

Current Status of Issues Related to the Builder and the Swales

Version 1.05 – May 12th, 2026

This document contains the information currently available to the HOA Board and will be updated as new information becomes available. The most recent version will remain under “**HOA Documents**” on our website. If this document has not been updated, it means there is no new information to share. Certain information related to litigation strategy and/or legal research may not be published to avoid waiving certain legal privileges.

Any inquiries made to the HOA Board requesting swale/easement updates will be directed here, except for issues related to a homeowner’s specific lot or unique/exigent circumstances (i.e., last minute Town meeting/walkthrough).

For a distilled summary of important points, please turn to the last section of this document.

Introduction

Hodorowski Homes (the *Builder*) is no longer in operation and appears to be no longer represented by Lou Lecce. It has been reported to us that the Builder is in bankruptcy, with numerous creditors seeking recovery from any remaining assets. Until ownership of **20, 22, 24, and 26 Joshua Place** is resolved, it is our understanding that – as noted by the Town of Bethlehem (the Town) – no action can take place on those lots.

It is our further understanding that, for any new builder to take over the Joshua Place lots, they must first work with the **Town** to determine what is required to close out construction of the development. This will include cleanup and landscaping at the corner of **Legends Crossing and Joshua Place**, as well as final inspection of the swales.

The HOA is **not a party** to the remaining lots or to the completion of outstanding construction work. The Town has not permitted the HOA to perform even basic cleanup or landscaping and has consistently advised us that the HOA has no authority or role in its dealings with the Builder.

In **June 2025**, the Town requested that the HOA assume responsibility for swale inspection and remediation. Under the terms of **CPS-7**, the HOA is required to inspect the swales annually and perform any required remediation *once the development is completed*. Until that time, the CPS-7 provides that the builder shall repair any damages resulting from construction and until the development has been completed, hold the HOA harmless from all liabilities which are directly caused by the builder’s exercise of its rights under the incorporation documents (see Declaration section 4.07 [b] [referencing the Builder’s

exercise of rights “hereunder,” which would include sub [a] [1] that specifically provides for the creation of easements and their “installation, maintenance, repair, and replacement of . . . drainage . . . to serve any property”). This section is pertinent because, in communications with the Town, they have indicated drainage swales and easements have been improperly constructed or not constructed at all.

The HOA’s position is that responsibility does not transfer until the development is complete and the Builder has performed a final inspection of the swales, including any required remediation. This position has been repeated to homeowners, transition team members and the HOA Board on numerous occasions as early as 2019, and was reiterated back to the Town in June 2025. Since that time, the Town has not raised the issue again.

The Town has drawn on multiple **letters of credit** that were established by the Builder to ensure completion of required public infrastructure. Although the Town may be able to use those funds for work related to the swales, the HOA has no authority or input regarding how those funds are used.

In October 2025, the Board circulated a petition requesting that the Town assume the builder’s responsibility for final swale maintenance. Upon discovering the letters of credit and that the Town had drawn funds from them, the HOA Board decided to hold off on submitting the petition. This was discussed at the October 2025 annual meeting.

Going door to door to collect signatures on the petition allowed board members to speak with individual homeowners and answer any questions they had about the swale issue or the HOA in general.

At this time, there is no action required by the HOA. Despite repeated and thoughtful discussions, the HOA Board does not believe seeking legal counsel is necessary or prudent at this time, and doing so would represent an unnecessary expense. As Board members, we have a fiduciary duty to manage HOA funds responsibly and to avoid expenditures that do not provide a clear benefit to the community.

In response to email sent by an owner to the Town, the board received an email on May 12, 2026, from the Town Engineering Division regarding the ongoing stormwater and swale matter.

At this time, there has not been a significant change in status. The Town continues to work with its legal counsel and the NYS Department of Environmental Conservation (DEC) to address the complications resulting from Hodorowski no longer being active or involved in the project.

