HARBORSIDE CONDOMINIUM TRUST

26 November 2008

Letter to Harborside Owners – 2008 Financial Projections and 2009 Budget

Dear Harborside Owners,

The purpose of this letter is to provide an update of the 2008 year-end Budget projections and to present the 2009 Budget and new Common Element Fee Schedule (please see attached). We've also attached the Snow Removal Policy for this coming winter season.

2008 Financial Projections – Due to a number of unexpected expenses, we are projecting an overrun in the 2008 Operating Budget of $4,876 or just over 3%. While we projected a balanced Operating Budget at the Annual Meeting in August, we encountered some additional costs in the second half of the year. We have fully funded the $25,000 annual Reserve contribution and we will cover the Operating overrun from the Reserve Account. We have projected overruns in Maintenance & Repair ($7159), Landscaping ($2169), and Snow Removal ($1300). These overruns will be partially offset by underruns in Cleaning & Bulbs ($1000), Extermination ($925), Heating Systems ($1384), Water & Sanitation ($600), Fire System ($220), Natural Gas ($400), Cable TV ($400), Legal ($800), and Taxes & Tax Prep ($23). This results in a total overrun of $4,876 in the operating account.

2009 Budget – At the August homeowners meeting, we proposed a 2009 Budget of $156,480, which would be a $3900 or 2.5% increase in Common Element Fees. We have since increased the 2009 Budget to $159,480, which is a $6900 or 4.5% increase. The reasons for this additional increase are as follows:

- Added Dock expenses of $4,500 to reflect the Board's decision to pay for dock insurance ($2,500) and dock utilities ($2,000). This had been an expense covered by the Harborside Dock Committee, but in recognition that the docks are a shared responsibility of all owners and residents the Board has agreed to pay for this directly from the Trust.
- Increases in Insurance ($3000) and Management Services ($900) remain the same as indicated at the Annual Meeting, while Cleaning has been reduced by $500 and Heating Systems inspections have been reduced by $1,000.

The Reserve Account contribution will remain at $25,000. The 4.5% budget increase is slightly higher than the 4% increase of 2008, but compares favorably with the 11% increase in 2007 and 17% increase in 2006.

2009 Maintenance and Reserve Projects – In 2009 we will be replacing the Building D roof, replacing the C5/C8 brick entryway, and doing minor structural repairs to the foundations of Buildings A, B and C. The funding of these items will come from both the Operating Account (Maintenance & Repair) and Reserve Account.

Future Special Assessments – We continue to defer repair or replacement of the north retaining wall (between Harborside and the Boston Yacht Club).

In summary, the Board's position on the 2009 Budget has taken into consideration the on-going Special Assessment, which will run until early 2010, and the economic crisis that may be affecting Harborside owners and residents. We expect 2009 to be a very challenging financial year, but the goal of the Trustees remains to create reasonable Operating and Reserve Budgets, while at the same time being mindful of the long term infrastructure needs of our uniquely beautiful and valuable place to live.

Thank you,

The Trustees

Attachments: 2009 Budget
Common Element Fee Schedule
Snow Removal Policy