

WARNING.... THE NEXT HOMEOWNERS MEETING COULD COST YOU \$\$\$!!

The following information was included in The Falls last email and could directly impact the homes whose property borders the fence that lines the common area of Snohomish Cascade Drive. The homeowners board is considering having us pay for the portion of the fence that borders our property.

The homeowners association is a group that should share the cost of common area improvements and not burden the minority. Please attend the meeting on May 13th at Totem Falls Elementary at 7pm to hear their plan and voice your opinion. You can also email them at admin@the-falls.org.

MAY 13 TOTEM FALLS ELEM. 7PM

(original email text)

Fence

The Board had an extensive discussion on the maintenance of the fence during the April Board meeting. As reported before, there is some thought by some members of the Board to change who is responsible for the maintenance from the Board to the homeowners who border the fence.

Much of the discussion revolved around options. One idea is that the Association would pay for the materials and the landowners would pay for installation.

Another concern that was brought up was how much fence is included as part of the common area. Traditionally, that has been along Snohomish Cascade Dr SE and Puget Park Dr.

At least one Board member was adamant that no change in policy be made until the Board has a meeting with interested members to discuss the subject.

During the May 13th meeting the Board will take comments from members about financing fence repairs.

If you wish to email prior to the meeting please do so at admin@the-falls.org

The Falls Homeowners Association Finances

While conducting capital improvements along the south entrance, the Homeowner's Association has depleted its funds. In addition, the Homeowner's Association owes \$31,512.22 to at least three vendors.

Projects completed under the capital improvement plan included:

1. Repair of major portions of the irrigation system
2. Removal and replacement of common area fencing and landscaping along Division 3, Lots 21, 22, and 23 at the south entrance
3. Repair of asphalt sidewalks along Puget Park Dr SE

As of September 25, 2008, the Homeowner's Association had the following assets and liabilities:

ASSETS

Operating Account-	\$ 704.92	
Reserves-	\$ 1,261.52	

TOTAL ASSETS		\$ 2,523.04

LIABILITIES

Glenbrook Services-	\$ 1,465.57	
Yoshihara Landscaping-	\$ 4,250.00	
New Leaf Landscaping-	\$25,796.65	

TOTAL LIABILITIES		\$31,512.22

- In addition to the liabilities above, the Homeowner's Association will owe \$12,777 by December 31, 2008 to:
 - \$3,876 to Port Gardner Property Management (\$1,292/month for 3 months)
 - \$8,901 to Glenbrook Services (\$2,967/month for 3 months)

The New Leaf debt can be paid over time. Port Gardner Management has agreed to allow the Association to stop payments for a few months until the Association can collect funds then add the amount owing to the regular payments early next year.

Contributing Factors-

Factors contributing to the current financial situation include:

1. The 2008 budget did not include a line for "Capital Improvement Expense".
2. One board member left the area for a new job on the east coast over the summer.
3. Another board member has not participated in Association business or meetings for over a year.
4. 50 members have not paid Association dues and owe over \$15,000 in dues and late fees.
5. Reserves have been depleted to less than \$2,000.
6. Neither the board nor Port Gardner Management monitored the Association's cash flow. As a result, the board did not manage the capital improvements or the administrative/repair and maintenance expenses in a way that ensured the association had enough cash to meet it's obligations until 2009 when the next billing for dues would be sent to the membership.
7. The board did not prepare an adequate budget to plan expenditures for the year. The board did not budget for the following expenses, and yet had expenditures in each (as shown on the August 2008 Profit and Loss Statement):

<u>Expense</u>	<u>Expenditure</u>	<u>Budgeted Amount</u>
Legal	\$2,635	\$0
Maintenance & Repairs	\$1,072	\$0
Sprinkler Repair	\$1,721	\$0
Fence Repairs	\$5,240	\$0
Electricity	\$2,038	\$0
Miscellaneous	\$7,006	\$0

Note:

1. Spending \$7,006 in Miscellaneous is suspicious. Transactions categorized in Miscellaneous needs to be broken out in other categories.
2. The board budgeted \$23,733 under Grounds Maintenance. Spending in this category was \$40,178, \$16,445 over budget.