According to the Town, the DEC is currently reviewing the situation internally to determine the most appropriate path forward. The Town expects to receive additional feedback from the DEC within the next 2–3 weeks.

The Town acknowledged that this has been a long and frustrating process for residents, but indicated that there are multiple legal, regulatory, and practical

issues still being evaluated. The Town is continuing discussions with its attorneys and hopes that upcoming DEC guidance will help establish a clearer direction moving forward.

To avoid conflicting or incomplete information being distributed, the Town has asked that communications continue to flow through the HOA Board. We will continue to share updates with residents as new information becomes available.

Timeline

August 2024

- According to news outlets and representations by the Attorney General's Office, Paul Hodorowski was arrested on charges of grand larceny; the Hodorowski Group officially ceases operations.
- Assets are sold or transferred to creditors.
- Deeds for **Lots 20 and 22, Joshua Place** are transferred to **Starlight Development LLC**.

September 2024

- Town of Bethlehem draws **\$109,000** from a letter of credit established by the Builder for the benefit of the Town.
- Funds are deposited into a Town-owned money market account.
- The letter of credit was issued in **2017** to cover Phase 1 of the development.
- It is unknown how many additional letters of credit exist for Phases 2, 3, or other work.

February 2025

- Judgments totaling **\$5.7 million** are reported by news outlets.
- Numerous civil lawsuits and criminal matters remain pending, according to news outlets and searches of records in the County Clerk's office.
- Many judgments are issued by default, without appearance from Hodorowski Homes or its legal counsel.

March 2025

- Additional plaintiffs, including homebuyers and subcontractors, file lawsuits related to unpaid and unfinished work.

May 2025

- Upon information and belief, office buildings in Rotterdam are transferred to new owners.
- John Luke Hodorowski appears to have filed for personal bankruptcy.
- Town of Bethlehem contacts the HOA Board to discuss transferring responsibility for swale maintenance and inspection to the HOA, further indicating that the SPDES permit has been administratively closed by the NYS DEC.
- Town of Bethlehem further notes that MS4 permits are sent in August/September to all owners of private stormwater swales for the Town's permit purposes, which will be sent to us and can be discussed in a meeting with the Town
- The HOA Board responds to the Town, noting that it is not the HOA's responsibility to maintain or repair the drainage easements and swales as, before they can be turned over and marked completed, the Builder is required to repair them and otherwise hold the HOA harmless.
- Town of Bethlehem responds they will be having an "internal discussion" and reach back to us

July 2025

- Town of Bethlehem contacts the HOA Board, forwarding an inquiry by homeowners on Julia Rose Court who is concerned regarding their drainage easements and swales, indicating that the Town does not have an update and is discussing options with legal counsel (assumed to be the Town Attorney).

September 2025

- HOA Board followed up with the Town, and was told no discussion.
- HOA Board member (NAB), discussing safety concerns with the Town Attorney related to the lack of fencing around certain ponds, informally inquired as to the drainage swale and easement issue and was advised there was no update.
- HOA Board reported these findings at the Meet the Candidates and the annual meeting, reflected in the minutes.

October 2025

- The HOA Board circulates the petition to the HOA owners. After learning about drawing from the letter of credit, the petition is withheld, awaiting contact from the Town to the HOA.

December 2025

- Town of Bethlehem approves a motion from the Town Engineer:

*A motion to draw **\$35,149.60** from the M&T Bank letter of credit associated with the Legends subdivision, and to amend the surety to include incomplete or*

deficient work and outstanding payments due to the Town, was offered and approved 4-0 by all members present.

May 2026

- Email update from town (full summary listed above the timeline)

The Town advised that there has not yet been a significant change in status, as they continue working with legal counsel and the NYSDEC to address the complications resulting from Hodorowski no longer being involved. The DEC is currently reviewing the matter internally and is expected to provide additional feedback within the next 2-3 weeks. The Town acknowledged the frustration surrounding the lengthy process and stated that several legal, regulatory, and practical issues are still being evaluated.

