

**MLV Townhomes Owners Association, Inc
SUB ASSOCIATION**

- 2023 OWNERS PACKET -

Dear MLV Townhomes Owners Association Homeowner,

Enclosed you will find the following documentation:

- 2023 Dues by unit (Dues are not changing this year!)
- 2023 Operating Budget
- Dues Summary 2023 thru 2027
- 2023 Disclosure Statement
- 2020 Maintenance Reserve Study

All the enclosed documentation is for the sub association. The townhome sub association is responsible for all the exterior maintenance and driveway maintenance of the townhomes (currently units 1 – 7 and units 24 – 26).

The HOA currently is only building a reserve account for the maintenance of Units 5 – 7 and Units 24 – 26. The maintenance of Units 1 – 4 will be assessed as special assessments as the work is required. The reason for this is because of maintenance of Units 1 – 4 is different than Units 5 – 7 and Units 24 – 26. Per the CC&Rs, the maintenance for Units 1 – 4 is handled separately than all the other townhomes and is easiest assessed as special assessments.

Please Note: The dues mentioned in this packet are ONLY for the sub association and do not include the master association dues. There is another packet with the dues for the master association. BOTH set of dues must be paid on a monthly, quarterly or annual basis. Separate checks need to be cut for the master and sub association dues.

ADDRESS FOR MAILING DUES:

MLV Townhomes Owners Association, Inc.
PO Box 3846
Pagosa Springs, CO 81147

Please don't hesitate to call me with any questions at (970) 903-9801.

Sincerely,

Ryan Searle
Secretary/Treasurer

MLV Townhomes Owners Association, Inc. (Townhome Sub Association)
 Operating/Reserve Budget Dues By Unit Per the CC&R's
 January through December 2023

| Operating Budget | | | | | | |
|-------------------------|---------------|----------------|--------------------|--------------------|--------------------|------------------|
| Unit # | Sq Ft | Percentage | Operating Budget | Annual Payment* | Quarterly Payment* | Monthly Payment* |
| 1 | 1,876 | 9.43% | \$ 923.10 | \$ 923.10 | \$230.78 | \$76.93 |
| 2 | 2,346 | 11.79% | \$ 1,154.37 | \$ 1,154.37 | \$288.59 | \$96.20 |
| 3 | 2,442 | 12.27% | \$ 1,201.61 | \$ 1,201.61 | \$300.40 | \$100.13 |
| 4 | 1,876 | 9.43% | \$ 923.10 | \$ 923.10 | \$230.78 | \$76.93 |
| 5 | 1,804 | 9.07% | \$ 887.67 | \$ 887.67 | \$221.92 | \$73.97 |
| 6 | 1,791 | 9.00% | \$ 881.28 | \$ 881.28 | \$220.32 | \$73.44 |
| 7 | 1,675 | 8.42% | \$ 824.20 | \$ 824.20 | \$206.05 | \$68.68 |
| 24 | 2,297 | 11.55% | \$ 1,130.26 | \$ 1,130.26 | \$282.56 | \$94.19 |
| 25 | 1,902 | 9.56% | \$ 935.90 | \$ 935.90 | \$233.97 | \$77.99 |
| 26 | 1,887 | 9.48% | \$ 928.51 | \$ 928.51 | \$232.13 | \$77.38 |
| TOTAL | 19,896 | 100.00% | \$ 9,790.00 | \$ 9,790.00 | | |

| Reserve Fund - Units 5-7 & 24-26 | | | | | | |
|---|---------------|-------------|--------------------|--------------------|-------------------|-----------------|
| Unit # | Sq Ft | Percentage | Reserve Fund | Annual Payment | Quarterly Payment | Monthly Payment |
| 5 | 1,804 | 15.89% | \$ 635.44 | \$ 635.44 | \$158.86 | \$52.95 |
| 6 | 1,791 | 15.77% | \$ 630.86 | \$ 630.86 | \$157.71 | \$52.57 |
| 7 | 1,675 | 14.75% | \$ 590.00 | \$ 590.00 | \$147.50 | \$49.17 |
| 24 | 2,297 | 20.23% | \$ 809.09 | \$ 809.09 | \$202.27 | \$67.42 |
| 25 | 1,902 | 16.75% | \$ 669.95 | \$ 669.95 | \$167.49 | \$55.83 |
| 26 | 1,887 | 16.62% | \$ 664.67 | \$ 664.67 | \$166.17 | \$55.39 |
| TOTAL | 11,356 | 100% | \$ 4,000.00 | \$ 4,000.00 | | |

Late Fees: 18% per annum if not fully paid by the 10th day after the date when due plus a late fee of \$20 per month.

