



Sudden Valley Community Association

1850 Lake Whatcom Blvd Bellingham, WA 98229

www.suddenvalley.com

360-734-6430

Board of Directors Meeting

January 8, 2026, 7:00 PM, 8 Barn View Ct. Multipurpose Room A

Call to Order

Roll Call

1) Adoption of Agenda

2) Announcements

3) Property Owner Comments – 15 Minutes Total

Please note that comments are limited to 3 minutes per person.

4) Consent Agenda

- a) Approval of Minutes – December 11, 2025

5) Reports

- a) GM Report
- b) Financial Statements, September & October
- c) Committee Reports:
 - (i) Architectural Control
 - (ii) Document Review
 - (iii) Executive
 - (iv) Finance
 - (v) Long Range Planning
 - (vi) Nominations & Elections
 - (vii) Safety

6) Continuing Business

- a) Request for Appointment of Committee Members
- b) Discussion of N&E Recommendation to Use Unilect for the 2026 Election

7) Executive Session – Legal

8) New Business

- a) Request for Approval – Stormwater Easement for 101 Polo Park Dr.
- b) Security Proposals

Adjournment



BOARD OF DIRECTORS REGULAR MEETING

Thursday, December 11, 2025, 6:00 PM

8 Barn View Ct, Multipurpose Room A

Minutes

CALLED TO ORDER AT: 6:00 PM

AUDIENCE MEMBERS: Not Recorded

BOARD MEMBERS PRESENT:

| | | |
|--------------------------------|-----------------------------------|--------------------------------|
| 1. Keith McLean, President | 4. Taimi Van de Polder, Secretary | 7. Daniel Rodriguez, ACC Chair |
| 2. Tom Henning, Vice President | 5. Joseph Adams | 8. Rob Gibbs, N&E Chair |
| 3. Jean Maixner, Treasurer | 6. Sean Chaffee | 9. Linda Bradley |

ATTENDING:

Staff Members: Jo Anne Jensen, General Manager
Spencer Huston, IT

Call to Order:

Keith McLean, President, called the meeting to order at 6:00 PM.

1. President called for motion to adopt the agenda

Motion: Move to adopt the agenda.

| | | | |
|------------------------------------|----------------------|--------------------------------------|--------------|
| Motion By: President McLean | | Seconded By: Director Maixner | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained | |

2. Announcements

- Breakfast with Santa is Saturday December 13th from 9:00 AM to 11:30 AM at El Agave. Free breakfast and pictures with Santa for all community members.

3. Property Owner Comments

- A member requested the Board approve repainting the shoulder lines on the roads.

4. Board Orientation Presentation

4a. 6:07PM – Legal – Presented by Richard Davis: CSD Law
7:01PM – Questions

4b. 7:11PM – Parliamentary Basics – Presented by Jo Anne Jensen, General Manager

5. **Consent Agenda**

Motion: Move to approve the minutes for November 4, 2025 and November 13, 2025 meetings.

| | | | |
|------------------------------------|----------------------|-------------------------|--------------|
| Motion By: President McLean | | Seconded By: N/A | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained | |

6. **Reports**

6a. November General Manager Report

6b. Capital Projects Status

7. **Continuing Business**

7a. Board Vacancy – Candidate Interviews and Voting

i. The Board interviewed two candidates.

Linda Bradley received seven (6) votes

John Gingrich received two (2) votes

Linda Bradley is voted to serve on the Board of Directors.

7b. Request for Approval – 2026 Marina License Agreement

Motion: Move that the SVCA Board approve the proposed Marina Moorage/Storage License Agreement.

| | | | |
|------------------------------------|----------------------|--------------------------------------|--------------|
| Motion By: President McLean | | Seconded By: Director Bradley | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained: | |

8. **New Business**

8a. Resolution for Association Signing Authority

Motion: Move that the SVCA Board adopt the resolution for signing authority.

| | | | |
|------------------------------------|----------------------|--------------------------------------|--------------|
| Motion By: President McLean | | Seconded By: Director Bradley | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained: | |

8b. Resolution for Credit Card Borrowing

Motion: Move to amend the motion by changing the word “borrowing” to “usage” in all locations.

| | | | |
|----------------------------------|----------------------|--------------------------------------|--------------|
| Motion By: Director Adams | | Seconded By: Director Bradley | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained: | |

Motion: Move to remove the last three signatures (Vice President, Treasurer, and Secretary) and only require BOD President's signature for credit card usage approval.

| | | | |
|--------------------------------------|----------------------|--------------------------------------|--------------|
| Motion By: President McLean | | Seconded By: Director Bradley | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained: | |

Motion: Move that the SVCA Board approve the proposed resolution for the credit card usage with the proposed changes.

| | | | |
|--------------------------------------|----------------------|-------------------------|--------------|
| Motion By: President McLean | | Seconded By: N/A | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained: | |

8c. Committee Assignments

Only two (2) Board members may serve on the LRPC. Because four (4) members wanted to serve, a vote was held.

Secretary Van de Polder received 5 votes
Director Meador received 5 votes
Director Chaffee received 9 votes
Director Adams received 1 vote

Director Chaffee was selected to serve on the Long-Range Planning Committee

A runoff vote was conducted for the second seat.

Secretary Van de Polder received 5 votes
Director Meador received 4 votes

Secretary Van de Polder was elected to serve on the Long-Range Planning Committee

Motion: Move that the SVCA Board appoint Directors Gibbs and Bradley to the Nominations & Elections Committee; Secretary Van de Polder and Director Bradley to the Document Review Committee; Secretary Van de Polder and Director Chaffee to the Long-Range Planning Committee; Treasurer Maixner and Directors Robinson, Gibbs, and Meador to the Finance Committee; President McLean, Vice President Henning, Treasurer Maixner, and Secretary Van de Polder to the Executive Committee; and Vice President Henning and Director Adams to the Safety Committee.

| | | | |
|--------------------------------------|----------------------|-------------------------|--------------|
| Motion By: President McLean | | Seconded By: N/A | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained: | |

8d. Approval of ACC Committee Members

Motion: Move that the SVCA Board appoint Daniel Rodriguez, Jo Jean Kos, Patrick Zwolenski, Dan Vink, and Terry Niblack to the Architectural Control Committee.

| | | | |
|--------------------------------------|----------------------|------------------------------------|--------------|
| Motion By: President McLean | | Seconded By: Director Gibbs | |
| Approved: X | Not Approved: | Tabled: | Died: |
| In Favor: Unanimous | Against: | Abstained: | |

Meeting adjourned at 9:31 PM

Approved by: _____
Taimi Van de Polder, Board of Directors Secretary

DRAFT

**Sudden Valley Community Association
Balance Sheet
September 30, 2025 and December 31, 2024**

| | Unaudited** Sep 30, 2025 | See Note** Dec 31, 2024 | Inc / (Dec) |
|--|-------------------------------------|------------------------------------|--------------------|
| OPERATIONS | | | |
| Current Assets | | | |
| Operating Cash | \$ 445,277 | \$ 579,484 | \$ (134,207) |
| Building Completion Deposit Fund | 859,900 | 749,910 | 109,990 |
| Member Receivables - Operations* | - | 53,456 | (53,456) |
| Other Receivables | 3,250 | 3,350 | (100) |
| Prepaid Expenses | 142,758 | 82,148 | 60,610 |
| Operating Lease ROU Assets | 24,704 | 29,554 | (4,850) |
| Inventory | 5,742 | 5,824 | (82) |
| Total Current Assets | 1,481,631 | 1,503,726 | (22,095) |
| Current Liabilities | | | |
| Accounts Payable | (98,747) | (159,772) | 61,025 |
| Accrued Vacation Liability | (90,029) | (76,335) | (13,694) |
| Accrued Payroll | - | (115,575) | 115,575 |
| Prepaid Assessments | (222,739) | (241,080) | 18,341 |
| Building Completion Deposits | (859,900) | (749,910) | (109,990) |
| Other Refundable Deposits | (10,246) | (9,956) | (290) |
| Operating Lease Liability | (24,704) | (29,554) | 4,850 |
| Prepaid Golf Memberships | - | (112,307) | 112,307 |
| Total Current Liabilities | (1,306,365) | (1,494,489) | 188,124 |
| Other Liabilities | | | |
| Contingent PPP Loan Liability*** | (357,700) | (357,700) | - |
| Deferred Library Lease Revenue | (30,000) | (36,000) | 6,000 |
| Total Other Liabilities | (387,700) | (393,700) | 6,000 |
| Operating Reserve Funds | | | |
| Emergency Operating Cash | 364,526 | 363,815 | 711 |
| Undesignated Reserves Cash | 323,814 | 302,135 | 21,679 |
| Total Operating Reserve Funds | 688,340 | 665,950 | 22,390 |
| Net Operating Assets | \$ 475,906 | \$ 281,487 | \$ 194,419 |
| CAPITAL | | | |
| Capital Current Assets | | | |
| CRRRF (Capital Repair & Replacement) Cash Fund | 3,729,886 | 3,172,197 | 557,689 |
| Roads Reserve Cash Fund | 2,786,393 | 2,102,138 | 684,255 |
| Board Density Reduction Cash Fund | 87,999 | 87,889 | 110 |
| Mailbox Cash Fund | 172,171 | 151,970 | 20,201 |
| CRRRF Capital Reserve Holding Cash | 219,205 | 219,618 | (413) |
| Mitigation Assignment of Savings Cash | 49,887 | 49,821 | 66 |
| LWWSD Assignment of Savings Cash | 14,950 | 14,939 | 11 |
| Member Receivables - Capital** | - | 13,625 | (13,625) |
| Total Capital Current Assets | 7,060,491 | 5,812,197 | 1,248,294 |
| Capital Fixed Assets | | | |
| Fixed Assets | 16,776,835 | 17,006,025 | (229,190) |
| Finance ROU Assets | 60,709 | 119,060 | (58,351) |
| Lots Held for Sale | 231,826 | 231,826 | - |
| Total Capital Assets | 17,069,370 | 17,356,911 | (287,541) |
| Long Term Liabilities | | | |
| CRRRF Loan 2022 | (1,335,383) | (1,539,073) | 203,690 |
| Finance Leases | (61,777) | (104,457) | 42,680 |
| Total Long Term Liabilities | (1,397,160) | (1,643,530) | 246,370 |
| NET ASSETS | \$ 23,208,607 | \$ 21,807,065 | \$1,401,542 |
| MEMBER EQUITY | | | |
| Member Equity | | | |
| Current Year Net Income: Operations | 187,132 | (374,591) | 561,723 |
| Transfers Out from Operations to Capital | - | (145,600) | 145,600 |
| Current Year Net Income: Capital** | 1,215,251 | 1,294,054 | (78,803) |
| Transfers Into Capital from Operations | - | 145,600 | (145,600) |
| Retained Earnings** | 4,858,301 | 5,232,892 | (374,591) |
| Capital** | 16,947,923 | 15,654,710 | 1,293,213 |
| TOTAL MEMBER EQUITY | \$ 23,208,607 | \$21,807,065 | \$1,401,542 |

* The Association's internal policy is to write off any member receivables that are 30 days past due as bad debts for internal interim financial statement purposes. As per SVCA policy, Management continues to pursue collection of these receivables via all avenues allowed by Washington State laws. In addition, the Association records and bills finance charges on receivables that are thirty days past due at 1% per month. At September 30, 2025, and December 31, 2024, the balances of receivables written off were \$792,645 and \$699,426, respectively.

