

November 19, 2025

Dear Neighbors,

We want to thank you for your feedback regarding the recent dues increase. We've heard your concerns about how this decision was communicated and handled. While we've received negativity about this issue, we've also heard from many neighbors offering support and encouragement—thank you for that kindness.

This situation has highlighted an important conversation around how our community functions most effectively. We'd like to clarify the partnership between the Board and homeowners from a desire to work together better.

Our Role as Your Board

We are your elected representatives, responsible for managing the day-to-day operations, financial planning, and long-term maintenance of our community. We approach decision-making based on available information, governing documents, and the budget constraints we face. We take this responsibility seriously.

Board work is a significant time commitment: reviewing budgets, coordinating vendors, addressing maintenance issues, preparing for meetings, and handling administrative duties. We do this willingly because we care about our community. However, we cannot extend that volunteer time to also fulfill each homeowner's individual responsibilities.

Your Role as Homeowners

Each homeowner has responsibilities that make our community work:

- **Stay informed:** Read the emails we send and review the CCRs (Covenants, Conditions & Restrictions) that govern our community. These documents outline your rights, responsibilities, and the procedures we must all follow.
- **Participate actively:** Attend meetings when decisions are being made. Your presence and input shape outcomes.
- **Plan for representation:** If you cannot attend a meeting where voting will occur, arrange a proxy in advance. This ensures your voice is counted even when you cannot be present.

We recognize that the Board can always improve communication, and we're committed to doing so. However, as volunteers already stretched thin with Board duties, we cannot individually educate each homeowner on procedures, rights, and participation methods. That information exists in our governing documents, tools that work only when we all engage with them.

Please visit the Keanland Park HOA webpage to review governing documents, meeting minutes, as well as other provided resources: <https://keanlandparkhoa.org/>

Moving Forward Together

A healthy HOA requires both an active Board and engaged homeowners. We do our part to the best of our ability; we ask that you do the same, as we all share responsibility for our community's success.

We welcome your continued feedback and participation. Together, we can address challenges and make decisions that serve everyone's interests.

Respectfully,

The HOA Board of Directors



Keanland Park HOA
2026 Budget & Long-Term Financial Planning
Annual Member Communication - November 2025

Your Board of Directors has completed the 2026 budget which has been voted on and passed by 75% in favor of those who attended our October HOA Meeting. Following is important information about our financial position, upcoming expenses, and long-term planning. This communication explains where your dues go, why costs are increasing, and how we're planning for the future while following our CC&R's (Section 4.5.2) and Bylaws (Section 4.3.2).

Summary Points:

- 2026 Assessment: \$735/year (\$61.25/month)
- This represents a \$285 increase from 2025 (\$450 to \$735)
- No special assessments are anticipated for 2026
- Gradual increases are needed over the next six years to reach financial stability

How will the \$735 dues payment be allocated in the 2026 budget?

Operating Fund: \$440/year (\$36.67/month)
Reserve Fund: \$295/year (\$24.58/month)

Operating Fund: What We Pay For	Annual Cost	Per Home	% of Budget
Septic System Inspections	\$30,397	\$287	64%
Landscaping & Groundskeeping	\$3,890	\$37	8%
Insurance (Liability & D&O)	\$2,850	\$27	6%
Stormwater Utility Fees	\$1,687	\$16	4%
Software & Technology	\$1,155	\$11	2%
Administrative Expenses	\$983	\$7	2%
Federal Income Taxes	\$2,937	\$28	7%
Road/Property Maintenance	\$245	\$2	<1%
Miscellaneous/Contingency	\$200	\$2	<1%
TOTAL OPERATING	\$44,344	\$418	100%

Note: We are self-managed by volunteer board members, saving approximately \$45,050/year (\$425/home) in the operating fund from professional management fees.

Reserve Fund: What We're Saving For	When	Estimated Cost
Drainage Ditch Cleaning	2026	\$2,575
Fence Restaining	2026	\$2,936
Asphalt Crack Sealing	2026	\$2,575
Asphalt Patching	2026	\$12,257
Asphalt Crack Filling	2028	\$31,143
Asphalt Seal Coating	2029	\$48,059
Fence Replacement	2036	\$49,279
Mailbox Replacement	2051	\$39,250
Road Resurfacing	2056	\$1,927,562

Why did dues increase 63% from 2025?

The Short Answer: We Were Severely Underfunded. When the HOA was first established, dues were set at \$450/year. This rate did not adequately fund reserves for future road repairs and did not account for mandatory annual septic inspections (\$287/home). Additionally, the operating costs were assumed lower than our actual costs.

