



Abaris Real Estate Management, Inc.

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abarisrealty.com

PROPOSED 2027 BUDGET

TO: FALLSTONE HOA HOMEOWNERS

FROM: KAITLYN AMBUSH, CMCA, AMS
COMMUNITY MANAGER

DATE: OCTOBER 12, 2026

RE: PROPOSED 2027 BUDGET

Attached for your review is the proposed 2027 budget for Fallstone HOA which has been reviewed by the Board of Directors. The budget reflects an approximately 19.5% increase in the HOA fees for next year, with monthly assessments increasing from \$210 to \$251 for townhomes and from \$123 to \$147 for condominiums. The proposed FY27 budget reflects several changes intended to better align the Association's operating assumptions with recent experience and expected costs. The overall increase is not driven by any single expense, but rather by a combination of higher operating costs and steps to strengthen the Association's financial position. The primary drivers include a higher snow removal allowance, increased tree maintenance efforts, updated landscaping costs, increased security funding, and funding to replenish the Association's operating reserve toward the auditor's recommended minimum level. The budget also preserves flexibility in areas where final decisions have not yet been made so that the Board can complete those decisions without having to reopen the overall budget.

The proposed budget also includes the annual reserve contribution as recommended in the independent reserve study conducted by Property Diagnostics this year. Maryland law requires that the reserve study is updated every 5 years. In accordance with the law, also enclosed is a chart that summarizes the 2026 reserve study. For FY27, the security budget has been increased from FY26 to provide sufficient funding while the Board determines the appropriate long-term security approach for the community. The current plan is to initially install cameras at six key locations throughout the community and establish a Security Committee and governance structure to ensure the cameras are used appropriately and with proper privacy safeguards. Based on the effectiveness of this initiative, the Board will evaluate whether any additional security measures are warranted. The landscaping budget reflects a planned change in vendor and currently uses the Lancaster Landscaping's Year 1 proposal as the budget assumption while the final vendor selection process is completed. The snow removal budget has also been increased to better reflect the level of expense experienced during the January and February 2026 snow events and to provide a more realistic allowance for future winter conditions. In addition, the budget includes funding to replenish the operating reserve toward the auditor's recommended minimum target and reflects updated operating assumptions and current vendor pricing rather than simply carrying forward FY26 budget amounts.

All homeowners are hereby notified that the Board of Directors will vote on formal adoption of the budget at the next virtual Board meeting that will be held on Wednesday, November 18, 2026 at 7:00 p.m. Homeowners who wish to participate in the meeting by phone may do so using the following link or call instructions:

<https://abarisrealty.zoom.us/j/9144800786?pwd=EeNIFVtGZyAhfhx13R4iVD0zopo8h2.1>

Dial In Number: 301-715-8592

Meeting ID: 914 480 0786

If you have any questions or comments on the proposed 2027 budget, please participate in the upcoming Board meeting or send your comments in writing to customercare@abarisrealty.com. Please note that any amendments to the proposed budget would require an additional 30-day notice and comment period for homeowners before the Board can formally adopt the revised budget for FY27. The final approved budget will be sent to all homeowners and posted on the HOA's website soon after the meeting. Thank you for your attention to these important matters and your continued support of the community.

Fallstone HOA

Proposed 2027 Budget

Managed by Abaris Real Estate Management, Inc.

