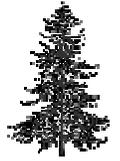




Community View



Web: www.pinegrovelakes.com

WINTER 2005

E-Mail: forum@pinegrovelakes.com

Annual Meeting

The Annual Meeting has been scheduled for Tuesday, December 20, 2005 at 7:00 PM at the Village Library (please check our website or the official PGL Newsletter for scheduling changes). Homeowners will vote on the new budget and elect five Board members. This is your opportunity to help determine how the Association is run and how your money is spent. Stay informed, be active, and make a difference!

Proxy Voting

Members can vote in person or by proxy. PGL's Bylaws state that a simple written statement mailed to the Board of Trustees will be acceptable as a proxy, as long as it gives the date of the meeting, instructs the Secretary how to cast the absentee member's vote on the issue(s), and is dated and signed by the member. State law provides that proxies can be given to any person being authorized to vote on behalf of a member. Several homeowners have asked the Board for clarification on this issue since, in past elections, some candidates were told that their proxies must be mailed, while other candidates were permitted to collect and have theirs delivered by hand up to the date of the Annual Meeting. The Board says that it is currently unsure about the proxy voting rules, but hopes to have an answer at the November meeting.

Open Board Positions

There will be five (5) Board of Trustees positions open at the end of this year. The new Trustees will be elected at the Annual Meeting. Any member can run for a position by obtaining the signatures of five property owners in good standing and forwarding them to PGL's Secretary, Cathy Grady, at the following address at least ten (10) days prior to the meeting: Pine Grove Lakes HOA, P.O. Box 153, Sloatsburg, NY 10974.

Trustee/Fiduciary Duties

To learn more about Trustee duties and association governance, see *Duties and Authority of Association Boards* and *An Introduction to Community Association Living* on our website at pinegrovelakes.com.

INSIDE THIS ISSUE

Annual Meeting ♦ Events ♦ Development	1
Budget – 2006 ♦ Dam Repair ♦ Preserve Ramapo	2
Reserve Funding ♦ Monthly Meetings	3
Other PGL Business (Collections, Taxes, Legal, etc.)	3 - 4

Community Events

Neither snow, nor rain, nor soggy Green could stop the events from being a success, by bringing joy to the children of PGL! The Easter Egg Hunt was held at The Green on a carpet of snow, but for the kids, that only added to the fun.



The Spring Cleanup was also a success, with more than 20 families bringing cheer and good spirit to help get the playground and beach area ready for the season. The August Beach Party couldn't have been better. Great weather, food, games, prizes, a blow-up slide, and lots of frolicking wet fun. The Fall Festival should have been renamed the Falling Rain Festival after it having been delayed for three weeks. It was finally held on October 30, with a

disc jockey, inflatable slides and jumpers, hay rides, a pumpkin run, food, games, contests and prizes.

(continued on page 2)

Development Issues

As many homeowners are aware, the Town of Ramapo's Comprehensive Plan includes a proposal to allow approximately 450 homes (single family and/or town homes) to be built on the 80-acre Wrightman Plateau in unincorporated Ramapo approximately half a mile southwest of Pine Grove Lake and directly adjacent to the Pine Grove community.

The proposal includes a so-called "emergency access road" that will connect to Pine Grove. Several homeowners and trustees are actively involved in gathering information and staying informed about this project. In addition to the proposed Wrightman Plateau, there has been renewed interest in developing the land just south of Hillside Road, which is part of Pine Grove Lakes, as well as approximately 50 acres of land at the end of Hickory Road, which is not

(continued on page 2)

Budget - 2006

At the October Board meeting, the Board distributed a preliminary 2006 Budget for discussion. The major differences between this year and last are: (1) the addition of a Reserve Fund to provide for the long-term repair and maintenance of our common properties; and (2) a separate line item for the Pine Grove Lake Dam Repair Project. Both of these items are explained in more detail, below.

