



December 3, 2021

Ground was broken for our beautiful Litchfield by the Sea Oceanside resort 65 years ago. As beautiful as LBTS is, there are major repairs and replacements looming ahead for its aging infrastructure. Under the current system, the cost of capital projects is borne totally by LBTS members. Unlike most member HOAs, our LBTS Community Association is limited in its ability to raise the funds needed to cover such capital projects and maintain a healthy reserve. Our bylaws limit capital project assessments to 10% annually and annual dues increases to 6%. These restrictions limit the board's capacity to build our reserves and tackle the projects that will be needed in the coming years, to maintain the excellence of Litchfield by the Sea.

Board members are investigating other ways to fund our budget needs. One way that makes a lot of sense is to spread the cost of services to parties benefiting from them, other than LBTS members. For example, a major expense is security. LBTS spends \$758,000 on security each year. Other communities like ours have adopted a resort fee concept and charge non-owners a use fee. Your board is adopting a similar approach, as well. This is how we will implement that approach:

- LBTS will work with local rental companies to charge renters for the passes they receive from their rental company to enter LBTS. (Only those renting property in an LBTS regime can be given a guest pass by their rental company. There is currently no charge to the rental company or to renters for these passes.)
- LBTS will explore how to apply this charge to rentals through self-rentals and services such as VRBO.
- LBTS will explore charging for vendor passes - a practice that is used successfully by other communities in our area.
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This approach is not aimed at your family guests, house guests or local friends. It is not a punitive move against those who rent, but a move to shift security costs to commercial guests benefiting from the services and away from our owners. We will reallocate owners' dues and assessments that previously had to be spent on

security to other needs of the community, such as building reserves for infrastructure projects and possibly increasing security during peak season.

How the Resort Fee will work:

Effective April 1, 2022, this fee will be per vehicle at the rate of \$5 per day, \$25 per week, \$50 for two weeks, \$75 for three weeks or \$100 for the month. There will be no additional charge for the longer-term renters (snowbirds), staying two-five consecutive months. Those renters staying six months or longer can be considered tenants and will be eligible for a bar code. The tenant would take their rental agreement and vehicle registration to Waccamaw Management to purchase their bar code, under the regular tenant barcode currently in effect. In addition, LBTS has decided to share a small portion of the resort fee with the realtor. This will offset their higher internal costs for programming and the extra work involved with implementing the program. Details are being finalized, but currently there is no plan to charge this fee for contractors, vendors, housekeeping, visiting friends, family members or other guests of the owner.

We are developing reports to support this program and working to identify all renters, including those involved in VRBO and other private situations. We will keep you posted as the details become available.

No action is required by you as an owner. This is for information purposes.

Thank you for your support in keeping LBTS a premier community.

Sincerely,
Litchfield by the Sea Board of Directors