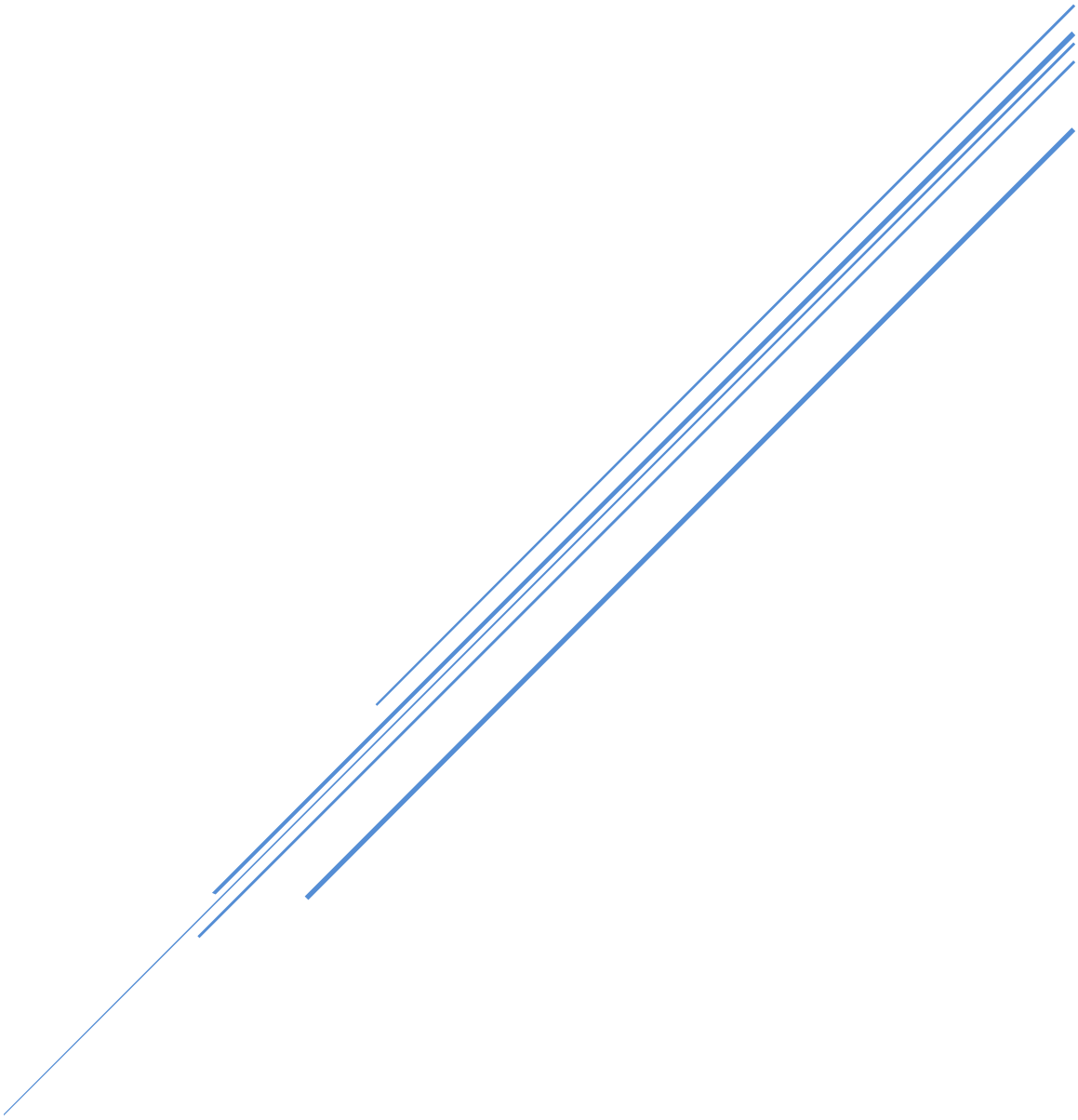
POWHATAN SHORS INITIATIVE.

Prepared by the PSHA Board of Volunteers.



11.07.2026

Powhatan Shores Initiative

Current HOA Structure

The existing HOA functions primarily as a voluntary property ownership entity, with additional overarching responsibilities that have been assumed and managed by the organization over time. The HOA is essentially a business entity that was created to own and care for the shared assets within the neighborhood. Subsequently, members of the HOA partake in the HOA's ownership and governing of these shared assets.

