

Mailed

Homeowners and Property Owners of Meadowwood Estates III,

You recently received an agenda for the upcoming Meadowwood Estates III Homeowners Association meeting to be held this Friday, November 19<sup>th</sup> at 7:00 PM. Because we, the Board of the Association, have received some questions regarding the agenda, we wanted to provide additional detail regarding the items to be discussed on Friday night.

#### Current Financial Status of HOA

Attached to this letter are the most recent financial reports and a preliminary Budget for 2011. You will see that although we have made significant changes regarding the gate, entry lighting, street and drain repair this year, our financial picture remains positive and largely unchanged from prior years reinforcing our decision to not raise the annual homeowner association dues in 2010.

#### Board Composition

The Board is composed of three voting members and a non-voting Secretary/Treasurer. Paulette Carter has served the HOA as Secretary/Treasurer for the last two years. Each of the voting members serves for a period of three years. The terms are staggered so that continuity is maintained. At the last year's HOA meeting, two of the initial members resigned their positions. Lori Peters and Robert Skattum were elected to serve on the Board and Deen Lady remained. The Board elected Deen as President, and Bob and Lori as Vice Presidents. During the year, Deen resigned from the Board and Lori Peters agreed to assume the duties of the President. As required, the remaining Board asked Marty Trzeciak to fill that position. This position is up for election.

#### Avista Error

In the process of researching options to replace the front entrance lighting with low-voltage lights, the Board and its contractor investigated the current electrical expenses of the HOA and discovered that Avista had been erroneously billing our HOA for mercury vapor street lights for another Liberty Lake HOA. Our contractor, in conjunction with Premiere Properties, worked with Avista to correct the problem and obtain a refund for the prior overpayments, which amounted to \$3127.

#### Non-Resident Using HOA Property

This matter will be more fully explained at the meeting. It involves the use by a neighboring property owner of land near the town homes that is technically owned by the HOA (although it is outside the border fence). This land is approximately 1,800 square feet. A homeowner of the association brought the situation to the Board's attention that the adjoining homeowner is marketing their property for sale, including the area in question. The Board approached the homeowner, through counsel, and has received an offer to purchase the land from the Association. This offer will be discussed during the meeting.

#### Enforcement of Covenants, Conditions, and Restrictions (CC&R's)

At the 2009 HOA meeting, there was discussion regarding bringing all homeowners/property owners into compliance with the CC&R's relative to a number of issues, including the landscaping of the rear banks of a few homes in the association. It was reported that while some progress had been made, there were still a number of non-compliant lots. At the 2009 annual meeting it was on the Agenda as "Landscaping - Liens on properties not in CC&R compliance." There was discussion as such and the new Board was tasked with continuance regarding this issue and if necessary to

retain an attorney to assist in enforcing the CC&R's, potentially by imposing liens and other actions. Homeowners attending the meeting were in support of this approach.

The new Board met, identified properties that were not in compliance with the CC&R's regarding landscaping and other issues. In February a total of 15 letters were sent from the retained attorney to those homeowners advising that if they did not work to bring their property into compliance, that they could be assessed corrective assessments and liens. The majority of the owners either complied, or provided timeframes for compliance. Six property owners, which included 3 properties at some stage of bank foreclosure, either did not respond, or responded that they were not going to do anything further to comply for various reasons. Those properties began receiving corrective assessments, backed by a continuing lien on the property starting in April. One property owner satisfied the requirements of the CC&R's and their assessments were ended and the owners satisfied the lien.

Two of the remaining property owners retained an attorney to file a legal action disputing the validity of the liens (but not the assessments). While the initial hearing regarding this matter went against the HOA, the matter is still under reconsideration by the judge. In the interim, those liens have been suspended, pending completion of the landscaping and further resolution of the matter. One of the remaining, bank-owned properties was recently sold and the bank satisfied the corrective assessments and lien. Another is pending closing within the next two weeks and will be similarly satisfied.

