The Boundary
ASSOCIATION

SPECIAL OWNERS' MEETING

Capital Reserve Contribution

A Declaration Amendment Proposal

Thursday, June 25, 2026 • 5:00 PM • RVR Ranch House Conference Room

ORDER OF BUSINESS

Agenda

SPECIAL MEETING · JUNE 25, 2026

I **Call to Order**
Welcome and roll call

II **New Business**
Reserve study findings and the proposed funding plan

III **Public Comment**
Owner questions and feedback

IV **Adjourn**
Close of meeting

FRAMING THE PROPOSAL

What the CRC Is & Isn't

WHAT THIS IS

- √ A **capital reserve contribution** dedicated entirely to the reserve fund
- √ Paid **only at the time of sale**
- √ A **one-time contribution** tied to property transfer

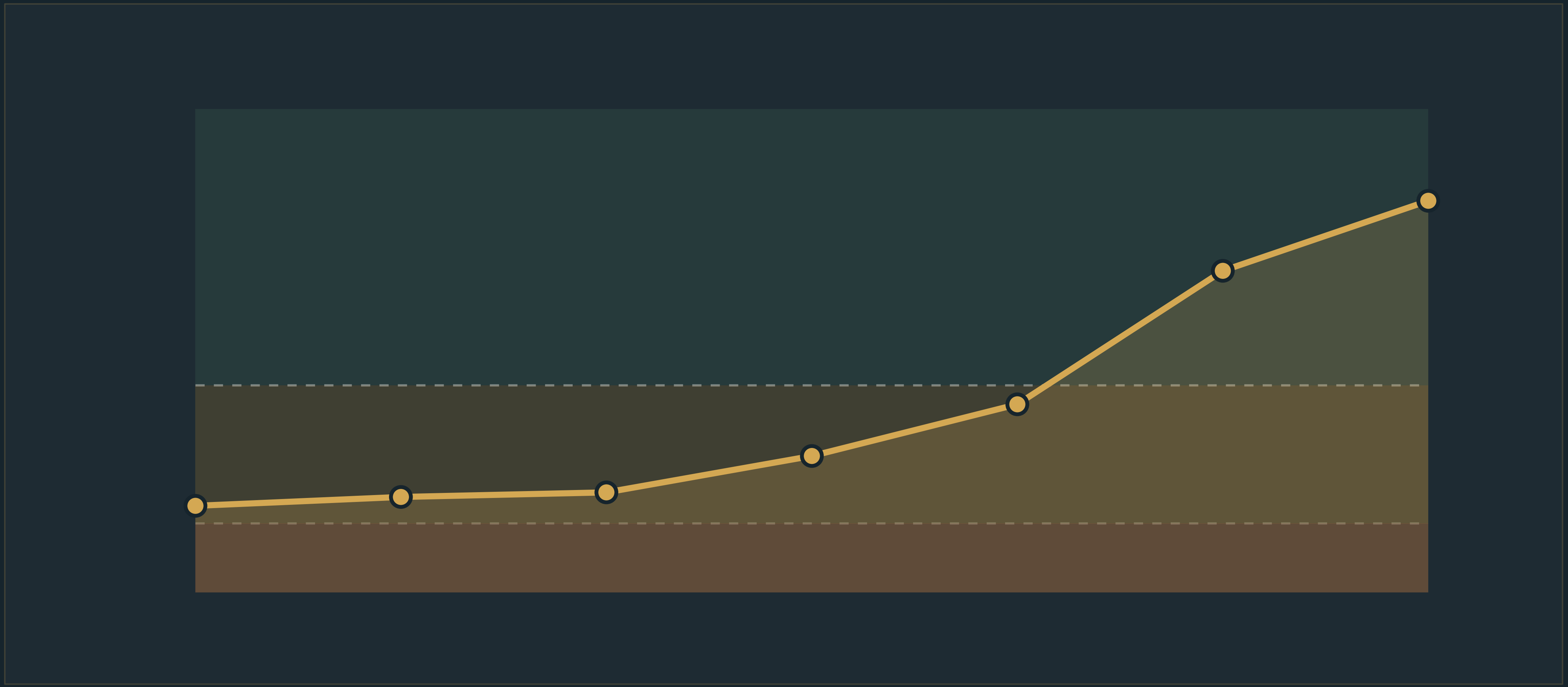
WHAT THIS IS NOT

- × Not a charge for owners who are **not selling**
- × Not a **recurring annual fee**
- × Not a new **operating revenue stream**

