

Back Country Cabins Homeowner's Association, Inc.

Board Meeting – May 16, 2015

Minutes of Meeting

A meeting of the Back Country Cabins Homeowner's Association, Inc. ("the HOA") Board of Directors took place on Saturday, May 16, 2015 at the First Bank located at 18605 Green Valley Boulevard, Denver, Colorado.

Attendees: Joel Pins – President, Back Country Cabins HOA
Mara Kaiser – Vice President, Back Country Cabins HOA
Sean Serell – Secretary/Treasurer, Back Country Cabins HOA
Bonnie Cole – President, United Professional Management, Inc. ("UPM")
Consuelo Redhorse* – Bookkeeper, UPM
**Teleconferenced into meeting*

TOPIC A. Roll call

- (1) Meeting called to order at 9:20am
- (2) HOA officers and Bonnie Cole present in person
- (3) Consuelo Redhorse teleconferenced into meeting

TOPIC B. Statement of compliance with procedures for notice of meeting or waiver of notice

Notice waived: "Attendance by an Executive Board Member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Executive Board Members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting" (Section 5.14 of the Bylaws of Back Country Cabins Homeowners Association, Inc.).

TOPIC C. Reading of minutes

- (1) **Motion: Sean made the motion to waive the reading of the December 15, 2014 Back Country Cabins HOA board meeting minutes. Joel seconded. Approved unanimously.**
- (2) Group discussed Topic F (1) g.iii.6. Composite Decks (Reserve Study Component 609) included in the December 15, 2014 board meeting minutes, where the Board determined to "exclude [from the reserve study] the individual unit composite decks; [and] include the common area deck only."
 - a. Group agreed that it does not make sense to have the owners replace their individual decks as this would need to be coordinated with the roof replacement, which is included in the reserve study and responsibility of the HOA.
 - b. Group needs clarification about the "membrane," which does not appear to be a part of the reserve study's roof or decking components. Group discussed the membrane further.
 - c. The decks are not really distinguishable from the roofs.
 - d. Deck drains
 - i. Need to be cleaned out annually
 - ii. Joel will clean out the deck drains this summer
 - e. The minutes may need to be amended if the board decides (after receiving the clarifications noted above) to include the individual decks, along with the common area decks, in the final Reserve Study.

Back Country Cabins Homeowner's Association, Inc.

Board Meeting – May 16, 2015

TOPIC C. Reading of minutes (continued)

- (3) **Motion: Sean made the motion to approve the December 15, 2014 Back Country Cabins HOA board meeting minutes. Mara seconded. Approved unanimously.**

TOPIC D. Reports of officers – No officer reports

TOPIC E. Reports of committees – No committees, no reports

TOPIC F. Unfinished business

(1) Square Footage Issue / Dues Allocation

- a. The Board needs to resolve this issue as soon as possible
- b. Joel spoke with other HOAs located in Frisco to see how they determined their dues allocations and found they use either square footage (sq ft) or a flat rate. He also spoke with a builder of an HOA located in Frisco that has a “weird layout” and they use square footage. They took the architectural drawings then re-measured.
- c. See Exhibit A (attached) for the sq ft of the units as measured by Anthony Sears of Anthony Sears Appraisals.
- d. Sean brought a new proposal to the group to “split dues 50% based on equal division of dues across all units and 50% based on Sq footage including garages” (see attached Addendum).
 - i. Group discussed this option and compared to the “Dues Calculation at Current Rate” (see attached) to compare the different dues amounts and allocations. The group understands that the HOA’s Reserve Policy does not allow the HOA to continue to the current funding amount.
 - ii. The “footprint” for each unit based on the “Remeasured Plat Map View” is smaller and the dues allocation (from largest to smallest) is #E, #F, #A
 - iii. The dues allocation based on the living area, with or without the garage, (from largest to smallest) is #F, #A, #E. The difference is due to the upstairs sq ft.
- e. **Motion: Sean made the following motion, “Effective January 1, 2015, monthly dues are to be based on the measurements included in Exhibit A”. Joel seconded. Approved unanimously.**

(2) Reserve Study Adoption

- a. Postpone adoption until deck issue cleared up; see Topic C (2) on page 1.
- b. **Motion: Joel made the motion to adopt the reserve study to include, in the future, limited common area decks and roofing. Sean seconded. Approved unanimously.**

TOPIC G. New business

(1) Proposed 2015 Budget

- a. Group reviewed the four proposed budgets (see attached)
- b. Operating expenses on all proposed budgets are the same
- c. The reserve contribution will be either the recommended or minimum contribution outlined by the most recent (“final”) reserve study.

Back Country Cabins Homeowner's Association, Inc.

Board Meeting – May 16, 2015

TOPIC G. New business (continued)

- d. Legal fees
 - i. The budget will either include legal fees of \$3,000 to amend the declarations or not include any legal fees.
 - ii. Legal fees to revise the entire HOA declaration would be around \$5,000. This is an option but was not included in any of the proposed budget.
 - iii. Bonnie read an email from Mark Payne, attorney with Winzenburg, Leff, Purvis and Payne, LLP, delineating the legal issues and the costs to address these issues (the body of the email is attached).
 - 1. Per Joel, the city attorney had major issues with the declarations as well.
 - 2. The legal fees outlined by Mr. Payne are an estimate, not a fixed amount.
 - 3. Not making the corrections noted in the email could have very expensive, legal ramifications.
 - iv. If the owners approve a budget that includes funds to amend the declarations, Bonnie and Joel will meet with the attorney to discuss items such as yards (LCEs) and shoveling; as well as discuss parts of the declarations that don't line up with CCIOA, as the declarations need to comply with HOA regulations.
 - v. The board will propose for adoption the budget that includes the minimum reserve contribution with legal fees. Further, the board requests that UPM modify this budget to increase monthly operating dues by \$300 to \$2,086 per month. Required information regarding "per unit" dues will be prepared by UPM and sent to owners as part of the budget package.