Governing Documents

The HOA's governing documents and bylaws are available to all members for review. The Board is currently conducting a comprehensive review of these documents and has identified several areas that may require clarification, revision, or updating to better address the neighborhood's current needs, the maintenance and preservation of its shared assets, and the effective governance of the association.

The Board intends to present all proposed amendments and recommended changes to the membership for review and consideration prior to the next membership vote, ensuring that property owners have an opportunity to become familiar with the proposed revisions before being asked to vote.

Problem Statement

Powhatan Shores Homeowners Association was established in the late 1970s as a voluntary membership organization. Today, the neighborhood's shared assets require a more reliable source of income, adequate reserves, and the ability to plan and potentially finance major capital projects, including canal dredging, boat ramp and bulkhead repairs or replacement, and park and playground improvements.

Under the current voluntary structure, membership and annual dues have remained limited, leaving the association without sufficient funds to address these growing maintenance and replacement costs. It also makes long-term financial planning difficult and limits the association's ability to demonstrate the consistent income and collection history that lenders may require when considering financing.

For example, approximately three years ago, the HOA received an estimate of $9,000.00 to repave the basketball court. This illustrates how even a single community improvement can represent a significant expense.

Without a more sustainable funding structure, necessary repairs may continue to be delayed while the canal, boat ramp, park, playground, and other shared assets deteriorate. Delaying maintenance can increase future costs and limit the options available to preserve these amenities.

The central issue is that the neighborhood needs a dependable structure to fund routine maintenance, build reserves, plan for future repairs, prioritize major projects, and obtain the membership approvals necessary to move forward.

Proposed HOA Structure and Covenant Amendments

Following a legal review by the HOA's attorney, Mrs. Nancy Williams, the Board understands that there is a process available to amend the Restrictive Covenants recorded in the deeds of property owners within Phases I and II of Powhatan Shores. This process could allow the community to establish a mandatory HOA structure, subject to the requirements of the governing documents and applicable law. The proposed amendments would require approval by a majority vote of the affected property owners to become effective.

A mandatory HOA would provide a more dependable source of income, allowing the association to collect assessments, establish budgets, build reserves, plan for future maintenance, and explore financing options for major improvements.

The Board believes the proposed HOA should have a limited scope of authority, with its primary purpose being the maintenance, repair, and preservation of the neighborhood's common assets. The mission of this proposed HOA is protect the values of it's members by upkeeping the common assets. The intention is not to create an extensive governing or enforcement organization that regulates individual property owners' choices, such as house colors, recreational vehicles parked in driveways, privacy fences or walls, and similar matters.

Instead, the Board envisions an HOA that relies primarily on James City County's existing codes, ordinances, and enforcement processes to address individual property maintenance and compliance. This approach would allow the HOA to focus its resources and responsibilities on protecting the community's shared assets rather than policing individual properties.

This change would not automatically authorize or approve future projects. Proposed improvements, costs, bids, budgets, financing, and any necessary assessments would still be presented for approval in accordance with the governing documents and applicable law.

The goal is to establish a structure that supports shared responsibility, informed decision-making, and long-term financial stability—not to give the Board unrestricted authority. Any authority to establish dues, levy special assessments, borrow funds, pledge association assets, or use reserves would remain subject to the amended governing documents, applicable law, and any required membership approvals.

Why Now?

Time is of the essence. Much of Powhatan Shores' infrastructure is aging, and the condition of the canal, park, boat ramp, playground, and bulkheads will not improve without action.

Homeowners are individually responsible for maintaining their own bulkheads, and failures requiring repair or replacement are already a concern. Because the bulkhead and canal systems are interconnected, problems with individual bulkheads can affect the overall system. Over time, soil erosion and shifting can also cause sediment to accumulate in the canal, reducing water depth and navigability. Eventually, portions or all of the canal may require dredging to remain usable for boating.

In addition to the bulkheads maintained by individual property owners, the HOA owns approximately 80 linear feet of bulkheading. The HOA should be prepared to maintain and repair this section, just as each property owner is expected to maintain the bulkheading associated with their own property.

Environmental restrictions present another potential concern. If any portion of the canal, or areas needed to access, maintain, or dredge it, is determined to be protected wetlands or regulated waters, future dredging or restoration could become significantly more difficult, expensive, and restricted. Depending on the environmental findings and permitting requirements, reclaiming those areas could become nearly impossible in practice.

