



Sudden Valley Community Association

1850 Lake Whatcom Blvd Bellingham, WA 98229

www.suddenvalley.com 360-734-6430

Board of Directors Meeting

March 12, 2026, 7:00 PM, 8 Barn View Ct. Multipurpose Room A

Call to Order

Roll Call

1) Adoption of Agenda

2) Announcements

3) Property Owner Comments – 15 Minutes Total

Please note that comments are limited to 3 minutes per person.

4) Consent Agenda

- a) Approval of Minutes – February 26, 2026

5) Reports

- (a) GM Report
- (b) Financial Statements, December
- (c) Committee Reports:
 - (i) Architectural Control
 - (ii) Document Review
 - (iii) Executive
 - (iv) Finance
 - (v) Long Range Planning
 - (vi) Nominations & Elections
 - (vii) Safety

6) Continuing Business

- a) Committee Business
- b) Barn 8 Functional Uses & Summary of Actions to Date

7) New Business

- a) Request for Approval – 2025 Audit and Tax Engagement Letters
- b) Request for Approval – 2026 Reserve Study
- c) Request for Approval – Offer for 63 Louise View Drive

Adjournment

How to Attend Meetings of the Board of Directors

Meetings can be attended in-person or online. A link to the Zoom meeting can be found at <https://suddenvalley.com/board/> or follow these instructions: go to Zoom.com; Click on “Meet” on the top menu bar and select “Join a Meeting”; Enter **86704997445** in the meeting ID box; follow the instructions to enter the meeting.



BOARD OF DIRECTORS REGULAR MEETING

Thursday, February 26, 2026, 7:00 PM

8 Barn View Ct, Multipurpose Room A

Minutes

CALLED TO ORDER AT: 7:01 PM

AUDIENCE MEMBERS: Not Recorded

BOARD MEMBERS PRESENT:

1. Keith McLean, President Present	4. Taimi Van de Polder, Secretary Present	7. Sean Chaffee Present	10. Rob Gibbs, N&E Chair Absent - Excused
2. Tom Henning, Vice President Present	5. Laurie Robinson Absent - Excused	8. Joseph Adams Absent - Excused	11. Daniel Rodriguez, ACC Chair Absent - Excused
3. Jean Maixner, Treasurer Present	6. Ray Meador Present	9. Linda Bradley Present	7 of 11 BOD members present.

ATTENDING:

Staff Members: Jo Anne Jensen, General Manager
Spencer Huston, IT

Call to Order:
Keith McLean, President, called the meeting to order at 7:01 PM.

1. President called for motion to adopt the agenda

Motion: Move to amend the agenda

Motion By: President McLean		Seconded By: Director Bradley	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

2. Announcements

- Jo Adams has submitted his resignation to the Board.
- Marina/Moorage Update: Marina/Moorage storage Kayak rack rentals were due 02/25/2026. If you're on the waitlist, take a minute to visit the Sudden Valley website and check the recreation page. You can see exactly where you stand.
- Sudden Valley archives have been moved to the old accounting offices downstairs in the clubhouse, where they'll be protected and much easier to access.
- Thank Taimi for having another successful High Tea.
- Spring Market coming up March 28th.

3. Property Owner Comments

- A resident spoke about their dog park fencing concerns and asked that the Board talk to the people who go to the dog park before anything is decided.

4. Consent Agenda

- a. Approval of Minutes – February 12, 2026

Motion: Move to approve the minutes for the February 12, 2026 meeting.

Motion By: President McLean		Seconded By: Vice President Henning	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

5. Reports

- 5a. No reports

6. Continuing Business

- 6a. Committee Business

- 6b. Approval Request – Whatcom County stormwater easement for 101 Polo Park

Motion: Move that the SVCA Board of Directors approve the proposed easement for 101 Polo Park Dr., to allow access to Whatcom County for the purpose of inspecting the stormwater system.

Motion By: President McLean		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

- 6c. Approval Request – Area Z Garden Club License

Motion: Move that the SVCA Board of Directors approve the revised Area Z Garden Club License Agreement.

Motion By: President McLean		Seconded By: Director Bradley	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

7. New Business

- 7a. Capital Requests - Bridge Inspections

Motion: Move that the board authorize the spend of \$6,976.00 from the 2026 Capital Budget - Roads for the required bi-Annual bridge inspection.

Motion By: President McLean		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained	

7b. Capital Request – Turfcare Equipment

Motion: Move that the SVCA Board of Directors approve \$232,505.60 from CRRRF for the purchase of a John Deere 6500A fairway mower, two John Deere triplex mowers, and a Toro H-11 greens roller.

Motion By: President McLean		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

7c. Capital Request – 2026 Road Repairs

Motion: Move that the Board of Directors approve the allocation of \$428,714 from the Roads Reserve Fund for the completion of the four road repairs and 23 culvert replacement projects proposed for completion in 2026.

Motion By: President McLean		Seconded By: Director Meador	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

7d. Capital Request - Clubhouse HVAC

Motion 1: Move that the SVCA Board of Directors authorize \$44,186 in additional funding for the replacement of the Clubhouse HVAC unit, capital project 9724.06.

Motion By: President McLean		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained:	

Motion 2: Move that the SVCA Board of Directors approve the award of this contract to Lynden Sheet Metal and authorize the General Manager to execute SVCA's standard construction contract.

Motion By: President McLean		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained	

7e. Marina Tennis Court Refurbishment

Motion: Move that the SVCA Board of Directors authorize \$21,120.00 in funding for phase 1 of the marina tennis court refurbishment project.

Motion By: President McLean		Seconded By: Secretary Van de Polder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained	

7f. Funding for Revision of SVCA Bylaws

Motion: Move that the SVCA Board of Directors authorize \$10,000 from the UDR Fund to be used for costs arising from the revision of SVCA's Bylaws and Rules & Regulations documents.

Motion By: President McLean		Seconded By: Vice President Henning	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained	

7g. Approval Request - Rules & Regulations Revisions

Motion: Move that the SVCA Board of Directors approve the proposed changes to the Rules & Regulations and the addition of the fines described in section 1.11 and 2.1 to SVCA's Fees & Fines Schedule.

Motion By: President McLean		Seconded By: Director Bradley	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained	

Meeting adjourned at 8:07 PM.

Approved by: _____
Taimi Van de Polder, Board of Directors Secretary

DRAFT

General Manager’s Report – February 2026

February was a busy month at Sudden Valley as staff took advantage of the better than expected weather to work on several spring-cleaning projects. Work was completed to refurbish trails, to relocate and reorganize our records archive, and to ready the golf course for another season of play. We also saw more residents taking advantage of sun breaks to visit our trails and parks; Spring is definitely in the air!

Marina Renewals

Renewals for returning renters were completed last week and staff have begun to offer open slips to members on the waiting list. This year, there were more terminations than in the past, and 16 wet slips are being offered to new renters. There are still dry slips available as well. Staff aim to complete all marina rentals by the end of March.

2026 Marina Storage Renewal Progress Report								
	# Owned by Association	# Rented in 2025	# Renewals Sent on Jan 7	# Renewals Complete				# Slips Offered to Waiting List
				28-Jan	11-Feb	18-Feb	25-Feb	
Wet/Dry Slip Combos	n/a	74	74	12 (16%)	29 (39%)	35 (47%)	65 (88%)	n/a
Wet Slips Only	88	12 (wet only)	12	3 (25%)	6 (50%)	6 (50%)	7 (58%)	16
Dry Slips Only	193	117 (dry only)	117	29 (25%)	33 (28%)	39 (33%)	95 (81%)	n/a
Kayak/Canoe Storage	156	139	139	29 (21%)	51 (37%)	62 (45%)	104 (75%)	0
TOTAL			344	73 (21%)	119 (35%)	142 (41%)	271 (78%)	

16 wetslips now open. All spots have been offered to people on waitlist.
 33 dry slips now open. No waitlist.
 52 kayak slips now open. All people on waitlist will be offered spots on 03/09.

Record Archive

In February, members of the board teamed up with staff to complete the reorganization and relocation of SVCA’s architectural and accounting records to a new storage area on the lower level of the Clubhouse. This move was long overdue; previously, the records were stored in two freight containers that were moved into the Ice Barn in 2022, but were originally located outside in Area Z. In those conditions, the paper records were rapidly deteriorating. In their new location, records will be more easily accessible and climate-controlled. Maintenance supported this project by painting and installing new flooring in the offices that were repurposed to create the archive. They also assembled the file cabinets and built shelves to hold the boxed records. Administration ordered supplies and helped to place the records into the new cabinets. Directors Taimi Van de Polder and Linda Bradley spent many hours going through the stored materials in the Ice Barn, getting rid of materials that weren’t needed and reorganizing what was left. I appreciate everyone’s contribution to this important project!

2025 Financial Performance

Accounting has prepared the December Financial Statements and we are now able to assess SVCA’s financial performance for 2025. Following are the highlights:

- In 2025, expenses were \$36,369 higher than revenue, resulting in a deficit for the year. This shortfall is the result of lower than expected revenue for golf, and higher than expected expenses in almost every category.
- All of the reserve funds have higher net usable balances than last year at this time. This is to be expected as we build up funds to pay for projects scheduled for later in the ten-year plan. Notably, the UDR balance is 23% higher than last year. This increase can be attributed to collection efforts aimed at accounts that were significantly (>\$5,000) in arrears.
- As previously noted, 2025 revenue exceeded budget by 3.8%, but expenses also exceeded budget – by 4.6%. All categories of revenue, except Golf, met or exceeded their budgeted goal. Looking at expense, Salaries &

Benefits was under budget by \$66,634, but this was offset by the overage of \$105,348 in Contract & Professional services. The only other category to be under budget was Maintenance & Landscaping, where the lack of snow saved the Association \$22,685, contributing to the category being \$14,587 under budget. The line items with the highest overage to budget are Legal Expenses, at \$111,979 over budget, and Hazard Tree Removals – Nov Storm Cleanup, at \$88,237. The budget was significantly increased for both of these activities in 2026.

- Two categories of expense that are somewhat out of our control are the cost of utilities, which was \$4,734 over budget and increased by 12% over last year, and Insurance premiums, which were \$9,056 over budget and 15% higher than last year. This illustrates that increases in the cost of many of the goods and services that SVCA buys are significantly outpacing increases to dues.

2026 Capital Projects Status

CRRRF Projects	Approved Budget	Status
<u>Facilities:</u>		
Barn 8 Refurbishment	\$ 843,555	Paused
Turfcare Building Remodel	\$ 125,446	Complete
Clubhouse HVAC	\$ 214,114	In Progress
Golf Bridge Repair - #1 & #4	\$ 59,056	In Progress
Marina Tennis Court Refurbishment	\$ 21,120	In Progress
<u>Equipment:</u>		
Turfcare Tractor Replacement	\$ 48,048	Complete
Turfcare Equipment Replacement	\$ 232,506	In Progress
Total Budgeted	\$ 1,543,845	

Roads Projects	Approved Budget	Status
Design/Permits for 2026 Projects	\$ 41,888	In Progress
Area Z Access Bridge/Culvert #4 Replacement	\$ 1,219,468	In Progress
On Call Engineering	\$ 44,995	In Progress
Fast Response - Roads & Drainage	\$ 95,613	In Progress
Ditches, Culverts, & Swales (CVC)	\$ 135,546	In Progress
Potholes & Minor Road Repairs	\$ 39,370	In Progress
Bridge Inspections	\$ 6,976	Complete
2026 Road Repairs	\$ 428,714	In Progress
Total Budgeted	\$ 2,012,570	

Capital Projects in Progress

Clubhouse HVAC

A contract has been awarded, and work is expected to begin in March.

Golf Bridge Repair

Repairs began on March 4 and will be completed before the end of the month.

Marina Tennis Court Refurbishment

This project is in the design and permitting phase. When the design is complete, additional funding will be requested before the project is put out to bid. Construction is expected to take place this summer.

Turfcare Replacement Equipment

The equipment has been ordered and will take up to six weeks to come in.

2026 Road Repairs

We are waiting for permits to be approved. Work is expected to begin after June 1.

Department Reports

Administration

Activity Summary

- Reorganized Administrative files to improve access to records and shred documents beyond their retention dates
- Conducted an audit of HR files to ensure compliance
- Moved SVCA's architectural records archive from the Ice Barn to the Clubhouse
- Removed redundant documents and reorganized architectural records so that they can be accessed more quickly when needed
- Shredded Accounting files that were past their retention date; moved Accounting records to a secure storage area in the clubhouse
- Researched options to replace the software and hardware used in SVCA points of sale (POS). Our current software stopped working in several locations due to a malicious cyber attack on the vendor that supplies it. (Note: The POS at the Welcome Center is still working correctly.)
- Continued developing Standard Operating Procedures (SOPs) to reflect current processes
- Continued development of a process to register and manage short- and long-term rental properties within the Association
- Began implementation of software to streamline the onboarding process for new employees
- Began process to identify more affordable healthcare options for employees

Successes

- The results of the HR file audit confirmed that SVCA is compliant and would pass a state or federal inspection
- Creating a document archive that is easily accessible and temperature-controlled will ensure that SVCA can respond to record requests more efficiently and contributes toward the long-term health of our irreplaceable records

Planned Work

- Finalize process to register and manage short- and long-term rental properties within the Association
- Continue updating SOPs

Maintenance

Activity Summary

- Repaired landscaping at Barn 8
- Installed new fence posts and repaired leaky faucet at Area Z
- Refurbished bulletin board at Clubhouse
- Removed tree from over Alder Court trail
- Filled potholes in various locations
- Installed stop sign at Yearling Place & Meadow Court
- Repaired faucet in Men's room at the Rec Center
- Replaced stop sign on Dawn Break Court
- Assembled and delivered file cabinets to the Welcome Center
- Replaced headlights on SP-6 with LEDs for longer lifespan
- Cleaned storm line and catch basin on Polo Park bridge
- Straightened curb stops at dry storage area at the Marina
- Refurbished picnic table and chairs for Welcome Center
- Serviced OP-20, OP-29, OP-26, and OP 22
- Built and installed new door on trash collection area at the Clubhouse
- Organized storage area at Marina office
- Had re-call work performed on UTV
- Improved drainage on Sudden Valley Drive near Little Strawberry Ln
- Installed new signage at emergency access entrance at the Rec Center

- Cleaned and organized Area Z wood chip storage area
- Repaired sign at Gate 5 Park
- Performed trail maintenance on Area Y trail
- Cleaned out lower Clubhouse and prepared access for upcoming HVAC project
- Washed and cleaned all maintenance vehicles
- Replaced disconnect switch on Backhoe 420E
- Serviced brine pump and trouble shoot running issues
- Replaced battery on Vac-Trailer and serviced pump
- Refurbished benches at Rec Corridor tennis courts
- Cleaned up trash that was illegally dumped at Gate 28
- Trimmed low hanging branches on Sudden Valley Drive
- Trimmed vegetation at various intersections to improve visibility
- Improved access points at Picnic Point trail
- Cleaned area around AM/PM park pavilion
- Moved files to new archive storage area
- Assembled and installed new desk at Welcome Center
- Applied anti-ice brine to SVCA roadways
- Installed snowplow on OP-30 to be ready for potential snow in Gate 5 & 28
- Repaired sander brackets on OP-25
- Replaced batteries in OP-24
- Replaced vapor canister purge valve on SP-6
- Built new shelves in archive room to increase storage
- Started painting project in the game room and hallway at the Rec Center
- Repaired urinal in Men's room at the Clubhouse
- Made trail improvements on Beaver Ridge Trail
- Replaced no parking signs AM/PM park
- Repaired stop sign on Grandview Lane
- Repaired street sign on Lost Fork Lane
- Repaired road shoulder damage on Sudden Valley Drive
- Repaired damage to the boat launch gate at the Marina
- Removed path lighting at the Rec Center
- Repaired several potholes on Grandview Lane

Successes

- We have been able to complete several trail projects that had been deferred
- Lack of snow has allowed us to continue catching up on deferred projects

Planned Work

- Refurbish Rec Center gazebo
- Continue trimming vegetation to improve visibility at intersections
- Complete repairs to Beaver Ridge Trail
- Replace handicap parking sign at Dance Barn
- Complete painting at the Rec Center
- Gravel restoration of parking areas and keyways
- Pool start up maintenance
- Spring cleaning – Mailboxes, entryways, sidewalks
- Sharpen blades on Zero Turn Mower
- Install new kayak rack at AM/PM park

Golf

Activity Summary

- Completed two Winter Series events
- Booked several outings and sent out contracts
- Attended demo for new web site design

- Finalized new golf score card design
- Taking sign-ups for PGA Junior League that starts in late April
- Met with three candidates to discuss volunteer work at the course
- Met with WGA to go over itinerary for Women's Four Ball in May
- Set dates (June 11th-13th) for three-day event with North Bellingham, Shuksan, and Sudden Valley
- Set up Winter Series event on February 28th
- Met with several returning seasonal staff for 2026 season
- Finalizing Capital request for driving range equipment
- Booked two new outside events for 2026
- Updated our bulletin board with course information and flyers
- Installed new driving range ball trays
- New score cards have arrived with new course ratings

Successes

- New January revenue record. \$18K over previous best January month in 2023
- Winter weather has cooperated and February has been another strong revenue month

Planned Work

- Meet with surrounding golf courses to discuss marketing for Whatcom County courses
- Set up schedule and registration for 2026 Junior Golf Camp
- Draft letter to membership with information on the upcoming season
- Promote and prepare for the Winters Series event on February 28th
- Work with Club Prophet on the design of our new website
- Send out informational letter to membership including member event schedule
- Promote our final Winter Series Event on March 21st
- Install new tee markers on the course
- Meet with Ladies Club to go over itinerary for Ladies Invitational
- Finalize new website and email marketing platform

Turfcare

Activity Summary

- Blackberry mowing work throughout the course completed
- Repaired non-operating drain ditch on #15 hole
- Cleaned out drainage ditch on #1 hole
- Called for sod delivery for new forward tee box on #8 tee
- Tree removal permit submitted for tree on #14 hole
- Application of lime on all putting greens completed
- First early season seedhead suppression spray applied to all putting greens
- Removed dead tree behind #4 Green
- Re-graded temporary cart path behind driving range for pathway while bridge is out
- Drafted capex memos together for replacement equipment 2026
- Removed perforated drain line on #11 fairway.
- Ordered greens topdressing sand for first round of light topdressing
- Met with Washington Golf to discuss course condition expectations for May event
- Turfcare building renovation complete
- Tree removal permit submitted for tree on #14 hole
- Second early season seedhead suppression spray applied to all greens
- Ordered greens top dressing sand for first round of light top dressing
- Constructed pipe rack next to building to store pipe scattered around the yard
- Begin garden cleanup and bark mulch application around clubhouse
- Cleanup garden bed at driving range tee

