

**SECTOR 2A AT SNOHOMISH CASCADE ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS' MEETING
Tuesday, September 6, 2022**

This meeting was on Zoom.

CALL TO ORDER / ROLL CALL

1. Board President, Matt Hale called the meeting to order at 7:03.
2. Board members present (Zoom conference) were Matt Hale, Bill Steenis, Tanya Edwards, Gary Hebert, David Divoky and John Alleman. This was a quorum.

REVIEW OF MINUTES FROM PREVIOUS MEETING

1. The minutes of the August 2022 meeting were reviewed and unanimously approved.

GENERAL BUSINESS

1. Deferral of annual meeting to October 2022. Board election ballots have been sent out.
2. Election ballots are coming in. Current tally is we've received 19 returned ballots.
3. Thanks to David Divoky for his service and contributions to the HOA board! He will still be around to help with projects.
4. For the record, Steve reports 135 proxies have been awarded by the membership for 2022.

TREASURER'S REPORT – Presented by Steve Yandl

1. Account status
 - a. Operations (checking): \$122,313.
 - b. Operational reserve (money market): \$5,713.
 - c. Reserve fund (long term reserve held in CD): \$16,944.
2. Outstanding collections: We only have two assessments outstanding. One of these, their lender is likely to execute foreclosure proceedings in January 2023 which would, in turn, eventually settle the outstanding HOA assessments.
3. We need to provide input data for the 2023 reserve analysis.
4. We need to contact the auditor to start the 2021 audit.
5. Steve is starting to work on the 2023 budget.

MAINTENANCE COMMITTEE REPORT – Presented by Matt Hale

1. We discussed that the current landscaping contract with our current provider ends at the end of the year. We need to seek competitive bids in addition to providing objective criteria for service fulfillment. Before we seek bids, we need to establish objective quality criteria in the form of a request for proposal (RFP).

2. David put together an inspection checklist with criteria which could be folded into the RFP.
3. Matt emphasized that there are some project issues which go beyond the existing maintenance issues. We still don't have an RFP to present for bidding to prospective service providers.
4. Steve stated we may need adaptable maintenance criteria in the event we can't fulfil some of the maintenance issues (e.g., excessive water at the boat park, etc.).
5. Tanya reminded us that we will also need to replace the tot park toys eventually. Maybe there's some things we can do which would alleviate the drainage issues at the tot park.
6. Skinner Landscaping indicated that they might be able to present 3 different options of services for a contract, but Matt stated we really should have a RFP before we get feedback from them.
7. Matt proposed a maintenance committee walkthrough as a good first step to prepare the RFP. Gary indicated that he could assist with the walkthrough.
8. Steve indicated we do have an "as built" irrigation system plan.
9. Tanya departed the meeting at 7:42.

ARCHITECTURAL CONTROL COMMITTEE REPORT – Presented by John Alleman

1. John Alleman reported. Details mentioned below are tracked in Smartsheets.
2. [ACC Requests](#), approvals, and issues:
 - a. Steenis – House exterior paint; Approved.
 - b. Edwards – Variance for trailer in the driveway; Approved.
 - c. King – House exterior paint; Approved.
 - d. Blume – Solar panels; Approved.
 - e. Gravelyn – House exterior paint; Approved.
3. [Rules violations](#):
 - a. Bill reported about 20 waste cans visible outside of the normal collection day and about 13 yards which were substandard.
 - b. John reported that we placed a note in the board election ballot re: the cans being observable outside of collection day.
 - c. We discussed what to do for substandard yards. Bill suggested that section 6.12 of CC&Rs is an option, where the HOA has a yard remanded to standards at the homeowner's expenses.

OLD BUSINESS

1. October annual meeting. The message to inform the membership of the annual meeting has been sent out with the ballots. So far, two neighbors have asked for the meeting Zoom meeting link.
2. We briefly touched on the welcome letters sent to new residents and Gary suggested we might add some additional gift (e.g., flowers, candy, etc.) into the welcome letter

process. Gary also suggested we might work with another service organization as part of the welcome process.

NEW BUSINESS

1. John discussed two proposed CC&R amendments (these are attached to the meeting minutes):
 - a. Add an owner occupancy clause require homeowners to reside in the home for a majority of the year to promote good looking homes. This is based on experience with a present absentee owner with a substandard yard.
 - b. Revise the interest rate charged on delinquent assessments to conform with state law. Our current interest rate is 2% per month and the maximum annual interest rate is 12% per annum per state law. While our CC&Rs state in §4.11 “...or such other rate as may be set by the Board and which shall in any event be reduced so as not to exceed the highest rate then permitted by law.” A formal change would prevent future board members from a potential error.
2. Steve suggested another remedy to vacant homes might be to contact the insurance company for vacant homes. Steve also suggested we might get pushback from the neighbors that go away for significant parts of the year to warmer climes.
3. The next steps are to present these proposed amendments at the annual meeting and take a vote as a board to place on the ballot to the membership.
4. If the board approves placing on the ballot, the membership vote would be via mail concurrent with the annual assessment mailing in late 2022. Amendment passage will require 75% of the membership to affirm per §10.1 of the CC&Rs.

MEETING ADJOURNED AT 8:21 PM



John Alleman, Secretary

Proposed amendment to the Declaration of Covenants, Conditions, Restrictions, and Easements (CC&Rs) for Sector 2a at Snohomish Cascade Association.

