

**CAROLINIAN RESORT HOMEOWNERS' ASSOCIATION, INC.**  
**ANNUAL MEETING**  
**FEBRUARY 6, 2009**  
**MINUTES**

The fifth annual meeting of the Carolinian Resort Homeowner's Association, Inc. ("HOA") was held on February 6, 2009 at 2:00 p.m. at Magnolia's Restaurant Conference Center at 2605 North Ocean Blvd., Myrtle Beach, South Carolina.

All present received an agenda, minutes from the last annual meeting and copies of the annual audit report for the period ending December 31, 2008.

Mr. Bert Anderson, Director and President of the HOA, called the meeting to order and introduced the following:

Loyd Daniel, Director and Vice President of the HOA

Patrick Lowe, Director and Secretary/Treasurer of the HOA

Jack Green, Director of the HOA

Paul Lohman of Resort Association Management, Inc., the property management company

Frans Mustert, President of Oceana Resorts, the rental management Company,

Ray Harter, General Manager of the Resort and also with Oceana Resorts

Sabrina and Brianne Moss with Oceana Resorts

Aaron Harrison, CPA, the HOA's independent auditor

Mr. Lohman presented a Proof of Notice certifying that the notice of the meeting was properly mailed in accordance with the HOA By-laws. He also stated that there was a quorum for the meeting based on the number of owners present and the proxies that were received.

President Anderson opened the floor for discussion or motions pertaining to the 2008 Annual Meeting minutes. An owner made a motion to accept the minutes as presented. A second was made and the motion was passed unanimously.

The floor was then given to Mr. Aaron Harrison to present the financial report. Mr. Harrison began by reviewing the 2008 balance sheet. He stated 11 members were delinquent in payment of HOA assessments and some were also in foreclosure. An owner asked if the HOA would be able to recover the delinquent assessments. Mr. Paul Lohman responded the assessments would be collected if the unit was sold between owners, but if it was foreclosed on the assessments would not be recoverable. However, if foreclosed, the new owner, usually a bank, would begin paying the dues going forward from the date of foreclosure. Mr. Lohman emphasized that a lien on each unit is in place as defined in the master deed (article XXVI, Section J). He stated anytime an owner is delinquent they are sent a series of collection letters,

and if they are on the rental program, there is a clause in their contract that any delinquent dues will be deducted from their rental revenues. Mr. Loyd Daniel stated the board felt confident it would obtain a significant portion of the past due amounts. He said the HOA can cut off nonessential services to the unit, such as cable, for non-payment of assessments. He stated three units had been foreclosed on and 6 were in the process of foreclosure. An owner asked if foreclosed units stay on the rental program. Mr. Daniel responded foreclosure cancels the rental contract. He stated banks have become more hesitant about taking the property back because it makes them responsible for paying the HOA assessments.

Mr. Harrison continued with the financial report and opened the floor for questions. An owner asked the nature of the increase in the 2008 balance sheet line items pool supplies and general maintenance. Mr. Lohman responded that work was done to the pools that had not been charged to the general reserve. He stated part of the painting that had been done had been charged to the general reserve and the rest was charged to general maintenance. He stated a lot more painting had been done than originally anticipated. An owner inquired about contracts for corridor care and maintenance. Mr. Lohman responded there is a bulk service agreement with Oceana. Mr. Harrison stated there was a note in the financial statements in relation to the bulk services. Mr. Lohman said before the board sets the budget, they are presented with a proposal for the bulk services. He stated that most of the members on the board were familiar with the costs of operating HOA's and reviewed the proposal to determine if it is reasonable. An owner asked if the audit report was posted online. Mr. Lohman stated it had been uploaded on Thursday. The owner stated he would like to have more time to review the statements and asked if there was a way to make them available a few weeks prior to the annual meeting. Mr. Daniel stated that could be achieved by pushing the meeting further into the year. An owner asked if the Association had any specific costs related to the shared amenities with Blue Green. Mr. Daniel stated Blue Green is responsible for cleaning the parking deck in the 2<sup>nd</sup> row which we have access to, and we clean the parking deck on the 3<sup>rd</sup> row. An owner asked if the board had looked at the utility expenses and more cost effective lighting for the resort and heating for the pools. Mr. Harter said this time of year the lazy river is heated because it is enclosed and it is advertised as heated. He stated they were implementing the use of CFL bulbs in the interior of the units. An owner asked why trash removal cost had almost doubled. Mr. Daniel stated trash removal was a city service and not a bulk service. An owner asked if the captive the HOA uses for insurance was in jeopardy. Mr. Daniel stated the captive was not in jeopardy. He said through the captive they are reinsuring with AAA rated insurance carriers. An owner asked if any non-Myrtle Beach property was involved in the captive. Mr. Daniel replied they were all Myrtle Beach properties in the captive, and they were very selective about the buildings. He stated they were looking into one property not in the Myrtle Beach area for the captive. An owner asked about the 2009 budget being incorporated in the financial report. Mr. Lohman stated the budget is posted online and prepared in December, and it could be incorporated into the financial report. Mr. Harrison stated he would include a budget comparison in future financial reports. An owner asked Mr. Harrison to explain the bad debt. Mr. Harrison stated there were 11 members in some sort of financial difficulty. There were three foreclosures, which made \$7,400 in bad debt that was written off. There is \$25,000 in the general reserve for bad debt which may come back into income. Mr. Daniel said, therefore, there is \$33,000 in bad debt

