



October 2007

Dear Club Regency Owner,

It's been a fantastic year at Club Regency as we celebrate our 25th year. We continue to make improvements to your resort while striving to deliver superior guest service. We appreciate the privilege of serving you and playing a role in making your vacations fun, relaxing and, above all, unforgettable.

Over the past year a number of important property enhancements have been made, including:

- Spraycrete to the pool deck and Clubhouse deck
- New pool furniture
- New carpeting installed in the units and on the exterior stairs and landings
- New entry doors
- New electronic door locks
- New ovens/ranges installed
- New air handlers installed
- Beach boardwalk replaced
- New computer in Clubhouse
- 10 lanais resurfaced during Supermaintenance

We take great pride in our maintenance program, which allows us to inspect resort assets, identify areas of need and make corrections. We're fortunate to have an attentive resort team that is committed to successfully operating and maintaining the resort. We look forward to creating special vacation memories for you and your family year after year.

2008 Maintenance Billing

Enclosed is the statement for your 2008 maintenance assessment and real estate taxes. The assessment portion funds 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 Administration 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.

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

Club Regency
Page Two

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) 394-8197 or email me at sluneke@hgvc.com. On behalf of the entire staff of Club Regency, we look forward to welcoming you back to the familiar comfort of your home away from home.

Sincerely,

A handwritten signature in black ink that reads "Sharry Luneke". The signature is written in a cursive style with a large, looped initial "S".

Sharry Luneke
Resort Manager

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

Description	1632 unit/weeks	2008 Annual Budget	2008 Per Unit/ Week	2007 Per Unit/ Week	2007 Annual Budget	2007 Proj. Actuals For Year
REVENUE						
Association Fees		922,156	565.05	549.60	896,949	896,952
Late Fee Income		10,000	6.13	6.92	11,300	10,086
Interest Income		15,750	9.65	8.64	14,100	15,564
Dividend Income		0	0.00	0.00	0	0
Long Distance		300	0.18	0.37	600	329
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		9,270	5.68	5.51	9,000	9,008
Week 53 Income		0	0.00	0.00	0	0
Sale of Association Weeks		4,500	2.76	2.76	4,500	4,500
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		2,350	1.44	3.09	5,050	2,532
TOTAL OPERATING REVENUE		964,326	590.89	576.90	941,499	938,971
ADMINISTRATIVE						
Annual Audit		5,900	3.62	3.13	5,100	5,142
Bad Debt Expense		6,000	3.68	3.68	6,000	6,000
Other Administrative Expenses		24,307	14.89	13.71	22,386	26,589
Postage, Printing, Newsletter		10,750	6.59	6.65	10,850	10,951
Management Fees		64,356	39.43	38.47	62,784	62,784
Division Fees		3,264	2.00	2.00	3,264	3,264
Financial Services Fees		21,624	13.25	12.25	19,992	21,624
Board Reimbursement		10,500	6.43	5.88	9,600	10,592
Total		146,701	89.89	85.77	139,976	146,946
OPERATING EXPENSE						
Office, Desk		175,669	107.65	100.28	163,665	151,352
Housekeeping, Laundry, Supplies		191,833	117.54	113.00	184,410	181,806
Security Provisions		9,011	5.52	5.95	9,706	8,861
Grounds & Landscaping		34,700	21.26	27.39	44,700	45,243
Pool & Spa		12,481	7.65	7.13	11,640	11,551
Recreation		480	0.29	0.29	480	489
Total		424,174	259.91	254.04	414,601	399,301
UTILITIES						
Electric		52,208	31.99	32.08	52,350	51,847
Water, Sewer, Gas		65,328	40.03	38.10	62,170	62,455
Waste Disposal		7,376	4.52	4.22	6,891	7,027
Telephone		15,000	9.19	8.76	14,300	15,493
Cable Television		12,072	7.40	8.82	14,400	13,036
Total		151,984	93.13	91.98	150,111	149,859
BUILDING						
Maintenance - Service, Equipment, Supplies		115,465	70.75	68.65	112,031	104,187
Building & Equipment Contracts		3,000	1.84	1.84	3,000	1,840
Elevator Contracts		0	0.00	0.00	0	0
Total		118,465	72.59	70.49	115,031	106,027
INSURANCE & TAXES						
General Insurance		109,502	67.10	66.22	108,064	107,482
Income Tax		13,500	8.27	8.40	13,716	14,021
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		123,002	75.37	74.62	121,780	121,503
TOTAL OPERATING EXPENSES		964,326	590.89	576.90	941,499	923,636
OPER. PROFIT/(LOSS)		0	(0.00)	0.00	0	15,335

