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*Treasurer's Report*

February 2026

TREASURER • 2021–2025

# *Why Does the HOA Exist? (And What Do We Have to Pay For?)*

Executive summary of core legal obligations and funding responsibilities.

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## *1. Our Mission*

**Purpose:** Create and maintain a desirable, attractive subdivision for the mutual benefit and protection of all owners. (See 2011 CC&Rs, Preamble.)

**Authority:** The HOA is the legal entity empowered to enforce rules and collect assessments needed to operate and maintain the community. (See First Amendment to CC&Rs, Article I(S).)

## *2. Obligation #1: Stormwater System*

**Legal requirement:** The Association is bound by a Residential Subdivision Maintenance Agreement (originally Thurston County; now City of Tumwater jurisdiction).

**Required work:** Inspect, clean, maintain, and repair catch basins, pipes, wet ponds, and infiltration ponds (including Tract C facilities) to prevent water-quality impacts. (See 2014 Addendum to Maintenance Agreement.)

**Enforcement risk:** If the HOA fails to perform, the City can enter, perform the work, and lien the HOA for costs. (See Maintenance Agreement, Remedies section.)

## *3. Obligation #2: Common Area Maintenance*

**Legal requirement:** Maintain defined common areas, including open space tracts, trails, and recreation areas. (See 2011 CC&Rs, Article I(R); First Amendment, Article I(S)(1).)

**Practical scope includes:**

Tracts B, C, D, F, L, M, and N (open spaces).

Tot lots (playgrounds) and the 2.97-acre trail easement.

Utilities serving common areas (including street lighting where applicable). (See 2011 CC&Rs, Article I(R); First Amendment, Article I(S)(1)(iv).)

## *4. Obligation #3: Financial Safety*

**Legal requirement:** Carry liability / property insurance and fund reserves for major future replacement / repair obligations. (See First Amendment, Article I(S)(3); Bylaws, Article 6.2.)

**Why it matters:** Reserve contributions reduce special-assessment risk and help avoid deferring predictable high-cost projects.

# Overall Financial Position

Year-over-year comparison of Inflows vs Outflows.

