



November 2007

Dear Owner of The Charter Club of Marco Beach[®],

It has been a remarkable year at The Charter Club of Marco Beach, combining new and exciting property upgrades with the hospitality you have come to expect at your home away from home.

We have completed several projects to enhance your vacation experience, such as the resurfacing of all unit balconies and the installation of new balcony railings. We have also installed new air-handling units on the air conditioner systems. In conjunction with the new air handlers, we have installed new, external laundry dryer vents that will help prolong the life of the air handlers and make them more efficient as well. Finally, we have installed new entry doors and screen doors on every unit. The manufacturers have advised us that the new doors are impact resistant and maintenance free. The new doors are white to match the windows and sliding doors that were installed last year, completing the overall look, safety and functionality of the unit.

Looking ahead, 2008 holds the promise of increased service levels and productivity. The staff has adopted a culture of striving to provide the best experience possible. We are committed to helping you turn your visit here into a vacation experience that will make you the envy of your friends and family for many years to come.

2008 Maintenance Billing

Enclosed is the statement for your 2008 maintenance assessment, real estate taxes and Hilton Grand Vacations Club dues. The assessment portion funds the upkeep of your resort, enabling your association to maintain your property as well as make improvements. Please know that your Board of Directors and Hilton Grand Vacations worked carefully to establish the 2008 budget for your association, addressing important needs for maintaining and enhancing your property while keeping in mind the need to manage increases to your annual maintenance fee.

Your prompt payment of this bill – due by January 1, 2008 – is appreciated. Payment on or before that date will ensure sufficient flow of funds to support ongoing operations at your resort.

Professionally Managed by Hilton Grand Vacations Company
700 South Collier Boulevard • Marco Island, Florida 34145 • (239) 394-4192 • Fax (239) 394-4327

Board of Directors

I would like to take this opportunity to thank your Board of Directors – R. Lyman Wood-President, James MacArthur-Vice President, John Konarski-Secretary/Treasurer, Lee Huston and Noel Briggs – for the notable dedication they have given on behalf of the association.

At the 2008 Annual Owners Meeting, two candidates will be elected to the Board of Directors. If you are interested in pursuing candidacy, please complete the enclosed Board of Directors Candidate Form and return it by January 31, 2008.

ARDA – Timeshare's First Line of Defense

As the vacation ownership industry's trade association, the American Resort Development Association (ARDA) promotes a "timeshare-friendly" legislative agenda at the local, state and federal levels. On behalf of ARDA's Resort Owners Coalition/Political Action Committee (ARDA ROC/PAC), we would like to thank those who have supported these efforts by making a voluntary \$3 annual contribution to ARDA.

ARDA has been successful at protecting timeshare Owners from excess federal taxes (on prepaid assessments, surplus assessments and capital reserve funds) as well as from excess resort-use taxes. ARDA has also been instrumental in preserving the second home exemption for timeshare Owners. Your Board of Directors has made the decision to include a contribution to ARDA ROC/PAC on your billing statement and encourages you again to make this voluntary contribution of \$3 when paying your 2008 assessment. Of your voluntary contribution, \$2 will go to the ARDA ROC/PAC fund and \$1 will support ARDA ROC. To learn more about ARDA, visit www.arda.org.

If you have any questions, please feel free to contact me at (239) 394-4192, ext. 206, or email me at mafox@hgvc.com. On behalf of the entire staff of The Charter Club of Marco Beach[®], we look forward to welcoming you back to the familiar comfort of your home away from home.

Sincerely,



Matthew Fox
Resort Manager

Vacation Reminder – Just a reminder that week one (1) begins on January 5, 2008. Please check your vacation calendar to verify the dates for your week(s) of ownership to ensure travel reservations are made for the correct dates.

THE CHARTER CLUB OF MARCO BEACH CONDOMINIUM ASSOCIATION, INC.
ANNUAL BUDGET FOR THE PERIOD
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

