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The  
**ParkShore**  
Condominiums

**IMPORTANT INCOME**  
**TAX INFORMATION**

July 30, 2010

Dear Unit Owner:


For income tax purposes, it is important for each unit owner to maintain records to substantiate the cost of their condominium unit. In the event the unit is sold or otherwise disposed of, income tax regulations require that such costs be accumulated and offset against the net sales proceeds. Unit owners who pay capital reserve fees to a condominium association may add such fees to their income tax basis [cost] of their unit, thereby reducing their tax gains, if any. The Internal Revenue Code now allows exclusion from income of up to \$250,000 of gain realized on the sale or exchange of a residence for an unmarried individual and \$500,000 for married individuals (if they qualify). The \$250,000 or \$500,000 exclusion from income eliminates the need for many homeowners to keep records of capital improvements that increase the basis of their residence. However, records of capital improvements should be kept if there is any possibility that income may be required to be recognized upon the sale of the principal residence, under certain conditions.

The following schedule provides a yearly breakdown of amounts contributed to the reserve fund, as made by all homeowners to The ParkShore Condominium Association capital reserve fund:

<u>Year ended</u>	<u>Capital Contribution Amounts</u>	<u>Year ended</u>	<u>Capital Contribution Amounts</u>
12/31/95	\$ 279,600	12/31/03	\$491,795
12/31/96	\$414,766	12/31/04	\$464,973
12/31/97	\$386,561	12/31/05	\$495,165
12/31/98	\$289,200	12/31/06	\$376,071
12/31/99	\$361,243	12/31/07	\$450,570
12/31/00	\$353,271	12/31/08	\$346,608
12/31/01	\$414,996	12/31/09	\$475,899
12/31/02	\$420,000		

You will need to multiply your percentage of ownership by the amount of capital contributions for the amount of time you have owned your unit. This computed amount will then represent the amount to add to your tax cost basis. We suggest that you consult with your tax advisor to inquire about your tax benefits.

Sincerely,  
THE PARKSHORE CONDOMINIUM ASSOCIATION



John McDonald  
Finance Committee Chairperson