THREE MAIN DRIVERS FOR THE INCREASE:

- 1** *Our Reserve Fund Was Only 44% Funded.* According to our 2025 Reserve Study we had \$101,077 in reserves and we should have had \$228,365 (based on asset depreciation).

Industry Standards:

- 0-30% = "Weak" (high risk of special assessments)
- 31-69% = "Fair" (cash flow problems likely)
- 70-100% = "Strong" (financially stable)
- 100% = "Ideal" (fully funded)

We are in the "Fair" category, approaching "Weak."

- 2** *Major Road Maintenance Coming Soon.*

Our roads are aging and require regular maintenance:

2026: \$20,343 (patching, crack sealing, drainage)
 2028: \$31,143 (crack filling)
 2029: \$48,059 (seal coating)

Without adequate reserves, these expenses would require special assessments (surprise bills to all homeowners).

- 3** *Septic System Inspections:* \$287/home/year (64% of operating budget)

Our septic systems include nitrate treatment devices required by Thurston County to protect the adjacent critical areas. By law (CCRs Section 5.3.2), we must:

- Hire a certified monitoring specialist
- Inspect all 106 systems annually
- Nitrate sampling for 1/3 of the lots annually
- Submit reports to Thurston County
- Pay county review fees

This is non-negotiable and cannot be reduced.

Our Current Financial Position

Reserve Fund Balance (as of December 31, 2025):

Metric	Amount	Status
Current Reserve Balance	\$181,464	
Fully Funded Balance (Target)	\$275,710	
Percent Funded	44%	"Fair"
Surplus/(Deficit)	(\$94,246)	
Per Home Deficit	(\$889)	

What This Means: We're in "Fair" financial condition, but not "Strong." We have enough reserves to cover planned 2026 expenses without special assessments, but we need to continue building reserves for long-term stability.

Current Plan (\$735/year with gradual increases)

Year	Operating	Reserves	Total/Year	Total/Month	Increase
2026	\$440	\$295	\$735	\$61	-
2027	\$440	\$305	\$745	\$62	\$10 (1.4%)
2028	\$440	\$315	\$755	\$63	\$10 (1.3%)
2029	\$445	\$325	\$770	\$64	\$15 (2.0%)
2030	\$460	\$340	\$800	\$67	\$30 (3.9%)
2031	\$480	\$355	\$835	\$70	\$35 (4.4%)
2032	\$500	\$370	\$870	\$73	\$35 (4.2%)

Outcomes by 2032:

- Reach 80-100% funded (Strong/Ideal)
- No special assessments expected
- Financially stable
- Protects property values
- Gradual increases (~4%/year)

7-Year Total Cost: \$5,510 (\$787/year average)

How Do Our Dues Compare to Other HOAs in Thurston County?

HOA	Annual Dues	What's Included	Notes
Hawks Prairie Village	\$2100-3000	Full mgmt, pool, clubhouse	Premium amenities
Woodland Creek	\$1440-1800	Professional mgmt, landscaping	Similar to ours + mgmt
Meridian Campus	\$1020-1320	Mgmt, basic maintenance	Newer development
Keanland Park (2026)	\$735	Self-managed, septic, roads	Below average
Keanland Park (2032)	\$870	Self-managed, septic, roads	Still competitive

Even at an estimated \$870/year in 2032, we'll be 25-50% less expensive than comparable HOAs because we self-manage and have minimal amenities.

What About Professional Management? Should We Hire a Management Company?

Current Status: Self-Managed by Volunteer Board

Savings: \$45,050/year (\$425/home)

What a Management Company Would Charge:

Service Level	Annual Cost/Home	What's Included
Full Service	\$400-500	Everything (financial, maintenance, enforcement)
Financial Only	\$200-250	Accounting, collections, budgets
Self-Managed	\$0	Volunteers do everything

Our Recommendation:

Stay Self-Managed for Now. Reasons:

- Saving \$425/home/year
- Financial records are solid
- No major compliance issues

We should reconsider reconsider IF:

- Board members burn out
- Financial expertise is lacking
- Compliance issues arise
- Collections become problematic

Your Septic Inspection Questions Answered

Why Is This \$287/Home Expense Our Biggest Expense?

Q: *Can we skip septic inspections to save money?*

A: No. Our CCRs (Section 5.3.2) legally require annual inspections of all 106 systems. Thurston County mandates this because our septic systems include nitrate treatment devices to protect the adjacent wetlands and wildlife corridors.

