



## Aspen Square Condominium Association

### **OWNERS' INFORMATION 2019**

#### **AN ASPEN SQUARE OVERVIEW AND HISTORY**

Aspen Square is a condominium hotel property with 101 individually owned condominiums and approximately 16 retail spaces, also privately owned by local investors and rented to shop operators. The property occupies the entire block, right across Durant Street from the Aspen Mountain Gondola. Aspen Square truly has one of the very best locations in all of Aspen. Aspen Square is managed by its own condominium association. There is no outside management company, we are truly owner-managed.

The Aspen Square property was completed in 1969-1970. The original developer is no longer involved in the property. The condominium complex was designed for a hotel-style rental operation, and it has been operated as a condominium hotel since the property opened. Services, operations, budgets and accounting have all been established for hotel-style management with nightly rentals. All owners are encouraged to rent their condominiums in order to support the overhead of the property. The condominium association operates the rental management program.

The condominiums include 68 studios, 23 two-bedrooms, seven one-bedrooms and three 3-bedroom condominiums. Central air conditioning was installed in all condominiums in 2004. Residential service areas include the lobby, housekeeping, laundry and maintenance work areas, public restrooms fitness center, and the Aspen Square conference room. Facilities also include our outdoor heated pool and two hot tubs, open all year. Two employee-housing apartments are also part of the property.

#### **CONDOMINIUM ASSOCIATION MEMBERSHIP**

All condominium owners and the retail space ownership are members of the Aspen Square Condominium Association. The ownership percentage for each unit is specified in the Condominium Declaration. Percentages are based on the square footage of each condominium and the commercial areas. In any vote of the whole membership, this percentage is the vote of each owner. Association expenses are allocated according to this percentage also.

## **THE ASSOCIATION BOARD OF DIRECTORS**

The association is governed by a seven-member Board of Directors. The Board hires the property's General Manager who supervises all association staff, common area maintenance, financial systems and the rental program. The association Board establishes policy. Management is responsible for managing all aspects of the operation in accordance with these policies.

The Board is responsible for the management of the association and all common areas. The Board oversees the rental management program through the General Manager and association staff. There is no outside property or rental management company. All staff are employees of the association and the association is responsible for all building and rental related operations. This serves to keep costs down and to assure full control of the property to the condominium owners through the Board of Directors.

## **ASSOCIATION MEETINGS AND BOARD STRUCTURE**

The Association Board members are elected by the entire membership at the annual meeting, held in early April each year. Owners are represented either in person or by proxy at the annual meeting. Advance notice is given to all owners, and a quorum is required at this meeting to conduct business. Written minutes are kept and are sent to all condominium owners following the annual meeting.

The term of office for each Board member is one year. Because stability and continuity are important, Board members normally serve for several years before stepping down from the board. A nominating committee is appointed by the sitting board each fall, with the responsibility to present a recommended slate to the Board in early December. The Board nominates a slate of board candidates to be voted on at the Annual Owners Meeting in early April. Owners interested in Board service are invited to make their interest known. The Board elects its own President, Secretary and Treasurer. All other members serve in the position of Vice-President.

Board meetings are held three times each year, in Aspen:

- a. In conjunction with the Annual Meeting, usually the first Saturday in April.
- b. In late September for budget and assessment approval.
- c. In early December to review operating results and the Audit Report.

Board meetings are held on Saturdays. Board members are expected to participate in committee meetings the Friday prior.

All Board meetings are open to interested owners. The association is a Colorado Corporation, governed by Colorado Condominium Law and its own condominium documents.

## **OWNERSHIP STRUCTURE**

Condominiums are individually owned as full ownership condominiums. There is no time-share activity at Aspen Square. The commercial areas are similarly owned by individual investors who rent them to the retail tenants. Commercial owners are "condominium owners" just as the residential owners are, and the commercial owners pay their share of common area expenses just as our residential owners do. The residential and commercial owners together share the same heat and water systems, along with public area lighting and maintenance, stairwells and sidewalks, building exteriors and roofs, etc.

