

Homeowners Letter: March 4, 2009

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Dear fellow Snowmass Mountain Condominium Homeowners,

This letter is to update you of the knowledge we continue to receive in our numerous discussions with the engineers, the construction company, Town of Snowmass Village and the local brokers.

We are also including a copy of our September 15, 2008 letter for your convenience.

At our owners meeting last September, we explained why we did not commence the project in April of 2008 due to the cost being more than we thought was prudent to undertake. Also, town approvals and final plans were not received in a timely fashion. In our updates of September 15, 2008 and January 30, 2009, we advised that we have learned more about the soil, the repairs made to the wall in the late 70s and the new Town of Snowmass fire and safety regulations.

Our immediate goal is to complete the redesign phase and receive the City of Snowmass town approval so when we are ready to start the project, we will be in a position to begin construction and not have to start this laborious and expensive design phase again. We do not want to waste the cost and efforts that have brought us to this point.

Since our HOA meeting last September, we have met with the contractor and town of Snowmass Village on numerous occasions. The contractor is working on the redesign so we can obtain cost estimates. The Board has been firm with our contractor on the limits SMC is willing to spend to accomplish the project. It is our desire to have the design along with estimated costs completed by the next HOA meeting which will be scheduled soon.

Please be assured that the Board has not entered into any significant contractual obligations and is well aware of the impact the current economy has on any decision. Also, there are no plans to commence any construction in 2009.

Status of Retaining Wall

We have had questions regarding the status of the retaining wall, which is the driving force of why we have to take action. Here are some of the things we have learned these last 3-4 years.

The buildings were built in the early 1970s and railroad ties were used to secure the wall. These railroad ties were part of the Aspen railroad. We were advised that railroad ties have a life of 25 years and our ties were pretty old when they were first used. In any event, we are past the estimated 25 year life. The road failed and the project was condemned in 1978 and subsequently repaired. Around 1984, further movement was noted and interceptor drains were installed along the back of Buildings D and E. Professional monitoring of the wall began in 1987 according to the records we have.

There are no records or engineering plans of the repair work, but during the engineering due diligence it was discovered that a crib system was utilized during one of the repair projects. This was a surprise and if we had opened up the road for construction, it would have been a costly surprise. This is one of the examples of why we have tried to get as much information on the history, the types of soil that will be involved and the shoring up of the upper hill units. (One of the most expensive parts of the construction costs will be the expense of shoring up the upper hill units so they do not slide when the road is “opened up”.)

So, this is where we are on the project:

There are only three companies in Colorado qualified to do the shoring work.

The previous repair work done on the road and walls(that company is no longer in business) was probably not the best solution.

As all of you know, the HOA has continued to have the road and walls monitored for the past several years. Recently, we have become concerned about the safety of the wall. In a February 24, 2009 report from CTL Thompson, a structural engineering firm, the condition of the wall was described as follows:

“Observation of the existing retaining walls by us and others indicate that the retaining walls are in poor to failed condition. Additional lateral movement of the existing walls is likely if they are not replaced. The lateral movement is likely translating to the parking lot and resulting in damage. Lateral translation to the buildings west of the parking lot is possible and may damage structures.”

Salability of Snowmass Mountain Condominiums

As all of your are aware, we have had no unit sales since 2007. Currently, we have at least 3 units for sale. In our conversations with local realtors, it is no surprise that we are impacted with the economic situation that is affecting Snowmass and the rest of the country. However, the realtors have also advised us that the “uncertainty” of what we are going to do with our wall repair, potential assessments, etc., puts us in an almost “non saleable” position without deep discounts. It is our goal that the completion of the redesign along with estimated costs will enable us to approve our plan and at that point, potential sellers will have answers for prospective buyers and the units can compete with the other property listed for sale.

Financing

It will be no surprise to anyone that the current economy has significantly impacted financing options for a project of this size. We are unable to explore this area until the design is completed and we have cost estimates. One thing we do know that has changed is that the banks will require us to put more funds into the project up front. Therefore, we want to remind everyone to be considering their own personal situation in light of the necessity to raise these funds. We will have an idea of the range of assessments by the homeowners meeting.

Approval of Town of Snowmass Village

As previously stated in earlier correspondence to you and at the last homeowners meeting, the approval process is timely, expensive and cumbersome. However, it is critical that we have an approval in place in case the wall either fails or for when we decide to go forward with its repairs. The Town of Snowmass Village has many requirements...i.e. employee housing, fire equipment weight limits, etc.

We continue to seek this approval as it is a critical piece of our process. We cannot seek the approval until the redesign is complete.

Summary

As we have said all along, it is our goal to have the redesign completed along with estimated costs by the HOA meeting. At the completion of this planning stage, we will present all options to all owners at the Aug/Sept 2009 meeting. We will then be in a position to start construction at some point in the future. Hopefully, by our owners meeting we will all be more educated on the state of our economy and a hopeful rebound. If not, at least we will have a plan with an approval so we are ready to move forward in the future and we will have much more knowledge of the challenges of our property based on our due diligence of the past three years. Unfortunately, we also know that our road/railroad tie issue is not going to go away and needs our attention now.

All of us on the Board appreciate the feedback and cooperative efforts in this ongoing venture. We will continue to provide you with new information updates as it is ascertained.

Best Regards,

Snowmass Mountain Board of Directors