** Beginning with the 2020 year end audited financial statements, Accounting Standards Codification (ASC) 606 requires issued audited financial statements to reclassify unspent capital dues revenue, including related capital transfer fee collections, as a contract liability balance (unearned revenue), which is then reversed out in future years when capital dues/capital transfer fee collections are actually expended on capital related expenditures. This particular accounting standard change is only incorporated into the issued audited financial statements and is not factored into SVCA's internal monthly statements as it would obscure the reality of monthly capital dues/capital transfer fee revenues collected for internal monthly presentation purposes. See SVCA's 2020 through 2024 audited financial statements (2024 represents the most recently issued audited statements), which fully incorporate ASC 606 and comply with Generally Accepted Accounting Principals (GAAP).

*** At 2024 year end, the Association recorded a contingent liability relating to Paycheck Protection Program (PPP) loan funds that were received in May 2020 and then forgiven by the Small Business Administration (SBA) in September 2021, which are funds that the SBA has since subsequently deemed that the Association did not qualify for because of its 501(C)(4) tax exempt status, which was communicated to the Association by the government in April 2025. This contingency was classified by the Association as probable. And upon final resolution with the SBA, the Association believes that the estimated amount of liability will be limited to the original amount of the PPP loan funds received (\$357,700) because of the fact that the Association fully disclosed its tax exempt status to the SBA during the PPP loan application process, which the government has especially acknowledged.

**Sudden Valley Community Association
Income Statement Summary**

UNAUDITED

| | Current Month - September 2025 | | | Year to Date - 9 Months Ending 9/30/2025 | | | |
|--|--|--|-----------------------|--|--|--------|--------------------|
| | Operations & Operating Reserves | Operations Better / (Worse) Budget | Capital Reserves** | Operations & Operating Reserves | Operations Better / (Worse) Budget | Coll % | Capital Reserves** |
| REVENUE | | | | | | | |
| Current Year Dues & Assessments Income | | | | | | | |
| Dues & Assessments Income | 238,089 | | 246,560 | 2,145,507 | | | 2,222,057 |
| Bad Debt Reserve | 85 | | 191 | (48,421) | | | (34,942) |
| Net Current Year Assessment Income | 238,174 | 12,067 | 246,751 | 2,097,086 | 62,124 | 97.7% | 2,187,115 |
| Bad Debt Recoveries - Prior Years | | | 1,090 | | | | 38,738 |
| Golf Income | 163,384 | (4,742) | - | 1,291,225 | (11,308) | | - |
| Marina Income | - | - | - | 236,829 | 6,528 | | - |
| Rec Center & Pools Income | 812 | (160) | - | 39,075 | 7,857 | | - |
| Legal & Collections Income | - | - | - | - | - | | - |
| Other Income | 10,052 | 582 | - | 120,697 | 25,534 | | - |
| Rental Income - Other | 60 | (107) | - | 13,780 | 5,368 | | - |
| Area Z Rental Income | 379 | 543 | - | 20,393 | 1,659 | | - |
| Lease Income | 5,832 | 949 | - | 51,884 | 8,534 | | - |
| New Home Construction Fees | (2,950) | (4,850) | - | 102,200 | 25,850 | | - |
| Capital Gain (Loss) on Sale of Assets | - | - | - | - | - | | 1,200 |
| Investment Income | 477 | (106) | 3,057 | 5,335 | 88 | | 26,302 |
| Total Revenue | 416,220 | 4,176 | 250,898 | 3,978,504 | 132,234 | | 2,253,355 |
| EXPENSES | | | | | | | |
| Salaries & Benefits | 199,740 | 23,245 | - | 1,918,796 | 47,400 | | - |
| Contracted & Professional Services | 18,723 | (1,999) | - | 261,936 | (102,290) | | - |
| CC&Rs/ Mandates | 39,651 | (2,023) | - | 420,479 | (78,928) | | - |
| Maintenance & Landscaping | 28,299 | 8,379 | - | 394,146 | (99) | | - |
| Utilities | 12,873 | 1,115 | - | 170,800 | 5,600 | | - |
| Administrative | 13,747 | (1,235) | - | 155,689 | (12,875) | | - |
| Regulatory Compliance | 51,173 | (10,144) | - | 249,985 | (63,393) | | - |
| Insurance Premiums | 20,796 | (3,274) | - | 161,492 | (3,900) | | - |
| Other Expenses | 201 | 216 | - | 418 | 3,332 | | - |
| Depreciation Expense | - | - | 108,710 | - | - | | 978,390 |
| Interest expense | - | - | 4,734 | - | - | | 46,089 |
| Total Expenses | 385,203 | 14,280 | 113,444 | 3,733,741 | (205,153) | | 1,024,479 |
| Net Income (Loss) | 31,017 | 18,456 | 137,454 | 244,763 | (72,919) | | 1,228,876 |
| Net UDR Activity for Operations | | | | | | | |
| GM Recruiting Expense | (2,872) | | | (3,271) | | | |
| Legal Expenses - Past Due Account Collections | - | | | (9,984) | | | |
| Hazardous Tree Removal | (14,906) | | | (74,943) | | | |
| Net Income (Loss) with Board Approved UDR | 13,239 | 18,456 | 137,454 | 156,565 | (72,919) | | 1,228,876 |
| Other Activity | | | | | | | |
| Net Other UDR Activity* | 8,844 | | | 91,717 | | | |
| AR Accrual - Prior Year Reversal | - | | - | (53,456) | | | (13,625) |
| AR Accrual - Current Year | - | | - | - | | | - |
| Lease Income- Library Prepaid Recognized | 667 | | | 6,000 | | | |
| Vacation Liability Accrual | (604) | | | (13,694) | | | |
| Total Other Activity | 8,907 | | - | 30,567 | | | (13,625) |
| Grand Total Activity | 22,146 | 18,456 | 137,454 | 187,132 | (72,919) | | 1,215,251 |

*Prior year recoveries for operations are deposited into the Undesignated Reserve Account (UDR).

**Refer to the last footnote on the Balance Sheet (prior page) for a discussion of Accounting Standards Codification (ASC) 606 and capital dues revenue collections.

Sudden Valley Community Association
Reserve Cash Balance & Activity
9 Months Actual, 3 Months Projected

UNAUDITED

UNAUDITED

| | Capital Reserve Funds | | | | | | Operating Reserve Funds | | | |
|--|-----------------------|--------------|------------------------------------|-------------------------|------------|-----------------------------------|-----------------------------|---------------|------------|-------------------------------|
| | CRRRF | Roads | CRRRF Capital Reserve Holding Cash | Board Density Reduction | Mailbox | Mitigation Assignment of Savings* | Total Capital Reserve Funds | Emergency Ops | UDR | Total Operating Reserve Funds |
| Net Available Cash 12/31/2024 | 3,172,197 | 2,102,138 | 219,618 | 87,889 | 151,970 | 64,760 | \$ 5,798,572 | 363,815 | 302,135 | \$ 665,950 |
| Dues Received | 1,079,615 | 1,114,302 | | - | 19,891 | | 2,213,808 | - | 114,195 | 114,195 |
| Storm Water Mitigation Plan Fee | | - | | | | | - | | | - |
| Investment Income | 14,621 | 10,755 | 429 | 111 | 310 | 77 | 26,302 | 711 | 627 | 1,337 |
| Sale of Assets | 1,200 | | | - | | | 1,200 | | | - |
| Mitigation Release | - | - | | | | - | - | | | - |
| 2025 Expenditures | (537,747) | (440,802) | (841) | - | - | | (979,390) | | (93,142) | (93,142) |
| Net Available Cash at 9/30/2025 | 3,729,886 | 2,786,393 | 219,205 | 87,999 | 172,171 | 64,837 | \$ 7,060,491 | 364,526 | 323,814 | \$ 688,340 |
| 3 Month Outlook | | | | | | | | | | |
| Outlook - 2025 Dues (95% collections) | 343,498 | 353,279 | | | 6,313 | | \$ 703,090 | | | \$ - |
| Outlook - Prior Year Collections | 4,973 | 5,115 | | | 91 | | 10,179 | | 9,821 | 9,821 |
| CRRRF Loan Payments for year 2025 | (83,260) | | | | | | (83,260) | | | - |
| Obligated Expenses/Holdings | (1,147,736) | (1,150,663) | (219,205) | | | (64,837) | (2,582,441) | | (38,842) | (38,842) |
| Net Usable Cash Balance 12/31/2025 | 2,847,361 | 1,994,124 | - | 87,999 | 178,575 | - | \$ 5,108,060 | 364,526 | 294,793 | \$ 659,318 |
| Board Recommended Carryover Balance | (600,000) | (500,000) | | | | | \$ (1,100,000) | | | \$ - |
| Net Usable Cash 12/31/2025, After Recommendation | \$ 2,247,361 | \$ 1,494,124 | \$ - | \$ 87,999 | \$ 178,575 | \$ - | \$ 4,008,060 | \$ 364,526 | \$ 294,793 | \$ 659,318 |
| Net Current Year Cash Increase (Decrease) | (324,836) | (108,014) | (219,618) | 111 | 26,605 | (64,760) | \$ (690,512) | 711 | (7,342) | \$ (6,632) |

*Note, when mitigation period has ended, unspent funds will be returned to the source account, Roads and CRRRF.

