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Loan Given for Plow Truck

August 20, 2025

The Board of Directors has approved and moved forward to loan \$31,000.00 of HOA reserve funds to Michael Martin, the recent HOA snow plower, for the purchase of a 2nd plowing truck in order to serve our HOA better. Promissory Note (loan agreement), snow plow contract, and all other due-diligence records are available to members upon request. To request documents please email bod@9mileranchhoa.org.

A Little History...

Back around 2000 snow plowing for our HOA started small; not all roads were plowed as there were few members residing here, few members wanted access to their Lots during the winter, and not all Lots were sold. For many years the HOA hired a single driver with a plow on their pickup truck. Sanding was not performed by the HOA. Many plowers 'came and went' over the first 18 years or so, many of whom were not willing to continue the dangerous, inconsistent and demanding work of plowing mountain roads in the winter. Getting local plowers with the wherewithal to carry adequate commercial liability insurance was an issue also.

Over the years more and more members built homes here and/or required access to their Lots during the winter, thus more of the roads were plowed, and sanding became part of the winter regimen as well. The HOA's municipality-sized needs for winter maintenance were growing beyond what could easily be secured, resulting in yearly challenges for the Board to make sure winter maintenance could be provided. Our HOA needed to also somehow start securing local plowers who could guarantee plowing for our HOA as their first priority, which was also a challenge.

In 2019 the Board contracted winter maintenance out to 24-7 Property Maintenance from Omak, WA., a maintenance firm who could designate two plowing trucks to our HOA and also provide sanding. Their service was professional but at times they could not guarantee 9MR being 'same day priority' over their existing Omak business and municipality commitments. They were also – like all other plowers hired to that point – only able to plow our roads using pickup-mounted snow plows which was becoming inadequate for our 32 miles of rough gravel roads.

In an attempt to improve HOA plowing services for 2022 the Board hired Okanogan Plowing to plow in addition with 24-7 Property Maintenance. Okanogan Plowing responded well for us as their priority but experienced challenges in making their pickup-mounted plow and liability insurance perform adequately. In 2024 Okanogan Plowing closed their business, and thankfully the owner of 24-7 cultivated and created a separate satellite plower for us (long-time reputable businessman Michael Martin) dedicated to plowing us alone as his priority... and also to plow using a municipal-sized/duty 12'-wide plow truck! Service was much improved, both in response and in quality and efficiency of plowing. Sanding service was also greatly improved.

Recently Mr. Martin, with the support of the owner of 24-7, offered to make 9MR his main and first priority under his own company. He also needed a 2nd truck in order to get everyone plowed out in a timely manner. He approached the Board suggesting that the HOA finance the truck purchase. After much Board/Committee discussion, legal counsel, and due-diligence background research, legal documents were produced and signed to move forward with Martin purchasing a 2nd municipal-sized plow truck, financed by the HOA. The loan term and plowing service agreement are for a 5-year term.

In Summary...

Our HOA is obligated to plow and keep reasonably safe 32 miles of roads during the winter months. We have grown to the point where all roads need to be plowed in a timely manner so that members can travel safely and access their lots within a realistic time period. Two trucks/operators are needed now to be able to get everyone plowed out within reasonable time, and heavier duty municipal-type plowing/sanding trucks are a much better and consistent solution for plowing.

The local existing market, of itself, offers no adequate consistent service solutions for our municipality-sized needs. This left our HOA with only two options:

1. Work creatively to co-op with a qualified local business entity, whereby sharing the risk and investment with them such that it succeeds within our HOA's current annual assessment rate and reserve funds, or
2. radically raise the annual assessment rates (on the order of 3X or more) and pursue a huge special assessment to create the HOA having its own plow trucks, equipment facilities, qualified maintenance employees, facilities properties... and somehow create all of this in a reliable manner over the years and being managed by competent consistent volunteers and/or hired managers/employees.

Obviously Option 1 above was most attractive to the Board as a successful solution and was acted upon.

Other Key Decision Factors

- The HOA has the funds to loan/invest in this small venture, and at very little risk. The HOA has current accumulated reserve funds for multiple concurrent 'worst-case' calculated/projected emergencies and uncontrollable above-average costs, and this loan risks only about \$5000 of that (ie. \$16.00 per lot) and for only one year. After the first annual loan payment from Mr. Martin our reserve fund will be back at the level to be able to pay for the very unlikely event of multiple concurrent financial emergencies happening in the same year. Feel free to email the Board asking for greater details about this.
- The HOA successfully co-opted in similar degree with another prior contractor many years ago for all the same types of reasons. Around 2010 the HOA loaned money for the road maintenance contractor to purchase a road rake, and that loan was paid back in several years through performance of services.
- Mr. Martin's credit and business history – as well as the value of his assets offered for collateral - were fully researched and found excellent.

Key Loan & Contract Features

- Michael Martin is a well-established and respected long-time contractor in the area. He has also already proven his winter road maintenance capabilities in prior years of snow plowing for the HOA.
- The HOA's contract with Mr. Martin makes the HOA his priority and focus for snowplowing.
- The loan is legally collateralized by vetted assets and protected for the full \$31,000 value, including:
 - all assets are properly registered through the U.S. Uniform Commercial Code (UCC).
 - the collateralized assets are 'perfected' to the name of Nine Mile Ranch Homeowners Association.
 - The assets (including the plow truck) are required to be maintained to current working condition at all times and records for such are required to be provided regularly.
 - All assets (and the plow truck) cannot be sold during the term of the contract.
- The plow truck and the assets are required to be insured during the term of the loan.
- The loan and service (plowing) contract are for (5) years, with each annual payment of \$6200 deducted from the invoicing of plowing and sanding.
- The loan is interest-free, which acts both as a buy-in for 9MR needing this vital public service and for helping Mr. Martin reasonably establish the service he will provide to 9MR.
- The 5-year service agreement facilitates and requires the plower to carry a \$2,000,000 minimum commercial liability insurance policy, which protects the HOA's liability insurance policy.