

Solterra Patio Homes HOA, Inc.

S. Indiana St. and Juniper Dr.
Lakewood, CO 80228

Association Budget 2014

Date Revised: October 31, 2013

| | |
|------------------------------------|----------------|
| 2014 Monthly Assessment of: | \$91.00 |
| 2013 Assessments: | \$70 |
| Percentage Increase | 30% |

Date Approved: November 12, 2013

Prepared by: Scott Bristol
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Solterra Patio Homes HOA, Inc.
2014 Cash Balance
 January through December 2014

| | <u>Jan 14</u> | <u>Feb 14</u> | <u>Mar 14</u> | <u>Apr 14</u> | <u>May 14</u> | <u>Jun 14</u> | <u>Jul 13</u> | <u>Aug 14</u> | <u>Sep 14</u> | <u>Oct 14</u> | <u>Nov 14</u> | <u>Dec 14</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|
| Operating | | | | | | | | | | | | |
| Beginning of Month Cash Balance | - | 999 | 2,914 | 5,276 | 1,080 | 554 | 222 | (94) | 607 | 1,242 | (5,925) | (2,999) |
| Monthly Net Income (Loss) | 999 | 1,915 | 2,362 | (4,196) | (526) | (332) | (316) | 701 | 635 | (7,167) | 2,926 | 3,374 |
| End of Month Cash Balance (see note) | <u>999</u> | <u>2,914</u> | <u>5,276</u> | <u>1,080</u> | <u>554</u> | <u>222</u> | <u>(94)</u> | <u>607</u> | <u>1,242</u> | <u>(5,925)</u> | <u>(2,999)</u> | <u>375</u> |
| Reserve | | | | | | | | | | | | |
| Beginning of Month Cash Balance | 1,875 | 1,992 | 2,116 | 2,248 | 2,388 | 2,533 | 2,683 | 2,839 | 3,001 | 3,169 | 3,342 | 3,522 |
| Monthly Net Income (Loss) | 117 | 124 | 132 | 140 | 145 | 150 | 156 | 162 | 168 | 173 | 180 | 187 |
| End of Month Cash Balance (see note) | <u>1,992</u> | <u>2,116</u> | <u>2,248</u> | <u>2,388</u> | <u>2,533</u> | <u>2,683</u> | <u>2,839</u> | <u>3,001</u> | <u>3,169</u> | <u>3,342</u> | <u>3,522</u> | <u>3,709</u> |

2014 Monthly Assessment of: \$91.00
 2013 Assessments: \$70
 Percentage Increase 30%

Notes:
 1. Projections of cash balances based on net income assume revenues and expenses in a given month approximate total collections from homeowners and on time payments to vendors.

Solterra Patio Homes HOA, Inc.
2014 Budget Overview
 January through December 2014