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.

	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	482,444	295.62	157.68	257,334	257,334	272,766	167.14
RESERVE EXPENSES							
Capital Reserves:							
Interior	362,879	222.34	88.93	145,144	145,144	162,192	99.38
Roof	20,972	12.85	13.22	21,555	21,555	12,940	7.93
Paving	8,874	5.44	3.98	6,500	6,500	6,500	3.98
Recreation	0	0.00	0.00	0	0	0	0.00
Capital Improvements	73,644	45.13	41.65	67,978	67,978	80,840	49.53
Total	466,369	285.76	147.78	241,177	241,177	262,472	160.82
Painting Reserve	16,075	9.85	9.90	16,157	16,157	10,294	6.32
Total	16,075	9.85	9.90	16,157	16,157	10,294	6.32
RESERVE EXPENSE TOTAL	482,444	295.61	157.68	257,334	257,334	272,766	167.14
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	922,156	565.05	549.60	896,949	896,952	922,156	565.05
CAPITAL RESERVE	466,369	285.77	147.78	241,177	241,177	262,472	160.82
PAINTING RESERVE	16,075	9.85	9.90	16,157	16,157	10,294	6.32
SPECIAL ASSESSMENT	0	0.00	0.00	0	0	0	0.00
NET BEFORE CREDITS	1,404,600	860.66	707.28	1,154,283	1,154,286	1,194,922	732.19
CREDITS							
PAINTING RESERVE REFUND	0	0.00	0.00	0	0	0	0.00
OPER. SURPLUS REFUND	0	0.00	0.00	0	0	0	0.00
TOTAL CREDITS	0	0.00	0.00	0	0	0	0.00
TOTAL AMOUNT BILLED	1,404,600	860.66	707.28	1,154,283	1,154,286	1,194,922	732.19

**CLUB REGENCY OF MARCO ISLAND CONDOMINIUM ASSOCIATION, INC.
RESERVE ANALYSIS FOR THE PERIOD
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

1632 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (32 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	13.89	5.67	2,252,464	362,879	196,500	162,192	101,600	257,092
Roof	19.98	3.65	258,500	20,972	182,000	12,940	0	194,940
Painting	6.90	2.69	107,100	16,075	63,865	10,294	0	74,159
Paving	25.38	12.85	165,000	8,874	51,000	6,500	0	57,500
Recreation	0.00	0.00	0	0	0	0	0	0
Capital Improvements	15.84	10.30	821,100	73,644	62,750	80,840	127,000	16,590
TOTAL			3,604,164	482,444	556,115	272,766	228,600	600,281

	2008 Statutory Reserve Funding	2008 Proposed Reserve Funding
Operating Fee	\$565.05	\$565.05
Capital Reserve	\$285.76	\$160.82
Painting Reserve	\$9.85	\$6.32
Special Assessment	\$0.00	\$0.00
Total Amount Billed	\$860.66	\$732.19
Painting Reserve Refund	\$0.00	\$0.00
Operating Surplus Refund	\$0.00	\$0.00
TOTAL AMOUNT BILLED	\$860.66	\$732.19

** 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 \$860.66. 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 \$732.19 for the 2008 budget year.

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 1632 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, of the Florida Statutes.