Q: *What if I don't want to pay for inspection?*

A: Not optional. This is a common expense (like road maintenance). All homeowners benefit from properly functioning septic systems that protect our groundwater and comply with county regulations.

Q: *What happens if we don't inspect?*

A: County fines, potential sewage failures, liability for the HOA. The cost of non-compliance far exceeds \$287/home.

Understanding Reserve Studies: What Is a Reserve Study?

A reserve study is like a financial checkup for your HOA. It:

- Inventories all common area assets (roads, signs, fences, etc.)
- Estimates when each will need repair/replacement
- Calculates how much we should save each year
- Ensure we have money when we need it

Our 2025 Reserve Study shows:

Component	Current Cost	Useful Life	Years Left	When Due
Asphalt Patching	\$12,257	5 years	1 year	2026
Asphalt Crack Filling	\$31,143	5 years	3 years	2028
Asphalt Seal Coat	\$48,059	5 years	4 years	2029
Fence Replacement	\$49,279	20 years	11 years	2036
Mailbox Replacement	\$39,250	35 years	26 years	2051
Road Resurfacing	\$1,927,562	40 years	31 years	2056
Total	\$2,107,550			

We need to save systematically so we have money when these bills come due.

Your Questions About the Increased Dues

Q: *Why didn't we save properly from the beginning?*

A: When Keanland Park was first developed (2015-2017), the developer (DRP Holdings LLC) set initial dues at \$450/year. This rate did not anticipate the cost of septic inspections (\$287/home), underestimated reserve requirements and was set low to make lots attractive to buyers. By the time homeowners took control of the HOA (Transition Date in ~2018), we were already behind.

Q: *Can I see detailed financial records?*

A: Yes! Financial records are available to members through the HOA Website:

Q: *Will dues keep increasing forever?*

A: Yes, but at a slower rate. Once we reach 100% funded (2032), increases will be limited to inflation (typically 3%/year) and unexpected cost increases in insurance, septic inspections, etc.

Expected long-term rate: 3.25-4.5% annual increases.

Q: *Can we defer road maintenance to save money?*

A: No. Deferred maintenance costs more long-term:

- Seal coating every 5 years: \$48,000 (adjusted for inflation)
- Skip seal coating, need resurfacing in 20 years instead of 40: Additional \$1,351,953

Every \$1 spent on preventive maintenance saves \$6-10 on future repairs*

(*Source: Federal Highway Association for pavement preservation)

How HOA Financial Health Affects Home Values

When you sell your home, buyers and their lenders look at:

Red Flags (Leads to Lower Property Values):

- HOA less than 70% funded
- History of special assessments
- Deferred maintenance visible
- Recent lawsuits or liens
- High delinquency rate

Green Flags (Leads to Higher Property Values):

- HOA 70-100% funded
- No special assessments
- Well-maintained common areas
- Stable financial records
- Low delinquency rate

What We Are Doing as a Your Board to Control Costs:

1. Self-Management

- Saving: \$45,050/year (\$425/home)
- Board volunteers handle all financial, administrative, and maintenance coordination

2. Competitive Bidding. All major contracts require multiple bids

3. Proactive Maintenance

- Advancing crack sealing to 2026 prevents bigger problems
- Regular inspections catch issues early

4. Efficient Insurance

- Our D&O and liability insurance is \$27/home (very competitive)
- Shopping rates annually

5. Minimal Administrative Costs

- Software: \$11/home (QuickBooks, website)
- No office rent, no paid staff

Total Estimated Savings vs. Professionally Managed HOA: \$30,000-40,000/year

Reserve Fund Transparency: Where Is Our Reserve Money Invested?

As of December 31, 2025:

Account	Balance	Type	Earning Rate
Fidelity Reserve Core Account	\$31,148	Money Market	3.75%
Fidelity Reserve Investments	\$151,947	Conservative Portfolio	4.00%
Total Reserves	\$183,095		3.9% avg

Investment Strategy:

- Conservative, low-risk investments
- Must be liquid (able to access within 30 days)
- Diversified across bank CDs and short-term bonds
- No stocks or high-risk investments

2026 Investment Income: \$8,830 (helps offset assessment costs)

Operating Fund Transparency: Where Is Our Operating Money Held?