This does not mean that any portion of the Powhatan Shores canal has already been designated as wetlands. However, it is a potential risk that should be investigated promptly with qualified environmental professionals and the appropriate agencies.

There is also a financial reason to act now. Chesapeake Bank has explained that an HOA seeking financing for major projects would need to demonstrate that it has the legal authority to borrow and the financial ability to repay the loan. This would include:

- Consistent assessment income and a history of collecting dues.
- A current operating budget and positive cash flow.
- Adequate operating and reserve balances.
- A delinquency rate generally below 10–15%.
- Reserves equal to at least 10% of annual income.
- An active Board, regular meetings, and reliable financial records.

For a large project such as canal dredging, the bank indicated that additional collateral beyond the ability to collect HOA assessments would likely be necessary. This could potentially include qualifying neighborhood-owned common property.

These are preliminary lending guidelines, not a loan approval or guarantee.

Establishing a mandatory HOA, collecting reliable assessments, building reserves, and developing a positive financial track record will take time. The neighborhood should not expect to qualify for financing immediately after restructuring.

Waiting only delays the process of establishing the financial history that a lender may eventually require. Meanwhile, the physical condition of the neighborhood's shared assets will continue to change, and potential environmental restrictions could further limit future options.

The immediate priority should be to establish the appropriate legal structure, investigate environmental conditions, inspect shared assets, obtain current repair estimates, and develop a realistic operating and reserve budget. This will put the neighborhood in a better position to make informed decisions and evaluate financing opportunities when the time comes.

Financial Impact

The cost of inaction must also be considered: deterioration can increase future repair costs, reduce recreational use, and place the practical navigability of the canal and the value associated with usable water access at risk.

The signed Real Estate Consulting / Market Analysis Opinion prepared by David L. Hertzler, II, identifies a market comparison in which properties with a creek view but no usable creek access sold at a 16% lower level than comparable properties with both a creek view and usable access. The report’s consulting opinion is that practical navigability and boating access contribute to the marketability and value of waterfront residential properties. The report is not an appraisal, does not determine a specific dollar loss for any Powhatan Shores property, and expressly cautions that the 16% comparison is based on the sales analyzed. For homeowner planning purposes, the 16% figure can be used as an illustrative, conservative scenario to understand the potential magnitude of value at risk if the canal becomes unnavigable; it should not be represented as a guaranteed or independently established loss for every lot.

What Happens Next

The first step is to hear from the community. The HOA Board proposes holding an official neighborhood meeting at a municipal building to answer questions, hear concerns, and gather feedback from property owners.

No changes will be made and no vote will be requested at this stage. The Board will first listen to the community, address questions, and determine whether there is sufficient support to move forward with developing a formal proposal.

The Board members are your neighbors, volunteering their time to protect and maintain the community's shared assets. If you are interested in helping, we encourage you to get involved.

If there is sufficient community support, the Board will begin developing a long-term capital improvement plan based on inspections, identified needs, and actual cost estimates. This plan will look beyond year-to-year operating needs and consider projects that may be five or more years in the future. It will identify anticipated repairs and improvements, establish priorities and potential timelines, and evaluate financing options for larger projects. The findings and proposed plan will then be brought back to the community for further discussion.

This is an initial step in a longer process. A formal proposal and membership vote are still several months away. Property owners will have opportunities to ask questions, review the information, and consider any proposed changes before a vote is requested.

Powhatan Shores Phase I & II

(All **Non-Grey** colored lots are located within the Phases I & II)



REAL ESTATE CONSULTING / MARKET ANALYSIS OPINION

Powhatan Shores Subdivision – Powhatan Shores Canal

THIS REPORT IS A MARKET ANALYSIS / CONSULTING REPORT AND IS NOT AN APPRAISAL AS DEFINED IN § 54.1-2009 OF THE CODE OF VIRGINIA. NO OPINION OF THE MARKET VALUE OF ANY SPECIFIC PROPERTY IS PROVIDED.

Client:	Vince Campana
Intended User(s):	Vince Campana
Intended Use:	To provide a market-based consulting opinion concerning the relationship between navigable/usable water access and residential property values within or relevant to the Powhatan Shores subdivision.
Effective Date of Analysis:	September 15, 2026
Date of Report:	September 15, 2026

Purpose of the Assignment

The purpose of this consulting assignment is to analyze market evidence concerning whether practical, navigable water access contributes to the value and marketability of residential waterfront properties. The assignment does not develop or report an opinion of the market value of any individual property.

