



THE CHARTER CLUB OF MARCO BEACH CONDOMINIUM ASSOCIATION, INC

October 2010

Dear Charter Club of Marco Beach® Owner,

As we bid farewell to another South Florida summer, with anticipation of the year ahead, we are grateful for the privilege of serving you and the role we play in making your vacations fun, relaxing and unforgettable.

In recent months, several property enhancements have been made, including the installation of new, hurricane-resistant entry doors in the clubhouse and tower lobbies; the complete interior renovation of the living rooms, dining rooms and master bedrooms in all 80 units; the installation of a new fire control panel and updated system as required by law in each tower; the addition of a new WaveRunner rescue craft on the beach; and, scheduled for late Fall 2010, exterior painting of both towers and the office buildings.

#### **2011 Billing / Budget Impacts**

Enclosed are the 2011 budget and statement for your association's 2011 assessment, and 2010 real estate taxes which are billed in arrears. The operating assessment portion of the budget funds the day-to-day operations of your resort, with the reserves portion funding future improvements to your property, including replacement of furniture, roofing, painting and capital investments.

Together with your management company, your association's Board of Directors works diligently to establish your association's budget. Before approving your budget, your Board evaluates and directs the important maintenance of and enhancements to your property through the management of your annual maintenance fees. Please keep in mind that many of the key factors affecting changes in budget and maintenance fees are largely beyond the control of the association, such as the cost of health insurance for resort staff members. Due in part to the new federal health care legislation, association-paid premiums will increase 19% for 2011, and staff members themselves will also receive a double-digit increase in their premiums.

For more information about your billing statement - including Frequently Asked Questions - please review "Understanding Your Vacation Ownership Statement" under the NEWS tab on the association website.

#### **Prompt payment of the enclosed bill – DUE ON JANUARY 1, 2011 – is appreciated**

Payment posted on or before that Due Date will ensure sufficient flow of funds to support ongoing operations at your property. Remember that the date your payment gets posted to your account can take up to ten business days from the date of postmark on the envelope.

Please be aware that your account will be considered past due after January 1, 2011. Failure to pay the total amount due within 45 days of the Due Date will result in a late charge (**payment must be posted to your account prior to February 15<sup>th</sup> to avoid the late charge**); if full payment is not received within 75 days of the Due Date, additional finance charges will be incurred (**payment must be posted to your account prior to March 15<sup>th</sup> to avoid additional finance charges**). Delayed payments may result in denied use of your timeshare and the account may be turned over to an attorney for collections as early as April, resulting in additional fees. Any late fees and related charges will not be waived, in accordance with your association's governing documents, applicable law and/or the policies set by your Board of Directors as applicable.

#### **Payment Options**

**By Check** – Paying by check is the most cost-effective payment method for your association. Please make your check payable to **The Charter Club of Marco Beach Condominium Association, Inc.**, include your ownership account number on the check and remit it with your payment stub. If you own at more than one property, please prepare a separate check for each Owners' association to prevent co-

mingling of funds among associations. Multiple weeks owned at The Charter Club of Marco Beach Condominium Association may be paid for with a single check, with all account numbers listed.

**By Credit / Debit Card Online** – If you are a Hilton Grand Vacations Club Member, log in at [hgvcclub.com](http://hgvcclub.com) using your Club Member number and password, and click “Pay Fees & Taxes” under the “My Ownership” tab. If you’ve never logged in before, visit the “Create an Account” section on the website’s sign-in page to create your password and access your account. ***If you are not a Club Member***, simply go to [hgvcclub.com](http://hgvcclub.com) and click the online payment button for non-members.

All payments must be payable in U.S. funds. Please do not mail cash or send payments by express mail.

### Board of Directors Updates

In 2011, the Annual Meeting will be held on **March 23, 2011**. Please watch your mail for the Annual Meeting packet which will contain your proxy. Please be certain to fill out your proxy, listing all of your unit weeks, and mail it in promptly to the address indicated in the packet. Your participation and votes count!

### ARDA – Working to Protect Timeshare Owners

As the vacation ownership industry’s trade association, the American Resort Development Association (ARDA) promotes a “timeshare-friendly” legislative agenda and has been successful at protecting timeshare Owners from excess federal, state and local taxes. **The ARDA-Resort Owners Coalition (ARDA-ROC) is the first line of defense against legislation that may negatively impact timeshare owners and their well-being.** On behalf of ARDA-ROC, we would like to thank those who have supported these efforts by making a voluntary \$3 annual contribution to the coalition. Your Board of Directors has again included an option for this contribution on your billing statement and encourages you to consider this voluntary \$3 donation when paying your 2011 assessment.

To learn more about ARDA-ROC, including recent accomplishments outlined state-by-state in the new publication “What has ARDA-ROC done for you lately”, visit [arda.org](http://arda.org) and click on the submenu ARDA-ROC.

If you have any questions about your 2011 maintenance fees and taxes, please feel free to contact me by phone at 239-394-4192 or via email at [mafox@hgvc.com](mailto:mafox@hgvc.com).

On behalf of the team here at The Charter Club of Marco Beach®, we look forward to welcoming you back to the familiar comfort of your home away from home.