4,080 unit weeks Description	2008 Total Annual Budget	2007 Weeks 1-51 Per Unit Week	2007 Week 52 Per Unit Week	2007 Annual Budget
<u>OPERATING</u>				
REVENUE				
Association Fees	2,378,914	581.30	671.60	2,295,827
Late Fee Income	19,500	4.76	5.51	19,500
Interest Income	50,000	12.22	14.11	36,000
Telephone Income	2,370	0.58	0.67	3,300
Sales Rent Income	35,200	8.60	9.94	28,200
Beach / Concession Income	10,100	2.47	2.85	7,350
Flex Reservation Fees	43,600	10.65	12.31	32,700
Boat Income	9,000	2.20	2.53	7,900
Other Revenue	200	0.05	0.06	4,800
TOTAL OPERATING REVENUE	2,548,884	622.83	719.58	2,435,577
EXPENSES				
<u>ADMINISTRATIVE</u>				
Annual Audit	5,918	1.45	1.67	4,932
Other Administrative Expenses	76,877	18.78	21.72	53,750
Bad Debt Expense	9,996	2.44	2.82	9,996
Board Reimbursement	10,500	2.57	2.96	8,500
Fees Payable to the Division	8,160	1.99	2.30	8,160
Financial Services/Data Processing	42,840	10.47	12.09	42,840
Postage & Printing	19,245	4.70	5.43	28,300
Management Fee	143,136	34.98	40.41	139,599
Total	316,672	77.38	89.40	296,077
<u>OPERATIONS EXPENSE</u>				
Management Salaries/Benefits	327,592	80.05	92.48	310,645
Housekeeping, Laundry, Supplies	511,211	124.92	144.33	508,182
Security Provisions	61,282	14.97	17.30	63,000
Grounds & Landscaping	81,529	19.92	23.02	72,700
Pool & Spa	33,300	8.14	9.40	26,400
Recreation	143,862	35.15	40.61	165,902
Other Expenses	14,000	3.42	3.95	9,050
Total	1,172,776	286.57	331.09	1,155,879
<u>UTILITIES</u>				
Electric	138,000	33.72	38.96	138,000
Water, Sewer, Gas	74,700	18.25	21.09	87,240
Waste Disposal	21,600	5.28	6.10	19,200
Telephone	41,000	10.02	11.57	31,200
Cable Television	40,800	9.97	11.52	25,320
Total	316,100	77.24	89.24	300,960
<u>BUILDING</u>				
Maintenance-Service, Equipment, Supplies	288,490	70.49	81.44	266,553
Building & Equipment Contracts	121,710	29.74	34.37	99,710
Elevator Contract	18,648	4.56	5.26	11,280
Total	428,848	104.79	121.07	377,543
<u>INSURANCE & TAXES</u>				
Insurance	289,488	70.74	81.73	285,118
Income Tax	40,000	9.77	11.29	35,000
Taxes Upon Timeshare Property (Ad Valorem Taxes)	n/a	n/a	n/a	n/a
Taxes Upon Leased Areas	n/a	n/a	n/a	n/a
Total	329,488	80.51	93.02	320,118
<u>SALE OF ASSOCIATION WEEKS</u>				
Cost of Sales	27,000	6.60	7.62	27,000
Sale of Association Weeks	(42,000)	(10.26)	(11.86)	(42,000)
Total	(15,000)	(3.66)	(4.24)	(15,000)
TOTAL OPERATING EXPENSES	2,548,884	622.83	719.58	2,435,577
OPERATING PROFIT/(LOSS)	0	0.00	0.00	0

Ad Valorem Taxes on individual weeks are billed by the Collier County Property Appraiser's office based on the relative value of the unit week and therefore, are not reflected in the above operating budget.

THE CHARTER CLUB OF MARCO BEACH CONDOMINIUM ASSOCIATION, INC.
ANNUAL BUDGET FOR THE PERIOD
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

4,080 unit weeks Description	STATUTORY RESERVES			With Owner Waiver of Statutory Reserve Funding			
	2008	2008	2008	2007	2008	2008	2008
	Annual Budget	Weeks 1-51 Per Unit Week	Week 52 Per Unit Week	Annual Budget	Total Annual Budget	Weeks 1-51 Per Unit Week	Weeks 52 Per Unit Week
RESERVES							
RESERVE REVENUE	1,058,219	258.58	298.75	706,902	840,011	205.26	237.14
RESERVE EXPENSES							
Capital Reserves:							
Interior	746,323	182.37	210.70	496,745	711,134	173.77	200.76
Roof	5,104	1.25	1.44	8,533	(69,598)	(17.01)	(19.65)
Paving	10,247	2.50	2.89	8,952	(69,308)	(16.94)	(19.57)
Recreation	2,054	0.50	0.58	11,062	(39,581)	(9.67)	(11.17)
Capital Improvements	175,985	43.00	49.68	101,644	163,760	40.02	46.23
Total	939,713	229.62	265.29	626,936	696,407	170.17	196.60
Painting Reserve							
Total	118,506	28.96	33.46	79,966	143,604	35.09	40.54
RESERVE EXPENSE TOTAL	1,058,219	258.58	298.75	706,902	840,011	205.26	237.14
RESV. PROFIT/(LOSS)	0	0.00	0.00	0	0	0	0

