

September 17, 2015

Dear Owners and Lessees;

As board President, I am writing to update you on the activity of our Association. Most of you know the board assumed active management of the Association in August of 2014. We took this action because we felt that our current management was not acting in the best interest of the Association. After an exhaustive review of their past actions, our feeling has turned to fact. We believe this negative action was both intentional and self-motivated to bring our Association into the requirement for ongoing special assessments or higher regular assessment without benefit of improving our campus.

Our 2014 activity was related to just averting a bankrupt condition and getting our feet underneath us. Under the leadership of President Mary Stephens, the board was able not only to avert a bankruptcy but ended the 2014 Use Year with a positive account balance of over \$100,000.00. We paid our January 2015 lump expenses for the first time without having to go on scheduled payments which saved the association over \$1,000.00 in finance charges. The list of where the board was able to provide better service at reduced cost covers every aspect of the Association's business. The board accomplished this on a completely volunteer basis. I would like to personally thank the members of our board during this crucial year for the hard work they gave in order to keep our Association on its feet.

While the board reveled a bit in having accomplished this, we found ourselves with the task of trying to “fix” a decade of poor management and maintenance of our facilities. First were the seemingly unending plumbing issues that did not relent until the end of April. The next task was to finish the 2013 Special Assessment work that Houses 4 and 6 did not get done because of poor oversight from those assigned to it. We then found out that a hail storm in May 2014 had done significant damage to our roofs and that led to the discovery that our insurance policy was and had been mischaracterized since forever. They had our property as beach front and we had hotels between each of our houses. When this was addressed, our deductible was reduced from \$35,000.00 to \$28,000.00. We then discovered that the pool house electrical system was severely compromised and would require about \$3,400.00 to bring it back into code. I have only touched the surface. We have and will continue to address the pest control issues we have. We have attempted to seal every opening in each house from entry and are at present beginning a comprehensive approach starting with pruning of the shrubbery around our houses and pulling the debris back from the foundations and laying down a pelletized boundary completely around the base of each house. We may not have completely solved the issue but are on a plan to tighten the environment until we do so. We will need you to tell us where you find pests during your usage, so we can determine how they got there and fortify our barriers.

An inspection of our HVAC system showed an immediate need

to replace four units and a fifth before next summer's season. The filter systems in some houses need updating to simplify their check and changing of filters. The ductwork under our houses needs either significant repair or replacement and we are determining which and how much at present.

We accomplished replacement of our glass shower doors with curved shower curtains, replacement of the vertical blinds in the kitchen with curtains and replaced the living room furniture adding a nice accent chair to the list. We also have a flat screen TV in both the living room and master bedroom that functions on our improved services from Time Warner Cable which bundles TV, Internet and Phone Service into one and saves the Association \$200.00 a month.

We accomplished all the above without asking you to pay more in your assessment. It was accomplished by taking every expense and overhauling either the service provider or the service itself or in most cases both. Are we still experiencing problems and issues? Yes we are, but each operation is subject to a plan that will be reviewed and adjusted until we reach an acceptable result. We changed check in procedures to utilize a lock box system. It saves us over \$200.00 a month to do so. Have we had some issues? Yes, but we determined the cause and implemented changes necessary to make it work much better.

Our housekeeping has been up and down at times. We established a check list for every item needing to be done and

the complaints have started to lessen. Here I want to ask the owners to follow a procedure. If you check in and find something not up to your expectations, please contact housekeeping whose contact information you will find either on a piece of paper under your second key as you enter the house or in the house book. Do not contact Check In. It is not their function. They are there to get you to the property and into the house – ONLY. You only slow down our response to your issues by doing so. Also, don't be too picky. There are a lot of things to take care of between the times the previous owner leaves and your arrival. Take a little responsibility and help out. We realize there are limits, but be kind in your communications with housekeeping. If for some reason your call to housekeeping goes unanswered, the issue is not resolved in a suitable timeframe or is not resolved; your next call is to the board member assigned to your house. You will find their name and phone number in the house book. They will determine what needs to be done and get the responsible individuals alerted to your issue. In this manner we have a trail to follow and a procedure to change if required. Thank you in advance for adhering to this process.

There are still things that need to be done on our campus. Each house board member is preparing a To Do List for their assigned house which will be prioritized with next year's assessment. We have spent a lot of money already on the critical and/or necessary repairs and replacements this year and we need to move through the remaining months with respectful spending to our general monthly expenses until our

new funds begin coming in next year. At this point if you are able to pay your assessments early this year it will be very helpful for us.

Accounting wise, we had a mess. We have gone back to Use Year 2003 and brought forth each owner account. Included with this letter is your Account Statement to the date 12/31/2014. You should review this and if you disagree with the information we have provided, please provide documentation that can help us make the corrections. If you agree, our ongoing accounting to the year 2021 will be based on it. If you disagree, you will have until July of 2016 to provide your information. Since we believe the property will be sold in 2021 when our initial timeshare organization agreement expires, any owner who is not in Good Standing at that time will not be able to participate in the proceeds from the sale.

There are also three items attached to this document that deal with owners currently in arrears, owners who would rather end their timeshare ownership with the Association prior to 2021 and the need for the Association to have a survivorship plan that spells out how you are going to handle your financial responsibilities to the Association from the present to 2021, if you become unable to manage it yourself because of accident, disease or death. If your plan is to will your ownership to someone, we need to know who they are, your relationship with them and their contact information.

To share with you about where we are heading in relation to

this 2021 ownership re-organization, this is what will happen. In 2021 our 40 year timeshare arrangement will expire. The owners in Good Standing will vote to do one of the following. First, we can reorganize again as a timeshare operation for another 10 years and function similarly to our present operation. Secondly, we can sell the property and divide the funds received among the owners who are in Good Standing at the date of sale of the property. The third is that we become tenants in common and each owner would be responsible to treat their week as their own, performing all the duties we as an Association do now. This is not a workable solution, but we need to present it as an option. We could run the property as tenants in common as a for profit corporation. It is my feeling that the membership will vote to sell the property and disburse the funds according to the number of weeks of ownership. I have included a separate sheet of paper which will display how this would occur.

With all of this in mind, the board has voted to repair and replace rather than seek to improve the property. How it plays out is that when an item is determined to be broken or non-functioning, we will repair it first and replace it second, but not seek to improve it. If one of our stoves fails, we will attempt to repair it. If it cannot be repaired, we will replace it with a stove but not necessarily the same type or model as currently installed.

Our campus grounds will be mowed and kept neat, but there will be no improvements like adding flower beds or creating a

lawn full of beautiful grass. The board has decided that if owners wish to make improvements on their own, the board will review each request and vote on its acceptance. We already have a request to create an outdoor grill area which will be done as a memorial to a family member. We will entertain tree planting and flower beds under advisement. We have one ownership that currently wants to replace the guest bathroom with a walk-in shower. If there is something you want to do, present it to the board. The worst we will say is no.

As a final note we are maintaining our 2016 assessment at \$600.00, so again as soon as you can afford to send in your payment, even before the billing, please do. If you do this prior to our generation of the billing, your payment should be reflected on your billing.

Thank you for your support of our board's actions. We continue our pledge to be good stewards of our investment.

Sincerely,

G. Bruce Robertson

G. Bruce (Buzz) Robertson, President
Ocean Forest Club Owner's Association