- Repaired damaged golf cart front suspension
- The new Kubota tractor was delivered to turfcare

Successes

- General winter maintenance practices are going as planned
- Finally moved back into office/breakroom. Happy crew

Planned Work

- Fairway aerating and sand topdressing set to go for next few weeks
- Improve drainage line on #5 fairway
- Listed old tractor for sale on Facebook Marketplace; sold for \$2,500
- Fairway aerating and sand topdressing set to go for the next few weeks
- Layout sod on #8 and #13 tee boxes
- Replace battery in weather station to get it active for the season
- Clean out all irrigation satellites pedestals for the upcoming season

Recreation

Activity Summary

- 35% of Marina & Kayak renewals completed; Marina & Kayak Renewal period ends 2/25
- Stickers being placed on boats that have completed their renewal
- Open Mic Night on 01/30 was fantastic, nearly 50 people attending
- Trivia questions & slides created for 02/20 trivia night in the barn
- Trivia Night on 2/20 had 78 participants
- High Tea event was well received with 50 people attending
- Submitted quotes for Fitness Center equipment replacement project
- Outline of 2026 Valley Fair approved
- Working on Spring & Summer programming with the YMCA
- Formalized SVCA Clubs & Groups Policy

Successes

- We have handled running Kayak & Marina renewals at the same time very well
- Our events have been well attended

Planned Work

- Updated signage for Pools & Area-Z
- Plan March Events: 03/05 Open Mic Night, 3/20 Trivia Night, 3/28 Spring Market
- 2026 Valley Fair planning
- Offer open kayak racks, dry slips, and wet slip
- Add stickers to all renewed vessels

Sudden Valley Community Association

Sudden Valley Community Association
Balance Sheet
December 31, 2025 and December 31, 2024

	Unaudited** Dec 31, 2025	See Note** Dec 31, 2024	Inc / (Dec)
OPERATIONS			
Current Assets			
Operating Cash	\$ 493,749	\$ 579,484	\$ (85,735)
Building Completion Deposit Fund	798,900	749,910	48,990
Member Receivables - Operations*	47,957	53,456	(5,499)
Other Receivables	3,850	3,350	500
Prepaid Expenses	91,940	82,148	9,792
Operating Lease ROU Assets	23,036	29,554	(6,518)
Inventory	5,704	5,824	(120)
Total Current Assets	1,465,136	1,503,726	(38,590)
Current Liabilities			
Accounts Payable	(169,663)	(159,772)	(9,891)
Accrued Vacation Liability	(78,129)	(76,335)	(1,794)
Accrued Payroll	(96,358)	(115,575)	19,217
Prepaid Assessments	(187,700)	(241,080)	53,380
Building Completion Deposits	(798,900)	(749,910)	(48,990)
Other Refundable Deposits	(11,426)	(9,956)	(1,470)
Operating Lease Liability	(23,036)	(29,554)	6,518
Prepaid Golf Memberships	(156,649)	(112,307)	(44,342)
Total Current Liabilities	(1,521,861)	(1,494,489)	(27,372)
Other Liabilities			
Contingent PPP Loan Liability***	(357,700)	(357,700)	-
Deferred Library Lease Revenue	(28,000)	(36,000)	8,000
Total Other Liabilities	(385,700)	(393,700)	8,000
Operating Reserve Funds			
Emergency Operating Cash	364,709	363,815	894
Undesignated Reserves Cash	314,936	302,135	12,801
Total Operating Reserve Funds	679,645	665,950	13,695
Net Operating Assets	\$ 237,220	\$ 281,487	\$ (44,267)
CAPITAL			
Capital Current Assets			
CRRRF (Capital Repair & Replacement) Cash Fund	3,757,709	3,172,197	585,512
Roads Reserve Cash Fund	2,992,291	2,102,138	890,153
Board Density Reduction Cash Fund	150,789	87,889	62,900
Mailbox Cash Fund	178,900	151,970	26,930
CRRRF Capital Reserve Holding Cash	219,316	219,618	(302)
Mitigation Assignment of Savings Cash	49,905	49,821	84
LWWSD Assignment of Savings Cash	14,953	14,939	14
Member Receivables - Capital**	13,020	13,625	(605)
Total Capital Current Assets	7,376,883	5,812,197	1,564,686
Capital Fixed Assets			
Fixed Assets	16,881,457	17,006,025	(124,568)
Finance ROU Assets	41,258	119,060	(77,802)
Lots Held for Sale	188,706	231,826	(43,120)
Total Capital Assets	17,111,421	17,356,911	(245,490)
Long Term Liabilities			
CRRRF Loan 2022	(1,267,067)	(1,539,073)	272,006
Finance Leases	(49,661)	(104,457)	54,796
Total Long Term Liabilities	(1,316,728)	(1,643,530)	326,802
NET ASSETS	\$ 23,408,796	\$ 21,807,065	\$ 1,601,731
MEMBER EQUITY			
Member Equity			
Current Year Net Income: Operations	(55,534)	(374,591)	319,057
Transfers Out from Operations to Capital	-	(145,600)	145,600
Current Year Net Income: Capital**	1,658,105	1,294,054	364,051
Transfers Into Capital from Operations	-	145,600	(145,600)
Retained Earnings**	4,858,301	5,232,892	(374,591)
Capital**	16,947,923	15,654,710	1,293,213
TOTAL MEMBER EQUITY	\$ 23,408,796	\$ 21,807,065	\$ 1,601,731

* The Association's internal policy is to write off any member receivables that are 30 days past due as bad debts for internal interim financial statement purposes. As per SVCA policy, Management continues to pursue collection of these receivables via all avenues allowed by Washington State laws. In addition, the Association records and bills finance charges on receivables that are thirty days past due at 1% per month. At December 31, 2025, and December 31, 2024, the balances of receivables written off were \$743,506 and \$699,426, respectively.

** Beginning with the 2020 year end audited financial statements, Accounting Standards Codification (ASC) 606 requires issued audited financial statements to reclassify unspent capital dues revenue, including related capital transfer fee collections, as a contract liability balance (unearned revenue), which is then reversed out in future years when capital dues/capital transfer fee collections are actually expended on capital related expenditures. This particular accounting standard change is only incorporated into the issued audited financial statements and is not factored into SVCA's internal monthly statements as it would obscure the reality of monthly capital dues/capital transfer fee revenues collected for internal monthly presentation purposes. See SVCA's 2020 through 2024 audited financial statements (2024 represents the most recently issued audited statements), which fully incorporate ASC 606 and comply with Generally Accepted Accounting Principals (GAAP).

*** At 2024 year end, the Association recorded a contingent liability relating to Paycheck Protection Program (PPP) loan funds that were received in May 2020 and then forgiven by the Small Business Administration (SBA) in September 2021, which are funds that the SBA has since subsequently deemed that the Association did not qualify for because of its 501(C)(4) tax exempt status, which was communicated to the Association by the government in April 2025. This contingency was classified by the Association as probable. And upon final resolution with the SBA, the Association believes that the estimated amount of liability will be limited to the original amount of the PPP loan funds received (\$357,700) because of the fact that the Association fully disclosed its tax exempt status to the SBA during the PPP loan application process, which the government has especially acknowledged.

Sudden Valley Community Association

**Sudden Valley Community Association
Income Statement Summary**

UNAUDITED

	Current Month - December 2025			Year to Date - 12 Months Ending 12/31/2025			
	Operations & Operating Reserves	Operations Better / (Worse) Budget	Capital Reserves**	Operations & Operating Reserves	Operations Better / (Worse) Budget	Coll %	Capital Reserves**
REVENUE							
Current Year Dues & Assessments Income							
Dues & Assessments Income	238,161		246,640	2,860,292			2,962,541
Bad Debt Reserve	3,963		(7,235)	(57,923)			(37,970)
Net Current Year Assessment Income	<u>242,124</u>	<u>16,022</u>	<u>239,405</u>	<u>2,802,369</u>	<u>89,089</u>	98.0%	<u>2,924,571</u>
Bad Debt Recoveries - Prior Years			148				43,920
Golf Income	32,795	5,168	-	1,412,004	(12,996)		-
Marina Income	-	-	-	237,129	6,828		-
Rec Center & Pools Income	782	302	-	42,343	10,043		-
Legal & Collections Income	-	-	-	-	-		-
Other Income	13,063	3,058	-	165,149	46,250		-
Rental Income - Other	450	(125)	-	17,339	5,339		-
Area Z Rental Income	383	381	-	27,146	3,146		-
Lease Income	5,832	949	-	69,378	11,378		-
New Home Construction Fees	6,800	(6,490)	-	122,400	22,400		-
Capital Gain (Loss) on Sale of Assets	-	-	-	-	-		1,200
Capital Gain (Loss) on Sale of Lots	-	-	-	-	-		26,880
Investment Income	427	(160)	2,961	6,715	(285)		34,941
Total Revenue	<u>302,656</u>	<u>19,105</u>	<u>242,514</u>	<u>4,901,972</u>	<u>181,192</u>		<u>3,031,512</u>
EXPENSES							
Salaries & Benefits	299,795	(4,296)	-	2,594,610	66,634		-
Contracted & Professional Services	21,943	(324)	-	317,148	(105,348)		-
CC&Rs/ Mandates	65,562	(21,061)	-	582,835	(100,715)		-
Maintenance & Landscaping	19,736	11,430	-	475,973	14,587		-
Utilities	26,998	(5,108)	-	240,871	(4,734)		-
Administrative	30,524	(12,119)	-	207,929	(18,401)		-
Regulatory Compliance	23,638	(4,523)	-	299,345	(65,110)		-
Insurance Premiums	19,240	(1,720)	-	219,212	(9,056)		-
Other Expenses	-	417	-	418	4,582		-
Depreciation Expense	-	-	108,710	-	-		1,304,520
Closing Costs - Lot Sales	-	-	-	-	-		7,249
Interest expense	-	-	5,557	-	-		61,033
Total Expenses	<u>507,436</u>	<u>(37,304)</u>	<u>114,267</u>	<u>4,938,341</u>	<u>(217,561)</u>		<u>1,372,802</u>
Net Income (Loss)	<u>(204,780)</u>	<u>(18,199)</u>	<u>128,247</u>	<u>(36,369)</u>	<u>(36,369)</u>		<u>1,658,710</u>
Net UDR Activity for Operations							
GM Recruiting Expense	-			(3,271)			
Legal Expenses - Past Due Account Collections	-			(9,984)			
Hazardous Tree Removal	-			(100,000)			
Net Income (Loss) with Board Approved UDR	<u>(204,780)</u>	<u>(18,199)</u>	<u>128,247</u>	<u>(149,624)</u>	<u>(36,369)</u>		<u>1,658,710</u>
Other Activity							
Net Other UDR Activity*	4,052			93,384			
AR Accrual - Prior Year Reversal	-		-	(53,456)			(13,625)
AR Accrual - Current Year	47,957		13,020	47,957			13,020
Lease Income- Library Prepaid Recognized	667			8,000			
Vacation Liability Accrual	12,570			(1,795)			
Total Other Activity	<u>65,246</u>		<u>13,020</u>	<u>94,090</u>			<u>(605)</u>
Grand Total Activity	<u><u>(139,534)</u></u>	<u><u>(18,199)</u></u>	<u><u>141,267</u></u>	<u><u>(55,534)</u></u>	<u><u>(36,369)</u></u>		<u><u>1,658,105</u></u>

*Prior year recoveries for operations are deposited into the Undesignated Reserve Account (UDR).

**Refer to the last footnote on the Balance Sheet (prior page) for a discussion of Accounting Standards Codification (ASC) 606 and capital dues revenue collections.

Sudden Valley Community Association

Sudden Valley Community Association
Reserve Cash Balance & Activity
 12 Months Actual, 0 Months Projected

UNAUDITED

	Capital Reserve Funds						Operating Reserve Funds			
	CRRRF	Roads	CRRRF Capital Reserve Holding Cash	Board Density Reduction	Mailbox	Mitigation Assignment of Savings*	Total Capital Reserve Funds	Emergency Ops	UDR	Total Operating Reserve Funds
Net Available Cash 12/31/2024	3,172,197	2,102,138	219,618	87,889	151,970	64,760	\$ 5,798,572	363,815	302,135	\$ 665,950
Dues Received	1,440,203	1,485,811		-	26,533		2,952,547	-	135,997	135,997
Storm Water Mitigation Plan Fee		-					-			-
Investment Income	19,361	14,397	539	149	397	98	34,941	894	787	1,682
Sale of Assets	1,200						1,200			-
Sale of Lots (Net Proceeds)				62,751			62,751			-
Mitigation Release	-	-				-	-			-
2025 Expenditures	(877,652)	(610,054)	(841)	-	-		(1,488,548)		(123,983)	(123,983)
Net Available Cash at 12/31/2025	3,757,709	2,992,291	219,316	150,789	178,900	64,858	\$ 7,363,863	364,709	314,936	\$ 679,645
0 Month Outlook										
Outlook - 2025 Dues (95% collections)	-	-			-		\$ -			\$ -
Outlook - Prior Year Collections	-	-			-		-		-	-
CRRRF Loan Payments for year 2025	-						-			-
Obligated Expenses/Holdings	(1,023,086)	(981,410)	(219,316)			(64,858)	(2,288,670)		(13,785)	(13,785)
Net Usable Cash Balance 12/31/2025	2,734,623	2,010,881	-	150,789	178,900	-	\$ 5,075,193	364,709	301,151	\$ 665,860
Board Recommended Carryover Balance	(600,000)	(500,000)					\$ (1,100,000)			\$ -
Net Usable Cash 12/31/2025, After Recommendation	\$ 2,134,623	\$ 1,510,881	\$ -	\$ 150,789	\$ 178,900	\$ -	\$ 3,975,193	\$ 364,709	\$ 301,151	\$ 665,860
Net Current Year Cash Increase (Decrease)	(437,574)	(91,257)	(219,618)	62,900	26,930	(64,760)	\$ (723,379)	894	(984)	\$ (90)

*Note, when mitigation period has ended, unspent funds will be returned to the source account, Roads and CRRRF.

Sudden Valley Community Association

Sudden Valley Community Association
 Operations - By Department
 December 1, 2025 to December 31, 2025
 CURRENT MONTH

Whole \$

UNAUDITED

Department	Actual Revenue	Revenue B / (W)	Actual Salary Benefits	Salary & Benefits B / (W)	Actual Other Expense *	Other Exp B / (W)*	Net Income / (Loss) *	Net B / (W)*
ACC / Security	12,400	(3,953)	11,922	(451)	48,602	585	(48,124)	(3,819)
Accounting	2,510	(1,096)	49,172	(606)	9,376	(6,430)	(56,038)	(8,132)
Administration	2,241	2,241	50,078	8,723	44,462	(30,236)	(92,299)	(19,272)
Common Costs	3,138	(784)	-	-	40,378	(11,286)	(37,240)	(12,070)
Facilities	6,214	1,162	6,989	269	20,219	11,345	(20,994)	12,776
Maintenance	-	-	61,879	(6,030)	5,574	16,015	(67,453)	9,985
Subtotal	26,503	(2,430)	180,040	1,905	168,611	(20,007)	(322,148)	(20,532)
Golf	32,795	5,168	89,306	3,591	31,032	(9,728)	(87,543)	(969)
Marina	-	-	-	-	1,124	(276)	(1,124)	(276)
Rec/ Pools/ Parks	1,232	344	30,449	(9,792)	6,872	(2,996)	(36,089)	(12,444)
Subtotal	34,027	5,512	119,755	(6,201)	39,028	(13,000)	(124,756)	(13,689)
Subtotal Operations before Ops Dues	60,530	3,082	299,795	(4,296)	207,639	(33,007)	(446,904)	(34,221)
Ops Dues Earned	238,161						238,161	
Curr Yr Bad Debts Activity	3,963						3,963	
Net Ops Dues	<u>242,124</u>	<u>16,022</u>					<u>242,124</u>	<u>16,022</u>
Net Operations	<u>302,654</u>	<u>19,104</u>	<u>299,795</u>	<u>(4,296)</u>	<u>207,639</u>	<u>(33,007)</u>	<u>(204,780)</u>	<u>(18,199)</u>
Net BOD Approved UDR Activity for Operations								
GM Recruiting Expense	-		-		-		-	
Legal Expenses - Past Due Account Collections	-		-		-		-	
Hazardous Tree Removal	-		-		-		-	
Net Operations with Board Approved UDR	<u>302,654</u>	<u>19,104</u>	<u>299,795</u>	<u>(4,296)</u>	<u>207,639</u>	<u>(33,007)</u>	<u>(204,780)</u>	<u>(18,199)</u>
Other Operating Activity								
UDR Activity	4,260				208		4,052	
AR Accrual - Prior Year Reversal	-				-		-	
AR Accrual - Current Year	47,957				-		47,957	
Lease Income- Library Prepaid Recognized	667				-		667	
Vacation Liability Accrual	-				(12,570)		12,570	
Total Other Operating Activity	<u>52,884</u>				<u>(12,362)</u>		<u>65,246</u>	
Grand Total Operations Activity	<u>355,538</u>	<u>19,104</u>	<u>299,795</u>	<u>(4,296)</u>	<u>195,277</u>	<u>(33,007)</u>	<u>(139,534)</u>	<u>(18,199)</u>

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association

Sudden Valley Community Association
 Operations - By Department
 January 1, 2025 to December 31, 2025
 YEAR TO DATE