Sudden Valley Community Association
Operations - By Department
September 1, 2025 to September 30, 2025
CURRENT MONTH

Whole \$

UNAUDITED

| <u>Department</u> | <u>Actual Revenue</u> | <u>Revenue B / (W)</u> | <u>Actual Salary Benefits</u> | <u>Salary & Benefits B / (W)</u> | <u>Actual Other Expense *</u> | <u>Other Exp B / (W)*</u> | <u>Net Income / (Loss) *</u> | <u>Net B / (W)*</u> |
|---|---------------------------|----------------------------|---------------------------------------|--|---------------------------------------|-------------------------------|--------------------------------------|-------------------------|
| ACC / Security | (2,950) | (7,646) | 7,412 | (297) | 34,110 | (3,208) | (44,472) | (11,151) |
| Accounting | 3,447 | 228 | 28,878 | 1,164 | 22,979 | (16,081) | (48,410) | (14,689) |
| Administration | 932 | 810 | 32,705 | 3,720 | 11,655 | (2,824) | (43,428) | 1,706 |
| Common Costs | 6,100 | 2,184 | - | - | 65,334 | (4,739) | (59,234) | (2,555) |
| Facilities | 6,211 | 1,325 | 5,291 | (660) | 6,123 | 6,134 | (5,203) | 6,799 |
| Maintenance | - | - | 25,815 | 7,921 | 7,532 | 2,355 | (33,347) | 10,276 |
| Subtotal | 13,740 | (3,099) | 100,101 | 11,848 | 147,733 | (18,363) | (234,094) | (9,614) |
| Golf | 163,384 | (4,742) | 69,649 | 25,894 | 29,033 | 5,442 | 64,702 | 26,594 |
| Marina | 50 | 50 | - | - | 723 | (152) | (673) | (102) |
| Rec/ Pools/ Parks | 872 | (100) | 29,990 | (14,497) | 7,974 | 4,108 | (37,092) | (10,489) |
| Subtotal | 164,306 | (4,792) | 99,639 | 11,397 | 37,730 | 9,398 | 26,937 | 16,003 |
| Subtotal Operations before Ops Dues | 178,046 | (7,891) | 199,740 | 23,245 | 185,463 | (8,965) | (207,157) | 6,389 |
| Ops Dues Earned | 238,089 | | | | | | 238,089 | |
| Curr Yr Bad Debts Activity | 85 | | | | | | 85 | |
| Net Ops Dues | <u>238,174</u> | <u>12,067</u> | | | | | <u>238,174</u> | <u>12,067</u> |
| Net Operations | <u>416,220</u> | <u>4,176</u> | <u>199,740</u> | <u>23,245</u> | <u>185,463</u> | <u>(8,965)</u> | <u>31,017</u> | <u>18,456</u> |
| Net BOD Approved UDR Activity for Operations | | | | | | | | |
| GM Recruiting Expense | - | | - | | 2,872 | | (2,872) | |
| Legal Expenses - Past Due Account Collections | - | | - | | - | | - | |
| Hazardous Tree Removal | - | | - | | 14,906 | | (14,906) | |
| Net Operations with Board Approved UDR | <u>416,220</u> | <u>4,176</u> | <u>199,740</u> | <u>23,245</u> | <u>203,241</u> | <u>(8,965)</u> | <u>13,239</u> | <u>18,456</u> |
| Other Operating Activity | | | | | | | | |
| UDR Activity | 8,001 | | | | (843) | | 8,844 | |
| AR Accrual - Prior Year Reversal | - | | | | - | | - | |
| AR Accrual - Current Year | - | | | | - | | - | |
| Lease Income- Library Prepaid Recognized | 667 | | | | - | | 667 | |
| Vacation Liability Accrual | - | | | | 604 | | (604) | |
| Total Other Operating Activity | <u>8,668</u> | | | | <u>(239)</u> | | <u>8,907</u> | |
| Grand Total Operations Activity | <u>424,888</u> | <u>4,176</u> | <u>199,740</u> | <u>23,245</u> | <u>203,001</u> | <u>(8,965)</u> | <u>22,146</u> | <u>18,456</u> |

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association
Operations - By Department
January 1, 2025 to September 30, 2025
YEAR TO DATE

Whole \$

UNAUDITED

| <u>Department</u> | <u>Actual Revenue</u> | <u>Revenue B / (W)</u> | <u>Actual Salary Benefits</u> | <u>Salary & Benefits B / (W)</u> | <u>Actual Other Expense *</u> | <u>Other Exp B / (W)*</u> | <u>Net Income / (Loss) *</u> | <u>Net B / (W)*</u> |
|---|---------------------------|----------------------------|---------------------------------------|--|---------------------------------------|-------------------------------|--------------------------------------|-------------------------|
| ACC / Security | 143,499 | 42,810 | 70,364 | (3,810) | 447,335 | (123,649) | (374,200) | (84,649) |
| Accounting | 23,761 | (9,879) | 271,971 | 9,117 | 72,633 | (4,093) | (320,843) | (4,855) |
| Administration | 6,387 | 5,600 | 306,674 | 34,094 | 142,735 | (50,711) | (443,022) | (11,017) |
| Common Costs | 47,570 | 12,326 | - | - | 415,336 | (89,978) | (367,766) | (77,652) |
| Facilities | 72,277 | 8,693 | 45,462 | (2,260) | 127,598 | 38,984 | (100,783) | 45,417 |
| Maintenance | - | - | 273,398 | 34,837 | 76,218 | 11,751 | (349,616) | 46,588 |
| Subtotal | 293,494 | 59,550 | 967,869 | 71,978 | 1,281,855 | (217,696) | (1,956,230) | (86,168) |
| Golf | 1,291,225 | (11,308) | 654,676 | 52,125 | 392,705 | (36,805) | 243,844 | 4,012 |
| Marina | 243,843 | 7,142 | - | - | 17,050 | (966) | 226,793 | 6,176 |
| Rec/ Pools/ Parks | 52,855 | 14,725 | 296,251 | (76,703) | 123,334 | 2,915 | (366,730) | (59,063) |
| Subtotal | 1,587,923 | 10,559 | 950,927 | (24,578) | 533,089 | (34,856) | 103,907 | (48,875) |
| Subtotal Operations before Ops Dues | 1,881,417 | 70,109 | 1,918,796 | 47,400 | 1,814,944 | (252,552) | (1,852,323) | (135,043) |
| Ops Dues Earned | 2,145,507 | | | | | | 2,145,507 | |
| Curr Yr Bad Debts Activity | (48,421) | | | | | | (48,421) | |
| Net Ops Dues | <u>2,097,086</u> | <u>62,124</u> | | | | | <u>2,097,086</u> | <u>62,124</u> |
| Net Operations | 3,978,503 | 132,233 | 1,918,796 | 47,400 | 1,814,944 | (252,552) | 244,763 | (72,919) |
| Net BOD Approved UDR Activity for Operations | | | | | | | | |
| GM Recruiting Expense | - | | - | | 3,271 | | (3,271) | |
| Legal Expenses - Past Due Account Collections | - | | - | | 9,984 | | (9,984) | |
| Hazardous Tree Removal | - | | - | | 74,943 | | (74,943) | |
| Net Operations with Board Approved UDR | 3,978,503 | 132,233 | 1,918,796 | 47,400 | 1,903,142 | (252,552) | 156,565 | (72,919) |
| Other Operating Activity | | | | | | | | |
| UDR Activity | 99,102 | | | | 7,385 | | 91,717 | |
| AR Accrual - Prior Year Reversal | (53,456) | | | | - | | (53,456) | |
| AR Accrual - Current Year | - | | | | - | | - | |
| Lease Income- Library Prepaid Recognized | 6,000 | | | | - | | 6,000 | |
| Vacation Liability Accrual | - | | | | 13,694 | | (13,694) | |
| Total Other Operating Activity | <u>51,646</u> | | | | <u>21,079</u> | | <u>30,567</u> | |
| Grand Total Operations Activity | 4,030,149 | 132,233 | 1,918,796 | 47,400 | 1,924,221 | (252,552) | 187,132 | (72,919) |

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association

SUDDEN VALLEY COMMUNITY ASSOCIATION - LOTS & DUES ANALYSIS 2025

| | | | | | | | | | | | | | | | | | | | | | | | | | SVCA Owned Lots | | | | LLE & CTB | Dues Exempt | Total Non Billable Lots | Total All Lots | |
|-----|---------------------|-----|-------|----------------|-------|-------|------------------|-----|------------------|-----|------------------|-----|-------------------|-----|-----------|-----|-------------------------|-------|-------|-------------------|-----|-------|---------------------|-------|-----------------|------------|------|--------|-----------|-------------|-------------------------|----------------|-------|
| | Actual Year Prepaid | | | Actual Current | | | Actual 1 Mth Due | | Actual 2 Mth Due | | Actual 3 Mth Due | | Actual 4+ Mth Due | | Pmt Plans | | Total Prepaid & Current | | | Total Not Current | | | Total Billable Lots | | | Restricted | | | | | | | |
| | Vac | Dev | Total | Vac | Dev | Total | Vac | Dev | Vac | Dev | Vac | Dev | Vac | Dev | Vac | Dev | Vac | Dev | Total | Vac | Dev | Total | Vac | Dev | Total | Perm | WD10 | Avail. | | | | | Total |
| Jan | 16 | 82 | 98 | 276 | 2,529 | 2,805 | 24 | 103 | 2 | 8 | 3 | 10 | 18 | 37 | 2 | 8 | 292 | 2,611 | 2,903 | 49 | 166 | 215 | 341 | 2,777 | 3,118 | 774 | 0 | 3 | 777 | 740 | 6 | 1,523 | 4,641 |
| Feb | 18 | 96 | 114 | 277 | 2,527 | 2,804 | 16 | 82 | 8 | 24 | 0 | 6 | 19 | 34 | 2 | 8 | 295 | 2,623 | 2,918 | 45 | 154 | 199 | 340 | 2,777 | 3,117 | 775 | 0 | 3 | 778 | 740 | 6 | 1,524 | 4,641 |
| Mar | 21 | 95 | 116 | 280 | 2,554 | 2,834 | 6 | 61 | 8 | 14 | 3 | 8 | 19 | 37 | 2 | 8 | 301 | 2,649 | 2,950 | 38 | 128 | 166 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Apr | 21 | 100 | 121 | 285 | 2,551 | 2,836 | 7 | 62 | 1 | 10 | 3 | 12 | 20 | 32 | 2 | 10 | 306 | 2,651 | 2,957 | 33 | 126 | 159 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| May | 23 | 105 | 128 | 283 | 2,526 | 2,809 | 14 | 79 | 1 | 17 | 0 | 8 | 16 | 30 | 2 | 12 | 306 | 2,631 | 2,937 | 33 | 146 | 179 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Jun | 23 | 118 | 141 | 287 | 2,517 | 2,804 | 8 | 77 | 3 | 11 | 0 | 12 | 16 | 28 | 2 | 14 | 310 | 2,635 | 2,945 | 29 | 142 | 171 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Jul | 23 | 132 | 155 | 284 | 2,501 | 2,785 | 14 | 69 | 1 | 19 | 1 | 10 | 13 | 33 | 3 | 13 | 307 | 2,633 | 2,940 | 32 | 144 | 176 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Aug | 23 | 145 | 168 | 275 | 2,461 | 2,736 | 16 | 89 | 6 | 22 | 1 | 15 | 15 | 33 | 3 | 12 | 298 | 2,606 | 2,904 | 41 | 171 | 212 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Sep | 30 | 176 | 206 | 272 | 2,442 | 2,714 | 9 | 84 | 9 | 20 | 1 | 11 | 16 | 32 | 2 | 12 | 302 | 2,618 | 2,920 | 37 | 159 | 196 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Oct | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nov | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dec | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

