

Jan. 12, 2023

Dear The Falls at Vail Townhome Association Owners.

The good news is the Falls at Vail Townhome Association was able to secure a 2023 insurance policy for our 6 buildings. The challenging news was the cost of that policy is much higher than last year's premium, requiring a special assessment of all owners (including me). I personally contacted agents for Travelers, State Farm, American Family, and Wall Street Insurance Brokers in 2022. Those companies refused to write a policy for us. Our Falls at Vail insurance brokers - Mountain West Insurance - were able to secure a policy for our 23 units. Your Board did not know of the insurance option until December 20, 2022 so they had to act to obtain January 1st coverage (as required by our HOA decs and bylaws). I'm sending you a summary of our 2023 policy coverage with this email. I also want to remind you that our Falls at Vail Townhomes are becoming more valuable. The last sale of one of 23 townhomes was over \$1.6 million dollars. I also need to remind you that current construction costs in Vail are estimated at \$600 to \$700 per square foot according to a highly regarded local contractor.

Our Falls at Vail buildings are in a wildfire zone. Wildfire zones are the most difficult zones to get building insurance for. In 2022 our Falls Association spent \$16,500 in clearing combustible materials from behind our 23 units. We will continue that project in 2023 as well. In 2022 Colorado saw the devastation of the Marshall Fire which consumed over 6000 acres and 1084 structures. Hundreds of burned homes were underinsured. We also saw the NCAR fire consume over 190 acres. In the past six months there have been 5 multi-family housing developments destroyed or damaged by fire in the Denver area. In addition to being in a wildfire zone, our Association had a water damage claim in 2022 that resulted in a \$53,641.17 check given to a Falls owner that suffered water and mold damage from a flood in the adjacent Falls unit.

Your Falls Board has investigated the possibility of all our 23 owners obtaining individual unit property insurance policies. It turns out this is possible and brings individual property insurance premiums down to about \$4,000 to \$6,000 each unit for 12 months of coverage. Your Board can suggest 3-4 insurers that have said they would cooperate. This change would involve a small change to our Association Bylaws. Each owner would be responsible for acquiring this coverage and it would come off of the Association's responsibility. This change would reduce our Operating Budget for 2023 and beyond. The Association would still need to do a special assessment to all owners to recover the \$47,431.97 spent (plus possibly one monthly payment of \$13,529) to secure our Association policy for this coverage year – non-refundable. Your Board is being guided by a very experienced Colorado Association Attorney in Denver on this and other matters. Please see all attached files.

A special Zoom meeting has been arranged to invite all owners to discuss this situation and you and you will receive an invitation shortly.

Kirk Hansen, Association Manager.

The Falls at Vail Townhome Association
2023 Operating Fund Budget with 2022 Budget and Estimated Actual