Areas of the buildings that are not either privately owned condominiums or commercially owned retail space are common areas or common elements as defined in the condominium documents and by state statute. Common elements of the property are owned by all owners, and are managed by the Association Board of Directors on behalf of all owners.

General common (GC) elements are basically areas that are owned and maintained by all owners, including both condominium and commercial space owners. Examples are building exteriors and roofs, sidewalks, common mechanical systems and utility systems, drives and stairwells. All owners participate in the financial needs of general common elements. Limited common (LC) elements are used and maintained by condominium owners only. These include the lobby, housekeeping and maintenance work areas, residential area hallways, parking garages and all equipment or work areas related directly to the rental management operation. The expenses for these areas are supported by residential condominium owners only.

## **CONDOMINIUM DOCUMENTS**

The Association is governed and operated according to the Condominium Declaration and the By-Laws of the Association. The Declaration is a recorded document that cannot be easily changed. The By-Laws can be changed by a vote of the association membership at an appropriately announced ownership meeting. State required Policies of Governance and Association Regulations are also printed and available to owners. Copies of documents are available to all owners on request.

This policies and procedures booklet outlines the operations and rental management available at Aspen Square. An active rental management program is operated for the benefit of all owners by Aspen Square staff. Owners are not required to rent through Aspen Square. Owners are not required to rent at all. There are no restrictions on owner use days but owners in the rental program must make advance reservations.

## **FINANCIAL STRUCTURE**

The Association has four main sources of revenue:

1. Annual Assessments from all owners, according to budgets set by the Board of Directors each fall.
2. A commission is charged to owners on all rental activity. The Association Fund Commission is currently 5% of rentals.
3. All rental guests pay a Service Fee of 5.12%, income going into the Association general fund to help offset owner assessments.
4. Rental Activity generates operating income including charges for housekeeping, laundry and telephone charges to guests, etc.

An annual operating budget is prepared by management and presented to the Board of Directors each fall. When approved by the Board, the budget is pro-rated to each owner and to the commercial space owners on the percentages of ownership as outlined in the Condominium Declaration. Some expenses are General Common (GC) costs, and all owners pay their share. Other expenses are rental-related, and are paid by the Limited Common (LC) owners only -- the individual condominium owners.

The operating budget for 2019 totals \$4.5 million including owner assessments of \$2.4 million. Gross rental sales are budgeted to total \$8.3 million in 2019.

Assessments are set in the fall for the entire year and billed to all owners as of October 1. Assessments may be paid in one of three ways:

1. Pre-payment in full when assessed.
2. Payment by monthly installment on a set schedule that requires higher payments in winter when rentals are strongest and lower payments in other seasons.
3. Payment by means of off-set by rental income. All net rental income is held each month to pay the assessment expense until fully paid. Then, net rentals flow to the individual owner.

Operating expenses include all utilities, insurance, maintenance, payroll, supplies and equipment expenses, pool and elevator expenses, etc.

Monthly financial statements are prepared by management with comparisons to budget figures, and presented to the Board. The Board is kept informed with full financial details and operating statements along with monthly reports from management. The Association undergoes a complete financial audit by a local CPA each year, with an audit report presented to the Board of Directors and management in December. The Association's fiscal year runs from October 1 through September 30. Financial information including the yearly audit is available to owners upon request.

## **ASSOCIATION RESERVES**

A part of the annual assessment is a contribution to association reserves. These funds are collected and kept in designated accounts to provide funds for needed capital replacements. The goal is to provide funds for proper maintenance and improvement of the buildings as needed, without resorting to special owner assessments. Examples of the use of these funds would be roof replacements, public area renovation and remodeling, major pool or hot tub expenses, mechanical and utility system major repairs or replacements.