SUMMARY	Statutory Reserve Funding			With Owner Waiver of Statutory Reserve Funding			
	2008 Annual Budget	2008 Weeks 1-51 Per Unit Week	2008 Week 52 Per Unit Week	2007 Annual Budget	2008 Total Annual Budget	2008 Weeks 1-51 Per Unit Week	2008 Week 52 Per Unit Week
OPERATING FEE	2,378,914	581.30	671.60	2,295,827	2,378,914	581.30	671.60
CAPITAL RESERVE	939,713	229.62	265.29	626,936	696,407	170.17	196.60
PAINTING RESERVE	118,506	28.96	33.46	79,966	143,604	35.09	40.54
NET BEFORE CREDITS	3,437,133	839.88	970.35	3,002,729	3,218,925	786.56	908.74
CREDITS							
PAINTING RESERVE REFUND	0	0.00	0.00	0	0	0.00	0.00
OPERATING SURPLUS REFUND	0	0.00	0.00	0	0	0.00	0.00
TOTAL CREDITS	0	0.00	0.00	0	0	0.00	0.00
TOTAL AMOUNT BILLED	3,437,133	839.88	970.35	3,002,729	3,218,925	786.56	908.74

THE CHARTER CLUB OF MARCO BEACH CONDOMINIUM ASSOCIATION, INC.
RESERVE ANALYSIS FOR THE PERIOD
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

4,080 unit weeks	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (80 Units)	2008 Statutory Reserve Funding	Estimated Fund Balance As of 1/1/08	2008 Proposed Reserve/Assmt. Funding	2008 Projected Expenses	Estimated Fund Balance As of 12/31/08
Interior	11.05	6.88	\$5,447,260	\$746,323	\$313,860	\$711,134	\$411,000	\$613,994
Roof	16.41	8.53	140,000	5,104	96,453	(69,598)	0	26,855
Painting	9.02	4.90	614,500	118,506	33,667	143,604	175,000	2,271
Paving	19.61	9.31	173,000	10,247	77,549	(69,308)	5,000	3,241
Capital Improvements	18.90	8.37	1,861,752	175,985	388,600	163,760	540,652	11,708
Recreation	6.25	4.01	70,148	2,054	61,908	(39,581)	21,100	1,227
TOTAL			\$8,306,660	\$1,058,219	\$972,037	\$840,011	\$1,152,752	\$659,296

	Weeks 1-51			Week 52	
	2008 Statutory Reserve Funding	2008 Proposed Reserve Funding		2008 Statutory Reserve Funding	2008 Proposed Reserve Funding
Operating Fee	\$581.30	\$581.30	Operating Fee	\$671.60	\$671.60
Capital Reserve	229.62	170.17	Capital Reserve	265.29	196.60
Painting Reserve	28.96	35.09	Painting Reserve	33.46	40.54
Total Amount Billed	\$839.88	\$786.56	Total Amount Billed	\$970.35	\$908.74

NOTE: The State of Florida mandates that condominium associations prepare calculations to fully fund reserves. The Law also provides the reserve requirement may be "waived" or reduced, allowing the unit owners to put less money into the reserve accounts. The Charter Club of Marco Beach Condominium Association, Inc. documents refer to a percentage share of 1.9165% for weeks 1-51, and 2.2585% for week 52. To meet "fully funded" requirements for Statutory Reserves, the resulting annual maintenance fee would be 839.88 for weeks 1-51, and \$970.35 for week 52. The Board of Directors recommended a vote in favor of waiving the funding requirements for Statutory reserves at the 2007 annual meeting, thereby establishing the maintenance fee at \$786.56 for weeks 1-51, and \$908.74 for week 52.

There may be some items that may require future replacement and are not reserved for, i.e.: replacement of plumbing, railings, electrical wiring, etcetera. These types of items will need to be paid from operating funds or will require a special assessment. The components' actual replacement costs and useful lives may vary from the estimated amounts. If additional funds are needed, the Association has the right, subject to Board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

There are 4,080 periods of 7-day annual use availability that exist within the timeshare plan for which annual fees are required to be paid to the Division of Florida Land Sales, Condominiums and Mobile Homes, Bureau of Timeshare, in accordance with Section 721.27, Florida Statutes.