Pine Grove Lake Dam Repair

The Pine Grove Lake Dam, which was built over 70 years ago, has been cited with deficiencies by the New York State Department of Environmental Conservation (DEC), which is responsible for enforcing the state's dam safety regulations. The DEC has inspected the Pine Grove Lake Dam and determined that there are certain conditions that require correction, such as erosion on the dam crest and downstream slope; undesirable growth on the upstream and downstream slopes; disrepair of the spillway wall; seepage; inadequate dam height; and inadequate spillway capacity.

In 2003, PGL retained the services of Maser Consulting P.A. (Maser), an engineering firm licensed by the state, to evaluate the concerns expressed by the DEC and to make recommendations about how to bring the Dam into

(continued on page 3)

(Development - Continued From Page 1)

part of the Association. We expect development pressures to increase with the advent of the sewers and think it's important to stay informed about these issues in an effort to preserve our quality of life. We're creating a Discussion Group to share information. In the meantime, send an e-mail to forum@pinegrovelakes.com if you'd like to know more.

Preserve Ramapo

Preserve Ramapo is a town-wide coalition of Ramapo citizens who have joined together in an effort to fight the Town's



Comprehensive Plan, which proposes widespread high-density housing throughout Ramapo. Preserve Ramapo believes that the town has reached its limit of sustainable growth. If you

support Preserve Ramapo's views, get out and vote on November 8 for their slate of candidates for Town Supervisor and Board: Joe Brennan (Supervisor), Michel Vilson (Board) and Herman Friedman (Board). Visit preserveramapo.org for the candidates' biographies, photos, and for more information about the Preserve Ramapo platform.

(Community Events – Continued From Page 1)



Kudos to the Activities Committee for volunteering and doing such a great job organizing these events and keeping them together in the face of Mother Nature's obstacles.

Event Funding

Traditionally, the annual Swim Meet was the only PGL event funded through maintenance charges and, even then, the cost was partially offset through fundraising and guest contributions. In recent years, PGL began funding additional events and opened them to non-member guests free of charge.

Several homeowners have recently reminded the Board that, under our governing documents, guest admission fees are required. Some homeowners have also suggested a return to fundraising and voluntary contributions for all events, with the possible exception of the Swim Meet, by adopting the traditional "block party" approach of past years where neighbors organize to provide home-cooked food, beverages and supplies, and where the activities focus on games, races and contests that don't require the rental of equipment, disc jockeys, party equipment and zoo animals. The events of past years were tons of fun and included things like sack races, egg tosses, canoe races, camping out in The Grove, clam bakes and even Christmas parties! These events are important: they provide an opportunity for neighbors to get to know each other and they foster community spirit. The question is, how should they be organized and funded?

The *Community View* would like your opinion on this and other ways that PGL might better manage its expenses. Please visit pinegrovelakes.com/survey.html and let us know what you think. The results of the survey will be published on our website no later than December 1. They will also be published in the next issue of this newsletter.

Monthly Meetings

Monthly Board meetings are generally held on the third Tuesday of every month at 7:00 p.m. at the Sloatsburg Library. Since the inception of the association 66 years ago, Pine Grove Lakes has been governed by member-volunteers. For that reason, your interest and participation is important. Members are encouraged to attend the monthly meetings and become involved in the community. Stay informed, be active, and make a difference!

(Dam Repair - Continued From Page 2)

compliance. Maser conducted a preliminary evaluation of the site for stability and structural rehabilitation and prepared a cost estimate in the amount of \$427,000. Both the Board and Maser believe that the actual construction costs can be brought down considerably -- possibly in the range of \$200,000 to \$300,000 -- and still meet DEC standards. The design phase of the project will begin in 2006, with Maser conducting a more in-depth analysis of the Dam and presenting a more realistic estimate of construction costs. The design phase will cost approximately \$15,000, as noted in the proposed Budget. After this phase has been completed, the Board anticipates that the repair work will commence in 2007.