Where the 8% Plan Is Headed

The current plan improves over time time — but leaves the community community exposed for *too long.* *long.*

- Critical — below 10% funded
- High risk — below 30% funded
- Healthy — 30% and above
- Projected % funded



THE EXPOSURE

Where the 8% Plan Still Leaves Us

HIGH RISK

12.5%

Funded today

The industry minimum is 30% — we're less than half of that.

YEAR 1

$1.13M

Funding gap

How far our reserves fall short of where they should be.

HALF OF NEXT 30 YRS

15yrs

In the high-risk zone

At this level, one major repair could trigger a special assessment.

> *Even with 8% annual increases, reserves remain in the high-risk zone for half of the next 30 years.*

THE RECOMMENDATION

The Proposed Solution

Capital Reserve Contribution

1.00% of sale price

A one-time contribution of **1.00% of the sale price** , tied to property transfer and paid at closing.

All proceeds go **directly into the capital reserve fund.**

CONTRIBUTION BY SALE PRICE

$1.5M sale	**$15,0000**
$2.0M sale	**$20,000**
$2.5M sale	**$25,0000**

THE OWNER PAYOFF

What This Means for Your Reserve Dues

WITHOUT CRC

$5,406

2055 quarterly reserve dues, avg unit

- Annual increase of 8%
- No help from future buyers

VS

WITH 1.00% CRC

$3,144

2055 quarterly reserve dues, avg unit

- Annual increase of 6% + 1% CRC
- Save **~$79K** over 30 years

The CRC shifts approximately **30% of future funding** *to property transfers over time.*

These figures reflect the average unit. Your unit's dues may differ based on its ownership percentage — contact the Board for your unit's specific projection.

Two Paths Forward

DO NOTHING

- ✕ Reserve dues grow **9.3× → $5,406/qtr** by 2055
- ✕ Reserves stay underfunded — below 30% — for about **15 years**
- ✕ Full burden stays on **current owners**

ADOPT THE CRC PLAN

RECOMMENDED

- √ **1.00% CRC + 6% annual dues**
- √ Reserve dues **42% lower → $3,144/qtr** by 2055
- √ **~$79K savings** per owner over 30 years
- √ Cost shared with future buyers via 1% at sale

The question isn't whether to fund reserves — it's how soon we can begin.

Why Your Vote Matters

>50%

Approval required

At least **17 of 33 owners** must vote YES for the amendment to pass.

Every Ballot Counts

In a 33-unit community, missing just one or two ballots can cause the amendment to fail — **even if everyone who voted said "Yes."**

A Non-Vote = A No Vote

Not returning your ballot makes approval harder and leaves the community with fewer options — likely higher dues, special assessments, or both.

Your vote only counts if you submit it.

WHAT HAPPENS NEXT

Path to Approval

1

JULY 16, 2026

Board Vote

The Board votes to authorize the Fourth Amendment for submission to owners.

2

JULY 17 – AUGUST 15, 2026

Owner Vote

Electronic vote on the 1.00% CRC amendment. Requires more than 50% owner approval to pass.

3

AFTER APPROVAL

Effective

The CRC takes effect with the Garfield County recording date.

SUPPORTING DETAIL

Appendix

The Boundary Association

Anticipated Owner Questions

Who pays — buyer or seller?

The buyer pays the 1% CRC at closing. In practice it may be negotiated between buyer and seller as part of the transaction.

Will this make homes harder to sell?