During 2007 and 2008, the Association has embarked on an aggressive capital improvement project under a Three Year Project Plan. This plan listed and prioritized projects that would maintain or improve the Association's common areas. In 2007, the plan focused on the waterfall. Among the tasks that were accomplished included installing a liner in the waterfall, repairing the pump, repairing and improving drainage, installing new lighting, and installing a new, innovative landscaping. As noted at the beginning of this report, in 2008, the focus moved to the south entrance where trees that were interfering with a portion of the Association's fence were removed, the old fence removed and replaced, and new landscaping installed. Also, the asphalt sidewalk, on

property owned by the Association, was repaired to reduce the Association's liability for claims against it due to accidents. The board also decided to repair and use the long unused irrigation system in the common areas. The implementation of the plan was managed by one Association member who coordinated with the board, the Management Company, contractors and homeowners.

The Board of Directors has for many years had a hard time recruiting and keeping members to serve on the board for a full 3 year term. While hiring a management company should help with collecting dues, maintaining the books and with CC&R enforcement, the capital improvement project is the most aggressive project this homeowner's association has ever undertaken. Losing one board member and having another member who has not taken part in board business has hindered the board's ability to effectively manage Association affairs and to maintain oversight of the Management Company, volunteers, and contractors.

The fact that 50 members have not paid dues adds to the management challenge for the board. While serious, it is not insurmountable. The last time a large number of members had not paid dues was in the late 1990's when 26-29 members had not paid dues, some since the beginning of the Association. Then the board took collection actions that included levying late fees and filing liens in some cases. After 3 to 4 years the board brought that number to zero. There will always be someone who does not paid dues for one reason or another. The reason for so many members not paying this year may be due to the mortgage crisis. No matter the reason, collecting dues, levying fines on those who have not paid on time and placing liens on the property of those who do not pay should be a routine function for the board and the management company.

Recommendations-

The financial situation that the Association finds itself in encourages anger and frustration. However, we need to take thoughtful and measure actions to move ourselves into a better fiscal situation. The Association can do that by taking the following steps:

1. Recruit members to fill out the Board of Directors. Continue to recruit members to participate in the Association so that there is a pool of members who are familiar with Association affairs who can step into Board positions as they become vacant.
2. Suspend implementation of the Three Year Plan until the Association has paid its obligations. Priorities for 2009 should be basic maintenance and repair of common areas. Resume the Three Year when the Association has enough cash to meeting yearly maintenance and repair requirements and has begun to save for emergencies in the reserve fund.
3. Include Capital Improvements in all future budgets.
4. Immediately place liens on all homeowner's properties that have not paid dues. Where possible, negotiate a payment plan with each homeowner with the promise

that as long as they maintain their payments the Association will not lien their property.

5. Consider one of the following to raise money in the short term to pay the Association's debts:
 - a. Bill the members for the full 2009 dues before the end of 2008.
 - b. Bill the members with half due before the end of the year, with the second half due by April 1, 2009 (if there is no additional administrative cost from Port Gardner Management).
 - c. Levy a special assessment to pay the Association's debts.
6. Build the reserve account to at least \$10,000 and contribute a portion of each year's dues to the reserve account.
7. Obtain and review each month a Balance Sheet, Income Statement, Cash Flow Statement from the management company.
8. Have a yearly audit of the Association's financial records conducted by an independent CPA as required by state law, the Association By-Laws and the contract with Port Gardner Management. The audit for 2008 should concentrate on recommendations to better manage Association funds in coordination with a property management company.

Steve Moller



THE FALLS
AT SNOHOMISH CASCADE

Board Meeting



Agenda:

- Special Meeting on Fence Repair:
- The Board wants your comments!

Date: May 13, 2009

Time: 7:00pm

Location: Totem Falls
Elementary School

Problem:

In the past, the Association as a whole has paid for repair of the common fence along Snohomish Cascade Dr & Puget Park Dr. Given our financial situation, should the Association require homeowners along the common fence to pay for repairs to their portion of the fence?

