

STAPLETON MANSION HOMES FILING II
HOME OWNERS ASSOCIATION

October 12, 2012

Re: 2013 Proposed Budget and Board Approval

Dear Homeowners:

The last time the Association's reserve budget was professionally audited was 2005; since that time we have had extensive reconstruction of our buildings. The purpose of a reserve audit is to establish the cash reserve needed for deferred maintenance of capital items such as painting, gutters, and roofs. Because it is prudent to update our audit from time to time, the board has requested and received an updated current audit prepared by Aspen Reserve Specialist of Littleton, CO, a copy of this reserve audit can be viewed at www.accuinc.com, log in and click on "resources"; if you have any problems contact Melissa Stern, Property Manager, 303-339-9715.

We have carefully reviewed the association annual budget, the annual contribution to the reserve account, as well as an actual physical audit of our buildings and our reconstruction records. Our audit was completed in August 2012 and took into account the work of our reconstruction project, such as building painting, new gutters on many parts of buildings, and the current and projected costs of building materials, particularly roofing. Our professional audit projects that over the next 12 years capital repairs (painting, roofs, etc.) for our 18 buildings will cost between \$900,000 and \$1,500,000. We must increase reserve funding to meet these expenses.

As we all know, these are difficult financial times and increasing monthly dues create hardships for many of our member. Because of the serious consequences of increasing our monthly fees, the board very carefully reviewed the audit documents, and even had them reviewed by Techniscan, the project manager for our reconstruction project. After extensive review of all available information by both Techniscan and the board, we decided that we must increase our annual contributions to our reserve account as recommended, and we have adopted a plan that we believe will keep our buildings, which are currently in excellent condition, properly maintained indefinitely and continue our financial strength and FHA approved lending status.

The board approved budget plan for 2013 includes a \$20.00 (twenty dollar) increase in the monthly contribution from each HOA unit/member. We, the board, also plan to

increase HOA fee in 2014 and 2015 by the same amount. The amounts for future years will need to be reviewed each year to be sure that they are adequate but it is the board's position that the current and planned increases will preserve our FHA and financial status, and secure the future of our buildings and our investment in our property.

In 2013 our budget will contribute \$34,900 to the reserve fund; that contribution will increase in 2014 and 2015, and following years so that over the next 12 years approximately \$1,200,000 will be contributed to the reserve fund. This amount will meet the projected amounts needed through 2024. We will monitor reserve income and reserve expense every year and make adjustments as required.

The board approved budget summary is enclosed and shows all of our income, fees, and expenses, such as snow removal, lawn care, and debt service. A meeting has been called to ratify the 2013 budget on December 6, 2012 at the Central Park Recreation Center, 9651 East Martin Luther King Blvd. at 6:30 PM. Two members of the board, and Melissa Stern of ACCU, our management company, will be at the meeting to discuss and answer any questions from any member. All of our financial and other records and contracts are available to be seen and reviewed by any HOA member at the ACCU office.

The board is committed to the maintenance of our property and its values and to the cost effective operation of our HOA and its business.

Respectfully submitted to the membership by the board of Stapleton Mansion Homes HOA, filing II.

President – Ed Koldenhoven
Secretary – Ovid Beldock
Treasurer – Bill Caniglia

Reply to: Stapleton Mansion Homes HOA,
c/o ACCU, Inc. Community Association Management
2140 South Holly St., Denver, CO 80222, 303-339-9715,
Attention: Melissa Stern, Property Manager.