Whole \$

UNAUDITED

<u>Department</u>	<u>Actual Revenue</u>	<u>Revenue B / (W)</u>	<u>Actual Salary Benefits</u>	<u>Salary & Benefits B / (W)</u>	<u>Actual Other Expense *</u>	<u>Other Exp B / (W)*</u>	<u>Net Income / (Loss) *</u>	<u>Net B / (W)*</u>
ACC / Security	173,649	43,649	97,290	(5,035)	562,807	(110,431)	(486,448)	(71,817)
Accounting	30,928	(10,572)	380,123	9,614	101,101	(10,818)	(450,296)	(11,776)
Administration	10,403	9,403	426,725	45,695	212,638	(73,938)	(628,960)	(18,840)
Common Costs	71,969	24,969	-	-	536,217	(123,576)	(464,248)	(98,607)
Facilities	96,524	12,524	61,803	(2,081)	180,077	49,695	(145,356)	60,138
Maintenance	-	-	394,622	39,929	125,294	28,458	(519,916)	68,387
Subtotal	383,473	79,973	1,360,563	88,122	1,718,134	(240,610)	(2,695,224)	(72,515)
Golf	1,412,004	(12,996)	863,005	76,764	461,702	(39,298)	87,297	24,470
Marina	244,443	7,742	-	-	20,147	(1,664)	224,296	6,078
Rec/ Pools/ Parks	59,681	17,381	371,042	(98,252)	143,746	(2,620)	(455,107)	(83,491)
Subtotal	1,716,128	12,127	1,234,047	(21,488)	625,595	(43,582)	(143,514)	(52,943)
Subtotal Operations before Ops Dues	2,099,601	92,100	2,594,610	66,634	2,343,729	(284,192)	(2,838,738)	(125,458)
Ops Dues Earned	2,860,292						2,860,292	
Curr Yr Bad Debts Activity	(57,923)						(57,923)	
Net Ops Dues	2,802,369	89,089					2,802,369	89,089
Net Operations	4,901,970	181,189	2,594,610	66,634	2,343,729	(284,192)	(36,369)	(36,369)
Net BOD Approved UDR Activity for Operations								
GM Recruiting Expense	-		-		3,271		(3,271)	
Legal Expenses - Past Due Account Collections	-		-		9,984		(9,984)	
Hazardous Tree Removal	-		-		100,000		(100,000)	
Net Operations with Board Approved UDR	4,901,970	181,189	2,594,610	66,634	2,456,984	(284,192)	(149,624)	(36,369)
Other Operating Activity								
UDR Activity	103,735				10,351		93,384	
AR Accrual - Prior Year Reversal	(53,456)				-		(53,456)	
AR Accrual - Current Year	47,957				-		47,957	
Lease Income- Library Prepaid Recognized	8,000				-		8,000	
Vacation Liability Accrual	-				1,795		(1,795)	
Total Other Operating Activity	106,236				12,146		94,090	
Grand Total Operations Activity	5,008,206	181,189	2,594,610	66,634	2,469,130	(284,192)	(55,534)	(36,369)

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association

SUDDEN VALLEY COMMUNITY ASSOCIATION - LOTS & DUES ANALYSIS 2025

	SVCA Owned Lots																											LLE & CTB	Dues Exempt	Total Non Billable Lots	Total All Lots		
	Actual Year Prepaid			Actual Current			Actual 1 Mth Due		Actual 2 Mth Due		Actual 3 Mth Due		Actual 4+ Mth Due		Pmt Plans		Total Prepaid & Current			Total Not Current			Total Billable Lots			Restricted							
	Vac	Dev	Total	Vac	Dev	Total	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Total	Vac	Dev	Total	Vac	Dev	Total	Perm	WD10					Avail.	Total
Jan	16	82	98	276	2,529	2,805	24	103	2	8	3	10	18	37	2	8	292	2,611	2,903	49	166	215	341	2,777	3,118	774	0	3	777	740	6	1,523	4,641
Feb	18	96	114	277	2,527	2,804	16	82	8	24	0	6	19	34	2	8	295	2,623	2,918	45	154	199	340	2,777	3,117	775	0	3	778	740	6	1,524	4,641
Mar	21	95	116	280	2,554	2,834	6	61	8	14	3	8	19	37	2	8	301	2,649	2,950	38	128	166	339	2,777	3,116	776	0	3	779	740	6	1,525	4,641
Apr	21	100	121	285	2,551	2,836	7	62	1	10	3	12	20	32	2	10	306	2,651	2,957	33	126	159	339	2,777	3,116	776	0	3	779	740	6	1,525	4,641
May	23	105	128	283	2,526	2,809	14	79	1	17	0	8	16	30	2	12	306	2,631	2,937	33	146	179	339	2,777	3,116	776	0	3	779	740	6	1,525	4,641
Jun	23	118	141	287	2,517	2,804	8	77	3	11	0	12	16	28	2	14	310	2,635	2,945	29	142	171	339	2,777	3,116	776	0	3	779	740	6	1,525	4,641
Jul	23	132	155	284	2,501	2,785	14	69	1	19	1	10	13	33	3	13	307	2,633	2,940	32	144	176	339	2,777	3,116	776	0	3	779	740	6	1,525	4,641
Aug	23	145	168	275	2,461	2,736	16	89	6	22	1	15	15	33	3	12	298	2,606	2,904	41	171	212	339	2,777	3,116	776	0	3	779	740	6	1,525	4,641
Sep	30	176	206	272	2,442	2,714	9	84	9	20	1	11	16	32	2	12	302	2,618	2,920	37	159	196	339	2,777	3,116	776	0	3	779	740	6	1,525	4,641
Oct	41	246	287	263	2,388	2,651	9	74	4	20	6	5	15	31	2	13	304	2,634	2,938	36	143	179	340	2,777	3,117	774	2	2	778	740	6	1,524	4,641
Nov	20	195	215	304	2,419	2,723	9	74	4	20	6	5	15	31	2	13	304	2,634	2,938	36	143	179	340	2,777	3,117	774	2	2	778	740	6	1,524	4,641
Dec	0	20	20	306	2,595	2,901	7	79	4	24	2	11	20	36	2	12	306	2,615	2,921	35	162	197	341	2,777	3,118	775	1	1	777	740	6	1,523	4,641

LLE = Lot Line Eraser
 CTB = Covenant to Bind



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

BOARD OF DIRECTORS MEMO

To: Sudden Valley Community Association Board of Directors
From: Joel Heverling, Finance Director
Date: March 4, 2026
Subject: **Signing of the 2025 Financial Statement Audit & Tax Engagement Letters**

Background/Analysis

In order for SVCA's financial statement auditors (Larson Gross, CPAs) to commence with the scheduling and planning of SVCA's 2025 year-end financial statement audit and federal tax return preparation, the Board of Directors will need to approve the signing of the 2025 year-end Audit & Tax Return Engagement Letters received from Larson Gross. The prompt signing of these letters will ensure that SVCA will be immediately placed on Larson Gross' upcoming audit schedule.

Audit & Tax Fees

The fee outlined in the Audit Engagement letter for the 2025 year-end audit services is \$39,000, and the fee in the 2025 Tax Engagement letter is to be charged on an hourly basis. The 2026 Operating budget line item for Audit & Tax Services includes a total of \$50,500 (\$45,000 for audit and tax services and \$5,500 for Level III Reserve Study services), and the proposed fees for the 2025 year-end audit and tax engagement letters are in line with the 2026 budgeted amount for these services.

Recommendation

It is recommended that the Board of Directors approve the signing of Larson Gross' 2025 Audit & Federal Tax Return Engagement Letters, with all fees to be paid for from Operations, and to further authorize the Finance Director to sign these separate agreement letters.

Motion

Move that the Board of Directors approves the signing of Larson Gross' 2025 Audit & Federal Tax Return Engagement Letters, with all fees to be paid for from Operations, and to further authorize the Finance Director to sign these separate agreement letters.

March 4, 2026

Joel Heverling
Sudden Valley Community Association
4 Clubhouse Circle
Bellingham, WA 98229

The purpose of this letter is to confirm our agreement for services Larson Gross Assurance, PLLC is to perform for Sudden Valley Community Association for the year ended December 31, 2025. It is always our goal to exceed your expectations, and we hope that by clearly describing in advance the nature and scope of our services we can better ensure our success.

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of Sudden Valley Community Association (the Association), which comprise the balance sheet as of December 31, 2025 and the related annual statements of revenue and expenses, changes in members' equity, and cash flows for the period then ended, as well as the related notes to the financial statements and supplementary information (collectively, the financial statements). Also, the supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

You have informed us that you have not expended federal funding in excess of \$1,000,000 during the year ended December 31, 2025 and thus are not required to follow the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Uniform Guidance.

The document we submit to you will not include supplementary information about future major repairs and replacements required by the Financial Accounting Standards Board (FASB). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and to issue an auditor's report that includes our opinion about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatement, including omissions, can arise from fraud or error and are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. Those standards require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, based on an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
2. Consider the entity's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
4. Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

Due to the inherent limitations of an audit, together with the inherent limitations of internal controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

We also will communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential). Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we were not engaged as auditors.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants (AICPA).

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the Association complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws and regulations, other than those that are clearly inconsequential,
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers and others.

Management is responsible for the preparation of the supplementary information in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP). Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors are responsible for informing us of its views about the risks of fraud within the Association, and its knowledge of any fraud or suspected fraud affecting the Association.

Our audit will be conducted on the basis that management and where appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;

3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge; and
5. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures and information from outside of the general and subsidiary ledgers, and identification of all related parties including all related-party relationships and transactions;
 - b. Additional information that we may request from management for the purpose of the audit;
 - c. Unrestricted access to persons within the Association from whom we determine it necessary to obtain audit evidence;

As part of our audit process, we will request from management and where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Engagement Administration, Fees, and Other

Ben Hancock is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We estimate our fees for the services included in the scope of this Engagement Letter will be approximately \$39,000. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, confirmation service provider fees, etc. Our billings are payable upon receipt.

Our fee estimate and completion of our work is based on the following criteria:

1. Anticipated cooperation from the Association personnel;
2. Books and records are closed at the time we commence our engagement and adjustments are not necessary;
3. Timely responses to our inquiries;
4. Timely completion and delivery of client assistance requests;
5. Timely communication of all significant accounting and financial reporting matters; and

6. The assumption that unexpected circumstances will not be encountered during the engagement.

If you believe that any invoice is incorrect or if you wish to dispute any invoice, you must notify us in writing within 60 days of your receipt of the invoice. We reserve the right to charge interest at the lawful rate then in effect on any invoice that is not paid within 30 days of the invoice date.

You may request that we perform additional services not contemplated by the engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fee. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Sudden Valley Community Association shall also pay all costs of collection including reasonable attorney fees, including those incurred on appeal and in bankruptcy. Furthermore, the engagement fee is subject to change with the adoption of significant accounting standards or changes in the operations, assets or liabilities of the Association that impact the engagement and preparation of the financial statements. Any changes will be discussed and agreed to before additional work is performed.

Engagement Scheduling and Coordination

At Larson Gross, we take pride in providing exceptional service while meeting agreed-upon deadlines. To achieve this, we invest significant effort in scheduling the right professionals to serve your specific needs. This process involves careful planning to balance the demands of multiple clients and ensure efficient use of our professional staff—particularly during peak season.

Last-minute changes to scheduled engagement dates can lead to costly downtime and disrupt our ability to serve all clients effectively. Therefore, we request your commitment to the agreed-upon schedule and timely preparation of all requested information. If you are unable to meet the schedule as determined with your Larson Gross team, we require a minimum of one (1) week's notice. Failure to provide such notice, or to provide requested information in a timely manner, may result in additional billings to cover downtime incurred by our professional staff.

Larson Gross reserves the right to adjust or modify the engagement schedule at any time, for any reason, including but not limited to changes in client readiness, staff availability, regulatory deadlines, or unforeseen circumstances.

In the event that a change is necessary, we will provide the client with appropriate notice and proactive communication to minimize disruption and ensure continued progress toward engagement completion. While we strive to honor all scheduled dates, we cannot guarantee that originally proposed timelines will remain available if adjustments become required.

Reporting

We will issue a written report upon the completion of our audit of the Association's financial statements. Our report will be addressed to the Board of Directors of the Association. Circumstances may arise in which our report may differ from its expected form and content based on results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph or other-matter paragraph to our audit report.

If circumstances arise relating to the condition of the Association's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion, declining to issue a report, or withdrawing from the engagement.

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the Association's books and records. The Association will determine that all such data, if necessary, will be so reflected. Accordingly, the Association will not expect us to maintain copies of such records in our possession.

You understand that our team stores certain documents securely in the cloud. Accordingly, if our team is working on-site at your location, you agree to provide a high-speed connection to the internet for our team members. The assistance to be supplied by Association personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Joel Heverling, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Accounting and Other Non-Attest Services

In connection with our audit, you have requested us to perform the following accounting services:

1. Calculate book and tax depreciation schedules
2. Draft the financial statements
3. Prepare Federal Form 990
4. Provide general IT support to Association personnel

Joel Heverling, Finance Director, has suitable skill, knowledge, or experience to oversee the services, make all significant judgments that are the proper responsibility of management, evaluate the adequacy of the services, make an informed judgment about the results of the services, and accept responsibility for them. You also agree to establish and maintain internal control over these services, including ongoing monitoring activities. At the conclusion of our audit, we will ask you to provide written representations to that effect.

Our services under this Engagement Letter do not include services for tax return preparation, tax advice or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions shall not be used as the basis for proceeding with any transaction or any tax return reporting.

Separate arrangements, including fee arrangements, are required for tax preparation, tax advice or tax representation services.

Statement of Agreement

This letter and the attached *Terms and Conditions for Attest Services* constitutes the complete and exclusive statement of agreement between Larson Gross Assurance, PLLC and Sudden Valley Community Association superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

If any term or provision of this Engagement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Please sign and return a copy of all pages of this letter to indicate your acknowledgment of and agreement with the arrangements for our audit of the financial statements, including our respective responsibilities.

Sincerely,

Larson Gross Assurance, PLLC

Acknowledged & Agreed

Confirmed on behalf of addressee:

Joel Heverling

Name

Title

Signature

Date

Terms and Conditions for Attest Services

- 1. General.** These Terms and Conditions shall; (i) govern the letter of engagement (the "Engagement Letter" or "Agreement") referencing it or attaching it; and/or (ii) apply to (a) all services Larson Gross Assurance, PLLC ("Larson Gross Assurance") performs at Client's request (the "Services") even if such Services are not expressly covered by an Agreement; and (b) the relationship between Larson Gross Assurance and Client. To the extent there is any conflict or inconsistency between the Terms and Conditions and any Agreement, unless otherwise agreed to in writing, the Terms and Conditions shall prevail.
- 2. Termination.** Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Engagement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay Larson Gross Assurance, PLLC for all services rendered (including deliverables and products delivered), expenses incurred, and non-cancelable commitments made by Larson Gross Assurance, PLLC on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Engagement Letter where our services are delayed more than 120 days; however, you are not excused from paying Larson Gross Assurance, PLLC for all amounts owed for services rendered and deliverables provided prior to the termination of this Engagement Letter.

When an engagement has been suspended at the request of Board of Directors and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Engagement Letter without further obligation to Sudden Valley Community Association. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for Larson Gross Assurance, PLLC to recommence work, the execution of a new Engagement Letter will be required.

We may terminate this Engagement Letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

Our audit engagement ends on the delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

- 3. Confidential Information.** We will use all reasonable and appropriate care to protect your confidential information and will not disclose it unless required by law. "Confidential Information" means (i) information contained in your internal personnel or financial records, (ii) information reported on your tax return, and (iii) other information concerning you that is marked "confidential" or otherwise identified as "confidential" in writing at the time of disclosure. Confidential information does not include information (i) that is or becomes publicly available or generally known to persons without breach of our obligations under this section, or (ii) is received by us after the termination of the Engagement Letter. You agree and understand we may disclose your confidential information to our employees and subcontractors as necessary to provide our services.

We may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by Larson Gross Assurance, PLLC professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

4. **Use of Subcontractors.** From time to time and depending upon the circumstances, we may, in our sole discretion, use qualified third-party service providers, located within or outside the United States, to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Confidential Information (as such term is defined above) to them. You hereby consent to us sharing your information, including Confidential Information, with these third-party service providers on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our use of a third-party service providers may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.
5. **Employment Discussions.** To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel. In addition, you agree to compensate us a fee equal to 30% of the employee's annual compensation package if you employ one of our contractors or employees within 12 months of that individual ending employment with Larson Gross.
6. **Document Production and Testimony.** If we are requested or authorized by you, or if we are required by government regulation, subpoena or other legal process, to produce any documents or files or to make our personnel or the personnel of a third party available as witnesses in any proceeding in which our firm is not party but which relates in any way to our services to you, you agree you will reimburse us for our professional time and expenses as well as the fees and expenses of our counsel incurred in responding to such requests.
7. **Document Production and Testimony. Access to Workpapers.** If we are requested or authorized by you, or if we are required by government regulation, subpoena or other legal process, to produce any documents or files or to make our personnel or the personnel of a third party available as witnesses in any proceeding in which our firm is not party, but which relates in any way to our services to you, you agree you will reimburse us for our professional time and expenses as well as the fees and expenses of our counsel incurred in responding to such requests.
8. **Record Retention.** The documentation for this engagement is the property of Larson Gross Assurance, PLLC. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of Larson Gross Assurance, PLLC audit personnel and at a location designated by our Firm.

It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. We will return to you all original documents that you provided to us in connection with our services but may retain copies of these documents for our files. It is your responsibility to retain and protect your records for possible future use, including potential examination by taxing authorities.
9. **Record Retention.** It is our policy to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. We will return to you all original documents that you provided to us in connection with our services but may retain copies of these documents for our files. It is your responsibility to retain and protect your records for possible future use, including potential examination by taxing authorities.
10. **Conflict of Interest.** If we at any time determine in our sole discretion that a conflict of interest exists that prevents us from providing our services in accordance with applicable professional standards, we will notify you of the conflict. You agree we may terminate our services if we conclude it is required and permitted by applicable professional standards.
11. **Indemnification and Claim Resolution.** We believe that most disagreements can be resolved to mutual satisfaction in a friendly, non-threatening environment. While neither of us expects there to be any problems with this relationship, misunderstandings can occur. Therefore, both the Association and Larson Gross Assurance, PLLC agree that any dispute arising under this agreement (including the scope, nature and quality of services performed, the fees charged and any other terms of this engagement) shall be submitted to mediation before either party initiates litigation of any kind against the other party.

An impartial third party acceptable to both of us shall be appointed to mediate. Both you and we shall pay an equal percentage of the mediator's fees and expenses. The mediation shall be confidential in all respects as allowed or required by law.