Association Email– admin@the-falls.org

THE FALLS

At Snohomish Cascade

Board of Directors Meeting May 13, 2009, 6:30pm Totem Falls Elementary - Library

1. *Minutes:* Sara Blair

2. *Old Business*
 - 2009 Budget Update*
 - Roofing Options (Who is Making Approvals?)*
 - Common Fence - Share Costs with adjoining Homeowner*
 - Landscaping Presentations*

<i>Barbara's Person</i>	<i>6:30 pm</i>
<i>New Leaf</i>	<i>7:15 pm</i>
<i>Glenbrook</i>	<i>8 pm</i>

3. *New Business*
 - 2009 Budget Update*
 - Assessments - Need to Take Action?*
 - Action Pending*
 - Common Fence - Who Pays the Costs?*
 - Concerns/Complaints*

4. *Review Assignments*

5. *Adjournment*

THE FALLS AT SNOHOMISH CASCADE

Snohomish Cascade Homeowner's Association
P.O. Box 13475, Mill Creek, WA 98082-1475

TO ALL HOMEOWNERS AND/OR RESIDENTS

2010 SCHOA ANNUAL MEETING

The 2010 Annual Meeting of Snohomish Cascade Homeowners Association (SCHOA) will take place at 7:00 p.m. on Wednesday, March 17, 2010, in the gym at Totem Falls Elementary.

OPEN POSITION ON THE BOARD

The three year term of the SCHOA Secretary has expired. An election will be held at the Annual Meeting to fill this position. Homeowners interested in joining the Board to work for our neighborhood please consider running for this position. The positions of President, Vice-President and Treasurer remain filled.

A PLEA TO THE MEMBERSHIP

We regret the need to point out that SCHOA is suffering from an extreme lack of member participation at the same time that it faces a number of significant problems. Only 24 (0.077%) of the 310 homes in The Falls were represented at the 2009 Annual Meeting. The Board recognizes that everyone has a busy schedule and more commitments than time, but it is neither equitable nor possible for Board members and a couple of non-Board members, all volunteers, to do all of the work necessary to keep SCHOA functioning and The Falls in good condition. This is not a new phenomenon, but one that really needs to change now that The Falls is no longer a neighborhood of new homes where every property and all common areas are in good condition. There have been several foreclosures and short sales in The Falls since the recession began, and our infrastructure is aging. Along with the ongoing recession, these events are negatively impacting our neighborhood and all of our property values. This is your neighborhood too, and what happens or does not happen affects the value of your property and your ability to enjoy it. Please attend the Annual Meeting, hear our plans and become involved in your community. It's worth it.

We also have a never ending need for volunteers who are willing to donate a couple of hours to various small projects that SCHOA simply does not have the money to hire done. In addition to all of their other responsibilities (personal, professional and SCHOA), it recently fell to the President and Vice President to spend hours fishing leaves and garbage out of the waterfall and surrounding area and to power wash Northwest green slime off the rocks and collecting pool at the bottom of the waterfall to protect its appearance and function. This situation is simply not sustainable. Without homeowner involvement and volunteerism, the quality of our neighborhood will continue to suffer and our property values will continue to be lower than those of similar properties in the surrounding communities. This is not speculation; we have verified

this via a sampling of local realtors. If everyone volunteered only a couple of hours each year, we could make a huge difference in The Falls. Ask about the project list and make a new acquaintance.

IMPORTANT ISSUES FOR 2010

We apologize for the length of this newsletter, but since the Board has little or no contact with the vast majority of homeowners and renters (who now occupy approximately 5% of homes within The Falls), we will use this publication to inform all homeowners and residents of what is happening in our neighborhood.

FINANCES AND FENCES (OR WHY YOUR DUES WENT UP)

When the current Board was activated in December of 2008, we found SCHOA to be in serious financial difficulty. Because our HOA was more than \$30,000 in the red, it was essential that immediate changes be made to improve our financial situation. The failed experiment with a "professional" Property Manager was terminated, saving SCHOA approximately \$15,000 per year. Over the last twelve months we have brought our financial situation under control by cutting expenses and pursuing delinquent HOA members. We have managed to barely bring SCHOA into the black, meaning that we are now meeting our expenses for landscaping of the common areas, water, electricity, taxes and miscellaneous expenses, but we have no financial reserves to deal with common fence issues, enhanced landscaping (replacing dead plants and bark), or unexpected expenses.

