

Prospect Plaza Condominium Association
313 / 315 Adams Ranch Road
P.O. Box 2975
Telluride, CO 81435

October 11, 2006

To: _____

RE: Ballot for Ratification of 2006/2007 Budget &
Assessment Increase
Ballot for Approval of Capital Expenditure
Budget, Financing & Special Assessment
BALLOTS ARE DUE OCTOBER 25, 2006

As discussed in my letter of September 26th, the Board held a meeting at 5pm on October 9, 2006 in Unit 2-2B to present both operating and capital budgets to the unit owners and discuss any questions they might have on those budgets. All directors were present and over 63% of the unit owners were represented. The Board made a presentation and also walked around the building with the attendees of the meeting to show the capital expenditures which are required.

At the meeting, the Board determined to

- 1) Send the 2006-2007 Operating Budget to the Unit Owners for Ratification. The Budget was approved by the Board at its September 22nd Board meeting. A vote in excess of 50% of the Unit Owners is required for ratification. The increase in assessments required to support the budget will be begin November 1st, if ratified.
- 2) Request approval of the Unit Owners for a Capital Expenditure program of \$90,000. Unit Owners have the ability to pay for their share of the Special Assessment to support this capital budget by
 - a) paying 100% of their share upfront
 - b) paying 50% of their share upfront and paying monthly assessment over 36 months for the remainder (which includes their share of any interest and fees).

The approval is subject to the approval of the bank to finance the amount required depending on the number of people choosing the financing option. A vote of 50% of the Unit Owners is required for approval. The upfront payment will be due November 30th, and the monthly portion would begin in the December 1st invoice.

I have attached both the operating and capital budget and the amount regular and special assessment required by unit. Details on the budgets and the letter of September 26th explaining the budgets are on the website as well as the presentation made at the October 9th Board meeting. The website is at www.prospectplazacondo.com and the page relevant to budgets can be reach by clicking on the "Financial Information" link. The excel spreadsheet explains the allocation of the operating assessments to Unit Owners and the budget presentation explains the allocation of the Special Assessments.

Also attached are the ballots for both budgets. **Please return them by October 25, 2006.** If you have any questions, or would like to take a walk around the building to discuss the required capital expenditures, please feel free to call me or any of the other directors.

Sincerely,

Judy Thompson
President.

RATIFICATION OF OPERATING BUDGET
Due by October 25, 2006

Unit(s): _____

Owner Name: _____

Please put an "x" on one of the lines below:

_____ **I ratify the Operating Budget for Prospect Plaza Condo Association for the period of October 2006 to September 2007 in the amount of \$101,096.62. I understand that the new assessments which will be billed to me beginning November 1, 2006 are:**

| | |
|------------|----------------------------------|
| Unit _____ | Amt. of Monthly Assessment _____ |
| Unit _____ | Amt. of Monthly Assessment _____ |
| Unit _____ | Amt. of Monthly Assessment _____ |
| Unit _____ | Amt. of Monthly Assessment _____ |
| Unit _____ | Amt. of Monthly Assessment _____ |

_____ **I do NOT ratify the Operating Budget for Prospect Plaza Condo Association for the period of October 2006 to September 2007 in the amount of \$101,096.62**

Signature: _____ **Date:** _____

A ratifying vote in excess of 50% will ratify the budget which has been approved by the Board. The deadline for voting is October 25th. Votes not received by October 25th, will be considered "NO" votes.

APPROVAL OF CAPITAL EXPENDITURE BUDGET
PLEASE RETURN BY OCTOBER 25, 2006

Unit(s): _____

Owner Name: _____

Please put an "x" on one of the lines below:

_____ I approve the Capital Budget for Prospect Plaza Condo Association in the amount of \$90,000, subject to the granting of a loan of 50% of the value of the capital expenditures to be financed, up to \$45,000. All owners will be responsible their share (see below) of the \$90,000, with 50% due by November 30, 2006 and the remaining amount (principal plus interest) being assessed monthly beginning December 1, 2006. Unit owners may opt to pay 100% upfront with no interest.

| | |
|------------|--------------------|
| Unit _____ | Total Amount _____ |
| Unit _____ | Total Amount _____ |
| Unit _____ | Total Amount _____ |
| Unit _____ | Total Amount _____ |

_____ I do NOT approve the Capital Budget for Prospect Plaza Condo Association in the amount of \$90,000.

If the Capital Expenditure Budget passes, I wish to pay my special assessment as follows:

_____ Please bill me for the entire amount of the principal value of my share of the special assessment. This bill will be due by November 30, 2006.

_____ I will pay the 50% up front and Prospect Plaza will finance the remaining 50%. I agree to be billed monthly for my monthly share of the principal and interest for a loan for 36 months beginning December 1, 2006. The amount of monthly payment, including interest and fees, is below.

| | |
|------------|--------------------|
| Unit _____ | Total Amount _____ |
| Unit _____ | Total Amount _____ |
| Unit _____ | Total Amount _____ |
| Unit _____ | Total Amount _____ |

Signature: _____ Date: _____

A vote in excess of 50% will approve the capital budget and required special assessments. The deadline for voting is October 25th. Votes not received by October 25th, will be considered "NO" votes. Unit owners must sign this form and return it if they want to elect the monthly payment option if the budget and assessment pass.