



**B̄ĀYB̄OUNDS**

MEAFORD • ONTARIO



# MARINER'S HAVEN AT B̄ĀYB̄OUNDS

A PROPOSED  
VACANT LAND CONDOMINIUM PLAN  
BY WARREN D. SINCLAIR CONSTRUCTION LTD.

## **PROPOSED FIRST-YEAR BUDGET**

Version November 2023

<b>Projected Expenses for the first year following registration and completion and sale of all Single Dwelling Units, based on January 2024 dollars without any inflation factor:*</b>	
Landscape maintenance (incl. grass cutting on units)	\$10,600.00 - \$32,500.00
Snow Removal (common elements)	\$6,800.00 - \$15,000.00
Miscellaneous Maintenance	\$900.00 - \$3,000.00
<b>TOTAL</b>	<b>\$18,300.00 - \$50,500.00</b>
Electricity (common elements only)	\$1,250.00 - \$2,500.00
Water (common elements only)	\$500.00 - \$1,000.00
<b>TOTAL</b>	<b>\$1,750.00 - \$3,500.00</b>
Insurance	\$2,250.00 - \$4,500.00
<b>TOTAL</b>	<b>\$2,250.00 - \$4,500.00</b>
Financial Audit and Legal Fees	\$1,250.00 - \$2,000.00
Management Fees	\$5,400.00 - \$18,500.00
Office Expense	\$300.00 - \$450.00
Bank Charges	\$150.00 - \$250.00
Condominium Authority of Ontario fees	\$600.00 - \$900.00
<b>TOTAL</b>	<b>\$7,700.00 - \$22,100.00</b>
Recreation Centre (see notes)	\$720.00 - \$2,475.00
<b>TOTAL</b>	<b>\$720.00 - \$2,475.00</b>
Reserve Fund Study (paid out of Reserve Fund)	\$0
Performance Audit	\$1,250.00 - \$1,750.00
<b>TOTAL</b>	<b>\$1,250.00 - \$1,750.00</b>
<b>Total Operating Expenses</b>	<b>\$31,250.00 - \$82,350.00</b>
Contributions to Reserve Fund	<b>\$6,250.00 - \$16,470.00</b>
<b>TOTAL</b>	<b>\$38,220.00 - \$101,295</b>
<b>ESTIMATED COMMON EXPENSES PER UNIT PER MONTH</b>	<b>\$153.50 ~ \$199.10 **</b>

\*All figures, including totals, herein are estimates and are subject to the qualifications, limitations and other factors that may result in increases as set out in this Budget Statement). Those of the foregoing budget figures that are expected to attract Harmonized Sales Tax ("H.S.T.") include H.S.T. calculated at 13%.

\*\*\$153.50 is the estimated common expense contribution per unit per month based on completion and occupancy of all 55 proposed Single Dwelling Units and prior to the completion and occupancy of the Apartment Building Unit (as those terms are defined below in this document), presuming this occurs within the first year after registration of the condominium. See the explanation below under the heading "Impact of Complete, Sale, and Occupancy of Units on Common Expense Contributions."

**GENERAL NOTES & COMMENTS**

- In this document, the term "Act" refers to the *Condominium Act, 1998* and the regulations made thereunder, as in force at the time of delivery of this budget statement. The terms "Single Dwelling Unit" and its plural form, and "Apartment Building Unit", have the meanings ascribed to them in the draft declaration provided by the declarant as part of its disclosure obligations.
- This budget statement is provided to satisfy the requirement of the Act that the declarant provide a proposed budget for the first year of operation of the condominium corporation.
- A budget is only a "best estimate" of expenses and cannot be expected to be exact in all respects. In particular, it should be noted that amounts are projected without the benefit of actual experience in the operation of this condominium (since it has not existed before) and the line items represent anticipated expense items only. Although every effort has been made to be accurate and comprehensive in establishing this budget statement, actual expense items and amounts may vary from what is set out herein, and the declarant (while it retains control of the condominium) has the right to reallocate any surplus arising in respect of the amount allocated for any item to or amongst other item(s) at any time and from time to time.
- The condominium is a Vacant Land Condominium, as defined in the Act. This means the condominium came into existence at a time when no homes were constructed on the units.

