

From: kelsey@pegasuscam.com
Sent: Monday, November 21, 2022 9:27 PM
To: ddjdurbin@gmail.com
Subject: V2 Reconstruction Update



Dear Owners: We want to share status on reconstruction. Pegasus has been conducting this search and identified one vendor we liked who then backed out; one possible vendor was rejected after due diligence, and another vendor is being reviewed. We spoke with our association attorney who said not having a reconstruction vendor at this point is very common. The challenge is finding a company who will start work before knowing what proceeds will come in, before they are received, and who will wait for payment until then. To open our options, the Board requested all remediation vendors (Servpro and owner hired) to get their invoices to us immediately. Processing of invoices leads to detail reports, which then leads to proceeds starting to come in. Once we have sufficient proceeds, we will have more vendors to choose from. Meantime, we want to collect data on those owners who plan to proceed on their own:

- If an owner plans to hire his/her own reconstruction contractor or do the work on their own, we will disperse that unit's proceeds, less deductible and Pegasus administration costs, directly to the owner in installments. The disbursements can only be made after we receive proceeds that exceed remediation costs, and they would be in equitable chunks so that all owners end up being allocated their pro rata share. These owners will need to sign an agreement to use the proceeds according to their detail flood report, to manage their proceeds & balance, to keep all receipts and manage the work within their total proceeds (with exception of upgrades, which the owner pays). An owner may spend a more or less on specific items, provided the owner stays within total proceeds. When the work concludes, if for good reason the total allowance was insufficient, the owner must produce receipts for every item, so that any concerns can be addressed with adjuster.
- Pegasus, as well as the Board, continue to advise all owners to use caution and diligence in hiring contractors. There are many reported scams, including ones that involve "assignment of benefits" – the vendor takes all the owner's insurance proceeds and may or may not successfully complete

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the work. Do not sign any contract with this clause. Also, take time to investigate the vendor you select. We have had an owner hired contractor place a lien on the unit to get immediate payment; another did not complete all necessary work. We simply ask you to be prudent and safe in hiring all contractors. Make sure payment terms will work – vendors may need to wait for insurance proceeds. These cautions are not meant to defer owners from doing what they wish, they are intended only to protect all owners.

- If you plan to hire your own remediator or plan to undertake the work on your own, please email Deanna at ddjdurbin@gmail.com to let us know.

Pegasus will continue efforts to secure an acceptable vendor. Once decided on, we expect that vendor to complete necessary work in a quality manner, including things such as subfloor and sheetrock replacement as necessary, and the owner will pick finishes and have the vendor install them. (Or possibly buy finishes and supply to the vendor if they do not like the choices.) The unit proceeds will be retained by Pegasus for those units; the vendor will bill the association via Pegasus, who will pay the vendor; the owner will not have any cash outlays, with exception of upgrades; Pegasus & the owner will manage to the unit total allowance.

We are disappointed we do not yet have a reconstruction vendor but we want to be frank about status, and believe it is better to continue to search for a reputable, quality vendor that we have confidence in, than possibly move forward with a contractor that may cause issues for us.

Please note this message pertains to flood insurance only. The property/wind claim is still in progress and the association will have responsibility to repair items covered by that insurance separately. Also, the above is an outline of our current best understanding of things – details may change and be added as we move forward.

Our goal remains for all units to return to pre-Ian condition within available insurance proceeds as quickly as possible, and we will continue do everything we can to support that. We realize these are difficult times for everyone and ask for your continued patience. We also want to wish all owners a safe and enjoyable Thanksgiving.

V2 Board

(Communication coordinated by Deanna Durbin)

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