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Omega Villas Condominium Association Inc.

Plantation, Florida

Dear Unit Owners

It has come to the Board's attention that certain individuals within the condominium phases have been spreading misinformation throughout the community in an attempt to mislead unit owners to support a recall effort against the current Board. The Board personally feels that this misinformation is intended solely to gain control of the Board and attempt to stop the necessary construction related to the building exterior restoration project.

The letters list a span of 22 years of alleged grievances, some of which predate the current Board Members and Management. By way of example, no one from the current management company or Board was in a position of power when the 2001 roof loan and repairs were completed. Nonetheless, Mr. Shawn Martin somehow attempts to attribute this to the current Board. Moreover, simply focusing on the recent years mentioned in his letter will reflect that Mr. Martin is misrepresenting facts to the membership.

As many unit owners are aware, the Association is in the process of conducting a large-scale renovation project which is intended to address roof repairs, exterior walls, fences, and painting. This project is being backed by an Association loan that the Board has spent years working with its accountant to secure. Unfortunately, historically both past and present unit owners have always voted to waive reserves for years in an attempt to keep maintenance fees low. As a result, the Association did not have sufficient funds necessary to replace roofs and perform repairs. Nonetheless, the Association worked with its accountant to obtain a loan with a line of credit financed through Popular Bank which can only be used for the 40-Year Building Recertification. However, the bank would not fund the full amount of the project initially. The Board thus began to pass a series of special assessments each year to begin saving for these projects. These funds have been placed in a separate special assessment account. The Board has also spent substantial time negotiating with a contractor to reduce project costs and implement cost savings in the overall project. The Board is also proposing various votes to the membership to remove items (such as trellises and wood banding around windows) to further reduce future maintenance and repair costs and the overall cost of the project.

Mr. Martin alleges that the Board has failed to make smart community budgets and make budget cuts to create budgets that better suit the community. He asserts that the maintenance fees have gone up dramatically over the last several years. Enclosed please find a budget comparison over

the last several years showing the increases in each budget line item. While the Association maintenance fees increased for the 2024 budget, it is almost entirely due to substantial insurance cost increases that are affecting condominiums statewide. Mr. Martin claims that he has a finance degree and has suggested creative finance strategies to correct this for 2024. However, he fails to set forth any proposed solutions to deal with the insurance increases affecting the Association and has NEVER mentioned any proposed solutions to any members of the Board. The Board believes that Mr. Martin does not have a viable plan.

Unfortunately, the insurance fallout is systemic. Many insurance carriers have left Florida, stopped writing policies, or have entered receivership. This is partly done in response to the Surfside disaster, increasing insurance litigation and claims in Florida. This has severely reduced the number of insurance carriers available to service the entire state for all condominiums. A lack of supply has resulted in substantially increased prices across the state for condominiums. The Association brought in its insurance agent and accountant to discuss this problem at meetings, including its budget meeting. Unfortunately, insurance makes up the majority of the Association budget and thus, is simply not something the Board can control. Below are some articles that show what other condominiums throughout Florida are experiencing.

<https://www.wesh.com/article/florida-condos-property-insurance-hike/45838826>

<https://www.sun-sentinel.com/2023/10/30/condo-reserve-rules-and-rising-insurance-costs-could-lead-to-foreclosure-crisis-people-are-going-to-be-losing-their-homes/>

Mr. Martin suggests that the Association is purchasing “too much insurance” as an explanation for these increases. This is simply false and reflects a clear misunderstanding of the industry and condominium law. The Association is obligated to maintain insurance at full replacement value. Section 718.111(11)(a) states that “Adequate property insurance, regardless of any requirement in the declaration of condominium for coverage by the association for full insurable value, replacement cost, or similar coverage, must be based on the replacement cost of the property to be insured as determined by an independent insurance appraisal or update of a prior appraisal. The replacement cost must be determined at least once every 36 months.” The Association is obligated to maintain insurance to cover full replacement cost of all of the buildings in the community. This is also a requirement of the Association loan to fund the repair projects. Thus, Mr. Martin is asserting that less insurance can be obtained which be a violation of the Condominium Act and its loan. As further evidence of his complete lack of understanding of condominium law, he cites to provisions of Chapter 723(the Mobile Home Act) or consistently refers to Omega Villas a Homeowners Association which is incorrect and has absolutely no relevance/application to Condominiums.

Mr. Martin further asserts that he tried to perform a recall in 2008-2009 to recall the Board at that time, and the Association hired an attorney to fight the recall. He asserts that his mistake was not using the proper State of Florida format for recall petition which he couldn’t locate at that time.

While these were likely additional reasons for the failed recall, the Order actually sets forth that at least seven (7) ballots were rejected because they were not signed by the actual Owner of the unit. This was the basis for the arbitrator's decision to reject the recall. Mr. Martin instead tries to paint the picture that the Association defense of an illegal recall effort is somehow improper despite the Association winning the case and being legally correct.

Mr. Martin further makes misrepresentations about the 2024 renovation project. He asserts that there are "side deals" and that various provisions aren't addressed. For example, he states that the front and back privacy fences are not included as part of this project. This is simply incorrect. The contract with Austro Construction, Inc. specifically includes as part of the Engineer's scope of work which is attached as Exhibit A to the agreement. Moreover, the contract specifically includes design drawings for the fences.

Additionally, under the governing documents, windows are the responsibility of individual unit owners. As part of the project, the Contractor is performing major repair work to the walls. Some windows may need to be removed and reinstalled. If the unit owners window is code compliant, they will be able to be reinstalled. If the window is not code compliant, it will be the owner's obligation to contract and pay for those windows. In an effort to assist unit owners, the Association Board negotiated pricing with the Contractor for windows and sliding glass doors which is set forth in the Contract. Similarly, the unit owners are responsible for the maintenance, repair, and replacement of screening. The Association cannot include these items as part of the special assessment project as they are individual unit owner responsibilities.

