

QUINCE ORCHARD PARK COMMUNITY ASSOCIATION
2027 BUDGET NOTES
September 8, 2026

I. INCOME

1. Assessment Income – The 2027 budget reflects a 0% increase in assessments while maintaining a balanced budget.
2. Enforcement Income – Income received from fines for rules infractions and reimbursement of fees paid for self-help (e.g., mowing a yard).
3. Late Fee Income – Income earned from the payment of late fees.
4. Service Fee Income – This line item assumes that the \$3.00/month service fee will be eliminated in 2027. As of this date, all but 96 homeowners pay via direct debit or eCheck.
5. Legal Fees Reimbursement - If a homeowner's account is forwarded to the Association's attorney for the collection of delinquent assessments, the legal fees incurred are applied to the homeowner's account. When the account balance is paid, the legal fees are reimbursed to the Association. The amount charged to the homeowner is reflected on this line item. This represents accrued income and not actual income received.
6. Certified/NOI/Admin/Lien Income, NSF Income – Due to a Court decision that was handed down in late 2025, the Association can no longer pass on the collection costs charged by management companies to delinquent homeowners. Therefore, the costs for issuing late notices and courtesy letters are still reflected as an expense (see Misc. Homeowner Admin. Fees expense) but there is no corresponding income showing reimbursement of these expenses. The only exception is for NSF fees; the Association can charge the bank fee, currently \$35, back to the homeowner.
7. Activities Income – The income earned from clubhouse rentals or social events, and the sale of pool guest passes or replacement passes. This line item includes reimbursement for the post-rental clubhouse cleaning fee. The number of clubhouse rentals decreased significantly in 2026. Through August, there have been 11 rentals, and we project another 4 rentals by year-end. The 2027 budget is based on 16 rentals at an average fee of \$160 per rental and \$115/rental for cleaning. Per discussion at the September 2026 meeting, the clubhouse fees, deposit and cleaning fee were adjusted for 2027.
8. Outside Pool Memberships –Funds received from residents of The Vistas who pay for membership to the pool and clubhouse per the shared use agreement.

9. Keyfob Replacement Income – When a lost or missing keyfob is replaced or an additional fob is purchased, the resident is charged \$15 per keyfob. This amount covers the cost of the fob and a small administrative fee.
10. Interest Income- Interest generated by operating funds deposited in interest bearing accounts. Note, this does not include interest earned on reserve accounts.
11. City of Gaithersburg Grant Income – Funds received from Frederick J. Felton Neighborhood Matching Grant award.
12. Median Strip Reimbursement – Funds received from the City to reimburse the cost to maintain the median strips on Orchard Ridge Drive and Twin Lakes Boulevard and to mow the areas within the conservation easement behind Tannery Drive.

II. EXPENSES - GENERAL AND ADMINISTRATIVE

1. Recording Secretary – The cost to prepare the monthly meeting minutes at a rate of \$300/meeting plus \$100/hour for any meeting that ends after 10 p.m. We have assumed 11 meetings in 2027, with 5 meetings running late.
2. Architectural Inspections – The cost for TMGA to inspect each home annually for architectural and maintenance violations. The Association does not inspect the Condominiums; therefore, the cost is based on inspecting the front and back of 396 homes and taking a picture of each violation. Note, the cost has remained steady since 2023 but will increase in 2027.
3. Recognition Expenses – Funds set aside for lifeguard bonuses, committee expenses, and appreciation gifts.
4. Bank Charges – The annual account maintenance fee charged by Merrill Lynch.
5. Postage & Mail – The cost of postage for mailings and miscellaneous letters. The budget assumes 4 community-wide mailings per year plus the cost for miscellaneous letters, and accounts for the recent increase in postage rates.
6. Mailing/Handling Fees – The cost to process and mail anything sent to 10% or more of the community. The fee is equal to \$1.50 per letter mailed.
7. Insurance - The cost to maintain general liability, Directors and Officers, crime, and other insurance coverage. The premiums paid are as follows:

Policy	2026Premium
General Liability	\$15,905
Umbrella Liability	\$909
Cyber	Included in General Liability
Volunteer Accident	\$300

Workers Comp	\$450
Directors and Officers (D&O)	Included in General Liability
Errors and Omissions (E&O)	\$564.27

Each policy expires on January 1, 2027. We have assumed a 10% increase in premiums, consistent with industry averages.