| | <u>Jan 14</u> | <u>Feb 14</u> | <u>Mar 14</u> | <u>Apr 14</u> | <u>May 14</u> | <u>Jun 14</u> | <u>Jul 13</u> | <u>Aug 14</u> | <u>Sep 14</u> | <u>Oct 14</u> | <u>Nov 14</u> | <u>Dec 14</u> | <u>TOTAL</u> <u>Jan - Dec 14</u> |
|----------------------------------|---------------------|---------------------|---------------------|----------------------|--------------------|--------------------|--------------------|-------------------|-------------------|----------------------|---------------------|---------------------|-------------------------------------|
| Number of Homes | 78 | 83 | 88 | 93 | 97 | 100 | 104 | 108 | 112 | 115 | 120 | 125 | 1223 |
| Ordinary Income/Expense | | | | | | | | | | | | | |
| Income | | | | | | | | | | | | | |
| 4000 · Assessments - Homeowners | 7,098 | 7,553 | 8,008 | 8,463 | 8,827 | 9,100 | 9,464 | 9,828 | 10,192 | 10,465 | 10,920 | 11,375 | 111,293 |
| 4050 · Working Capital | 910 | 910 | 910 | 728 | 546 | 728 | 728 | 728 | 546 | 910 | 910 | 910 | 9,464 |
| Total Income | <u>8,008</u> | <u>8,463</u> | <u>8,918</u> | <u>9,191</u> | <u>9,373</u> | <u>9,828</u> | <u>10,192</u> | <u>10,556</u> | <u>10,738</u> | <u>11,375</u> | <u>11,830</u> | <u>12,285</u> | <u>120,757</u> |
| Expense | | | | | | | | | | | | | |
| 5100 · Grounds Improvements | | | | 1,000 | 1,000 | 1,000 | 1,000 | | | | | | 4,000 |
| 5120 · Grounds Maintenance | | | | 6,539 | 6,827 | 7,043 | 7,331 | 7,619 | 7,907 | 8,195 | | | 51,461 |
| 5140 · Grounds Repair Sprinklers | | | | 1,549 | 1,003 | 1,043 | 1,097 | 1,150 | 1,104 | 1,450 | | | 8,396 |
| 5180 · Snow Removal | 5,500 | 5,500 | 5,500 | | | | | | | 7,800 | 7,800 | 7,800 | 39,900 |
| 6020 · Administrative | 429 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 473 |
| 6040 · Audit Tax | | | | 275 | | | | | | | | | 275 |
| 6120 · Insurance | | | | 2,960 | | | | | | | | | 2,960 |
| 6280 · Postage and Delivery | 45 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 67 |
| 6300 · Property Management | 918 | 918 | 918 | 918 | 918 | 918 | 918 | 918 | 918 | 918 | 918 | 918 | 11,016 |
| 6420 · Transfer to Reserve | 117 | 124 | 132 | 140 | 145 | 150 | 156 | 162 | 168 | 173 | 180 | 187 | 1,834 |
| Total Expense | <u>7,009</u> | <u>6,548</u> | <u>6,556</u> | <u>13,387</u> | <u>9,899</u> | <u>10,160</u> | <u>10,508</u> | <u>9,855</u> | <u>10,103</u> | <u>18,542</u> | <u>8,904</u> | <u>8,911</u> | <u>120,382</u> |
| Net Ordinary Income | <u>999</u> | <u>1,915</u> | <u>2,362</u> | <u>-4,196</u> | <u>-526</u> | <u>-332</u> | <u>-316</u> | <u>701</u> | <u>635</u> | <u>-7,167</u> | <u>2,926</u> | <u>3,374</u> | <u>375</u> |
| Other Income/Expense | | | | | | | | | | | | | |
| Other Income | | | | | | | | | | | | | |
| 8000 · Transfer from Operating | 117 | 124 | 132 | 140 | 145 | 150 | 156 | 162 | 168 | 173 | 180 | 187 | 1,834 |
| Total Other Income | <u>117</u> | <u>124</u> | <u>132</u> | <u>140</u> | <u>145</u> | <u>150</u> | <u>156</u> | <u>162</u> | <u>168</u> | <u>173</u> | <u>180</u> | <u>187</u> | <u>1,834</u> |
| Net Other Income | <u>117</u> | <u>124</u> | <u>132</u> | <u>140</u> | <u>145</u> | <u>150</u> | <u>156</u> | <u>162</u> | <u>168</u> | <u>173</u> | <u>180</u> | <u>187</u> | <u>1,834</u> |
| Net Income | <u><u>1,116</u></u> | <u><u>2,039</u></u> | <u><u>2,494</u></u> | <u><u>-4,056</u></u> | <u><u>-381</u></u> | <u><u>-182</u></u> | <u><u>-160</u></u> | <u><u>863</u></u> | <u><u>803</u></u> | <u><u>-6,994</u></u> | <u><u>3,106</u></u> | <u><u>3,561</u></u> | <u><u>2,209</u></u> |

Solterra Patio Homes HOA, Inc.