LLE = Lot Line Eraser
CTB = Covenant to Bind

Sudden Valley Community Association
Balance Sheet
October 31, 2025 and December 31, 2024

| | Unaudited** | See Note** | |
|--|----------------------|----------------------|--------------------|
| | Oct 31, 2025 | Dec 31, 2024 | Inc / (Dec) |
| OPERATIONS | | | |
| Current Assets | | | |
| Operating Cash | \$ 382,314 | \$ 579,484 | \$ (197,170) |
| Building Completion Deposit Fund | 818,900 | 749,910 | 68,990 |
| Member Receivables - Operations* | - | 53,456 | (53,456) |
| Other Receivables | 3,250 | 3,350 | (100) |
| Prepaid Expenses | 130,356 | 82,148 | 48,208 |
| Operating Lease ROU Assets | 24,151 | 29,554 | (5,403) |
| Inventory | 5,285 | 5,824 | (539) |
| Total Current Assets | 1,364,256 | 1,503,726 | (139,470) |
| Current Liabilities | | | |
| Accounts Payable | (54,282) | (159,772) | 105,490 |
| Accrued Vacation Liability | (87,108) | (76,335) | (10,773) |
| Accrued Payroll | - | (115,575) | 115,575 |
| Prepaid Assessments | (212,122) | (241,080) | 28,958 |
| Building Completion Deposits | (818,900) | (749,910) | (68,990) |
| Other Refundable Deposits | (9,696) | (9,956) | 260 |
| Operating Lease Liability | (24,151) | (29,554) | 5,403 |
| Prepaid Golf Memberships | (8,845) | (112,307) | 103,462 |
| Total Current Liabilities | (1,215,104) | (1,494,489) | 279,385 |
| Other Liabilities | | | |
| Contingent PPP Loan Liability*** | (357,700) | (357,700) | - |
| Deferred Library Lease Revenue | (29,333) | (36,000) | 6,667 |
| Total Other Liabilities | (387,033) | (393,700) | 6,667 |
| Operating Reserve Funds | | | |
| Emergency Operating Cash | 364,587 | 363,815 | 772 |
| Undesignated Reserves Cash | 301,563 | 302,135 | (572) |
| Total Operating Reserve Funds | 666,150 | 665,950 | 200 |
| Net Operating Assets | \$ 428,269 | \$ 281,487 | \$ 146,782 |
| CAPITAL | | | |
| Capital Current Assets | | | |
| CRRRF (Capital Repair & Replacement) Cash Fund | 3,811,525 | 3,172,197 | 639,328 |
| Roads Reserve Cash Fund | 2,797,636 | 2,102,138 | 695,498 |
| Board Density Reduction Cash Fund | 128,474 | 87,889 | 40,585 |
| Mailbox Cash Fund | 174,433 | 151,970 | 22,463 |
| CRRRF Capital Reserve Holding Cash | 219,243 | 219,618 | (375) |
| Mitigation Assignment of Savings Cash | 49,893 | 49,821 | 72 |
| LWWSD Assignment of Savings Cash | 14,950 | 14,939 | 11 |
| Member Receivables - Capital** | - | 13,625 | (13,625) |
| Total Capital Current Assets | 7,196,154 | 5,812,197 | 1,383,957 |
| Capital Fixed Assets | | | |
| Fixed Assets | 16,798,929 | 17,006,025 | (207,096) |
| Finance ROU Assets | 54,225 | 119,060 | (64,835) |
| Lots Held for Sale | 211,534 | 231,826 | (20,292) |
| Total Capital Assets | 17,064,688 | 17,356,911 | (292,223) |
| Long Term Liabilities | | | |
| CRRRF Loan 2022 | (1,312,440) | (1,539,073) | 226,633 |
| Finance Leases | (57,754) | (104,457) | 46,703 |
| Total Long Term Liabilities | (1,370,194) | (1,643,530) | 273,336 |
| NET ASSETS | \$ 23,318,917 | \$ 21,807,065 | \$1,511,852 |
| MEMBER EQUITY | | | |
| Member Equity | | | |
| Current Year Net Income: Operations | 137,685 | (374,591) | 512,276 |
| Transfers Out from Operations to Capital | - | (145,600) | 145,600 |
| Current Year Net Income: Capital** | 1,375,008 | 1,294,054 | 80,954 |
| Transfers Into Capital from Operations | - | 145,600 | (145,600) |
| Retained Earnings** | 4,858,301 | 5,232,892 | (374,591) |
| Capital** | 16,947,923 | 15,654,710 | 1,293,213 |
| TOTAL MEMBER EQUITY | \$ 23,318,917 | \$21,807,065 | \$1,511,852 |

* The Association's internal policy is to write off any member receivables that are 30 days past due as bad debts for internal interim financial statement purposes. As per SVCA policy, Management continues to pursue collection of these receivables via all avenues allowed by Washington State laws. In addition, the Association records and bills finance charges on receivables that are thirty days past due at 1% per month. At October 31, 2025, and December 31, 2024, the balances of receivables written off were \$785,696 and \$699,426, respectively.

** Beginning with the 2020 year end audited financial statements, Accounting Standards Codification (ASC) 606 requires issued audited financial statements to reclassify unspent capital dues revenue, including related capital transfer fee collections, as a contract liability balance (unearned revenue), which is then reversed out in future years when capital dues/capital transfer fee collections are actually expended on capital related expenditures. This particular accounting standard change is only incorporated into the issued audited financial statements and is not factored into SVCA's internal monthly statements as it would obscure the reality of monthly capital dues/capital transfer fee revenues collected for internal monthly presentation purposes. See SVCA's 2020 through 2024 audited financial statements (2024 represents the most recently issued audited statements), which fully incorporate ASC 606 and comply with Generally Accepted Accounting Principals (GAAP).

*** At 2024 year end, the Association recorded a contingent liability relating to Paycheck Protection Program (PPP) loan funds that were received in May 2020 and then forgiven by the Small Business Administration (SBA) in September 2021, which are funds that the SBA has since subsequently deemed that the Association did not qualify for because of its 501(C)(4) tax exempt status, which was communicated to the Association by the government in April 2025. This contingency was classified by the Association as probable. And upon final resolution with the SBA, the Association believes that the estimated amount of liability will be limited to the original amount of the PPP loan funds received (\$357,700) because of the fact that the Association fully disclosed its tax exempt status to the SBA during the PPP loan application process, which the government has especially acknowledged.

**Sudden Valley Community Association
Income Statement Summary**

UNAUDITED

| | Current Month - October 2025 | | | Year to Date - 10 Months Ending 10/31/2025 | | |
|--|--|--|-----------------------|--|--|---------------------------|
| | Operations & Operating Reserves | Operations Better / (Worse) Budget | Capital Reserves** | Operations & Operating Reserves | Operations Better / (Worse) Budget | Coll % Capital Reserves** |
| REVENUE | | | | | | |
| Current Year Dues & Assessments Income | | | | | | |
| Dues & Assessments Income | 238,316 | | 247,087 | 2,383,822 | | 2,469,144 |
| Bad Debt Reserve | 950 | | 325 | (47,470) | | (34,619) |
| Net Current Year Assessment Income | 239,266 | 13,159 | 247,412 | 2,336,352 | 75,283 | 98.0% 2,434,525 |
| Bad Debt Recoveries - Prior Years | | | 2,825 | | | 41,564 |
| Golf Income | 46,479 | (9,126) | - | 1,337,703 | (20,435) | - |
| Marina Income | - | - | - | 236,829 | 6,528 | - |
| Rec Center & Pools Income | 1,327 | 1,118 | - | 40,403 | 8,976 | - |
| Legal & Collections Income | - | - | - | - | - | - |
| Other Income | 26,043 | 15,619 | - | 146,741 | 41,154 | - |
| Rental Income - Other | 700 | (1,402) | - | 14,480 | 3,966 | - |
| Area Z Rental Income | 5,625 | 438 | - | 26,018 | 2,097 | - |
| Lease Income | 5,832 | 949 | - | 57,715 | 9,482 | - |
| New Home Construction Fees | 10,000 | 7,620 | - | 112,200 | 33,470 | - |
| Capital Gain (Loss) on Sale of Assets | - | - | - | - | - | 1,200 |
| Capital Gain (Loss) on Sale of Lots | - | - | 24,708 | - | - | 24,708 |
| Investment Income | 499 | (84) | 2,870 | 5,834 | 4 | 29,173 |
| Total Revenue | 335,771 | 28,291 | 277,815 | 4,314,275 | 160,525 | 2,531,170 |
| EXPENSES | | | | | | |
| Salaries & Benefits | 183,255 | 23,623 | - | 2,102,052 | 71,022 | - |
| Contracted & Professional Services | 12,413 | (1,812) | - | 274,348 | (104,102) | - |
| CC&Rs/ Mandates | 47,987 | 2,179 | - | 468,467 | (76,750) | - |
| Maintenance & Landscaping | 44,795 | 3,442 | - | 438,937 | 3,349 | - |
| Utilities | 30,075 | (6,062) | - | 200,875 | (462) | - |
| Administrative | 15,997 | 1,092 | - | 171,689 | (11,786) | - |
| Regulatory Compliance | 7,762 | 15,347 | - | 257,747 | (48,046) | - |
| Insurance Premiums | 19,240 | (1,719) | - | 180,732 | (5,619) | - |
| Other Expenses | - | 417 | - | 418 | 3,749 | - |
| Depreciation Expense | - | - | 108,710 | - | - | 1,087,100 |
| Closing Costs - Lot Sales | - | - | 4,538 | - | - | 4,538 |
| Interest expense | - | - | 4,810 | - | - | 50,899 |
| Total Expenses | 361,524 | 36,507 | 118,058 | 4,095,265 | (168,645) | 1,142,537 |
| Net Income (Loss) | (25,753) | 64,798 | 159,757 | 219,010 | (8,120) | 1,388,633 |
| Net UDR Activity for Operations | | | | | | |
| GM Recruiting Expense | - | | | (3,271) | | |
| Legal Expenses - Past Due Account Collections | - | | | (9,984) | | |
| Hazardous Tree Removal | (25,057) | | | (100,000) | | |
| Net Income (Loss) with Board Approved UDR | (50,810) | 64,798 | 159,757 | 105,755 | (8,120) | 1,388,633 |
| Other Activity | | | | | | |
| Net Other UDR Activity* | (2,225) | | | 89,492 | | |
| AR Accrual - Prior Year Reversal | - | | - | (53,456) | | (13,625) |
| AR Accrual - Current Year | - | | - | - | | - |
| Lease Income- Library Prepaid Recognized | 667 | | | 6,667 | | |
| Vacation Liability Accrual | 2,921 | | | (10,773) | | |
| Total Other Activity | 1,363 | | - | 31,929 | | (13,625) |
| Grand Total Activity | (49,447) | 64,798 | 159,757 | 137,685 | (8,120) | 1,375,008 |