## **MONTHLY OWNER STATEMENTS**

Each condominium owner receives a monthly statement of rental activity, expenses charged and assessment payments. Rental owners will see a summary of all rental activity including names, dates and revenues generated along with all standard and special expenses for the month. If a net rental is due, a check is enclosed with the rental statement. Statements are sent out on the 10th of each month for the month prior.

In addition to assessments, rental owners pay four specific items:

1. Housekeeping: the cost for direct housekeeping in the rental units, billed as a percentage of gross rentals for the entire property. Averages 11% annually, but will change each month depending on rates and activity. When rates are lower, the percentage is higher. Higher rates mean lower housekeeping percentage costs.
2. Travel agent and credit card commissions are charged as a percent of gross rentals for the entire property. These average 11% for the year, but again these will be different each month depending on activity.
3. Association Fee (Fund Commission) set each year by the Association Board. Currently at 5%.
4. Cost for monthly cable TV service, currently about \$30 monthly.

Net rental income averages about 70% of gross rentals over the year, but this percentage will be different each month depending on activity, rates, etc. Owners will also be charged for any special expenses such as housekeeping when owners are here, personal phone bills, any costs for special maintenance or unit improvements.

## **RENTAL MANAGEMENT**

Aspen Square management works to assure rental owners of maximum rental income, appropriate to the long-term interests of the property and individual owners. Hotel-style services are provided for rental guests, including daily housekeeping service, full front desk services and concierge.

Reservations are booked by individuals, travel agents and tour operators. Commissions charged are billed to all owners as a total percentage of gross sales each month, as noted

above. **Board guidelines state that management may use an individual's condominium for up to three nights yearly at no cost for business and promotional needs.** Of course, these complimentary nights are timed to minimize any lost revenues. Complimentary night use is spread out among all owners fairly. Complimentary nights are used to help promote rentals, and serve to keep marketing and sales costs down. Complimentary rooms are also used as community contributions, such as use for charitable purposes or for business relationship purposes.

Rental rates are proposed by management for each season, and are approved by the Association Board. Management may reduce rates or offer special rates as business dictates and according to marketing needs.

Owners are required to make and confirm reservations in advance, according to set owner reservations policies. Each year owners are contacted by Aspen Square to reserve for the summer by March 1, and for the following winter by May 15. Of course, last-minute owner requests will be honored if possible, but confirmed guest reservations cannot be canceled to allow for owner use.

## **UNIT UPGRADING AND REMODELING**

Owners who participate in the rental program are encouraged to maintain their condominiums in a first-quality condition. Decor and furnishings must be appropriate to the rental rates charged and the expectations of our rental customers. Furnishings should present a like-new appearance, as in a first-quality hotel. Aspen Square's Board has established requirements for participation in the rental program. Condominiums must be up to date, and in near-new condition. Condominium upgrading and remodeling expenses are the responsibility of individual owners.

To assist owners with interior needs, Aspen Square has staff on hand, familiar with contractors and suppliers. Our goal is to see that all of our rental condominiums meet appropriate standards and the expectations of our rental guests. Quality, updated and attractive, well maintained condominiums are essential to Aspen Square's success. **Board policy allows management to make an essential repair or replacement at any time without direct owner approval if the cost is under \$500, or if it is required to keep the condominium in rentable condition.** An example would be purchase of a new TV if the old one is beyond repair, or repair/replacement of a stove, refrigerator or dishwasher.

A regular review of each rental condominium is conducted, and a report sent to each condominium owner with recommendations, suggestions and improvement requirements as needed. We are here to assist owners on special interiors projects, and to respond to furnishings and decor-related needs. **On all purchases or work done on behalf of individual owners, a 10% charge is added to cover a portion of overhead and administrative costs.** For project costs over \$10,000 the fee drops to 5% overhead fee after the first \$10,000 of expense. The first \$10,000 is still charged 10% overhead.

