



Three Springs Associations
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Questions & Answers

Three Springs is a Master Planned Community approved by the City of Durango for up to 2,283 residential units and up to 350,000 square feet of commercial space. In connection with this approval, the developer, GRVP, LLC, in its capacity as Declarant, created three associations to govern the operations of Three Springs. The three associations are:

Three Springs Master Association (Master Association) created under the Master Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements (Master CC&R's), where all of the design guidelines were created and are administered by the Design Review Committee (DRC) with all of the property within Three Springs subject to the Master Association;

Three Springs Residential Association (Residential Association), created pursuant to the Residential Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements (Residential CC&R's) for the residential areas of Three Springs that are subject to the Residential CC&R's;

Three Springs Mixed-Use Association (Mixed-Use Association) created under the Mixed-Use Declaration of Covenants, Conditions, Restriction, and Reservation of Easements (Mixed Use CC&R's) to govern the Three Springs Mercado District that is subject to the Mixed-Use CC&R's.

The Declarant, GRVP, LLC and its affiliates, are members of the Associations through their ownership of property included in the Associations. As of 6/30/17 the Declarant and its affiliates hold 324.552 of the 623.552 memberships of the Master Association and 69 of the 334 memberships in the Residential Association.

The recent communication around a projected assessment increase in the Master Association and the Residential Association has sparked a number of questions that are addressed below:

Q: What are the proposed new assessments for the Master and Residential Association Assessments for 2018?

A: The proposed Master Association Assessment for 2018 is \$11.00 per month or \$132.00 per year and the proposed Residential Association Assessment for 2018 is \$25.00 per month or \$300.00 per year.

Q: What is the process for approval of the new management company and the proposed new assessments?

A: The Boards of Directors of the Master and Residential Associations have completed an RFP for management services resulting in the Boards choosing CCMC as the best qualified company for the management services. The next step will be to present CCMC to the memberships at the September 20, 2017 Annual Membership meetings where CCMC will be available to explain their qualification, present the services they will provide and be available to answer any questions. Following that meeting, at the Master Association and the Residential Association quarterly Board Meetings the Boards will be presented with proposed 2018 budgets for consideration. The budgets will include the estimated amounts that will cover a contract with CCMC for management services in 2018. Once the Boards have adopted a 2018 budget the members of each Association will be invited to a meeting to consider the adopted budgets. At such meeting the members will have an opportunity to veto the budget as provided for in the Master CC&R's and the Residential CC&R's. If the budget is not vetoed by the members, the Boards could then enter into a management agreement with CCMC because the financial resources would be available in the budget to do so.

Q: Why do we need an outside management firm?

A: The concept of a management company taking on all of the Association's day to day operations ultimately aligns with the Association's need to be able to function without the Declarant's support. Hiring a management company is a major step towards growing up the Associations and establishing them as sustainable entities. Having a professional Association management company in place will also support future Boards in Three Springs.

Q: What is the scope of services the management company will provide?

A: CCMC's proposal includes:

1. The convenience of a full time on-site staff person
2. After-hours answering service
3. Administrative support for the Association Boards
4. Administrative support for the Design Review Committee
5. Monthly Management Reports
6. Annual Reports
7. Community/Member communications
8. Resident welcome packets
9. Builder communications
10. Collaboration with local and municipal organizations
11. Monitoring Legislation
12. Repairs and Maintenance of Association Property
13. Community Inspections
14. Bidding and Contracts Management
15. Contractor Supervision
16. Asset Inventory
17. Financial Management
18. Record Keeping
19. Budgeting
20. Financial Audits
21. Assessment Billing and Collection
22. Administration and Disbursement of Association Funds
23. Reserve Accounting

- 24. Foreclosures & Trustee Sales Tracking
- 24. Escrow Services
- 25. Treasury Analysis
- 26. Risk Management
- 27. Established IT systems that support all of the above functions

Q: What are the estimated costs of the management company?

A: The anticipated annual costs are \$75,000 for the Master Association and \$75,000 for the Residential Association.

Q: Are copies of the 2018 budgets available?

A: The 2018 budgets for the three associations will be available to all members of each Association after the Boards have approved the budgets and prior to the meeting for members to consider whether to veto the budgets.

Q: Will the design review committee (DRC) remain intact as it is today?

A: Yes, the Master Association will continue to have the DRC. The management company will support in the administrative functions of the DRC by taking meeting minutes, managing file systems, producing and distributing communications etc.

Q: What were the assessments for the Master and Residential Associations for 2017?

A: The Master Association Assessment for 2017 was \$1.00 per month or \$12.00 per year. The Residential Association Assessment for 2017 was \$13.00 per month or \$156.00 per year.

Q: Is my property in both the Residential and the Master Association?

A: All property in Three Springs is included in the Master Association and is subject to the Three Springs Design Guidelines in order to help ensure that all of Three Springs complies with standards that maintain the appearance of the neighborhood. The owners of residential units in Three Springs are either a member of the Residential Association or, in the case of the Confluence at Three Springs apartments, a member of the Mixed-Use Association.

Q: How many residential associations exist?

A: There is one Three Springs Residential Association. There also exists several townhome associations that generally include six to nine townhome units and whose scope is limited to the common elements of the townhome buildings. The townhome associations have a separate Board of Directors, separate declarations, separate budgets, and separate assessments.

Q: Are the assessments for residential units the same regardless of the size of the home?

A: Yes, in the Residential Association a residential unit equals one membership which equals one vote.

Q: Will the management company replace the Associations Board of Directors?

A: No the Boards are established in the Association's organization documents. Under this proposal the Boards will establish the policies, give direction, and will maintain the overall authority for the Associations. The management company will handle the day to day operations of the Associations.

Q: Will the Board members employment be terminated and will all Southern Ute Growth Fund Employees be leaving Three Springs when this management company takes over?

A: The Board members are not employed by the Association so the Association has no authority as to employment of the Board members. The current Board members and officers of the Associations will continue to hold those offices.

Q: What will happen with the current accounting firm utilized by the Associations?

A: The new management company has the ability to cover the work being performed by the current accounting firm and so they will bring that function under their scope of work.

Q: Will the new management company handle the lawn care in the area in front of my house between the sidewalk and the curb?

A: That is not currently in the scope of the management company.