(2) Method of Member Voting

- a. Group agrees that meeting in person or a phone call is the best way to communicate the budget proposal and dues allocation to the owners.
 - i. Joel will call Craig Howe and Liz Flynn.
 - ii. Sean will call Michael and Andrea Barsch.
 - iii. Bonnie, as a representative of the HOA, will contact Pete Campbell.
- b. The board needs a vote from all owners by June 15th.
- c. To be adopted, the proposed budget needs majority approval.
- d. If not approved, the board will need to readdress the 2015 proposed budget.

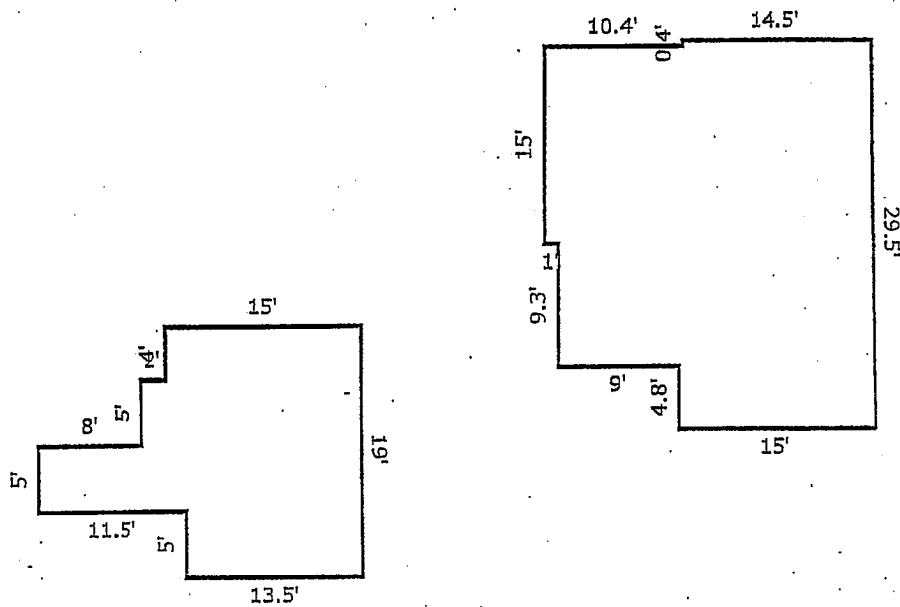
(3) Other New Business – Revisit deck and roof replacement (including membrane)

- a. This needs to be addressed prior to soliciting votes from the owners.
- b. Joel and Bonnie will have a conference call with Eric, the reserve specialist.

TOPIC H. Adjournment – Meeting adjourned at 11:20am

Building Sketch

| | | | | |
|------------------|---|--------|-------|-------------------|
| Borrower/Client | | | | |
| Property Address | 110 Galena St Unit A Backcountry Cabins | | | |
| City | Frisco | County | State | CO Zip Code 80443 |
| Lender | Howe | | | |



TOTAL Sketch by a la mode, Inc.