Because Larson Gross Assurance, PLLC will rely on the Association and its management to discharge the forgoing responsibilities, the Association holds harmless and releases Larson Gross Assurance, PLLC, its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a known misrepresentation by a member of the Association's management that has caused, in any respect, Larson Gross, Assurance, PLLC's breach of contract or negligence.

The Association and Larson Gross Assurance, PLLC agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the report issued by Larson Gross Assurance, PLLC or the date of this Engagement Letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. Larson Gross Assurance, PLLC's liability for all claims, damages and costs of the Association arising from this engagement is limited to the amount of fees paid by the Association to Larson Gross Assurance, PLLC for the services rendered under this Engagement Letter.

These provisions shall survive the termination of this arrangement for services.

- 12. Information Security.** Larson Gross Assurance, PLLC is committed to the safe and confidential treatment of Association's proprietary information. Larson Gross Assurance, PLLC is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Association agrees that it will be responsible for providing Larson Gross Assurance, PLLC with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Association information, including the use of collaborate sites to ensure the safe transfer of data between the parties.
- 13. Electronic Signatures and Counterparts.** Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement.
- 14. Choice of Law and Venue.** This agreement is governed and construed in accordance with the laws in the State of Washington. The parties expressly consent to the venue and jurisdiction of the Whatcom County Superior Court for the State of Washington for any legal disputes between them.
- 15. Opportunity to Cure.** In the event that we fail to meet our obligations under the Engagement Letter, you agree to notify us in writing and provide us with the opportunity to re-perform the services.
- 16. Limitation of Liability.** In recognition of the relative risks of this agreement to you and to us, you and we agree on the fair allocation of risk between us. As such, to the fullest extent permitted by law, you agree to limit the liability of our firm to you for any and all claims, losses, costs and damages of any nature whatsoever so that the total aggregate liability of our firm to you shall not exceed our fees for services rendered under this agreement. You and our firm intend and agree that this limitation applies to any and all liability or cause of action against our firm, however alleged or arising, unless otherwise prohibited by law.

December 21, 2025

Joel Heverling
Sudden Valley Community Association
acctmgr@suddenvalley.com

Dear Joel Heverling,

Thank you for selecting Larson Gross Advisors, LLC (the Firm) to prepare the 2025 entity tax return for Sudden Valley Community Association. We appreciate the opportunity to provide these services to you and look forward to working together.

Scope and Limitations

This Engagement Letter confirms the agreement between us regarding how we will work together to plan for and prepare the applicable business entity U.S. Federal income tax return(s) as well as any State income tax return(s) we determine to be required based on information you provide to us.

The attached *Terms and Conditions for Business Tax Services* are fully incorporated by reference and detail the specific terms governing this engagement, including responsibilities, limitations, and other important provisions. These terms and conditions apply to any of the following services you receive: business entity tax planning, business entity State income tax return preparation and business entity Federal income tax return preparation.

Any other services we provide to you will be treated as separate engagements subject to their own arrangements. This engagement letter does not cover the preparation of any financial statements, which, if we are to provide, will be covered under a separate engagement letter. If you would like to discuss any other services, please contact us.

Taxpayer Responsibilities

You are responsible for providing us with timely, complete, and accurate information to enable us to prepare the requested tax return(s) for you to file on or before the deadline(s). You are also responsible for responding to questions that arise as we prepare the requested tax return(s). Additional details regarding your responsibilities, required documentation, and communication expectations are outlined in the accompanying *Terms and Conditions for Business Tax Services*.

This Engagement Letter must be reviewed by the individual responsible for the tax matters of the entity(ies) listed above. By signing the next page, the individual responsible for the tax matters (or designee) affirms acceptance that this letter and the enclosed *Terms and Conditions for Business Tax Services* accurately describes our service agreement.

Fees

Our fees for the services described in Appendix A are based on the value and expertise of services performed, the time required, and any direct expenses incurred. Interim billings may be issued as work progresses, and a retainer may be requested depending on the complexity of the engagement. You will be billed for travel and other out-of-pocket costs. Invoices are payable upon receipt.

You will also be billed for travel and other out-of-pocket costs. Invoices are payable upon receipt.

Thank you again for the opportunity to serve you. Larson Gross Advisors, LLC is committed to providing you the level of service and technical acumen that you deserve. We look forward to making your tax filing process as smooth and efficient as possible.

Sincerely,

Larson Gross Advisors, LLC

Acknowledged & Agreed

I agree that this letter and the enclosed *Terms and Conditions for Business Tax Services*, which is fully incorporated by reference, correctly describe the terms and conditions under which Larson Gross Advisors, LLC agrees to perform services as well as the scope and the limitations of the services requested by me/us from your Firm.

Joel Heverling

Name of individual responsible for tax matters

Signature

Date

Appendix A

The services covered by this engagement letter are as follows:

990 NonProfit

Terms and Conditions for Business Tax Services

- 1. General.** These Terms and Conditions shall; (i) govern the letter of engagement (the "Engagement Letter"), the letter of agreement (the "Letter Agreement") or Statement of Work ("SOW") referencing it or attaching it (the Engagement Letter, Letter Agreement and SOW are collectively referred to herein as the "Agreement"); and/or (ii) apply to (x) all services Larson Gross Advisors, LLC ("Larson Gross Advisors") performs at Client's request (the "Services") even if such Services are not expressly covered by an agreement; and (y) the relationship between Larson Gross Advisors and Client. To the extent there is any conflict or inconsistency between the Terms and Conditions and any agreement, unless otherwise agreed to in writing, the Terms and Conditions shall prevail.
- 2. Termination.** Larson Gross Advisors engagement ends on the earlier of termination (including without limitation, Larson Gross Advisors resignation or declining to issue a deliverable) or Larson Gross Advisors delivery of the last deliverable hereunder. Each party shall have the right to terminate the Agreement at any time, with or without cause, by giving written notice to the other party. If the Agreement terminates or is terminated while one or more SOWs remain outstanding, the terms of the Agreement shall continue to govern the SOW, and the entire Agreement shall be deemed finally terminated only upon termination of all outstanding SOWs, or completion of the work thereunder. Termination of one or more SOWs will not terminate the Agreement. In addition, Larson Gross Advisors may terminate the Agreement and/or any SOW immediately if Larson Gross Advisors reasonably determines that it must do so in order to comply with applicable professional standards, applicable laws or regulations (e.g., a conflict of interest arises) or non-payment of our invoiced fees and costs, your inability or unwillingness to fulfill your obligations to us as described above, including the provision of documents or other information in a timely fashion, or if, in the sole discretion of the terminating party, any continuation of the engagement would be contrary to law or professional standards, or otherwise harmful or improper. If the Agreement and/or any SOW is terminated, Client agrees to compensate Larson Gross Advisors for the Services performed, and expenses incurred through the effective date of termination. Any legal action or proceeding asserting a claim against Larson Gross Advisors arising out of or relating to this engagement shall be asserted within ONE (1) YEAR from the termination of Larson Gross Advisors engagement hereunder.
- 3. Indemnification and Limitation of Liability.** As the Services are intended for Client and not third parties, Client agrees to release, indemnify and hold harmless Larson Gross Advisors and its members, partners, employees, contractors and agents from and against any and all third-party claims, liabilities, or expenses relating to the Services in contract, statute, or tort. Client further agrees to release, indemnify and hold harmless Larson Gross Advisors from any liability and costs relating to the Services attributable to any misrepresentations made by Client or to inaccurate or incomplete information provided by Client to Larson Gross Advisors. Except to the extent finally determined to have resulted from Larson Gross Advisors gross negligence or intentional misconduct, Larson Gross Advisors liability shall not exceed the aggregate amount of fees paid by Client to Larson Gross Advisors during the 12 months preceding the date of the claim pursuant to the applicable Agreement or such other work performed outside an Agreement, under which the claim arose. In no event shall Larson Gross Advisors be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to the Agreement.
- 4. Force Majeure.** Neither party shall be held liable or responsible to the other party nor be deemed to have defaulted under or breach this Agreement for failure or delay in fulfilling or performing any obligation under the Agreement when such failure or delay is caused by or results from causes beyond the reasonable control of the affected party, including but not limited to fire, floods, embargoes, war acts of war, insurrections, riots, strikes, lockouts or other labor disturbances, or acts of God, provided, however, that the party so affected shall use reasonable commercial efforts to avoid or remove such causes of non-performance, and shall continue performance hereunder with reasonable dispatch whenever such causes are removed. Either party shall provide the other party with prompt written notice of any delay or failure to perform that occurs by reason of force majeure.
- 5. Third Parties and Use and Reliance.** All Services hereunder shall be solely for Client's use and benefit pursuant to our Client relationship. This engagement does not create privity between Larson Gross Advisors and any person or party other than you and is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the Services or deliverables hereunder and Larson Gross Advisors expressly disclaims any responsibility, duty or liability to any third parties.

6. **Dispute Resolution Methods.** If any dispute, controversy or claim arises, either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or to the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations, including all final resolution results. The mediator may not act as a witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within sixty days from the receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

If any dispute, controversy, or claim cannot be resolved by mediation, then the dispute, controversy, or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No prehearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearings will take place in the city closest to the place where this Agreement was performed in which the AAA maintains an office, unless the parties agree to a different locale.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including (1) the fees and expenses of the AAA and the arbitrators and (2) the costs, including reasonable attorneys' fees, necessary to confirm the award in court, will be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that the event of a dispute over fees charged by the accountant, each of us is giving up the right to have a dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

7. **Larson Gross Advisors, LLC Subsequent Responsibilities.** Subsequent to the completion of the Services, Larson Gross Advisors will not update its advice, recommendations or work product for changes or modifications to the law and regulations or for subsequent events or transactions, only if Client separately engages Larson Gross Advisors to do so in writing. The conclusions expressed in our services or deliverables are based upon the laws as of the date of the relevant service or deliverable, which are subject to change.

8. **Client Responsibilities.**

- a. **General:** You acknowledge and agree that your failure to comply with the responsibilities enumerated in this section may result in economic or other loss to you, such as disallowance of tax deductions or credits claimed, additional tax, penalties or interest assessed against you, or loss of administrative rights. You agree to accept responsibility for any consequences of your failure to fulfill your responsibilities.

You will provide us with a trial balance and other supporting data necessary to prepare your tax returns. You must provide us with accurate and complete information. Income from all sources, including those outside of the United States is required to be reported.

You are responsible for the safeguarding of assets, the proper recording of transactions in the books of accounts, the substantial accuracy of the financial records, and the full and accurate disclosure of all relevant facts affecting the return(s) to us. You also have final responsibility for the tax return and, therefore, the appropriate officials should review the return carefully before an authorized officer signs and files it.

You are responsible for assuming all management responsibilities, and for overseeing any services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services. You have final responsibility for the accuracy of your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS, state, local, and foreign tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness.

- b. Trust accounting income:** You are responsible for the calculation of trust accounting income, if applicable. We will not audit or otherwise verify the data you submit, although we may ask you to clarify your calculations.
- c. Schedule K-1 distribution:** You are responsible for distributing a copy of the estate or trust's Schedule K-1s, including any attachments, to each beneficiary, if applicable.
- d. Changes in ownership:** A change in ownership may have unanticipated tax consequences if that change is not analyzed prior to completing the transaction. You are responsible for advising us of any change in ownership so that it may be properly reflected on the tax returns.
- e. Tax basis schedules:** Certain returns are required to disclose certain historical and adjusted balances related to tax basis. This information is necessary to determine the owners' ability to deduct losses, calculate the gain on sale of an ownership interest, and for other calculations. As a result, properly calculating these accountings is necessary for preparation of pass-through entity tax returns. Unless told otherwise, we will rely upon the historical balances disclosed on last year's tax return. If these balances cannot be relied upon and you ask us to prepare this analysis, and we agree, we will confirm this service in a separate written agreement.
- f. Gifts received from foreign persons:** The preparation of IRS Form 3520 is not within the scope of this engagement. If you transferred property to or received property from a foreign person or trust, or are a U.S. person who "owns" assets in a foreign trust, you may be required to file a separate IRS Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts or Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner. You are responsible for providing us with details of any cash, property, or value exchanged with foreign persons or trusts, or of ownership of foreign assets, including access to foreign bank or investment accounts.
- g. Independence, Confidentiality, and Employment Matters:** Client represents, to the best of its knowledge, that if the relationship between Larson Gross Advisors, LLC ("the Firm") and Client is subject to the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct, as of the date of this Agreement, neither Client nor any affiliated entity has entered into any agreement (oral or written) with another advisor that restricts Client's ability to disclose the tax treatment or tax structure of any transaction related to the Services. Client acknowledges that any such agreement could impair the Firm's independence and agrees that it bears sole responsibility for the effects of such an arrangement.

Because professional and certain regulatory standards require the Firm to remain independent – both in fact and appearance – any discussions regarding potential employment of the Firm's personnel by Client could present a threat to that independence. Accordingly, Client agrees to notify the Firm prior to engaging in such discussions so that appropriate safeguards can be implemented.

Further, in recognition of the significant investment the Firm makes to recruit and develop its personnel, Client agrees that if any of the Firm's personnel who have provided Services to Client accept employment with Client, its affiliates, or related entities during the engagement or within one (1) year thereafter, Client will pay the Firm a placement fee equal to the employee's annual compensation in effect at the time such employment is accepted.

- h. Documentation:** You are responsible for maintaining adequate documentation to substantiate the accuracy and completeness of your tax returns. Our records are not a substitute for yours. You should retain all documents that provide evidence and support for reported income, credits, deductions, and other information on your returns, as required under applicable tax laws and regulations. You represent that you have such documentation and can produce it, if necessary, to respond to any examination or inquiry by tax authorities. You will be responsible for any liability, including but not limited to, additional tax, penalties, interest, and related professional fees, resulting from the disallowance of tax deductions due to inadequate documentation.

- i. **Personal Expenses:** If applicable, you are responsible for ensuring that personal expenses are segregated from business expenses and that expenses such as meals, travel, vehicle use, gifts, and related expenses are supported by documentation and records required by the IRS and other tax authorities.
- j. **State, local and foreign filing obligations:** You are responsible for identifying and fulfilling any filing obligations with state, local, or foreign tax authorities, including but not limited to income, franchise, sales, use, and property taxes, as well as abandoned and unclaimed property. If, during our review of the information you provide or based on other information that comes to our attention, we believe you may have additional filing obligations, we will notify you. Please note that our services under this Engagement Letter do not include assistance with filing obligations other than those specifically identified in the Engagement Objective and Scope section. You are responsible for any penalties or interest resulting from the failure to file, or untimely filing of, any forms outside the scope of our engagement.
- k. **Electronic Filing:** You will be required to verify and sign a completed Form 8879, IRS e-file Signature Authorization, and any similar state, local or foreign equivalent authorization form before your returns can be filed electronically. We shall not be liable for any penalties or interest resulting from your failure to timely sign and return Form 8879 or state equivalents. We will not file an extension on your behalf if you fail to timely sign and return Form 8879 or state equivalents. In the event that you do not wish to have your tax returns filed electronically, please contact us. You will be responsible for reviewing paper returns for accuracy, signing them, and filing timely with the tax authorities.
- l. **U.S. filing obligations related to foreign investments and activities:** U.S. citizens and residents generally must report income and activities related to both domestic and foreign assets (worldwide income). You are responsible for fulfilling your filing obligations related to foreign activity where required. U.S. reporting requirements related to foreign activity are very complex. Contact us immediately if you have:
- Ownership of, investment in, or officer responsibilities for a corporation, partnership, or other business entity formed under the laws of another country; i.
 - Fiduciary, grantor, or beneficiary relationships in connection with an entity formed under the laws of another country;
 - Ownership of, signature authority over, or control over any financial account held in a financial institution located in another country;
 - Citizenship or government-approved employment/visa status with a country other than the U.S. (including anyone in your immediate household, or your parents who live outside the U.S.);
 - Transferred property, including cash, offshore either directly or through the purchase of or investment in an entity formed under the laws of another country;
 - Received or have legally-recognizable rights to receive property, including cash, from a trust, business, or investment formed under the laws of another country or individual residing in another country;
 - Conducted business with any entity or person physically located in another country, regardless of whether such business is for-profit, not for-profit, or informal/irregular;
 - Received property, including cash, or income from a source outside of the U.S. which is not reported on a brokerage statement (such as a 1099-B or similar report); or
 - Any other activity or economic arrangement which takes place outside of the U.S.

Based upon the information you provide, we will use this data to inform you of any additional filing requirements, which may include FinCEN Form 114, Report of Foreign Bank and Financial Accounts ("FBAR"). The FBAR is not a tax return, and its preparation is not within the scope of this engagement.

Failure to timely file the required forms may result in substantial civil and/or criminal penalties. By agreeing to these terms and conditions, you agree to provide us with complete and accurate information regarding any foreign investments in which you have a direct or indirect interest, or over which you have signature authority, during the above referenced tax year.

If you have any questions regarding the application of the reporting requirements for your foreign interests or activities, please ask us. You will be responsible for tax due, penalties, and interest associated with the failure to file or untimely filing of any of these forms.

- m. **Foreign filing obligations:** You are responsible for complying with the tax filing requirements of any other country. You acknowledge and agree that we have no responsibility to raise these issues with you and that foreign filing obligations are not within the scope of this engagement.
- n. **Digital assets:** There are specific tax implications of investing in digital assets (e.g., virtual currencies such as Bitcoin, non-fungible tokens, virtual real estate, and similar assets). The IRS considers these to be property for U.S. federal income tax purposes. As such, any transactions in, or transactions that use, digital assets are subject to the same general tax principles that apply to other property transactions.

If you transacted in digital assets during the tax year, you may have tax consequences and/or additional reporting obligations associated with such transactions. Depending on the nature or volume of those transactions, a change to the scope of our services may be required. You are responsible for providing us with complete and accurate information, including basis, regarding any transactions in, or transactions that have used, digital assets during the applicable tax year.

- o. **Ultimate responsibility:** You have final responsibility for the accuracy of your tax returns. We will provide you with a copy of your electronic tax returns and accompanying schedules and statements for review prior to filing with the IRS, state, and local tax authorities, as applicable. You agree to review and examine them carefully for accuracy and completeness.

