

August 19, 1992

To: Chairperson, and Board Of Directors  
Wheatherstone Property Owners Association  
PO Box 1213  
Lake Oswego, Oregon 97035

Subject: Calculation Of Homeowner's Assessments  
Based On Budget

This letter is a request or reminder that the Board follow a procedure as specified in a 1979 amendment to the Declaration of Wheatherstone Property Owners Association which states: "The Board shall allocate the variable expenses to the units on the basis of square footage and shall allocate the uniform expenses to all units equally.". My concern for the long run is that the Board perform their business according to the rules. A subjective decision basing the assessment amount and its increase or decrease in relation to a total budget increase or decrease and changes in total, is irrelevant. The only fair apportionment is one that is based upon a procedure approved as being fair by a majority when passed as an amendment to the Declaration by the homeowners. There was no specific formula set up in the Declaration, probably because the details and variable functions of the calculation can change over a period of time. The change was apparently left broad in principle for a purpose, and an attempt was made to recognize that some of the 38 units are larger than others and therefore should bear a higher proportion of some costs.

It is not correct to assume that once an assessment formula has been calculated, and there is a subsequent percentage change in the total budget amount, that the same percentage change can be applied to the assessment in use to determine the new assessment. Yes, the equation has to be recalculated each time the budget is changed in part or in total to get the correct amount of each unit's assessment.

Probably very few homeowners are aware of the amendment to the Declaration and even less aware of any formula to be followed as a procedure for allocating the budget to different size units for determination of assessments. This is one more reason that the Board be very careful in its actions. If the Board does not intend to follow the direction of the Declaration, the Board should so inform the membership of the need for a vote by the members on a new amendment.

I suggest that when the Board notifies the homeowners of the next year's budget they also tell the homeowners the amounts of the variable and uniform expenses as determined by the Board, and the relative square footage of the various units

that are used in the calculation. These are the bases upon which the calculation of assessments is made. The unit assessments could change even though the total of the budget does not change.

The results of the calculation vary as the "relationship" of each item in the budget varies as a percentage of the total budget. The key points in the calculations are:

- A. The definition of each component item of the total budget as to whether it is variable or uniform and the relative amount of that component as a part of the budget. Change in each component is important, as is change in total budget. It is this change in relativity that requires a recalculation each year. Variable expenses are those that are defined to vary with the size of the dwelling; uniform expenses are defined to be normally equal for each dwelling unit.
  1. In the past, maintenance has been defined to be  $\frac{2}{3}$  variable and  $\frac{1}{3}$  uniform or equal.
  2. Whether something is variable or uniform is a decision that has to be made by the Board every time a budget is proposed. The rationale behind the assessments calculation and the budget should be explained to the homeowners when the budget is proposed in November/December.
  
- B. The other key point affecting the calculation is the relative sizes of the 38 units in Wheatherstone. There are 3 distinct sizes of units. The units, however otherwise they may appear to be similar, are not all uniform in dimension. Because of this, there were apparently 3 different sizes agreed upon in 1979 or 1980. If they need to be revised to be more correct, there should be some agreement and dissemination of information. The dimensions on the plat that apparently are the foundation dimensions indicate some inconsistencies, as I recall.
  1. Not all units, even though they may seem to be the same number of floors, are the same size in terms of ground level plat size.
  2. Units are not configured the same, even those of the same number of levels. For example, units #92 and #94 have upper levels of different size and different from the basement or foundation size. Units 60 through 76 appear to be of different size on the plat and on the upper floor levels. On a personal basis for my own unit #92, the number of square feet per appraisal is 2400. On the plat it appears to be 2592. Unit #76 appears to be 2662 and units #72 and #74 are 2749. Units 80

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through 90 appear to be 1728 square feet.

3. It was apparently decided to recognize 3 different sizes only, and use those relative amounts and not the actual of each unit.
4. If the wrong numbers are being used, let's correct the situation and use the proper ones. We have been using:

Units 60-76	2700
Units 92-94	2500
Units 2-40	
80-90	1700

There is no formula stated in the amendment to the Declaration. There is potential for someone to be unhappy with whatever the Board decides.

I do suggest that the Board devise and disclose the method that will be used for the 1993 budget allocation, and communicate that to the homeowners.



Paul Brockmeier  
Unit # 92