

Dear fellow Valle Homeowner,

January 2024

Valle Escondido represents not only a hidden valley but also a hidden gem that we all treasure and enjoy. Amenities that we enjoy are paid for through dues, fees, and other collections.

The Valle is very fortunate to have two very gifted financial analysts who helped the board determine how we got here and where to go from here. Basically, in the past 10 years, spending has outpaced our income levels. Income has not kept up with inflation. During the past 10 years, and perhaps longer, the board has made the decision to subsidize operational costs by dipping into capital reserves. This year the board made the difficult decision to narrow that gap and try to develop a path forward to a balanced budget for the future.

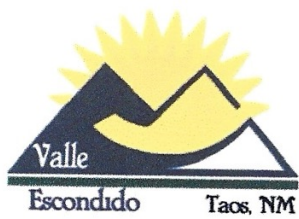
The board wrestled with how to best balance our budget while preserving our ability to continue to maintain our community and provide the amenities our homeowners have come to expect and enjoy. Unfortunately, the only answer is to raise our dues. In addition, the board has implemented a new fee structure to try to offset the increase in dues. New fees include a \$4,500 transfer fee versus the \$3,000 one when an existing home is sold; increasing non-HOA member trash fees; and increasing guest fees to \$150 from \$100. Dues will increase to \$2,040, up from \$1,700, where they have been for the last 3 years.

Over the past 10 years, dues have increased at a compound rate of just over 2 percent. Our expenses have grown in line with inflation. This, over time, has resulted in a gap between our income and expenses. A temporary surplus in the Covid era helped mask this disconnect and delay its impacts. But it did not resolve the fundamental disconnect that has developed. The only way to do that in the long term is to balance our annual income and expenses.

Much of our budget includes price tags that are out of our control. These items include trash, electricity, fuel costs, propane, and insurance needs.

The board spent many long hours in a detailed budget process analyzing each committee's budget request and looking for opportunities to find efficiencies in reducing the funding gap. Each committee has been asked to tighten their belts and provide more with less. The board has suspended all capital spending this year unless it is absolutely necessary.

I recognize that many of us are retired and living on fixed or static incomes and that this will hurt our pocketbooks deeply. But to maintain this beautiful valley we live in and continue our quality of life here, this increase is necessary.



I have researched various HOAs in the area to try to compare what members pay and for what services versus what we are paying. But it turns out we are unique. Many local homeowner's associations pay a similar fee structure as ours, but they also pay for water, trash, village or city taxes and roads through separate fees. In the town of Taos, for example, a roll-away, curbside trash bin will cost a homeowner \$41 a month (\$492/year).

I want to offer my thanks to everyone who provided their understanding regarding the complex problems we are facing and trying to balance our budget so we may continue to enjoy this beautiful place with all its benefits. This is not easy. We as a community are gifted with many volunteers who have provided their insights and recommendations during this process. Volunteers help keep this community alive and thriving and without them, we are just another HOA in the New Mexico logbooks. Thank you again for your kindness and understanding in this process.

Sincerely,

A handwritten signature in black ink that reads "Kathy DeLucas". The signature is fluid and cursive, with the first name "Kathy" and last name "DeLucas" clearly distinguishable.

Kathy DeLucas

Valle Escondido HOA president