You have final responsibility for the payment of your taxes in whatever amount ultimately determined. If you choose, you may opt to have funds automatically withdrawn from a designated account and transmitted when your tax return is electronically filed. We will not transmit partial payments. It is your responsibility to provide us with correct account and routing numbers, to review this information for accuracy prior to submission of your return, and to ensure that sufficient funds are available at the time of payment. We shall have no liability for any tax due, penalties, interest, or overdraft charges which may result from your failure to ensure sufficient funds are available at the time of payment.

Once your return is complete (e-file acceptance or provision of a paper copy to you), we shall have no obligation to update your returns for subsequent legislative or administrative changes or future judicial interpretations under this agreement.

- 9. **Firm Responsibilities.** It is our duty to prepare your returns based on the same standard of care that a reasonable tax return preparer would exercise in this type of engagement. Unless otherwise noted, the applicable standard of care for a "reasonable tax return preparer" shall be based on the following pronouncements:

- the Statements on Standards for Tax Services ("SSTS") issued by the American Institute of Certified Public Accountants ("AICPA"),
- U.S. Treasury Department Circular 230 ("Circular 230"),
- the Internal Revenue Code, Treasury Regulations, and any applicable state/local corollaries (collectively, "the Code").

Our work in connection with the preparation of the tax return(s) does not include any procedures designed to discover defalcations or other irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us.

- a. **Arguable positions and disclosures:** We will use our professional judgment to resolve questions in your favor where a tax law is unclear, provided that we have a reasonable belief that there is substantial authority for doing so. If there are conflicting interpretations of the law, we will explain the possible positions that may be taken on your return. We are not attorneys; therefore, we cannot provide you with legal opinion on various tax positions. We can however, advise you of the consequences of different positions. We will follow the position you request, provided it is consistent with our understanding of tax reference materials, professional standards and ethics.

The Internal Revenue Code and regulations impose preparation and disclosure standards with non-compliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise you if we identify such a situation and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures with you before completing the preparation of the return.

If we conclude that we are obligated to disclose a position and you refuse to permit the disclosure, we reserve the right to withdraw from the engagement. Likewise, where we disagree about the obligation to disclose a position, you also have a right to choose another professional to prepare your return. In either event, you agree to compensate us for our services to the date of withdrawal. Our engagement with you will terminate upon our withdrawal.

- b. Confidentiality for filers of joint tax returns:** If the tax returns prepared in connection with this engagement are filed using the married filing jointly filing status, both spouses are deemed to be clients of the firm under the terms of this agreement. Both spouses acknowledge that any tax return information, including supporting documents provided to us, used in the preparation of your joint return, and any communications made to us by either of you in connection with the preparation of your joint return, may ultimately be shared with either spouse, without prior consent of the other.
- c. Responding to examination:** This Engagement Letter does not include responding to inquiries by any governmental agency or tax authority. If your tax return is selected for examination or audit, you may request our assistance in responding to such an inquiry. If you ask us to represent you, we will confirm this in a separate engagement letter.
- d. Bookkeeping assistance:** We may deem it necessary to provide you with accounting and bookkeeping assistance solely for the purpose of preparing the tax returns. These services will be performed in accordance with the AICPA Code of Professional Conduct. In the event we conclude that such services are necessary to prepare your tax returns, we will advise you before services are performed and bill you for the required services. These services will be subject to the terms of this Engagement Letter.
- e. Estimated tax payments:** You may be required to make quarterly estimated tax payments in the tax jurisdictions noted in the Engagement Objective and Scope section of this Engagement Letter. We will calculate these payments based on information you provide to prepare your tax returns (the "safe harbor" rule). Updating recommended quarterly estimated tax payments to more closely reflect your actual current year income is not within the scope of this engagement, unless requested by you, and agreed to by us. These services will be subject to the terms of this Engagement Letter.
- f. Tax Planning Services:** We may communicate potential tax strategies to you, and you may ask high-level questions of us. It is your responsibility to communicate to us, in writing, any interest in pursuing a tax strategy identified, or if you require more than a cursory discussion of your question. If we determine that assisting you with the implementation of any proposed tax strategy, or responding to your question requires additional research, analysis, discussion, or documentation, we will confirm our understanding with you in writing prior to proceeding.

We shall not be liable for any forgone tax or other benefits if you fail to advise us of your desire to investigate or pursue any tax strategy communicated to or by us. Any tax advice described in this paragraph and provided to you shall be governed by this Agreement.

- g. Tax advice:** Any advice we may provide is based upon tax reference materials, facts, assumptions, and representations that are subject to change. We will not update our advice after the conclusion of the engagement for subsequent legislative or administrative changes or future judicial interpretations. To the extent we provide written advice concerning federal tax matters, we will follow the applicable guidance contained in the SSTS.
- h. Substantial understatement penalties:** The IRS and many states impose penalties for substantial understatement of tax. To avoid the substantial understatement penalty for federal purposes, you must have substantial authority to support the tax treatment of the item challenged by the IRS or have a reasonable basis to support the tax treatment of the item and adequate disclosure of it. To fulfill the adequate disclosure requirement, you may be required to attach to your tax return a completed Form 8275, Disclosure Statement, or Form 8275-R, Regulation Disclosure Statement, which discloses all relevant facts. Similar rules may apply at the state level.

You agree to advise us if you wish to disclose a tax treatment on your return. If you request our assistance in identifying or performing further research to ascertain if there is substantial authority for the proposed position to be taken on the tax item(s) in your returns, and we agree, we will confirm this engagement in a separate written agreement. You are responsible for contacting us if additional assistance is required.

If we conclude as a result of our research that you are required to disclose a transaction on your tax return, you consent to attach Form 8275 or Form 8275-R to your tax return for filing after we discuss the matter with you. If the IRS, state, or local tax authorities later contest the position taken, additional tax, penalties, and interest may be assessed. You will be responsible for these amounts, as well as any related professional fees, you may incur to defend the position taken.

- i. **Aggressive tax strategies:** Certain tax positions or strategies, while not currently identified as a reportable transaction by the IRS, may ultimately be determined to be so in the future. Consequently, you agree to advise us of any transaction you enter into that entitles you to disproportionate tax benefits (deductions, credits, or refunds), that generates significant income deferral or non-recognition, or that generates significant tax losses without corresponding cash impacts (“aggressive tax strategy”). If you fail to timely notify us, in writing, of any aggressive tax strategy you have entered into, you will be responsible for any liability, including but not limited to, additional tax, penalties, interest and related professional fees.
- j. **Extensions of Time to File Tax Returns:** It may become necessary to apply for an extension of the filing due dates if there are unresolved issues or delays in processing, or if we do not receive all of the necessary information from you on a timely basis. Applying for an extension of time to file may limit your ability to make certain elections, extend the time available for a government agency to undertake an examination of your return and/or extend the statute of limitations to file a legal action. If we apply for an extension of time to file because you have not provided us all of the information needed to prepare the tax returns by the original due date, you agree to hold our firm harmless from any consequences arising from any election waived. All taxes owed are due by the original filing due date. Additionally, extensions may affect your liability for penalties and interest or compliance with governmental or other deadlines.

If you wish to engage our firm to apply for extensions of time to file tax returns on your behalf, we will not file these applications unless and until we receive both an executed copy of this Agreement and your express written authorization to file for an extension. In some cases, your signature may be required on such applications prior to filing. Failure to timely request an extension of time to file can result in penalties for failure to file tax returns, which accrue from the original due date of the returns, and can be substantial.

- 10. **Waiver of Certain Damages.** In no event shall Larson Gross Advisors be liable to you or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether you were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.
- 11. **Data and Information.** Larson Gross Advisors shall be entitled to rely on and assume, without independent verification, that all representations, assumptions, information and data supplied by Client and your representatives shall be complete and accurate. If Client fails to provide all the information required for the Services, Larson Gross Advisors will not be responsible or liable for the completeness and/or timeliness of the work. Unless otherwise agreed to by the parties, Larson Gross Advisors shall not assume any responsibility for any financial reporting with respect to the Services.

In the event that the Services involve protected health information (“PHI”) it is the responsibility of the use and security of such PHI shall be addressed in the business associate agreement provided by you and executed separately (“BAA”). The BAA will be incorporated into and made a part of these terms and conditions.

- 12. **Use and Reliance/Ownership of Work Papers.** The work papers prepared pursuant to the Agreement (i.e., Larson Gross Advisors’ internal documentation to substantiate the Services) are the property of Larson Gross Advisors. Such work papers, constitute confidential, proprietary and trade secret information, and will be retained by Larson Gross Advisors in accordance with our policies and procedures and all applicable laws.

- 13. Outsourcing.** Larson Gross Advisors and Advisors may, from time to time, and depending on the circumstances, use third-party service providers, including contractors, subcontractors and cloud-based service providers, in connection with the provision of Services. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. Furthermore, we will remain responsible for the work provided by any such third-party service provider. We may share your tax return information with these service providers but remain committed to maintaining the confidentiality and security of your information. You hereby consent to us sharing your information, including confidential information, with our service providers on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of the Company's information as the confidentiality terms set forth above. Additionally, you hereby consent to the disclosure of the Company's information, to the licensors of such Third-Party Products for the purpose of conducting our engagement.

In addition, Larson Gross Advisors and Advisors may assign employees or employees of the Advisors subsidiaries and affiliates and third-party vendors located outside the United States to work on the Client's engagement and to provide operational support services to Larson Gross Advisors. Client hereby consents to Larson Gross Advisors and Advisors assigning employees and affiliated entities located outside the United States to this engagement, and to the transmitting of Client information to such individuals and affiliated entities as needed to perform the Services to the Client and to perform operational Services.

- 14. Consent for Disclosure.** Internal Revenue Code Sections 6713 and 7216 require Larson Gross Advisors to obtain your consent in order to disclose or use information that you furnish to us in connection with the preparation of your return(s) (including Client's name and contact information) for the purpose of providing you with materials and information, including newsletters or other business-related items of interest, news about Larson Gross Advisors, and invitations to Larson Gross Advisors-sponsored events. Such consent is also required where, e.g., Larson Gross Advisors may seek to disclose Client's tax return information to other parties who are involved in providing the Services hereunder. By signing this letter, you authorize that any and all information furnished to us for, or in connection with the preparation of tax returns under this engagement letter may, for a period of up to five years from the date of this engagement letter, be disclosed to entities located outside the United States, engaged directly or indirectly in providing tax planning or preparation of tax returns. Disclosures under this paragraph may consist of all information contained in tax returns. If you wish to request a limited disclosure of tax return information, you must inform us. You acknowledge that your tax return information may be disclosed to our affiliates, related entities, or subcontractors located inside and outside the United States.
- 15. Use of Information For Deliverable Enhancement.** Use of Information for Deliverable Enhancement. Larson Gross Advisors uses technology tools—including software development, automation, data analytics, and AI-enabled or machine-learning features—within our tax-preparation workflow to help prepare, review, and file your tax returns and related deliverables under this Agreement. Any such tools are operated under our confidentiality and security controls and are used only to support tax return preparation and related auxiliary services. We will not use or disclose your tax return information for any purpose other than preparing and reviewing your returns unless you separately authorize us in writing pursuant to applicable law. The integration of AI enables us to provide more accurate insights and streamline our processes, ultimately benefiting our clients through enhanced service delivery.
- 16. Express Authorization to Disclose.** Larson Gross Advisors acknowledges that the Firm has not placed any limitations on the Client's disclosure of the tax treatment or tax structure associated with the tax services or transactions described in the Agreement. Nothing in this Agreement shall be construed as limiting or restricting disclosure of the tax treatment or tax structure of the relevant transaction that is the subject of Larson Gross Advisors' Services as described in rule 3501 (c) (1) of PCAOB Release 2005-014, or IRC Sections 6011 and 61211 and related IRS guidance. Client acknowledges that none of its other advisors have imposed or will impose any conditions of confidentiality with respect to the tax treatment or tax structure associated with the tax services or transactions described in the Agreement.

17. **Corporate Transparency Act ("CTA").** Assisting you with your compliance with the Corporate Transparency Act ("CTA"), including beneficial ownership information ("BOI") reporting, is not within the scope of this engagement. You have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership information. We shall have no liability resulting from your failure to comply with CTA. Information regarding the BOI reporting requirements can be found at <https://www.fincen.gov/boi>. Consider consulting with legal counsel if you have questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.
18. **Disclosure of Transactions and Other Financial information.** The Internal Revenue Code of 1986, as amended ("IRC") and certain state laws require that Client disclose on or with Client's tax returns certain transactions other financial information. For example, Treasury Regulations commonly known as the "Tax shelter regulations" require taxpayers to disclose certain types of transactions on a Form 886 attached to their tax returns and filed with the IRS office of Tax shelter Analysis. Failure to disclose could result in substantial penalties, even if the transaction's tax benefits are appropriate and even if there is no understatement of tax. Larson Gross Advisors' tax return preparation services do not include any separate investigation to determine whether there are any transactions or other matters that must be disclosed on Client's tax returns, though Larson Gross Advisors will advise Client if Larson Gross Advisors concludes that any such disclosure is required. If Client would like firm to review any transaction or matter to determine if it must be reported, please contact Larson Gross Advisors to discuss expanding the scope of our Services.

Unless Client advises Larson Gross Advisors otherwise or specific disclosure information is furnished to Larson Gross Advisors, Larson Gross Advisors will assume that none of the transactions that were reflected on Client's return were: (1) entered into subject to an agreement to keep the transaction confidential, (2) entered into subject to an agreement that the fee Client paid would be contingent upon it receiving the transaction's intended tax benefits, (3) identified in treasury Regulations as loss transactions that must be disclosed, including loss transactions that pass through to Client from S Corporations, partnerships and trusts, if applicable, or (4) the same as or substantially similar to a transaction identified by the IRS as a tax avoidance transaction. The following IRS address provides an up-to-date list of transactions the IRS has identified as tax avoidance transactions: <http://www.irs.gov/Businesses/Corporations/Listed-Transactions> or go to the IRS page at www.irs.gov and search for "tax shelters." Larson Gross Advisors may, for a separate fee, assist Client in determining if it has entered into one of these transactions. It is important to note the IRS can identify transactions as tax avoidance transactions subsequent to Client entering into them; in this event the Client may be retroactively required to disclose its participation in the transaction.

The other categories of transactions that have to be disclosed would ordinarily be reflected in the information Client provides Larson Gross Advisors to prepare Client's tax return. However, determining whether Client should disclose these transactions may require analysis of information over and above that necessary to prepare Client's return(s) and could result in additional fees.

19. **Limitation on Oral and Email Communications; Written Advice.** Larson Gross Advisors may discuss its views regarding the tax treatment of certain items. Larson Gross Advisors may also provide Client with tax information in the body of an email. Any advice or information provided orally or in the body of an email (as opposed to a memorandum attached to an email) will be based on limited discussion and analysis of underlying facts. Additional research or a more complete review of the facts could affect our analysis and conclusions. Therefore, it may not be appropriate to proceed with any transaction or tax return reporting solely on the basis of oral or email communication. Client accepts all responsibility for any loss, costs or expenses resulting from Client's decision to (not have Larson Gross Advisors perform the research and analysis necessary to reach a more definitive conclusion, and (11) to rely on oral or email communication. This section does not apply to any written tax advice that is delivered to Client as an attachment to an email and which contains the legend described below.

Any written tax or professional advice Larson Gross Advisors provides will contain the following legend: "Tax or professional advice contained in or accompanying this document, unless otherwise specifically stated, is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter that is contained in or accompanying this document. In addition, unless otherwise specifically stated, any advice provided shall not be deemed a formal tax opinion upon which the addressee can rely." This legend can be removed from the advice; however, detailed, exhaustive analysis may be required under the IRS' rules which could involve significant time and expense. At Client's request, Larson Gross Advisors would be happy to discuss this aspect should it be necessary.

- 20. Taxpayer Privileges; Use of Counsel.** The parties acknowledge that certain documents and other communications involving and/or disclosed to or by firm may be subject to one or more claims of privilege by or on behalf of Client (e.g., the IRC Section 7526 tax advisory privilege, etc.). Although Client is solely responsible for managing the recognition, establishment, and maintenance (e.g. possible waiver of these possible protections (and for involving legal counsel as it deems necessary). Client will notify Larson Gross Advisors if Client wishes to invoke the confidentiality privilege and Larson Gross Advisors will cooperate with Client's reasonable written instructions regarding same. Client should be aware that should circumstances arise where Client wishes to divulge or have Larson Gross Advisors divulge privileged information to other parties, such disclosure may result in waiver of the confidentiality privilege. If Client wishes Larson Gross Advisors to divulge privileged information, Client must provide Larson Gross Advisors with advance written authority to make such disclosure. In addition, if it is ultimately determined that a significant purpose of the tax matter was to avoid or evade any U.S. Federal income tax, Client should be aware that the confidentiality privilege under IRC Section 7525 will not apply to the communications between Larson Gross Advisors and Client.

If Larson Gross Advisors receives a request from a third party (including the IRS, a subpoena, summons, discovery demand in litigation) calling for the production of privileged information, Larson Gross Advisors will notify Client and follow Client's reasonable instructions regarding any such requests before Larson Gross Advisors discloses such privileged information as may be required under applicable laws or rules. Client agrees to hold Larson Gross Advisors harmless from, and be responsible and liable for Larson Gross Advisor's fees and expenses incurred (including attorneys' fees, court costs, costs of outside advisors and any other costs imposed, whether by way of penalty or otherwise) as a result of Client's assertion of the Confidentiality privilege or Client's direction to Larson Gross Advisors to assert the privilege on Client's behalf of if Larson Gross Advisors determines that it is required by applicable law or rules to assert the privilege without having received Client's direction.

- 21. Limitation on Oral and Email Communications; Written Advice.** Larson Gross Advisors may discuss its views regarding the tax treatment of certain items. Larson Gross Advisors may also provide Client with tax information in the body of an email. Any advice or information provided orally or in the body of an email (as opposed to a memorandum attached to an email) will be based on limited discussion and analysis of underlying facts. Additional research or a more complete review of the facts could affect our analysis and conclusions. Therefore, it may not be appropriate to proceed with any transaction or tax return reporting solely on the basis of oral or email communication. Client accepts all responsibility for any loss, costs or expenses resulting from Client's decision to (not have Larson Gross Advisors perform the research and analysis necessary to reach a more definitive conclusion, and (11) to rely on oral or email communication. This section does not apply to any written tax advice that is delivered to Client as an attachment to an email and which contains the legend described below.