Monthly Payments: If you choose to pay monthly there is an additional fee of \$25 per payment due to administrative costs. Annual or quarterly payments are not charged any additional fees.

*Assessments begin at the time of C.O. and are pro-rated.

**MLV Townhomes Owners Association
 Operating Budget Report
 January thru December, 2023**

| | 2023 Budget |
|---|------------------------|
| INCOME, | |
| Assessments/Dues | 9,790.00 |
| Transfer Fees, | - |
| Other Fees, | - |
| In Kind, | - |
| Interest Income, | - |
| Total Income | 9,790.00 |
| EXPENSES, | |
| Insurance Liability | 6,500.00 |
| Licenses and Fees | - |
| Misc Expense | - |
| Professional fees | - |
| Legal/CPA | 700.00 |
| Accounting/Admin | 1,200.00 |
| Management Fee | - |
| Total Professional Fees | 1,900.00 |
| Taxes | - |
| Building & Ground Expenses | |
| Repair & Maintenance Exp | 500.00 |
| Total Building & Ground Exp. | 500.00 |
| 10% Contingency | 890.00 |
| TOTAL EXPENSES | 9,790.00 |

2023 Overview

Dues Summary with projection thru 2026

| Dues: | 2023 | 2024 | 2025 | 2026 | 2027 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Maintenance Reserve (1) | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 4,000.00 | \$ 5,000.00 |
| Operating Exp. (2) | \$ 9,790.00 | \$ 10,181.60 | \$ 10,588.86 | \$ 11,012.42 | \$ 11,452.92 |
| Total Combined | \$ 13,790.00 | \$ 14,181.60 | \$ 14,588.86 | \$ 15,012.42 | \$ 16,452.92 |

(1) Based on 2020 Reserve Study & only for Units 5 - 7 & 24 - 26 Maintenance

(2) Based on the 2023 Operating Budget

Notes:

The Maintenance Reserve Study must be updated at least every (3) years.

At this time, a total update of all information herein will be accomplished. Necessary updates to the 30 year forecast will be made at this time. The next reserve study is planned for 2024.

The Operating Budget is established on an annual basis. Changes to the dues forecast will be made as necessary to reflect any changes. Inflation rate for the Operating Budget is scheduled at 4% per year.

Per the CC&Rs, dues per unit are "based upon a fraction, the numerator of which is the total square footage of a Unit owned by the Owner and the denominator of which is the total square footage of all the Units within the Project."

Assessment and Reserve Funding Disclosure Summary

(Data is valid as of December 9th, 2022)

1. The 2023 assessment per ownership range from \$824.20/year to \$1,201.61/year. This is only for the operating budget and is assessed to all 10 completed units (Units 1 – 7 & 24 – 26). Assessments begin at the time of C.O. and are pro-rated.
2. The 2022 reserve assessment per ownership range from \$590.00/year to \$669.95/year and is only for Units 5 – 7 & 24 – 26. This will allow us to build a reserve in the estimated amount of \$4,000.00.
3. A roofing special assessment was approved by the Board for Units 1-4 in December 2022 to replace the shingles and roof heat.
4. Based on the most recent reserve study and other information available to the Board of Directors, there will be balances sufficient at the end of each year to meet the Association's obligation for repair and/or replacement components during the next 30 years for Units 5 – 7 and 24 – 26. Units 1 – 4 will be maintained through special assessments to those particular units.
5. The 2022 budget allows for a reserve fund of \$4,000.00. If the reserve fund is increased as shown in the dues summary page there will be enough in the reserve fund to cover all anticipated future expenses.
6. All major components are included in the reserve study and are included in its calculations.
7. The reserve fund cash at the end of the 2023 Fiscal Year is anticipated to be around \$18,000.00.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at this time. The estimates are subject to change. This disclosure was produced based on data available at 12/9/22.