October 31, 2013

Notes for Association Budget

- 4000 - Assessments - Homeowners** Solterra has accelerated growth at the end of 2013 and will continue through 2014. Solterra started 2013 with 34 homes and will end 2013 at 78 homes but averaged less than 3 home additions through the first three quarters of 2013. The average monthly home closing jump to 5 in Q4 of 2013 and maintains that pace through 2014. The increase in number of units increases revenue and is also reflected in dramatic cost increases in certain expense line items below.
- 5100 - Grounds Improvements** Landscape plant material repair and improvement. Budget for 2014 is increased to \$4,000 to reflect requests from homeowners to address replacement and improvement of plant material to maintain Solterra commensurate with the quality of the community and demographic of the homeownership.
- 5120 - Grounds Maintenance** Grounds maintenance is based on landscape contract bidding process. Keesen was the successful bidder for 2013 and 2014. Contract cost increases monthly to reflect an average of 5 home closings per month. Base contract cost has increased due to the addition of scope items to provide a higher level of service to result in better quality of maintenance and plant material care than has been offered under past contracts. This increased level of service reflects requests by homeowners for a higher level of landscape maintenance and quality of landscape appearance.
- 5140 - Grounds Repair Sprinklers** Sprinkler repair.
- 5180 - Snow Removal** Keesen was the successful bidder for 2014. Budget is based on an average of 1.3 man hour per home. This man load estimate includes the driveway, front walk and stairs to the front door and street sidewalks and is typical of years past. Solterra has long driveways in certain locations and the geography next to Green Mountain and the foothills creates significant drifting. Snow removal is mainly hand shoveling since equipment is very difficult to use because of the configuration of the areas to clear.
- 6020 - Administrative** Association costs associated with providing payment coupons, office supplies and copies.
- 6040 - Audit Tax** Annual tax return preparation.

Solterra Patio Homes HOA, Inc.

October 31, 2013

Notes for Association Budget

| | |
|------------------------------------|--|
| 6120 - Insurance | Annual Property and Casualty, Umbrella, Directors and Officers and Fidelity insurance required by the Governing Documents. Contract is bid to AA or higher rated carriers as required by the Governing Documents. Contract renewal in in April and is forecast to increase by 8% which is consistent with HOA insurance cost increases over the last year. |
| 6180 - Legal Fees | Cost for Association legal support. |
| 6280 - Postage and Delivery | Postage |
| 6300 - Property Management | HOA Management provided by Stillwater Community Management. Cost increases from \$475 in 2013 to \$918 in 2014, however, the per home cost of property management in 2014 is decreased from \$10 per home in 2013 to \$9 per home in 2014. Increase in due to the number of home forecast to be added in 2014. |
| 6390 - Bank Fees | Bank fees are for providing ACH services to the HOA. |
| 6420 - Transfer to Reserve | Monthly transfer to the reserve account as detailed in attached "Twenty Year Reserve Plan." |

Solterra Patio Homes HOA, Inc.

S. Indiana St. and Juniper Dr.
Lakewood, CO 80228

Twenty Year Reserve Plan

Study Base Year: 2007
Revised and Reviewed: October 1, 2013

Date Approved: November 12, 2013

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Solterra Patio Homes HOA, Inc.

October 1, 2013

PLAN REVISION NOTES 2014

This is a reserve plan designed to catalog long term costs associated with maintenance obligations of the HOA. The goal of the plan is to identify timing of long-term costs and save accordingly. Base costs are estimates derived from installation cost and current price quotes from manufacturers of same or similar products. Timing of costs are derived from manufactures operations and maintenance documentation and commonly used industry specific values. This is not an engineering study but a "Common Sense" plan to match savings to long-term expenditures.

- 1 A portion of the reserve item for unit landscape repair and replace have been moved to yearly operations budget. A yearly operating expense item of \$4,000 has been budgeted to provided for landscape repair and replace.

Solterra Patio Homes HOA, Inc.