## **THE MANAGEMENT STAFF**

Aspen Square's Board of Directors hires a professional General Manager who oversees the operations of the association. All staff are employees of the Association, and the rental management program is operated by the association through the General Manager and the staff.

Aspen Square employs about 50 people in peak seasons, with reduced numbers in the off-seasons. The key staff people are here year-round, with additional people added in prime seasons as needed and according to approved budgets. Departments include the following:

- 1. FRONT OFFICE** including all front desk and reservations staff providing front desk coverage about 18 hours each day. Hours are reduced in off-seasons.
- 2. HOUSEKEEPING** includes all room cleaners, the Housekeeping Manager and assistants, housemen who maintain public areas and stock supplies, and the laundry staff.
- 3. MAINTENANCE** handles maintenance and cleaning of mechanical systems, landscaping, the pool and hot tub, fire alarm system and overall appearance and upkeep of building exteriors and garages. The maintenance staff responds to repair needs in the individual units.
- 4. ACCOUNTING** handles all financial aspects of the operation including accounts payable and receivable, preparation of monthly owner statements, preparation of monthly financial statements and oversight on cash handling. The accounting office assists with the annual audit, done by our local CPA.
- 5. THE GENERAL MANAGER** oversees the management operations and all staff. She is the primary contact between condominium owners and staff and works with Housekeeping on unit upgrading requests and projects. The General Manager is available to deal with specific issues, questions or special needs. Owner contact is always welcome and appreciated.

**The Aspen Square management and staff are here to work for our condominium owners and their guests. Our goal is to provide a friendly, professional lodging operation for all owners and rental guests, and to maximize rentals with an eye to long-term success of the property. We all want to see property values continue to grow, and this will happen through an effective rental program, by providing for proper upkeep and maintenance of both individual condominiums and public areas, and by assuring a friendly, helpful staff ready to assist all owners and guests.**

# CONDOMINIUM POLICIES, RULES AND REGULATIONS

## 1. OWNER CHECK-IN, CHECK-OUT

All owners are expected to abide by our 10:00 am check-out time and our 4:00 pm check-in time. Like all arriving guests, owners are not allowed into their condominiums until housekeeping has completed room preparation. Late check-outs will be arranged whenever possible for owners, but late departures cannot usually be provided during peak winter and summer seasons, or on busy check-out days.

Owners are expected to make advance reservations just like other guests. Normally, winter reservations are requested by May 15, and summer reservations due back by March 1. Late owner reservation requests will be honored when possible, but if rentals are already confirmed in accordance with the above owner reservation schedule, such rentals take priority.

## 2. PARKING

Parking for guests and owners is on a first-come, first-served basis because of the limited parking available at Aspen Square. While most Aspen Square winter visitors arrive by air and do not place demands on our parking, we do not have one space for each condominium, so parking can become very tight at busy times -- especially in the summer months of July and August. **Owners do not have a specific assigned space.** Parking permits are required for all cars parking at Aspen Square, and are given to registered guests and owners only. **Long-term storage of owner vehicles is not available.**

## 3. BARBECUE GRILLS

**Barbecue grills or outdoor grills of any type are prohibited on the decks and patios of our condominium.** A gas grill is available in the courtyard area, with appropriate safety considerations maintained. This community grill is open for owner and guest use.

## 4. OWNER STORAGE

As a general rule, extra storage is not available on the property for owner personal possessions other than what is available in an owner's individual condominium. All condominiums have locked owner closets for personal items. It is important to keep ample closets open and available for guest use. Locked closets and cabinets should be limited.

We do have a limited number of special storage lockers in our maintenance area, available for rent to owners who need extra storage space. Ask the General Manager for storage availability and price.

Owners are encouraged to leave as much guest storage available as possible, in deference to paying guest needs. Short-term storage arrangements can be made for arriving furniture or



appliances, departing items and similar items during a remodel or upgrading of an owner's condominium.