In spite of our best efforts to recover delinquent annual dues, SCHOA's income last year was a bit less than \$70,000. At the rate of \$275 in annual HOA dues per household, this translates to an equivalent of 255 households supporting a membership of 310. This is not only unfair, it is unsustainable, and a few households are as much as several YEARS in arrears. The Board is moving to correct this. Liens have been filed against the worst offenders, but liens have not been enough to motivate these delinquent homeowners to pay up. It is both imperative and right that we aggressively pursue the scofflaw segment of homeowners to recover back dues in full, and to get households in arrears due to economic difficulties during the current recession on a payment plan. For homeowners unwilling to work with us to bring their overdue HOA dues current, we will pursue aggressive collections efforts to recover what is owed to the HOA. The filing of new liens as well as lawsuits and/or foreclosure actions against those homes with a lien are among the legal options available to SCHOA under state law and our CC&R's.

At least two hundred fifty-five (255) households recognize that paying HOA dues is not an "optional donation" to our neighborhood. Rather, the timely payment of these dues is a legal obligation incurred at the time of purchase of a home in The Falls. At least 255 households recognize that you don't receive something for nothing and that you cannot dodge your legal and community obligations. To those 255 paying members we say thank you; we appreciate you joining with us to maintain our neighborhood and property values. To those households who are in arrears, please be assured that we will be talking with you in the very near future.

Unfortunately, simply recovering dues payments currently in arrears will not allow us to pursue some long ignored maintenance items, the most obvious of which are the rapidly deteriorating

fences bordering the common areas. Because of age, long standing neglect and confusion over responsibility for maintenance, the fences dividing our common areas from individually owned homes are falling apart. Some sections are currently in relatively good condition, but these sections are clearly in the minority. The most prudent course of action is to have the entire fence replaced with an attractive, uniform looking new fence that reflects well upon our community and retains the perception that The Falls is an attractive place to live, thereby helping to maintain our property values. We cannot rely on the good faith of individual homeowners and the inevitable hodgepodge of fencing styles and unfenced sections that would otherwise result.

The fences bordering common areas were built by the developer and/or contractors at the time that the homes in our neighborhood were constructed. A small number of the 310 homeowners in The Falls have a back or side yard that shares a fence with SCHOA owned common areas. Actions by previous Boards have given the impression that the HOA "owns" the fences, but that is not true. Previous Boards have maintained the fences, replacing occasional missing boards or posts and repainting them when pressed by homeowners. The present Board can only speculate on the motivations of its predecessors, but maintenance then was not the financially crippling issue that replacement is now. More than twenty years after the first division of homes was built, the fences are now falling down, have fallen down or will soon fall down. We can no longer duck this very expensive issue.

Replacing our decaying common fences is in every homeowner's best interest. Any homeowner wanting to sell his/her house recognizes that a prospective purchaser buys the entire neighborhood, not just one property. Anyone who has tried to sell a well maintained home sitting next to an obviously neglected property knows what we mean. The waterfall, entrance signs, and landscaping all say, "This is a nice place to live." Replacing the rotting fence bordering our common areas will reinforce that perception and help to support the property values of all homeowners.

We have two choices. SCHOA can pay 100% of the cost of replacing these fences, but to do so will require that all homeowners pay a one time Special Assessment of at least \$500 in addition to their annual dues. At meetings over the last year, the Board has heard multiple objections to such a plan from homeowners who do not share a fence with the common areas. It is their position that it is neither fair nor equitable that the majority of homeowners pay for fences belonging to the few members whose backyard or side yard fence happens to abut a common area. They have pointed out that while we all benefit from the aesthetics of new fencing, the most substantial benefit is clearly to those homeowners who get a new fence. Sturdy, attractive fencing adds directly to the value of those individual properties.