5. Once the condominium is registered and a majority of the units have been sold and transferred to purchasers, the Declarant must turn over the control of the condominium to a new board of directors elected by the unit owners at the time. Therefore, notwithstanding this budget, if such elected board changes the budget and/or orders increases to or additional expenses and services, the actual costs of the condominium may be different than are set out herein. *The declarant shall not be responsible for any such changes that result in a revenue deficit or costs overage during the first year from registration of the condominium.*
6. This budget statement presumes the condominium will be managed effectively, such that unnecessary costs to do not arise, including without limitation that bills are paid in a prompt manner so that late fees and interest are not incurred.
7. There is no provision in this budget statement for insurance deductibles in the event of any insurable claim. If any claims are made and the condominium is responsible for the deductible, common expenses may increase to cover the same.
8. There has been no inflation factor assumed in the estimated budget amounts. Costs arising after January 2024 should be read and construed as automatically increased by 4.00% per annum (or the actual inflation rate at the time of such reading).
9. The budgeted operating costs do not include items of a major repair or replacement nature in respect of the common elements and assets of the Corporation. Common elements include everything within the condominium plan other than the units. Assets are those items that the condominium owns (currently anticipated to be *nil*). Such expenses will be anticipated in the Reserve Fund Study and funds therefore are collected into the Reserve Fund of the condominium.
10. Amounts set out for any line item in this budget statement may be reallocated to and amongst other line items at any time and from time to time and a deficiency or surplus in any particular line item does not necessarily reflect a deficiency or surplus in the budget overall.
11. Cash flows for the condominium may be temporarily affected in the initial months after registration due to the requirement to pay certain expenses up front, such as insurance premiums. This budget does not anticipate how such possible cash flow issues might affect assessments of common expenses at such periods, which shall predominantly be the responsibility of the condominium's board of directors to determine. Your agreement of purchase and sale provides for an adjustment in favour of the Declarant in the event it covers initial costs for the condominium.
12. After the first anniversary of registration, the condominium may experience increases in common expense amounts that could increase each unit's proportionate annual and monthly costs. This could be as a result of inflation, the recommendations set out in the statutorily mandated first year Reserve Fund Study, and other factors that affect common expenses out of and in the ordinary course. Such increases are also outside of the control and responsibility of the Declarant and cannot be contemplated in this type of budget statement.

#### IMPACT OF COMPLETION, SALE, AND OCCUPANCY OF UNITS ON COMMON EXPENSE CONTRIBUTIONS

1. Until a unit is occupied or sold, the Declarant is not required to contribute the unit's proportionate share of the common expenses, but these are to be shared equally amongst the owners of units that are already occupied or sold. See Schedule D of the declaration for details of this arrangement. Notwithstanding this, prior to construction and sale or occupancy of all of the Units, the Declarant may, in its sole discretion, elect to cover some of the costs of the condominium. Any payments made by the Declarant will be taken into account when determining the contributions to the common expenses payable by the owners prior to the time that all of the units are sold.
2. To minimize the adjustments to the condominium budget that would otherwise be required prior to completion and sale of all of the Single Dwelling Units, while the Declarant retains control of the condominium it is intended that (based on the range of variations in the estimated line-items set out on page 1 of this budget statement):
  - a. while there are only from one (1) to twenty-seven (27) Single Dwelling Units that are occupied or sold, the monthly contribution payable by the owners of such units will be **\$199.10** (of which, \$39.82 will be attributed to the reserve fund of the corporation);
  - b. while there are only from twenty-eight (28) to thirty-nine (39) Single Dwelling Units that are occupied or sold, the monthly contribution payable by the owners of such units will be **\$175.72** (of which, \$35.15 will be attributed to the reserve fund of the corporation);
  - c. while there are only from forty (29) to fifty-four (54) Single Dwelling Units that are occupied or sold, the monthly contribution payable by the owners of such units will be **\$163.38** (of which, \$32.68 will be attributed to the reserve fund of the corporation); and

- d. once there are fifty-five (55) Single Dwelling Units sold or occupied, the monthly contribution will be **\$153.50** (of which, \$35.31 will be attributed to the reserve fund of the corporation).

