

# Sands Ocean Club HOA

---

## 2009 ANNUAL LETTER

From: Lee J. Rawcliffe

Dear Homeowners,

This letter marks my twentieth report to the owners of Sands Ocean Club. It has been the custom to review the previous year's repairs and improvements and announce those scheduled for the coming year. Evolution and growth has been a big part of our history. For the past two years we have faced new challenges, a recession in our nation and a deep recession in condominium values and rental. We are all holding an optimistic outlook for 2010, but we must remember the road back will be far less steep than the road down and even a year of strong improvement will not leave us where we once were. Unlike restaurants and retail stores, rental condominiums do not go out-of-business. They are there for years to come and will continue to compete for our rental income and re-sales.

I am pleased to report that 2009 has not been the disaster many expected for Sands Ocean Club. We have strongly outpaced our competition and continue to do so. Without questioning every single guest we cannot say why for certain, but several factors seem evident. We are an established name and we are recognized by new vacationers. Further, our efforts and investments to constantly improve our facility and amenities have keep us strong in an increasingly competitive market. Thanks to your Board's leadership and your support, those efforts continue, albeit with a more conservative agenda.

This past year we continued our project to replace and renovate the building skin. The "horseshoe" area and the south side remain undone. Board approved plans provide for half of that work to be completed in fiscal 2010 and the remainder the following year. The Board has also approved replacement of the staircases in the main garage. This will occur in the spring of 2010. These needs and others were very carefully weighed against the need to keep homeowners dues and assessments at or near current levels. The Board has accomplished this goal and a projected 2010 budget is enclosed with this correspondence.

The Board has focused on using this recession to re-examine every aspect of our operation, looking for new efficiencies and exploring better ways to accomplish our goals and fulfill our needs at lower costs. Weekly inspections of every aspect of the property are now being performed and reports go to management and the Board. This has been a valuable tool in helping us to achieve better service and maintenance without increasing costs. We have received notice that after a decade of stabilized pricing, Santee-Cooper, our electricity provider is instituting a substantial rate increase. This has been factored into the coming year's budget. We continue to work to reduce insurance costs and have been greatly assisted by the professional help of Jerry Blunt. The Board has approved a new contract with our property management company that will also save money and insure a continuation of service and improved quality. These innovations and efficiencies will serve us well as we emerge from the recession and look to the future, both in rentals and in property value.

While re-sales and resale values are not a direct effort of the HOA, we do wish to address the many questions we receive about the future. No one has a crystal ball and we do not pretend to be experts, but certain trends are apparent and have been conveyed to us by realtors working daily with buyers and sellers. For years "baby-boomers" have been a major force in the market. They have purchased condos for investment, tax benefits, and retirement living. The time is now here when many wish to relocate to our area as their primary residence. When that occurs, their condos will no longer be available for rental and supply will tighten, helping those who remain. The current obstacle is that many of those buyers have seen their 401K's, and other retirement investments shrink to levels that will not support their retirement plans. More significantly, they must sell their current primary homes in order to be able to relocate here. In many areas this is all but impossible in the current market. We are seeing some purchases of building lots in the area, with buyers stating that they intend to build when they "sell their home up North". The only cure for this is a turnaround in the economy, employment, and the resale market for their homes. In short we are probably looking at a recovery spanning several years.

Another factor has been the change in lifestyle for younger generations. For several decades a significant interest in the Grand Strand was generated by golf. Today, attitudes and interests have changed. Many play golf on their Nintendo Wii, find their entertainment on a DVD and vacation on a cruise ship. Sands Resorts has begun to focus on new market segments that have not been subject to these factors and has achieved marked success. This will continue and is an important part of our continued success. In every scenario, having an attractive property with modern, clean, and comfortable condominiums will continue to be the foundation of our success. Accordingly we encourage your continued support, both through the HOA and the care of your individual unit.

My father was born in 1923 and grew-up in the Great Depression. He often shared stories of the conditions and trials of those times to help my brother and I better appreciate our more comfortable circumstance. It is important to remember that we are currently suffering far less and it appears we will do so for a much shorter period of time. We continue to enjoy a great standard of living and our future is still one which is envied throughout the world. I recently uncovered an interesting statistic. Did you know, only one forth of one percent of the world can afford to own an oceanfront, concrete and steel condo. We can't be a poor as we think!

In reviewing the past twenty years in my mind, I can think of so many changes and improvements made. I could use pages to recall them, but more importantly, I keep thinking of the one reason they all happened and the leadership effort that made them possible. In 2010 Howard Anderson will be providing his twentieth year of service as our President. He accepted this job a time when our accountants were recommending we file bankruptcy papers and survival was our big goal. We had just sustained the damages of Hurricane Hugo and much rebuilding was needed. He guided us through those times and through all our experiences since. His leadership has been stable, innovative, and professional. A few years ago he sold a very successful business he had built in the Southern Pines, North Carolina area and seemed destined for a comfortable, well deserved retirement. Instead he dove in to working harder than ever to improve Sands Ocean Club and insure its future and the promise it held to all owners. Observing his consistent, skillful leadership has become like watching the sun rise in the morning. It's just what we expect!

Resort Association Management now handles many oceanfront HOAs and we can tell you, his leadership is certainly not the norm. Mr. Anderson's skills in business and engineering are invaluable and he uses them at Sands Ocean Club with the same dedication you would expect if he were tending to his own business. Working side-by-side with him all these years has been a tremendous experience and a wonderful gift. Even though we are both getting a little older, it is great to watch him approach each day as if we were just getting starting. Most of us cannot imagine a day when he is not here and none of us want to. I would like to ask every owner to please make a special effort at this year's Annual Meeting to let him know how much we appreciate his service, his talent, and all that he means to us.

Thank you as always for your support and participation. Hope to see you all in October, and best wishes for the Holiday Season and 2010.

With warm regards,