Any written tax or professional advice Larson Gross Advisors provides will contain the following legend: "Tax or professional advice contained in or accompanying this document, unless otherwise specifically stated, is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter that is contained in or accompanying this document. In addition, unless otherwise specifically stated, any advice provided shall not be deemed a formal tax opinion upon which the addressee can rely." This legend can be removed from the advice; however, detailed, exhaustive analysis may be required under the IRS' rules which could involve significant time and expense. At Client's request, Larson Gross Advisors would be happy to discuss this aspect should it be necessary.

- 22. Power and Authority.** Each of the parties hereto has all requisite power and authority to execute and deliver this Agreement and to carry out and perform its respective obligations hereunder. The Agreement constitutes the legal, valid and binding obligations of each party, enforceable against such party in accordance with its terms.
- 23. Subpoenas.** If Client requests Larson Gross Advisors to object to or respond to, or Larson Gross Advisors receives and responds to, a validly issued third party subpoena, court order, government regulatory inquiry, or other similar request of or legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements with Client, Client agrees to compensate us for all time Larson Gross Advisors expends in connection with such response, at our regular rates, and to reimburse Larson Gross Advisors for all related out-of-pocket costs (including outside lawyer fees) that we incur.

24. **Email Communications.** In connection with the Agreement and this engagement, we may communicate with you or others via email transmission, and by signing this letter, you authorize us to do so. Any preliminary conclusions that may be provided in an email are superseded by any final work product. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability of any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.
25. **External Computing Options.** If, at the Client's request, Larson Gross Advisors agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively "External Computing Options"), that are outside of Larson Gross Advisors' standard security protocol, the Client acknowledges that such External Computing Options may be associated with heightened security and privacy risks. Accordingly, Larson Gross Advisors disclaims and waives, and the Client releases Larson Gross Advisors from any and all liability arising out of or related to the use of such External Computing Options.
26. **Electronic Transmissions.** The Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, the Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to the Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating the Agreement and binding the party providing such electronic signature.
27. **Severability.** If any portion of the Agreement is held to be void, invalid, or otherwise unenforceable in whole or in part, for any reason whatsoever, such portion of the Agreement shall be amended to the minimum extent required to make the provision enforceable and the remaining portions of the Agreement shall remain in full force and effect.
28. **Independent Contractor.** Larson Gross Advisors is providing the Services to Client as an independent contractor. Larson Gross Advisors' obligations to Client are exclusively contractual in nature. The agreement does not create any agency, employment, partnership, joint venture, trust, or other fiduciary relationship between the parties. Neither Larson Gross Advisors nor Client shall have the right to bind the other to any third party or otherwise to act in any way as a representative or agent of the other except as otherwise agreed in writing between the parties.
29. **Confidentiality.** Each of the parties hereto shall treat and keep any and all of the "Confidential Information" as confidential, with at least the same degree of care as it accords to its own confidential information, but in no event less than a reasonable degree of care. "Confidential Information." means all non-public information that is marked as "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in nature that is obtained by one party (the "Receiving Party.") from the other party (the "Disclosing Party."). All terms of the Agreement and all information provided pursuant to the Agreement are considered Confidential Information. Notwithstanding the foregoing, Confidential Information shall not include any information that was or is: (a) known to the Receiving Party prior to disclosure by the Disclosing Party; (b) as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than the Receiving Party; (c) made known to the Receiving Party by a third person who is not subject to any confidentiality obligation known to Receiving Party and such third party does not impose any confidentiality obligation on the Receiving Party with respect to such information; (d) required to be disclosed pursuant to governmental authority, professional obligation, law, decree regulation, subpoena or court order; or (e) independently developed by the Receiving Party. In no case shall the tax treatment or the tax structure of any transaction be treated as confidential as provided in Treas. Reg. sec. 1.6011-4(b)(3). If disclosure is required pursuant to subsection (d) above, the Disclosing Party shall (other than in connection with routine supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide prior written notice thereof to allow the other party to seek a protective order or other appropriate relief. Upon the request of the Disclosing Party, the Receiving Party shall return or destroy any and all of the Confidential Information except for (a) copies retained in work paper files retained to comply with a party's professional or legal obligations and (b) such Confidential Information located on electronic back-up tapes (in accordance with the Receiving Party's normal data back-up procedures) where such tapes are not easily accessible to Receiving Party's employees or partners.
30. **Acceptance or Continuance.** The Agreement and performance of services are expressly contingent upon the satisfactory completion of client acceptance or continuance procedures.

31. **Governing Law and Jurisdiction.** The terms of this engagement letter and all related matters shall be governed by the laws of the State of Washington, without giving effect to any choice or conflict of law principles, provisions or rules relating to conflicts of laws that would require the laws of another jurisdiction to apply.
32. **General.** Client may not assign or transfer the Agreement, or any rights, licenses, obligations, claims or proceeds from claims arising out of or in any way relating to the Agreement, any Services provided thereunder or any fees for Services to anyone, by operation of law or otherwise, without Larson Gross Advisors' consent. Larson Gross Advisors may assign the Agreement, including all the rights and benefits thereunder to any affiliate or to an acquirer or successor to its business, or purchaser of all or substantially all of its assets. Stock or interests, or in the event of a reorganization or restructuring, and by Client's signature hereto, Client consents to such assignment and the transfer of Client's files and information.
33. **Acceptance by Payment:** By submitting payment for the fees and services described in this Engagement Letter, you acknowledge and agree that such payment constitutes your full and unconditional acceptance of the terms and conditions set forth in this Agreement, without modification or exception. Payment in whole or in part shall be deemed conclusive evidence of your acceptance of this Agreement and your intent to be legally bound by its terms.
34. **Aprio Professional Services+ and Larson Gross Advisors, LLC:** Larson Gross Advisors is a member firm in Aprio Professional Services+, a network of legally independent firms. Aprio Professional Services+ and their member firms and correspondent firms are not responsible for and do not accept liability for the work or advice which Larson Gross Advisors provides to its clients and do not owe any duty in relation to the work or advice which Larson Gross Advisors provides.
35. **Record Retention:** Larson Gross Advisors policy is to retain engagement documentation for a period of seven years, after which time we will commence the process of destroying the contents of our engagement files. We will return to you all original documents that you provided to us in connection with our services but may retain copies of these documents for our files. It is your responsibility to retain and protect your records for possible future use, including potential examinations by taxing authorities.
36. **Use of AI Tools:** Larson Gross Advisors may use generative AI tools to support services such as data analysis, modeling, or drafting materials. All outputs are reviewed by qualified professionals to ensure accuracy and compliance with professional standards. Client data used in these tools remains subject to our confidentiality, security, and retention policies. We do not permit your data to train public AI models, and any tools we use operate in secure, private environments. When applicable, we assess third-party vendors and may request your consent for significant uses of AI involving sensitive client information. We regularly review our AI practices to align with AICPA guidance and applicable laws.
37. **Entire Agreement:** The Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations, or understandings, whether oral or written, with respect to the subject matter herein. The Agreement may not be changed, modified, or waived in whole or part except by an instrument in writing signed by both parties.

BOARD OF DIRECTORS MEMO

To: Sudden Valley Community Association Board of Directors
From: Joel Heverling, Finance Director
Date: March 12, 2026
Subject: Reserve Study Proposal (Level III Update)

Background/Analysis

The Sudden Valley Community Association (SVCA) is required by RCW 64.90.545 to complete a reserve study annually as part of the budget process. Additionally, the reserve study is further required as a component of the 2025 year-end audit process.

Last year, SmartProperty conducted a Level II (update with visual site inspection) reserve study. Therefore, SVCA is only in need of a Level III (update with no visual site inspection) to be performed this year for the 2027 budget planning process. Additionally, SmartProperty also conducted a Level I (full reserve study funding analysis and plan) in 2022, as well as Level III reserve study updates in 2023 and 2024.

Funding

The total cost of the Level III reserve study proposal for CRRRF, Roads, and Mailboxes from SmartProperty is \$5,257.82, which has been budgeted to be paid for from Operations. The 2026 budget line item for Audit & Tax Services includes a total of \$50,500 (\$45,000 for audit and tax services and \$5,500 for Level III Reserve Study services), and the proposed fee for the Level III Reserve Study is in line with the 2026 budgeted amount for this service.

Recommendation

It is recommended that the Board of Directors accepts the Level III reserve study proposal from SmartProperty for a total of \$5,257.82, to be paid for from Operations, and to further authorize the General Manager to sign the reserve study agreement letter.

Motion

Motion that the Board of Directors accepts the Level III reserve study proposal from SmartProperty for a total of \$5,257.82, to be paid for from Operations, and to further authorize the General Manager to sign the reserve study agreement letter.



Sudden Valley Community Association

360-734-6430
4 Clubhouse Circle Bellingham, WA 98229
www.suddenvalley.com

BOARD OF DIRECTORS MEMO

To: Sudden Valley Community Association Board of Directors
From: Jo Anne Jensen, General Manager
Date: March 12, 2026
Subject: Approval Request – Offer to Purchase 63 Louise View Drive

Purpose

To request approval of an offer to purchase 63 Louise View Drive.

Background

On November 14, 2024, the SVCA Board of Directors approved actions that would lead to the sale of three lots (see attached). Two of those lots have been sold. An offer to purchase (see attached) has just been received for the third lot, located at 63 Louise View Drive.

Analysis

The proposed buyer is a local builder, who has never owned property in Sudden Valley before, but has been a sub-contractor on numerous new home starts for other builders.

Based on this offer, SVCA can expect the following in closing costs:

Offer price: \$10,000.00
7% R.E. commission: -\$700.00
1.6% WA State Excise Tax: -\$160.00
Title Insurance: -\$385.89
1/2 of the escrow chg.: -\$336.97

Approximate net proceeds prior to pro-rations for Whatcom County property taxes and Sudden Valley dues: \$8,417.14 +/-.

The offer has an expiration date of March 27th; the buyer has requested 30 days of Feasibility Contingency (standard); and the closing date is scheduled to be on Friday, April 10th.

Request

I request that the Board of Directors approve the offer to purchase the undeveloped lot located at 63 Louise View Drive for the full list price of \$10,000 and authorize board president, Keith McLean, to sign the offer on their behalf.



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

Motion

I move that the Board of Directors approve the offer to purchase the undeveloped lot located at 63 Louise View Drive for the full list price of \$10,000 and authorize board president, Keith McLean, to sign the offer on their behalf.

Approvals

Approved: _____

Not Approved: _____ SVCA Board of Directors

Signed: _____ Date: _____

Keith McLean, President



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

APPROVAL REQUEST MEMO

To: Sudden Valley Community Association Board of Directors
From: Jo Anne Jensen, General Manager
Date: November 14th, 2024
Subject: Approval Request – Sale of SVCA-Owned Lots

Purpose

To request board approval of proposed actions to appropriately disposition lots received as a result of foreclosure actions.

Background

SVCA gained ownership of three undeveloped lots in 2020 as the result of foreclosure proceedings against the prior owner. The lot addresses, appraised values, and 2024 taxes are as follows:

Property Address	Appraised Value	2024 Taxes
3 Louise View Drive	\$22,056	\$189.60
33 Louise View Drive	\$24,812	\$212.63
63 Louise View Drive	\$11,028	\$97.29

Maps showing each lot and the status of the surrounding properties are attached.

These are the only saleable individual building lots that SVCA owns. Because these lots became the property of SVCA in partial payment of uncollected assessments, every effort should be made to realize their value.

On October 24th, the Board directed me to outline steps to be taken toward the sale of these lots. This memo outlines proposed actions.

Process

I propose the following general process:

- Obtain valuations from real estate agent
- Offer property to neighbors at the established value (One month response time)
- Announce availability of property in Sudden Valley Views
- Offer property to list of builders in good standing (Two week response time)
- List property with real estate agent (List for eighteen months)
- Take property off the market and re-evaluate in two years

3 Louise View Drive

- Market value established at \$40,000



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

- Offer to 1 to 22 Louise View Drive residents, 1 and 3 Rosebud, 10 and 3 Sweet Clover
- Announce availability of property in Sudden Valley Views
- Offer to builder list
- List with Greg Paul
- Re-evaluate after 18 months on market

33 Louise View Drive

- Market value established at \$20,000
- Offer to 22 through 41 Louise View residents, 8 and 16 Bramble Way, 4 Clematis
- Offer to builder list
- List with Greg Paul
- Re-evaluate after 18 months on market

63 Louise View Drive

- Market value established at \$10,000
- Offer to Catkin Court residents and 16 Loganberry
- Announce availability of property in Sudden Valley Views
- Offer to builder list
- List with Greg Paul
- Re-evaluate after 18 months on market

Requests

Request that the Board of Directors approve the proposed activities for 3, 33, and 63 Louise View Drive with the goal of selling the properties. Any offers received on the properties will be brought back to the Board for direction before any action is taken.

Motions

Move that the Board of Directors approve the proposed activities for 3, 33, and 63 Louise View Drive with the goal of selling the properties, with the understanding that any offers received on the properties will be brought back to the Board for direction before any action is taken.

Approvals

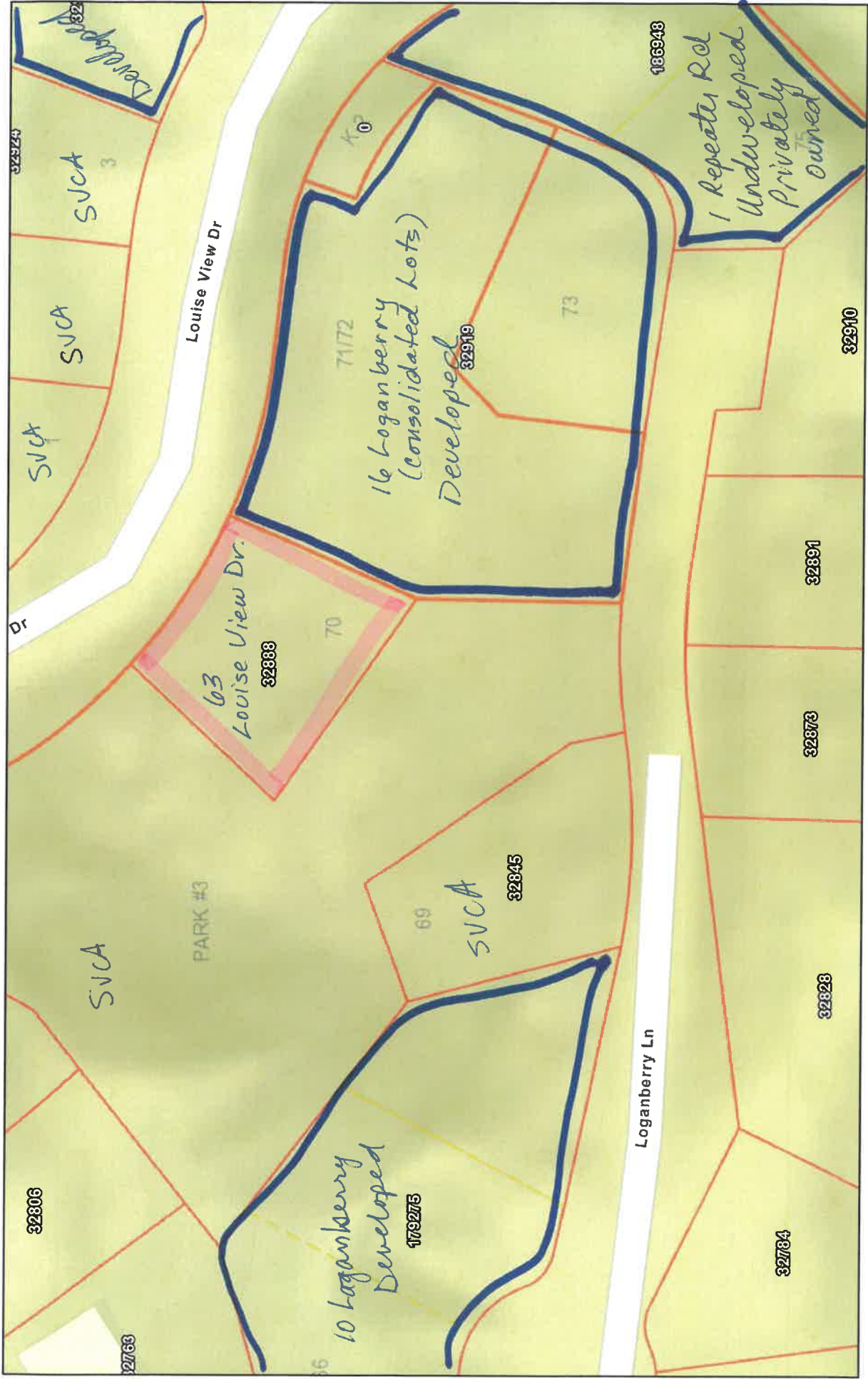
Recommended: _____ Not Recommended: _____ SVCA Finance Committee

Approved: _____ Not Approved: _____ SVCA Board of Directors

Signed: _____ Date: _____

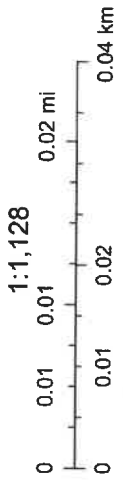
Keith McLean, SVCA Board President

Whatcom Tax Parcel Map # 3



11/5/2024, 4:15:01 PM

- Subdivisions
- Lots
- Tax Parcels
- Quarter Sections
- Sections
- Encumbrances



Esri Community Maps Contributors, Whatcom County, WA State Parks GIS, © OpenStreetMap, Microsoft, Esri, TomTom, Garmin, SafeGraph.