*Prior year recoveries for operations are deposited into the Undesignated Reserve Account (UDR).

**Refer to the last footnote on the Balance Sheet (prior page) for a discussion of Accounting Standards Codification (ASC) 606 and capital dues revenue collections.

Sudden Valley Community Association
Reserve Cash Balance & Activity
10 Months Actual, 2 Months Projected

UNAUDITED

UNAUDITED

| | Capital Reserve Funds | | | | | | Operating Reserve Funds | | | |
|--|-----------------------|--------------|------------------------------------|-------------------------|------------|-----------------------------------|-----------------------------|---------------|------------|-------------------------------|
| | CRRRF | Roads | CRRRF Capital Reserve Holding Cash | Board Density Reduction | Mailbox | Mitigation Assignment of Savings* | Total Capital Reserve Funds | Emergency Ops | UDR | Total Operating Reserve Funds |
| Net Available Cash 12/31/2024 | 3,172,197 | 2,102,138 | 219,618 | 87,889 | 151,970 | 64,760 | \$ 5,798,572 | 363,815 | 302,135 | \$ 665,950 |
| Dues Received | 1,200,755 | 1,239,353 | | - | 22,124 | | 2,462,232 | - | 121,894 | 121,894 |
| Storm Water Mitigation Plan Fee | | - | | | | | - | | | - |
| Investment Income | 16,199 | 11,963 | 466 | 123 | 339 | 83 | 29,173 | 772 | 682 | 1,454 |
| Sale of Assets | 1,200 | | | | | | 1,200 | | | - |
| Sale of Lots (Net Proceeds) | | | | 40,462 | | | 40,462 | | | - |
| Mitigation Release | - | - | | | | - | - | | | - |
| 2025 Expenditures | (581,226) | (555,818) | (841) | - | - | | (1,137,885) | | (123,148) | (123,148) |
| Net Available Cash at 10/31/2025 | 3,811,525 | 2,797,636 | 219,243 | 128,474 | 174,433 | 64,843 | \$ 7,196,154 | 364,587 | 301,563 | \$ 666,150 |
| 2 Month Outlook | | | | | | | | | | |
| Outlook - 2025 Dues (95% collections) | 228,999 | 235,520 | | | 4,209 | | \$ 468,728 | | | \$ - |
| Outlook - Prior Year Collections | 3,315 | 3,410 | | | 61 | | 6,786 | | 6,547 | 6,547 |
| CRRRF Loan Payments for year 2025 | (55,507) | | | | | | (55,507) | | | - |
| Obligated Expenses/Holdings | (1,266,544) | (1,035,645) | (219,243) | | | (64,843) | (2,586,274) | | (13,785) | (13,785) |
| Net Usable Cash Balance 12/31/2025 | 2,721,789 | 2,000,921 | - | 128,474 | 178,703 | - | \$ 5,029,887 | 364,587 | 294,325 | \$ 658,912 |
| Board Recommended Carryover Balance | (600,000) | (500,000) | | | | | \$ (1,100,000) | | | \$ - |
| Net Usable Cash 12/31/2025, After Recommendation | \$ 2,121,789 | \$ 1,500,921 | \$ - | \$ 128,474 | \$ 178,703 | \$ - | \$ 3,929,887 | \$ 364,587 | \$ 294,325 | \$ 658,912 |
| Net Current Year Cash Increase (Decrease) | (450,408) | (101,217) | (219,618) | 40,585 | 26,733 | (64,760) | \$ (768,684) | 772 | (7,810) | \$ (7,038) |

*Note, when mitigation period has ended, unspent funds will be returned to the source account, Roads and CRRRF.

Sudden Valley Community Association
Operations - By Department
October 1, 2025 to October 31, 2025
CURRENT MONTH

Whole \$

UNAUDITED

| <u>Department</u> | <u>Actual Revenue</u> | <u>Revenue B / (W)</u> | <u>Actual Salary Benefits</u> | <u>Salary & Benefits B / (W)</u> | <u>Actual Other Expense *</u> | <u>Other Exp B / (W)*</u> | <u>Net Income / (Loss) *</u> | <u>Net B / (W)*</u> |
|---|---------------------------|----------------------------|---------------------------------------|--|---------------------------------------|-------------------------------|--------------------------------------|-------------------------|
| ACC / Security | 14,350 | 7,776 | 7,422 | (307) | 29,080 | 18,270 | (22,152) | 25,739 |
| Accounting | 3,489 | 736 | 28,655 | 1,386 | 10,333 | 687 | (35,499) | 2,809 |
| Administration | 1,497 | 1,353 | 32,503 | 3,923 | 13,532 | 6,125 | (44,538) | 11,401 |
| Common Costs | 17,206 | 13,290 | - | - | 41,401 | (12,306) | (24,195) | 984 |
| Facilities | 11,457 | 1,220 | 4,726 | (96) | 27,524 | (7,319) | (20,793) | (6,195) |
| Maintenance | - | - | 23,269 | 9,902 | 20,494 | 5,624 | (43,763) | 15,526 |
| Subtotal | 47,999 | 24,375 | 96,575 | 14,808 | 142,364 | 11,081 | (190,940) | 50,264 |
| Golf | 46,479 | (9,126) | 64,108 | 11,838 | 24,074 | 5,587 | (41,703) | 8,299 |
| Marina | - | - | - | - | 1,564 | (597) | (1,564) | (597) |
| Rec/ Pools/ Parks | 2,027 | (117) | 22,572 | (3,023) | 10,267 | (3,187) | (30,812) | (6,327) |
| Subtotal | 48,506 | (9,243) | 86,680 | 8,815 | 35,905 | 1,803 | (74,079) | 1,375 |
| Subtotal Operations before Ops Dues | 96,505 | 15,132 | 183,255 | 23,623 | 178,269 | 12,884 | (265,019) | 51,639 |
| Ops Dues Earned | 238,316 | | | | | | 238,316 | |
| Curr Yr Bad Debts Activity | 950 | | | | | | 950 | |
| Net Ops Dues | 239,266 | 13,159 | | | | | 239,266 | 13,159 |
| Net Operations | 335,771 | 28,291 | 183,255 | 23,623 | 178,269 | 12,884 | (25,753) | 64,798 |
| Net BOD Approved UDR Activity for Operations | | | | | | | | |
| GM Recruiting Expense | - | | - | | - | | - | |
| Legal Expenses - Past Due Account Collections | - | | - | | - | | - | |
| Hazardous Tree Removal | - | | - | | 25,057 | | (25,057) | |
| Net Operations with Board Approved UDR | 335,771 | 28,291 | 183,255 | 23,623 | 203,326 | 12,884 | (50,809) | 64,798 |
| Other Operating Activity | | | | | | | | |
| UDR Activity | 100 | | | | 2,325 | | (2,225) | |
| AR Accrual - Prior Year Reversal | - | | | | - | | - | |
| AR Accrual - Current Year | - | | | | - | | - | |
| Lease Income- Library Prepaid Recognized | 667 | | | | - | | 667 | |
| Vacation Liability Accrual | - | | | | (2,921) | | 2,921 | |
| Total Other Operating Activity | 767 | | | | (596) | | 1,363 | |
| Grand Total Operations Activity | 336,538 | 28,291 | 183,255 | 23,623 | 202,730 | 12,884 | (49,447) | 64,798 |

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association
Operations - By Department
January 1, 2025 to October 31, 2025
YEAR TO DATE