	Est Actual	2022	2023	
	Jan - Dec 22	Budget	Budget	Comments
OPERATING INCOME				
Member Assessments (HOA Dues)	87,400.00	87,400.00	87,400.00	Op dues are \$950/qtr, no change
Special Assessment			186,300.00	Insurance, \$8100 per unit
Late Fees (Late Fee Income)	673.00	0.00	0.00	
Violation Income	300.00	0.00	0.00	
Total OPERATING INCOME	88,373.00	87,400.00	273,700.00	
OPERATING FUND EXPENSES				
ADMINISTRATION				
Accounting	900.00	0.00	3,600.00	
Bank Charges (Bank Charges)	54.00	24.00	60.00	
Copies (Copies)	0.00	50.00	50.00	
Insurance - Commercial Pkg	17,341.00	19,000.00	186,300.00	could be a big inc, waiting for quote
Legal Fees (Legal Fees)	1,105.50	0.00	5,000.00	Greif, units 20/21
Management Expense	12,000.00	12,000.00	12,000.00	
Misc Supplies (Misc Supplies)	84.00	50.00	100.00	
Postage and Delivery (Postage and Delivery)	346.00	50.00	25.00	
Tax return	295.00	250.00	300.00	
Total ADMINISTRATION	32,125.50	31,424.00	207,435.00	
BUILDINGS				
Basic Maintenance	1,011.75	300.00	300.00	please advise
Chimney Cleaning	0.00	0.00	0.00	?
Painting	0.00	5,000.00	2,000.00	touch up
Pest Control	0.00	0.00	0.00	
Repairs	0.00	2,000.00	2,000.00	
Window Washing	1,100.00	2,000.00	2,200.00	June & Nov
Total BUILDINGS	2,111.75	9,300.00	6,500.00	
GROUNDS				
Driveway Repairs - Minor	0.00	0.00	0.00	
Grounds Mtc/Improvements	450.00	1,000.00	1,000.00	
Landscape Contract	5,400.00	7,430.00	5,500.00	
Snow Removal - Contract	5,800.00	8,500.00	9,000.00	\$1500 x 6
Snow Removal -Roofs, Decks	0.00	1,500.00	1,500.00	
Total GROUNDS	11,650.00	18,430.00	17,000.00	
UTILITIES				
Electric	4,500.00	4,300.00	3,800.00	
Trash Removal	8,834.00	7,000.00	9,100.00	
Water & Sewer	28,000.00	23,000.00	28,000.00	
Total UTILITIES	41,334.00	34,300.00	40,900.00	
Total OPERATING FUND EXPENSES	87,221.25	93,454.00	271,835.00	
Fund Surplus or -Deficit	1,151.75	-6,054.00	1,865.00	
Beginning Fund Balance 12/31/21	4,263.34		5,415.09	
Transfer to Capital Reserves	0.00		0.00	
Est Fund Balance 12/31/22	5,415.09		7,280.09	

The Falls at Vail Townhome Association
2023 Capital Reserve Fund Budget with 2022 Budget and Estimated Actual

	Est Actual	2022	2023	
	Jan - Dec 22	Budget	Budget	Comments
CAPITAL RESERVE FUND INCOME				
Capital Reserve Dues	41,400.00	41,400.00	41,400.00	\$450/qtr, same as 2022
Interest Income (Interest Income)	64.14	11.00	11.00	
Total CAPITAL RESERVE FUND INCOME	41,464.14	41,411.00	41,411.00	
CAPITAL RESERVE EXPENSE				
Asphalt Capital	0.00	5,000.00	0.00	did not receive bill from this summer?
Decks Repairs	0.00	0.00	0.00	please advise on 2023 projects
Driveway Repair/Replace (Driveway Work)	0.00	0.00	0.00	
Exterior - Non Paint	3,016.00	0.00	0.00	driveway electrical
Exterior Lighting	0.00	0.00	0.00	
Exterior Painting	0.00	0.00	0.00	
Exterior Stone Fascia	5,200.00	45,000.00	0.00	mock up on bldg 20-23
Foundation Expense	0.00	0.00	0.00	
Front Doors	0.00	0.00	0.00	
Garage Doors	1,481.77	0.00	0.00	
Landscape Projects	16,500.00	0.00	0.00	fire mitigation required by TOV
Painting-Total	0.00	0.00	0.00	
Remodel Design	0.00	0.00	0.00	
Roof & Gutter Repairs	3,213.00	0.00	0.00	
Siding Replacement	0.00	0.00	0.00	
Total CAPITAL RESERVE EXPENSE	29,410.77	50,000.00	0.00	
Fund Surplus or -Deficit	12,053.37	-8,589.00	41,411.00	
Beginning Fund Balance 12/31/21	84,208.67		96,262.04	
Transfer from Operating Fund	0.00		0.00	
Est Fund Balance 12/31/22	96,262.04		137,673.04	

IPFS CORPORATION

(IPFS)
165 S UNION BLVD STE 366
LAKEWOOD, CO 80228
(866)412-1823 - FAX: (800)625-1624

NOTICE OF ACCEPTANCE AND OF ASSIGNMENT

REFER TO THIS
ACCOUNT NO. IN ALL
CORRESPONDENCE

ACCOUNT NUMBER

COD-344227

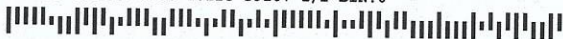
Dear Customer,

Thank you for the opportunity to finance your insurance premium. Per your request, we have paid the premium balance due on the policy listed below, less your down payment, to either the insurer or your agent as instructed by your agent. Your payment schedule is shown below. If payment coupons are not enclosed, you will be billed for each installment.