expense reflected in the December financial statements. He stated he hoped the Association would be able to collect most of these funds through rental proceeds. An owner asked the board if they were comfortable with the reserves being only 30% funded. Mr. Daniel said by the end of the year it should be 50-70% funded and the board was confident in the schedule for replacements. Mr. Harrison concluded his financial report.

The floor was then given to Mr. Lohman for the property report. Mr. Lohman stated the HOA posts information on the website, [www.ramresorts.com](http://www.ramresorts.com). Owners can find the Master Deed, budget, and many other documents there. Mr. Lohman stated contact information for all of the Board had been added to the website. He said the painting of the hallways had gone well and 5 hallways had carpet replaced. Mr. Lohman said spalling had been mentioned at the last meeting. He stated spalling is common at the beach, and it occurs on balconies where the concrete appears to be cracking and chipping. He said they are looking at getting quotes on the cost to repair the spalling.

The floor was then given to Mr. Patrick Lowe. Mr. Lowe stated he had spoken with Time Warner Cable in the past and they had been unwilling and unable to expand the cable line-up. He said the contract is up for renewal this year, and Time Warner has offered to upgrade the system and change out wiring and connections that may be daisy chained. The line-up would increase from 55 to 75 channels at no additional cost to the HOA. Time Warner would want the HOA to sign a 5-year contract. Mr. Lowe stated he was going to ask HTC for a proposal. He said the HOA can expect more services with no increase in cost. An owner asked if HD services could be made available. Mr. Lowe said they could potentially offer it for an additional cost. An owner asked if the Board had considered satellite as an alternative to cable services. Mr. Daniel stated it would not be cost effective to have satellite because they would have to build a system and put it on the roof of the building. An owner stated the internet service worked good sometimes, but other times would not work at all. Mr. Harter stated they had done upgrades to the system over the past 12 months and increase reliability. An owner asked why only one of three jacks for internet was functioning. Mr. Harter stated only one jack in each unit is active. An owner asked if the Board had considered providing wireless internet service. Mr. Mustert said he would provide the Board with a proposal. An owner inquired about a way for owners to communicate via the internet. Mr. Daniel stated the HOA could provide an owner with a list of owners and their addresses. Mr. Lohman stated if the owner wanted to draft a letter for owners to contact him with email addresses, the HOA would put it in a newsletter to all homeowners. Mr. Lohman stated the newsletter would go out with the next billing.

The floor was then given to Mr. Paul Lohman for election of Director. Mr. Lohman explained Mr. Jack Green's term expired this year and he was running for reelection. He stated Mr. Jesse Ring had sent in a letter of interest in running for the position as well. Mr. Green said he enjoyed serving on the Board and would like the opportunity to continue serving. Mr. Ring gave a brief background of himself and stated he would be very glad to serve on the Board of Directors. There were several nominations made from the floor, but none were accepted by the individuals nominated. Therefore, a motion was made, seconded and unanimously approved to close the nominations. All present received a ballot on which to cast their votes. The completed

ballots were collected and were tallied. The result was announced that Mr. Green was reelected to the Board for a term of three years..

An owner asked the board if the previous year's meeting minutes could be posted on the website, and asked that the minutes from this meeting be posted in no more than two weeks. The Board agreed to comply with these requests.

An owner made a motion to adjourn the meeting. It was seconded and passed unanimously.

The meeting was adjourned at 4:12 pm.

Respectfully submitted:

Acknowledged:

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Patrick Lowe, Secretary

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Bert Anderson, President