Audited 2022	Audited 2023	Audited 2024	Audited 2025	Acct #	Description	6-Month Actual Jan'26-Jun'26	Approved Budget 2026	Proposed Budget 2027	Variance Proposed vs. Approved 26	% Chg
REVENUE										
Member Assessments										
\$ 238,740	\$ 259,440	\$ 282,900	\$ 282,900	41080	Homeowners Fees	\$ 143,839.00	\$ 289,800	\$ 346,380	\$ 56,580	19.5%
\$ 20,604	\$ 22,440	\$ 24,480	\$ 24,480	41082	HOA Fees for Condos	\$ 12,174.00	\$ 25,092	\$ 29,988	\$ 4,896	19.5%
				41400	Late Fees					-
	\$ 572	\$ 377	\$ 80	41440	Legal Fees					-
\$ 73	\$ (169)			41500	Repairs/Supplies Fee	\$ 8,890.00				-
\$ 524	\$ 484	\$ 300	\$ 300	41560	Miscellaneous Fees	\$ 100.00				-
\$ 259,941	\$ 282,767	\$ 308,057	\$ 307,760		Total Member Assessments	\$ 165,003.00	\$ 314,892	\$ 376,368	\$ 61,476	19.5%
Other Revenue										
\$ 2,058	\$ 10,682	\$ 13,155	\$ 11,617	43020	Interest Earned	\$ 5,340.19	\$ 10,646	\$ 10,439	\$ (207)	(1.9%)
			\$ 1	43920	NSF Cost					-
\$ 2,058	\$ 10,682	\$ 13,155	\$ 11,618		Total Other Revenue	\$ 5,340.19	\$ 10,646	\$ 10,439	\$ (207)	(1.9%)
\$ 261,999	\$ 293,449	\$ 321,212	\$ 319,378		TOTAL REVENUE	\$ 170,343.19	\$ 325,538	\$ 386,807	\$ 61,269	18.8%
EXPENSES										
Administrative										
\$ 40,000	\$ 44,000	\$ 45,320	\$ 45,320	50020	Management Fees	\$ 23,338.50	\$ 46,677	\$ 47,844	\$ 1,167	2.5%
\$ 11,325	\$ 10,001	\$ 20,852	\$ 7,207	50040	Legal	\$ 1,554.00	\$ 7,500	\$ 10,499	\$ 2,999	40.0%
		\$ 500	\$ 100	50051	CTA Fee					-
\$ 3,450	\$ 3,570	\$ 4,063	\$ 4,050	50060	Audit/Tax returns	\$ 4,441.10	\$ 4,400	\$ 4,700	\$ 300	6.8%
				50070	Consultant Fee					-
\$ 3,382	\$ 5,771	\$ 3,780	\$ 3,042	50120	Postage/Printing	\$ 703.73	\$ 3,000	\$ 3,401	\$ 401	13.4%
\$ 3,432	\$ 3,696	\$ 3,960	\$ 3,960	50190	Community Inspections		\$ 3,960	\$ 3,960	\$ -	-
		\$ 35	\$ 6	50380	Bank Charges		\$ 100	\$ 100	\$ -	-
\$ 575	\$ 374	\$ 748	\$ 748	50590	Montgomery County Assess.		\$ 748	\$ 748	\$ -	-
				505710	Technological Administration Fee			\$ 420		-
	\$ 1,800			50620	Engineering Study					-
	\$ 1,221			50710	Community Activities		\$ 3,000	\$ 3,000	\$ -	-
\$ 1,697	\$ 1,297	\$ 1,054	\$ 1,084	50830	Website	\$ 298.44	\$ 1,000	\$ 1,000	\$ -	-
\$ 849	\$ 3,991	\$ 1,266	\$ 1,267	50980	Miscellaneous	\$ 725.00	\$ 1,775	\$ 1,775	\$ -	-
\$ 64,710	\$ 75,721	\$ 81,578	\$ 66,784		Total Administrative	\$ 31,060.77	\$ 72,160	\$ 77,447	\$ 5,287	7.3%
Utilities										
\$ 2,387	\$ 2,860	\$ 3,204	\$ 2,130	51020	Electricity	\$ 693.21	\$ 3,500	\$ 2,500	\$ (1,000)	(28.6%)
	\$ 4	\$ 144	\$ 462	51080	Water/Sewer					-
\$ 2,387	\$ 2,864	\$ 3,348	\$ 2,592		Total Utilities	\$ 693.21	\$ 3,500	\$ 2,500	\$ (1,000)	(28.6%)