Whole \$

UNAUDITED

| <u>Department</u> | <u>Actual Revenue</u> | <u>Revenue B / (W)</u> | <u>Actual Salary Benefits</u> | <u>Salary & Benefits B / (W)</u> | <u>Actual Other Expense *</u> | <u>Other Exp B / (W)*</u> | <u>Net Income / (Loss) *</u> | <u>Net B / (W)*</u> |
|---|---------------------------|----------------------------|---------------------------------------|--|---------------------------------------|-------------------------------|--------------------------------------|-------------------------|
| ACC / Security | 157,849 | 50,586 | 77,786 | (4,117) | 476,414 | (105,378) | (396,351) | (58,909) |
| Accounting | 27,250 | (9,143) | 300,627 | 10,502 | 82,966 | (3,405) | (356,343) | (2,046) |
| Administration | 7,884 | 6,953 | 339,176 | 38,018 | 156,267 | (44,586) | (487,559) | 385 |
| Common Costs | 64,776 | 25,616 | - | - | 456,736 | (102,283) | (391,960) | (76,667) |
| Facilities | 83,733 | 9,912 | 50,188 | (2,356) | 155,121 | 31,666 | (121,576) | 39,222 |
| Maintenance | - | - | 296,667 | 44,739 | 96,711 | 17,376 | (393,378) | 62,115 |
| Subtotal | 341,492 | 83,924 | 1,064,444 | 86,786 | 1,424,215 | (206,610) | (2,147,167) | (35,900) |
| Golf | 1,337,703 | (20,435) | 718,785 | 63,962 | 416,780 | (31,219) | 202,138 | 12,308 |
| Marina | 243,843 | 7,142 | - | - | 18,614 | (1,563) | 225,229 | 5,579 |
| Rec/ Pools/ Parks | 54,883 | 14,609 | 318,823 | (79,726) | 133,602 | (273) | (397,542) | (65,390) |
| Subtotal | 1,636,429 | 1,316 | 1,037,608 | (15,764) | 568,996 | (33,055) | 29,825 | (47,503) |
| Subtotal Operations before Ops Dues | 1,977,921 | 85,240 | 2,102,052 | 71,022 | 1,993,211 | (239,665) | (2,117,342) | (83,403) |
| Ops Dues Earned | 2,383,822 | | | | | | 2,383,822 | |
| Curr Yr Bad Debts Activity | (47,470) | | | | | | (47,470) | |
| Net Ops Dues | <u>2,336,352</u> | <u>75,283</u> | | | | | <u>2,336,352</u> | <u>75,283</u> |
| Net Operations | 4,314,273 | 160,523 | 2,102,052 | 71,022 | 1,993,211 | (239,665) | 219,010 | (8,120) |
| Net BOD Approved UDR Activity for Operations | | | | | | | | |
| GM Recruiting Expense | - | | - | | 3,271 | | (3,271) | |
| Legal Expenses - Past Due Account Collections | - | | - | | 9,984 | | (9,984) | |
| Hazardous Tree Removal | - | | - | | 100,000 | | (100,000) | |
| Net Operations with Board Approved UDR | 4,314,273 | 160,523 | 2,102,052 | 71,022 | 2,106,465 | (239,665) | 105,755 | (8,120) |
| Other Operating Activity | | | | | | | | |
| UDR Activity | 99,202 | | | | 9,710 | | 89,492 | |
| AR Accrual - Prior Year Reversal | (53,456) | | | | - | | (53,456) | |
| AR Accrual - Current Year | - | | | | - | | - | |
| Lease Income- Library Prepaid Recognized | 6,667 | | | | - | | 6,667 | |
| Vacation Liability Accrual | - | | | | 10,773 | | (10,773) | |
| Total Other Operating Activity | <u>52,413</u> | | | | <u>20,483</u> | | <u>31,929</u> | |
| Grand Total Operations Activity | 4,366,685 | 160,523 | 2,102,052 | 71,022 | 2,126,949 | (239,665) | 137,685 | (8,120) |

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association

SUDDEN VALLEY COMMUNITY ASSOCIATION - LOTS & DUES ANALYSIS 2025

| | | | | | | | | | | | | | | | | | | | | | | | | | SVCA Owned Lots | | | | LLE & CTB | Dues Exempt | Total Non Billable Lots | Total All Lots | |
|-----|---------------------|-----|-------|----------------|-------|-------|------------------|-----|------------------|-----|------------------|-----|-------------------|-----|-----------|-----|-------------------------|-------|-------|-------------------|-----|-----|---------------------|-------|-----------------|------------|------|------|-----------|-------------|-------------------------|----------------|--------|
| | Actual Year Prepaid | | | Actual Current | | | Actual 1 Mth Due | | Actual 2 Mth Due | | Actual 3 Mth Due | | Actual 4+ Mth Due | | Pmt Plans | | Total Prepaid & Current | | | Total Not Current | | | Total Billable Lots | | | Restricted | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Vac | Dev | Total | Vac | Dev | Total | Vac | Dev | Vac | Dev | Vac | Dev | Vac | Dev | Vac | Dev | Total | Vac | Dev | Total | Vac | Dev | Total | Vac | Dev | Total | Perm | WD10 | | | | | Avail. |
| Jan | 16 | 82 | 98 | 276 | 2,529 | 2,805 | 24 | 103 | 2 | 8 | 3 | 10 | 18 | 37 | 2 | 8 | 292 | 2,611 | 2,903 | 49 | 166 | 215 | 341 | 2,777 | 3,118 | 774 | 0 | 3 | 777 | 740 | 6 | 1,523 | 4,641 |
| Feb | 18 | 96 | 114 | 277 | 2,527 | 2,804 | 16 | 82 | 8 | 24 | 0 | 6 | 19 | 34 | 2 | 8 | 295 | 2,623 | 2,918 | 45 | 154 | 199 | 340 | 2,777 | 3,117 | 775 | 0 | 3 | 778 | 740 | 6 | 1,524 | 4,641 |
| Mar | 21 | 95 | 116 | 280 | 2,554 | 2,834 | 6 | 61 | 8 | 14 | 3 | 8 | 19 | 37 | 2 | 8 | 301 | 2,649 | 2,950 | 38 | 128 | 166 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Apr | 21 | 100 | 121 | 285 | 2,551 | 2,836 | 7 | 62 | 1 | 10 | 3 | 12 | 20 | 32 | 2 | 10 | 306 | 2,651 | 2,957 | 33 | 126 | 159 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| May | 23 | 105 | 128 | 283 | 2,526 | 2,809 | 14 | 79 | 1 | 17 | 0 | 8 | 16 | 30 | 2 | 12 | 306 | 2,631 | 2,937 | 33 | 146 | 179 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Jun | 23 | 118 | 141 | 287 | 2,517 | 2,804 | 8 | 77 | 3 | 11 | 0 | 12 | 16 | 28 | 2 | 14 | 310 | 2,635 | 2,945 | 29 | 142 | 171 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Jul | 23 | 132 | 155 | 284 | 2,501 | 2,785 | 14 | 69 | 1 | 19 | 1 | 10 | 13 | 33 | 3 | 13 | 307 | 2,633 | 2,940 | 32 | 144 | 176 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Aug | 23 | 145 | 168 | 275 | 2,461 | 2,736 | 16 | 89 | 6 | 22 | 1 | 15 | 15 | 33 | 3 | 12 | 298 | 2,606 | 2,904 | 41 | 171 | 212 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Sep | 30 | 176 | 206 | 272 | 2,442 | 2,714 | 9 | 84 | 9 | 20 | 1 | 11 | 16 | 32 | 2 | 12 | 302 | 2,618 | 2,920 | 37 | 159 | 196 | 339 | 2,777 | 3,116 | 776 | 0 | 3 | 779 | 740 | 6 | 1,525 | 4,641 |
| Oct | 41 | 246 | 287 | 263 | 2,388 | 2,651 | 9 | 74 | 4 | 20 | 6 | 5 | 15 | 31 | 2 | 13 | 304 | 2,634 | 2,938 | 36 | 143 | 179 | 340 | 2,777 | 3,117 | 774 | 2 | 2 | 778 | 740 | 6 | 1,524 | 4,641 |
| Nov | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dec | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

LLE = Lot Line Eraser
CTB = Covenant to Bind

| | | Sudden Valley Community Association - Capital Project Report | | | | | | | | | |
|---------------|-------------------------------|--|---|----------------------------|--------|---|----------------|----------------|-----------------------|--------|--|
| | | CRRRF Projects Open in 2025 | | | | | | | | | |
| | | Updated as of | | 10/31/2025 | | | | | | | |
| | | | | | | | A | B | | A-B | |
| | BOARD APPROVED PROJECT | | | | | | BUDGETED | | Acctg Funds Obligated | | |
| | | | | | | | | | | | |
| Cost Manager | Approval Date | GL | Project Name | Fund | Status | | Board Approved | Total Invoiced | | | |
| Turf Manager | 1/23/20 | 9719.18 | Trim Mower- Turf | CRRRF | Open | ● | 44,050 | 40,198 | 3,852 | LE | |
| Turf Manager | 1/23/20 | 9719.19 | Utility Vehicles | CRRRF | Open | ● | 104,248 | 104,702 | (454) | LE & X | |
| Golf Director | 11/5/20 | 9721.01 | Golf Cart Fleet | CRRRF | Open | ● | 183,900 | 174,905 | 8,995 | LE | |
| Maint Manager | 10/27/22 & 10/12/23 & 8/22/24 | 9722.08 | Area Z Maintenance Facility Remodel | CRRRF | Open | ● | 503,898 | 499,719 | 4,180 | | |
| GM | 10/27/22 & 9/28/23 & 11/2/23 | 9722.09 | Barn 8 Refurbishment | CRRRF | Open | ● | 824,530 | 199,499 | 625,031 | | |
| GM | 1/12/23 & 4/25/24 & 5/22/25 | 9723.04 | Austin Creek Repair Design & Permitting | CRRRF | Open | ● | 34,585 | 9,703 | 24,882 | | |
| GM | 3/9/23 | 9723.07 | Website Improvements | CRRRF | Open | ● | 10,483 | 5,605 | 4,878 | | |
| Golf Director | 12/14/23 | 9723.17 | 10 Additional Golf Carts Lease | CRRRF | Open | ● | 81,600 | 22,609 | 58,991 | LE | |
| Maint Manager | 1/25/24 | 9724.012 | Turf Building Remodel-Permit/Design | CRRRF | Open | ● | 9,755 | 9,095 | 660 | | |
| Maint Manager | 5/22/25 & 8/28/25 | 9724.013 | Turf Building Remodel-Construction | CRRRF | Open | ● | 115,691 | - | 115,691 | | |
| Turf Manager | 2/22/24 | 9724.05 | Sand Trap Rake | CRRRF | Closed | ● | 32,579 | 32,579 | - | | |
| Maint Manager | 2/22/24 & 8/28/25 | 9724.06 | Club House HVAC 20 Ton Design/permitting/Constructio | CRRRF | Open | ● | 169,928 | 17,730 | 152,198 | | |
| Maint Manager | 4/25/24 & 7/25/24 | 9724.07 | Adult Center Furnace & Water Heater Replacement | CRRRF | Open | ● | 42,422 | 44,588 | (2,166) | X | |
| Maint Manager | 7/25/24 | 9724.09 | Fencing (Adult Cntr/Area Z/Turfcare) & Area Z RV Storage | CRRRF | Open | ● | 71,851 | 69,243 | 2,608 | | |
| Turf Manager | 9/26/24 | 9724.11 | #2 Golf Bridge Repair | CRRRF | Open | ● | 25,460 | 23,994 | 1,466 | | |
| Turf Manager | 1/9/25 | 9725.01 | Fairway Aerator- Wiedenmann Terra Spike XF6 | CRRRF | Closed | ● | 57,495 | 57,495 | - | | |
| Turf Manager | 1/23/25 | 9725.02 | Turfcare Trailer | CRRRF | Closed | ● | 17,843 | 17,843 | - | | |
| Turf Manager | 2/27/25 | 9725.03 | Golf Course Fairway Top-Dresser Replacement | CRRRF | Open | ● | 50,592 | - | 50,592 | | |
| Maint Manager | 3/27/25 | 9725.04 | Zero-Turn Mower (Kubota ZD1211R) | CRRRF | Closed | ● | 21,146 | 20,601 | - | | |
| Maint Manager | 4/10/25 | 9725.05 | Marina Directional Signage | CRRRF | Open | ● | 15,000 | 1,937 | 13,063 | | |
| Maint Manager | 4/10/25 | 9725.06 | Gate 2 & Welcome Center Directional Signage | CRRRF | Open | ● | 20,000 | 3,907 | 16,093 | | |
| Maint Manager | 4/24/25 | 9725.07 | Welcome Center Exterior Painting | CRRRF | Open | ● | 7,611 | 7,611 | - | | |
| GM | 6/12/25 & 10/23/25 | 9725.08 | Lake Louise Slide Gate Replacement (Phase 1 & 2) | CRRRF | Open | ● | 71,786 | - | 71,786 | | |
| Turf Manager | 6/26/25 | 9725.09 | 2025 Asphalt Cart Path Repairs | CRRRF | Open | ● | 54,080 | 51,267 | 2,813 | | |
| GM | 9/25/25 | 9725.10 | Clubhouse Water Heater Replacement | CRRRF | Open | ● | 11,587 | 7,490 | 4,097 | | |
| GM | 9/25/25 | 9725.11 | 2025 AV Projector & Screen | CRRRF | Open | ● | 4,397 | 1,632 | 2,765 | | |
| GM | 9/25/25 | 9725.12 | 2025 Computer System Replacements | CRRRF | Open | ● | 13,680 | 3,021 | 10,659 | | |
| Maint Manager | 10/23/25 | 9725.13 | Snow Removal Equipment - Snow Plow & Sander x 2 | CRRRF | Open | ● | 35,000 | - | 35,000 | | |
| Maint Manager | 10/23/25 | 9725.14 | Maintenance Truck Replacement (OP-23) | CRRRF | Open | ● | 56,243 | - | 56,243 | | |
| | | | | Open Projects Total, CRRRF | | | \$ 2,691,442 | \$ 1,426,972 | \$ 1,263,924 | | |
| | | | | | | | | | | | |
| | | LE | These line items represent five-year finance leases, which means the obligated costs will be spread out over five-year periods. | | | | | | | | |
| | | X | Overbudget amount will be charged to operations. | | | | | | | | |
| | | | | | | | | | Adjusted Balance | | |
| | | | | | | | | | \$ 1,266,544 | | |