The Board has no interest in escaping our shared responsibility. Our proposal is to wholly replace those fencing sections not shared with any homeowner. Although the CC&R's contain no requirement that we do so, the Board believes that splitting the cost of constructing a new fence with all homeowners who share a fence line bordering our common areas is both generous and in the best interest of The Falls as a whole. After construction, the HOA will again assume responsibility for maintaining the new fences, limited to painting and replacing fence boards as required. However, in the event that the homeowner is found responsible for damage or accelerated deterioration of new fencing through his/her actions, children, pets or through neglect, we will hold the homeowner responsible for reimbursing SCHOA for the cost of such

repairs. In the interest of fairness, we believe that this proposal should be put to a vote by the entire membership rather than unilaterally enacted by the Board. A ballot has been included on the back of your 2010 annual dues notice. Please be sure to register your vote regarding the fence issue before returning the bottom portion of your dues notice with your check. Obviously, only homeowners are permitted to vote on this matter.

Our current financial situation requires that the Board increase our annual HOA dues to \$325 for 2010. This is necessary to provide a small emergency reserve and to fund repairs to the existing common fence while we pursue the task of getting all households up to date on their annual dues. The Board truly regrets being forced to increase SCHOA's annual dues; after all, Board members pay these same dues and none of us are immune to financial pressures. At the same time, we recognize that this increase finally brings our dues structure more in line with other nearby homeowners' associations after years of being significantly under funded.

Assuming 100% payment compliance, raising our annual dues by \$50 per home per year will contribute an additional \$15,500 to the general fund annually. This, combined with careful management of the HOA budget, will allow us to have the fences replaced on a short time line of two to three years without the necessity of a special assessment of as much as \$600 per household. Fortunately, replacing the common area fences is the only hugely expensive project facing SCHOA. We will take a look at SCHOA's financial requirements at the end of 2012 and see if it is feasible to reduce the annual dues at that time.

CC&R VIOLATIONS & ENFORCEMENT

The Board also takes this opportunity to remind everyone that every homeowner in The Falls agreed to abide by the CC&R's (Covenants, Conditions, and Restrictions) of SCHOA as a condition of their home purchase. The CC&R's are designed to maintain the quality of The Falls as a whole as well as the quality of life and property values of all residents. They apply to **every property** in The Falls whether owner occupied, renter occupied or vacant. If you have not already done so, please familiarize yourself with the CC&R's and the CC&R Violation Fine Schedule, which can be found on the SCHOA website at <http://www.the-falls.org>.

Since returning to self-management approximately one year ago, The Board has renewed efforts to enforce the CC&R's. A number of violations that were brought to the attention of involved homeowners have now been corrected. However, during a recent resurvey of our neighborhood, the Board again noted a substantial number of violations of our CC&R's. Individual homeowners will be contacted if necessary, but it is hoped that mass notification via this newsletter will motivate most homeowners to promptly correct those violations which apply to them and save the Board the time and money necessary to make individual notifications of CC&R violations.

Many CC&R violations involve Article III, Paragraph 3.21 of the CC&R's which applies to the *Maintenance of Structures and Grounds* and requires that "[e]ach owner shall maintain his lot and residence thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire hazard."

**leavitt
companies**

p.o. box 82010
kenmore, washington 98028
425-455-4224

June 7, 2010

Mr. Bruce Sieloff, SCHOA Vice President
14410 63rd Dr. SE
Snohomish, WA 98296

RE: Snohomish Cascade
Fencing

Dear Mr. Sieloff,

Pursuant to a recent phone conversation, this letter should provide some clarification regarding fencing along private and common property lines.

Leavitt Companies was the developer of The Falls at Snohomish Cascade, and Gold Creek at Snohomish Cascade. As part of the development process, we contracted for the installation of the referenced fences, which were installed prior to the sale of lots to homebuilders. It was our practice to locate all fences on the building-lot side of the private/common property lines. This allowed for undisputed private ownership of all backyard and/or side yard fences (specifically those adjacent to roads or common areas).

In regards to the continuous fencing running along right-of-ways or common areas, it was the intent that general maintenance of the common side - in particular painting or staining of the board fences - would be coordinated by the HOA; in order to maintain a uniform appearance.