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EXPENSES (continued)										
Contracted Services										
\$ 9,960	\$ 9,960	\$ 10,141	\$ 9,960	52020	Trash	\$ 4,980.00	\$ 10,700	\$ 11,000	\$ 300	2.8%
\$ 61,286	\$ 65,001	\$ 67,951	\$ 69,629	52040	Grounds/Landscaping	\$ 35,859	\$ 73,100	\$ 72,156	\$ (944)	(1.3%)
\$ 2,806	\$ 3,059	\$ 3,573	\$ 2,858	52060	Exterminating	\$ 1,155.21	\$ 4,000	\$ 4,000	\$ -	-
\$ 12,492		\$ 8,884	\$ 20,161	52320	Snow Removal	\$ 31,015	\$ 15,000	\$ 34,000	\$ 19,000	126.7%
	\$ 23,071	\$ 49,177	\$ 17,677	52600	Security Monitoring	\$ 5,700	\$ 14,000	\$ 25,000	\$ 11,000	78.6%
\$ 86,544	\$ 101,091	\$ 139,726	\$ 120,285		Total Contracted Services	\$ 78,709.21	\$ 116,800	\$ 146,156	\$ 29,356	25.1%
Maintenance Repairs										
\$ 11,800	\$ 9,000	\$ 13,622	\$ 13,958	53220	Gutter	\$ 4,714.00	\$ 13,500	\$ 14,566	\$ 1,066	7.9%
\$ 744	\$ -	\$ 1,330	\$ 2,831	53240	Lighting Maintenance	\$ 232.75	\$ 500	\$ 1,226	\$ 726	145.3%
\$ 6,582	\$ 11,445	\$ 15,591	\$ 14,291	53260	Grounds/Landscaping	\$ 401.70	\$ 7,500	\$ 11,977	\$ 4,477	59.7%
\$ 3,700	\$ 2,940			53270	Grounds Enhancement		\$ 7,500	\$ 3,500	\$ (4,000)	(53.3%)
\$ 24,329	\$ 22,705	\$ 25,253	\$ 34,051	53280	Tree Care		\$ 25,000	\$ 30,222	\$ 5,222	20.9%
\$ 2,500	\$ 2,700	\$ 6,180	\$ 16,337	53311	Drainage	\$ 3,536.00	\$ 3,000	\$ 6,929	\$ 3,929	131.0%
\$ 5,256	\$ 9,011	\$ 8,121	\$ 1,838	53420	General Repairs		\$ 5,000	\$ 6,057	\$ 1,057	21.1%
\$ 54,911	\$ 57,801	\$ 70,097	\$ 83,306		Total Maint. Repairs	\$ 8,884.45	\$ 62,000	\$ 74,477	\$ 12,477	20.1%
Insurance, Taxes, Licenses										
\$ 4,297	\$ 4,390	\$ 4,958	\$ 5,330	59100	Insurance-Master Policy	\$ 5,184.00	\$ 7,000	\$ 6,500	\$ (500)	(7.1%)
	\$ 1,965	\$ 2,765	\$ 2,146	59300	Corporate Taxes	\$ 2,400.00	\$ 3,194	\$ 3,132	\$ (62)	(1.9%)
			\$ 4,271	59400	Real Estate: Taxes		\$ 4,300	\$ 4,300	\$ -	-
\$ 1,799	\$ 4,296	\$ 3,952		59500	Taxes - Other					-
\$ 6,096	\$ 10,651	\$ 11,675	\$ 11,747		Total Ins., Taxes, Lic.	\$ 7,584.00	\$ 14,494	\$ 13,932	\$ (562)	(3.9%)
\$ 214,648	\$ 248,128	\$ 306,424	\$ 284,714		TOTAL OPERATING EXPENSES	\$ 126,931.64	\$ 268,954	\$ 314,512	\$ 45,558	16.9%
REPLACEMENT RESERVES										
				63020	Operating Contingency Reserve	\$ 1,050.00	\$ 2,100	\$ 2,100	\$ -	-
\$ 40,082	\$ 43,184	\$ 46,694	\$ 46,694	63110	Replacement Fund	\$ 23,347.02	\$ 46,694	\$ 47,160	\$ 466	1.0%
\$ 11,000	\$ 11,000	\$ 7,790	\$ 7,790	63180	Reserve - Parking Lot	\$ 3,895.02	\$ 7,790	\$ 7,869	\$ 79	1.0%
					Amount to Cover - Minimum Operating Reserve Target			\$ 15,166		
\$ 51,082	\$ 54,184	\$ 54,484	\$ 54,484		Total Replacement Reserves	\$ 28,292.04	\$ 56,584	\$ 72,295	\$ 15,711	27.8%
\$ 265,730	\$ 302,312	\$ 360,908	\$ 339,198		TOTAL EXPENSES (INCL. RESERVES)	\$ 155,223.68	\$ 325,538	\$ 386,807	\$ 61,269	18.8%
\$ (3,731)	\$ (8,863)	\$ (39,696)	\$ (19,820)		NET INCOME (LOSS)	\$ 15,119.51	\$ -	\$ 0	\$ 0	-