Scope of Work

The analysis included review of available sales and market information for waterfront and water-view properties considered relevant to the question presented. Particular attention was given to sales that permit comparison of properties having usable creek or boating access with properties having water views but limited or no practical access because of marsh, shallow water, or similar physical conditions. The workfile contains the sales data, source documents, calculations, photographs/maps if relied upon, and notes supporting the comparisons and conclusions stated in this report.

Market Evidence and Analysis

My research identified several lot sales that, when compared side by side, indicate a lower market price for properties having a creek view but no usable creek access because of marsh conditions than for properties having both a creek view and usable creek access. This comparison showed a 16% lower value for the creek view versus creek access. These comparisons indicate that market participants may recognize value not only in the visual amenity of waterfront, but also in the practical ability to access and use the water.

I also reviewed a riverfront comparison involving differences in water depth and boating accessibility. In that comparison, the shallow-water riverfront property reflected a sale price 36.8% lower than the riverfront property having deeper water accessible by motorboat. This percentage is specific to the sales analyzed and is not presented as a universal adjustment or as a forecast that every Powhatan Shores property would experience the same percentage change.

Consulting Opinion

Based upon the market data analyzed in this assignment, it is my opinion that practical navigability and boating access are characteristics that contribute to the marketability and value of waterfront residential property. The sales reviewed demonstrate a market distinction between water-view properties lacking practical water access and properties having usable water access.

Accordingly, if the Powhatan Shores Canal were not navigable and no longer provided practical boating access, the canal-front properties would lose an amenity that the market evidence indicates has value. Based

on the comparisons reviewed, I would expect that loss of usable access to have a negative effect on the marketability and value of affected canal-front properties, all else being equal. This report does not quantify a specific dollar or percentage diminution in value for any individual Powhatan Shores property.

Assumptions and Limiting Conditions

This analysis assumes that the sales and property information relied upon are accurate as reported by the sources identified in the workfile. No engineering, hydrographic, environmental, legal, or title opinion is provided. Any statement concerning navigability, water depth, marsh conditions, or boating access is based on information identified in the workfile and is used only for purposes of the market analysis. Individual property values may also be affected by improvements, condition, lot size, location, view quality, docks, shoreline characteristics, timing of sale, market conditions, and other factors.

Appraiser / Consultant Disclosure

I am providing this analysis in my professional capacity as a real estate appraiser; however, this assignment is a real estate consulting / market analysis assignment and is not an appraisal of market value. My appraiser credential is identified below for professional identification and does not convert this consulting report into an appraisal report.

Respectfully submitted,



David L. Hertzler, II

Certified General Appraiser

Virginia License No.: 4001 003030

Date Signed: 9/21/26

Chesapeake Bank Loan Correspondence

Vince Campana

From: Leigh H. Houghland <lhoughland@ches.bank>
Sent: Tuesday, September 15, 2026 7:39 AM
To: Vince Campana
Cc: Leigh H. Houghland
Subject: RE: HOA Loan

Hey Vince,

Thanks for reaching out. As you know, Chesapeake has financed a number of projects for local HOA's.

Here are some of the boxes that any HOA needs to check to qualify for a bank loan:

- HOA has the legal authority to incur debt
  - Evidence that borrowing is permitted under the governing documents (or homeowner approval if required)
- Financial ability to service the debt
  - Current budget
  - Assessment collection history
  - Operating and reserve account balances
  - Stable or increasing assessment income
- Important benchmarks
  - Delinquency rate below 10-15%
  - Reserve balances equal to at least 10% of annual income
  - Consistent collection of dues
  - Positive operating cashflows
- Active board, regular meetings, good records

In the case of the large canal dredging project we discussed, the bank, in addition to taking a lien on HOA dues, would likely need additional collateral. You mentioned that the neighborhood potentially has some common areas which it could pledge.

Vince, happy to answer any additional questions or come speak to a larger group within your neighborhood.

Best, Leigh



Leigh H. Houghland
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Where to find future information

Powhatan Shores Website:

https://powhatanshores.org

Powhatan Shores Facebook Page:

https://www.facebook.com/share/g/1FXtH9wL5r/