Monthly Assessments **480,747.00**
Due on the 1st Ea. Month

| Unit Type | Unit Percentage | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| 1108 | 1.157 | 368.00 | 304.00 | 279.00 | 279.00 | 312.00 | 312.00 | 328.00 |
| #9 | 0.5877 | 187.00 | 155.00 | 142.00 | 142.00 | 159.00 | 159.00 | 167.00 |
| #8 | 0.05683 | 181.00 | 149.00 | 137.00 | 137.00 | 153.00 | 153.00 | 161.00 |
| #7 | 1.1482 | 366.00 | 302.00 | 277.00 | 277.00 | 310.00 | 310.00 | 325.00 |
| #6 | 1.9526 | 622.00 | 513.00 | 471.00 | 471.00 | 527.00 | 527.00 | 553.00 |
| #5 | 1.6136 | 514.00 | 424.00 | 389.00 | 389.00 | 435.00 | 435.00 | 457.00 |
| #4 | 1.666 | 531.00 | 438.00 | 402.00 | 402.00 | 449.00 | 449.00 | 472.00 |
| #3 | 0.8335 | 265.00 | 219.00 | 201.00 | 201.00 | 225.00 | 225.00 | 236.00 |
| #2 | 0.8316 | 265.00 | 218.00 | 200.00 | 200.00 | 224.00 | 224.00 | 235.00 |
| #1 | 1.9079 | 608.00 | 501.00 | 460.00 | 460.00 | 515.00 | 515.00 | 540.00 |

| Unit Type | Unit Percentage | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | **2019** |
|---|---|---|---|---|---|---|---|---|
| 1108 | 1.157 | 328.00 | 428.00 | 428.00 | 428.00 | 428.00 | 428.00 | **464.00** |
| #9 | 0.5877 | 167.00 | 218.00 | 218.00 | 218.00 | 218.00 | 218.00 | **235.00** |
| #8 | 0.05683 | 161.00 | 211.00 | 211.00 | 211.00 | 211.00 | 211.00 | **228.00** |
| #7 | 1.1482 | 325.00 | 425.00 | 425.00 | 425.00 | 425.00 | 425.00 | **460.00** |
| #6 | 1.9526 | 553.00 | 723.00 | 723.00 | 723.00 | 723.00 | 723.00 | **782.00** |
| #5 | 1.6136 | 457.00 | 598.00 | 598.00 | 598.00 | 598.00 | 598.00 | **646.00** |
| #4 | 1.666 | 472.00 | 617.00 | 617.00 | 617.00 | 617.00 | 617.00 | **667.00** |
| #3 | 0.8335 | 236.00 | 309.00 | 309.00 | 309.00 | 309.00 | 309.00 | **334.00** |
| #2 | 0.8316 | 235.00 | 308.00 | 308.00 | 308.00 | 308.00 | 308.00 | **333.00** |
| #1 | 1.9079 | 540.00 | 707.00 | 707.00 | 707.00 | 707.00 | 707.00 | **764.00** |

Special Assessment
to Replace Reserves **60,000.00**

| Unit Type | Percentage of Ownership | Due 1-Aug-19 |
|---|---|---|
| 1108 | 1.157 | 694.00 |
| #9 | 0.5877 | 353.00 |
| #8 | 0.05683 | 341.00 |
| #7 | 1.1482 | 689.00 |
| #6 | 1.9526 | 1,172.00 |
| #5 | 1.6136 | 968.00 |
| #4 | 1.666 | 1,000.00 |
| #3 | 0.8335 | 500.00 |
| #2 | 0.8316 | 499.00 |
| #1 | 1.9079 | 1,183.00 |

**Estimated**
Insurance

| Unit Type | Percentage of Ownership | 1 of 2 30-Oct | 2 of 2 30-Nov |
|---|---|---|---|
| 1108 | 1.157 | 569.00 | 569.00 |
| #9 | 0.5877 | 289.00 | 289.00 |
| #8 | 0.05683 | 279.00 | 279.00 |
| #7 | 1.1482 | 564.00 | 564.00 |
| #6 | 1.9526 | 959.00 | 959.00 |
| #5 | 1.6136 | 793.00 | 793.00 |
| #4 | 1.666 | 819.00 | 819.00 |
| #3 | 0.8335 | 410.00 | 410.00 |
| #2 | 0.8316 | 409.00 | 409.00 |
| #1 | 1.9079 | 938.00 | 938.00 |