Not necessarily — stable, well-managed reserves support marketability, and the CRC funds the reserves buyers inherit.

Does this affect mortgage approval?

The CRC is a one-time closing cost; weak reserves may be the larger lender concern.

Why not dues alone?

Dues-only would require an 8% annual increase — raising quarterly dues more than nine-fold by 2055 and putting the full burden on today's owners.

Why not borrow?

Borrowing adds interest cost, and lenders are reluctant when reserves are this thin.

Can the rate change later?

The Board may lower or pause the rate anytime by majority vote. Raising the rate requires 50% owner approval.

Anticipated Owner Questions

What if I stay long-term?

You benefit from lower dues and a reserve fund that stays in the black. The CRC is paid by the buyer when you eventually sell — not by you as the current owner.

Are any transfers exempt?

Yes — typical family, trust, inheritance, and foreclosure transfers are exempt.

How is it collected?

The title company collects it at closing for remittance to reserves.

Does the CRC affect my sale?

The buyer pays the CRC at closing. It may affect negotiations — consult your real estate agent.

What if reserves recover?

If reserves perform better than projected — for example, if more than one home sells in a year — future dues increases could potentially be reduced.

How does this compare to other HOAs?

Transfer-related reserve contributions are increasingly common in Colorado resort communities.

Personal Impact by Unit Size

One-time assessment vs. the CRC plan plan

Unit Size (SF)	The "Immediate Fix" Assessment	CRC Cumulative Dues Saved (30 yrs)
Smallest — 1,684 SF	$22,195	$53,000+
Average — 2,597 SF	$34,228	$79,000+
Largest — 3,608 SF	$47,553	$110,000+

Without the CRC: a one-time assessment of $22K–$48K per unit, or a 224% reserve dues increase (~$2,886/qtr avg).

With the CRC: save $52K–$110K+ in dues over 30 years while greatly reducing special-assessment risk.

Why This Matters: Beyond the Math

Fixed-Income Reality

AR's plan would add roughly **$3,290–$7,049 per year** for many owners — a real burden for retirees on fixed incomes.

Industry Benchmark

The Boundary is **12.5% funded** today; below 10% is considered critical.

Colorado Fiduciary Duty

Reserve studies are now required, and the Board has a duty to address predictable shortfalls.

Costs Are Rising Fast

Local construction and material costs continue to climb, and delay reduces our flexibility.

APPENDIX · A5

How the Annual Budget Process Works

EACH YEAR, THE BOARD REVIEWS

1. **Operating expenses**
   Insurance, snow removal, landscaping, utilities, maintenance, management
2. **Reserve funding needs**
   Roofs, siding, roads, staining, and other major components
3. **Inflation & construction costs**
   Contractor pricing, material costs, labor trends
4. **Long-term reserve health**
   Projected balances, funding levels, future obligations
5. **Owner affordability & predictability**
   Balancing reserve strength with steady dues

THE GOAL

Maintain the community responsibly while reducing the risk of:

- Deferred maintenance
- Surprise special assessments
- Large future dues shocks

APPENDIX · A5

April 2025: Two Paths to Fund Reserves

Presented at the April 17, 2025 Board Board Quarterly Meeting

ASSOCIATION RESERVES RECOMMENDATION

224% reserve dues increase

Reserve dues alone: ~$2,886/qtr per avg unit

— OR A ONE-TIME ASSESSMENT ($1.13M GAP) —

Smallest unit	Largest unit
$22,195 5	**$47,553**

Improves funding immediately, but requires significantly higher quarterly dues.

SILVER MOUNTAIN / BOARD RECOMMENDATION

Modified plan — adopted April 2025

- √ No special assessment
- √ 8% annual dues increases
- √ Adopted by the Board in April 2025

Avoids a special assessment, but keeps reserves in the high-risk zone longer.

The Board **rejected the immediate special-assessment approach** and kept evaluating alternatives. Owner feedback: many felt long-term 8% increases were still too steep.