Amendment 1: Addition of Owner Occupancy Clause

Section 6.1 of the CC&Rs states that “Lots in Gold Creek 2A shall be used solely for Single Family residential purposes,” neighborhoods are at their best when every home is occupied by the owner who takes pride in maintaining their home and keeping up their yard and exterior maintenance. The intent of this amendment is to maintain the high standards of our community by not allowing homes to be purchased by investors for speculation who do not intend to reside in the home.

We propose the following amendment to the CC&Rs shown in redlined text below.

Section 6.3. Leasing Restrictions. No Lot or portion thereof may be leased or rented by any party, without the prior written approval of the Board in accordance with Section 6.18, below.

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Section 6.17 Owner Occupancy. All lots and portions thereof shall be occupied a majority of each calendar year by at least one owner of the lot. This may be waived with prior written approval of the Board in accordance with Section 6.18, below.

Section 6.18 Relief from Provisions. In cases where an Owner has made a factual showing that strict application of the provisions of this Article 6 would work a severe hardship upon him, the Board by Association Action may grant the Owner relief from any of such provisions; provided, however, that such relief shall be limited by its scope or by conditions to only that necessary to relieve the hardship; and provided further, that no such relief shall be granted if the condition thereby created would in the reasonable judgment of the Board, violate the provisions of Section 6.14 of this Article or adversely affect the Association’s right or ability to enforce any provision of this Declaration in the future. The decision of the Board in granting or denying such relief shall be final and conclusive. Nothing in this Section 6.18 shall diminish the authority of the Architectural Committee to grant variances and exceptions for matters within the purview of Section 6.2, as more fully described in Subsection 3.7.5, above.

Notes:

“Lot” is defined in Section 1.17: “Lot” shall mean and refer to any legally segmented and alienable portion of Gold Creek 2A created through subdivision or any other legal process for dividing land and subjected to this Declaration by an appropriate recording, with the exception of dedicated rights of way, Common Areas and / or Tracts.

“Owner” is defined in Section 1.21: “Owner” shall mean and refer to the recorded Owner (whether one or more persons or entities) of fee simple title to any Lot, including the Declarant, Contract sellers, and Participating Builders, but excluding Mortgagees or other persons or entities having such interest merely as security for the performance of any obligation; provided that, purchasers or assignees under Contracts shall be deemed Owners as against their respective sellers or assignors. Where the chain of title to a Lot involves a holder of fee simple title and more than one Contract purchaser, the last

Contract purchaser in such chain of title, i.e., the one who is not also a Contract seller, shall be considered the “Owner” for purpose of this Declaration.

Amendment 2: Revise the interest rate for non-payment of assessments and charges from 2% per month to 1% per month to be consistent with Washington State law.

Washington state law limits the interest rate to be charged which can be traced to HOA applicability per the chain of regulations listed below.

RCW [64.38.100](#) (Liens for unpaid assessments—Notice of delinquency) contains guidance to HOAs on the collection of unpaid assessments and assignment of liens and this section contains notes in RCW 64.90.485.

RCW [64.90.485](#) (Liens—Enforcement—Notice of delinquency) requires interest charged on non-payment of assessments and charges to not to exceed the maximum rate calculated under RCW [19.52.020](#).

RCW [19.52.020](#) (Highest rate permissible—Setup charges) caps interest rates to the highest of:

- (a) Twelve percent per annum; or
- (b) four percentage points above the equivalent coupon issue yield (as published by the Board of Governors of the Federal Reserve System) of the average bill rate for twenty-six week treasury bills as determined at the first bill market auction conducted during the calendar month immediately preceding the later of
 - (i) the establishment of the interest rate by written agreement of the parties to the contract, or
 - (ii) any adjustment in the interest rate in the case of a written agreement permitting an adjustment in the interest rate. No person shall directly or indirectly take or receive in money, goods, or things in action, or in any other way, any greater interest for the loan or forbearance of any money, goods, or things in action.

While the existing CC&Rs §4.11 acknowledge the priority of state law over the CC&Rs (*...or such other rate as may be set by the Board and which shall in any event be reduced so as not to exceed the highest rate then permitted by law*) for efficient governance, this should be amended.

We propose the following amendment to the CC&Rs shown in redlined text below.

Section 4.11. Effect of Nonpayment of Assessments and Charges. If any assessment payment (including Owner Assessments), Noncompliance Charge under Article 6, or other charges to Owners provided herein is not made in full within sixty (60) days after it was first due and payable, the unpaid amounts shall constitute a lien against the Lot assessed and shall bear interest from such due date at a rate of one percent (1%) per month, or such other rate as may be set by the Board and which shall in any event be reduced so as not to exceed the highest rate then permitted by law. By acceptance of a deed to a Lot, recording of a Contract therefore, or any other means of acquisition of an Ownership interest, and whether or not it shall be so expressed in any such deed or other instrument, each Owner shall be deemed to grant thereby to the Association, its agents and employees, the right and power to bring all actions against such Owner personally for the collection of such assessment, Noncompliance Charge, or

other charge as a debt, and to enforce the liens created by this Declaration in favor of the Association by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this Declaration shall be for the benefit of the Association, and the Association shall have the power to bid at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot foreclosed against.