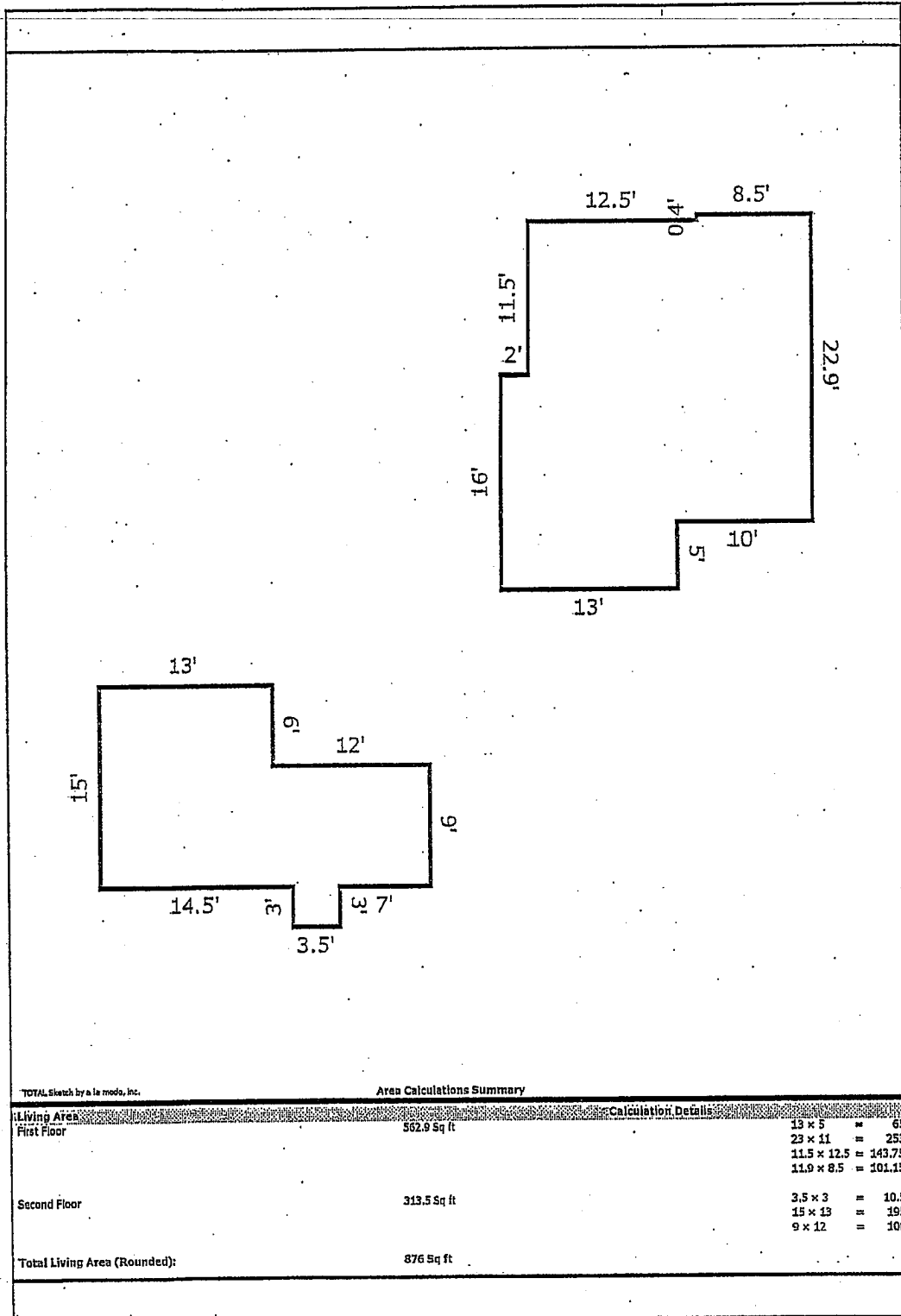
Area Calculations Summary

| Living Area | | Calculation Details |
|------------------------------|--------------|--|
| First Floor | 674.56 Sq ft | $15 \times 1 = 15$ $24.3 \times 9 = 218.7$ $29.1 \times 0.4 = 11.64$ $29.5 \times 14.5 = 427.75$ $0.5 \times 29.5 \times 0.1 = 1.48$ |
| Second Floor | 337.5 Sq ft | $19 \times 13.5 = 256.5$ $5 \times 8 = 40$ $1.5 \times 4 = 6$ $3.5 \times 10 = 35$ |
| Total Living Area (Rounded): | 1012 Sq ft | |

EXHIBIT A
p. 2 of 6

Building Sketch

| | | | | |
|------------------|---|--------|--|-------------------------|
| Borrower/Client | | | | |
| Property Address | 110 Galena St Unit B Backcountry Cabins | | | |
| City | Frisco | County | | State CO Zip Code 80443 |
| Lender | Pins | | | |

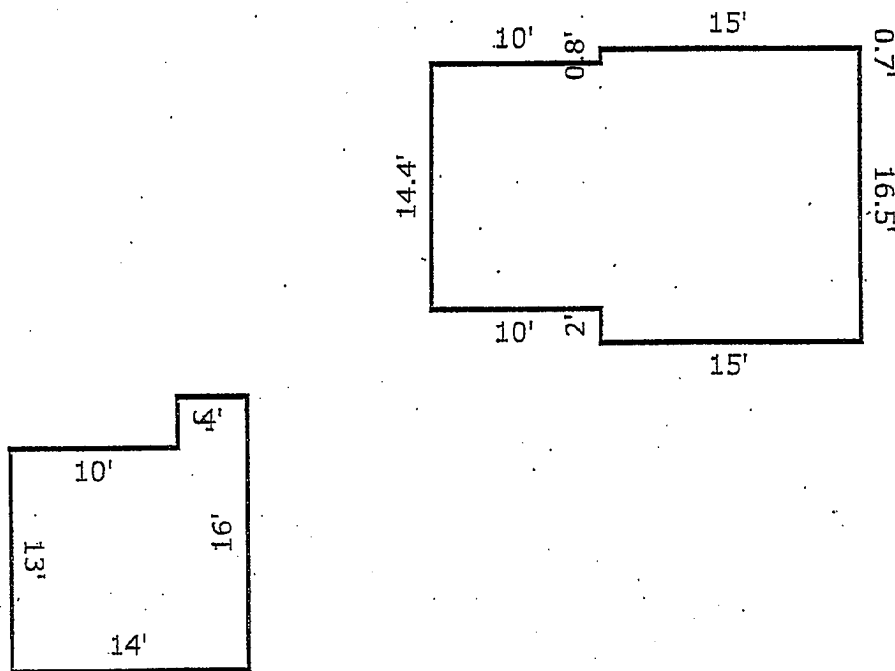


Building Sketch

| | | | | | |
|------------------|--|--------|--|-------|-------------------|
| Borrower/Client | | | | | |
| Property Address | 110 Geena St Unit C Backcountry Cabins | | | | |
| City | Frisco | County | | State | CO Zip Code 80443 |
| Lender | Backcountry Cabins LLC | | | | |

EXHIBIT A

p. 3 of 6



TOTAL Sketch by a la mode, Inc.

Area Calculations Summary

| Living Area | | Calculation Details |
|------------------------------|-----------|--|
| First Floor | 402 Sq ft | $14.4 \times 10 = 144$ $15 \times 17.2 = 258$ |
| Second Floor | 194 Sq ft | $14 \times 13 = 182$ $3 \times 4 = 12$ |
| Total Living Area (Rounded): | 596 Sq ft | |

Building Sketch

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|------------------|---|--------|--|-------|-------------------|
| Borrower/Client | | | | | |
| Property Address | 110 Galena St Unit D Backcountry Cabins | | | | |
| City | Frisco | County | | State | CO Zip Code 80443 |
| Lender | Kaiser Trustee | | | | |

EXHIBIT A
p. 4 of 6

TOTAL Sketch by a la mode, Inc.

