

December 18, 2003

Re: Capstone 2004 Budget

Dear Homeowners:

A special meeting of the Board of Directors was held on December 12, 2003. The meeting was called due to the rising cost of condo insurance. The association insurance policy has risen dramatically in the past several years. In order to offset the rise in premiums the Board has elected to change the deductible on the policy from \$1,000 per occurrence to \$5,000. Even with this change our policy premium has changed from \$2,460 in 2002 to \$5,140 in 2003 to \$6,340 in 2004.

Currently the association does not have enough money in reserve to pay a \$5,000 deductible should a claim occur. For that reason a special assessment was proposed of \$5,000 for 2004. The Board voted to reduce that amount by approximately one half. Therefore a special assessment for 2004 of \$2,400 will be collected starting with your dues payment that will be mailed on January 1, due on February 1, 2004. Each townhome will be billed a special assessment of \$100 per quarter for four quarters of next year.

The Board is working hard to control costs through their own research and that of Vail Resort Rentals. Your current Board even replaced the trash enclosure doors with their own labor to help save costs. Be sure to thank Marc and Maria LeVarn, Bob Boymer, and Phyllis Dickson the next time you see them.

Sincerely,

Dale Bugby
President/GM