

November 4, 2005

ANNUAL BUDGET NOTICE

Enclosed, please find the approved budget for the fiscal year 2006 for Raspberry Falls Homeowners Association (a/k/a the Moorlands Homeowners Association, Inc.). After extensive discussion and consideration, the Board of Directors has determined that the HOA assessment will increase to \$125 per month beginning January 1, 2006. In addition to the approved budget you will also find supporting documentation indicating the break down of expenses for 2006.

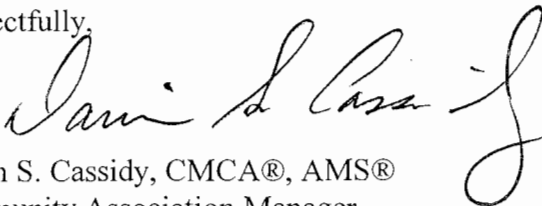
PAYMENT OPTIONS

To assist owners in paying their monthly assessment, coupon books will be mailed in the coming weeks to all unit owners who are not currently registered for direct debit. We strongly encourage owners to use our direct debit program and have the monthly assessment deducted from their bank account in the first week of each month. This program eliminates the possibility of a missed, lost or late payment and helps prevent you from incurring late charges. Any owner interested in the direct debit program should complete the enclosed form and send it to 3949 Pender Drive, Suite 205, Fairfax, VA 22030. Please direct any questions about this program to the Armstrong Management Customer Service Center at 703-385-1133 or customerservice@armstrong.net.

It is required that each individual owner pays his/her assessment on time. Assessments are due on the first of each month. Per the Association documents, any installment not paid within ten (10) days after the due date shall bear late charges.

On behalf of the Raspberry Falls Homeowners Association Board of Directors, I extend best wishes for a safe and happy holiday season.

Respectfully,



Darrin S. Cassidy, CMCA®, AMS®
Community Association Manager

Enclosures

Offices

ALEXANDRIA ◆ **FAIRFAX**
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GENERAL BUDGET DISCUSSION

The budget was reviewed and discussed over four meetings between the newly appointed Covenants Committee and the Board of Directors. The Board of Directors established the Covenants Committee approximately three months ago. The role of the Covenants Committee is to, among other things, review and comment on the 2006 budget, and review and recommend changes to the current HOA covenants. The current Covenants Committee includes Edward Slack, Price Williams, Matt Elliot, Merv Forney and Molly Melchior.

During these meetings the scope of landscaping work was reviewed and consideration was given towards continuing the overall look and feel of the Raspberry Falls Community. It was agreed that the homeowners would like to maintain the same level of landscaping quality throughout the community to preserve the distinguished look that Raspberry Falls provides over other communities. Therefore, it was agreed that the scope of landscaping work under the current landscaping maintenance contract should remain the same, except that homeowners will be responsible for mowing their own right of way frontage. Areas covered by the 2006 landscaping contract are colored on the attached community map. In addition, the Raspberry Falls Community can welcome the addition of the pool, tennis courts and related parking area. The pool is complete and will open Memorial Day weekend 2006. The tennis courts will open in the next week. The combination for the four button lock will be "2006" (see enclosure for the rules).

The increase in the monthly assessment is mainly attributable to landscaping costs previously subsidized by the developer and the various projected costs associated with operating the new pool and tennis courts. The attached budget and budget narrative will more fully explain the breakdown. Please note that the developer will be making an in-kind contribution to the HOA in 2006 in the amount of \$85,000. It should also be noted that over the last few years the developer has installed over two million dollars of community landscaping improvements and subsidized the majority of the landscaping maintenance expense. During the last year alone, the developer subsidized over \$150,000 of landscaping maintenance costs while the HOA paid \$42,000 for landscaping maintenance costs.

Under a previous arrangement, the golf course continues to provide the water for the irrigation system that waters parts of the main roadway area landscaping.

**RASPBERRY FALLS HOMEOWNERS ASSOCIATION
2006 BUDGET NARRATIVE**

INCOME

Assessments (\$216,000) – Income derived from the assessments charged to each homeowner.

