ROBERT ORLOFSKY
REALTY, INC

*** SPECIAL FINANCIAL REPORT ***

RYEVIEW CONDOMINIUM
2026–2027 OPERATING BUDGET AND ADJUSTMENT TO MONTHLY COMMON CHARGES

Dear Unit Owners:

On October 6, 2026, the Ryeview Condominium Board of Managers met with Lori Lerman, accountant with the firm of Bloom & Streit, to review the nine-month financial results for 2026, together with the proposed operating budget for 2027.

Following a thorough review of the financial reports and extensive discussion, the Board of Managers approved a revised operating budget for the remainder of 2026 and for calendar year 2027.

The revised budget requires a 28% increase in monthly common charges, effective November 1, 2026.

The Board fully recognizes that an increase of this magnitude is substantial and will be of significant concern to unit owners. Accordingly, we believe it is important to provide a detailed explanation of the financial circumstances that have made this increase necessary.

As reflected in the attached financial projections, the condominium's accountant is projecting an operating deficit of $26,931 for 2026.

The principal factors contributing to this deficit and the resulting increase in monthly common charges are outlined below.

1. Significant Increase in Heating Oil Costs

Heating oil represents one of the condominium's largest operating expenses and has experienced a dramatic increase in cost.

As reflected in the attached oil purchase history:

Calendar Year 2025

- Total oil consumption: 10,768 gallons
- Average cost per gallon: $3.09
- Total 2025 oil expense: $34,686

January Through May 2026

- Total oil consumption: 8,667 gallons
- Average cost per gallon: $3.87
- Total oil expense: $34,948

In just the first five months of 2026, the condominium incurred approximately the same heating oil expense as it did during the entire 2025 calendar year.

As has been widely reported, energy prices have increased dramatically, with crude oil prices exceeding $100 per barrel. The condominium will resume significant heating oil consumption during late October, November, and December.

The current quoted price of heating oil is approximately $5.68 per gallon, with the possibility of prices exceeding $6.00 per gallon.

These substantial increases in heating oil costs have had a significant impact on the condominium's operating expenses and are a major factor in the 2027 budget.

INCREASE IN INSURANCE PREMIUMS - The condominium's insurance premiums are also increasing by more than 10%, representing an additional expense of approximately $4,710 over the previous budget. Insurance is an essential operating expense, and the condominium must maintain adequate coverage to protect the property and the interests of all unit owners.

WINTER SNOW REMOVAL EXPENSES - The winter of 2026, particularly January through April, brought exceptionally cold temperatures and unusually heavy snowfall, resulting in substantially higher snow removal expenses. The condominium has historically budgeted approximately $10,000 annually for snow removal.

For 2026, snow removal expenses are projected to reach $20,000, or twice the normal annual budget.

For 2027, the Board has budgeted $18,000 for snow removal. However, actual expenses will depend upon weather conditions, which cannot be predicted with certainty.

HISTORY OF COMMON CHARGES AND RESERVE FUND - The Board of Managers fully understands that a 28% increase in monthly common charges is unusually large. However, it is important to emphasize that the condominium has not increased monthly common charges during the past three years, despite continuing increases in operating expenses.

Due to the projected 2026 operating deficit, it has been necessary for the Board of Managers to utilize a portion of the condominium's reserve funds to meet current operating obligations. While these funds have helped address the immediate shortfall,

continuing to rely upon reserves to pay routine operating expenses is not a financially sustainable practice.

The revised common charges are intended to bring operating revenues into alignment with anticipated expenses and reduce the need to draw upon reserves for ordinary operating costs.

UNDERSTANDING YOUR MONTHLY CONDOMINIUM CHARGES - For clarification, the monthly charges billed to unit owners consist of separate components serving different purposes.

Monthly Common Charges - Monthly common charges are used to pay the condominium's day-to-day operating expenses, including heating oil, insurance, utilities, maintenance, snow removal, repairs, and other essential services. Common charge revenues must be sufficient to meet these ongoing operating obligations.

Capital Assessment - The separate capital assessment appearing on your monthly statement is used to pay the principal and interest obligations associated with the condominium's construction loan. In 2020, the condominium obtained a construction loan in the amount of $350,000 to finance major capital improvements to the property. The current outstanding loan balance is $155,308 @ 4.35% fixed. The loan is scheduled to be fully paid off in full by August 15, 2030. The proceeds of this construction loan were used to finance major capital improvement projects completed over the past several years, including: Balcony replacement, reconstruction of stone retaining walls and new lighting along Theodore Fremd, exterior pointing and waterproofing of the brick facades, extreme makeover of the common areas and most recently repaving the parking lot.

Reserve Fund Assessment – The monthly Reserve Fund assessment is being used to replenish the Reserve Fund to plan for and finance future major capital improvements. The current Reserve Fund of $57,000 is not adequate, especially if there is a sudden emergency repair. Looking ahead there are several major capital improvements under consideration that include replacement of the sidewalks and steps at the front of A building, additional sidewalk repairs, replacement of the boilers and future roof replacement.

SUMMARY – Based on this report with the attachments provided, it should be clear why it is necessary to increase common charges effective November 1, 2026, and maintain the Capital and Reserve Fund assessment

Going forward, starting in 2028, the Board of Managers will increase the common charges based on rising operating costs.

Very truly yours,

Ryeview Condominium
Board of Managers