

October 21, 2026

To: All Mirasett Homeowners Association Members
From: Board, Mirasett Homeowners Association

Subject: Justification for Proposed 2028 Annual Dues Increase - Protecting Our Community's Financial Health and Legal Compliance

Dear Neighbors,

The Board is writing to provide a clear, transparent explanation of why an increase in our annual HOA dues is necessary beginning in 2028. For more than two decades, Mirasett has operated with very minimal annual dues. That rate is no longer sustainable. Without an increase, our HOA faces a projected operating deficit, depleted reserves, deferred maintenance that creates liability risk, and non-compliance with Washington State law regarding reserve studies.

This letter summarizes the key drivers behind the proposed increase and explains what the additional funds will accomplish. Our goal is simple: keep Mirasett financially solvent, legally compliant, and a place where property values are protected through timely maintenance.

1. Current Financial Reality: We Are Approaching a Deficit

Based on the Proposed Budget for Meeting 2027:

- 2024 - 2026 actual results show funds brought forward declining sharply: from approximately \$8,866 (start of 2024) to roughly \$203 projected at the start of 2027.
- 2027 Estimate at the current \$250 dues rate produces total income of \$18,250 against estimated expenses of \$19,100, resulting in a projected year-end deficit and negative carry-forward of approximately **-\$647**.
- Reserves/savings contributions have already been reduced to zero in recent years simply to keep the operating account afloat. Continuing the current path leaves the Association with no meaningful cushion for emergencies or capital repairs.
- In short, at \$250 per year we are on a trajectory toward insolvency. That is not an acceptable outcome for any of us.

2. Legal Requirement: Reserve Study Under Washington Law (RCW 64.90.545)

Mirasett has never completed a formal reserve study. Under the Washington Uniform Common Interest Ownership Act (WUCIOA), we are required to:

- Prepare an initial reserve study by a qualified reserve-study professional based on a visual site inspection;
- Update the study annually; and
- Obtain a professional update with on-site visual inspection at least every three years.

A reserve study identifies major common-area components (fencing, landscaping features, sidewalks, signage, retention pond, mailboxes, etc.), estimates remaining useful life and replacement cost, and produces a 30-year funding plan. Without it, the Board cannot responsibly

plan for future capital needs, and the Association is out of compliance with state law. The proposed budget includes a line item for “Reserve Management Co” (\$3,000) to begin fulfilling this obligation. Typical costs for a full professional study on a community of our size range from roughly \$2,500 to \$5,000; the budgeted amount is intended to cover the initial study and initial professional support.

3. Rising Common-Area Maintenance Costs

- Common Area Lawncare has risen dramatically: approximately \$7,961 in 2024; \$9,262 in 2025; \$14,500 in 2026; Actual vs \$15,000 - \$16,000 proposed. Labor, fuel, and contractor costs have increased substantially across the region.
- Insurance premiums continue to climb (budgeted at \$2,000 - \$2,500).
- Administrative costs (PO Box, office supplies, website, annual meeting) have also edged upward with inflation.
- Tree removal/replacement and storm-damage contingencies remain necessary line items; we have already incurred multi-thousand-dollar tree costs in recent years.

4. Critical Deferred Maintenance: Sidewalk Heaving at Multiple Locations

Tree roots have caused sidewalk heaving at many locations throughout the community. Raised sidewalk panels create trip-and-fall hazards, potential liability exposure for the Association and individual owners, and can affect accessibility and property appearance. Professional repair options typically range from several hundred dollars per panel for grinding or temporary leveling to \$800 - \$2,500+ per section for proper removal, root management, and replacement with root barriers. The city will not assist the HOA with this repair. Full correction of all locations could easily total \$12,000-\$30,000 or more if performed comprehensively.

The proposed budget begins to address this with a Sidewalk Maintenance allocation of \$1,500 - \$3,000. That amount is a starting point for prioritization and phasing; sustained higher dues and a properly funded reserve will allow us to systematically eliminate the hazards rather than hoping the problem remains manageable.

5. Rebuilding Reserves and Creating a Margin of Safety

In earlier years the Association contributed \$3,000 annually to savings/reserves. That practice has stopped because operating costs consumed the available revenue. Without a reserve cushion we have no capacity for unexpected storm damage, major fence repairs, additional tree work if they continue to degrade, or the capital items a reserve study will identify. The proposed budgets restore a \$3,000 annual contribution to savings under the higher-dues scenarios. Over time this, combined with the formal reserve-study funding plan, will put Mirasett on a sustainable footing and reduce the risk of large special assessments in the future, but not eliminate it.

6. Additional Considerations Often Overlooked

- Liability exposure. Unrepaired sidewalk hazards and inadequately maintained common areas increase the risk of injury claims. Insurance may not fully cover every scenario, and a poorly funded association has fewer options to resolve claims without special assessments.

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- **Property values.** Prospective buyers and their lenders review HOA financial health, reserve funding, and pending assessments. A chronically underfunded association can make homes harder to sell or finance and can depress values relative to better-managed neighboring communities.
- **Special-assessment risk.** Deferred maintenance and unfunded capital needs eventually surface as special assessments. Modest, predictable annual increases are almost always less painful - and more equitable across owners who come and go - than sudden large assessments.
- **Board and volunteer burden.** Operating at the edge of insolvency forces the Board into constant short-term crisis management instead of orderly planning. Adequate funding allows volunteers to focus on stewardship rather than triage.
- **Compliance and governance.** Completing the reserve study and adopting a realistic funding plan demonstrates that Mirasett is a well-governed association, which benefits every owner in disclosure packages and lender reviews.

Next Steps and Your Input

This matter is to be voted before the upcoming Members Meeting in January. We encourage every owner to review the accompanying budget spreadsheet, ask questions early, and share constructive feedback.

In past years, many members neglected the Annual Meeting. The Board felt this 'vote by mail' would be the best way to ensure many members would weigh in, and thus we would be able to attain Quorum, allowing us to efficiently make progress.

The Board's responsibility is to present the facts and recommend a course that keeps Mirasett solvent, compliant with Washington law, and a desirable place to live. We believe a well-justified dues increase is the most responsible way to protect the community we all share.

Thank you for your attention and for your continued investment in Mirasett.

Respectfully,

The Board of Mirasett Homeowners Association