

CAPISTRANO COURT HOMEOWNERS ASSOCIATION

C/O Realty One, Inc.
1630 Carr St., Suite D
Lakewood, CO 80214
303-237-8000

April 28, 2023

To: Capistrano Court Homeowners

Re: Emergency Special Assessment for 2023 Operating Costs

Dear Homeowner,

Due to significant increases in utility costs and operating expenses, the Board of Directors approved an emergency special assessment of \$1,800.00 per unit, due in four monthly installments beginning May 15th, 2023 as outlined below, or payable in full on May 15th, 2023 if so chosen. Due to the HOA's current cash shortage, payments in full or any prepayments would be greatly appreciated. Statements will be provided and any late fees or nonpayment will be handled according to the Capistrano Court Homeowners Association governing documents and collection policy.

Payment Schedule

<u>Date Due</u>	<u>Amount Due</u>
May 15, 2023	\$450.00
June 15, 2023	\$450.00
July 15, 2023	\$450.00
August 15, 2023	\$450.00

This special assessment is critical to pay our community's shared utility bills and continue necessary property maintenance. As of April 24, 2023, the HOA had \$3,080 combined in our reserve and operating bank accounts. Although the recent dues increase will help alleviate the financial deficit, upon further review of the 2023 budget and our actual expenses, we must take further action to avoid financial crisis. From January through March 2023, the HOA's monthly income was, on average, \$5,500 and our monthly expenses averaged \$8,000. Through the rest of 2023, even with the increased dues, the HOA's projected expenses exceed our dues income by \$32,000. After extensive discussion and financial analysis, it is clear that a special assessment is our only option to pay shared monthly expenses and keep the property operational. A current Year-to-Date Profit & Loss Summary, Balance Sheet, and the revised and approved 2023 Budget is included with this notice.

It's no secret that energy prices have risen exponentially since December 2022. We have no control over their rates. However, our natural gas use (heat, ovens, etc.) this year has also increased 30% compared to last year. As a community, we need to do everything we can keep these rising costs down for everyone. Please be mindful of your heat, gas, and water use and let the HOA know right away if you notice any gas or plumbing issues by emailing us at capistranohoalakewood@gmail.com.

Many of you may already be aware of the major concerns regarding the boiler in the west building. We have had four plumbing companies confirm that it is actively failing and could stop working at any time. The HOA is in the process of gathering and comparing quotes from contractors to replace the boiler in this building and will provide more information regarding the replacement when possible. Unfortunately, the only way to replace the boiler and continue to provide heat and hot water in the west building will be through a second special assessment in addition to this \$1,800 assessment. We don't know exactly how much this will cost, but as of today, the average amount quoted is approximately \$55,000. At that cost, the boiler would require a special assessment of over \$3,000 per unit. This is a rough estimate based on the information currently at hand and does not guarantee the amount of any forthcoming special assessment for the west building boiler replacement. The actual assessment may be significantly more or less than \$3,000 per unit. We will send cost details and official notice of this assessment out to homeowners as soon as possible, and hope that providing some information now will help you prepare financially or find financing options that work for you. The new boiler will need to be installed and paid in full before freezing temperatures this fall. If the boiler fails, we'll need to act immediately. As painful as this is for all of us, we want to be as transparent and up front as possible given the urgency of the situation and significant costs to homeowners.

As your neighbors, the HOA Board of Directors has the best interests of our community at heart and we're doing everything we can to reduce Capistrano's operating costs. We are working to reduce our snow removal, trash, and landscaping costs as much as possible this year to offset inevitable repairs and rising utilities. Additionally, we're exploring ideas to improve our community's energy efficiency and help keep costs low for all of us. We don't take decisions to increase dues and make assessments lightly. Payments to the HOA go directly towards the community's necessary operating expenses, shared utility costs, and required maintenance to keep our home in safe and functional condition.

Thank you,

Board of Directors
Capistrano Court Homeowners Association

Encl.

April 28, 2023 Year-to-Date Profit & Loss Summary

April 28, 2023 Balance Sheet

April 24, 2023 Amended Budget, January through December 2023

Capistrano Court Homeowners Association

Amended Budget

Prepared 4/25/2023

January through December 2023

	<u>Jan - Dec 2023</u>
Ordinary Income/Expenses	
Income	
Monthly Dues	\$ 75,600
4/28/2023 Special Assessment	\$ 32,400
Total Income	\$ 108,000
Expense	
Operating Expense	
ACH Quarterly Bank Fee	\$ 180
Annual Fees	\$ 40
Back Flow Certification	\$ 375
Exterior Building Repairs	\$ 395
Gutter Repairs	\$ 1,000
Insurance	\$ 15,900
Landscape Contract	\$ 2,500
Legal Fees	\$ -
Office Supplies	\$ 45
Plumbing/Boilers	\$ 15,000
Postage/Delivery	\$ 160
Prop Management Fee	\$ 6,300
Snow Removal	\$ 5,000
Sprinkler Repairs	\$ 500
Tax Prep Fee	\$ 325
Trash	\$ 11,160
Water	\$ 12,280
Xcel Energy	\$ 29,280
Total Operating Expense	\$ 100,440
Reserve Contribution	
10% Monthly Dues	\$ 7,560
Total Reserve Contribution	\$ 7,560
Total Expense	\$ 108,000
Net Income	\$ -