Van Metre In-Kind Contribution (\$85,000) – Developer will contribute \$85,000 to the Association in 2006 in four quarterly installments at the beginning of each quarter.

Carry Forward from 2005 (\$3,000) – Estimated surplus from 2005 operating budget.

Homeowner Capital Contribution (\$6,000) – Each new Homeowner is responsible for making a capital contribution payment to the Association equal to one sixth of the annual assessments. The Developer is projecting settling 24 homes in 2006.

Developer Capital Contribution (\$3,600) – The Developer is responsible for making a capital contribution payment to the Association in the amount of \$150.00 for each lot sold and settled throughout the year. The Developer is projecting settling 24 homes in 2006.

Interest Income (\$0.00) – The Association will maintain interest-bearing accounts when practical, primarily for reserve funds. The interest earned is rolled over into the investment and cannot be considered income to pay for future expenses.

Late Fees (\$0.00) – The Association may receive some income from charges for each assessment not paid in full by the due date established by the Board of Directors. Historical data provides the Board of Directors with information that monies will be received over the coming year for this line item. However, relying on this income to pay for future costs accrued by the Association could lead to under budgeting issues.

Miscellaneous Income (\$0.00) – The Association may receive income, which cannot be classified in any of the above line items.

Legal Fee Income (\$0.00) – The Association may receive income for the recovery of any legal expense incurred in the collection of past due accounts. Any money received for this reason will be credited here.

EXPENSES: ADMINISTRATIVE

Management Contract (\$19,334) – The Association contracts with Armstrong Management Services, Inc. Under the contract, the Association is billed \$10.40 for each settled home in the community. Other fees and services are included in this Contract expires 12/31/06.

Insurance Policy (\$2,300) – The Association maintains a master insurance policy with Nationwide Insurance for liability and property damage for the common areas, and fidelity bond coverage.

Legal Fees (\$2,000) – The Association utilizes the services of a local law firm to conduct its legal affairs, including collecting past due accounts, writing opinion letters, and handling other general matters concerning the community.

Audit/Tax Return Preparation (\$1,100) – The Association retains the accounting firm of Ahlberg and Associates to provide year-end auditing and prepare Federal and State Income Tax Returns.

Bank Charges (\$0.00)

Assessment Processing (\$1,000) – Fees associated with the processing of the assessments.

Miscellaneous Administrative (\$4,700) – This amount represents storage fees, Armstrong Connect, Architectural Application processing and all other expenses that cannot be specifically classified.

Printing/Postage/Long distance (\$2,000) - The Association will incur an annual expense for all printing, postage, and long distance charges.

Collection Expenses (\$2,000) – Charges incurred for reminder notices and demand letter notices sent to unit owners for past due accounts.

Income Taxes (\$100) – The Association is taxed only on its “non-function” income, such as interest earned on bank accounts and investment certificates of deposit.

EXPENSES: OPERATING

Common Area Electricity (\$1,400) – This figure represents the approximate cost to operate the lights at the Entrance Feature and the electricity needs for the pool and bathhouse.

Real Estate Taxes (\$1,000) – The Association is responsible for real estate taxes on certain HOA parcels.

Grounds Maintenance (\$158,272) – This amount reflects: 1.) Landscape maintenance contract (\$123,272); 2.) Soil improvements and overseeding (\$15,000); and 3.) Landscaping consultant (\$20,000). The landscaping maintenance contract breaks down as follows: 1.) HOA Common (\$26,200); 2.) Main Roadway Areas (\$38,772); 3.) HOA Parcels (\$7,600); 4.) Eyebrows (\$12,900) 5.) Entrance Features (includes two rotations of flowers) (\$27,300); and 6.) Pool Area (\$10,500). The landscaping maintenance contract expires 12/31/06.

Irrigation Maintenance (\$16,000) – This amount reflects the cost to maintain, operate and winterize the irrigation system.

Snow Removal (\$9,280) – The Association will need to contract with a company to provide snow removal services for the non-public streets within the community.

Trash Removal (\$40,608) – The Association contracts with Potomac Disposal Services for trash removal at a rate of \$23.50 a home per month.