Web AppBuilder for ArcGIS
Esri Community Maps Contributors, Whatcom County, WA State Parks GIS, © OpenStreetMap, Microsoft, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, US Census Bureau, USDA, USFWS |

VACANT LAND PURCHASE AND SALE AGREEMENT
Specific Terms

1. **Date:** March 02, 2026 **MLS No.:** 2438286 **Offer Expiration Date:** 3/27/2026
2. **Buyer:** Pavel Savchuk Natalya Savchuk A married couple
Buyer Buyer Status
3. **Seller:** Sudden Valley Community Association
Seller Seller
4. **Property:** Legal Description attached as Exhibit A. Tax Parcel No(s): 3704080600330000, _____, _____
63 Louise View Drive Bellingham Whatcom WA 98229
Address City County State Zip
5. **Purchase Price:** \$ 10,000.00 Ten Thousand _____ U.S. Dollars
6. **Earnest Money:** \$ 500.00 U.S. Dollars; Delivery Date 5 days after mutual acceptance
To be held by Buyer Brokerage Firm; Closing Agent; In the form of a Promissory Note (Included as an Addendum)
7. **Default:** (check only one) Forfeiture of Earnest Money; Seller's Election of Remedies
8. **Title Insurance Company:** Whatcom Land & Title
9. **Closing Agent:** Whatcom Land & Title Amy Langstraat
Company Individual (optional)
10. **Closing Date:** 4/10/2026 **Possession Date:** on Closing; Other _____
11. **Services of Closing Agent for Payment of Utilities:** Requested (attach NWMLS Form 22K); Waived
12. **Charges/Assessments Levied Before but Due After Closing:** assumed by Buyer; prepaid in full by Seller at Closing
13. **Seller Citizenship (FIRPTA):** Seller is; is not a foreign person for purposes of U.S. income taxation
14. **Subdivision:** The Property: must be subdivided before _____; is not required to be subdivided
15. **Feasibility Contingency:** Expires 30 days after mutual acceptance; Satisfied/Waived
16. **Information Verification Period:** Expires _____ days after mutual acceptance; Satisfied/Waived
17. **Agency Disclosure:** Buyer represented by: Buyer Broker; Buyer/Listing Broker (limited dual agent); unrepresented
Seller represented by: Listing Broker; Listing/Buyer Broker (limited dual agent); unrepresented
18. **Buyer Brokerage Compensation:** % 3.0 3.0 Addendum for Buyer Credit
(a) Seller's Offer (if any) (b) Amount to be Paid by Seller
19. **Addenda:** 22D(Optional Clauses) 35F(Feasibility)

- Sudden Valley Disclosure Form

[Signature] 3-2-26
Buyer Signature Date
Natalya Savchuk 3-2-26
Buyer Signature Date

Seller Signature Date

Seller Signature Date

8780 White Road
Buyer Address
Blaine, WA, 98230
City, State, Zip
360-223-5402
Buyer Phone No. Fax No.

4 Clubhouse Circle
Seller Address
Bellingham, WA, 98229
City, State, Zip
(360) 734-6430
Seller Phone No. Fax No.

pavelsavchuk1@gmail.com
Buyer E-mail Address
RE/MAX Whatcom County, Inc. 9738
Buyer Brokerage Firm MLS Office No.
Greg Paul 45163
Buyer Broker (Print) MLS LAG No.
(360) 647-5050 (360) 739-7354
Firm Phone No. Broker Phone No. Firm Fax No.

Seller E-mail Address
RE/MAX Whatcom County, Inc. 9738
Listing Brokerage Firm MLS Office No.
Greg Paul 45163
Listing Broker (Print) MLS LAG No.
(360) 647-5050 (360) 739-7354
Firm Phone No. Broker Phone No. Firm Fax No.

documentdelivery@nw homes.net
Firm Document E-mail Address
gregpaul@remax.net
Buyer Broker E-mail Address
26986 2155
Buyer Broker DOL License No. Firm DOL License No.

documentdelivery@nw homes.net
Firm Document E-mail Address
gregpaul@remax.net
Listing Broker E-mail Address
26986 2155
Listing Broker DOL License No. Firm DOL License No.

VACANT LAND PURCHASE AND SALE AGREEMENT
General Terms

a. **Purchase Price.** Buyer shall pay to Seller the Purchase Price, including the Earnest Money, in cash at Closing, unless otherwise specified in this Agreement. Buyer represents that Buyer has sufficient funds to close this sale in accordance with this Agreement and is not relying on any contingent source of funds, including funds from loans, the sale of other property, gifts, retirement, or future earnings, except to the extent otherwise specified in this Agreement. The parties shall use caution when wiring funds to avoid potential wire fraud. Before wiring funds, the party wiring funds shall take steps to confirm any wire instructions via an independently verified phone number and other appropriate measures.

b. **Earnest Money.** Buyer shall deliver the Earnest Money by the Delivery Date listed in Specific Term No. 6 (2 days after mutual acceptance if not filled in) to the party holding the Earnest Money (Buyer Brokerage Firm or Closing Agent). If sent by mail, the Earnest Money must arrive at Buyer Brokerage Firm or Closing Agent by the Delivery Date. If the Earnest Money is held by Buyer Brokerage Firm and is over \$10,000.00 it shall be deposited into an interest bearing trust account in Buyer Brokerage Firm's name provided that Buyer completes an IRS Form W-9. Interest, if any, after deduction of bank charges and fees, will be paid to Buyer. Buyer shall reimburse Buyer Brokerage Firm for bank charges and fees in excess of the interest earned, if any. If the Earnest Money held by Buyer Brokerage Firm is over \$10,000.00 Buyer has the option to require Buyer Brokerage Firm to deposit the Earnest Money into the Housing Trust Fund Account, with the interest paid to the State Treasurer, if both Seller and Buyer so agree in writing. If Buyer does not complete an IRS Form W-9 before Buyer Brokerage Firm must deposit the Earnest Money or the Earnest Money is \$10,000.00 or less, the Earnest Money shall be deposited into the Housing Trust Fund Account. Buyer Brokerage Firm may transfer the Earnest Money to Closing Agent at Closing. If all or part of the Earnest Money is to be refunded to Buyer and any such costs remain unpaid, the Buyer Brokerage Firm or Closing Agent may deduct and pay them therefrom. The parties instruct Closing Agent to provide written verification of receipt of the Earnest Money and notice of dishonor of any check to the parties and Brokers at the addresses and/or fax numbers provided herein.

Upon termination of this Agreement, a party or the Closing Agent may deliver a form authorizing the release of Earnest Money to the other party or the parties. The party(s) shall execute such form and deliver the same to the Closing Agent. If either party fails to execute the release form, a party may make a written demand to the Closing Agent for the Earnest Money. Pursuant to RCW 64.04.220, Closing Agent shall deliver notice of the demand to the other party within 15 days. If the other party does not object to the demand within 20 days of Closing Agent's notice, Closing Agent shall disburse the Earnest Money to the party making the demand within 10 days of the expiration of the 20 day period. If Closing Agent timely receives an objection or an inconsistent demand from the other party, Closing Agent shall commence an interpleader action within 60 days of such objection or inconsistent demand, unless the parties provide subsequent consistent instructions to Closing Agent to (i) disburse the earnest money or (ii) refrain from commencing an interpleader action for a specified period of time. Pursuant to RCW 4.28.080, the parties consent to service of the summons and complaint for an interpleader action by first class mail, postage prepaid at the party's usual mailing address or the address identified in this Agreement. If the Closing Agent complies with the preceding process, each party shall be deemed to have released Closing Agent from any and all claims or liability related to the disbursement of the Earnest Money. If either party fails to authorize the release of the Earnest Money to the other party when required to do so under this Agreement, that party shall be in breach of this Agreement. For the purposes of this section, the term Closing Agent includes a Buyer Brokerage Firm holding the Earnest Money. The parties authorize the party commencing an interpleader action to deduct up to \$750.00 for the costs thereof. The parties acknowledge that RCW 64.04.220 requires the court to award the Closing Agent its reasonable attorneys' fees and costs associated with an interpleader action.

c. **Condition of Title.** Unless otherwise specified in this Agreement, title to the Property shall be marketable at Closing. The following shall not cause the title to be unmarketable: rights, reservations, covenants, conditions and restrictions, presently of record and general to the area; easements and encroachments, not materially affecting the value of or unduly interfering with Buyer's reasonable use of the Property; and reserved oil and/or mining rights. Seller shall not convey or reserve any oil and/or mineral rights after mutual acceptance without Buyer's written consent. Monetary encumbrances or liens not assumed by Buyer, shall be paid or discharged by Seller on or before Closing. Title shall be conveyed by a Statutory Warranty Deed. If this Agreement is for conveyance of a buyer's interest in a Real Estate Contract, the Statutory Warranty Deed shall include a buyer's assignment of the contract sufficient to convey after acquired title. If the Property has been short platted, the Short Plat number is in the Legal Description.

d. **Title Insurance.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to apply for the then-current ALTA form of standard form owner's policy of title insurance from the Title Insurance Company. If Seller previously received a preliminary commitment from a Title Insurance Company that Buyer declines to use, Buyer shall pay any cancellation fees owing to the original Title Insurance Company. Otherwise, the party applying for title insurance shall pay any title cancellation fee, in the event such a fee is assessed. The Title Insurance Company shall send a copy of the preliminary commitment to Seller, Listing Broker, Buyer and Buyer Broker. The preliminary commitment, and the title policy to be issued, shall contain no exceptions other than the General Exclusions and Exceptions in said standard form and Special Exceptions consistent with the Condition of Title herein provided. If title cannot be made so insurable prior

P.S. 3-2-26 N.S. 3-2-26
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

VACANT LAND PURCHASE AND SALE AGREEMENT
General Terms

to the Closing Date, then as Buyer's sole and exclusive remedy, the Earnest Money shall, unless Buyer elects to waive such defects or encumbrances, be refunded to Buyer, less any unpaid costs described in this Agreement, and this Agreement shall thereupon be terminated. Buyer shall have no right to specific performance or damages as a consequence of Seller's inability to provide insurable title.

e. Closing and Possession. This sale shall be closed by the Closing Agent on the Closing Date. "Closing" means the date on which all documents are recorded and the sale proceeds are available to Seller. If the Closing Date falls on a Saturday, Sunday, legal holiday as defined in RCW 1.16.050, or day when the county recording office is closed, the Closing Agent shall close the transaction on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. Buyer shall be entitled to possession at 9:00 p.m. on the Possession Date. Seller shall maintain the Property in its present condition, normal wear and tear excepted, until Buyer is provided possession. Buyer reserves the right to walk through the Property within 5 days of Closing to verify that Seller has maintained the Property as required by this paragraph. Seller shall not enter into or modify existing leases or rental agreements, service contracts, or other agreements affecting the Property which have terms extending beyond Closing without first obtaining Buyer's consent, which shall not be unreasonably withheld.

f. Section 1031 Like-Kind Exchange. If either Buyer or Seller intends for this transaction to be a part of a Section 1031 like-kind exchange, then the other party shall cooperate in the completion of the like-kind exchange so long as the cooperating party incurs no additional liability in doing so, and so long as any expenses (including attorneys' fees and costs) incurred by the cooperating party that are related only to the exchange are paid or reimbursed to the cooperating party at or prior to Closing. Notwithstanding the Assignment paragraph of this Agreement, any party completing a Section 1031 like-kind exchange may assign this Agreement to its qualified intermediary or any entity set up for the purposes of completing a reverse exchange.

g. Closing Costs and Prorations and Charges and Assessments. Seller and Buyer shall each pay one-half of the escrow fee unless otherwise required by applicable FHA or VA regulations. Taxes for the current year, rent, interest, and lienable homeowner's association dues shall be prorated as of Closing. Buyer shall pay Buyer's loan costs, including credit report, appraisal charge and lender's title insurance, unless provided otherwise in this Agreement. If any payments are delinquent on encumbrances which will remain after Closing, Closing Agent is instructed to pay such delinquencies at Closing from money due, or to be paid by, Seller. Buyer shall pay for remaining fuel in the fuel tank if, prior to Closing, Seller obtains a written statement from the supplier as to the quantity and current price and provides such statement to the Closing Agent. Seller shall pay all utility charges, including unbilled charges. Unless waived in Specific Term No. 11, Seller and Buyer request the services of Closing Agent in disbursing funds necessary to satisfy unpaid utility charges in accordance with RCW 60.80 and Seller shall provide the names and addresses of all utilities providing service to the Property and having lien rights (attach NWMLS Form 22K Identification of Utilities or equivalent).

Buyer is advised to verify the existence and amount of any local improvement district, capacity or impact charges or other assessments that may be charged against the Property before or after Closing. Seller will pay such charges that are or become due on or before Closing. Charges levied before Closing, but becoming due after Closing shall be paid as agreed in Specific Term No.12.

h. Sale Information. Listing Broker and Buyer Broker are authorized to report this Agreement (including price and all terms) to the Multiple Listing Service that published it and to its members, financing institutions, appraisers, and anyone else related to this sale. Buyer and Seller expressly authorize all Closing Agents, appraisers, title insurance companies, and others related to this Sale, to furnish the Listing Broker and/or Buyer Broker, on request, any and all information and copies of documents concerning this sale.

i. Seller Citizenship and FIRPTA. Seller warrants that the identification of Seller's citizenship status for purposes of U.S. income taxation in Specific Term No. 13 is correct. Seller shall execute a certification (NWMLS Form 22E or equivalent) under the Foreign Investment In Real Property Tax Act ("FIRPTA") and provide the certification to the Closing Agent within 10 days of mutual acceptance. If Seller is a foreign person for purposes of U.S. income taxation, and this transaction is not otherwise exempt from FIRPTA, Closing Agent is instructed to withhold and pay the required amount to the Internal Revenue Service. Seller shall pay any fees incurred by Buyer related to such withholding and payment.

If Seller fails to provide the FIRPTA certification to the Closing Agent within 10 days of mutual acceptance, Buyer may give notice that Buyer may terminate the Agreement at any time 3 days thereafter (the "Right to Terminate Notice"). If Seller has not earlier provided the FIRPTA certification to the Closing Agent, Buyer may give notice of termination of this Agreement (the "Termination Notice") any time following 3 days after delivery of the Right to Terminate Notice. If Buyer gives the Termination Notice before Seller provides the FIRPTA certification to the Closing Agent, this Agreement is terminated and the Earnest Money shall be refunded to Buyer.

P.S. 3-2-26 NB. 3-2-26
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

VACANT LAND PURCHASE AND SALE AGREEMENT
General Terms

- j. Notices and Delivery of Documents.** Any notice related to this Agreement (including revocations of offers or counteroffers) must be in writing. Notices to Seller must be signed by at least one Buyer and shall be deemed delivered only when the notice is received by Seller, by Listing Broker, or at the licensed office of Listing Broker. Notices to Buyer must be signed by at least one Seller and shall be deemed delivered only when the notice is received by Buyer, by Buyer Broker, or at the licensed office of Buyer Broker. Documents related to this Agreement, such as NWMLS Form 17C, Information on Lead-Based Paint and Lead-Based Paint Hazards, Public Offering Statement or Resale Certificate, and all other documents shall be delivered pursuant to this paragraph. Buyer and Seller must keep Buyer Broker and Listing Broker advised of their whereabouts in order to receive prompt notification of receipt of a notice.
- Facsimile transmission of any notice or document shall constitute delivery. E-mail transmission of any notice or document (or a direct link to such notice or document) shall constitute delivery when: (i) the e-mail is sent to both Buyer Broker and Buyer Brokerage Firm or both Listing Broker and Listing Brokerage Firm at the e-mail addresses specified on page one of this Agreement; (ii) Buyer Broker or Listing Broker provide written acknowledgment of receipt of the e-mail (an automatic e-mail reply does not constitute written acknowledgment); or (iii) if a party is unrepresented, the e-mail is sent directly to the party's e-mail address specified on page one of this Agreement. At the request of either party, or the Closing Agent, the parties will confirm facsimile or e-mail transmitted signatures by signing an original document.
- k. Computation of Time.** Unless otherwise specified in this Agreement, any period of time measured in days and stated in this Agreement shall start on the day following the event commencing the period and shall expire at 9:00 p.m. of the last calendar day of the specified period of time. Except for the Possession Date, if the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of 5 days or less, except for any time period relating to the Possession Date, shall not include Saturdays, Sundays or legal holidays. If the parties agree that an event will occur on a specific calendar date, the event shall occur on that date, except for the Closing Date, which, if it falls on a Saturday, Sunday, legal holiday as defined in RCW 1.16.050, or day when the county recording office is closed, shall occur on the next day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed. When counting backwards from Closing, any period of time measured in days shall start on the day prior to Closing and if the last day is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050, the specified period of time shall expire on the next day, moving forward, that is not a Saturday, Sunday or legal holiday (e.g. Monday or Tuesday). If the parties agree upon and attach a legal description after this Agreement is signed by the offeree and delivered to the offeror, then for the purposes of computing time, mutual acceptance shall be deemed to be on the date of delivery of an accepted offer or counteroffer to the offeror, rather than on the date the legal description is attached. Time is of the essence of this Agreement.
- l. Integration and Electronic Signatures.** This Agreement constitutes the entire understanding between the parties and supersedes all prior or contemporaneous understandings and representations. No modification of this Agreement shall be effective unless agreed in writing and signed by Buyer and Seller. The parties acknowledge that a signature in electronic form has the same legal effect and validity as a handwritten signature.
- m. Assignment.** Buyer may not assign this Agreement, or Buyer's rights hereunder, without Seller's prior written consent, unless the parties indicate that assignment is permitted by the addition of "and/or assigns" on the line identifying the Buyer on the first page of this Agreement.
- n. Default.** In the event Buyer fails, without legal excuse, to complete the purchase of the Property, then the following provision, as identified in Specific Term No. 7, shall apply:
- i. Forfeiture of Earnest Money.** That portion of the Earnest Money that does not exceed five percent (5%) of the Purchase Price shall be forfeited to the Seller as the sole and exclusive remedy available to Seller for such failure.
 - ii. Seller's Election of Remedies.** Seller may, at Seller's option, (a) keep the Earnest Money as liquidated damages as the sole and exclusive remedy available to Seller for such failure, (b) bring suit against Buyer for Seller's actual damages, (c) bring suit to specifically enforce this Agreement and recover any incidental damages, or (d) pursue any other rights or remedies available at law or equity.
- o. Professional Advice and Attorneys' Fees.** Buyer and Seller are advised to seek the counsel of an attorney and a certified public accountant to review the terms of this Agreement. Buyer and Seller shall pay their own fees incurred for such review. However, if Buyer or Seller institutes suit against the other concerning this Agreement, or if the party holding the Earnest Money commences an interpleader action, the prevailing party is entitled to reasonable attorneys' fees and expenses.
- p. Offer.** This offer must be accepted by 9:00 p.m. on the Offer Expiration Date, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is received by the other party, by the other party's broker, or at the licensed

P.S. 3-2-26 NS 3-2-26 _____ _____ _____ _____
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