AVG. ANNUAL INFLOW

**\$75,387**

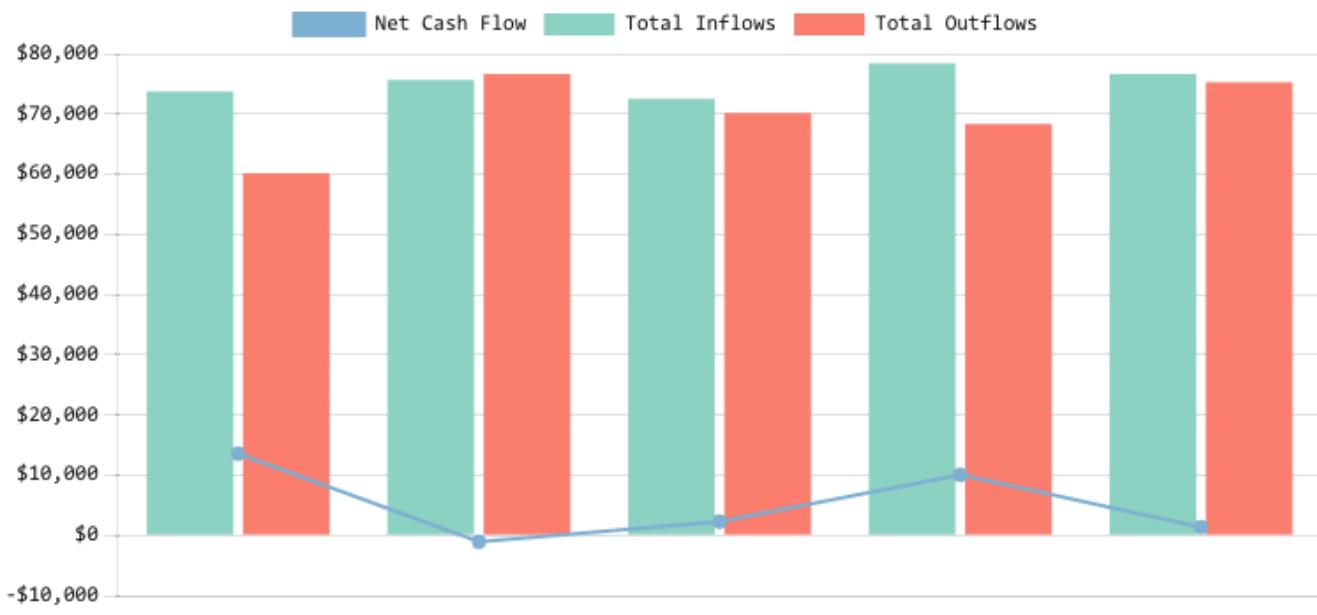
AVG. ANNUAL OUTFLOW

**\$70,101**

AVG. NET FLOW

**+\$5,286**

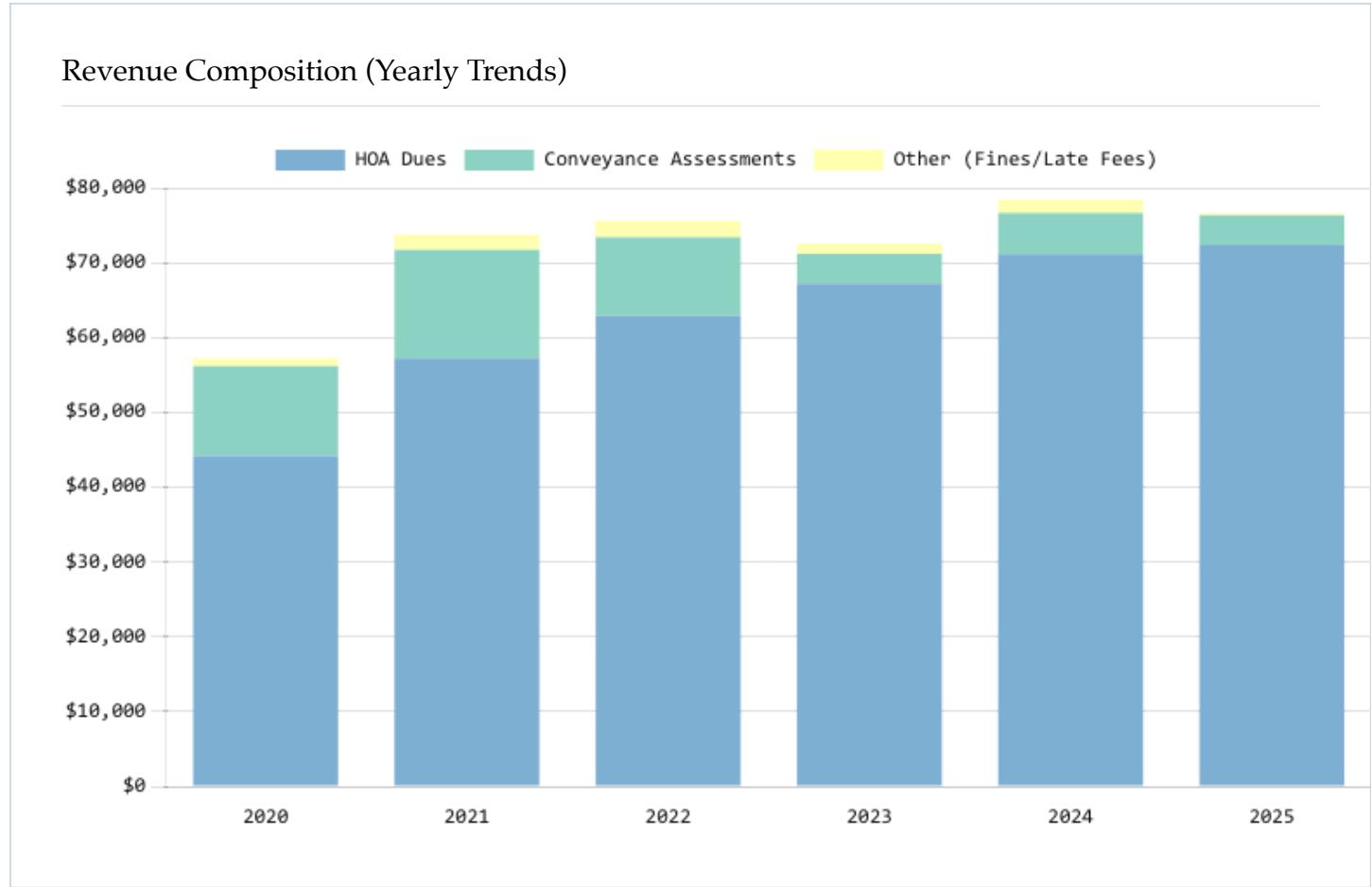
## Annual Cash Flow (2021-2025)



