital Reserve Consultants in 2020; period covered 2020-2024. Next RS updated June 2024.

BUDGET YEAR	Proj'd Reserve Rpt (2020) Total Annual Contrib.	WPHOA Actual Total Annual Contrib.	Annual Contrib. Delta +/-	Proj'd Reserve Rpt (2020) EOY Balance (Dec 31)	WPHOA Capital Reserve Actual EOY Balance (Dec 31) [Audited #s]	EOY Balance Delta +/-	Proj'd Reserve Rpt (2020) Planned/Projected Capital Element Replacement
2020*	\$10,931	\$10,561	(\$370)	\$37,680	\$182,611	\$144,931	\$104,976
2021	\$11,768	\$11,367	(\$401)	\$14,993	\$90,689	\$75,696	\$58,140
2022	\$12,775	\$12,400	\$375	\$27,200	\$35,769	\$8,569	\$0
2023	\$13,069	\$11,924	(\$1,145)	\$39,407	\$31,934	(\$7,473)	\$0
2024*	\$13,369	\$15,547	\$2,178	\$51,614	\$41,012	(\$10,602)	\$0

**COMMENTS:** **2020\*** – Planned repairs/replacements of asphalt drive lanes/parking areas, mill/overlay/seal coat; Stormwater mgt; Wood picnic table/benches; Wood benches/metal frame; trash receptacle; PTL retaining wall/planter (tree well) were deferred until 2021-2022. *COVID-19 pandemic in effect.* Cap Res expenditures picnic table/benches/receptacle - \$1,790. **2021** – Prior years’ deferred maintenance repairs/replacement of concrete curb/gutter/barrier; Signage replacement; Stormwater mgt; Tot Lot play structure; Tot Lot border/retaining wall; Tot Lot surfacing – completed deferred maintenance in 2021-2022. *COVID-19 pandemic in effect.* Cap Res expenditures \$105,403. **2022** – No scheduled replacements; but completed prior years’ deferred maintenance in 2023-2024. *COVID-19 pandemic in effect.* **2023** – No scheduled replacements. The planned repairs for the asphalt path seal coat is deferred until 2026. **2024\*** – No scheduled replacements. Completed prior years’ deferred maintenance in 2024 (entrance monument repoint, concrete flat work/sidewalks). 2024 Level 2 Reserve Study conducted in 6/2024. The FY2024 Budget approved in October 2023 was based on calculations using the 2020 WPHOA Reserve Study.

# WPHOA Reserve Funding Analysis (2024-2028)

Reserve Study conducted by Miller & Dodson Capital Reserve Consultants in 2024; period covered 2024-2028. Next RS expected in 2026-27.

BUDGET YEAR	Proj'd Reserve Rpt (2024) Total Annual Contrib.	WPHOA Actual Total Annual Contrib.	Annual Contrib. Delta +/-	Proj'd Reserve Rpt (2024) EOY Balance (Dec 31)	WPHOA Capital Reserve Actual EOY Balance (Dec 31) [Unaudited #s]	EOY Balance Delta +/-	Proj'd Reserve Rpt (2024) Planned/Projected Capital Element Replacement
2024*	\$15,474	\$15,547	\$73	\$47,406	\$41,012	(\$6,394)	\$0
2025	\$16,402	\$18,514***	\$2,112**	\$48,214	\$59,626**	\$11,412**	\$14,666
2026	\$17,386	\$17,386***	\$0	\$63,688	TBD	TBD	\$0
2027	\$18,430	\$18,430***	TBD	\$78,561	TBD	TBD	\$600
2028	\$19,536	\$19,536***	TBD	\$77,135	TBD	TBD	\$16,900

**COMMENTS:** **2024\*** – No scheduled replacements. **2025** – Planned repair/replacement of Seal coat asphalt drive lanes, path; Tot lot surfacing/mulch (3") were deferred until 2026. **2026**– No scheduled replacements; but plan to complete seal coating and Tot Lot surfacing/mulch; inspect play structure. **2027** – Planned repair/replacement of the entrance monument carriage lamp, if necessary. **2028** – Planned repair/replacement of the CBU's/mailboxes (6); Tot lot surfacing/mulch (3"). 2024 Level 2 Reserve Study conducted in 6/2024; updated (version 2) in 10/2024. Expect to update RS after 3 years (2026-7) due to recent experience of price increases/inflation in the construction industry-related expenses.

\*\* Estimated balances calculated for EOY 2025

\*\*\* Minimum amount to be deposited by EOY in capital reserve account, per 2024 WPHOA Reserve Study, ver. 2, 10.22.2024

# WPHOA Reserve Loan Repayment Analysis (Proposed Repayment Plan)

*In December 2019, the 2018-2019 Board of Directors borrowed \$18,391.90 (\$17,335 + \$1,056.90) from the WPHOA Capital Reserves Account to cover landscaping improvement costs (front entrance landscaping project). Since landscaping expenses are not considered valid capital expenditures, the \$18,391.90 must be repaid to the WPHOA Capital Reserves Account. This cannot be written off as a bad debt.*

BUDGET YEAR	Debit (Amount Repaid)	Credit (Amount Borrowed)	Balance Due
2019		\$18,391.90	\$18,391.90
2020	\$0		\$18,391.90
2021	\$583.30		\$17,808.60
2022	\$758.29		\$17,050.31
2023	\$2,020.63		\$15,029.68
2024	\$816.62		\$14,213.06
2025	\$699.96*		\$13,513.10*
2026	\$3,379**		\$10,134.10**
2027	\$3,379**		\$6,755.10**
2028	\$3,379**		\$3,376.10**
2029	\$3,376.10**		\$0

\* Estimated EOY 2025  
 \*\* Proposed annual repayment amount FY2026 – FY2029