HARBORSIDE CONDOMINIUM TRUST

Letter to Harborside Owners – 2011 Year-end Financial Performance and 2012 Budget

February 20, 2012

References:

1. **Letter to Harborside Owners – 2010 Year-end Financial Performance, date January 27, 2011.**
2. **Letter to Harborside Owners – August 2011 Annual Owners Meeting, date July 22, 2011.**
3. **Letter to Harborside Owners – 2011 Financial Projections and 2012 Budget, dated November 29, 2011.**
4. **Letter to Harborside Owners – Notice of Special Assessment, dated November 8, 2011.**

Dear Harborside Homeowner:

The purpose of this letter is to provide you with the information regarding the financial status of the Harborside Condominium Trust, specifically the 2011 year-end financial performance. The above references reflect previous financial updates associated with last year's performance.

For 2011, we had an overrun in operating expenditures.
Overruns were experienced in Insurance ($7,469); Legal Expenses ($14,600); Web Site ($838); Conference Call Line ($653); Management Fees ($775); Extermination ($297); Landscaping ($790); Snow Removal ($12,908); Repairs and Maintenance ($59,336); Electricity ($675); and Water & Sewer ($2,866).

These overruns partially were offset by the underruns in cleaning ($818); Fire System ($334); Rubbish Removal ($425); and Natural Gas ($452).

Based on the above accounting, the net 2011 Operating Account overrun was $ 99,178. This included $50,525 in unpaid expenses from 2010, which is further explained in the following paragraph.

As we explained in the referenced January 27, 2011 to letter to owners, the Trust carried forward into 2011 unpaid operating invoices for water leak repair and general maintenance totaling $50,525. The following was paid from the $45,000 Marblehead Bank Loan (Special Assessment) in early 2011 and $28,300 in funds dedicated to our Reserve Account:

- Osgood Construction - $34,135
- HDC 2010 Contribution - $5,400

- 2010 Maintenance (RJL Co./Bartlett – Steadman) - $5,465
- Additional 2010 unpaid invoices totaling $5,525
- Portion of the shortfall in our 2011 operating account

In November 2011, we secured a loan with Marblehead Bank in the amount of $110,000 and a Special Assessment was passed to pay back this loan over the next two years. As explained in the referenced November 8, 2011 letter, the loan was secured to cover shortfalls from 2011, repairs, maintenance, and other expenses planned for 2012.

Continuing into 2012, we anticipate the operating budget will be sufficient, unless we are again faced with unexpected expenditures. Our November 2011 letter to you indicated a 2012 budget increase of 6.8 % and its substantiation.

We continue to defer the repair/replacement of the north retaining wall between Harborside and the Boston Yacht Club. Other deferred projects include the Building B roof replacement; D-1/D-2/D-3 total deck refurbishment; repair of low areas in the parking lot; seal coating and lining of parking lot; composite refurbishment of the north dock; the addition of blue stone at the C Building entry, and replacement of Building B rear foundation flashing.

In summary, both 2010 and 2011 were financially difficult years for the Trust. Going forward, the Board's goal for 2012 is to manage reasonable Operating and Reserve budgets, while at the same time being mindful of the long-term infrastructure needs of the Harborside property.

Thank you,

Harborside Board of Trustees

Attachments: 2012 Budget

Harborside Condominium Trust
Budget 2012

REVENUES			
A.	Condominium Fees	$	179,000
B.	Special Assessment (Loan)		50,417
TOTAL INCOME		$	229,417
EXPENSES			
A.	Administrative		
	1. Insurance Expense	$	32,000
	2. Management Services		9,300
	3. Tax & Tax Preparation		150
	4. Office Expense		2,000
	5. Legal		4,000
	TOTAL	$	47,450
B.	Utilities		
	1. Electricity	$	2,700
	2. Water & Sewer		4,900
	3. Cable TV		5,800
	4. Gas		1,000
	TOTAL	$	14,400
C.	Common Services		
	1. Rubbish Removal	$	5,100
	2. Snow Removal		7,000
	3. Exterminating		1,500
	4. Landscaping		8,500
	5. Cleaning & Bulbs		5,000
	6. Fire System		500
	7. Docks		
	Fee		5,400
	Insurance		2,500
	8. Heating Systems		1,000
	TOTAL	$	36,500
D.	LOAN		
	1. Loan Payments	$	50,417
	TOTAL	$	50,417
E.	Maintenance/Repair		
	1. Labor & Materials	$	45,000
	TOTAL	$	45,000
F.	Operational Reserves		
	1. Reserve Contribution	$	35,650
	TOTAL	$	35,650
)TAL EXPENSES AND :SERVE CONTRIBUTIONS		$	229,417