The various options considered by the Board to pay for the Dam repair are reserve funding, a special assessment, a bank loan, a special tax district administered through the Town of Ramapo and/or a grant from the state. It's not yet known whether a loan, tax district or grant monies will be available to PGL. The Board has stated that it's going to investigate every possibility to reduce the costs to the homeowners.

Reserve Fund

That brings us to the next new item in the proposed budget, the Reserve Fund. A reserve fund is a special type of savings account that is used to fund the maintenance and repair of an association's common properties. This is done by evaluating the life of each asset, in years, and dividing it into the cost to replace the asset when its useful life is over. It is not meant to pay current year operating expenses: it is meant to fund long-term maintenance obligations (i.e., the Pine Grove Lake Dam repair, the Mirror Lake spillway repair, the well pump replacement, the basketball court and the playground) as those assets are "used up."

The primary purpose of any homeowners association, ours being no exception, is to maintain the association's common properties. This is why we pay annual maintenance charges (see our Declarations at pinegrovelakes.com/declarations). Maintenance of our common properties is also important from a practical standpoint since, as the condition of our common areas deteriorates, so do our property values.

In many states, reserve funding is mandated by law. Even where it is not mandated, it is an accepted planning standard for homeowners associations because it is fair to all owners and maintains association assets systematically and responsibly. PGL's Declaration states that maintenance charges must be assessed in an equitable manner. Reserve funding is the only way to ensure that they are. By spreading out the cost of repairs and replacements over the useful lives of our assets, the homeowners who benefit from those assets are paying for their wear and tear, instead of the homeowners who happen to be living here when it's time to make the repair. The use of special assessments, loans or tax districts to pay for repairs and replacements penalizes relatively new homeowners who have to pay for them, since former owners were able to use those assets without contributing anything. In addition, large

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special assessments can be burdensome to homeowners and difficult to collect. Borrowing, whether through a loan or tax district, can actually *double* the cost of the repair, depending on the interest rate and loan term.

Prospective buyers also consider the issue of reserves in deciding whether to buy in a homeowners association. When there is no money set aside to fund major common property repairs, special assessments are a near certainty. Wise buyers steer clear of such ill-prepared homeowners associations. Lenders may also consider reserves when making loans, since the ability of the association to maintain its assets directly impacts a lender's collateral. If buyers and lenders go away, home prices fall.

For 2006, the Board is considering allocating \$15,000 to the Reserve Fund (Editorial Note: The *Community View* believes that, in light of the Dam repair liability, this is the *minimum*



amount that should be allocated to the Reserve Fund in 2006). Eventually, the Reserve Fund will ensure that special assessments, like the one that may be necessary for the Pine Grove Lake Dam, will not happen again in the future and that all needed repairs and replacements to our assets will be funded equitably and responsibly.

Other PGL Business

Income Taxes / New Accountant

In July, PGL finally filed its delinquent federal and state income tax returns for 2003 and 2004 with the help of a concerned homeowner who found an accountant for PGL and obtained copies of the Association's lost income tax returns for 2001 and 2002 from the former accountant. According to the Board, there will be no late filing penalties. The Board has also reported that our new accountant found an error in our prior year filings which resulted in a refund of approximately \$2,000 from those years.

Property Taxes

This Spring, a concerned homeowner informed the Board that the Association is unnecessarily paying over \$6,000

(continued on page 4)

a year in taxes on its common properties. Homeowners associations in New York (and many other states) are not subject to taxes on their common properties for two reasons. First, the property has little or no “fair market value” since our Declarations prevent them from being sold. Second, since the properties are for the exclusive use of homeowners, their value is already reflected in our home values. A separate tax on the common properties amounts to double taxation.

In May, the Board took the first step in getting the property taxes abated: it filed a tax grievance with the Town. As is typical, the grievance was denied. The Board then took the next step by having PGL’s attorneys file a tax certiorari. In the event that the case is not resolved until next year, the Association should receive a refund of its 2005 property taxes.