Pool Expense (\$40,400) – The Association will need to contract with a pool management company to manage the pool. Estimated pool expenses include: 1.) Pool contact (\$30,000); 2.) Pool supplies/repairs (\$5,000); 3.) Water/sewer (5,000); 4.) Telephone (\$1,000); and 5.) Electricity (\$1,400).

Common Area Maintenance (\$2,500) – This amount is the cost to perform miscellaneous repairs to HOA parcels including, but not limited to, entrance features.

Miscellaneous Operating (\$1,000) – Operating expenses that cannot be classified in any other category will be classified here.

EXPENSES: RESERVES

Repair/Replacement (\$9,256) – The amount saved for the future repairs and replacement of community capital improvements, including, but not limited to, non-public roads, entrance features, landscape features, pool, tennis courts, and associated parking area.

Raspberry Falls Homeowners Association 2006 Budget

	2006 Raspberry Falls Budget Proposed	2005 Raspberry Falls Budget Comparison	2005 Raspberry Falls Projected Comparison
Income			
Assessments - Homeowner	\$ 216,000	\$ 107,124	\$ 114,257
Van Metre In-Kind Contribution	\$ 85,000	\$ -	\$ -
Carry forward from 2005	\$ 3,000	\$ -	\$ -
Homeowner Capital Contribution	\$ 6,000	\$ 3,600	\$ 3,600
Developer Capital Contribution	\$ 3,600	\$ 3,600	\$ 3,600
Interest Income	\$ -	\$ -	\$ 239
Late Fees	\$ -	\$ 2,000	\$ 825
Miscellaneous	\$ -	\$ 1,476	\$ 1,405
Legal Fee Income	\$ -	\$ -	\$ -
Total Income	\$ 313,600	\$ 117,800	\$ 123,927
Expenses: Administrative			
Management Contract	\$ 19,334	\$ 13,560	\$ 17,174
Insurance Policy	\$ 2,300	\$ 3,100	\$ 1,948
Legal Fees	\$ 2,000	\$ 4,000	\$ 4,966
Audit/Tax Return Preparation	\$ 1,100	\$ 2,000	\$ 2,100
Bank Charges	\$ -	\$ 1,000	\$ -
Assessment Processing	\$ 1,000	\$ 1,000	\$ -
Miscellaneous Administrative	\$ 4,700	\$ 4,000	\$ 4,164
Printing/Postage/Long Distance	\$ 2,000	\$ 2,000	\$ 2,000
Collections Expenses	\$ 2,000	\$ 1,200	\$ -
Income Taxes	\$ 100	\$ 500	\$ -
Administrative Sub-total	\$ 34,534	\$ 32,360	\$ 32,352
Expenses: Operating			
Real Estate Taxes	\$ 1,000	\$ -	\$ -
Grounds Maintenance	\$ 158,272	\$ 42,000	\$ 42,000
Irrigation Maintenance	\$ 16,000	\$ -	\$ -
Snow Removal	\$ 9,280	\$ -	\$ 3,000
Trash Removal	\$ 40,608	\$ 23,730	\$ 33,421
Pool Expense	\$ 40,400	\$ -	\$ -
Common Area Maintenance	\$ 2,500	\$ 3,000	\$ -
Miscellaneous Operating	\$ 1,000	\$ -	\$ 1,000
Operating Sub-total	\$ 269,060	\$ 68,730	\$ 79,421
Repair/Replacement	\$ 10,006	\$ 9,210	\$ 9,155
Expenses: Reserves			
Reserves Sub-total	\$ 10,006	\$ 9,210	\$ 9,155
Total Expenses	\$ 313,600	\$ 110,300	\$ 120,927
Profit/Loss	\$ -	\$ 7,500	\$ 3,000
Total Monthly Units	\$ 1,728 (a)		
Monthly Assessments	\$ 125	\$ 79	\$ 79

Note (a):

Monthly Units = 131 homes are estimated to be settled as of 12/31/05. Twenty-four homes are estimated to settle in 2006 (two per month).