Hopefully this letter helps to address your concerns. Feel free to contact me if you need additional information.

Regards,



Paul Leavitt

THE FALLS

AT SNOHOMISH CASCADE

Snohomish Cascade Homeowner's Association
P.O. Box 13475, Mill Creek, WA 98082-1475

September 12th, 2010

Dear SCHOA Member,

A recent letter obtained from the Leavitt Company, the current business name of the developer of The Falls, has identified the location of the fences bordering the common areas along Snohomish Cascade Drive and Puget Park Drive to be entirely within the property lines of the adjacent homes. This response to our inquiry about fence ownership was received after the vote was taken about funding fence replacement earlier this year.

Prior to receiving the letter, and in the absence of a very costly re-survey to establish absolute boundaries, your Board decided that sharing in the cost of replacing these fences, just as most neighbors who share fences do, was the most reasonable and efficient way to achieve the goal of new fences. At that time, when ownership of the fences was still uncertain but the benefits of fence replacement to homeowners and The Falls were obvious, the options offered to our membership were for the SCHOA to pay 100% of the cost or to split the cost 50/50 with those homeowners in the interest of achieving our goal and of being good neighbors. Since this disclosure was made, the Board has had inquiries about the absence of an option to charge the affected homeowners with the total cost of fence replacement, e.g., the homeowners with those fences pay 100% of a mandated and required fence replacement. Please note that the two areas owned exclusively by the Association are the sole responsibility of SCHOA.

The fences will be replaced with a new, attractive and stronger design. As a result of raising the annual maintenance assessment (homeowner's dues) earlier this year in anticipation of this project, we have collected half the money required to do so and expect the monies received from 2011 homeowner's dues to satisfy any remaining requirements. Washington State HOA law allows associations to maintain property they do not directly own when it benefits all of the association's members. Prior Boards demonstrated this principle by painting and repairing sections of the affected homeowners' fences in years past.

It is the Board's position that the fences dividing private property from the common areas are one of the most visible indications of the quality of this neighborhood. Replacement of these decaying fences is of mutual benefit to the property values of all homeowners and it is the Board's position that, as good neighbors, we should share the cost of replacing the decaying fence.

To make the replacement of the 20-22 year old rotting fences a reality, we are asking our members to again vote on their payment preference for the fences abutting the common areas owned by SCHOA.

We apologize for any confusion regarding this matter. We wish all members to have their voices heard so we may move forward together. We've included a self-addressed, stamped envelope for your convenience to assure a quick reply. Please return your ballot no later than September 25. Due to the urgency of replacing the fence, ballots received after September 25 will not be counted.

Thank you,

Your SCHOA Board

THE FALLS

AT SNOHOMISH CASCADE

Snohomish Cascade Homeowner's Association
P.O. Box 13475, Mill Creek, WA 98082-1475

August 3, 2011

RE: Update on the Replacement of the Fences Bordering the Common Areas

Dear SCHOA Member:

In 2010, owners were asked to vote on whether the association should undertake and pay for repairs to the fencing bordering the common areas. The consensus of the owners was that, because this fencing benefits both the association and the owners of the adjacent lots, the association should cover half of the cost and the rest of the cost would be shared by lot owners with lots bordering the fence. This idea and the process adopted by the previous board works well as long as every owner pays their 50% share. The problem we face is if any owner fails to pay. Before we proceed, we want an express provision in the declaration to support the association's efforts to collect. Without one, the remainder of the association would have to absorb this cost. Another theoretical problem is determining precisely where the fences are located – on common areas or on the lots. Because of these issues the current board believes the one and only way for the association to proceed with a 50-50 split for the fence replacement is to first amend our declaration to fix the issues discussed above. The board also prefers this approach because it will clarify the responsibility for repairing, maintaining and replacing fences without resorting to expensive investigating and survey work, while improving our declaration in the process.

The board is working closely with legal counsel to amend the declaration and provide the amended declaration to owners for a vote of approval in early fall of this year. We appreciate your patience in this matter.

Please feel free to contact the board at board@the-falls.org , if you have any questions or concerns.

Thank you,
The SCHOA Board