Twenty Year Reserve Plan - Exhibit A
 Provided by: Stillwater Community Management, LLC
 October 1, 2013
 Study Type: Full, With-Site-Visit/Off Site Review

| Component | Base | | Cycle | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------------|-------------|------|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Cost | Year | Term | Start | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Major Landscape Replace | \$ 7,555.00 | 2010 | 6 | 2011 | | | | 7,555 | | | | | | 7,555 |
| | | | | | | | | | | | | | | |
| Total Scheduled Expenditures | | | | | - | - | - | 7,555 | - | - | - | - | - | 7,555 |
| Carryover of previous Year | | | | | 1,875 | 3,710 | 6,160 | 8,611 | 3,508 | 5,958 | 8,409 | 10,861 | 13,313 | 15,767 |
| Forecast Interest Earned | | | | | 1 | 2 | 3 | 4 | 2 | 3 | 4 | 5 | 6 | 7 |
| Added to Reserves | | | | | 1,834 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 |
| End of Year Reserve Balance | | | | | 3,710 | 6,160 | 8,611 | 3,508 | 5,958 | 8,409 | 10,861 | 13,313 | 15,767 | 10,667 |
| | | | | | | | | | | | | | | |
| Number of Units | | | | | 102 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 |
| Monthly Unit Contribution | | | | | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Estimated Rate of Inflation | | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Estimated Rate of Interest | | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

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Solterra Patio Homes HOA, Inc.

Twenty Year Reserve Plan - Exhibit A
 Provided by: Stillwater Community Management, LLC
 October 1, 2013
 Study Type: Full, With-Site-Visit/Off Site Review

| Component | Base | | Cycle | | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | Next Pmt | 20-Yr Balance |
|------------------------------|-------------|------|-------|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|------------------|
| | Cost | Year | Term | Start | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | | |
| Major Landscape Replace | \$ 7,555.00 | 2010 | 6 | 2011 | | | | | | 7,555 | | | | | 2035 | 5,037 |
| | | | | | | | | | | | | | | | | |
| Total Scheduled Expenditures | | | | | - | - | - | - | - | 7,555 | - | - | - | - | | |
| Carryover of previous Year | | | | | 10,667 | 13,120 | 15,574 | 18,028 | 20,484 | 22,941 | 17,843 | 20,299 | 22,756 | 25,213 | | |
| Forecast Interest Earned | | | | | 5 | 6 | 7 | 8 | 9 | 10 | 8 | 9 | 10 | 11 | | |
| Added to Reserves | | | | | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | 2,448 | | |
| End of Year Reserve Balance | | | | | 13,120 | 15,574 | 18,028 | 20,484 | 22,941 | 17,843 | 20,299 | 22,756 | 25,213 | 27,672 | | |
| | | | | | | | | | | | | | | | | |
| Number of Units | | | | | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | |
| Monthly Unit Contribution | | | | | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | |
| Estimated Rate of Inflation | | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | |
| Estimated Rate of Interest | | | | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | |

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| Solterra Patio Homes HOA, Inc. | | | | | |
|---|-------------|------|-------|-------|-------------|
| Twenty Year Reserve Plan - Exhibit A Provided by: Stillwater Community Management, LLC October 1, 2013 Study Type: Full, With-Site-Visit/Off Site Review | | | | | |
| Component | Base | | Cycle | | Next Pmt |
| | Cost | Year | Term | Start | |
| Major Landscape Replace | \$ 7,555.00 | 2010 | 6 | 2011 | 7,555 |
| | | | | | |
| Total Scheduled Expenditures | | | | | |
| Carryover of previous Year | | | | | |
| Forecast Interest Earned | | | | | |
| Added to Reserves | | | | | |
| End of Year Reserve Balance | | | | | |
| | | | | | |
| Number of Units | | | | | |
| Monthly Unit Contribution | | | | | |
| Estimated Rate of Inflation | | | | | |
| Estimated Rate of Interest | | | | | |

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Solterra Patio Homes HOA, Inc.

October 1, 2013

RESERVE PLAN NOTES

This is a reserve plan designed to catalog long term costs associated with maintenance obligations of the HOA. The goal of the plan is to identify timing of long-term costs and save accordingly. Base costs are estimates derived from installation cost and current price quotes from manufacturers of same or similar products. Timing of costs are derived from manufactures operations and maintenance documentation and commonly used industry specific values. This is not an engineering study but a "Common Sense" plan to match savings to long-term expenditures.

1 Landscape Improvements/Replace

Cost to replace and improve landscape material every 6 years

\$ 7,555.00