What Changed Since April 2025

Two developments drove the Board to revisit revisit

01

Owners sought lower dues growth

The Board discussed lowering increases to 3% beginning 2036 in a Fall 2025 work session. At the April 2026 meeting, the 8%/3% plan was used to evaluate a 0.50% CRC.

02

Reserve costs grew

Revisiting big-ticket reserve expenses ahead of April 2026, the numbers grew. Wood siding replacement, roof costs, and other major components came in higher than the 2025 study estimates.

Both factors led to the same conclusion: find a way to strengthen reserves while easing dues growth.

APPENDIX · A5

Where We Started: The April Meeting

CRC PROPOSED RATE

0.50%

Original proposal: $10K on a $2M sale

ANNUAL DUES SCHEDULE

8% / 3%

8% through 2035, then 3% after

FUNDING STRATEGY

90% Dues

Almost all the burden fell on monthly dues, not sales

WHAT WE HEARD FROM OWNERS

"0.50% isn't enough."

"8% increases are too high."

"We want a more balanced approach."

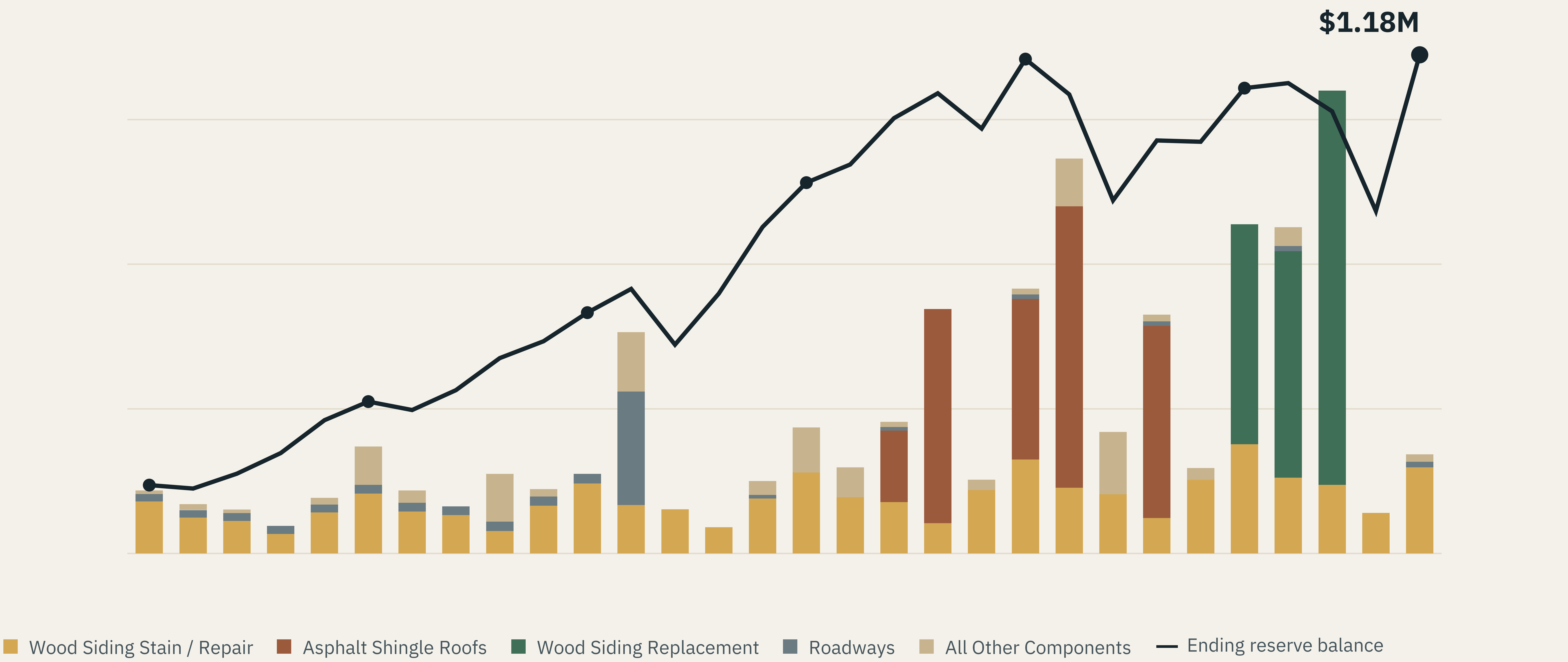
What Changed Since April

	April Approach		Updated Approach
CRC RATE	0.50%	→	1.00%
ANNUAL DUES	8% then 3%	→	6% flat

Balances reserve funding with more manageable dues increases.

Detailed 30-Year Expense & Reserve Forecast

Scenario: 6% dues + 1% CRC · ends at **$1.18M**



APPENDIX · A6

What This Means for Each Owner

The risk of an underfunded reserve reserve