VACANT LAND PURCHASE AND SALE AGREEMENT
General Terms

- office of the other party's broker pursuant to General Term j. If this offer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. 162 163
- q. Counteroffer.** Any change in the terms presented in an offer or counteroffer, other than the insertion of or change to Seller's name and Seller's warranty of citizenship status, shall be considered a counteroffer. If a party makes a counteroffer, then the other party shall have until 9:00 p.m. on the counteroffer expiration date to accept that counteroffer, unless sooner withdrawn. Acceptance shall not be effective until a signed copy is received by the other party, the other party's broker, or at the licensed office of the other party's broker pursuant to General Term j. If the counteroffer is not so accepted, it shall lapse and any Earnest Money shall be refunded to Buyer. 164 165 166 167 168 169
- r. Offer and Counteroffer Expiration Date.** If no expiration date is specified for an offer/counteroffer, the offer/counteroffer shall expire 2 days after the offer/counteroffer is delivered by the party making the offer/counteroffer, unless sooner withdrawn. 170 171 172
- s. Agency Disclosure.** Buyer Brokerage Firm, Buyer Brokerage Firm's Designated Broker, Buyer Broker's Branch Manager (if any) and Buyer Broker's Managing Broker (if any) represent the same party that Buyer Broker represents. Listing Brokerage Firm, Listing Brokerage Firm's Designated Broker, Listing Broker's Branch Manager (if any), and Listing Broker's Managing Broker (if any) represent the same party that the Listing Broker represents. All parties acknowledge receipt of the pamphlet entitled "Real Estate Brokerage In Washington." 173 174 175 176 177
- t. Brokerage Firm Compensation.** Seller and Buyer shall pay compensation in accordance with any listing or compensation agreement to which they are a party. The Listing Brokerage Firm's compensation shall be paid as specified in the listing agreement. The compensation offered by Seller to the Buyer Brokerage Firm, if any, is set forth in Specific Term No. 18(a), and if there is any inconsistency between the Buyer Brokerage Firm compensation offered and the description of the offered compensation stated in Specific Term No. 18(a), the terms shall be as set forth in the published offer. Seller shall pay the Buyer Brokerage Firm compensation set forth in Specific Term No. 18(b). Amounts described as a percentage in Specific Term No. 18(a) or 18(b) shall be a percentage of the Purchase Price unless otherwise specified by the parties. Seller and Buyer hereby consent to Listing Brokerage Firm or Buyer Brokerage Firm receiving compensation from more than one party. Seller and Buyer hereby assign to Listing Brokerage Firm and Buyer Brokerage Firm, as applicable, a portion of their funds in escrow equal to such compensation and irrevocably instruct the Closing Agent to disburse the compensation directly to the Firm(s). In any action by Listing or Buyer Brokerage Firm to enforce this paragraph, the prevailing party is entitled to court costs and reasonable attorneys' fees. Seller and Buyer agree that the Firms are intended third-party beneficiaries under this Agreement. 178 179 180 181 182 183 184 185 186 187 188 189 190
- u. Subdivision.** If the Property must be subdivided, Seller represents that there has been preliminary plat approval for the Property and this Agreement is conditioned on the recording of the final plat containing the Property on or before the date specified in Specific Term No. 14. If the final plat is not recorded by such date, this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 191 192 193 194
- v. Feasibility Contingency.** Unless satisfied/waived, Buyer shall have the time period set forth in Specific Term No. 15 to verify the suitability of the Property for Buyer's intended use, including whether the Property can be platted, developed and/or built on (now or in the future) and what it will cost to do so. Buyer should not rely on any oral statements concerning this made by Seller, Listing Broker or Buyer Broker. Buyer should inquire at the city or county, and water, sewer or other special districts in which the Property is located. Buyer's inquiry should include, but not be limited to: building or development moratoriums applicable to or being considered for the Property; any special building requirements, including setbacks, height limits or restrictions on where buildings may be constructed on the Property; whether the Property is affected by a flood zone, wetlands, shorelands or other environmentally sensitive areas; road, school, fire and any other growth mitigation or impact fees that must be paid; the procedure and length of time necessary to obtain plat approval and/or a building permit; sufficient water, sewer and utility and any service connection charges; and all other charges that must be paid. Buyer and Buyer's agents, representatives, consultants, architects and engineers shall have the right, from time to time during and after the feasibility contingency, to enter onto the Property and to conduct any tests or studies that Buyer may need to ascertain the condition and suitability of the Property for Buyer's intended purpose. Buyer shall restore the Property and all improvements on the Property to the same condition they were in prior to the inspection. Buyer shall be responsible for all damages resulting from any inspection of the Property performed on Buyer's behalf. Seller shall cooperate with Buyer in obtaining permits or other approvals Buyer may reasonably require for Buyer's intended use of the Property; provided that Seller shall not be required to incur any liability or expenses in doing so. If Buyer does not give notice of disapproval on or before the time period set forth in Specific Term No. 15, this feasibility contingency shall conclusively be deemed satisfied. If Buyer gives timely notice of disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. The Feasibility Contingency Addendum (NWMLS Form 35F), if included in the Agreement, supersedes the Feasibility Contingency in Specific Term No. 15 and this General Term v. 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216

RS. 3-2-26 NS. 3-2-26

Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

VACANT LAND PURCHASE AND SALE AGREEMENT
General Terms

- w. Information Verification Period.** Unless satisfied/waived, Buyer shall have the time period set forth in Specific Term No.16 (10 days after mutual acceptance if not filled in) to verify all information provided from Seller or Listing Brokerage Firm related to the Property. This contingency shall be deemed satisfied unless Buyer gives notice identifying the materially inaccurate information within the time period set forth in Specific Term No. 16. If Buyer gives timely notice under this section, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 216-220
- x. Property Condition Disclaimer.** Buyer and Seller agree, that except as provided in this Agreement, all representations and information regarding the Property and the transaction are solely from Seller or Buyer, and not from any Broker. The parties acknowledge that the Brokers are not responsible for assuring that the parties perform their obligations under this Agreement and that none of the Brokers has agreed to independently investigate or confirm any matter related to this transaction except as stated in this Agreement, or in a separate writing signed by such Broker. Brokers make no representation concerning: (i) the lot size, boundaries, or accuracy of any information provided by Seller; (ii) the square footage of any improvements on the Property; or (iii) whether there are any encroachments (e.g., fences, rockeries, buildings) on the Property, or by the Property on adjacent properties. Buyer is advised to verify lot size, square footage, and encroachments to Buyer's satisfaction. In addition, Brokers do not guarantee the value, quality or condition of the Property and some properties may contain building materials, including siding, roofing, ceiling, insulation, electrical, and plumbing, that have been the subject of lawsuits and/or governmental inquiry because of possible defects or health hazards. Some properties may have other defects arising after construction, such as drainage, leakage, pest, rot and mold problems. In addition, some properties may contain soil or other contamination that is not readily apparent and may be hazardous. Brokers do not have the expertise to identify or assess defective or hazardous products, materials, or conditions. Buyer is urged to use due diligence to inspect the Property to Buyer's satisfaction and to retain inspectors qualified to identify the presence of defective or hazardous materials and conditions and evaluate the Property as there may be defects and hazards that may only be revealed by careful inspection. Buyer is advised to investigate whether the Property is suitable for Buyer's intended use and to ensure the water supply is sufficient to meet Buyer's needs. Buyer is advised to investigate the cost of insurance for the Property, including, but not limited to homeowner's, fire, flood, earthquake, landslide, and other available coverage. Buyer acknowledges that local ordinances may restrict short term rentals of the Property. Brokers may assist the parties with locating and selecting third-party service providers, such as inspectors or contractors, but Brokers cannot guarantee or be responsible for the services provided by those third parties. The parties shall exercise their own judgment and due diligence regarding third-party service providers. 221-244
- y. Fair Housing.** Seller and Buyer acknowledge that local, state, and federal fair housing laws prohibit discrimination based on sex, marital status, sexual orientation, gender identity, race, creed, color, religion, caste, national origin, citizenship or immigration status, families with children status, familial status, honorably discharged veteran or military status, the presence of any sensory, mental, or physical disability, or the use of a support or service animal by a person with a disability. 245-249
- z. Financial Crimes Enforcement Network (FinCEN) Real Estate Reporting.** Section 1010.821 of Chapter 31 of the Code of Federal Regulations ("Code") requires that certain residential real estate transactions purchased with all cash or without institutional lender financing, where at least one buyer is a legal entity, limited liability company, corporation, partnership, trust, trustee, or other non-natural person, must be reported to the United States Treasury Department's Financial Crimes Enforcement Network ("FinCEN Report"). 250-254
- If this transaction is subject to the FinCEN Report, then Seller and Buyer shall, no later than Closing, provide to the Closing Agent the information and documentation necessary to enable the Closing Agent to complete the FinCEN Report. Such information and documentation includes the full legal name, date of birth, residential street address, and the IRS taxpayer identification number of the beneficial owners of the Buyer, as further defined and described in the Code. Buyer shall also pay all costs and fees to prepare and file the FinCEN Report. 255-259

P.S. 3-2-26 N.B. 3-2-26

Buyer's Initials

Date

Buyer's Initials

Date

Seller's Initials

Date

Seller's Initials

Date

**OPTIONAL CLAUSES ADDENDUM TO
PURCHASE & SALE AGREEMENT**

The following is part of the Purchase and Sale Agreement dated March 02, 2026 1
between Pavel Savchuk Natalya Savchuk ("Buyer") 2
Buyer Buyer
and Sudden Valley Community Associ ("Seller") 3
Seller Seller
concerning 63 Louise View Drive Bellingham WA 98229 (the "Property"). 4
Address City State Zip

CHECK IF INCLUDED: 5

1. **Title Insurance.** The Title Insurance clause in the Agreement provides Seller is to provide the then-current ALTA 6
form of Homeowner's Policy of Title Insurance. The parties have the option to provide less coverage by selecting 7
a Standard Owner's Policy or more coverage by selecting an Extended Coverage Policy: 8

- Standard Owner's Coverage.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense, to 9
apply for the then-current ALTA form of Owner's Policy of Title Insurance, together with homeowner's 10
additional protection and inflation protection endorsements, if available at no additional cost, rather than 11
the Homeowner's Policy of Title Insurance. 12
- Extended Coverage.** Seller authorizes Buyer's lender or Closing Agent, at Seller's expense to apply for 13
an ALTA or comparable Extended Coverage Policy of Title Insurance, rather than the Homeowner's 14
Policy of Title Insurance. Buyer shall pay the increased costs associated with the Extended Coverage 15
Policy, including the excess premium over that charged for Homeowner's Policy of Title Insurance and 16
the cost of any survey required by the title insurer. 17

2. **Seller Cleaning.** Seller shall clean the interiors of any structures and remove all trash, debris and rubbish 18
from the Property prior to Buyer taking possession. 19

3. **Personal Property.** Unless otherwise agreed, Seller shall remove all personal property from the Property 20
not later than the Possession Date. Any personal property remaining on the Property thereafter shall become 21
the property of Buyer, and may be retained or disposed of as Buyer determines. 22

4. **Utilities.** To the best of Seller's knowledge, Seller represents that the Property ^{HAS THE FOLLOWING AVAILABLE} is connected to: 23
 public water main; public sewer main; septic tank; well (specify type) _____; 24
 irrigation water (specify provider) _____; natural gas; telephone; electricity; 25
 cable (specify provider) Comcast; internet (specify provider) Xfinity; 26
 other _____ 27

5. **Insulation - New Construction.** If this is new construction, Federal Trade Commission Regulations require 28
the following to be filled in. If insulation has not yet been selected, FTC regulations require Seller to furnish 29
Buyer the information below in writing as soon as available: 30

WALL INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE: _____ 31
CEILING INSULATION: TYPE: _____ THICKNESS: _____ R-VALUE: _____ 32
OTHER INSULATION DATA: _____ 33

6. **Leased Property Review Period and Assumption.** Buyer acknowledges that Seller leases the following 34
items of personal property that are included with the sale: propane tank; security system; satellite 35
dish and operating equipment; other _____ 36

Seller shall provide Buyer a copy of the lease for the selected items within _____ days (5 days if not filled 37
in) of mutual acceptance. If Buyer, in Buyer's sole discretion, does not give notice of disapproval within 38
_____ days (5 days if not filled in) of receipt of the lease(s) or the date that the lease(s) are due, whichever 39
is earlier, then this lease review period shall conclusively be deemed satisfied (waived) and at Closing, Buyer 40

P.S. 3-2-26 N.S. 3-2-26
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

**OPTIONAL CLAUSES ADDENDUM TO
PURCHASE & SALE AGREEMENT**

Continued

shall assume the lease(s) for the selected item(s) and hold Seller harmless from and against any further obligation, liability, or claim arising from the lease(s), if the lease(s) can be assumed. If Buyer gives timely notice of disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer.

7. **Homeowners' Association Review Period.** If the Property is subject to a homeowners' association or any other association, then Seller shall, at Seller's expense, provide Buyer a copy of the following documents (if available from the Association) within _____ days (10 days if not filled in) of mutual acceptance:
- a. Association rules and regulations, including, but not limited to architectural guidelines;
 - b. Association bylaws and covenants, conditions, and restrictions (CC&Rs);
 - c. Association meeting minutes from the prior two (2) years;
 - d. Association Board of Directors meeting minutes from the prior six (6) months; and
 - e. Association financial statements from the prior two (2) years and current operating budget.

If Buyer, in Buyer's sole discretion, does not give notice of disapproval within _____ days (5 days if not filled in) of receipt of the above documents or the date that the above documents are due, whichever is earlier, then this homeowners' association review period shall conclusively be deemed satisfied (waived). If Buyer gives timely notice of disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer.

8. **Homeowners' Association Transfer Fee.** If there is a transfer fee imposed by the homeowners' association or any other association (e.g. a "move-in" or "move-out" fee), the fee shall be paid by the party as provided for in the association documents. If the association documents do not provide which party pays the fee, the fee shall be paid by Buyer; Seller (Seller if not filled in).

9. **Excluded Item(s).** The following item(s), that would otherwise be included in the sale of the Property, is excluded from the sale ("Excluded Item(s)"). Seller shall repair any damage to the Property caused by the removal of the Excluded Item(s). Excluded Item(s):

10. **Home Warranty.** Buyer and Seller acknowledge that home warranty plans are available which may provide additional protection and benefits to Buyer and Seller. Unless completed below, the parties waive ordering of a home warranty policy in connection with this Agreement:

- a. Home warranty provider: _____
- b. Seller shall pay up to \$_____ (\$0.00 if not filled in) of the cost for the home warranty, together with any included options, and Buyer shall pay any balance.
- c. Home warranty coverage period: _____ (one year, if not filled in).
- d. Options to be included: _____
_____ (none, if not filled in).
- e. Other: _____

11. **Other.**

1) Regarding Item #8 above (Homeowners' Association Transfer Fee), the total cost to the Buyer at closing is \$150.00.

P.S. 3-2-26 N.S. 3-2-26
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

FEASIBILITY CONTINGENCY ADDENDUM

The following is part of the Purchase and Sale Agreement dated March 2, 2026 1
between Pavel Savchuk Natalya Savchuk ("Buyer") 2
Buyer Buyer
and Sudden Valley Community Assoc. ("Seller") 3
Seller Seller
concerning 63 Louise View Drive Bellingham WA 98229 (the "Property"). 4
Address City State Zip

1. **FEASIBILITY CONTINGENCY.** Buyer shall verify within 30 days (20 days if not filled in) after mutual acceptance (the "Feasibility Contingency Expiration Date") the suitability of the Property for Buyer's intended use. This feasibility contingency shall conclusively be deemed waived unless Buyer gives notice of disapproval on or before the Feasibility Contingency Expiration Date. If Buyer gives a timely notice of disapproval, then this Agreement shall terminate and the Earnest Money shall be refunded to Buyer. 5-9
2. **BUYER DUE DILIGENCE.** Buyer should not rely on any oral statements concerning the Property made by the Seller, Listing Broker or Buyer Broker. Buyer should inquire at the city or county, and water, sewer or other special districts in which the Property is located. Buyer's inquiry shall include, but not be limited to: whether the Property can be platted, developed and/or built on (now or in the future) and the related costs; building or development moratoria applicable to or being considered for the Property; any special building requirements, including setbacks, height limits or restrictions on where buildings may be constructed on the Property; whether the Property is affected by a flood zone, wetlands, shorelands or other environmentally sensitive area; road, school, fire and any other growth mitigation or impact fees that must be paid; the procedure and length of time necessary to obtain plat approval and/or a building permit; sufficient water, sewer and utility and any services connection charges; all other charges that must be paid. 10-19
3. **PROPERTY ACCESS.** Buyer and Buyer's agents, representatives, consultants, architects and engineers shall have the right, from time to time during the feasibility contingency, to enter onto the Property and to conduct any tests or studies that Buyer may need to ascertain the condition and suitability of the Property for Buyer's intended purpose. Buyer shall restore the Property and all improvements on the Property to the same condition they were in prior to the inspection. Buyer shall be responsible for all damages resulting from any inspection of the Property performed on Buyer's behalf. Seller shall cooperate with Buyer in obtaining permits or other approvals Buyer may reasonably require for Buyer's intended use of the Property; provided that Seller shall not be required to incur any liability or expense in doing so. 20-27
4. **AGREEMENT TERMINATED IF NOTICE OF SATISFACTION NOT TIMELY PROVIDED.** If checked, this Agreement shall terminate and Buyer shall receive a refund of the Earnest Money unless Buyer gives notice to Seller on or before the Feasibility Contingency Expiration Date that the Property is suitable for Buyer's intended purpose. 28-31

P.S. 3-2-26 N.S. 3-2-26
Buyer's Initials Date Buyer's Initials Date Seller's Initials Date Seller's Initials Date

Exhibit-A
63 Louise View Drive
Bellingham, WA

Legal Description: Real property in the County of Whatcom, State of Washington, described as follows:

Lot 70, Plat of Sudden Valley, Division No. 30, according to the plat thereof, recorded in Volume 12 of plats, pages 72 to 75, inclusive, records of Whatcom County, Washington.

Situate in the Whatcom County, Washington.

Parcel Number: 370408 060033 0000

SUBJECT TO: Covenants, Conditions, Reservations, Restrictions, Rights, Declarations and Easements of Record.

Buyer: Paul Shu 3-2-26

Buyer: Natalya Govech 3-2-26

Seller: _____

Seller: _____