# Income Analysis

Breakdown of revenue sources.

5-YEAR INFLOW	HOA DUES	CONVEYANCE ASSESSMENTS	OTHER
\$434,173	= \$374,998	+ \$50,500	+ \$8,675



## Commentary

### Notes to the Cash Inflows Table

Data Source & Scope: These figures are derived from the detailed General Ledger reports provided by the Management Company. Data for 2020 represents a partial year (June through December). Data for 2025 covers the full fiscal year ending December 31, 2025.

Regular Assessments (Dues): The steady increase in HOA Dues (from \$44k in 2020 to \$72k in 2025) reflects the community's stabilization as more lots were sold and began paying assessments. This is the Association's only reliable source of operating cash.

**Conveyance Assessments (Restricted Funds):** The row labeled "Conveyance Assessments" represents the \$500 fee collected upon the sale of a home (GL Account 300150).

**CC&R Restriction:** Per the First Amendment to the CC&Rs, these funds are restricted exclusively for the maintenance and repair of Common Areas.

**"Other" Income:** This category includes fines, late fees, and minimal bank interest. It is highly variable and should not be relied upon for budgeting core operating expenses. Notably, Legal Fee reimbursements (GL 300400) often appear here, but these simply offset legal expenses incurred to collect delinquent dues.

# Cash Outflows by Category

Yearly trends and category totals.

## Top Category Aggregates (2020-2025)

### LANDSCAPING

\$87,050

### STORMWATER

\$54,536

### RESERVE TRANSFERS

\$46,728

### OTHER (LEGAL/INS/AUDIT)

\$26,100

### ADMINISTRATIVE

\$77,530

### DEVELOPER

\$52,500

### UTILITIES

\$32,400

## Cash Outflows by Category (Yearly Trends)



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## *Cash Outflows by Category (2020–2025)*

Administrative (VIS Group): Includes Management Fees, Base Supply Fees, Postage, Mileage, and Admin Fees.

Landscaping & Maint: Includes Sage Landscape, All You Need, Dreamscape, and Simply Home Realty.

Developer: Payments to Lotus House.

Reserves: Transfers to the Reserve Bank Account.

Stormwater: Payments to Sustainable Groundworks.

Utilities: Water (City of Tumwater) and Electricity.

Other: Insurance, Legal, Audit, Taxes, Meeting Expenses.

# Cash Outflows by Payee

Top payees and yearly trends.