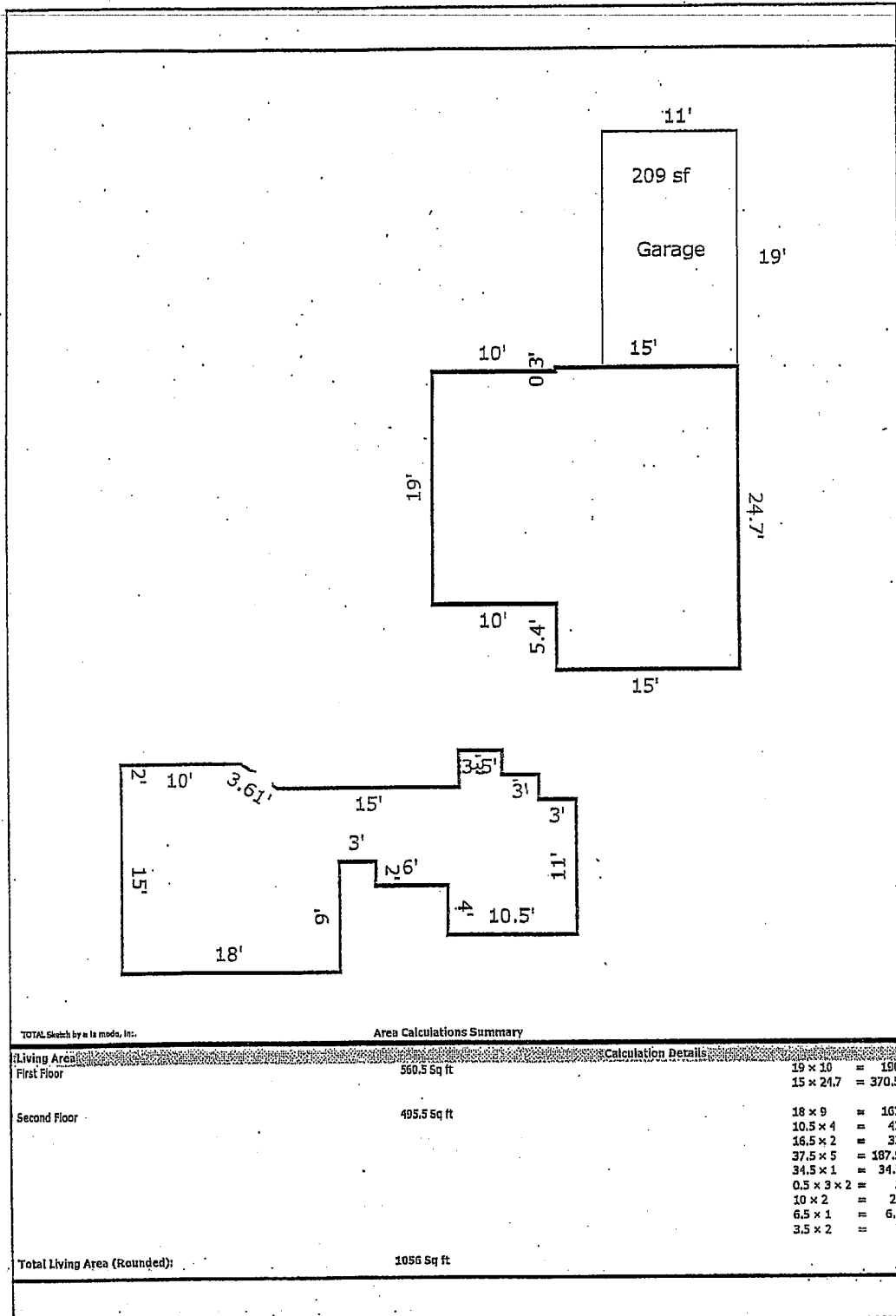
| Area Calculations Summary | | Calculation Details |
|------------------------------|--------------|--|
| Living Area: | | |
| First Floor | 435.75 Sq ft | $13.5 \times 8.5 = 114.75$ $21.4 \times 15 = 321$ |
| Second Floor | 251 Sq ft | $9 \times 3 = 27$ $14 \times 16 = 224$ |
| Total Living Area (Rounded): | 687 Sq ft | |

Building Sketch

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|------------------|---|--------|--|-------|-------------------|
| Borrower/Client | | | | | |
| Property Address | 110 Galena St Unit E Backcountry Cabins | | | | |
| City | Frisco | County | | State | CO Zip Code 80443 |
| Lender | Barsch | | | | |

EXHIBIT A

p. 5066



Building Sketch

| | | | | | |
|------------------|---|--------|--|----------|-------|
| Borrower/Client | | | | | |
| Property Address | 110 Galena St Unit F Backcountry Cabins | | | | |
| City | Frisco | County | | State | CO |
| | | | | Zip Code | 80443 |
| Lender | Serell | | | | |

EXHIBIT A
p. 6 of 6

| | | | |
|---|--------------|--|--|
| | | <p>Garage 262 sf</p> | |
| | | | |
| <p>TOTAL Sketch by e la mode, Inc. Area Calculations Summary</p> | | | |
| <p>Living Area</p> | | <p>Calculation Details</p> | |
| First Floor | 552.5 Sq ft | $14 \times 10 = 140$ $19 \times 21.5 = 408.5$ $4 \times 1 = 4$ | |
| Second Floor | 445.25 Sq ft | $12.5 \times 10 = 125$ $16.5 \times 16.5 = 272.25$ $8 \times 6 = 48$ | |
| Total Living Area (Rounded): | | 998 Sq ft | |

Back Country Cabins - Dues Calculation Formula

1) Current Proposed Budget for 2015 is a total of:

- 1) 65% Net Operating Expenses and 35% for Reserves (for Recommended Reserve Contribution)
- 2) and 69% Net Operating Expenses and 31% to Reserves (for Minimum Reserve Contribution).

2) Basing 100% of dues on Square footage calculation places a disproportionately unfair burden on the units with larger footprints, when 65-69% of Operating Expenses are equally shared between units (Management fees, Snow Plowing, Snow Removal, Sewer and Insurance).

