



Managed by: Steamboat Association Management

Dear Property Owner,

As President of the Stagecoach Property Owners' Association (the "Association"), I want to provide you an update on the covenant change the Association is currently pursuing as described in the letter sent to you from the legal offices of Hindman Sanchez P.C. As outlined in the letter, the Association has petitioned the District Court of Routt County for approval of the proposed amendment. The court will hear this petition on Friday, December 11, 2015 at 1:30 pm.

Since receiving the letter, several owners have contacted the Association with questions about the amendment and the process. To ensure all owners are receiving consistent and accurate information, outlined below you will find answers to the most frequently asked questions. In addition, you can find more information on the proposed amendment on the Association's website at www.stage-coach.com.

On behalf of the Board of Directors, thank you for your questions, comments and feedback. We appreciate your engagement and support as we continue to pursue strategies for the betterment of our community.

Sincerely,

John Troka
President, Stagecoach Property Owners Association

1. Can you briefly explain what this amendment does?

The amendment provides for an alternative special assessment mechanism for use by the Association to assist property owners in the construction and/or repair of infrastructure (e.g. roads, utility services, etc.) serving their lots. The proposed amendment does not change the regular annual assessment process, the regular annual assessment amount, nor does it change any other part of Association's covenants.

- 2. The existing covenants already allow for special assessments. Why is this amendment needed?*

The Association's existing covenants require special assessments to be applied equally to all 2,235 lots regardless of whether or not a particular project benefits every lot. The proposed amendment allows for an assessment toward a smaller number of lots that directly benefit from the proposed infrastructure project when the specific voting requirements are met.

- 3. Does the proposed amendment allow the Board of Directors to unilaterally levy a special assessment against property owners?*

No. The proposed amendment requires a vote by the specific property owners whose lots would benefit from the infrastructure to be constructed and/or repaired. The special assessment can only be levied if owners of 2/3 (67%) of the lots to be assessed approve it. The 2/3 approval requirement is consistent with the existing covenant for special assessments.

- 4. What happens if an owner chooses not to pay a special assessment that is levied?*

The covenants of the Association outline the remedies available to the Association when an owner fails to pay any lawful assessment. In addition to incurring late charges on unpaid amounts, the Association may bring legal action against the owner for payment of amounts owed or foreclose on the lien against the property.

- 5. The documents I received indicate this amendment was originally discussed and voted on in 2013. Why has this process taken so long to complete?*

While voting on the proposed amendment began in 2013, the voting period remained open until the end of the 1st quarter, 2014. The extended voting period was used to allow as many owners as possible to participate in the voting. Nonetheless, when the results were tabulated not enough owners participated in the voting process to approve or reject the amendment outright. The results did however indicate that a large majority of owners who participated in the vote favored the amendment. Given this, the Board of Directors took time to fully investigate and seek legal counsel as to options available to the Association to further pursue the amendment. The results of this investigation have led us to follow a process to file a petition for approval of the proposed amendment with the District Court.

6. *Why are the courts involved in deciding this matter?*

The Colorado law that governs home and property owners associations, the Colorado Common Interest Ownership Act, provides a mechanism whereby an Association is allowed to petition the Court for approval of changes to its covenants. The provision specifically recognizes that the lack of property owner participation in voting on matters critical to an association can effectively paralyze the association. Under the law, an owner's silence (i.e., non-participation in the voting process) is not viewed as support or rejection of a proposal. Upon demonstration of adequate support for a covenant amendment from those property owners participating in the voting process, an association can petition the Court for approval of the amendment. Based on the support for the covenant amendment by the Stagecoach property owners who participated in the vote, the Board chose to utilize this process to seek final approval of the amendment.

7. *I support this amendment. How do I ensure the Court is aware of my support?*

The Court does not request or require additional evidence of owner's support beyond the voting results and supporting documentation which has already been filed with the Court. While we do not discourage owners from sending a letter of support to the Court, please know that it will not be considered in the judge's deliberations of our petition.

8. *I am opposed to this amendment. How do I ensure the Court is aware of my objection?*

You may notify the Court of your opposition to the amendment by providing a written objection. Your objection to the amendment must be delivered to the Court at the following address and must clearly identify Case # 2015CV030159:

District Court, County of Routt
1955 Shield Drive
Steamboat Springs, CO 80477

9. *Who do I contact if I have additional questions?*

Please contact the Association's community manager, Bryan Ayer. You can reach Bryan by phone at 870-875-2810 or you can email him at Bayer@steamboatassociations.com.