

Homestead Owners Association will be holding its annual meeting and election on February 20, 2012 at the Homestead Court Club. The agenda and a proxy form are on the back of this page. Minutes from last year's meeting and the 2012 budget are posted on the Association website.

Here at Homestead we look at 2012 as an opportunity to accomplish new and exciting things and to take what we have learned in the past to create and maintain a continually improving future. Last year was a busy and trying one in many respects, including three items that were consistently discussed at the 2011 Board meetings: capital/reserve projects, the Eagle County open space purchase of the Scudder/ Webster property, and ongoing legal case regarding the Allen easement.

The following segments outline the process and methodology for developing the 2012 budget, including an explanation of capital improvements items, information on the status of the county open space purchase, and an explanation of the Allen legal case. These are provided in an effort to clarify some points for the general meeting. If you have any questions please call 970-926-1067 or attend the upcoming Board meeting on February 17.

The full pro forma operating budget for 2012 and a CPA reviewed financial statement is available at the general meeting and the Association office. Copies will be sent at Association expense, by first class mail to be delivered within five days of receipt of request. Call (970) 926-1067

Budget 2012

Homestead Owners Association prepares its annual revenue and expense budget within the directives of its own governing documents and budgeting policies and procedures. The process begins with general direction from the Board regarding influential factors such as services to be provided within the Association and changes to business operations. The operating budget is traditionally developed by the staff with attention to historical trends in revenue generation, consideration of recent economic factors that may influence revenue or expenses, achievable cost reductions in each department, service levels to be achieved, and staffing levels required. Methods for optimizing revenues while maintaining favorable property owner access and rates were also examined.

For 2012, the Board of Directors approved the budget with no increase to the Homeowners assessment for the fifth year in a row. Unfortunately, this dictated that the capital improvement line item, go unfunded for the fourth year in a row. The budget for 2012 still meets the funding obligation of the 2010 reserve study update.

In 2011 Homestead conducted an online survey to assess homeowner's preferences and opinions of community assets and capital improvements. Results of the survey showed that overall, homeowners were happy with current assets. The Board decided that they would work to improve existing assets in order to increase property values within the current capital improvements budget.

Eagle County Open Space Purchase

At last year's general meeting, Commissioner Peter Runyon informed the community that the County had a contract to purchase 160 acres of open space adjacent to and within the Homestead neighborhood. Since that meeting, Homestead has held many open meetings to discuss the details regarding the purchase.

The Board has also had many public discussions regarding the requests made of Homestead by the County and the Eagle County Land Trust. In an effort to encourage this purchase, Homestead has agreed to the following items: place a conservation easement on 120 acres of open space adjacent to the County purchase in our Filing 2 open space PUD; allow a public trail easement through some of our open space parcels to the new County parcel and USFS parcel; and provide very limited in-kind services to the new open space parking area.

Allen Easement—Litigation Update

The Board of Directors wanted to take this opportunity to update the owners within the community in relation to the easements held by Ms. Barbara Allen. Ms. Allen has an easement which crosses two lots within the community as well as portions of the Association's common area. These easements were granted in 1996 and contain a number of procedural requirements that are required to be complied with prior to construction of any road. These requirements include obtaining the approval of

the owners of the property burdened by the easement, which includes the Association and the two lot owners. These approvals were not obtained. Prior to commencement of construction within the easement area, the Association had not received any information regarding the construction of the road. The Board believes that Ms. Allen started work on the construction of the road across the property of the Association without obtaining all necessary approvals or permits.

Even though numerous demands were made to Ms. Allen and her co-owners to prevent damage to the community over the course of two years, Ms. Allen and her co-owners commenced working and continued to work without approvals or permits. As the improper construction of a road damaged the Association, the Board believed it had no option but to file a law suit against Ms. Allen and her co-owners. At this time, there is a court order requiring Ms. Allen and her co-owners to cease all construction activities, to mitigate the damage they have already caused, and submit all required improvement plans to the Association prior to recommencing any new construction. This law suit was absolutely necessary to protect the Association and the common area from the incorrect construction of a road as the Allen's actions demonstrated no intent to cease work on cutting a road through our open space.

The management and staff of Homestead Owners Association would like to thank and commend the Board of Directors for their vision and their spirit to move our community toward continued excellence! - Tracy Erickson, Executive Director

**HOMESTEAD OWNERS ASSOCIATION INC.
GENERAL MEMBERSHIP MEETING
FEBRUARY 20, 2012
7PM**

Notice is hereby given that a general meeting and election of the Homestead Owners Association will be held at the Homestead Court Club located at 400 Homestead Drive on Monday, February 20, 2012 beginning at 7:00PM. The meeting will be held for the following agenda, election of Directors, and other matters that may come before the Board.

- I Roll Call
- II Proof of Notice or Waiver of Notice
- III Consideration of Minutes From 2011—Posted Online
- IV Officers' Reports
- V Election of Directors
- VI Matters Pending
- VII New Business
 - A. Allen Lawsuit—Litigation Update
 - B. Eagle County Open Space—Status Presentation
- VIII Adjournment

**PROXY FOR GENERAL MEMBERSHIP MEETING
HOMESTEAD OWNERS ASSOCIATION
February 20, 2012**

The undersigned, being a recorded owner of property at the Homestead, Eagle County, Colorado, does hereby constitute and appoint _____ to act as their proxy and attorney, with full power of substitution, to vote for the undersigned at the General Membership Meeting to be held at Homestead Court Club located at 400 Homestead Drive on Monday, February 20, 2012 at 7PM, hereby granting the person mentioned above full power and authority to vote as they might desire, or in the event the undersigned has given written instructions below, then such person shall instead carry out the instructions. For a list of candidates, check the newsletter or call the club. Written instructions of the undersigned to my proxy are as follows: _____

Witness whereof, I have hereunto set my hand this _____ day of _____, 2012.

Signature: _____

Name: _____

Street Address: _____

Member # _____

Recorded owner of Unit # _____, _____ (Association), OR

Lot # _____, Block # _____, Filing # _____, The Homestead

This form must be completely filled out and signed by the RECORDED owner. This proxy will be considered void if illegible, incomplete, owner name does not match our records, or owner account is past due. Homestead is not responsible for distributing mailed/faxed in proxies to proxy