## Top Payee Aggregates (2020-2025)

### VIS GROUP & AFFILIATES

\$86,400

### SUSTAINABLE GROUNDWORKS (STORMWATER)

\$54,536

### RESERVE TRANSFERS

\$46,728

### ALL OTHERS (LEGAL/INS/TAX)

\$25,580

### LANDSCAPING (SAGE/AYN)

\$78,700

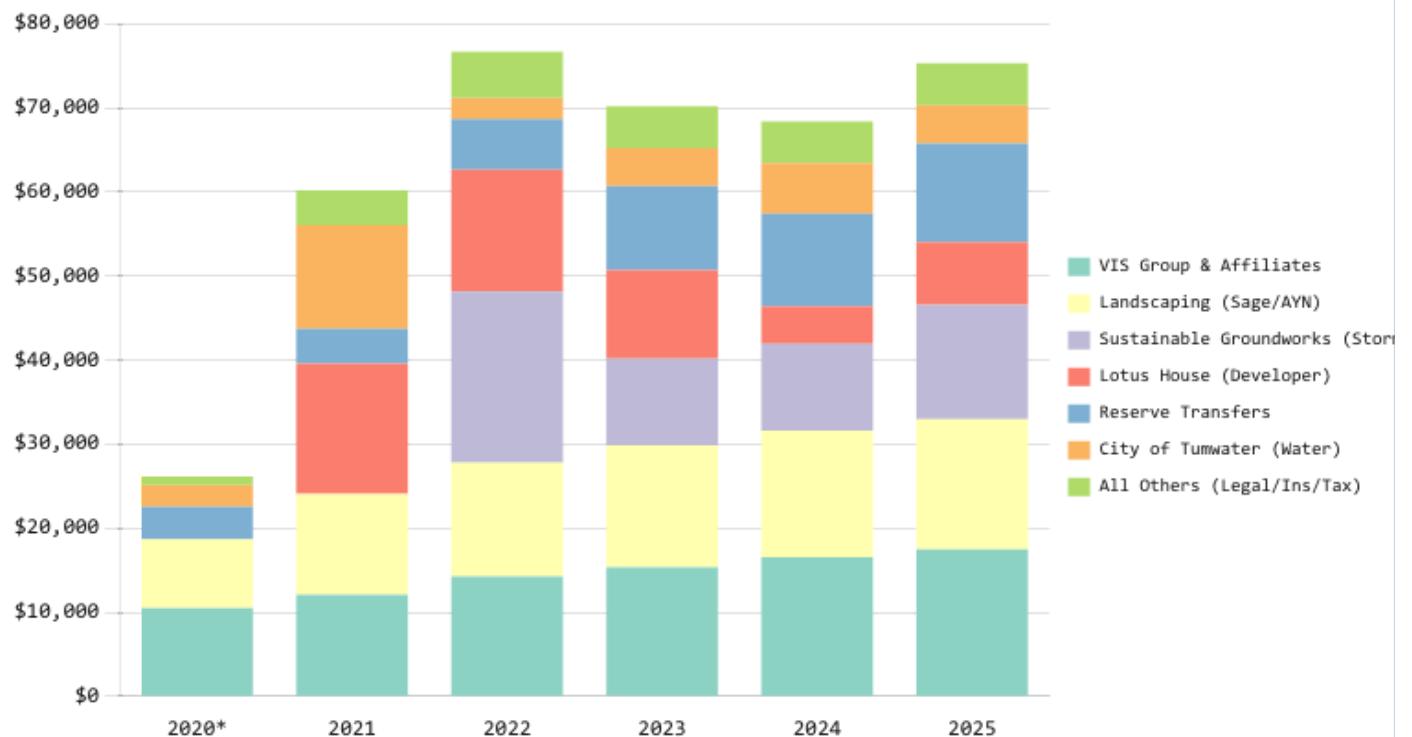
### LOTUS HOUSE (DEVELOPER)

\$52,500

### CITY OF TUMWATER (WATER)

\$32,400

## Cash Outflows by Payee (Yearly Trends)



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## *HOA Cash Outflows by Payee Notes*

2020 Data: Covers June through December only.

Lotus House: Includes the \$3,500 "Refund" payment in 2021 + the Capital Contribution transfers.

Sustainable Groundworks: Shows the specific jump in spending from 2024–2025.

VIS Group: Includes management fees, postage/admin, and payments to Simply Home Realty.

# Stormwater Maintenance

Year-by-year stormwater maintenance payments.