3) However Units with larger square footages do incur an increase in Reserve expenses and should pay an increase in dues over smaller units

4) Proposal to split dues 50% based on Equal division of dues across all units and 50% based on Sq footage including garages.

Addendum from Seam #2

Table 1

[illegible]

Addendum from Sean #3

Table 1

| | BCC Dues | Rec. Reserves | | | | | | | |
|--|----------|--------------------|--------------|------------------------|---------------------|-----------------------------|------------|--------------|------------|
| | UNIT | Equally Divided | 50% of Equal | Dues - SqFt +Garage | 50% of Dues SqFt | Calculated Dues per Unit | % per Unit | Current Dues | Difference |
| | A | 315 | 157.5 | 335 | 167.5 | \$325.00 | 17.2% | 243 | 82 |
| | B | 315 | 157.5 | 290 | 145 | \$302.50 | 16.0% | 239 | 63.5 |
| | C | 315 | 157.5 | 198 | 99 | \$256.50 | 13.6% | 153 | 103.5 |
| | D | 315 | 157.5 | 228 | 114 | \$271.50 | 14.4% | 199 | 72.5 |
| | E | 315 | 157.5 | 418 | 209 | \$366.50 | 19.4% | 275 | 91.5 |
| | F | 315 | 157.5 | 419 | 209.5 | \$367.00 | 19.4% | 247 | 120 |
| | Total | 1890 | | 1888 | | \$1889.00 | | 1356 | 533 |
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**Back Country Cabins
Homeowners Association, Inc.
Dues Calculation at Current Rate**

| Dues Calculation - Living Area, No Garage | | | | | |
|--|-------------|-----------------------|-----------------|-----------------|-------------|
| Unit | Sq Ft | Unit % of Total Sq Ft | Calculated Dues | Current Dues | Difference |
| A | 1012 | 19.37% | \$ 263 | \$ 243 | \$ 20 |
| B | 876 | 16.77% | \$ 227 | \$ 239 | \$ (12) |
| C | 596 | 11.41% | \$ 155 | \$ 153 | \$ 2 |
| D | 687 | 13.15% | \$ 178 | \$ 199 | \$ (21) |
| E | 998 | 19.10% | \$ 259 | \$ 275 | \$ (16) |
| F | 1056 | 20.21% | \$ 274 | \$ 247 | \$ 27 |
| TOTAL | 5225 | 100.00% | \$ 1,356 | \$ 1,356 | \$ 0 |

| Dues Calculation - Living Area plus Garage | | | | | | | |
|---|-------------------|--------------|-------------|-----------------------|-----------------|-----------------|----------------|
| Unit | Sq Ft Living Area | Sq Ft Garage | Total | Unit % of Total Sq Ft | Calculated Dues | Current Dues | Difference |
| A | 1012 | 0 | 1012 | 17.77% | \$ 241 | \$ 243 | \$ (2) |
| B | 876 | 0 | 876 | 15.38% | \$ 209 | \$ 239 | \$ (30) |
| C | 596 | 0 | 596 | 10.46% | \$ 142 | \$ 153 | \$ (11) |
| D | 687 | 0 | 687 | 12.06% | \$ 164 | \$ 199 | \$ (35) |
| E | 998 | 262 | 1260 | 22.12% | \$ 300 | \$ 275 | \$ 25 |
| F | 1056 | 209 | 1265 | 22.21% | \$ 301 | \$ 247 | \$ 54 |
| TOTAL | 5225 | 471 | 5696 | 100.00% | \$ 1,356 | \$ 1,356 | \$ 0.00 |

| Dues Calculation - Equally Divided | | | |
|---|-----------------|-----------------|-------------|
| Unit | Calculated Dues | Current Dues | Difference |
| A | \$ 226 | \$ 243 | \$ (17) |
| B | \$ 226 | \$ 239 | \$ (13) |
| C | \$ 226 | \$ 153 | \$ 73 |
| D | \$ 226 | \$ 199 | \$ 27 |
| E | \$ 226 | \$ 275 | \$ (49) |
| F | \$ 226 | \$ 247 | \$ (21) |
| TOTAL | \$ 1,356 | \$ 1,356 | \$ - |

| Dues Calculation - Declarations, Plat Map (incl. Garage) | | | | | |
|---|----------------|-----------------------|-----------------|-----------------|-------------|
| Unit | Plat Map Sq Ft | Unit % of Total Sq Ft | Calculated Dues | Current Dues | Difference |
| A | 666 | 17.64% | \$ 239 | \$ 243 | \$ (4) |
| B | 610 | 16.15% | \$ 219 | \$ 239 | \$ (20) |
| C | 390 | 10.33% | \$ 140 | \$ 153 | \$ (13) |
| D | 484 | 12.82% | \$ 174 | \$ 199 | \$ (25) |
| E | 828 | 21.93% | \$ 297 | \$ 275 | \$ 22 |
| F | 798 | 21.13% | \$ 287 | \$ 247 | \$ 40 |
| TOTAL | 3776 | 100.00% | \$ 1,356 | \$ 1,356 | \$ - |

| Dues Calculation - Remeasured "Plat Map" View | | | | | |
|--|-------------|-----------------------|-----------------|-----------------|-------------|
| Unit | Sq Ft | Unit % of Total Sq Ft | Calculated Dues | Current Dues | Difference |
| A | 675 | 18.44% | \$ 250 | \$ 243 | \$ 7 |
| B | 563 | 15.38% | \$ 209 | \$ 239 | \$ (30) |
| C | 402 | 10.98% | \$ 149 | \$ 153 | \$ (4) |
| D | 436 | 11.91% | \$ 161 | \$ 199 | \$ (38) |
| E | 815 | 22.26% | \$ 302 | \$ 275 | \$ 27 |
| F | 770 | 21.03% | \$ 285 | \$ 247 | \$ 38 |
| TOTAL | 3661 | 100.00% | \$ 1,356 | \$ 1,356 | \$ - |