| | VERANDAS HOA, INC. | Approved 2018 Budget | Projected 2018 Actual | Approved 2019 Budget |
|---|---|---|---|---|
| | *REVENUES* | | | |
| 301 | Regular Assessments | 444,552.00 | 444,552.00 | 480,747.00 |
| 302 | Insurance Assessment | 98,570.00 | 98,570.00 | 98,570.00 |
| 303 | Special (Sprinklers) | - | 14,769.00 | - |
| 304 | Special (Firedrops) | - | 104,977.00 | - |
| 305 | Special/Replace Reserves | - | - | 60,000.00 |
| 306 | Insurance Proceeds | - | 48,147.00 | - |
| 307 | Interest Income | 93.00 | 70.00 | 50.00 |
| 308 | Reserve Transfer | - | 130,000.00 | - |
| 309 | Late Fees | 500.00 | 600.00 | 600.00 |
| | | 543,715.00 | 841,685.00 | 639,967.00 |
| | *EXPENSES* | | | |
| 400 | Personnel Expense | 138,000.00 | 142,835.00 | 143,000.00 |
| 415 | Elevator | 15,000.00 | 13,040.00 | 14,000.00 |
| 420 | Grounds | 5,000.00 | 4,118.00 | 5,000.00 |
| 425 | Pool | 25,000.00 | 24,221.00 | 25,000.00 |
| 430 | Pest Control | 2,880.00 | 2,925.00 | 2,925.00 |
| 435 | General Bldg. Maint. | 30,000.00 | 27,000.00 | 30,000.00 |
| 440 | Janitorial | 3,000.00 | 3,000.00 | 3,000.00 |
| 456 | Major Building Projects | - | 297,823.39 | - |
| 465 | Fire System | 9,000.00 | 9,283.00 | 9,300.00 |
| 501 | Management Agreement | 23,000.00 | 23,000.00 | 23,690.00 |
| 505 | Annual & Board Mtgs. | 1,200.00 | 1,426.00 | 1,400.00 |
| 510 | Insurance | 98,570.00 | 98,570.00 | 98,570.00 |
| 515 | Supplies/Printing/Postage | 3,000.00 | 3,000.00 | 3,000.00 |
| 516 | Audit and Tax Filing | 2,000.00 | 2,000.00 | 2,000.00 |
| 518 | Legal or Professional Services | 500.00 | - | 500.00 |
| 560 | Licenses & Taxes | 3,000.00 | 3,000.00 | 3,000.00 |
| 600 | Electricity | 26,000.00 | 24,762.00 | 26,000.00 |
| 605 | Water/Sewer/Disposal | 50,000.00 | 52,250.00 | 52,250.00 |
| 615 | Fuel Pools/Water Boiler | 24,000.00 | 15,539.00 | 17,000.00 |
| 620 | TV & Wireless Internet | 44,088.00 | 44,628.00 | 46,230.00 |
| 625 | Phone lines/communications | 4,200.00 | 4,200.00 | 4,200.00 |
| 710 | Security | 29,713.00 | 33,065.00 | 30,000.00 |
| 710 | Extra Security Firewatch | - | 21,420.00 | - |
| 715 | Reserve Contributions | 6,564.00 | - | - |
| 717 | Insured Losses | - | 30,482.00 | - |
| 816 | Prior Year's Deficit/Overage | - | - | **39,902.00** |
| | | 543,715.00 | 881,587.39 | 579,967.00 |
| | Over (Deficit) | | **(39,902.00)** | 60,000.00 |

to be placed in reserves.

| | | |
|---|---|---|
| #301 Reg Assess | Increase | 8.10% |

| #305/#308 Reserve Cashflow: | |
|---|---|
| Reserves 12/31/17 | 132,332.00 |
| 2018 Contributions | - |
| 2018 Transfers | (130,000.00) |
| Balance 12/31/18: | 2,332.00 |
| Special Assess 2019 | 60,000.00 |
| Resulting Balance 2019 | 62,332.00 |

| **#456 Major Projects** | |
|---|---|
| Elevator Consultant | 1,500.00 |
| Fire Sprinkler System | 16,010.00 |
| Engineering Costs Fireplugs | 13,515.00 |
| Engineer Analysis Report on Building | 13,141.39 |
| Failed Fireplug Damages | 8,777.00 |
| Building Repairs | 20,500.00 |
| Fire Plug Replacements | 145,940.00 |
| New Fire Pump Replacement | 74,940.00 |
| Estimated Electrical/Fire Pump Replace. | 3,500.00 |
| | 297,823.39 |

| **#816 - Deficit** | |
|---|---|
| **2018 Ending Deficit** | **39,902.00** |
| **2019 Recoup Deficit** | **39,902.00** |

**Verandas**

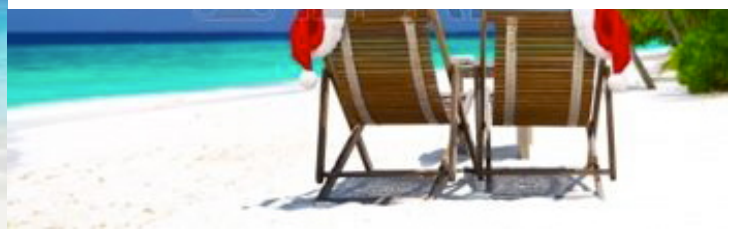
Home Owners Association, Inc.