However, it must be kept in mind that once an owner-elected board is in place (as explained in paragraph 5 above), the actual contribution amounts may be altered from what is set out herein on account of the acts or decisions of that board.

3. For clarity, the above table represents the projected budget for the condominium once all Single Dwelling Units are constructed with homes that are occupied. The budget does not contemplate completion of the Apartment Building Unit since it is anticipated this will not be constructed within the first year after registration of the condominium. However, it is also anticipated that completion of the Apartment Building Unit will not significantly, if at all, increase the overall common expenses of the condominium, since the majority of costs relating to the Unit will be paid by the owners or occupants of the dwellings constructed in that Unit. Further, upon completion and occupancy of the Apartment Building Unit, that Unit will commence contributing to 15.025% of the common expenses, helping ensure that any costs that are attributable to the completion and occupancy of that Unit are covered by the owner(s) of the Unit. It is expected that contributions to the common expenses payable by the owners of the Single Dwelling Units will decrease once the Apartment Building Unit is completed and occupied and its owner(s) bear an obligation to contribute regularly to the common expenses.

**PARTICULARS OF THE EXTENT OF TYPE, LEVEL AND FREQUENCY OF SERVICES**

**Landscape Maintenance** **\$32,500.00**

Pursuant to the declaration of the condominium, unit owners are responsible for lawn care and landscape maintenance of the yard areas within their own units, including watering. The condominium shall be responsible for grass cutting within the units and general landscape maintenance of all of the common elements. This estimate does not take into account extraordinary climate conditions or other than normal growing conditions and seasons.

**Snow Removal (common elements)** **\$15,000.00**

Pursuant to the declaration of the condominium, unit owners are responsible for clearing of snow and ice from the unit driveways, porches and walkways. The condominium is responsible for removal of snow and ice from the common elements roadway. During the period of time prior to construction of a dwelling or other structure on the Apartment Building Unit, the corporation shall also be responsible for snow removal with respect to any roadway constructed thereon, which the occupants of the Single Dwelling Units shall be entitled to use. This estimate does not take into account extraordinary climate conditions.

**Miscellaneous Maintenance** **\$3,000.00**

This is the estimated costs for additional matters, such as incidental repairs to the common elements during the first year of operation of the condominium, that are not covered by any applicable warranties or any other entries herein. Such costs may increase in future years as the property ages and is used.

**Electricity (common elements only)** **\$2,500.00**

This represents the estimated costs for electricity use in relation to the common elements only, as well as expected environmental surcharges imposed by the province, municipality and/or utility supplier.

**Water (common elements only)** **\$1,000.00**

This represents the estimated costs for water use in relation to the common elements only, as well as expected environmental surcharges imposed by the province, municipality and/or utility supplier.

**Insurance** **\$4,500.00**

This represents the estimated cost of the minimum coverage required to be carried by the condominium by the Act for directors & officers liability coverage (and condominium manager liability coverage that may be required by agreement, if any) and for damage to the common elements caused by major perils defined by the Act on a replacement cost basis subject to a reasonable deductible.

Note that, Unit Owners are responsible at their own expense to carry insurance coverage for:

- damage to all unit components;
- deductibles, liability coverage as occupiers of the unit;
- contents;
- coverage that the declaration, by-laws and/or any agreements require they carry; and
- such other coverage that it is prudent for a condominium unit owner to carry.

*It is up to the unit owner to verify the limits of the condominium's coverage and to determine what additional coverage the unit owner should carry. In a Vacant Land Condominium Corporation, the condominium is not responsible to insure the units.*

**Financial Audit and Legal Fees** **\$2,000.00**

This is the estimated cost of the audit that is to be turned over to the condominium within 60 days following the turnover meeting and an amount to cover the costs of seeking legal advice on a few minor matters from time to time (it is not anticipated there would be much cause for legal services during this period). This amount does not include the cost of the audit that the Act requires after the end of the first fiscal year, which properly should be included in the condominium's second-year budget that its board of directors will prepare.

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<b>Management Fees</b>	<b>\$18,500.00</b>
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This estimates the cost of proposed condominium management services to be provided by a licensed condominium manager or condominium management service provider. This does not include the cost of management of a proposed apartment building in the Apartment Building Unit if and when that will be required.