TOTAL STORMWATER PAID

**\$54,536**

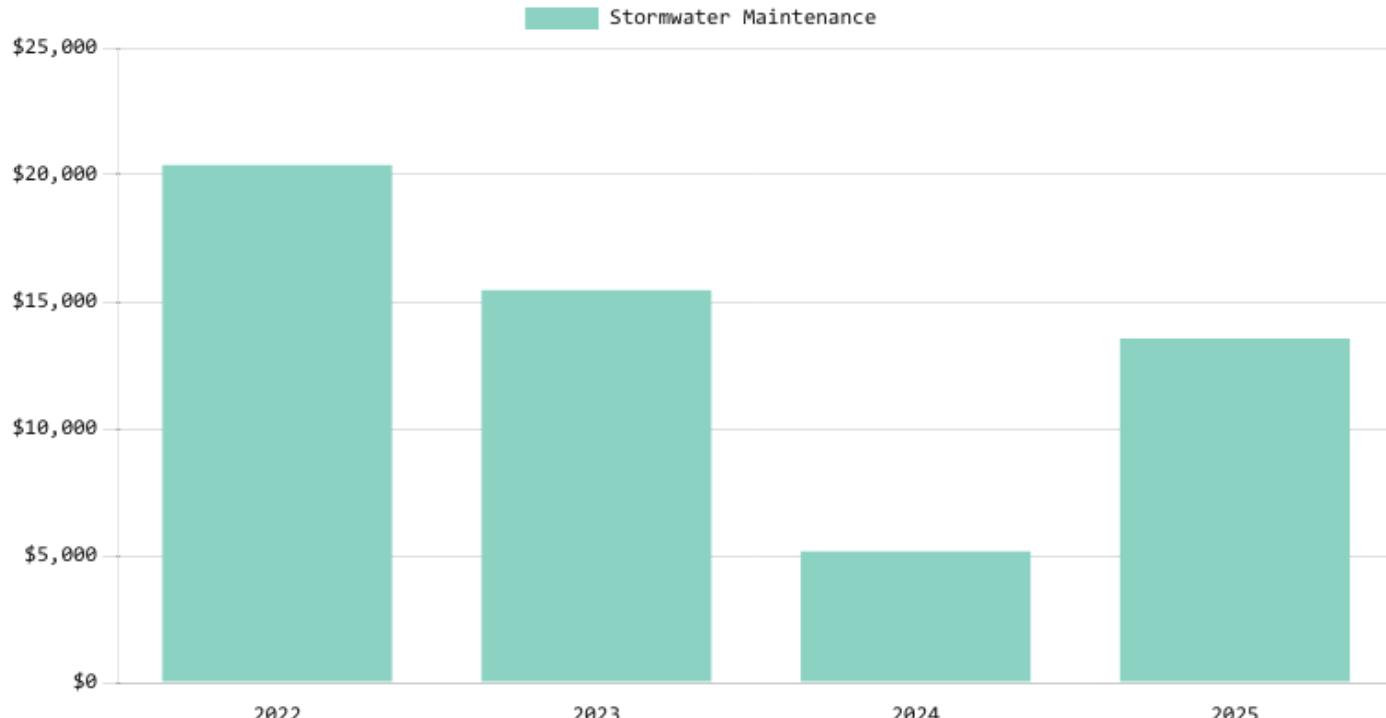
AVG. ANNUAL STORMWATER

**\$13,634**

PEAK YEAR

**2022 (\$20,372)**

## Stormwater Maintenance Payments by Year



## Commentary

### Stormwater Maintenance Obligations

The Association is bound by the Residential Subdivision Agreement to Maintain Stormwater Facilities recorded with Thurston County. Failure to adhere to these requirements can result in the County performing the work and placing a lien on the property for the costs.

## *Primary Obligations*

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Maintenance Implementation: The Association must implement the specific maintenance program detailed in "Attachment A" of the agreement. This includes maintaining catch basins, pipes, the wet pond, and the infiltration pond.