C/o *Pinnacle Real Estate Management, LLC*

Post Office Box 70580, Myrtle Beach, South Carolina 29572

Phone: (843) 449-8103; Fax: (843) 449-9112

Pinnaclemb.com



December 2018

## 2019 Operating Budget

Enclosed for your records is the approved 2019 Operating Budget. A thorough review of the 2018 expenses was conducted in order to project the 2018 year-end numbers, as well as the anticipated expenses for 2019.

Your directors and management have tried to control costs wherever possible. However, there were a number of extremely major projects this past year requiring immediate attention. (See attached list in blue.) These have impacted the reserves dramatically.

As we all know, reserves are a requirement of the Master Deed and necessary for mortgage approval of loans. Even though reserves will be utilized to offset the projects, along with the special assessments already collected, the project totals will cause a deficit this year of approximately $40,000. A large percentage of this deficit relates to the damages from the failed fire plugs earlier in the year. *This $40,000 will be recouped within the 2019 operating budget*, resulting in a regular assessment increase during 2019 of approximately 8%. You can see by the attached chart that the assessments have not been increased since 2014. It is the Board's goal to ***reduce*** the regular assessments again in 2020 after recouping this year's deficit.

The reserves will be replenished to the minimal requirement of $60,000 in an assessment due August 1, 2019.

Insurance premiums next year are ESTIMATED to remain flat to possibly a 5% increase. We will have an exact figure when the policies renew in February 2019. As in 2018, the insurance premium assessments will be due in October and November.

The Association's budget is prepared in order to meet the operational and reserve-funding needs of your Association. It is extremely important that assessments are paid in a timely manner so the Association can meet financial obligations. This is especially true in 2019 because we have the insurance down payment due in February.

In order to expedite receipt, payment books will be mailed to each owner **directly from the printing company (South Data),** and you should expect to receive these separately.

Your payment is due on the first day of each month. Payments received after the 30th of the month will be subject to late fees and administrative fees. So, you are encouraged to allow sufficient time for the payment to arrive. If payments are not made current within the next thirty days, accounts are then turned over to a law firm for collection. This leads to attorney fees, liens, interruption of cable television service, and possibly foreclosure.

The Association truly appreciates the vast majority of you who make your payments as due. The delinquency protocol was put into place in fairness to those who do get their payments in on time.

## Payment Procedures

1. Make checks payable to Verandas HOA, Inc. and please be sure to include your unit number on your check.

2. Mail your check and payment coupon in the envelope, which will be enclosed with the coupon book, directly to Synovus Bank, Post Office Box 161780, Atlanta, GA 30321-1780. Please do so far enough in advance to ensure it reaches the bank prior to the due date. The coupons are produced by *South Data*. **Please watch your mail for a standard coupon book style window envelope.**

3. If you participate in online bill pay through your bank, please make sure to provide them with the above mailing address as well as your assessment amounts and due dates.

4. If you wish to pay your assessments prior to receipt of your coupons, you may do so without the coupon. Just be sure to follow the directions contained in Item #1 above and mail your payment to the address contained in Item #2 above.

5. Remember, making assessment payments on time helps the Association to better serve you, the homeowners. We thank you in advance for your cooperation.

## *Other Items of Note……..*

Hot Tub: For the safety of children, those individuals under the age of 12 are not permitted in the hot tub.

Rental Companies: It is very important that owners let the HOA know what rental company you are utilizing or whether you rent on your own. This way, when problems arise, we will have a second contact source. It will also expedite notifications in the event of a physical property emergency such as a leak.

Preventing Damage: If you have a corridor style a/c unit, please be diligent in checking your drip pan for overflow. It is strongly recommended that you have an overflow prevention device (float) installed. This can save a great deal of aggravation and expense.

Pest Control: The Verandas Homeowners Association strives to provide a pleasant environment for all owners and guests. In order to continue to maintain an insect-free environment, a monthly preventative program is in place. Please note the entire property is being serviced with a preventative pest control treatment on a monthly basis. Treatment days are posted in the elevators. Your assistance in permitting the technician access to your unit for a few moments is required. Please notify your rental representatives and tenants of this treatment as well.