| | | plan year number- | | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|--|-------------------|---------------------------------------|---------|----------------|----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | cost | life | last | fiscal year- | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| CAPITAL ASSET | | per event | cycle | service | remaining life | | | | | | | | | | | | |
| PROJECT | | 2020 | (years) | year | (years) | | | | | | | | | | | | |
| 5 | Paint Exterior Units: 5 - 7 | \$ 3,000.00 | 7 | 2020 | 8 | | | | | | | | | | | | |
| 8 | Roof Replacement Units: 5 - 7 | \$ 20,000.00 | 30 | 2020 | 31 | | | | | | | | | | | | |
| 9 | Roof Repair | \$ 2,000.00 | 5 | 2016 | 2 | | | \$ 2,101 | | | | | | | | | |
| 12 | Garage Door Replacement Units: 5 - 7 | \$ 6,000.00 | 45 | 2020 | 46 | | | | | | | | | | | | |
| | Paint Exterior Units: 24 - 26 | \$ 3,000.00 | 7 | 2021 | 9 | | | | | | | | | | | | |
| | Roof Replacement Units: 24 - 26 | \$ 20,000.00 | 30 | 2021 | 32 | | | | | | | | | | | | |
| | Garage Door Replacement Units: 24 - 26 | \$ 6,000.00 | 45 | 2021 | 47 | | | | | | | | | | | | |
| 13 | Miscellaneous | \$ 1,000.00 | 1 | 2019 | 1 | \$ 1,000 | \$ 1,025 | \$ 1,051 | \$ 1,077 | \$ 1,104 | \$ 1,131 | \$ 1,160 | \$ 1,189 | \$ 1,218 | \$ 1,249 | \$ 1,280 | \$ 1,312 |
| TOTAL CAPITAL COSTS | | \$ 61,000.00 | | | | \$ 1,000 | \$ 1,025 | \$ 3,152 | \$ 1,077 | \$ 1,104 | \$ 1,131 | \$ 1,160 | \$ 7,132 | \$ 4,874 | \$ 1,249 | \$ 1,280 | \$ 1,312 |
| CAPITAL REVENUE | | | | | | | | | | | | | | | | | |
| Annual Capital Dues Capital Portion Only | | | | | | \$ 2,000 | \$ 2,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 4,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 6,000 |
| Reserve Fund Interest (CD) accumulated during the year per assumed rate | | | | | | \$ 325 | \$ 66 | \$ 84 | \$ 144 | \$ 205 | \$ 267 | \$ 349 | \$ 313 | \$ 322 | \$ 403 | \$ 486 | |
| TOTAL GROSS REVENUE (allocated to Reserve Fund) | | | | | | \$ 2,000 | \$ 2,325 | \$ 4,066 | \$ 4,084 | \$ 4,144 | \$ 4,205 | \$ 5,267 | \$ 5,349 | \$ 5,313 | \$ 5,322 | \$ 5,403 | \$ 6,486 |
| NET ANNUAL REVENUE | | | | | | \$ 1,000 | \$ 4,325 | \$ 7,366 | \$ 932 | \$ 3,068 | \$ 3,101 | \$ 4,135 | \$ 4,189 | \$ (1,819) | \$ 448 | \$ 4,155 | \$ 5,206 |
| CAPITAL RESERVES | | | | | | | | | | | | | | | | | |
| Capital Reserve Fund (CD's) at beginning of year | | | | | | \$ - | \$ 2,000 | \$ 3,300 | \$ 4,214 | \$ 7,222 | \$ 10,262 | \$ 13,336 | \$ 17,443 | \$ 15,660 | \$ 16,099 | \$ 20,172 | \$ 24,296 |
| Transfers (to) from O&M Fund at end of year | | | | | | \$ - | \$ (1,025) | \$ (3,152) | \$ (1,077) | \$ (1,104) | \$ (1,131) | \$ (1,160) | \$ (7,132) | \$ (4,874) | \$ (1,249) | \$ (1,280) | \$ (1,312) |
| Net Annual Revenue | | | | | | \$ 2,000 | \$ 2,325 | \$ 4,066 | \$ 4,084 | \$ 4,144 | \$ 4,205 | \$ 5,267 | \$ 5,349 | \$ 5,313 | \$ 5,322 | \$ 5,403 | \$ 5,206 |
| CAPITAL RESERVE FUND at year end | | | | | | \$ 2,000 | \$ 3,300 | \$ 4,214 | \$ 7,222 | \$ 10,262 | \$ 13,336 | \$ 17,443 | \$ 15,660 | \$ 16,099 | \$ 20,172 | \$ 24,296 | \$ 28,190 |
| ASSUMPTIONS | | | | | | | | | | | | | | | | | |
| Capital cost rate of inflation | | 2.50% | per year for construction work | | | | | | | | | | | | | | |
| annual rate of dues increase | | 0.75% | per year on capital dues portion only | | | | | | | | | | | | | | |
| Reserve Fund (CD) rate of return | | 2.00% | per year | | | | | | | | | | | | | | |
| | | | | | | | 103% | 105% | 108% | 110% | 113% | 116% | 119% | 122% | 125% | 128% | 131% |
| | | | | | | | 101% | 102% | 102% | 103% | 104% | 105% | 105% | 106% | 107% | 108% | 109% |

