

Dec 29,2017

Dear Alpine Haven Property Owners,

The following is a year-end update on AHPOA service fees and the outstanding legal cases.

At our August Annual General Meeting, a complete review of AHPOA expenses were presented to members, who **unanimously** approved a 2- tiered fee structure that provides 1) a fee for non-members that reflects the Association's cost to provide only deeded services, and 2) a fee for members that reflects the cost of both deeded plus non-deeded services. The difference between these charges amounts to a modest \$100/year and that includes driveway plowing not supplied to non-members.

The majority of AHPOA expenses relate to providing access to owner's properties. The minimal incremental expense to provide driveway plowing and recreational facilities, is just one of the many good reasons for all owners to be members of the Association.

In recent years, legal expenses associated with lawsuits and collections have increased fees. Once settled, a significant fee reduction is expected. Resolution was expected in both the Brewin and Skea cases. However, recent events by litigants in both cases will delay a decision.

In the Brewin case, Judge Bent's initial decision was confusing. Unknown and unanswered was how to proceed forward as his decision applied only to the few years under dispute. Both Mr. Brewin and AHPOA filed a Motions for Reconsideration. The judge did award AHPOA an additional sum, but if his method to determine charges are applied to the future, much of the community would be adversely affected as it would reverse the long standing fee structure that charged all owners equally in the cost to maintain roads.

In the SKEA case, which centers primarily on resolving the question of what is a reasonable fee, AHPOA entered into mediation with the litigants. Lengthy discussions ensued, but no agreement could be reached. A previously set court date for early December 2017 was delayed due to plaintiff Gadpaille's decision to dismiss their attorney and represent themselves.

These are complex cases with delays causing frustration for both sides. Still the primary disputes center around the level of services provided by AHPOA and how much owners should pay. Proper resolution of "what services" and how much should owners pay is critical to both sides. The litigants want to pay only for deeds services, AHPOA want to be sure the fee structure is adequate to sustain services.

In the beginning with Hubert Daberer as the developer of Alpine Haven, he was entitled to recover costs and make a reasonable profit. He charged the same fee to all owners plus a small extra fee for those using the recreational facilities. With the purchase by the owners association, AHPOA's management, provided by volunteers and services, have been delivered services to owners without profit. The resulting fee, approved by majority of owners, has been, and remains (adjusted for inflation) similar to the fee previously

charged by Daberer without the recreation facilities. Unfortunately, a few owners believe the fee to be unreasonable, and, want to pay only for those services as stated in their deeds or obligated by law. This, they initiated lawsuits against AHPOA.

When the Supreme Court ruled that AHPOA was not a common interest community, AHPOA acknowledged the decision and immediately took action to develop a 2-tier fee structure for members and non-members. The fee for non-members reflects the difference in costs to provide deeded services only for those who choose to be non-members. Still, the litigants believe the revised fee to be unreasonable.

AHPOA believes our fees for the services are reasonable. The setting of fees below our cost is unsustainable. **Thus, AHPOA is not willing to set member fees above our cost in order to provide subsidy to non-members' fees. Further, any reduction in fee to non-members for deeded services only will be based on the actual cost savings to AHPOA for delivering less service.**

Those minimal cost savings between deeded and non-deeded services were evident to Hubert Daberer and were reflected in his decision to offer driveway-plowing at no charge. He knew and had applied what we just learned in our recent exercise to "drill down" on every expense. We now know, after the cost for the equipment and overhead to maintain the roads is expended, the marginal additional cost to plow driveways is far less than we had realized. As for our recreation facilities, those costs are also minimal. Hence, as previously stated, the small cost of having your driveway plowed in winter, and the access to pool in summer, are good reasons to remain members.

The good news is that most of the legal work has been completed, which means, we do not expect significant additional legal expense. Once settled, we look forward to a reduction in AHPOA's expenses and fees.

Further updates will be provided when available. In the meantime, if you have any questions, feel free to contact the board or any board members.

Financially, AHPOA's to-date expenses are trending under budget, cash is adequate, but the yet unknown cost of winter plowing could be a concern because a few members have not paid their annual fee in full. If you are one who has not yet paid your annual service fee, please consider this a friendly reminder.

We thank you for your support and wish you a Happy New Year.

Your AHPOA board of directors.