**Payment
Instructions:**

1. All payments must be made payable to IPFS CORPORATION
2. To ensure proper credit to your account, write your account number on your check and return the proper coupon with your payment.
3. Be sure your payment is mailed in time to reach our office by your due date.
4. Mail your payment to the address on the coupon.

178783 0.6400 0105 10128 39107 1/2 BIN:0



INSURED

FALLS AT VAIL TOWNHOUSE ASSOCIATION
PO BOX 1611
VAIL, CO 81658-1611

AGENT

MOUNTAIN WEST INSURANCE
& FINANCIAL SERVICES LLC
201 CENTENNIAL, SUITE 400
GLENWOOD SPRINGS, CO 81601

DISCLOSURE

TOTAL PREMIUMS	\$178,503.62
DOWN PAYMENT	\$42,821.23
AMOUNT FINANCED	\$135,682.39
FINANCE CHARGE	\$6,055.91
ASSESSMENTS	\$0.00
TOTAL PAYMENTS	\$141,738.30
NUMBER OF PAYMENTS	11
PAYMENT AMOUNT	\$12,885.30
ANNUAL % RATE	8.819
ACCEPTANCE DATE	01/05/23

SCHEDULE OF PAYMENTS

PYMT NO.	DUE DATE	AMOUNT
1	02/01/23	\$12,885.30
2	03/01/23	\$12,885.30
3	04/01/23	\$12,885.30
4	05/01/23	\$12,885.30
5	06/01/23	\$12,885.30
6	07/01/23	\$12,885.30
7	08/01/23	\$12,885.30
8	09/01/23	\$12,885.30
9	10/01/23	\$12,885.30
10	11/01/23	\$12,885.30
11	12/01/23	\$12,885.30

The terms and conditions of your premium finance agreement govern this loan. If for any reason you did not authorize this request for financing of your insurance premium, notify us immediately at the address or telephone number shown above.

SCHEDULE OF POLICIES

POLICY PREFIX AND NUMBER	EFFECTIVE DATE	FULL NAME OF INSURER AND GENERAL AGENT OTHER THAN SUBMITTING PRODUCER TO WHOM COPY OF THIS NOTICE WAS SENT	COVERAGE	POLICY TERM IN MONTHS COVERED BY PREM.	PREMIUM FINANCED
			FIRE, AUTO MAR, I.M., CAS		
PENDING	01/01/23	NATIONAL FIRE & MARINE INS CO R-T SPECIALTY LLC	PRPRTY FEES TAXES	12	\$42,104.00 \$800.00 \$1,287.12
Continued on Schedule A					

Make online payments or view account information at www.ipfs.com.
Please use access code 68BJ5GMTC to register (first time users).

COD.PROCESSING@IPFS.COM
 165 S UNION BLVD STE 366
 LAKEWOOD, CO 80228
 (800)825-3443 FAX: (800)625-1624
 CUSTOMER SERVICE: (866)412-1823

PREMIUM FINANCE AGREEMENT

IPFS CORPORATION

A	CASH PRICE (TOTAL PREMIUMS)	\$178,503.62	AGENT (Name & Place of business) MOUNTAIN WEST INSURANCE & FINANCIAL SERVICES LLC 201 CENTENNIAL, SUITE 400	INSURED (Name & Residence or business) FALLS AT VAIL TOWNHOUSE ASSOCIATION PO BOX 1611
B	CASH DOWN PAYMENT	\$42,821.23	GLENWOOD SPRINGS, CO 81601 (970)945-9111 FAX: (970)945-0576	VAIL, CO 81658 (970)390-0878 kirkjhansen@msn.com FALLATV01
C	PRINCIPAL BALANCE (A MINUS B)	\$135,682.39		