Warmest regards,



Matt Fox  
Resort Manager

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#### **VACATION REMINDER**

Just a reminder that week (1) begins on Saturday, January 1, 2011. Please check your HGVC 2011 Vacation Calendar on the Association website to verify 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, 2011 THROUGH DECEMBER 31, 2011**

Description	4080 unit/weeks	2011 Annual Budget	2011 Per Unit/ Week	2010 Per Unit/ Week	2010 Annual Budget	2010 Proj. Actuals For Year
<b>REVENUE</b>						
Association Fees		2,707,636	663.64	646.46	2,637,570	2,637,570
Late Fee Income		17,100	4.19	4.19	17,100	18,905
NSF Income		210	0.05	0.03	140	210
Interest Income		1,300	0.32	0.32	1,300	1,829
Sales Rent Income		18,000	4.41	6.18	25,200	22,250
Concession Income		9,240	2.26	2.26	9,240	9,240
Week 53 Income		6,000	1.47	0.00	0	0
Flex Reservation Fees		43,600	10.69	10.69	43,600	43,600
Boat Income		5,210	1.28	1.08	4,400	5,500
Other Revenue		2,400	0.59	0.86	3,500	2,155
<b>TOTAL OPERATING REVENUE</b>		<b>2,810,696</b>	<b>688.90</b>	<b>672.22</b>	<b>2,742,650</b>	<b>2,741,259</b>
<b>ADMINISTRATIVE</b>						
Annual Audit		6,200	1.52	1.52	6,200	6,200
Bad Debt Expense		5,040	1.24	1.24	5,040	2,520
Other Administrative Expenses		71,250	17.46	19.29	78,700	69,978
Postage, Printing, Newsletter		28,200	6.91	6.37	25,975	26,750
Management Fees		153,780	37.69	36.63	149,436	149,436
Division Fees		8,160	2.00	2.00	8,160	8,160
Financial Services Fees		46,992	11.52	11.18	45,624	45,624
Board Reimbursement		10,000	2.45	2.45	10,000	7,500
<b>Total</b>		<b>329,622</b>	<b>80.79</b>	<b>80.68</b>	<b>329,135</b>	<b>316,168</b>
<b>OPERATING EXPENSE</b>						
Office, Desk		409,474	100.36	97.39	397,335	423,701
Housekeeping, Laundry, Supplies		543,617	133.24	131.36	535,972	478,078
Security Provisions		61,200	15.00	13.75	56,100	58,200
Grounds & Landscaping		96,390	23.63	17.99	73,380	73,491
Pool & Spa		42,000	10.29	9.41	38,400	42,550
Recreation		161,068	39.48	39.97	163,066	112,975
<b>Total</b>		<b>1,313,749</b>	<b>322.00</b>	<b>309.87</b>	<b>1,264,253</b>	<b>1,188,995</b>
<b>UTILITIES</b>						
Electric		157,800	38.68	36.03	147,000	152,000
Water, Sewer, Gas		135,760	33.28	25.82	105,360	130,744
Waste Disposal		22,560	5.53	5.53	22,560	22,560
Telephone		42,000	10.29	9.12	37,200	50,025
Cable Television		31,260	7.66	7.32	29,880	31,261
<b>Total</b>		<b>389,380</b>	<b>95.44</b>	<b>83.82</b>	<b>342,000</b>	<b>386,590</b>
<b>BUILDING</b>						
Maintenance - Service, Equipment, Supplies		374,689	91.84	92.55	377,619	380,455
Building & Equipment Contracts		5,600	1.37	1.37	5,600	4,567
Elevator Contracts		19,020	4.66	4.12	16,800	18,892
<b>Total</b>		<b>399,309</b>	<b>97.87</b>	<b>98.04</b>	<b>400,019</b>	<b>403,913</b>
<b>INSURANCE &amp; TAXES</b>						
General Insurance		362,136	88.76	95.77	390,743	390,743
Income Tax		16,500	4.04	4.04	16,500	16,500
Taxes Upon Timeshare Property (Ad Valorem Taxes)		n/a	n/a	n/a	n/a	n/a
Taxes Upon Leased Areas		n/a	n/a	n/a	n/a	n/a
<b>Total</b>		<b>378,636</b>	<b>92.80</b>	<b>99.81</b>	<b>407,243</b>	<b>407,243</b>
<b>SALE OF ASSOCIATION WEEKS</b>						
Sale of Association Weeks		(33,000)	(8.09)	(8.09)	(33,000)	(50,000)
Cost of Sales		33,000	8.09	8.09	33,000	50,000
<b>Total</b>		<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSE TOTAL</b>		<b>2,810,696</b>	<b>688.90</b>	<b>672.22</b>	<b>2,742,650</b>	<b>2,702,909</b>
<b>OPER. PROFIT/(LOSS)</b>		<b>0</b>	<b>0.00</b>	<b>(0.00)</b>	<b>0</b>	<b>38,350</b>

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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, 2011 THROUGH DECEMBER 31, 2011**

