



LINDO MAR

IMPORTANT OWNER ELECTION INFORMATION

April 22, 2026

Greetings, Lindo Mar Owners!

The 2026 Board of Directors Election Materials are in the mail, and the Board is sending this eblast to clarify that a second ballot is included that requires owner approval during the 2026 election period.

Under the guidelines of a non-profit like Lindo Mar, the IRS requires that at least 60% of its revenue be generated from member sources. The majority of Lindo Mar member revenue comes from annual maintenance fee payments. During the 2024 fiscal year, in an effort to keep the maintenance fee increase as low as possible and by generating income from non-owners in Mexico, we fell short of the 60% requirement.

As you already know, over recent years, to keep maintenance fees as low as possible and combat rising delinquency rates, unfavorable peso exchange rates, and increasing operating expenses, the management team has worked diligently to generate external income through La Playita restaurant sales and on-site Lindo Mar Resort unit rentals. 80% of restaurant revenue is now generated by non-owners. As a result of their success, a change to the association's tax filing is now required. **This change does NOT affect the association's nonprofit mutual benefit status.**

As part of the new filing process under IRS Revenue Ruling 70-604, the association must vote on the treatment of revenue over the 60% member driven threshold.

On page 2 of the ballot, you will find two voting options.

1. Carryforward the excess revenue and apply it to the assessments for the following year.
2. Refund the excess non-member income to the membership.

The Carryforward method is currently in use, and the facilitation of any refund distributed to individual members would likely be minimal and under \$50, depending on the unit size.

The board has discussed both options at length and strongly recommends approving option 1 (Carryforward). This action is in the best interests of the association and will strengthen the association's financial position, support long-term investments, maintenance, improvements, and future capital projects that benefit the membership as a whole. Additionally, refunding the excess non-member income will incur a large administrative expense that may exceed any expected refund a member could receive. The issuance of Form 1099's may also be required and could impact owners' tax filings. This additional administrative expense will be reflected in the following year's operating budget and may result in larger increases in maintenance fees in the future.

We kindly encourage members to dine at La Playita, as every peso spent dining by members helps reduce the overall tax obligations and directly benefits the association.

The board will closely monitor the trend of excess revenue and, on a year-to-year basis, advise whether a ballot is required.

Thank you for your careful consideration, and please remember to vote on both sides of the ballot.

Respectfully,

The Lindo Mar Board of Directors:

Lisa DeJong – President

Chuck Meacham – Vice President

Sandra Erickson – Secretary/Treasurer

Giancarlo Accettullo – Director

Dennis Lockwood – Director

Capital Vacations

2024 Corporate Centre Drive, Suite 101, Myrtle Beach, SC 29577

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