## **5. PETS**

Pets are not allowed at the Aspen Square under the Condominium Declaration. This policy has been repeatedly confirmed by the Aspen Square Board of Directors. No pets are allowed, for either guests or condominium owners. Service animals are allowed on site by federal law.

## **6. STRUCTURAL CHANGES**

Any structural alterations to condominiums are governed by the Condominium Declaration, and require prior approval by the Association Board of Directors. Similarly, any changes to an individual condominium that impact in any way other condominiums or the exterior appearance of the building, require approval by the Association Board of Directors. Any remodeling or refurbishing which involves or requires alterations to existing plumbing or electrical service must be cleared through the Maintenance Supervisor and the General Manager, and may require Board approval. Any changes which affect the fire alarm system within the units or common areas require the supervision of Aspen Square management.

Owners are free to make any interior improvements which do not impact the structure or operation of the building, utility or electrical systems, or adjacent condominium. Owners are urged to remember that Aspen Square is primarily a rental property, and interior changes should conform to normal rental guest expectations along with owner desires.

## **7. MANAGEMENT ACCESS**

Management must have keys and normal access to owner condominiums, including locked storage closets or cabinets, in order to be able to respond to emergency situations or special maintenance needs. All such owner closet or cabinet keys are maintained in a secure cabinet with limited staff access, and are signed out and in by staff when used for any reason. Entrance door keys must conform to Aspen Square's master key card system.

## **8. EXTERIOR CHANGES**

Changes may not be made to the exteriors of the condominiums without prior review and approval by the Association Board of Directors. Modifications which affect the outward appearance of the property are seldom allowed, and must be approved in detail by the Association Board of Directors. Draperies or shades on windows should present a similar appearance to the outside as all others installed on the property. A white or off-white appearance from outside is required.

## **9. OWNERS GUESTS OR CONTRACTORS**

Verbal or written confirmation is required for use of an owner's condominium by friends or relatives other than the specific owner. Proper reservations must be made through Aspen Square's reservations office. It is necessary that the front desk be informed of any vendors or contractors who may be coming to execute work contracted by the owner. Such work and

schedules must be coordinated with Aspen Square management to assure appropriate access to the condominium, and to avoid serious noise and interference with rental activities. Noisy work in condominiums must be done between the hours of 9:00 AM and 6:00 PM, and not on weekends. Major work is to be done in the slower spring and fall months, and not during our peak summer or winter weeks.

## **10. BUYING AND SELLING CONDOMINIUMS**

Owners are expected to advise management when a condominium is listed for sale. The Association has a right of first refusal on all sales, as outlined in the Condominium Documents.

An owner must specifically advise management that his/her condominium financial information and rental history may be given out on his specific condominium, either to individual prospects requesting information, or to local realtors; and that the condominium may be shown.

Owners and local realtors must remember that paying guests have the right to expect uninterrupted occupancy of the condominium in which they are in, even if it is for sale. While management will make every effort to provide for showing of condominiums by local realtors, if rental guests refuse such entry, then their wishes must be honored. No solicitation materials are to be left regarding sales in any individual condominiums except by the listing agent, and only with the owner's expressed permission communicated to Aspen Square management.

General financial information on the property, including assessment averages, assessment history and rental income averages, is available through management. The General Manager is available to meet with serious prospects to discuss how Aspen Square works, and to confirm potential buyer financial expectations. Such meetings are encouraged so that all questions are answered.

## **11. OWNER HOUSEKEEPING SERVICES**

Regular housekeeping service is available to owners when visiting Aspen Square, but it is not required during an owner's stay. Owners will be asked at check-in specifically what housekeeping service is desired. Of course, any special requests or changes during the owners stay will be honored. Full check-out service is required when owners depart, just like for any other guest. The Owner check-out fee is charged automatically, and can be paid at check-out at the front desk, or simply put on the owner's rental statement.