| 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-----------|
| 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | |
| | | \$ 4,239 | | | | | | | \$ 5,039 | | | | | | | \$ 5,989 | | | |
| \$ 2,690 | | | | | \$ 3,043 | | | | | \$ 3,443 | | | | | \$ 3,896 | | | | \$ 41,951 |
| | | | | | | | | | | | | | | | | | | | \$ 41,951 |
| \$ 1,345 | \$ 1,379 | \$ 1,413 | \$ 1,448 | \$ 1,485 | \$ 1,522 | \$ 1,560 | \$ 1,599 | \$ 1,639 | \$ 1,680 | \$ 1,722 | \$ 1,765 | \$ 1,809 | \$ 1,854 | \$ 1,900 | \$ 1,948 | \$ 1,996 | \$ 2,046 | \$ 2,098 | |
| \$ 4,035 | \$ 1,379 | \$ 5,652 | \$ 1,448 | \$ 1,485 | \$ 4,565 | \$ 1,560 | \$ 1,599 | \$ 1,639 | \$ 6,718 | \$ 5,165 | \$ 1,765 | \$ 1,809 | \$ 1,854 | \$ 1,900 | \$ 5,843 | \$ 7,986 | \$ 2,046 | \$ 86,000 | |
| \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 7,000 | \$ 7,000 | \$ 7,000 | \$ 7,000 | \$ 7,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 8,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 | \$ 9,000 |
| \$ 564 | \$ 588 | \$ 612 | \$ 603 | \$ 593 | \$ 687 | \$ 719 | \$ 751 | \$ 843 | \$ 935 | \$ 947 | \$ 888 | \$ 927 | \$ 1,034 | \$ 1,142 | \$ 1,269 | \$ 1,320 | \$ 1,250 | \$ 1,254 | |
| \$ 6,564 | \$ 6,588 | \$ 6,612 | \$ 6,603 | \$ 7,593 | \$ 7,687 | \$ 7,719 | \$ 7,751 | \$ 7,843 | \$ 8,935 | \$ 8,947 | \$ 8,888 | \$ 8,927 | \$ 9,034 | \$ 10,142 | \$ 10,269 | \$ 10,320 | \$ 10,250 | \$ 10,254 | |
| \$ 5,252 | \$ 2,553 | \$ 5,233 | \$ 951 | \$ 6,145 | \$ 6,202 | \$ 3,154 | \$ 6,192 | \$ 6,244 | \$ 7,297 | \$ 2,228 | \$ 3,723 | \$ 7,163 | \$ 7,225 | \$ 8,288 | \$ 8,369 | \$ 4,477 | \$ 2,264 | \$ 8,208 | |
| \$ 28,190 | \$ 29,407 | \$ 30,582 | \$ 30,163 | \$ 29,666 | \$ 34,326 | \$ 35,964 | \$ 37,558 | \$ 42,151 | \$ 46,757 | \$ 47,335 | \$ 44,399 | \$ 46,357 | \$ 51,711 | \$ 57,083 | \$ 63,470 | \$ 65,996 | \$ 62,486 | \$ 62,704 | |
| \$ (4,035) | \$ (1,379) | \$ (5,652) | \$ (1,448) | \$ (1,485) | \$ (4,565) | \$ (1,560) | \$ (1,599) | \$ (1,639) | \$ (6,718) | \$ (5,165) | \$ (1,765) | \$ (1,809) | \$ (1,854) | \$ (1,900) | \$ (5,843) | \$ (7,986) | \$ (2,046) | \$ (86,000) | |
| \$ 5,252 | \$ 2,553 | \$ 5,233 | \$ 951 | \$ 6,145 | \$ 6,202 | \$ 3,154 | \$ 6,192 | \$ 6,244 | \$ 7,297 | \$ 2,228 | \$ 3,723 | \$ 7,163 | \$ 7,225 | \$ 8,288 | \$ 8,369 | \$ 4,477 | \$ 2,264 | \$ 8,208 | |
| \$ 29,407 | \$ 30,582 | \$ 30,163 | \$ 29,666 | \$ 34,326 | \$ 35,964 | \$ 37,558 | \$ 42,151 | \$ 46,757 | \$ 47,335 | \$ 44,399 | \$ 46,357 | \$ 51,711 | \$ 57,083 | \$ 63,470 | \$ 65,996 | \$ 62,486 | \$ 62,704 | \$ (15,089) | |
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| 134% | 138% | 141% | 145% | 148% | 152% | 156% | 160% | 164% | 168% | 172% | 176% | 181% | 185% | 190% | 195% | 200% | 205% | 210% | |
| 109% | 110% | 111% | 112% | 113% | 114% | 114% | 115% | 116% | 117% | 118% | 119% | 120% | 121% | 121% | 122% | 123% | 124% | 125% | |