Out-of-Pocket Costs

Unexpected lump-sum charges if reserves can't cover urgent capital projects.

Unpredictable Expenses

Harder to plan your annual household budget around surprise assessments.

Harder to Sell

Low reserves are a red flag for buyers comparing properties in the area.

Buyer & Lender Concerns

Lenders scrutinize HOA reserves; weak funding can complicate or block financing.

We're trying to avoid this — not react to it later.

How We Got Here

Why the reserve gap persisted

2010–2011

Starting Behind

A developer default left the Association with a very small reserve balance for six buildings.

2013–2018

Limited Recovery

Unpaid assessments accumulated. The Association pursued collection but recovered only a portion of what was owed.

2018–2021

Gap Remained

New ownership resumed assessments, but later reserve studies confirmed the fund was still significantly underfunded.

2022–2025

Recovery Began

The Board added capital replenishment and reserve-focused dues increases, but the 2025 study still shows a weak position.

Bottom line: this is a structural reserve problem the community inherited and has been working to correct. The CRC finishes that recovery without placing the full burden on today's owners.

Alternatives We Considered

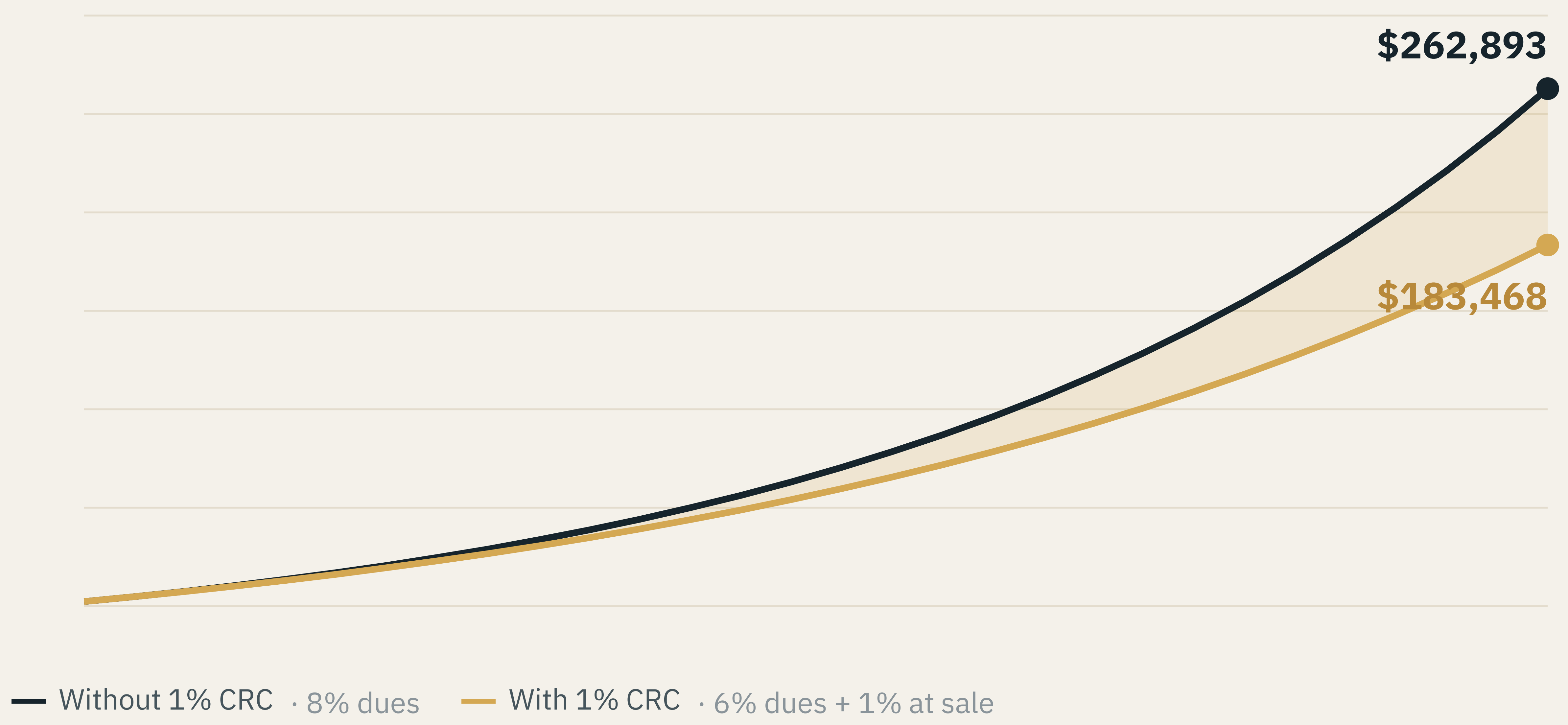
Four paths reviewed before recommending 6% + 1% CRC

