

Why The Need for Such A Large Increase?

- We have a leach field that is failing and other individual septic tank issues that were identified when Stone did the pumping in September.
- Pricing is higher than we expected or have been planning for since our last leach field replacement in 2021.
 - This made the long-term projection costs much higher and therefore made our reserves less for future failures
- A majority of our leach fields that have not been replaced were installed in 1994, 1995, and 1996. The newest of these leach fields are going on 30 years in 2026. The board is concerned that if we have numerous leach fields fail at once and we do not have enough money in reserves going forward for replacement costs.
- As our infrastructure ages (septic tanks, leach fields, etc.), we need to plan for replacement and unexpected failures.
- Even with the \$20 increase in monthly dues, we will still pull funds from our reserves and not add any money to the reserves in 2026.
- Out of our 39 leaches in the Sherman Pines HOA, we have 23 that are shared leach fields. 21 – three homes, 2 – two homes, and 16 – single home leach fields. We have a shared responsibility as HOA to maintain our septic systems and leach fields as part of the by-laws when the development was approved to be built.
- New York State Department of Environmental Conservation was asking us about forming a sewer district and the board had to provide a lot of information on our reserves, pumping schedule, how close we were to waterways, etc. Luckily then went dormant after we provided the requested information but at any time they could ask for additional information and get more involved in our state of affairs.
- Based on our 30-year projection, the following number of leach fields have potential to fail over the next couple of years.

1994 Installed	1995 Installed	1996 Installed	1997 Installed	1998 Installed
3 Triple Home Leach field	1 Triple Home Leach field	3 Triple Home Leach field	2 Triple Home Leach field	1 Triple Home Leach field
1 Double Home Leach field	3 Single Home Leach field	4 Single Home Leach field	3 Single Home Leach field	1 Double Home Leach field
2 Single Home Leach field				
Estimated Costs Based on 2025 Figures				
\$150,080	\$69,020	\$150,360	\$104,020	\$57,400

- Our current reserves would cover the costs for 1994 and 1995 replacements. The additional 312K that could be anticipated by 2028 would have to be covered by increases in monthly dues or special assessments to each homeowner. This shows that we would need to collect at least \$156 in additional dues per homeowner per month over a two-year period (2027 & 2028) if all leach fields fail in a short period of time.

What was the timing on replacement so far with those that have been replaced?

- 1994 replaced 2021 (27 years)
- 1994 replaced 2004 (10 years)
- 1994 replaced 2004 (10 years)
- 1994 replaced 2012 (18 years)
- 1994 replaced 2012 (18 years)
- 1994 replaced 2021 (27 years)
- 1994 replaced in 2010 (16 years)
- 1997 replaced 2004 and 2007 (7 years & 3 years)
- 1997 replaced 2021 (24 years)
- 2000 replaced 2010 and 2016 (10 years & 6 years)

Why was this not foreseen as a board?

- The last three years, the board set a budget knowing that we would not be adding anything or very little if expenses came in under budget to our reserves fund.
- We had a couple of years of more tree related expenses than planned.
- The reserves have been decreasing for the last four years, showing that our yearly expenses have been outpacing the amount of our monthly dues.
- We have a handful of homeowners that are not paying their dues and therefore the HOA needs to engage a lawyer and pay those lawyer fees up front before they are then assessed against the homeowner.
- The board has tried to maintain a lower monthly dues for a few different reasons.
 - Pushback from homeowners on previous increases in the past.
 - Keep dues low for anyone selling their homes to make it attractive for potential buyers.

How has the monthly dues progressed over time?

- The HOA has only had a \$14 increase in dues since 2006. \$34 including the 2026 budget increase.
- The HOA dues have not kept pace with inflation or expenses.
- See the calculations below for reference:

Year	Inflation	Dues	Expected Dues	Board Actions	Proposed Reserve Fund Contribution
2006		41	42.05		
2007	4.10	42	43.08	HOA Raised dues to \$42	15000
2008	0.10	43.08	44.18	HOA Raised dues to \$45	18500
2009	2.70	44.18	45.31		18000
2010	1.50	45.31	46.47		17000
2011	3.00	46.47	47.67		17000
2012	1.70	47.67	48.89		17000
2013	1.50	48.89	50.14		15000
2014	0.80	50.14	51.43		15000
2015	0.70	51.43	52.74		15000
2016	2.10	52.74	54.10		15000
2017	2.10	54.10	55.48		10000
2018	1.90	55.48	56.90	HOA Raised dues to \$46	12000
2019	2.30	56.90	58.36		10000
2020	1.40	58.36	59.86		10000
2021	7.00	59.86	61.39		38000
2022	6.50	61.39	62.97	HOA Raised dues to \$48	10000
2023	3.40	62.97	64.58		0
2024	2.90	64.58	66.24	HOA Raised dues to \$50	0
2025	3.00	66.24	67.93	HOA Raised dues to \$55	0
2026				HOA Raised dues to \$75	25000

Average Inflation	.026				
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What Are Our Options as A HOA To Raise Money?

- The monthly dues are the easiest and most effective to raise the money needed for the HOA. This allows us to minimize the impact of any need for large increases.
- A special assessment is an option which would be a one-time large request per homeowner. Based on our projections, this would be several thousand dollars per homeowner. This is very hard on the homeowner, very difficult for the HOA to collect, and would be “on top” of the normal monthly dues at that time.
- Can the HOA take out a loan if needed? Although it would be technically possible to take a loan as a HOA, it would be hard since we do not have anything that the HOA owns except some common land which is not buildable and not very valuable to put up as collateral.

What Can We Expect for Monthly Dues Going Forward?

- Each year a budget is built based on the expected costs for that year. In years passed we have planned for a 10-15K reserve fund. We have not planned for reserves for the last few years in our budgets and we need to go back to that for future budgets.
- We should expect to see an increase of 5% to 10% each year in our monthly dues to keep up with rising costs and inflation.
- The board of the association has a fiscal responsibility as a not-for-profit corporation.
 - Nonprofit board members have a range of critical responsibilities essential for effective governance and organizational success. These responsibilities are grounded in legal duties—duty of care, duty of loyalty, and duty of obedience—which require board members to act responsibly, in the organization’s best interest, and in compliance with laws, regulations, and the nonprofit’s bylaws.
- The board of directors has an obligation to follow our by-laws and a moral obligation to make sure we maintain adequate reserves to protect all the property values within the HOA.