| Dues Comparisons | | | | | |
|-------------------------|--------------------|---------------------|--------------|---------------------------|---------|
| A - No Garage | B - Include Garage | C - Equally Divided | D - Plat Map | E - Remeasured "Plat Map" | Current |
| 19.37% | 17.77% | 16.67% | 17.64% | 18.44% | 17.64% |
| 16.77% | 15.38% | 16.67% | 16.15% | 15.38% | 16.15% |
| 11.41% | 10.46% | 16.67% | 10.33% | 10.98% | 10.33% |
| 13.15% | 12.06% | 16.67% | 12.82% | 11.91% | 12.82% |
| 19.10% | 22.12% | 16.67% | 21.93% | 22.26% | 21.93% |
| 20.21% | 22.21% | 16.67% | 21.13% | 21.03% | 21.13% |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Back Country Cabins
2015 Proposed Budget
Recommended Reserve Contribution with Legal Fees

| Account Name | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total | |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|--|
| OPERATING INCOME | | | | | | | | | | | | | | |
| Operating Dues | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 22,656 | |
| Dues to Reserve | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (8,016) | recommended per reserve study |
| TOTAL OPERATING INCOME | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 14,640 | same as 2014 |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| DIRECT EXPENSES | | | | | | | | | | | | | | |
| Electric Utilities | 24 | 24 | 24 | 24 | 16 | 16 | 16 | 16 | 16 | 16 | 24 | 24 | 240 | same as 2014 budget |
| Grounds and Parking Maintenance | | | | | 140 | 140 | 140 | 140 | 140 | 140 | | | 840 | based on 2014 actual - bulk of expenses occurred during summer |
| Management Fees | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4,200 | UPM contract |
| Insurance | 165 | 165 | 165 | 165 | 165 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 2,190 | Based on Current Policy Expenses and Renewal Documents Received |
| Sewer | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 1,920 | 1/28/15 = No increases in 2015 (same as 2014 actual) |
| Trash and Recycling | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 | based on 2014 actual |
| Snow Plowing | 400 | 400 | 400 | 200 | | | | | | | 400 | 400 | 2,200 | Based on same rate as 2014-2015 seasonal contract plus \$200 extra for pre-contract services |
| Snow Shoveling | 400 | 400 | 400 | 400 | | | | | | | 400 | 400 | 2,400 | Based on historical averages |
| TOTAL DIRECT EXPENSES | 1,549 | 1,549 | 1,549 | 1,349 | 881 | 911 | 911 | 911 | 911 | 911 | 1,579 | 1,579 | 14,590 | |
| GENERAL AND ADMIN. | | | | | | | | | | | | | | |
| Legal /Acctg & Prof Fees | 250 | 250 | 550 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 3,300 | \$300 for tax prep, \$3000 to amend governing docs |
| Miscellaneous Expense | | | 25 | | | | 25 | | | 25 | | 25 | 100 | same as 2014 budget |
| Taxes and Licensing | | 28 | | | | | | 10 | | | | | 38 | State reporting requirements |
| TOTAL GENERAL AND ADMIN. | 250 | 278 | 575 | 250 | 250 | 275 | 250 | 260 | 275 | 250 | 250 | 275 | 3,438 | |
| TOTAL OPERATING EXPENSES | 1,799 | 1,827 | 2,124 | 1,599 | 1,131 | 1,186 | 1,161 | 1,171 | 1,186 | 1,161 | 1,829 | 1,854 | 18,028 | |
| NET OPERATING INCOME | (579) | (607) | (904) | (379) | 89 | 34 | 59 | 49 | 34 | 59 | (609) | (634) | (3,388) | |
| RESERVE INCOME | | | | | | | | | | | | | | |
| Reserve Dues | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8,016 | |
| TOTAL RESERVE INCOME | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8,016 | |
| NET RESERVE INCOME | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8,016 | |

Note: No Reserve Expenses budgeted for 2015 per the Reserve Study

Recommend reviewing the components listed and seeing which, if any, should be budgeted for repair/replacement

Shortfall on Operating - Supplement with \$575 special assessment per unit OR \$285 increase in total monthly operating due:

Back Country Cabins
2015 Proposed Budget
Minimum Reserve Contribution with Legal Fees