	Statutory Reserve Funding				With Owner Waiver of Statutory Reserve Funding		
	2011 Annual Budget	2011 Per Unit/ Week	2010 Per Unit/ Week	2010 Annual Budget	2010 Proj. Actuals For Year	2011 Annual Budget	2011 Per Unit/ Week
<b>RESERVE REVENUE</b>	1,066,797	261.47	210.55	859,044	859,044	908,198	222.60
<b>RESERVE EXPENSES</b>							
<b>Capital Reserves:</b>							
Interior	759,497	186.15	128.08	522,550	522,550	543,748	133.27
Roof	18,362	4.50	6.09	24,853	24,853	57,493	14.09
Paving	29,829	7.31	8.56	34,927	34,927	36,147	8.86
Recreation	19,090	4.68	5.83	23,800	23,800	14,915	3.66
Common Area	0	0.00	0.00	0	0	0	0.00
Capital Improvements	163,329	40.03	42.23	172,308	172,308	143,049	35.06
Total	990,107	242.67	190.79	778,438	778,438	795,352	194.94
<b>Painting Reserve</b>	76,690	18.80	19.76	80,606	80,606	112,846	27.66
Total	76,690	18.80	19.76	80,606	80,606	112,846	27.66
<b>RESERVE EXPENSE TOTAL</b>	1,066,797	261.47	210.55	859,044	859,044	908,198	222.60
<b>RESERVE PROFIT/(LOSS)</b>	0	0.00	0.00	0	0	0	0.00

Summary	Statutory Reserve Funding				With Owner Waiver of Statutory Reserve Funding		
	2011 Annual Budget	2011 Per Unit/ Week	2010 Per Unit/ Week	2010 Annual Budget	2010 Proj. Actuals For Year	2011 Annual Budget	2011 Per Unit/ Week
<b>OPERATING FEE</b>	2,707,636	663.64	646.46	2,637,570	2,637,570	2,707,636	663.64
<b>CAPITAL RESERVE</b>	990,107	242.67	190.79	778,438	778,438	795,352	194.94
<b>PAINTING RESERVE</b>	76,690	18.80	19.76	80,606	80,606	112,846	27.66
<b>SPECIAL ASSESSMENT</b>	0	0.00	0.00	0	0	0	0.00
<b>NET BEFORE CREDITS</b>	3,774,433	925.11	857.01	3,496,614	3,496,614	3,615,834	886.24
<b>CREDITS</b>							
<b>PAINTING RESERVE REFUND</b>	0	0.00	0.00	0	0	0	0.00
<b>OPER. SURPLUS REFUND</b>	0	0.00	0.00	0	0	0	0.00
<b>TOTAL CREDITS</b>	0	0.00	0.00	0	0	0	0.00
<b>TOTAL AMOUNT BILLED</b>	3,774,433	925.11	857.01	3,496,614	3,496,614	3,615,834	886.24

**THE CHARTER CLUB OF MARCO BEACH CONDOMINIUM ASSOCIATION, INC**  
**RESERVE ANALYSIS FOR THE PERIOD**  
**JANUARY 1, 2011 THROUGH DECEMBER 31, 2011**

4080 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (4080 units)	2011 Statutory Reserve Funding	Estimated Fund Balance As of 1/1/2011	2011 Proposed Reserve/Assmt. Funding	2011 Projected Expenses	Estimated Fund Balance As of 12/31/2011
Interior	10.85	7.66	5,898,440	759,497	80,000	543,748	322,540	301,208
Roof	16.41	5.53	140,000	18,362	38,437	57,493	0	95,930
Painting	8.90	7.41	568,500	76,690	0	112,846	0	112,846
Paving	20.83	6.26	243,000	29,829	56,357	36,147	8,000	84,504
Recreation	5.89	3.74	87,800	19,090	16,316	14,915	7,000	24,231
Common Area	0.00	0.00	0	0	0	0	0	0
Capital Improvements	17.93	11.77	1,942,652	163,329	20,000	143,049	78,500	84,549
<b>TOTAL</b>			<b>8,880,392</b>	<b>1,066,797</b>	<b>211,110</b>	<b>908,198</b>	<b>416,040</b>	<b>703,268</b>

	2011 Statutory Reserve Funding	2011 Proposed Reserve Funding
Operating Fee	\$663.64	\$663.64
Capital Reserve	\$242.67	\$194.94
Painting Reserve	\$18.80	\$27.66
Special Assessment	\$0.00	\$0.00
Total Amount Billed	<u>\$925.11</u>	<u>\$886.24</u>
Painting Reserve Refund	\$0.00	\$0.00
Operating Surplus Refund	\$0.00	\$0.00
<b>TOTAL AMOUNT BILLED</b>	<b><u>\$925.11</u></b>	<b><u>\$886.24</u></b>

\*\* 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. To meet fully funded requirements for Statutory Reserves, the resulting annual maintenance fee would be \$925.11. The Board of Directors recommends a vote in favor of waiving the full funding requirements for Statutory Reserves at the 2011 annual meeting, thereby establishing the maintenance fee at \$886.24 for the 2011 budget year.

**NOTE:**

There may be some items that 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 4080 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.