Commercial

Account #: _____

LOAN DISCLOSURE

Quote Number: 21556755

Additional Policies Scheduled on Page 3

ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	AMOUNT FINANCED The amount of credit provided to you or on your behalf.	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled
8.819%	\$6,055.91	\$135,682.39	\$141,738.30

YOUR PAYMENT SCHEDULE WILL BE

Number Of Payments	Amount Of Payments	When Payments Are Due
11	\$12,885.30	Beginning: MONTHLY 02/01/2023

ITEMIZATION OF THE AMOUNT FINANCED: THE AMOUNT FINANCED IS FOR APPLICATION TO THE PREMIUMS SET FORTH IN THE SCHEDULE OF POLICIES UNLESS OTHERWISE NOTED.

Security: Refer to paragraph 1 below for a description of the collateral assigned to Lender to secure this loan.
Late Charges: A late charge will be imposed on any installment in default 5 days or more. This late charge will be 5.00% of the installment due.
Prepayment: If you pay your account off early, you may be entitled to a refund of a portion of the finance charge computed by the actuarial method on a 360 day basis or as otherwise allowed by law. The finance charge includes a predetermined interest rate plus a non-refundable service/origination fee of \$10.00. See the terms below and on the next page for additional information about nonpayment, default and penalties.

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY	SCHEDULE OF POLICIES INSURANCE COMPANY AND GENERAL AGENT	COVERAGE	MINIMUM EARNED PERCENT	POL TERM	PREMIUM
PENDING	01/01/2023	NATIONAL FIRE & MARINE INS CO R-T SPECIALTY LLC	PROPERTY	25.00%	12	42,104.00 Fee: 800.00 Tax: 1,287.12
Broker Fee:						\$0.00
TOTAL:						\$178,503.62

The undersigned insured directs IPFS Corporation (herein, "Lender") to pay the premiums on the policies described on the Schedule of Policies. In consideration of such premium payments, subject to the provisions set forth herein, the insured agrees to pay Lender at the branch office address shown above, or as otherwise directed by Lender, the amount stated as Total of Payments in accordance with the Payment Schedule, in each case as shown in the above Loan Disclosure. The named insured(s), on a joint and several basis if more than one, hereby agree to the following provisions set forth on pages 1 and 2 of this Agreement: **1. SECURITY:** To secure payment of all amounts due under this Agreement, insured assigns Lender a security interest in all right, title and interest to the scheduled policies, including (but only to the extent permitted by applicable law): (a) all money that is or may be due insured because of a loss under any such policy that reduces the unearned premiums (subject to the interest of any applicable mortgagee or loss payee), (b) any unearned premium under each such policy, (c) dividends which may become due insured in connection with any such policy and (d) interests arising under a state guarantee fund. **2. POWER OF ATTORNEY:** Insured irrevocably appoints its Lender attorney-in-fact with full power of substitution and full authority upon default to cancel all policies above identified, receive all sums assigned to its Lender or in which it has granted Lender a security interest and to execute and deliver on behalf of the insured documents, instruments, forms and notices relating to the listed insurance policies in furtherance of this Agreement.

NOTICE: A. Do not sign this agreement before you read it or if it contains any blank space. B. You are entitled to a completely filled in copy of this agreement. C. Under the law, you have the right to pay in advance the full amount due and under certain conditions to obtain a partial refund of the finance charge. D. Keep your copy of this agreement to protect your legal rights.

The undersigned hereby warrants and agrees to Agent's Representations set forth herein.

X John J. Demich 12/28/22
 Signature of Insured or Authorized Agent DATE Signature of Agent DATE