8. Bad Debt – This line item is charged when the auditors increase the Allowance for Doubtful Accounts to hedge against future account write-offs or if the amount written off exceeds the amount already set aside in the Allowance for Bad Debt account. We do not anticipate the Allowance account being increased significantly by the auditors.
9. Coupon Printing – The cost to print payment coupon booklets at a rate of \$6/book for those homeowners who do not pay via direct debit or prepay annually. 96 homeowners currently receive coupon books. The budget assumes coupon books will be ordered for these homeowners and 12 new owners in 2027.
10. Printing and Copying – The cost for printing expenses (e.g., mailings, copying, etc.).
11. Website Expense – The cost to host and maintain the website at a rate of \$150/month. This also includes the expense for website forwarding and domain registration fees.
12. Income Tax, Federal, State & Local – Taxes due on interest earned by the reserve funds, income from outside pool memberships and other taxable items. The Association is carrying over a credit of \$664 in Federal taxes and \$263 in State taxes that will be applied on the 2026 tax returns. \$650 in estimated taxes are anticipated to be paid in 2027.
13. Water Quality Protection Charges – Water quality protection charges paid to the City of Gaithersburg via Montgomery County. These fees are based on the ERU, which increased by 7.1% for the 2026/2027 fiscal year.
14. Activities – The cost for social activities and community events.
15. Miscellaneous Homeowner Admin. Fees - See Certified/Lien/NSF Income above.
16. Miscellaneous General and Administrative - This line item sets aside funds for miscellaneous expenses that may arise.
17. File Storage – The cost to maintain the Association’s paper and electronic archives.

18. Late Meeting Fees – The charge of \$275/hour/TMGA employee for meetings that run past 10:00 p.m. This fee is charged in increments of 30 minutes. For 2027, we assumed a total of 5 hours of late meetings.

III. PROFESSIONAL SERVICES

1. Management Fees –The budgeted amount reflects the actual contract cost for 2027.
2. Audit & Tax Returns - The cost to audit the books and records and prepare the tax returns. The 2027 budget reflects the cost proposed by Strauss Associates to renew their contract.
3. Legal Fees - General – Legal expenses incurred for general legal issues.
4. Legal Fees – Collections- Legal expenses incurred to collect delinquent accounts. See Legal Fees Reimbursement Income above.
5. Engineering/Consulting – The cost to update the reserve study, which was last reviewed in 2022. By law, the reserve study must be updated at least once every five years and is due for an update in 2027.

IV. RESERVE CONTRIBUTIONS

1. Reserve Contributions, Reserve Contributions – Catch-Up – The amount set aside for future repair or replacement of capital assets. The reserves are currently underfunded, primarily due to having to replace 3 tot lots earlier than anticipated. Per the study, the Association should have the following amounts on deposit:

As of	Amount Per Reserve Study	Actual Amount on Deposit	Amount Overfunded/ (Underfunded)
December 31, 2024	\$409,153	\$476,173	\$67,020
December 31, 2025	\$431,972	\$342,587	(\$89,385)
December 31, 2026	\$515,032	\$471,251 (estimated)	(\$43,781)

On the 2027 budget, we separated the reserve contribution per the reserve study and the additional amount budgeted to make up the underfunded balance.