	Annual Dues Increase	2055 Qtrly Reserve Dues	Stays Positive?	Lowest Balance	Special Assess.
Current Plan (8%, no CRC)	8%	$5,406	Yes	$153,875	—
Scenario 1 (6% + 1% CRC) RECOMMENDED	6%	**$3,144**	Yes	$153,875	—
Scenario 2 (5.5% + 1% CRC)	5.5%	$2,741	Yes	$153,875	—
Scenario 3 (5% + 1% CRC)	5%	$2,388	**NO**	–$54,137	$1,641

Why not 5%? Dropping just 1% in dues growth costs $971K in reserves and triggers a $1,641 special assessment per unit — the exact outcome the CRC was designed to prevent.

Why 6% over 5.5%? 5.5% may work, but 6% gives the community a safer cushion against inflation, unexpected repairs, or lower-than-projected sales activity.

Owner Cost Comparison: 30-Year Cumulative Reserve Dues



AVERAGE OWNER SAVES

~$79K

in reserve dues over 30 years — the gap between the two curves.

APPENDIX · A8

What the AR Plan Costs Owners

QUARTERLY DUES SHOCK

+67%

Quarterly dues jump from $1,724 to $2,886 per unit.

ANNUAL DUES INCREASE

$3,290–$7,049

Added each year by unit size to meet AR's reserve targets.

WHO PAYS

33

Today's owners — no CRC means the full burden falls on them, including retirees on fixed incomes.

The CRC provides a more balanced approach — easing pressure on dues while still addressing long-term reserve needs.

AR = Association Reserves, the firm that authored the 2025 Reserve Study.