| Account Name | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total | |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---|
| OPERATING INCOME | | | | | | | | | | | | | | |
| Operating Dues | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 21,432 | |
| Dues to Reserve | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (6,792) | minimum per reserve study |
| TOTAL OPERATING INCOME | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 14,640 | same as 2014 |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| DIRECT EXPENSES | | | | | | | | | | | | | | |
| Electric Utilities | 24 | 24 | 24 | 24 | 16 | 16 | 16 | 16 | 16 | 16 | 24 | 24 | 240 | same as 2014 budget |
| Grounds and Parking Maintenance | | | | | 140 | 140 | 140 | 140 | 140 | 140 | | | 840 | based on 2014 actual - bulk of expenses occurred during summer |
| Management Fees | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4,200 | UPM contract |
| Insurance | 165 | 165 | 165 | 165 | 165 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 2,190 | Based on Current Policy Expenses and Renewal Documents Received |
| Sewer | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 1,920 | 1/28/15 = No increases in 2015 (same as 2014 actual) |
| Trash and Recycling | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 | based on 2014 actual |
| Snow Plowing | 400 | 400 | 400 | 200 | | | | | | | 400 | 400 | 2,200 | Based on same rate as 2014-2015 season plus \$200 extra for pre-contract services |
| Snow Shoveling | 400 | 400 | 400 | 400 | | | | | | | 400 | 400 | 2,400 | Based on historical averages |
| TOTAL DIRECT EXPENSES | 1,549 | 1,549 | 1,549 | 1,349 | 881 | 911 | 911 | 911 | 911 | 911 | 1,579 | 1,579 | 14,590 | |
| GENERAL AND ADMIN. | | | | | | | | | | | | | | |
| Legal /Acctg & Prof Fees | 250 | 250 | 550 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 250 | 3,300 | \$300 for tax prep, \$3000 to amend governing docs |
| Miscellaneous Expense | | | 25 | | | | 25 | | 25 | | | 25 | 100 | same as 2014 budget |
| Taxes and Licensing | | 28 | | | | | | 10 | | | | | 38 | State reporting requirements |
| TOTAL GENERAL AND ADMIN. | 250 | 278 | 575 | 250 | 250 | 275 | 250 | 260 | 275 | 250 | 250 | 275 | 3,438 | |
| TOTAL OPERATING EXPENSES | 1,799 | 1,827 | 2,124 | 1,599 | 1,131 | 1,186 | 1,161 | 1,171 | 1,186 | 1,161 | 1,829 | 1,854 | 18,028 | |
| NET OPERATING INCOME | (579) | (607) | (904) | (379) | 89 | 34 | 59 | 49 | 34 | 59 | (609) | (634) | (3,388) | |
| RESERVE INCOME | | | | | | | | | | | | | | |
| Reserve Dues | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 6,792 | |
| TOTAL RESERVE INCOME | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 6,792 | |
| NET RESERVE INCOME | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 6,792 | |

Note: No Reserve Expenses budgeted for 2015 per the Reserve Study

Recommend reviewing the components listed and seeing which, if any, should be budgeted for repair/replacement.

Shortfall on Operating - Supplement with \$575 special assessment per unit OR \$285 increase in total monthly operating dues

Back Country Cabins
2015 Proposed Budget
Recommended Reserve Contribution, No Legal Fees

| Account Name | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total | |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---|
| OPERATING INCOME | | | | | | | | | | | | | | |
| Operating Dues | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 22,656 | |
| INCREASE IN OPERATING DUES | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 420 | would be included in line item above - just for illustration purposes |
| Dues to Reserve | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (668) | (8,016) | recommended per reserve study |
| TOTAL OPERATING INCOME | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 15,060 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| DIRECT EXPENSES | | | | | | | | | | | | | | |
| Electric Utilities | 24 | 24 | 24 | 24 | 16 | 16 | 16 | 16 | 16 | 16 | 24 | 24 | 240 | same as 2014 budget |
| Grounds and Parking Maintenance | | | | | 140 | 140 | 140 | 140 | 140 | 140 | | | 840 | based on 2014 actual - bulk of expenses occurred during summer |
| Management Fees | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4,200 | UPM contract |
| Insurance | 165 | 165 | 165 | 165 | 165 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 2,190 | Based on Current Policy Expenses and Renewal Documents Received |
| Sewer | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 1,920 | 1/28/15 = No increases in 2015 (same as 2014 actual) |
| Trash and Recycling | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 | based on 2014 actual |
| Snow Plowing | 400 | 400 | 400 | 200 | | | | | | | 400 | 400 | 2,200 | Based on same rate as 2014-2015 season plus \$200 extra for pre-contract services |
| Snow Shoveling | 400 | 400 | 400 | 400 | | | | | | | 400 | 400 | 2,400 | Based on historical averages |
| TOTAL DIRECT EXPENSES | 1,549 | 1,549 | 1,549 | 1,349 | 881 | 911 | 911 | 911 | 911 | 911 | 1,579 | 1,579 | 14,590 | |
| GENERAL AND ADMIN. | | | | | | | | | | | | | | |
| Legal /Acctg & Prof Fees | | | 300 | | | | | | | | | | 300 | \$300 for tax prep, \$0 to amend governing docs |
| Miscellaneous Expense | | | 25 | | | 25 | | | 25 | | | 25 | 100 | same as 2014 budget |
| Taxes and Licensing | | 28 | | | | | | 10 | | | | | 38 | State reporting requirements |
| TOTAL GENERAL AND ADMIN. | - | 28 | 325 | - | - | 25 | - | 10 | 25 | - | - | 25 | 438 | |
| TOTAL OPERATING EXPENSES | 1,549 | 1,577 | 1,874 | 1,349 | 881 | 936 | 911 | 921 | 936 | 911 | 1,579 | 1,604 | 15,028 | |
| NET OPERATING INCOME | (294) | (322) | (619) | (94) | 374 | 319 | 344 | 334 | 319 | 344 | (324) | (349) | 32 | |
| RESERVE INCOME | | | | | | | | | | | | | | |
| Reserve Dues | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8,016 | |
| TOTAL RESERVE INCOME | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8,016 | |
| NET RESERVE INCOME | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 668 | 8,016 | |

Note: No Reserve Expenses budgeted for 2015 per the Reserve Study

Recommend reviewing the components listed and seeing which, if any, should be budgeted for repair/replacement.