Critical Standard: The infiltration pond must be kept clean of silts and sediments. If infiltration tests show a rate lower than 2 inches per hour, additional construction/remediation is required.

Inspection Schedule:

Monthly: From November through April.

Annually: Once in late summer (preferably September).

Post-Storm: After any major storm (defined as 1 inch of rain in 24 hours).

Documentation (The Log Book): The Association must maintain a "Log Book" cataloging inspections, actions taken, who performed them, and any problems encountered. This log book must be available for inspection by Thurston County.

Annual Reporting: An annual report must be submitted to Thurston County on or before August 31st of each year. This report must include a summary of activities, photocopies of the log book, and an outline of planned activities for the next year.

Financial Responsibility: The Association assumes all responsibility for the cost of maintenance and repairs. If the County is forced to intervene, the HOA must reimburse the County within 30 days of invoice.

## *Cost Estimate for Maintenance*

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The Maintenance Agreement contains a specific "Cost Estimate for Maintenance" breakdown (in 2011 dollars).

Agreement Estimate: 116.5 labor hours per year. Total estimated cost: \$1,747.50 per year.

## *Actual Maintenance Costs*

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Based on the general ledger reports, the HOA has made numerous payments to Sustainable Groundworks LLC between August 2022 and December 2025. These payments total \$56,616.70 and are primarily categorized under Stormwater/Detention Pond maintenance, with earlier payments classified as Landscaping (Non-contract).

The payments, listed chronologically, are as follows:

### **2022**

August 12, 2022: \$1,533.00 (Invoice #1135) for Landscaping (Non-contract).

September 21, 2022: \$7,117.50 (Invoice #1140) for Stormwater/Detention Pond maintenance.

November 3, 2022: \$13,254.98 (Invoice #1216) for Stormwater/Detention Pond maintenance.

### **2023**

March 2, 2023: \$547.50 (Invoice #1234) for Landscaping (Non-contract).

July 3, 2023: \$5,146.50 (Invoice #1259) for Stormwater/Detention Pond maintenance.

September 25, 2023: \$5,146.50 (Invoice #1303) for Stormwater/Detention Pond maintenance.

October 10, 2023: \$5,155.90 (Invoice #1407) for Stormwater/Detention Pond maintenance,.

2024

June 24, 2024: \$5,155.90 (Invoice #1363) for Stormwater/Detention Pond maintenance,.

2025

May 13, 2025: \$4,519.64 (Invoice #1442) for Stormwater/Detention Pond maintenance,.

September 17, 2025: \$4,519.64 (Invoice #1464) for Stormwater/Detention Pond maintenance,.

December 8, 2025: \$4,519.64 (Invoice #1494) for Stormwater/Detention Pond maintenance,.

## *Questions*

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Do we need to dredge? Could be \$15-30k every 20-30 years?

Have the expenses over the past 5 years been normal or were we doing deferred maintenance?

Can vendor provide a 30 year outlook on this pond so we know how to budget for large expenses?

# *Reserve Study Analysis*

Review of 2025 Reserve Study findings.

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## *Analysis of Reserve Health*

Based on the 2025 Reserve Study (Report #46458-2), the Association's financial position is currently classified as "Fair" but carries a "Medium" risk of special assessments.

Percent Funded: 49.4% (up from 43.1% in 2024).

Cash Balance (Projected 1/1/25): \$35,075.

Fully Funded Balance (Required): \$71,015.

Deficit: (\$327) per unit average deficit.

Recommended Contribution: \$950/month (100% funding goal).

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This "Fair" rating may be an illusion. It is calculated based on a list of assets that excludes the community's most expensive infrastructure (Stormwater). If the Stormwater system were included, the "Fully Funded Balance" target would rise significantly, likely dropping the Association's actual status to "Weak" (<30%) and the risk of Special Assessment to "High."

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Stormwater maintenance obligations may not be fully reflected in the reserve study scope.

Reserve funding contributions appear below target relative to expected long-term obligations.