[illegible]

[illegible]



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

APPROVAL REQUEST MEMO

To: Sudden Valley Community Association Board of Directors

From: Allen Helvajian, Compliance Manager

Date: January 9, 2026

Subject: Stormwater System Easement

Purpose

To request approval for granting a Storm-water System Easement across Right-Of-Way (ROW) space owned by the Sudden Valley Community Association (SVCA).

Background

The owner of 101 Polo Park Dr has requested an easement to install a storm-water connection across SVCA-owned space. The owner is making this application at the request of Whatcom County who wishes to preserve access to the system for future inspection purposes. It is in the Association's best interest to facilitate inspection opportunities to Storm-water Systems and to avoid conflicts with LWWSD, I recommend that the Board of Directors approve the proposed easement at the established fee for drafting and recording the agreements. SVCA's counsel, Aaron Haynes, has drafted an agreement allowing for the easement.

Analysis

The proposed Storm-water Easement is attached for review. I propose a fee of \$1,500 to draft and record the easement.

Request

Request that the SVCA Board of Directors approve the proposed easement for 101 Polo Park Dr and approve the proposed fee of \$1,500.00 to cover legal fees, recording fees and administrative costs.



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

Motion

Move that the SVCA Board of Directors approve the proposed easements for 101 Polo Park Dr and the proposed fee of \$1,500.00 to cover recording fees and administrative costs.

Approvals

Approved: _____ Not Approved: _____ SVCA Board of Directors

Signed: _____ Date: _____

Keith McLean, SVCA Board President

ALL AREAS SUBJECT TO CLEANING AND
DISPOSAL THAT HAVE NOT BEEN COVERED BY
APPROPRIATE SHIELDING, INCORPORATED
INTO A DRAINAGE FACILITY OR
ENCASEMENT AS STRUCTURAL FILL ON
SLOPE SHALL, AT PROJECT COMPLETION,
MEET THE REQUIREMENTS OF BMAP 7.8.13
FOUR CONSTRUCTION SOIL QUALITY A
CIP-TX.

- SEE SECTION 6.9 OF THIS REPORT
FOR SPECIFICATIONS.

[illegible]

| | | |
|------------------------------|------------|----|
| UPDATED PER COUNTRY COMMENTS | 07/11/2005 | AM |
| UPDATED PER COUNTRY COMMENTS | 01/23/2004 | AM |
| REVISIONS | DATE | BY |

Filed for Record at the Request of:

SUDDEN VALLEY COMMUNITY ASSOCIATION
ATTN: SVCA PRESIDENT
4 CLUBHOUSE CIRCLE
BELLINGHAM, WA 98229

TITLE OF DOCUMENT:

EASEMENT FOR STORMWATER SYSTEM

GRANTOR(S):

SUDDEN VALLEY COMMUNITY ASSOCIATION, a Washington nonprofit corporation

GRANTEE(S):

J HANSEN INVESTMENTS LLC, a Washington limited liability company

ABBREVIATED LEGAL DESCRIPTION(S):

PLAT OF SUDDEN VALLEY DIV NO. 9 PRIVATE ROADS
LOT 23, PLAT OF SUDDEN VALLEY DIV NO. 9

TAX PARCEL NUMBER(S):

370301 501148 0000 P/ 20987
370301 560223 0000 P/ 21093

REFERENCE NUMBERS OF DOCUMENTS ASSIGNED/RELEASED:

N/A

EASEMENT FOR STORMWATER SYSTEM

This **EASEMENT FOR STORMWATER SYSTEM** ("Agreement") is entered into this _____ day of October 2025 ("Effective Date"), by and between **SUDDEN VALLEY COMMUNITY ASSOCIATION**, a Washington nonprofit corporation, hereinafter referred to as (the "Grantor") or (the "Association"), and **J HANSEN INVESTMENTS, LLC**, a Washington limited liability company, hereinafter referred to as (the "Grantee"). Grantor and Grantee shall be collectively referred to hereinafter as (the "Parties") and individually as (a "Party").

I. RECITALS

WHEREAS, Grantor owns the real property commonly known as the Polo Park Drive Right-of-Way legally described, in part, in **Exhibit "A"**, attached hereto ("Burdened Lot");

WHEREAS, Grantee owns the real property commonly known as 101 Polo Park Drive and legally described as follows ("Benefited Lot"):

LOT 23, PLAT OF SUDDEN VALLEY, DIVISION NO. 9, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 10 OF PLATS, PAGES 83 THROUGH 85, INCLUSIVE, RECORDS OF WHATCOM COUNTY, WASHINGTON.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

WHEREAS, the Parties desire to formalize an easement stormwater drainage across the Burdened Lot for the benefit of the Benefitted Lot, according to the terms and conditions in this Agreement; and

WHEREAS, Grantor is willing to grant an easement for stormwater drainage to Grantee.

II. TERMS AND CONDITIONS

NOW, THEREFORE, Grantor hereby conveys to Grantee, and Grantee's successors and assigns, a revocable easement for stormwater drainage across, along, and upon Grantor's Burdened Lot as described in **Exhibit "A"** and as shown on **Exhibit "B"**, ("Easement Area"), attached hereto and by this reference made a part hereof, for the purpose of stormwater drainage from 101 Polo Park Drive, subject to the following terms and conditions:

1. **CONSTRUCTION, MAINTENANCE AND REPAIR.** Grantee is solely responsible for all costs of inspection, maintenance, improvement, repair, construction or reconstruction to the Easement Area. Grantee shall keep any stormwater drainage in proper operating condition and in the same condition as permitted and approved by the Association and Whatcom County upon its initial construction and installation. Any maintenance, improvement, repair, construction, or reconstruction to the Easement Area is subject to the following requirements:

- a. Review and approval by SVCA or its designee of plans, materials and methods for maintenance, improvement, repair, construction or reconstruction.
- b. Compliance with SVCA's Architectural Control Committee ("ACC") Policies.
- c. Compliance with Whatcom County standards and any applicable state and federal standards. Any maintenance, improvement, repair, construction or reconstruction requiring a permit from Whatcom County shall not be commenced until such permit has been issued.

2. **INDEMNIFICATION.** Grantee assumes any and all risk and liability associated with the use of this Easement and agrees to indemnify and hold Grantor, and its employees, officers, and board members, harmless against all liabilities, claims, judgments, or demands for damages arising from this Easement, and Grantee shall defend any and all suits that may be brought against the Association, and/or its employees, officers, and board members, arising from this Easement and will make good and reimburse the Association, and/or its employees, officers, and board members, for any expenditures the Association may make by reason of such suits. This indemnification shall not apply to any construction or disturbance caused by Grantor within the Easement Area, nor to any gross negligence of Grantor.

3. **CONFORMANCE WITH LAWS.** The Grantee shall conform with and abide by the rules, codes, laws, and regulations in connection with the use of the Easement Area. Except as otherwise provided for in this Agreement, the Grantee shall keep the Easement Area free and clear of all liens and charges whatsoever arising from the maintenance and/or use of the Easement.

4. **REMEDIES.** In the event that Grantee is in default of the terms or conditions of this Easement, the Association shall have the option to notify Grantee, in writing, of the default and specify the steps which must be taken to cure the same. Grantee shall have thirty (30) days from the date of mailing of the written notice to take the steps necessary to cure the default provided that if the steps may not be reasonably completed within thirty (30) days, Grantee shall initiate the cure and diligently pursue it, considering time is of the essence, to conclusion. If Grantee fails to cure any default, the Association may in addition to any other remedies available in law or equity:

4.1 Revoke this Easement upon written notice to the Grantee, which revocation shall become effective upon the unilateral recording by the Association of a Revocation of Easement in the Office of the Auditor in and for Whatcom County, Washington.

