



2025 - A Year in Reflection.

Our Association opened 2025 with a net surplus of \$27,492 from 2024. We ended the year with \$28,078 in debt plus additional balance sheet liabilities of \$30,118, and a deeply divided community. Costly mistakes were made in 2025, and we would do well to learn from the experience.

Last year the board of directors issued a \$250 'mandatory' Special Assessment based on \$192,020 of project costs; no actual budget was presented. This Special Assessment was not authorized. When it was later put to a vote of the Members, it was rejected. However, considerable funds were collected and subsequently expended on legal fees.

In February 2025, the Association voluntarily entered Chapter 11 bankruptcy, for reasons that, in hindsight, were entirely ill-advised. We were not bankrupt: we held \$31,313 in the bank at the time. The bankruptcy was initiated without the knowledge or approval of the Members. The court filing sought to impose increased regular annual assessments and to amend the bylaws to expand board authority. When eventually put to a vote in August, Members rejected the proposals, just as they rejected the Special Assessment. The federal bankruptcy court ultimately dismissed the whole bankruptcy case as "not a legitimate bankruptcy purpose" and "a bad faith filing". That dismissal ruling was subsequently reaffirmed by the judge in a continuation hearing. However, by then the Association had incurred \$83,168 in legal expenses.

The Members elected a new board of directors in September 2025, after the elections scheduled for May were postponed to August, only to be annulled, and reset to September. The day before your new board was seated, checks were written for \$30,163, effectively depleting the entire operating account and placing the Association in immediate financial distress. When the new board took over, the hope was that a new start could be made.

However, once the true nature of the financial crisis became evident, the focus necessarily turned to survival. Since then, the board and supporting committees have worked to stabilize the financial situation and develop a manageable outlook. Our accounting has been improved, our member database updated, our web presence enhanced, and basic facilities maintenance continued. Residual legal fees incurred last year have been negotiated down and deferred without interest cost. We have passed insurance inspections, and we will be able to reopen the pool. We have pursued open disclosure of information and hold interactive meetings. In 2026 the Association will return to a balanced budget, and a voluntary elective assessment in accordance with the Texas statutes.

Property Owners' Associations are an integral part of the system of property governance in the State of Texas. Whilst POA's are regulated by multiple statutes, the board of directors, once elected, has great power over the affairs and finances of the association, and the members have very little recourse. **If we take away only one lesson from 2025 it should be this: Members should choose very carefully who they elect and empower to conduct the affairs of their Association.**

We currently have a dedicated and accountable board, supported by many volunteers committed to the successful operation of the Association. We remain, by design, entirely dependent on, and accountable to our Members.