V. SITE MAINTENANCE AND REPAIR

1. Site Improvements – Funds set aside for community improvements such as landscaping and erosion repair.

2. Tree Maintenance – The cost to remove and replace dead trees and developmentally prune maturing trees in the common areas. 2027 will represent the fourth year of a four-year plan to prune all common area trees.
3. Electrical Maintenance – The cost to repair Association maintained streetlights or electrical fixtures, excluding those in the community center.
4. General Maintenance and Repair – The cost for miscellaneous maintenance which may arise.
5. Cyclical Repairs- The cost for cyclical maintenance that is not a reserve expense such as pressure washing the entrance signs, painting common elements, and cleaning the mailboxes and tennis courts.

VI. POOL AND CLUBHOUSE EXPENSES

1. Pool Operations and Management – The 2027 budget assumes a 0% increase. Although lifeguard salaries will once again go up due to Montgomery County law, the 2027 season has one fewer week than the 2026 season.
2. Pool Repairs and Maintenance- The cost for non-reserve related repairs.
3. Pool Supplies - The cost for miscellaneous pool supplies that are not covered under the pool contract.
4. Pool Additional Cleaning- The cost to deep clean the pool shower rooms, clean the furniture and pressure wash the deck. The cost breakdown in 2026 was as follows:

Service	Cost	Notes
Pressure wash deck	\$1,500	
Shower Room Cleaning	\$2,375	Pre-opening
Shower Room Cleaning	\$2,375	July
Pool Furniture Cleaning	\$1,975	

This line item was reduced for 2027 as annual cleaning of the entire pool deck and furniture is not needed.

5. Community Center Telephone & Wi-Fi – The cost to operate the telephone, Wi-Fi and televisions at the swimming pool and clubhouse. The Association currently pays \$516.85 per month. **We will review the invoices to determine if any services can be reduced or renegotiated.**
6. Pool Pass Processing and Software – The cost to process and prepare pool passes. The cost is a flat fee based on the management contract.

7. Community Center Fitness Maintenance Contract – The cost for preventive maintenance on the fitness equipment. The current contract with LIV/Heartline Fitness is for 6 visits per year at \$480 per visit. We anticipate a 3% increase for 2027.
8. Community Center Fitness Equipment Repairs - To better track contract expenses and additional maintenance, we have separated out the equipment repair costs from the preventive maintenance contract for 2027.
9. Community Center Repair and Maintenance – The cost for non-reserve related repairs.
10. Community Center Electrical Repairs – For 2027, we separated out the cost for electrical repairs needed at the clubhouse, to better track expenses related to this amenity.
11. Community Center Fire System Testing and Inspection (formerly Sprinkler Maintenance & Contract) – The annual cost to inspect and test the sprinkler system and fire alarm and to monitor the fire alarm. ARK Systems currently provides this service for an annual cost of \$455 for testing and \$445.20 for monitoring.
12. Community Center Fire Alarm Repairs - To better track contract expenses and additional maintenance, we have separated out the repair costs from the inspection and testing budget.
13. Community Center and Pool Improvements – Funds budgeted for improvements to the pool, pool house, social area, and fitness room.
14. Community Center Janitorial – The 2026 cost for clubhouse cleaning is \$1,025/month plus \$125/post-rental cleaning. The 2027 budget assumes that the fee will increase by 3% to \$1,055/month plus \$135/post-rental cleaning and that there will be 16 clubhouse rentals. The reimbursement of the post-rental cleaning fee is shown under Activities Income.
15. Community Center Extermination – The cost for quarterly extermination of the pool locker rooms and clubhouse. The 2026 rate is \$119.61 per quarter. We assumed a 5% increase for 2027.
16. Community Center Electricity – The cost for electricity at the pool and clubhouse. The actual costs for the past 3 years have been as follows:

Year	Actual Cost
2023	\$15,499.93
2024	\$15,240.94
2025	\$16,187.33

Electricity prices have been relative stable over this period but have been rising steadily; therefore, we budgeted a 10% increase for 2027.

