



October 2007

Dear Casa Ybel FGH Owner,

It has been a fantastic year at Casa Ybel Resort and for Sanibel Island as well. We are fortunate to have an attentive resort team that is committed to successfully operating and maintaining the property. The island as a whole is coming back to life with the return of vacationers from around the world. This is a blessing for the businesses that suffered in the aftermath of Hurricane Charley. The City of Sanibel has planted thousands of new trees across the island to bring back the flora of old. Believe it or not, the replacement of the three Sanibel Causeway bridges is finally complete! Work on the two spoil islands' landscaping and recreational improvements is in its final stages. Unfortunately, the \$6 bridge toll is still in existence.

The resort has never looked better, and your Board of Directors continues to make enhancements to the property. Being hurricane free for the last couple of years has given our landscaping a chance to mature since being replaced in 2005. A couple of board-approved projects completed over the past year include the replacement of the living room sliding glass doors, which are equipped with impact-resistant glass. This project, combined with the replacement of the unit windows last year, bring all of the windows/doors up to current hurricane building codes. The Board of Directors also authorized the replacement of the 28 lower-unit beach-side stairways, which took place in the fall. This brings them up to current building codes and includes new support systems (made of ACQ pressure-treated wood specifically made for our salty environment) and a composite-type deck material (Evergrain) that the manufacturer advises should last for many years to come.

2008 will bring additional improvements that could equal, if not, surpass those of 2007. While concentrating on the exteriors of the buildings, which are reaching 30 years of age, we anticipate continued wood-rot replacement to coincide with the painting of the exteriors of the buildings. Alternative stairway handrail systems will also be addressed for both the front and back of the buildings. We are also scheduled for major resurfacing of the driveways and parking areas as well as new curbing throughout the resort. Obviously, with projects of this magnitude there could be disruptions during your stay. We kindly ask for your patience and understanding as we complete the work.

2008 Maintenance Billing

Enclosed is the statement for your 2008 maintenance fee and real estate taxes. Your Board of Directors has established the maintenance fee portion of your statement at \$675.80, which is an increase of \$25.80, or 3.9 percent, over the 2007 fee. The operating and reserve portions fund the upkeep of your resort, enabling your association to properly maintain your property as well as make improvements as necessary. 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.

Board of Directors

I would like to take this opportunity to thank the Board of Directors – John Demos-President, Susan Walter-Vice President, Joe Gala-Secretary/Treasurer, Dale Dremann, Leonard Elikan, Lynn Perkins, Patricia Sweeney and Dick Jackson-Consultant – for the notable dedication they have given on behalf of the association.

At the 2008 Annual Owners Meeting, three 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, 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 encourages you again to make this **voluntary** contribution of \$3 when paying your 2008 assessment. To learn more about ARDA, visit www.arda.org.

If you have any questions, please feel free to contact me at (239) 395-1876. On behalf of the entire staff at Casa Ybel Resort, we look forward to serving you and creating special vacation memories for you, your family and friends every time you visit.

Respectfully,



Chris Cain
Interval Manager

**Vacation Reminder – Just a reminder that week one (1) begins on January 4, 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.**

CASA YBEL BEACH AND RACQUET CLUB CONDOMINIUM ASSOCIATION, INC.
ANNUAL BUDGET FOR THE PERIOD
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Description	2856	2008	2008	2007	2007	2007
	unit/weeks	Annual Budget	Per Unit/ Week	Per Unit/ Week	Annual Budget	Proj. Actuals For Year
REVENUE						
Association Fees		1,498,935	524.84	487.73	1,392,944	1,392,944
Late Fee Income		6,000	2.10	1.75	5,000	8,600
Interest Income		30,000	10.50	7.00	20,000	38,000
Dividend Income		0	0.00	0.00	0	0
Long Distance		0	0.00	0.00	0	0
Store Rent Income		0	0.00	0.00	0	0
Sales Rent Income		0	0.00	0.00	0	0
Vending Income		0	0.00	0.00	0	0
Concession Income		0	0.00	0.00	0	0
Week 53 Income		0	0.00	0.00	0	0
Rental Revenue		0	0.00	0.00	0	0
Flex Reservation Fees		0	0.00	0.00	0	0
Exchange Revenue		0	0.00	0.00	0	0
Movie Income		0	0.00	0.00	0	0
Boat Income		0	0.00	0.00	0	0
Other Revenue		0	0.00	0.00	0	0
TOTAL OPERATING REVENUE		1,534,935	537.44	496.48	1,417,944	1,439,545
ADMINISTRATIVE						
Annual Audit		6,200	2.17	1.91	5,460	6,200
Bad Debt Expense		0	0.00	0.00	0	25
Other Administrative Expenses		201,837	70.67	120.10	343,016	345,680
Postage, Printing, Newsletter		18,090	6.33	3.86	11,025	7,372
Management Fees		109,636	38.39	37.45	106,962	106,962
Division Fees		5,712	2.00	2.00	5,712	5,712
Financial Services Fees		29,988	10.50	0.00	0	0
Board Reimbursement		14,500	5.08	5.08	14,500	14,095
Total		385,963	135.14	170.40	486,675	486,047
OPERATING EXPENSE						
Office, Desk		167,082	58.50	0.00	0	0
Housekeeping, Laundry, Supplies		365,772	128.07	123.51	352,751	362,260
Amenity/Membership Fee		122,236	42.80	41.76	119,254	119,254
Security Provisions		6,000	2.10	2.80	8,000	5,264
Grounds & Landscaping		41,030	14.37	12.86	36,740	31,021
Pool & Spa		0	0.00	0.00	0	0
Recreation		0	0.00	0.00	0	0
Total		702,120	245.84	180.93	516,745	517,798
UTILITIES						
Electric		83,700	29.31	31.86	91,000	80,525
Water, Sewer, Gas		73,236	25.64	19.80	56,524	60,020
Waste Disposal		13,020	4.56	5.04	14,400	12,431
Telephone		0	0.00	0.00	0	0
Cable Television		16,188	5.67	4.98	14,220	15,126
Total		186,144	65.18	61.68	176,144	168,103
BUILDING						
Maintenance - Service, Equipment, Supplies		43,060	15.08	11.61	33,150	73,279
Building & Equipment Contracts		21,624	7.57	6.68	19,080	19,332
Elevator Contracts		0	0.00	0.00	0	0
Total		64,684	22.65	18.29	52,230	92,611
INSURANCE & TAXES						
General Insurance		178,824	62.61	61.68	176,150	166,762
Income Tax		17,200	6.02	3.50	10,000	17,200
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
Total		196,024	68.63	65.18	186,150	183,962
SALE OF ASSOCIATION WEEKS						
Sale of Association Weeks		5,500	1.93	0.00	0	8,000
Cost of Sales		(5,500)	(1.93)	0.00	0	(6,757)
Total		0	0.00	0.00	0	1,243
TOTAL OPERATING EXPENSES TOTAL		1,534,935	537.44	496.48	1,417,944	1,447,278
OPER. PROFIT/(LOSS)		0	0.00	0.00	0	(7,733)