As a result of this activity, there has been a lot of conjecture and a perception that the HOA is unduly "tough" on our property owners, does not want to talk except through legal counsel, and is unapproachable. The current Board recently met with Gordon Finch, Premiere Properties, and several homeowners to discuss the original intent of the CC&R's, what other HOA's do in similar situations, and to formulate a plan for dealing with these matters going forward. The Board has determined that they will rely more heavily on Premiere Property Management vs. legal counsel, regarding handling various homeowner complaints and will make resources available to assist non-compliant homeowners with bringing their properties into compliance with the CC&R's. Gordon Finch has agreed to assist us, particularly with helping to resolve the landscaping issues, by working directly with the homeowners, primarily on the steep hillsides on North Dunbarton Oaks Lane.

Your current board members are volunteers, who have demanding jobs. As a result, many issues may take longer than normal to address and resolve. Our purpose in communicating these items prior to the meeting is so that all homeowners are aware of the issues to be reported on during the meeting.

We look forward to seeing you Friday evening.

Lori Peters

Bob Skattum

Marty Trzeciak

Paulette Carter

**Cash Flow (Cash)**  
**Mission & King James Rd. - (A-MEHOA)**  
**Jan 10 - Oct 10**

	Period to Date	%	Year to Date	%
<b>INCOME</b>				
<b>PRINCIPAL INCOME</b>				
Prepaid Funds	-320.25	-0.64	-320.25	-0.64
Association Dues Income	27,038.29	53.69	27,038.29	53.69
Total Principal Income	26,718.04	53.06	26,718.04	53.06
<b>OTHER INCOME</b>				
Transfer fee	400.00	0.79	400.00	0.79
Misc. Assessments	12,075.30	23.98	12,075.30	23.98
Interest Income	18.32	0.04	18.32	0.04
Late Fees	314.03	0.62	314.03	0.62
Total Other Income	12,807.65	25.43	12,807.65	25.43
<b>REIMBURSEMENT INCOME</b>				
Landscaping Pass Thru Incom	10,831.79	21.51	10,831.79	21.51
Total Reimbursement Inc	10,831.79	21.51	10,831.79	21.51
<b>TOTAL INCOME</b>	<b>50,357.48</b>	<b>100.00</b>	<b>50,357.48</b>	<b>100.00</b>
<b>EXPENSES</b>				
<b>GEN. &amp; ADMINISTRATIVE EXP.</b>				
Administrative Expense	132.04	0.26	132.04	0.26
Dues, Subscriptions, etal	-176.62	-0.35	-176.62	-0.35
Legal Fees	8,447.09	16.77	8,447.09	16.77
Licenses & Other Fees	20.00	0.04	20.00	0.04
Professional Fees	-50.00	-0.10	-50.00	-0.10
Office Exp - postage, etc.	196.87	0.39	196.87	0.39
Total Gen. & Admin. Exp	8,569.38	17.02	8,569.38	17.02
<b>UTILITIES</b>				
Elec./ Gas Charges	-1,703.76	-3.38	-1,703.76	-3.38
Utility/Water Expense	1,343.49	2.67	1,343.49	2.67
Telephone	492.59	0.98	492.59	0.98
Total Utilities	132.32	0.26	132.32	0.26
<b>REPAIRS &amp; MAINTENANCE</b>				
Contract Projects	2,167.00	4.30	2,167.00	4.30
Gate/Fence Expense	5,048.58	10.03	5,048.58	10.03
Total Repair and Mainten	7,215.58	14.33	7,215.58	14.33
<b>INSURANCE EXPENSE</b>				
Insurance	2,032.28	4.04	2,032.28	4.04
Total Insurance	2,032.28	4.04	2,032.28	4.04
<b>LANDSCAPING EXPENSE</b>				
Landscaping Expense	2,096.34	4.16	2,096.34	4.16
TH-Landscaping Expense	5,282.82	10.49	5,282.82	10.49
Sprinkler Repair & Maintenanc	316.02	0.63	316.02	0.63
TH-Sprinkler Repair & Maint.	469.56	0.93	469.56	0.93
Chemical Applications	428.58	0.85	428.58	0.85
TH-Chemical Applications	1,173.96	2.33	1,173.96	2.33
Tree / Shrub Maintenance	522.52	1.04	522.52	1.04
TH-Tree / Shrub Maintenance	586.98	1.17	586.98	1.17
Plant Bed Maintenance	65.22	0.13	65.22	0.13