Governing Documents

There was some confusion at the beginning of the year about which version of our Bylaws are the most current. Earlier this year, the Board “adopted” the version dated July 6, 1989. Since PGL did not have a complete copy of its Declarations, either, a homeowner retrieved them from the Rockland County Clerk. These important documents are now available at pinegrovelakes.com. The Board has also asked its new attorneys to review both the Declarations and the Bylaws and advise them on what these documents mean.

Collections

The Board is currently updating its membership list after being informed by a concerned homeowner that, for the past five or more years, they had not been billing at least 65 property owners. Most of the unbilled properties are undeveloped lots. As the properties changed hands over the years, the Board wasn’t able to figure out the names and mailing addresses of the new owners. Similarly, some of the developed lots hadn’t been billed for several years because the Board didn’t know that the properties had been sold, and the bill was forwarded to the prior owner via a forwarding order. These problems were compounded by the fact that the Board has not sent a collection letter or filed a lien since 2001.

The Board is unable to estimate how much money the Association has lost over the years as a result of these collection problems, since PGL does not maintain its books on an accrual basis and does not set up accounts receivable. The Board has recently stated that PGL’s attorneys are now sending collection letters for them, and are preparing to file liens against the delinquent property owners who still live here.

Concerned homeowners have provided the Board with electronic copies of the Town Plat Maps and 2005 Assessment Roll identifying all of the known and missing property owners. These homeowners have also prepared a list of all property owners, by plot number, and furnished it to the Board in September to assist them in getting our collections under

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control. Board members were also given instructions on how to access recent property transfer records through the Rockland County Clerk website, and informed that the MLS service will update them regarding recent property transfers if they ask. These resources should prove to be valuable tools in keeping our assessment rolls up to date and making sure that all members receive bills and pay their fair share of maintenance charges, and should increase PGL’s revenue in the amount of \$5,000 to \$8,000 per year.

Pine Grove Lake Dam Ownership

The Board asked PGL’s attorneys to research the Pine Grove Lake Dam ownership after it learned, earlier this year, that the Dam is actually an unimproved, platted right of way, identified as Sunset Road on the subdivision maps. The Board also learned that the National Dams Inventory and the U.S. Army Corps of Engineers lists the Village of Sloatsburg as the Dam owner. While this information may or may not be accurate, the Board felt it was important to settle the ownership issue, particularly since the Board has never had a deed for the road and the Association is facing a liability for the Dam repair in the approximate amount of \$300,000.

New Attorney / Legal Fees

In May of this year, the Board hired the law firm of Banks, Shapiro, Gettinger and Waldinger in Mt. Kisco, which was recommended by one of our homeowners because of its extensive HOA experience and the fact that it’s highly regard among its peers.

Although our 2005 legal fees are at an all-time high, this is because PGL has not had comprehensive legal advice since the late 1980s and is currently faced with several significant administrative and legal issues. The attorneys are sending collection letters; researching and providing advice on the Dam ownership and repair issues; helping the Board to understand our governing documents, and reconstructing many of the Association’s corporate and land records, which have been misplaced or lost over the years. They are also advising the Board on several other issues such as a 30-year old common property encroachment; the nature and significance of fiduciary duties and business judgment; and the laws applicable to New York homeowners associations.

Community Forum Website

Please visit our website at pinegrovelakes.com. Note that this is not the official PGL website... it’s a community-based forum maintained by a group of PGL homeowners for the purpose of sharing information and encouraging active participation in our community. Our site includes an area devoted to the history of Pine Grove Lakes, with photos, maps and newspaper articles dating back to 1935. You’ll also find our governing documents, more about the Dam Repair Project, financial statements, meeting recaps, plot maps, a community association handbook, calendar of events, a photo gallery, and a community discussion group.