Prepared by Abaris Real Estate Management, Inc. | 1101 Wootton Parkway, Suite 820, Rockville, MD 20852



FALLSTONE HOMEOWNERS ASSOCIATION				
RECOMMENDED CONTRIBUTION - CASH FLOW BREAKDOWN				
Year	Total Replacement Costs / 30yrs with 3.1% Inflation	Recommended Annual Contribution (1% Annually)	Current Fund based on Recommended Contribution	Current Fund based on Recommended Contribution with 2.7% Interest Earned
			\$ 369,494	
2027	\$ 157,743	\$ 55,029	\$ 266,780	\$ 273,983
2028	\$ 11,459	\$ 55,579	\$ 318,103	\$ 326,692
2029	\$ 67,947	\$ 56,135	\$ 314,880	\$ 323,382
2030	\$ -	\$ 56,696	\$ 380,078	\$ 390,341
2031	\$ 16,309	\$ 57,263	\$ 431,295	\$ 442,940
2032	\$ 218,202	\$ 57,836	\$ 282,574	\$ 290,203
2033	\$ 11,144	\$ 58,414	\$ 337,473	\$ 346,585
2034	\$ 51,066	\$ 58,998	\$ 354,518	\$ 364,089
2035	\$ -	\$ 59,588	\$ 423,678	\$ 435,117
2036	\$ 68,530	\$ 60,184	\$ 426,772	\$ 438,295
2037	\$ -	\$ 60,786	\$ 499,081	\$ 512,556
2038	\$ 15,550	\$ 61,394	\$ 558,400	\$ 573,477
2039	\$ -	\$ 62,008	\$ 635,485	\$ 652,643
2040	\$ 82,030	\$ 62,628	\$ 633,240	\$ 650,338
2041	\$ 131,840	\$ 63,254	\$ 581,752	\$ 597,460
2042	\$ 430,679	\$ 63,887	\$ 230,668	\$ 236,896
2043	\$ 5,713	\$ 64,526	\$ 295,708	\$ 303,692
2044	\$ 158,743	\$ 65,171	\$ 210,120	\$ 215,794
2045	\$ 53,584	\$ 65,823	\$ 228,032	\$ 234,189
2046	\$ 9,576	\$ 66,481	\$ 291,094	\$ 298,954
2047	\$ 36,073	\$ 67,146	\$ 330,026	\$ 338,937
2048	\$ 83,740	\$ 67,817	\$ 323,014	\$ 331,735
2049	\$ -	\$ 68,495	\$ 400,231	\$ 411,037
2050	\$ -	\$ 69,180	\$ 480,217	\$ 493,183
2051	\$ 18,878	\$ 69,872	\$ 544,177	\$ 558,870
2052	\$ 337,682	\$ 70,571	\$ 291,759	\$ 299,637
2053	\$ 7,753	\$ 71,276	\$ 363,160	\$ 372,966
2054	\$ 94,038	\$ 71,989	\$ 350,917	\$ 360,392
2055	\$ -	\$ 72,709	\$ 433,101	\$ 444,795
2056	\$ 79,967	\$ 73,436	\$ 438,264	\$ 450,097