As of December 31, 2025:

Account	Balance	Type	Earning Rate
Olympia Federal Checking	\$4,669	Checking	0.05%
Olympia Federal Small Balance	\$655	Savings	0.05%
Fidelity Ops Core Account	\$5,010	Money Market	3.75%
Total Operating	\$10,334		

Operating Fund Strategy:

- Maintain 6 months operating expenses in liquid accounts
- Swept funds to Fidelity for higher interest
- Immediate access for bill payment

Our 6-Year Financial Roadmap: 2027-2032

Goals:

- Reach 80-100% funded reserves by 2032
- No special assessments
- Maintain well-maintained roads and common areas
- Keep dues competitive with area HOAs
- Protect property values

After 2032:

- Annual increases limited to 3-4%
- No catch-up needed
- Financial stability achieved

We've Heard Your Feedback:

Concern #1: *"The increase is too much, too fast"*

We understand. The 63% increase is significant, but necessary to avoid special assessments. We delayed this as long as possible, but:

- Our reserve study showed we were only 44% funded
- Section 4.3.2 of the CC&R's require us to ensure reserve account balances are sufficient enough at the end of each year to meet the Associations obligation for major maintenance, repair, or replacement of reserve components during the next 30 years.
- Major road expenses begin in 2026 (\$20,343)
- Septic inspections are legally mandated (\$30,397)

Concern #2: *"Why are septic inspections so expensive?"*

We share your frustration. At \$287/home, septic inspections consume 65% of our operating budget. However:

- Thurston County legally requires annual inspections
- Our systems have nitrate treatment devices (higher complexity)
- What we're doing: Solicit competitive bids from qualified and authorized companies

Concern #3: *"Can't we just defer road maintenance?"*

No. Deferred maintenance is a false economy:

Scenario	Costs (Adjusted for inflation)	Total Cost
Sealcoat every 6 years	Every 6 years for 40 years	\$409,777
Road resurfacing	Once in 40 years	\$2,441,778
Total cost with preventative maintenance	\$2,851,555	
Road resurfacing without sealcoat	Once every 20 years	\$3,793,731
Savings with sealcoat		\$942,176

Every \$1 spent on preventive maintenance saves \$6-10 on future repairs.

Deferring maintenance also:

- Lowers property values (buyers see poor condition)
- Creates safety hazards (potholes, drainage issues, lane stripes disappear)
- Violates our duty to maintain common areas

Concern #4: *"The Board is spending too much"*

We invite you to review our expenses. Here's what we're NOT spending on:

- Management company (\$45,050/year savings)
- Security or gates (\$15,000+/year)
- Excessive landscaping (minimal: \$3,890/year)

Our expenses are:

- 65% Septic (legally required, non-negotiable)
- 19% Road maintenance (asset preservation)
- 8% Insurance (liability protection)
- 8% Administration (minimal)

Concern #5: *"Why didn't the developer fund reserves properly?"*

This is a common problem in HOAs. Developers typically:

- Set artificially low dues to make lots more attractive
- Don't fully fund reserves during development phase
- Transfer control to homeowners with insufficient reserves

DRP Holdings (our developer):

- Set initial dues at \$450/year (2015-2017)
- Did not anticipate \$287/home septic inspection costs
- Underestimated long-term reserve requirements
- Transferred control when development completed

We inherited this situation. Now we must fix it!

Closing Message From Your Board

We know the 63% dues increase is challenging. We've wrestled with this decision for months, exploring every alternative to minimize the impact on your household budgets.

The reality is simple:

- Our roads need maintenance (starting 2026)
- Our septic systems require annual inspections (by law)
- Our reserves were severely underfunded
- We can either pay gradually now, or pay more via special assessments later

We chose the responsible path as required by our CC&R's: Gradual, predictable increases that build financial stability and protect your property values.

Sustainable path forward:

2026: Dues will increase to \$735/year

2027-2029: Gradual increases (1.5%/year)

After 2029: Slightly above inflation increases (4%/year) to reach full funding

How each homeowner benefits:

- No surprise special assessments
- Well-maintained roads and common areas
- Financial stability
- Protected property values
- Peace of mind

Even at \$870/year in 2032, we'll still be 40-60% less expensive than comparable HOAs because we're self-managed and have minimal amenities.

We're volunteers who care deeply about our community. We receive no compensation. We donate countless hours because we believe in maintaining Keanland Park as a desirable, well-maintained neighborhood.

Your participation matters:

- Vote on future budgets (in person or by proxy)
- Volunteer to help reduce costs
- Communicate with us about your concerns

Together, we can build a financially strong community that protects our investments and quality of life. Thank you for your time in reading this detailed explanation. We're here to answer questions and address concerns.

Respectfully,

Kevin Ruoff

President, Keanland Park HOA Board of Directors

On behalf of the entire Board

Contact Information

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