17. Community Center Gas – The cost to heat the pool and clubhouse buildings and water. The actual costs for the past 3 years have been as follows:

Year	Actual Cost
2023	\$664.37
2024	\$996.42
2025	\$1,335.38

Gas prices have been steadily increasing each year, with a 50% increase from 2023 to 2024 and a 34% increase from 2024 to 2025. We budgeted a 15% increase for 2027.

18. Community Center Water/Sewer – The cost for water and sewer expenses at the pool and clubhouse. The actual costs for the past 5 years have been as follows:

Year	Actual Cost
2023	\$8,131.78
2024	\$8,588.27
2025	\$14,911.83

Water and sewer costs remained stable from 2023 to 2024 (6% increase) but saw a 74% increase in 2025. This was likely due to the water leak that remained undetected for several months. We anticipated a 2026 expense of \$9,000 and a 10% increase for 2027.

19. Community Center HVAC Maintenance Contract – The cost for periodic inspection of the HVAC system. The quarterly cost for Recurrent is \$679, and they have confirmed a 0% increase for 2027.
20. Community Center HVAC Repairs & Maintenance - To better track contract expenses and additional maintenance, we have separated out the repair costs from the contract cost.
21. Community Center Access System Monitoring (formerly Security Services Contract) – The cost for EAI to monitor the clubhouse security and access system for \$56.17 per month. This contract is currently on a month-to-month basis.

VII. UTILITIES

1. Electricity - The amount budgeted includes electricity costs for all Association owned streetlights and lighting at the entrance features.

2. Water and Sewer - Fountain – The cost for water to operate the water feature and irrigation system at the Mill Green Avenue traffic circle. The Mill Green Avenue fountain is currently turned off, and we do not anticipate it restarting until 2028.
3. Electricity - Fountain – The cost for electricity to operate the irrigation system at Mill Green Avenue. The 2026 budget assumed that the fountain would be operational and that electricity would be used year-round. However, the fountain has been off in 2026, and we do not anticipate repairs or replacements being completed until 2028.

VIII. CONTRACT SERVICES

1. Lawn Maintenance Contract – The cost to maintain the lawns and landscaping. The 2027 budget reflects the actual contract cost.
2. Trash Removal Contract – The cost for twice weekly curbside collection at all homes, the clubhouse and street liner trash cans and weekly collection of recycling at the clubhouse. The 2027 budget reflects the actual contract cost for New Generation to pick up household trash and Triple R to collect recycling.
3. Litter and Dog Station Patrol – The cost to pick up loose trash on a weekly basis in high visibility areas and restock the dog stations every week. The cost includes the expense for dog bags at approximately \$50/visit. The 2027 budget assumes a 3% increase in the per visit cost.
4. Extermination – Common Areas – The cost to spray the Swanton Lane pergola for carpenter bees and other extermination in the common areas.
5. Irrigation System Maintenance & Contract - The cost to turn on the irrigation systems at the clubhouse and Mill Green Avenue traffic circle for the season and turn them off for the winter. We have assumed that the community will remain with Chesapeake Irrigation, under their Standard service plan. The 2026 annual contract cost was \$362 for the clubhouse and \$508 for the traffic circle. We assumed a 10% increase upon renewal.
6. Mill Green Avenue Fountain Maintenance Agreement – The fee for High Sierra Pools to maintain the fountain, including winterization and chemicals. Because the fountain was not operational in 2026 and is unlikely to be repaired or replaced until late 2027, we have not budgeted for this expense.
7. Pond Maintenance Contract – In 2022, the Association entered into a contract with Lakesource Management to maintain the two wet ponds in the community, including the aerators and diffusers. This line item reflects the actual contract cost, which is due to renew in April 2027 for a 2.5% increase.
8. Snow Removal Contract – The Association is responsible for shoveling any sidewalks adjacent to streets that are not directly in front of homes. It is also

responsible for plowing the clubhouse parking lot and all alleys. The budget reflects the actual contract cost.