4.2 Perform the cure at the Association's expense and bill such charges, plus an administrative fee of 10% thereon, to Grantee, which invoice shall incur interest at the rate of twelve percent (12%) per annum from the date issued until paid in full. The Association shall record a lien against the Grantee Lot to secure payment of such charges. Such lien shall run with the land and may be foreclosed in the same manner as a mortgage.

5. **NOTICES.** Any notice or communication required or permitted by this Agreement shall be deemed to have been duly given if delivered personally to the Party to whom the notice or communication is directed, or if mailed by registered or certified mail, with postage and charges prepaid. Such notice or communication shall be deemed to be given when personally delivered

EASEMENT FOR STORMWATER DRAINAGE –

to the Grantee or the Association, or, if mailed, five (5) business days after the date of mailing. Any notice required under the Agreement shall be mailed to the Grantee at the mailing address on file with the Association.

6. **BINDING EFFECT.** This Easement, and all rights associated therewith, shall be perpetual in existence and duration, considered and construed as covenants running with the land, and shall be binding upon, inure, and extend to the benefit of the heirs, executors, administrators, successors, and assigns of the Parties hereto.

7. **NOT A PUBLIC DEDICATION.** Nothing herein contained shall be deemed to be a gift or dedication of any portion of the real property described herein to the general public or for any public use or purpose whatsoever.

8. **SEVERABILITY.** In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

9. **LITIGATION.** If a legal action is instituted by reason of any default or breach on the part of any Party in the performance of any of the provisions of this Agreement, the substantially prevailing Party shall be entitled to an award of its attorneys' fees and costs incurred in connection therewith. It is agreed that the jurisdiction and venue of any legal actions brought under the terms of this Agreement shall be exclusively in the Superior Court for Whatcom County, Washington. The Parties expressly waive their rights to a trial by jury.

10. **AMENDMENTS.** Except as otherwise set forth herein, this Agreement may not be modified, amended, or terminated except by the written agreement of all Parties, or their respective successors and assigns.

11. **WAIVER OF JURY TRIAL. GRANTOR AND GRANTEE, AND EACH OF THEIR RESPECTIVE HEIRS, SUCCESSORS, AND ASSIGNS, HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY, RELATED TO THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO THIS AGREEMENT.**

12. **ENTIRE AGREEMENT.** This Agreement contains all of the understandings between the Parties. Each Party represents that no promises, representations, or commitments have been made by the other as a basis for this Agreement, which have not been reduced to writing herein. No oral promises or representations shall be binding upon any Party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Agreement.

IN WITNESS WHEREOF, the Parties have set their hands and signed this Agreement on the day and year first above written.

GRANTOR:

SUDDEN VALLEY COMMUNITY ASSOCIATION

By: _____
Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

On this day personally appeared before me _____, to me known to be the _____ of **SUDDEN VALLEY COMMUNITY ASSOCIATION**, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument on behalf of the corporation.

GIVEN under my hand and official seal this _____ day of _____, 2025 .

Print Name: _____
NOTARY PUBLIC in and for the
State of Washington, Residing at _____
My Commission Expires: _____

[Additional Signatures and Notaries on Subsequent Pages]

GRANTEE:

J HANSEN INVESTMENTS LLC

Jon Hansen
By: Jon Hansen
Its: Governor

STATE OF WASHINGTON)
) ss.
COUNTY OF WHATCOM)

On this day personally appeared before me Jon Hansen, to me known to be the Governor of **J HANSEN INVESTMENTS LLC**, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument on behalf of the limited liability company.

GIVEN under my hand and official seal this 4th day of November, 2025.



Katherine Pulver
Print Name: Katherine Pulver
NOTARY PUBLIC in and for the
State of Washington, Residing at Bellingham WA
My Commission Expires: 11-25-2028

**EXHIBIT A
LEGAL DESCRIPTION
GRANTOR'S PROPERTY / THE "BURDENED LOT"**

EASEMENT FOR STORMWATER DRAINAGE –

EXHIBIT "A"

DESCRIPTION OF STORMWATER EASEMENT

AN EASEMENT OVER, UNDER AND ACROSS A PORTION OF POLO PARK DRIVE RIGHT-OF-WAY LYING WITHIN SUDDEN VALLY DIVISION 9, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 23, PLAT OF SUDDEN VALLEY, DIVISION No. 9, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 10 OF PLATS, PAGES 83 THROUGH 85, INCLUSIVE, RECORDS OF WHATCOM COUNTY, WASHINGTON. SITUATE IN WHATCOM COUNTY, WASHINGTON. ; THENCE THE FOLLOWING NINE (9) COURSES:

| Course | Bearing | Distance |
|--------|---|----------|
| E1 | RADIUS=295.00' LENGTH=2.74' CENTRAL ANGLE=0°31'54" | |
| E2 | S 49°04'16" E | 6.22' |
| E3 | N 67°10'15" E | 13.01' |
| E4 | S 62°31'21" E | 11.17' |
| E5 | S 27°28'39" W | 10.00' |
| E6 | N 62°31'21" W | 6.47' |
| E7 | S 67°10'15" W | 14.53' |
| E8 | N 49°04'16" W | 19.01' |
| E9 | RADIUS=295.00' LENGTH=9.23' CENTRAL ANGLE=1°47'35" | |

AS DEPICTED ON EXHIBIT "B" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

SITUATE IN WHATCOM COUNTY WASHINGTON.

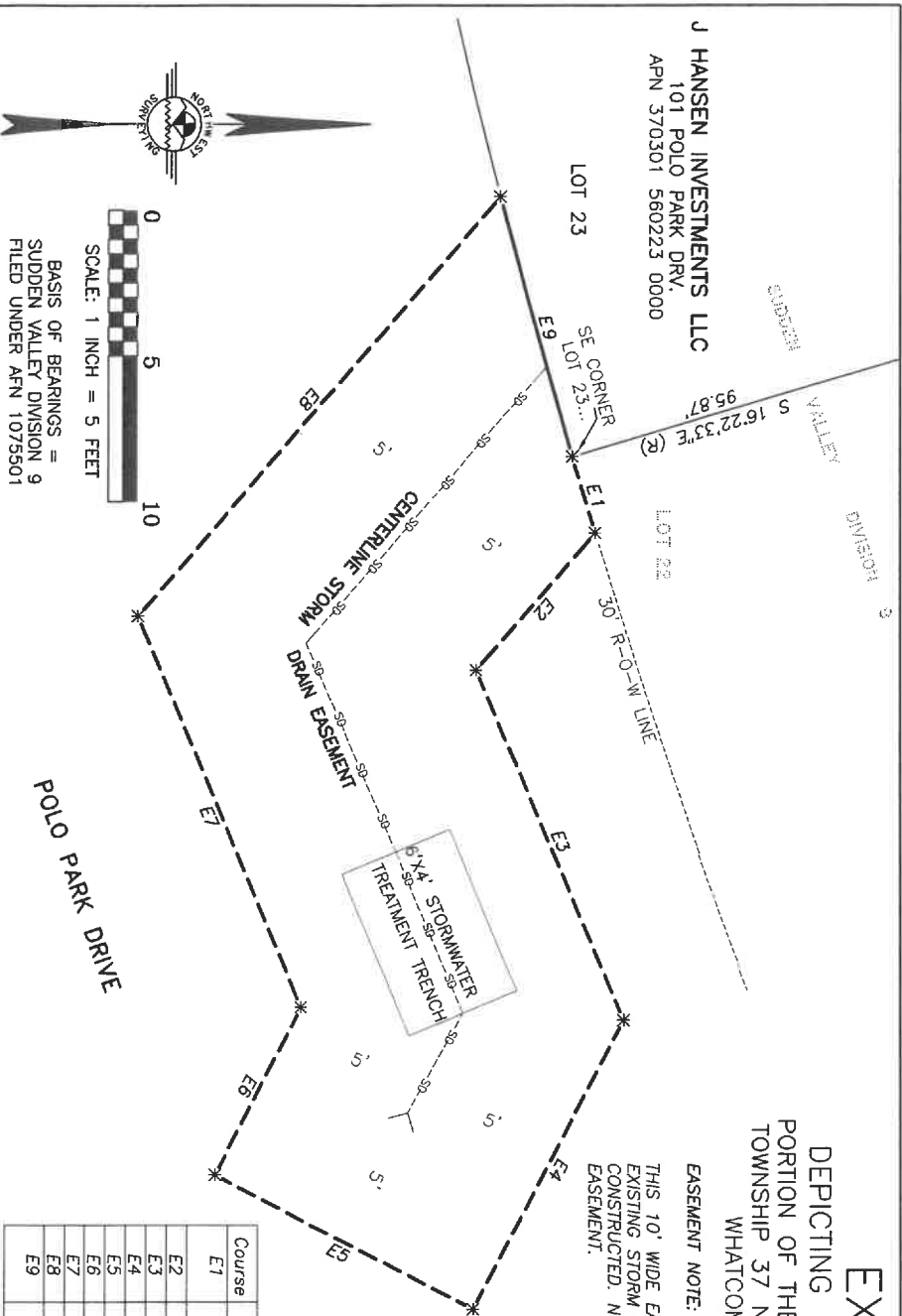
EXHIBIT B
EASEMENT AREA

EASEMENT FOR STORMWATER DRAINAGE –

EXHIBIT "B" DEPICTING STORMWATER EASEMENT PORTION OF THE NE 1/4 SE 1/4, SECTION 1, TOWNSHIP 37 NORTH, RANGE 3 EAST OF W.M. WHATCOM COUNTY, WASHINGTON

EASEMENT NOTE:

THIS 10' WIDE EASEMENT IS CENTERED OVER THE EXISTING STORM DRAIN LINE AS CONSTRUCTED OR TO BE CONSTRUCTED. NO FIELD WORK WAS PERFORMED BY THIS EASEMENT.



| Course | Bearing | Distance |
|--------|--|----------|
| E1 | RADIUS=295.00' LENGTH=2.74' CENTRAL ANGLE=0°31'54" | |
| E2 | S 49°04'16" E | 6.22' |
| E3 | N 67°10'15" E | 13.01' |
| E4 | S 62°31'21" E | 11.17' |
| E5 | S 27°28'39" W | 10.00' |
| E6 | N 62°31'21" W | 6.47' |
| E7 | S 67°10'15" W | 14.53' |
| E8 | N 49°04'16" W | 19.01' |
| E9 | RADIUS=295.00' LENGTH=9.23' CENTRAL ANGLE=1°47'35" | |