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

CASA YBEL BEACH AND RACQUET CLUB CONDOMINIUM ASSOCIATION, INC.
ANNUAL BUDGET FOR THE PERIOD
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

	Statutory Reserve Funding					With Owner Waiver of Statutory Reserve Funding	
	2008 Annual Budget	2008 Per Unit/ Week	2007 Per Unit/ Week	2007 Annual Budget	2007 Proj. Actuals For Year	2008 Annual Budget	2008 Per Unit/ Week
RESERVE REVENUE	619,279	216.83	162.27	463,468	463,468	542,161	189.83
RESERVE EXPENSES							
Capital Reserves:							
Interior	492,335	172.38	123.54	352,842	352,842	388,177	135.92
Roof	8,031	2.81	2.95	8,433	8,433	8,433	2.95
Paving	0	0.00	0.86	2,457	2,457	2,457	0.86
Recreation	0	0.00	0.00	0	0	0	0.00
Capital Improvements	49,114	17.20	18.37	52,476	52,476	86,882	30.42
Total	549,480	192.39	145.72	416,208	416,208	485,949	170.15
Painting Reserve	69,799	24.44	16.55	47,260	47,260	56,212	19.68
Total	69,799	24.44	16.55	47,260	47,260	56,212	19.68
RESERVE EXPENSE TOTAL	619,279	216.83	162.27	463,468	463,468	542,161	189.83
RESERVE PROFIT/(LOSS)	0	0.00	0.00	0	0	0	0.00

Summary	Statutory Reserve Funding					With Owner Waiver of Statutory Reserve Funding	
	2008 Annual Budget	2008 Per Unit/ Week	2007 Per Unit/ Week	2007 Annual Budget	2007 Proj. Actuals For Year	2008 Annual Budget	2008 Per Unit/ Week
OPERATING FEE	1,498,935	524.84	487.73	1,392,944	1,392,944	1,498,935	524.84
CAPITAL RESERVE	549,480	192.39	145.72	416,208	416,208	485,949	170.15
PAINTING RESERVE	69,799	24.44	16.55	47,260	47,260	56,212	19.68
SPECIAL ASSESSMENT	0	0.00	0.00	0	0	0	0.00
NET BEFORE CREDITS	2,118,214	741.67	650.00	1,856,412	1,856,412	2,041,096	714.67
CREDITS							
PAINTING RESERVE REFUND	0	0.00	0.00	0	0	0	0.00
OPER. SURPLUS REFUND	(111,013)	(38.87)	0.00	0	0	(111,013)	(38.87)
TOTAL CREDITS	(111,013)	(38.87)	0.00	0	0	(111,013)	(38.87)
TOTAL AMOUNT BILLED	2,007,201	702.80	650.00	1,856,412	1,856,412	1,930,083	675.80

CASA YBEL BEACH AND RACQUET CLUB CONDOMINIUM ASSOCIATION, INC.
RESERVE ANALYSIS FOR THE PERIOD
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

2856 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (56 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	8.10	6.06	3,144,540	492,335	162,500	388,177	30,800	519,877
Roof	15.00	13.00	126,500	8,031	22,100	8,433	0	30,533
Painting	4.89	1.55	247,000	69,799	138,500	56,212	135,000	59,712
Paving	10.58	1.00	26,000	0	26,000	2,457	26,000	2,457
Recreation	0.00	0.00	0	0	0	0	0	0
Capital Improvements	21.15	6.85	629,400	49,114	292,800	86,882	246,500	133,182
TOTAL			4,173,440	619,279	641,900	542,161	438,300	745,761

	2008 Statutory Reserve Funding	2008 Proposed Reserve Funding	
Operating Fee	\$524.84	\$524.84	** 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 \$702.80. The Board of Directors recommended a vote in favor of waiving the full funding requirements for Statutory Reserves at the 2007 annual meeting, thereby establishing the maintenance fee at \$675.80 for the 2008 budget year.
Capital Reserve	\$192.39	\$170.15	
Painting Reserve	\$24.44	\$19.68	
Special Assessment	\$0.00	\$0.00	
Total Amount Billed	\$741.67	\$714.67	
Painting Reserve Refund	\$0.00	\$0.00	
Operating Surplus Refund	(\$38.87)	(\$38.87)	
TOTAL AMOUNT BILLED	\$702.80	\$675.80	

NOTE:

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 2856 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.