

Dated _____, 2026

From: _____
Resident, WA 35th district
Belfair, WA

To: Representative Travis Couture
PO Box 40600
Olympia, WA 98504-0600

Representative Couture,

I am writing to request that you work with your fellow legislators to change a state law (RCW 64.90.530) that is unnecessarily onerous and creates great expense for me and my neighbors with NO benefit to us, the citizens you represent.

Our HOA, Belfair Acreage Tracts Association (BATA) was created in 1979 under state law RCW 64.38 as a plat community. After January 1, 2028, we will fall under the new common interest community law, RCW 64.90. Under this new law, we will be forced to spend over \$20,000 every year to have a full CPA "audit" done because the new law does not allow an association to waive it if their income exceeds \$50,000 (RCW 64.90.530).

Our HOA is small and only collects dues to maintain the gravel roads in our community. Over the years we have had our dues increased because contracted labor, fuel and gravel costs have gone up. So now that the total dues collected by our HOA is over the \$50,000 level, we have to either pay a CPA to conduct an audit or vote to waive it per RCW 64.38.045. So far, we have voted to waive it because it is so expensive. Last year, our board got estimates of \$15,000 to \$20,000 to have a CPA conduct an audit. This year estimates were \$20,000 or more. Our HOA's current budget is about \$90K, so the cost of the audit would be over 20% of our budget! We would either have to pay even higher dues or deal with bad roads, vehicle damage, and slower services because of this law. Our board learned that the term "audit" to a Certified Public Accountant means extensive procedure and document analysis, 80-100 billable hours, peer reviews, and certifications. This is a very extreme process to go through EVERY YEAR for small HOAs like ours, that just exceed the \$50K threshold.

Most of my neighbors and I agree that an independent check on our books is a good idea, but we can't afford that much and to have to spend it every year is ridiculous! Our board talked to CPA firms that said there are other levels of analyzing financial statements like a "review" that are less expensive. Did the WA legislators know what they were doing when they used the word "audit" in the legislation?

And why has the \$50,000 threshold for the audit requirement not changed over the years when all the other costs have gone up? According to the WA state legislature archives, the \$50,000 threshold requirement was first signed into law in 1995 in RCW 64.38.045(3). That's over 30 years ago! Everything else has gone up with inflation so why hasn't this requirement level? If you inflate \$50,000 from 1995 to 2025 using the consumer price index annual average inflation, the 2025 value is \$105,480. The attached inflation table shows this.

We know that sometimes our state legislators use other state laws as examples. If this law was a copy of a California law, it needs to be updated. Even in CA, they updated their law in 2012 and they don't require an "audit." CA state Civil Code section 5305 requires an accountant

“review” for associations that collect more than \$75,000. Even if the WA state level is increased to \$100,000 to account for inflation, a \$20,000 audit is still 20% of the budget for HOAs that just reach that level. And the audit cost will continue to increase with inflation. We should be allowed to waive it if the community feels it is too costly in relation to our income and other expenses.

If this law isn’t changed before 2028, our HOA will have to jack up our dues to cover the expense, because we have to maintain our roads to make them passable for residents, service companies, and emergency services. We won’t be able to waive it after 2028 if you don’t fix this law. We think a “review” is adequate, and should have the choice of waiving it if we want! Maybe we only need a review every 2 or 3 years. Maybe we will want it done whenever our board members change. It should be up to the community, not the state, regardless of the dollar amount of our HOA dues collected.

If you don’t change the law and our dues get jumped up, you could be driving up homelessness. Some of residents in our small rural HOA are living on the edge of their income as it is and could be forced out of their home if they can’t cover it among all their other increased costs. How does that help WA citizens? It doesn’t. And the CPA firms we talked to said the local accounting firms in WA either don’t do HOA audits or won’t have the manpower to handle auditing all the HOA’s that will become mandatory in 2028. That means we’ll probably have to pay some out of state accounting firm. So, the current WA law isn’t even supporting WA businesses.

The bottom line is, we need legislation that changes RCW 64.90.530. The change needs to (1) increase the threshold level for checking financial statements to account for inflation, (2) change “audit” to “review,” and (3) allow HOAs to waive it by vote of the members as we have in the past. You probably have many things to debate, but this is a simple law change that would be a quick win for all concerned. You might even earn votes by convincing your fellow legislators to change the law in the next session! We are counting on you to represent us and get this fixed **before** these expensive audits become mandatory on January 1, 2028. Thank you for reading this. We will be watching to see what action is taken.

Signed,

Resident and voting citizen in WA State 35th district

Attachment (a) – Inflation Table calculation

Data source is <https://www.usinflationcalculator.com/inflation/historical-inflation-rates/>

year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
ave annual inflation % based on Consumer Price Index (CPI)	2.8	3.0	2.3	1.6	2.2	3.4	2.8	1.6	2.3	2.7	3.4	
dollar amount to inflate =>	\$50,000	\$51,500	\$52,685	\$53,527	\$54,705	\$56,565	\$58,149	\$59,079	\$60,438	\$62,070	\$64,180	
year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
ave annual inflation % based on CPI	3.2	2.8	3.8	(0.4)	1.6	3.2	2.1	1.5	1.6	0.1		
dollar amount to inflate (continued) =>	\$66,234	\$68,089	\$70,676	\$70,393	\$71,520	\$73,808	\$75,358	\$76,488	\$77,712	\$77,790		
year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
ave annual inflation % based on CPI	1.3	2.1	2.4	1.8	1.2	4.7	8.0	4.1	2.9	2.6		
dollar amount to inflate (continued) =>	\$78,801	\$80,456	\$82,387	\$83,870	\$84,876	\$88,866	\$95,975	\$99,910	\$102,807	\$105,480		

Notice that CA updated their Civil Code sect 5305 in 2012 to require an accountant "review" for associations with gross income exceeding \$75,000.

Yet WA legislators have NOT updated laws to reflect inflation, require an expensive CPA "audit," and make it mandatory in 2028!

California Code:

Civil Code § 5305. Review of Financial Statement

Unless the governing documents impose more stringent standards, a review of the **financial statement** of the association shall be prepared in accordance with **generally accepted accounting principles** by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the association exceeds seventy-five thousand dollars (\$75,000). A copy of the review of the financial statement shall be distributed to the members within 120 days after the close of each fiscal year, by individual delivery pursuant to **Section 4040**.

(Added by Stats. 2012, Ch. 180, Sec. 2. Effective January 1, 2013. Operative January 1, 2014, by Sec. 3 of Ch. 180.)