Sources

Some of the links below may require a paid subscription to view the full article.

The sources below are shared to give homeowners additional background and context based on publicly available information. They are provided for general informational purposes only and are not intended as legal advice. Including these sources does not mean the HOA is endorsing or independently verifying every statement contained in them.

- [Albany Business Review \(subscription required\) – Hodorowski Group judgments and lawsuit status \(Feb. 7, 2025\)](#)
- [Albany Business Review \(subscription required\) – Joshua Place home lawsuit \(Mar. 6, 2025\)](#)
- [Albany Business Review \(subscription required\) – Subcontractor judgments \(Mar. 17, 2025\)](#)
- [Albany Business Review \(subscription required\) – Hodorowski Group debt and John Luke Hodorowski \(July 23, 2025\)](#)
- [Albany Business Review \(subscription required\) – Rotterdam properties sold \(May 22, 2025\)](#)
- [New York State Police – Arrest of homebuilder on grand larceny charge](#)
- [Trellis Law – Orsini Landscaping LLC v. Hodorowski Homes LLC et al.](#)

- [Trellis Law – Meged Funding Group Corp. v. Hodorowski Homes LLC et al.](#)
 - [Town of Bethlehem – December 10th, 2025 Town Board meeting materials](#)
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Summary

As a result of the foregoing, the following points are intended to be a summary of the important points:

- The HOA is not the builder and is not part of Hodorowski Homes, and therefore has no relationship to them;
- The HOA has no special line of communication with Hodorowski Homes which is superior to what the general public has – including homeowners;
- It has been represented to us that Hodorowski Homes is in bankruptcy and one or more of its principals, in either their official or individual capacity, has been indicted for certain charges under state and/or federal law;
- The HOA is not responsible for the construction of any lots in the development, including the unfinished lots on Joshua Place;
- The HOA cannot maintain, secure, inspect, build upon, cleanup, or otherwise work on the undeveloped lots;
- The HOA cannot maintain, repair, clean, level, or otherwise address parts of this development which are considered to be construction zones or subject to a construction permit, including the corner of Joshua Place and the unsightly topography, rocks, cement pump out and other features thereupon;
- The HOA is not responsible for portions of this development which have not been turned over to it, which includes the maintenance, repair, upkeep or other work related to the drainage easements and swales, except to the extent that the HOA is responsible for normal upkeep of the property relating to landscaping in certain phases;
- The Town of Bethlehem has attempted to require the HOA to maintain, repair, inspect or otherwise take control of the drainage easements and swales, which the HOA has rebuffed until the subject easements and swales are properly repaired and in good upkeep but, despite asking for numerous follow-ups, the Town has not yet responded to the HOA;
- Upon information and belief, based on certain homeowner observations, the Town of Bethlehem performed fall 2025 inspections of certain drainage and stormwater

features which are usually the responsibility of HOAs (and usually sent to HOAs to complete in late summer/early fall), suggesting that they have at least acknowledged our HOA does not yet have that obligation;

- The HOA has not retained legal counsel for this situation, as there has been no obligation passed to the HOA which it does not already have and the possible responsible party – Hodorowski Homes;
- The HOA Board has discussed and declined to obtain legal counsel also on the grounds that Hodorowski Homes appears to be insolvent, therefore meaning any money we spent on legal counsel will be wasteful and, even if we secure a judgment, our line in priority of creditors will likely be unsecured and near the bottom behind other creditors (said differently, we likely will collect very little and more likely nothing);
- At this time, since Hodorowski Homes also appears to be unrepresented and in default of other various lawsuits against it, there is nothing that can be gained by the HOA for obtaining legal counsel
- FOIL responses have revealed several letters of credit issued by Hodorowski Homes for the benefit of the Town of Bethlehem, some which have either expired or been realized by the Town, however the HOA is not a party to or a beneficiary of these letters of credit