

Memo

To: «FirstName» «LastName»
From: Kurt Ries
CC:
Date: 03/23/04
Re: Village Water Heater Replacement

Village Condominium Owners, the following is an explanation of changes and impending cost increases to your 2004 Village Condominium Association quarterly assessments, including:

- Cost increase to Village Association annual insurance premium; from \$4,200.12 to \$13,625.56
- Cost increase to Water/Sewer annual charges; from \$15,999.56 to \$19,624.20
- Water/Sewer proprietor to invoice owners directly and no longer include Water/Sewer costs in the Village Association quarterly assessments

Why

Insurance:

Village Association was informed on 01/14/04 by our previous Insurance agent Paige and Campbell, that Arcadia the Village master policy holder will not be renewing our policy on 03/15/04 because of the \$59,232 fire/water damage claim on 05/16/03.

Our Village Directors, took the initiative to solicit five insurance agencies in the area for quotes on "Special Form Property Coverage" insurance (risk). Village is being required to hold this type of policy at an increased premium rate, because of the magnitude of the insurance claim on 05/16/04. Based on the twelve plus quotes we received, the Village Directors have selected David Schramm of Mullen Financial Services as our insurance agent, using Nationwide as their broker.

We are confident we have selected an experienced Condominium insurance agency that uses a very competitive broker. For details on the quotes and selection process, please see the "Village Insurance Quote" link off our web site or request a hard copy from the owner's forum:

<http://users.adelphia.net/~kries> Password is 'garth'

Water/Sewer:

Given the exorbitant amount we pay for Water/Sewer at Bolton Valley and most Associations on the mountain do not include Water/Sewer in their assessments makes Village Association fees look artificially high to a prospective property buyer. The Village Directors have voted not to include Water/Sewer billing in our quarterly assessments.

Summary of projected cost increases:

Based on BV Nov '02 - Oct '03 financial end statement and 03/15/04 Nationwide Insurance Premium + Finance charge					
Yr Insurance	\$13,625.56	Premium	\$13,023.17	Finance	\$602.39
Yr Water/Sewer	\$19,636.64				

2004 Projected Assessment Break Down w/ Risk Insurance

Unit #	Name	Quarterly Assessment	Quarterly Insurance Assessment	Quarterly Sewer & Water Assessment	Total Assessment	% Undivided Interest	Bedrooms	Sq Foot	1981 Value	Delta of Corrected Cost Increase
123	McLeod	\$745.53	\$202.34	\$291.60	\$1,239.47	5.94	3	1300	92,000	\$90.30
124	Parot/Apgar	\$503.24	\$136.60	\$196.86	\$836.69	4.01	2	876	80,000	\$60.96
125	Burnett	\$503.24	\$136.60	\$196.86	\$836.69	4.01	2	876	80,000	\$60.96
126	Clark	\$745.53	\$202.34	\$291.60	\$1,239.47	5.94	3	1300	92,000	\$90.30
127	Thornton	\$414.10	\$112.41	\$162.00	\$688.51	3.3	1	722	70,000	\$50.16
221	Ayers	\$857.67	\$232.66	\$335.30	\$1,425.62	6.83	4	1494	110,000	\$103.83
222	Plimpton	\$857.67	\$232.66	\$335.30	\$1,425.62	6.83	4	1494	110,000	\$103.83
223	Schleman	\$745.53	\$202.34	\$291.60	\$1,239.47	5.94	3	1300	92,000	\$90.30
224	Horne/Stratton	\$503.24	\$136.60	\$196.86	\$836.69	4.01	2	876	80,000	\$60.96
225	Nielsen	\$503.24	\$136.60	\$196.86	\$836.69	4.01	2	876	80,000	\$60.96
226	Donahue	\$745.53	\$202.34	\$291.60	\$1,239.47	5.94	3	1300	92,000	\$90.30
227	Ries	\$414.10	\$112.41	\$162.00	\$688.51	3.3	1	722	70,000	\$50.16
228	McKenna	\$857.67	\$232.66	\$335.30	\$1,425.62	6.83	4	1494	110,000	\$103.83
321	McManus	\$414.10	\$112.41	\$162.00	\$688.51	3.3	1	722	70,000	\$50.16
322	Trahan/Austin	\$414.10	\$112.41	\$162.00	\$688.51	3.3	1	722	70,000	\$50.16
323	Johl	\$745.53	\$202.34	\$291.60	\$1,239.47	5.94	3	1300	92,000	\$90.30
324	Segersten	\$503.24	\$136.60	\$196.86	\$836.69	4.01	2	876	80,000	\$60.96
325	Karevis	\$503.24	\$136.60	\$196.86	\$836.69	4.01	2	876	80,000	\$60.96
326	Plentus	\$745.53	\$202.34	\$291.60	\$1,239.47	5.94	3	1300	92,000	\$90.30
327	Rosenfield	\$414.10	\$112.41	\$162.00	\$688.51	3.3	1	722	70,000	\$50.16
328	Isham	\$414.10	\$112.41	\$162.00	\$688.51	3.3	1	722	70,000	\$50.16
Qrt Totals		\$12,550.23	\$3,406.05	\$4,908.67	\$20,864.95	99.99	48	21,870.00	\$1,782,000	\$1,519.99
Year Totals		\$50,200.92	\$13,624.20	\$19,634.68	\$83,459.79			1,041	\$84,857.14	\$155.46

The projected 2004 average quarterly cost increase to a unit owner is \$155.46, because of increases to Insurance and Water/Sewer premiums.

The Village directors are very sensitive to raising owner's assessment cost, however it needs to be emphasized our current quarterly assessment comprises of:

- Association Fees
- Insurance Premium
- Water and Sewer

It needs to be emphasized that, Insurance and Water/Sewer costs are not Association fees and increases/decreases in these costs will be passed directly on to the owners. The Association has very little control over Water/Sewer costs and the Village Directors have done their best to contain Insurance costs.

What are we doing about it:

We realize this is not much consolation as the net result you still write a bigger check; the Village Directors are discussing three ideas that may help the situation:

- Village can assess monthly, versus quarterly a significant less amount invoiced
- Going w/ a higher deductible Insurance to achieve a lower premium and self insure the smaller claims

To get off high-risk insurance and lower our premiums, Village will need to be claim free for 3-4 years. We as an Association need to demonstrate due diligence in eliminating as much risk as possible; therefore, the following action plans are in progress:

- Installation of temperature and alarm monitoring equipment in the fire sprinkler room
- Insulating of building supply and drainage pipes to prevent freezing
- Replacement of old hot water heaters
- Proposing 'Code Of Conduct' contract addendum for renters to abide by
- Continue to enforce no heating exclusively w/ firewood
- Addition of an outside Ash disposal Can for unit fireplace ash
- Proposing mandatory unit owners Insurance policy clause addition to our by-laws

This is the time for the Village Directors to hear your comments, suggestions and complaints,
-Owners Fourm