



Nagle Apartments Corp.  
C/o Blue Woods Management Co.  
42 River Street, Second Floor  
Sleep Hollow, NY 10591

**December 11, 2012**

**Regarding:                      Here are the cash requirement changes for 2013**

**Dear Shareholders,**

### **Assessment**

The Board voted to increase the imposed assessment from \$0.155 per share to \$0.310 per share per month to be paid with the monthly billing. This is an increase of 2.5% for 2013 based on the current maintenance per share of \$6.20 and it will be used to fund the Capital Reserves. This increase raises the assessment to 5% of maintenance overall with 2.5% imposed last year and 2.5% this year.

The corporation was able to repair the building roofs, improve tree pits, replace windows and ac units, and perform other capital improvements without having to ask shareholders for funds. This is because the corporation has rental units which, when sold, the funds from the sale can be used for these purposes. As of 12/31/2012, the corporation has five left (one unit, 5E, has a sale contract pending). However, the timing of when these remaining four may be sold is uncertain and unpredictable.

The assessment is envisioned to supply only a portion of the funding necessary for upcoming necessary capital repairs and discretionary improvements such plans to make much needed structural improvements to the garage and garage roof as well as improvements to the shared garage roof area. Any additional amounts will likely come from additional assessments, co-op income, loans and the sale of rental apartments; or a combination of sources. The assessment will start with the January 2013 bills and it has no end date.

Additionally, newer regulations from Fanny Mae and Freddie Mac, two large mortgage guarantors, require co-ops and condo to set aside 10% of their annual maintenance charges each year in reserves as a condition of granting mortgages to buyers. Frankly, without the approval of Fanny Mae and Freddie Mac, it will be harder for shareholders to sell their units as the financing Fanny Mae and Freddie Mac provide may not be available. While one can take the view that the 10% amount is heavy handed and arbitrary, despite these objections, the regulations also make prudent financial sense.

The enforcement of these new regulations has been spotty with condo's taking the brunt of the enforcement action so far. However, one doesn't want to be on the short end should they go after co-ops too. With the assessment and the expected sale of 5E, our co-op will have met their requirement for 2013.

## **Maintenance charges**

While there are significant and unpredictable events occurring in 2013 (for example, both the garage lease and the laundry service contracts expire), the corporation's cash needs for operations have improved slightly. This is due to tax credits which Blue Woods applied for and received on our behalf from NYSERDA; and projected Real Estate Tax savings. These savings have been used to fund anticipated increases in union charges, a forecasted colder winter and other items. While we are grateful for these savings, the resulting financial benefits are only temporary and are unlikely to last beyond one year.

As a result, there is no maintenance increase for 2013: the charge remains at \$6.20 per share per month. This will be the third year at this amount.

## **Staff Holiday Tips**

If you want to give holiday tips to the superintendent or the porters, please do so directly:

- Shahabudeen "Sha" Hayatt Since 1996
- Andres Mangual Since 2008
- Narine "Ricky" Doelaal Since 2008

## **Building security**

Management and the Board wished to remind everyone that the doors are meant to let you in and keep unwanted individuals out. Forcing the door open without a key or propping the door open compromise resident and building (property) security. If you need extra keys, please contact the superintendent or the building manager.