**Cash Flow (Cash)**  
**Mission & King James Rd. - (A-MEHOA)**  
**Jan 10 - Oct 10**

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	<u>Period to Date</u>	<u>%</u>	<u>Year to Date</u>	<u>%</u>
TH-Plant Bed Maintenance	782.64	1.55	782.64	1.55
Landscape Clean-up	553.59	1.10	553.59	1.10
TH-Landscape Clean-up	293.52	0.58	293.52	0.58
Total Landscaping	12,571.75	24.97	12,571.75	24.97
<b>STREET / LOT EXPENSE</b>				
Snow Removal Expense	2,673.80	5.31	2,673.80	5.31
Exterior lighting	2,535.13	5.03	2,535.13	5.03
Total Street / Lot Exp.	5,208.93	10.34	5,208.93	10.34
<b>PROPERTY MANAGEMENT EXP.</b>				
Management Fees	2,372.50	4.71	2,372.50	4.71
Total Property Managem	2,372.50	4.71	2,372.50	4.71
<b>TAX EXPENSE</b>				
Real Estate Taxes	157.71	0.31	157.71	0.31
Total Taxes	157.71	0.31	157.71	0.31
<b>TOTAL EXPENSE</b>	38,260.45	75.98	38,260.45	75.98
<b>NET OPERATING INCOME</b>	12,097.03	24.02	12,097.03	24.02
<b>NET INCOME (Loss)</b>	12,097.03	24.02	12,097.03	24.02
<b>CASH FLOW</b>	12,097.03		12,097.03	
Beginning Cash	3,843.23			
Ending Balance	15,933.94			

**Balance Sheet (Cash)**  
**Mission & King James Rd. - (A-MEHOA)**  
**Jan 10 - Oct 10**

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**ASSETS**

**CURRENT ASSETS**

Cash in Bank	15,933.94
Certificates/Money Market Fund	8,454.71
Total Cash	24,388.65

**TOTAL CURRENT ASSETS** 24,388.65

**TOTAL ASSETS** 24,388.65

**LIABILITIES & CAPITAL**

**CAPITAL**

Retained Earnings	12,097.03
Capital Improvements Acct.	21,900.00
Previous Year's Ret. Earnings	-9,608.38

**TOTAL CAPITAL** 24,388.65

**TOTAL LIABILITIES & CAPITAL** 24,388.65



**Budget Detail (Cash)**  
**Mission & King James Rd. - (A-MEHOA)**  
**Jan 11 - Dec 11**

Account	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
TH-Landscap				750	750	750	750	750	750	750			5,250
Sprinkler Rep				225		50		45					320
TH-Sprinkler				70		70		70					490
Chemical Ap						215			215				430
TH-Chemical				168		168		168					1,176
Tree / Shrub				263					168				263
TH-Tree / Shr				85		85		85					526
Plant Bed Ma				22		22			85				595
TH-Plant Bed				260				260					66
Landscape Ci										260			780
TH-Landscap										300			560
Total L				1,880	1,636	1,638	1,655	1,418	1,588	2,778			12,593
STREET / LOT EX													
Snow Remov	1,500	500											2,500
Total S	1,500	500											2,500
PROPERTY MANA													
Management	237	237	237	237	237	237	237	237	237	237	237	237	2,847
Total P	237	237	237	237	237	237	237	237	237	237	237	237	2,847
TAX EXPENSE													
Real Estate T				160									160
Total T				160									160
OTHER EXPENSE													
Replacement	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Total O	750	750	750	750	750	750	750	750	750	750	750	750	9,000
TOTAL EXPEN	4,873	1,773	1,773	3,323	2,909	2,911	3,438	5,191	2,861	4,551	1,273	1,273	36,152
NET OPERATING INC	10,129	8,229	-471	1,958	-2,907	-2,809	1,793	-5,189	-2,859	-4,549	-1,271	-1,271	780
NET INCOME (Loss)	10,129	8,229	-471	1,958	-2,907	-2,809	1,793	-5,189	-2,859	-4,549	-1,271	-1,271	780