

May 23, 2014

RESULTS OF CAPITAL RESERVE ENGINEERING SURVEY

The Board of Trustees is pleased to advise you that this important survey has been completed by Consulting Engineer Services (CES). As you will recall, our Certified Public Accountant and our attorney strongly recommended that such a survey be conducted every five years in order to ensure Heatherwood has sufficient funds in its Capital Reserve to address future expenditures regarding our common areas. The last survey was completed in 2008.

We worked closely with CES to determine which assets were to be included. Extensive study and reviews of Heatherwood's as-built plans resulted in various changes, additions, and/or deletions from the 2008 study. Each step was carefully reviewed by the full Board of Trustees as the process evolved.

The value of our assets increased; some assets which fell under the Township's responsibility were removed; and some assets had to be added...these assets had longer life cycles. The changes allowed us to keep the amount of increase required for our Capital Reserve to a minimum. Because it is still early in 2014, it is not yet possible to determine the impact on the 2015 monthly assessment. We are carefully monitoring spending and assure you we continue to give serious consideration to every decision made and are firm in our commitment to keep expenditures to an absolute minimum.

We appreciate your attention to this matter and your understanding that this survey will help to ensure our Capital Reserve is being funded adequately and appropriately as mandated by N.J.A.C. 5:26 – 8.7.

BOARD OF TRUSTEES