Master Deed & Bylaws: If you do not have a copy of the Master Deed and By-laws, it is very important that you have these documents as there is pertinent information regarding the operation of the Association as well as information regarding the interior of the units. Contact Pinnacle Management and they will be happy to either mail you a copy or email a digital copy of the Association's Master Deed and By-Laws.

Homeowner Information: Owners should also be sure that your most up to date contact information is on file with Pinnacle Management. THIS IS ESPECIALLY TRUE OF EMAIL ADDRESSES. Periodically, the Association sends out email blasts to update the members.

Trash Removal: Trash from your unit should be carried to the compactor located on the northern street side of the building. Please do not leave garbage bags outside the units or in the stairwells.

Water Leak Prevention**:** In condo buildings, there can be water leaks from various units, which may cause serious damage to adjacent units. Most of these originate from within the interior of units, as opposed to water problems inside the walls. Leaks originating within the unit interior are the responsibility of the affected owners. It is always best to be "proactive" instead of "reactive" to these problems. We recommend that all owners have an inspection of their unit by a qualified plumbing contractor (at least annually) to identify any potential water leak risks. This can go a long way to prevent future problems.

Mold Prevention**:** If you are planning on being away from your unit, it is recommended that you never turn your HVAC system completely off. Due to lack of airflow and high temperatures and humidity, mold can form *RAPIDLY* in your unit over the course of just a few days. Mold not only causes damage to your walls, ceilings, furniture and clothing, but it also presents health concerns. The cost of removing mold can be high. If you rent your unit, you may want to have a discussion with your rental representative and/or post a sign near your thermostat. Also, you should have your a/c unit inspected periodically to assure that you don't experience a failure in the system when you are away.

HO6 Individual Condo Insurance: As a unit owner, don't forget that you need to have "H06" insurance on your unit. This should include liability, earthquake, contents, loss of rent/use, assessment loss, wind and hail, wind-driven rain, and flood. There are many agencies that can provide this coverage. The Homeowners Association policy does not provide liability coverage within your unit. Also, perils under the master policy have various deductibles. Therefore, a loss limited to your unit (or a few units), may not reach the master deductible and would therefore not be recoverable through the master policy. If the total damages do not add up to the master policy deductible, each owner is then responsible for their own unit's damages. "Contents" or certain upgrades are never covered items under the master policy. Please be sure that you are protected and review your HO6 policy for covered perils and check your particular deductibles. If you need assistance in locating an insurance representative, please feel free to contact Pinnacle Management for names and phone numbers.

Pets: Please note that pets are a privilege of **homeowners only**. Continual barking by an owner's pet or other annoyances to residents may be cause for an order by the Association to remove the pet from the property. DHEC does not permit pets to be present on the pool deck (with the exception of Certified Assistance Pets). Under no circumstance shall a pet be left unattended on a balcony or permitted to defecate/urinate on a unit balcony or any other area of the building. In such instances, DHEC will be contacted, and the pet may be removed and the owner fined. ***Per State Law, owners who bring their pets to the property and also rent their unit are required to have a thorough cleaning done after each visit to remove possible allergens, fleas, etc.*** Pet owners are responsible for cleaning up after their pet.

Water Cut-Off Valves: A few years ago, management mailed each owner the location of the water cut off valves throughout the building. This is important so that owners know where the cut offs are in the event of plumbing leaks. The suggestion was made to consider placing the information in a prominent place in your unit and supplying a copy to your rental company. Due to the design of the building, not all cut off valves are located in the same spot in each unit. If you need another copy, please contact Pinnacle Management.

Smoke Detectors: Your smoke detectors are hard-wired into the building's system. If you remove or replace your detectors, please be certain they are properly hard-wired appropriately back into place.

Communications with Management: For those homeowners that are interested in communicating with Pinnacle Management via email, below is a list of contact email addresses for the Pinnacle Management team:

Leslie Falls – Finance Administrator: lesliefalls@pinnaclemb.com. (Questions relating to your account balance, collection notices, etc.)

Anna Marsh and Emmie Alyn - Administrative Team: annamarsh@pinnaclemb.com or emmiealyn@pinnaclemb.com (General questions, proof of insurance requests, info updates, etc.)

Pinnacle Real Estate Management, LLC, Post Office Box 70580, Myrtle Beach, SC 29572; Phone (843) 449-8103; Fax (843) 449-8103. Pinnaclemb.com

*Your Board of Directors and Management Team want to wish all of you a beautiful Holiday Season and wonderful New Year!*