<b>Office Expense</b>	<b>\$450.00</b>
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This represents miscellaneous communications, telephone, courier, postage and stationery costs, as may be required.

<b>Bank Charges</b>	<b>\$250.00</b>
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This represents the anticipated cost of bank fees relating to the accounts (minimum of two) that the condominium is required to maintain pursuant to the Act.

<b>Recreation Centre</b>	<b>\$2,475.00</b>
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As explained in the disclosure statement accompanying this proposed budget statement, the Baybounds development is to include a recreation centre which will comprise its own separate condominium plan within the development. It is intended that each of the residential condominium corporations will have ownership of a unit of the recreation centre condominium and will contribute to the common expenses of the recreation centre in proportion with the number of dwellings located within the condominium contributing such payment. For example, if the over number of dwellings is 314, then Mariner's Haven will typically be responsible to pay  $\frac{55}{314}$ ths of the recreation centre costs. In effect, every residential dwelling located in Baybounds will contribute effectively the same amount as every other dwelling toward the recreation centre costs and shall also share equally in its benefits and uses. As set out in Schedule D to the proposed declaration, the per unit contributions for the residents of Mariner's Haven will vary based on the completion, occupancy, and status of its proposed apartment building.

<b>Condominium Authority of Ontario fees</b>	<b>\$900.00</b>
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Every condominium in Ontario is required to pay a fee to the Condominium Authority of Ontario by which its operations, including a registry of condominiums, a call-in centre, and the Condominium Authority Tribunal, are funded. Currently, the rate is \$1 per unit per month. This entry anticipates a possible increase part of the way through the first year of operation of the condominium, although it is not known whether this will occur.

<b>Reserve Fund Study</b>	<i>To be paid from the Reserve Fund</i>
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The Act states that a condominium corporation must maintain a Reserve Fund in a special account for the major repair and replacement of common elements and assets of the condominium, and that a Reserve Fund Study must be undertaken to determine the correct amount to be contributed to the fund. The costs of the study may be paid out of the Reserve Fund.

<b>Performance Audit</b>	<b>\$1,750.00</b>
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The Act requires that a performance audit be conducted by a professional engineer or architect within 6 to 10 months following registration of the condominium. The purpose of this audit is to determine the condition of the common elements following registration, and to assist the condominium in making any warranty claims that are appropriate and applicable. The audit is required, however, even if there are no applicable warranty claims that the condominium can make.

<b>Contribution to Reserve Fund</b>	<b>\$16,470.00</b>
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This is the amount projected to be in the Reserve Fund for the Corporation at the end of the first year after registration, subject to payment of the costs of the first Reserve Fund Study. No reserve fund study has been completed at the time of the preparation of this budget. This figure is an estimate only of the amount required to be contributed to the Reserve Fund of the condominium. Once the Reserve Fund Study is completed, the actual contribution may vary considerably from this estimate. In the meantime, this estimated contribution is anticipated to provide sufficient funds to pay for the costs of the first Reserve Fund Study.

At this time, the Act requires that the amount contributed to the Reserve Fund be the amount determined on a cash flow basis that is required to offset adequately the expected cost in the year of the expected major repair or replacement of the common elements and assets of the condominium. Until the condominium conducts its first Reserve Fund Study and implements a proposed plan under section 94 of the Act, the total amount of the contributions to the Reserve Fund cannot be less than 10.0% of the budgeted amount required for contributions to the other, operating expenses of the condominium. The estimated contribution to the Reserve Fund in this budget statement is equal to 20.0% of the projected operating expenses, which is greater than the minimum amount required under the Act, although whether or not this figure is "adequate" for the purposes of the Act remains to be determined.

<b>OTHER STATEMENTS</b>
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1. There are no current or expected fees, charges, rents or other revenue to be paid to or by the condominium corporation or by any of the unit owners for the use of the common elements.
2. There are no services that are not included in this budget statement that the Declarant provides, or expenses that the declarant pays, that might reasonably be expected to become, at any subsequent time, a common expense.
3. The Declarant has no actual knowledge of any pending lawsuits material to property that will comprise the units, common elements and assets of the Corporation that may affect such property after the registration of a deed to a unit from the Declarant to a purchaser.