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Accountants

March 30, 2011

Lodges at Cannon Beach Fractional Ownership Program  
c/o Patrick Nofield  
3287 S. Hemlock St.  
Cannon Beach, OR, 97110

Dear Patrick,

The following are annual and monthly operating, maintenance, and reserve budget amounts for the Lodges at Cannon Beach Fractional Ownership Program Condominium.

<u>Operating/Maintenance</u>	<u>Annual</u>	<u>Monthly</u>
<b>Residential &amp; Commercial Shared Expenses:</b>		
Insurance	2,664	222
Cleaning Services	9,600	800
Electricity	2,880	240
Cable	540	45
Telephone	1,344	112
Natural Gas	3,360	280
Property Taxes	24,907	2,076
Property Management	6,000	500
Tax Prep	250	21
Reserve Study & Maint. Plan Update	750	62
Bank Fees	75	6
Licenses and Fees	75	6
<b>Total Shared Operating Expenses:</b>	<b>\$ 52,445</b>	<b>\$ 4,370</b>
<b><u>Reserve/Maintenance Expenses</u></b>	<b><u>12,000</u></b>	<b><u>1,000</u></b>
<b>Total Operating &amp; Reserve Expenses:</b>	<b>\$ 64,445</b>	<b>\$ 5,370</b>

\* Any rental expenses is assumed to be covered by rental income

If you have any questions concerning this budget, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read 'David T. Schwindt'.

David T. Schwindt, CPA

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**Lodges at Cannon Beach Fractional Program  
Year 2011**

Unit Number	Unit S.F.	Percentage Obligation for General Common Expenses	Percentage Obligation for Limited Common Expenses	Annual Operating / Maintenance	Monthly Operating / Maintenance	Annual Reserve	Monthly Reserve	Annual Total	Monthly Total
A1-1				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-2				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-3				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-4				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-5				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-6				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-7				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-8				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-9				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-10				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-11				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
A1-12				\$1,223.13	\$101.93	\$279.87	\$23.32	\$1,503.00	\$125.25
<b>A1 Total</b>	1,942	27.99%	27.99%	\$14,677.58	\$1,223.13	\$3,358.41	\$279.87	<b>\$18,035.99</b>	<b>\$1,503.00</b>
A2-1				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-2				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-3				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-4				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-5				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-6				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-7				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-8				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-9				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-10				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-11				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
A2-12				\$1,211.79	\$100.98	\$277.27	\$23.11	\$1,489.07	\$124.09
<b>A2 Total</b>	1,924	27.73%	27.73%	\$14,541.54	\$1,211.79	\$3,327.28	\$277.27	<b>\$17,868.82</b>	<b>\$1,489.06</b>

**Lodges at Cannon Beach Fractional Program  
Year 2011**

Unit Number	Unit S.F.	Percentage Obligation for General Common Expenses	Percentage Obligation for Limited Common Expenses	Annual Operating / Maintenance	Monthly Operating / Maintenance	Annual Reserve	Monthly Reserve	Annual Total	Monthly Total
B2-1				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-2				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-3				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-4				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-5				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-6				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-7				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-8				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-9				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-10				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-11				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
B2-12				\$1,017.18	\$84.77	\$232.74	\$19.40	\$1,249.92	\$104.16
<b>B2 Total</b>	1,615	23.27%	23.27%	\$12,206.13	\$1,017.18	\$2,792.91	\$232.74	<b>\$14,999.03</b>	<b>\$1,249.92</b>
C2-1				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-2				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-3				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-4				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-5				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-6				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-7				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-8				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-9				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-10				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-11				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
C2-12				\$918.29	\$76.52	\$210.12	\$17.51	\$1,128.41	\$94.03
<b>C2 Total</b>	1,458	21.01%	21.01%	\$11,019.52	\$918.29	\$2,521.40	\$210.12	<b>\$13,540.92</b>	<b>\$1,128.41</b>
<b>Total</b>	6,939	100.00%	100.00%	\$52,444.77	\$4,370.39	\$12,000.00	\$1,000.00	<b>\$64,444.77</b>	<b>\$5,370.39</b>