Twice-yearly seasonal cleaning and once or twice-yearly carpet steam cleaning is done at the owner's expense. All such work is either done by the Aspen Square housekeeping staff, or arranged and supervised by the Housekeeping Manager (such as contracted carpet steam cleaning).

## **12. SPECIAL REPAIRS OR REPLACEMENTS**

Owners are responsible for any major repair or replacement needed in individual condominiums. Major appliance or TV replacement is an owner expense, along with furniture replacement or major repair. Other repairs, normally done by the Aspen Square staff, are done at no extra charge to owners. Aspen Square staff is on hand to assist with any work needed.

**Board policy allows management to make an essential repair or replacement at any time if the cost is under \$500 if it is required to keep the unit in a rentable condition.** Any significant repair or replacement will be communicated to owners in advance. In the case of a true emergency repair, management will proceed as needed and inform the owner as soon as possible. On all purchases or work done by Aspen Square, a 10% charge is added to cover a portion of overhead and administrative costs.

## **12. COMMUNICATION WITH STAFF AND DIRECTORS**

In all dealings by phone or in person with our Aspen Square staff, it is important that owners speak with the General Manager or proper department head regarding any questions, special requests or difficulties. Reservations may be made with any front office staff member.

Owners are requested to respect the chain of command of the operation, being careful in dealing with individual staff members accordingly.

Aspen Square has staff working with owners on condominium improvements, upgrading, special condominium needs or similar requests. We are available to assist owners in every way possible on special condominium needs. Also, the General Manager is always available to address any special owner requests, problems, questions or special needs.

## **13. OWNER COMMUNICATION**

Owner rental statements are sent out on the 10th of each month for the month prior. An informal owners' newsletter is sent with the monthly rental statement. Owners are also kept informed through special mailings as needed. The annual April homeowners' meeting is announced through a special mailing. Owners are encouraged to attend the meeting in person, which is usually scheduled for the first Saturday in April. All questions, concerns or ideas may be submitted in writing for consideration at the meeting. Owner input is always welcome by the association Board and management.

## **14. RECORDS AVAILABLE TO OWNERS**

Financial records, operating procedures and records relating to meetings of the Condominium Association area available to all condominium owners. A copy of the following records is maintained by the association with copies available to condominium owners upon request:

- a. Articles of Incorporation.
- b. Association By-Laws.
- c. The Condominium Declaration

- d. Board resolutions affecting condominium owners.
- e. Written rules and procedures of the association.
- f. Minutes of all condominium owner meetings and records of any actions taken by condominium owners without a meeting in the past three years.
- g. All written general communications to condominium owners in the past three years.
- h. A list of the names and the business or home addresses of the current board and its officers.
- i. Copy of the all financial audits, reviews or special audits conducted in the last three years.
- j. Operating budgets for the current year, and year-end operating statements and the balance sheet of the Aspen Square Condominium Association.

Copies of these records are all available to individual owners on request.

## **15. EXTERIOR SIGNS, FLAGS, POLITICAL EXPRESSION**

Exterior signs or banners on balconies or on residential windows and doors, other than door numbers or directional signs, are prohibited. There are to be no banners, flags or other signs hanging from balconies or visible in condominium windows.

However, by Colorado Condominium law, owners are allowed to display the American flag in windows and on balconies with reasonable size requirements, and political signs are allowed only within 45 days of the associated election. They must be removed promptly following the said election.

## **ASPEN SQUARE MANAGEMENT IS HERE FOR YOU**

Aspen Square management realizes that condominiums are purchased as vacation homes by owners, with the goal of enjoying both a reasonable financial return and a first-quality vacation experience when visiting individually. Management attempts at all times to provide professional, quality management services to the benefit of our condominium owners and to assure enjoyment by our rental guests.

We are happy to address any owner questions, and we always welcome owner input and suggestions. Your Aspen Square staff is here to help make your Aspen Square condominium investment the best and most enjoyable it can be.

Dana C Thompson, General Manager