Mr. Martin wants to save money and reduce expenses, but also states that the Association should be addressing the parking lots, sidewalks, tennis court, and "any other common element that needs renovating. The Association is already incurring and performing a 4.85-million-dollar project, yet he wishes to add additional items to the project but simultaneously claims that assessments are too high. One cannot have their cake and eat it too.

These are just a small list of the misrepresentations he is making to the membership in an effort to convince unit owners to execute a recall ballot. Do NOT fall for this misinformation. Board Members encourage unit owners to attend meetings and/or reach out through the Association website.

Omega Villas
Financial Comparisons

	2017	2018	2019	2020	2021	2022	2023	2024
Water & Sewer	\$ 35,000	\$ 24,000	\$ 28,000	\$ 25,000	\$ 28,500	\$ 30,000	\$ 30,000	\$ 33,400
Trash Removal	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	\$ 500
Electricity	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 12,000	\$ 13,980
Lawn Maint & Mulch	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000
Fertilization	\$ -	\$ 12,600	\$ 10,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
Tree Trimming	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 15,000	\$ 12,500	\$ 12,500
Landscape Replacement	\$ 1,500	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 1,000	\$ -
Pest & Critter Services	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ 1,500	\$ 3,000	\$ 3,500	\$ 3,500
White Fly Exterminating	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gen. Repairs & Maint	\$ 15,000	\$ 15,000	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 15,000	\$ 12,000
Repairs-Fence	\$ 1,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 1,000	\$ -
Repairs-Irrigation	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Repairs-Streetlights	\$ 2,500	\$ 4,500	\$ 2,500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Repairs-Electrical	\$ 1,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,000
Repairs-Alarms/Monitor	\$ -	\$ -	\$ -	\$ 1,200	\$ 1,200	\$ 500	\$ 500	\$ 250
Repairs-Roof	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ 2,500	\$ 500	\$ -
Pool Contract	\$ 5,400	\$ 5,700	\$ 5,700	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800	\$ 5,800
Pool & Spa Repair	\$ 5,500	\$ 5,500	\$ 5,500	\$ 4,500	\$ 4,500	\$ 4,000	\$ 2,000	\$ 2,000
Audit & Tax	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 4,500	\$ 5,000	\$ 5,000
Legal	\$ 10,000	\$ 8,000	\$ 8,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Postage/Printing/Admin	\$ 5,000	\$ 5,000	\$ 5,000	\$ 3,500	\$ 3,500	\$ 4,500	\$ 4,500	\$ 6,500
Property Security Detail	\$ 2,500	\$ 1,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 1,500	\$ 250
Web Site	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	\$ 1,200	\$ 1,200	\$ 1,200
Insurance	\$ 140,000	\$ 130,000	\$ 110,000	\$ 110,000	\$ 120,000	\$ 172,000	\$ 423,500	\$ 1,400,000
Taxes, Licenses, Fees	\$ 650	\$ 650	\$ 650	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Div of Land Sales Fees	\$ 512	\$ 512	\$ 512	\$ 512	\$ 512	\$ 512	\$ 512	\$ 512
Video Cameras	\$ 1,200	\$ 1,600	\$ 1,600	\$ 2,000	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000
Clubhouse Alarm Monitor	\$ -	\$ -	\$ -	\$ 520	\$ 520	\$ 1,320	\$ 1,320	\$ 1,320
Capital Improvements	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll & Related Costs	\$ 57,600	\$ 65,333	\$ 65,300	\$ 70,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Bad Debt	\$ 15,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Common Area Budget	\$ 397,362	\$ 391,895	\$ 359,762	\$ 360,032	\$ 362,032	\$ 417,332	\$ 655,832	\$ 1,632,212
Landscape Replacement	\$ 2,500	\$ 11,000	\$ 6,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 1,700	\$ -
Exterminating	\$ 2,000	\$ 6,000	\$ 4,000	\$ 2,000	\$ 2,000	\$ 5,000	\$ 2,950	\$ 2,200
Termite	\$ 20,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
Gen. Repairs & Maint	\$ 15,500	\$ 14,500	\$ 15,500	\$ 13,500	\$ 13,500	\$ 9,500	\$ 5,500	\$ 5,500
Repairs - Roof	\$ 20,500	\$ 24,000	\$ 14,000	\$ 17,500	\$ 17,500	\$ 7,500	\$ -	\$ -
Legal Fees	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounting	\$ 13,800	\$ 13,800	\$ 15,000	\$ 14,100	\$ 14,000	\$ 14,401	\$ 14,401	\$ 14,401
Management	\$ 10,800	\$ 10,800	\$ 12,000	\$ 13,200	\$ 18,000	\$ 14,500	\$ 14,500	\$ 18,000
Bad Debt	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 3,750	\$ 3,750
Phase Budget	\$ 95,100	\$ 90,100	\$ 72,000	\$ 74,800	\$ 79,500	\$ 60,401	\$ 42,801	\$ 43,851
TOTAL BUDGET	\$ 492,462	\$ 481,895	\$ 431,762	\$ 434,832	\$ 441,532	\$ 477,733	\$ 698,633	\$ 1,676,063

From 2017 to 2021, insurance costs averaged 26.34% of the total budget.
In 2022, insurance was 36.00% of the budget.
In 2023, it is 60.62%. In 2024, it will be 83.53%