

Homestead Owners Association will be holding its annual meeting and election on February 18, 2013 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 2013 budget are posted on the Association website.

Here at Homestead we look at 2013 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 two items that were consistently discussed at the 2012 Board meetings: capital/reserve projects, and an ongoing legal case regarding the Allen easement.

The following segments outline the 2013 budget, including an explanation of capital improvements items, information from the nominating committee regarding the Board election, 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 15.

The full pro forma operating budget for 2013 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 2013

For 2013, the Board of Directors approved the budget with no increase to the Homeowners assessment for the sixth year in a row. Unfortunately, this dictated that the capital improvement line item, go unfunded for the fifth year in a row. The budget for 2013 still meets the funding obligation of the 2010 reserve study update. The reserve study is set to be redone in 2013.

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.

Improvements being worked on in 2013 are a new family bathroom and a the possibility of a remodeled front entrance. Please attend future Board meetings to be a part of the capital improvements discussions.

Nominating Committee—Board Candidates

There are three open positions on the Board of Directors up for election at the 2013 general meeting. The nominating committee asked the three candidates to answer the following four questions. 1. What is the most important issue facing Homestead today? How will you deal with it as a Board member? 2. What skills and strengths do you bring to the Board? 3. What would you do as a Board member to improve our community, with the understanding that there is a limited budget available? 4. What is your motivation to serve on the Board? Their answers are listed below.

Bobby Ladd: 1. Keeping homestead a desirable place to live with a strong sense of community, economic stability, and preserved property values. 2. Prior history and knowledge of ongoing Homestead Board issues. As an Architect, I can offer unique insight on the HCC as the Board continues to evaluate possible improvements to the building moving forward. 3. Preserve, protect, and improve our core community resources including open space and the HCC. 4. To actively participate in our community.

Erin Allen: 1. Balancing costs with providing an attractive and updated court club facility. I will be open to the input of other board members and homeowners to make sure we appeal to the majority with major capital improvements. 2. I have served on the board of Red Tail Townhomes for 4 years at this point, and while that is a much smaller HOA, I have seen the challenges that come with balancing the requests of homeowners while considering a budget. Also, through my 11 years as a local banker, I have worked with a number of HOAs on loan requests, so I am familiar with what good financials should look like for a well-run HOA. 3. Again, I am interested in improving and updating the court club. 4. I like to be involved in decisions made about the place where I live. I also think it will be a good opportunity to get to know my neighbors better.

Matt Drummet: 1. I believe one of the most important issues for Homestead is to maintain and market our family oriented area to help increase home values and make Homestead a desired location for new/current families moving to or living in our valley. A well planned, flexible long term capital improvement plan is essential for our association. 2. I bring 16+ years of association experience as a property owner in the valley, as well as 11 years working for a highly demanding and vocal ownership association in Vail. 3. Working well with local government entities is essential when considering costs of improvements or any additions that have the potential to benefit Homestead or the entire Edwards community. 4. I feel I can use my experience to support our association which has given myself and family so much.

Allen Easement—Litigation Update

In 2011, the Association initiated litigation against Ms. Barbara Allen and the other co-owners of the Allen Upper 80 parcel after they commenced bulldozing an unauthorized road through the open space. The Association was able to secure an injunction to halt the road construction activity. Nevertheless, the Allen Upper 80 parcel owners resisted efforts to restore the open space during 2011 and 2012. The Board is pleased to report that it succeeded through the lawsuit process to obtain Court

orders requiring Ms. Allen and the other co-owners to follow the terms and conditions of the existing easement, and to seek Homestead Owners Association approval prior to any further construction within the easement area. Moreover, Eagle County officials have taken an active and responsible role regarding requirements for any road construction permits which the Allen Upper 80 co-owners may seek. The Board also succeeded through the lawsuit process to obtain court orders requiring Ms. Allen and the other co-owners to repair and restore the damage to the common area at their sole expense. This was all accomplished in 2011 and 2012.

While the damage has been mitigated, the Association continues to work on a final resolution to this litigation. If the parties are unable to resolve the remaining issues by negotiation and payment, a trial is scheduled for the week of March 25th. The Association continues to attempt to reduce the number of issues to be contested. The Association continues to strive to recover all cost expended, including attorney fees.

In addition, the Association, while attempting to enforce its easement rights, was sued in a separate lawsuit by Ms. Allen. This second law suit involved issues related to the conservation easement executed by the Association to preserve the open space. The District Court for Eagle County dismissed that law suit prior to a trial. Ms. Allen has appealed that dismissal to the Colorado Court of Appeals. Oral arguments are scheduled for March, but no date for resolution of this appeal has been determined.

The Association is very confident that it will continue to prevail and recover in both legal matters, but the lawsuits have been delayed and complicated by the actions of the Allen Upper 80 co-owners.

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 18, 2013
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 18, 2013 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 2012—Posted Online
- IV Officers' Reports
- V Election of Directors
- VI Matters Pending
 - A. Allen Lawsuit—Litigation Update
- VII New Business
- VIII Adjournment

**PROXY FOR GENERAL MEMBERSHIP MEETING
HOMESTEAD OWNERS ASSOCIATION
February 18, 2013**

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 18, 2013 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 back side of this form or call the club. Written instructions of the undersigned to my proxy are as follows: _____

In the alternative, I hereby instruct my proxy to vote for the following candidates:

- 1. _____ 2. _____
- 3. _____

If no candidate is indicated above this proxy shall be general proxy.

Witness whereof, I have hereunto set my hand this _____ day of _____, 2013.

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 holders. Please do not send in your proxy. Thank you.