Back Country Cabins
2015 Proposed Budget
Minimum Reserve Contribution, No Legal Fees

| Account Name | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total | |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---|
| OPERATING INCOME | | | | | | | | | | | | | | |
| Operating Dues | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 1,786 | 21,432 | |
| INCREASE IN OPERATING DUES | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 420 | would be included in line item above - just for illustration purposes |
| Dues to Reserve | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (566) | (6,792) | minimum per reserve study |
| TOTAL OPERATING INCOME | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 1,255 | 15,060 | |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| DIRECT EXPENSES | | | | | | | | | | | | | | |
| Electric Utilities | 24 | 24 | 24 | 24 | 16 | 16 | 16 | 16 | 16 | 16 | 24 | 24 | 240 | same as 2014 budget |
| Grounds and Parking Maintenance | | | | | 140 | 140 | 140 | 140 | 140 | 140 | | | 840 | based on 2014 actual - bulk of expenses occurred during summer |
| Management Fees | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 4,200 | UPM contract |
| Insurance | 165 | 165 | 165 | 165 | 165 | 195 | 195 | 195 | 195 | 195 | 195 | 195 | 2,190 | Based on Current Policy Expenses and Renewal Documents Received |
| Sewer | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 1,920 | 1/28/15 = No increases in 2015 (same as 2014 actual) |
| Trash and Recycling | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 600 | based on 2014 actual |
| Snow Plowing | 400 | 400 | 400 | 200 | | | | | | | 400 | 400 | 2,200 | Based on same rate as 2014-2015 season plus \$200 extra for pre-contract services |
| Snow Shoveling | 400 | 400 | 400 | 400 | | | | | | | 400 | 400 | 2,400 | Based on historical averages |
| TOTAL DIRECT EXPENSES | 1,549 | 1,549 | 1,549 | 1,349 | 881 | 911 | 911 | 911 | 911 | 911 | 1,579 | 1,579 | 14,590 | |
| GENERAL AND ADMIN. | | | | | | | | | | | | | | |
| Legal /Acctg & Prof Fees | | | 300 | | | | | | | | | | 300 | \$300 for tax prep, \$0 to amend governing docs |
| Miscellaneous Expense | | | 25 | | | 25 | | 25 | | | | 25 | 100 | same as 2014 budget |
| Taxes and Licensing | | 28 | | | | | | 10 | | | | | 38 | State reporting requirements |
| TOTAL GENERAL AND ADMIN. | - | 28 | 325 | - | - | 25 | - | 10 | 25 | - | - | 25 | 438 | |
| TOTAL OPERATING EXPENSES | 1,549 | 1,577 | 1,874 | 1,349 | 881 | 936 | 911 | 921 | 936 | 911 | 1,579 | 1,604 | 15,028 | |
| NET OPERATING INCOME | (294) | (322) | (619) | (94) | 374 | 319 | 344 | 334 | 319 | 344 | (324) | (349) | 32 | |
| RESERVE INCOME | | | | | | | | | | | | | | |
| Reserve Dues | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 6,792 | |
| TOTAL RESERVE INCOME | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 6,792 | |
| NET RESERVE INCOME | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 566 | 6,792 | |

Note: No Reserve Expenses budgeted for 2015 per the Reserve Study

Recommend reviewing the components listed and seeing which, if any, should be budgeted for repair/replacement.

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Good afternoon Bonnie:

I'm writing to follow up on our conversation yesterday concerning the unit areas for the 6 units in Backcountry Cabins. You asked whether we could give an opinion about how the area of the units was determined under the Townhome Condominium Declaration of Back Country Cabins ("Declaration") for purposes of allocating common expenses, and whether the Declaration needed to be amended to clarify that determination. To try and answer your question, I have reviewed the recorded Declaration, with the attached Bylaws (the Bylaws not being signed), as well as the unsigned, unrecorded Plat of Backcountry Cabins that we have in our files, which, for purposes of our review, we have assumed is the same as the signed, recorded copy of the Plat.

The answer to the first question of whether we can give an opinion about how the area of the units was determined for purposes of allocating common expenses, is a fairly simple "No." The Declaration ranks among the worst I've seen in that it is unclear for various reasons, including whether the community is a condominium or a planned community (under the Colorado Common Interest Ownership Act ("CCIOA"), it is one or the other, but it cannot be both); it states in one provision that it is intending to "adopt the exclusion for small communities set forth in C.R.S. 38-33.3-116 (under ten units), which exemption is not available to condominium communities; and, it refers in several places to the project being a condominium, but does none of the things required by CCIOA to create or be condominiums.

There are many, many things wrong with this Declaration, but directly to your question, one of the things that it does not do that CCIOA requires, is that it must set out the allocated interests, and the formulas for determining them. In a planned community, the allocated interests include: (1) the number of votes allocated to each unit; and (2) each unit's share of the common expense liability. In a condominium, the allocated interests are these two things and each owner's undivided interest in the common elements. The Declaration neither states what the allocated interests are, nor the formulas for determining them. Therefore, it is anybody's guess as to how the common expenses are to be allocated among the units, other than, as you stated, it appears as if the area of the units was somehow considered in the original allocations. I would also note that, while the Declaration does not say how many votes are allocated to each unit, the Articles of Incorporation do reference one vote per unit, so we at least have that tidbit of information.

I would strongly recommend amending this Declaration to:

1. Clarify whether the project is a planned community or a condominium, and make all of the provisions of the Declaration (and if necessary, the plat) consistent with that determination;
2. Specify the allocated interests, including in particular, each unit's share of the common expense liability and the formulas for determining those; and
3. Revising any other provisions that the owners, the Board or you feel are necessary to clarify at this time.

Anticipating that the Board will want to know what the cost of doing this is, I would say that it will depend on the extent to which we are addressing controversial issues. As an example, if we can arrive at a formula that all owners can agree on for allocating common expenses, then the easier it is and the less time we will have in the process. However, if there are controversial issues, then that would necessarily require more time on our part. In any event, a fairly simple amendment that addresses items 1 and 2 above (assuming the owners can agree on whether this is supposed to be a condominium or not, and can agree on the formulas and allocations) would probably cost \$2,000 - \$3,000. Frankly, the whole Declaration ought to be re-written, and that would probably run \$4,000 - \$5,000, but I understand that the Association may not have the funds to do that at this point.

Please let me know if you have any additional questions. Thanks.