Association Reserves Funding Plan

Presented April 17, 2025 · Report 22010-1
22010-1

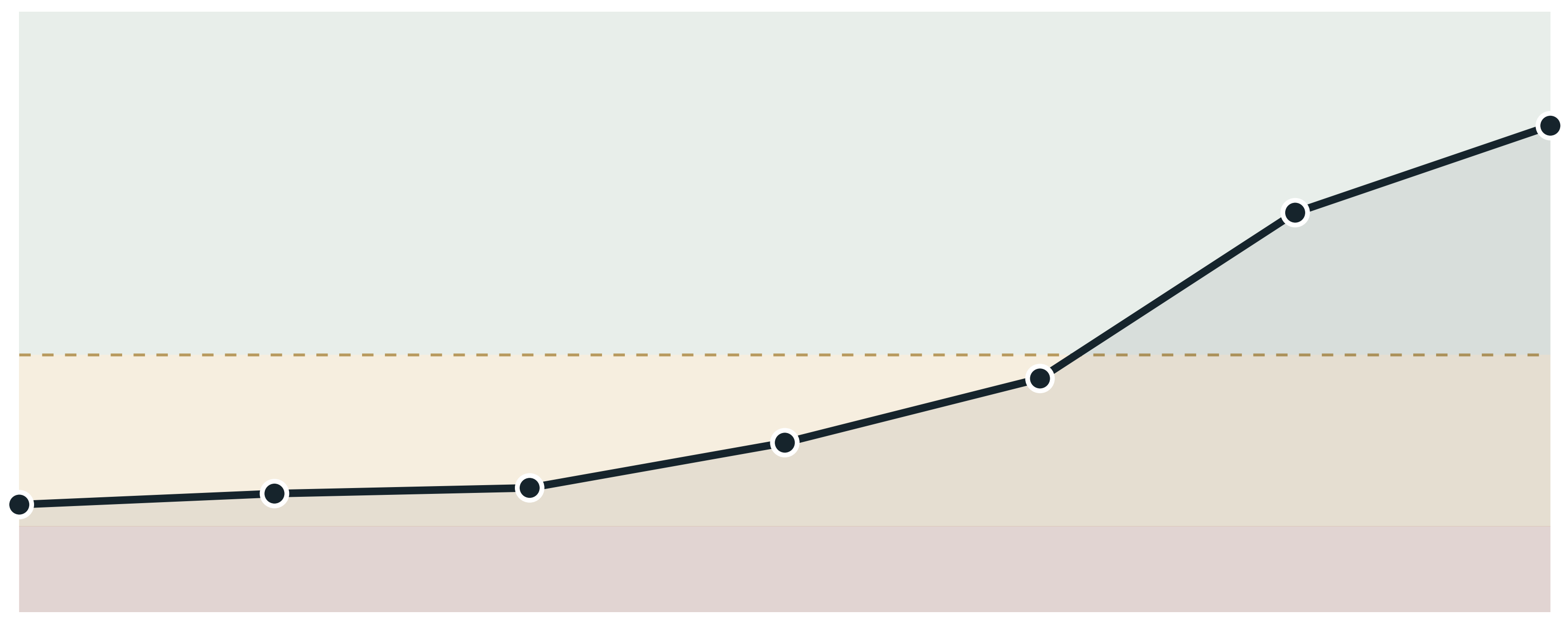
Year	Starting Reserve Balance	Percent Funded	Risk	Reserve Funding
2025	$172,000	**12.9%**	High	$230,000
2027	$521,515	**32.0%**	Medium	$244,007
2030	$1,191,653	**53.8%**	Medium	$266,633
2034	$2,040,600	**69.3%**	Medium	$300,098
2038	$2,820,173	**78.3%**	Low	$337,763
2042	$3,144,681	**83.8%**	Low	$380,155
2046	$4,087,889	**90.9%**	Low	$427,868
2050	$5,717,379	**96.3%**	Low	$481,569
2054	$6,406,430	**100.4%**	Low	$542,010

This option improved reserve funding more quickly but required a **224.36% reserve dues increase** that the Board chose not to pursue.

Silver Mountain & BOD Funding Plan

8% annual increase · no special assessment

PROJECTED PERCENT FUNDED



Funded today

12.5%

Funded by 2055

56.7%

- √ Maintains the 8% annual increase approved in 2022
- √ Does not require a special assessment
- ✕ Stays in the high-risk zone for much of the 30 years

This plan avoided a special assessment, but later review showed it left the Association **in the high-risk zone** for much of the period.