



October 2009

Dear Hurricane House Owner,

It is our pleasure to serve you and ensure that your resort remains an extraordinary setting for your vacation getaways.

In recent months, several exciting property enhancements have been made, including installation of pavers under both buildings in the parking areas, as well as along the sidewalks leading to the pool area. The resort also installed Alumination (an aluminum laminate material with a 10-year reflective guarantee from the manufacturer) over the entire metal roofing area. In addition, we have removed all non-native and evasive plants in the DNR (Department of Natural Resources) setback area, and planted new landscaping between the buildings, at the building entrances, and in the pool and spa area. Separately, we replaced the front entrance sign to meet City of Sanibel codes.

Among the other resort projects in 2009: installation of new LCD high-definition televisions in the living rooms; reupholstering of dining room chairs; installation of new living room couches, chairs, ottomans, television consoles, living room cornices, accessories and rugs; and the addition of DVD players in the master and guest bedrooms.

2010 Billing / Budget Impacts

Enclosed is the statement for your 2010 maintenance assessment and real estate taxes. The assessment portion funds the day-to-day operations of your resort, with the reserves portion funding future improvements to your property, including replacement of furniture and roofing, painting and other enhancements as needed.

Many of the key factors that contribute to a change in maintenance fees for 2010 are largely beyond the control of the association, such as real estate taxes, insurance premiums and utility costs. In addition, the association has seen an increase in uncollectible accounts and a decrease in interest earned on operating funds.

Please keep in mind that your association's Board of Directors and Hilton Grand Vacations work carefully to establish your association's budget, addressing important needs for maintaining and enhancing your property while managing your annual maintenance fee. For more information about your billing statement – including Frequently Asked Questions – please review the enclosed brochure, "Understanding Your Vacation Ownership Statement."

Prompt payment of the enclosed bill – due on January 1, 2010 – is appreciated. Payment on or before that date will ensure sufficient flow of funds to support ongoing operations at your property. Remember that the postage date has no bearing on the application of funds to your account – allow at least 10 business days after mailing your payment for the payment to be posted in our system.

Please be aware that your account will be considered past due and subject to late fees and related charges after January 1, 2010, and that any late fees and related charges will not be waived, in accordance with your association's governing documents, and/or applicable law and/or the policies set by your Board of Directors.

Payment Options

By Check – Paying by check is the most cost-effective payment method for your association. Please make your check payable to the name of your owners association, include your 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.

By Credit Card Online – If you are a Hilton Grand Vacations Club Member, log in at hgclub.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 hgclub.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 because of the related processing fees charged to your association.

Board of Directors

At the last Annual Owners Meeting, the ownership elected Lee Barnes Bogan to a seat on the Board of Directors. We are pleased to have Lee as a Board Member and look forward to Lee’s many contributions to your owners association. We also extend our thanks to the rest of your Board Members – John Klemmer and Bobbie Gardner – for their continued support and leadership.

At the 2010 Annual Owners Meeting, one (1) candidate 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 December 31, 2009.

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 the ARDA-Resort Owners Coalition.

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 on your billing statement and encourages you again to make this voluntary contribution of \$3 when paying your 2010 assessment. To learn more about ARDA, visit arda.org.

If you have any questions about your 2010 maintenance fees and taxes, please feel free to contact me by phone at (239) 472-1696 or by email at atalty@hgvc.com.

On behalf of the staff at Hurricane House, we look forward to welcoming you back to the familiar comfort of your home away from home.

Warmest regards,

A handwritten signature in black ink that reads "Angela B. Talty". The signature is written in a cursive style with a large, stylized initial 'A'.

Angela B. Talty
Resort Manager

HURRICANE HOUSE CONDOMINIUM ASSOCIATION, INC
ANNUAL BUDGET FOR THE PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Description	765	2010	2010	2009	2009	2009
	unit/weeks	Annual Budget	Per Unit/ Week	Per Unit/ Week	Annual Budget	Proj. Actuals For Year
REVENUE						
Association Fees		645,029	843.18	824.78	630,960	635,627
Late Fee Income		2,350	3.07	3.92	3,000	2,459
NSF Income		0	0.00	0.00	0	0
Interest Income		100	0.13	4.51	3,450	250
Dividend Income		0	0.00	1.18	900	1
Week 53 Income		3,750	4.90	0.00	0	0
Prior Year Surplus (Deficit)		(30,444)	(39.80)	0.00	0	0
Movie Income		408	0.54	0.00	0	393
TOTAL OPERATING REVENUE		621,193	812.02	834.39	638,310	638,730
ADMINISTRATIVE						
Annual Audit		6,400	8.37	8.11	6,204	6,200
Other Administrative Expenses		24,783	32.39	33.65	25,739	22,115
Postage, Printing, Newsletter		7,725	10.10	10.10	7,725	7,808
Management Fees		30,660	40.08	40.08	30,660	30,660
Division Fees		1,530	2.00	2.00	1,530	1,530
Financial Services Fees		11,138	14.56	14.10	10,788	10,788
Board Reimbursement		3,400	4.44	4.44	3,400	2,978
Total		85,636	111.94	112.48	86,046	82,079
OPERATING EXPENSE						
Office, Desk		148,691	194.37	207.47	158,720	149,087
Housekeeping, Laundry, Supplies		99,207	129.68	130.48	99,815	89,171
Grounds & Landscaping		34,748	45.42	44.39	33,956	46,592
Pool & Spa		15,420	20.16	20.16	15,420	17,225
Total		298,066	389.63	402.50	307,911	302,076
UTILITIES						
Electric		29,200	38.17	38.16	29,200	29,310
Water, Sewer, Gas		23,375	30.56	30.41	23,284	22,473
Waste Disposal		6,948	9.08	9.29	7,104	6,947
Telephone		8,220	10.75	10.75	8,220	7,166
Cable Television		9,000	11.76	10.98	8,400	8,670
Total		76,743	100.32	99.59	76,188	74,565
BUILDING						
Maintenance - Service, Equipment, Supplies		24,521	32.05	99.72	76,287	43,192
Building & Equipment Contracts		47,064	61.53	6.62	5,064	38,520
Elevator Contracts		3,193	4.17	3.71	2,840	3,764
Total		74,778	97.75	110.05	84,191	85,476
INSURANCE & TAXES						
General Insurance		83,728	109.45	104.54	79,974	78,939
Income Tax		2,242	2.93	5.23	4,000	0
Taxes Upon Timeshare Property (Ad Valorem Taxes)	1	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		85,970	112.38	109.77	83,974	78,939
SALE OF ASSOCIATION WEEKS						
Sale of Association Weeks		0	0.00	0.00	0	(13,800)
Cost of Sales		0	0.00	0.00	0	8,518
Total		0	0.00	0.00	0	(5,282)
OPERATING EXPENSE TOTAL		621,193	812.02	834.39	638,310	617,852
OPER. PROFIT/(LOSS)		0	0.00	0.00	0	20,878

1 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.

	Statutory Reserve Funding					With Owner Waiver of Statutory Reserve Funding	
	2010 Annual Budget	2010 Per Unit/ Week	2009 Per Unit/ Week	2009 Annual Budget	2009 Proj. Actuals For Year	2010 Annual Budget	2010 Per Unit/ Week
RESERVE REVENUE	212,524	277.81	209.12	159,971	159,977	152,869	199.83
RESERVE EXPENSES							
Capital Reserves:							
Interior	152,412	199.23	139.67	106,836	106,840	104,775	136.96
Roof	8,496	11.11	7.41	5,671	5,671	5,671	7.41
Paving	13,341	17.44	12.27	9,390	9,390	13,153	17.19
Recreation	0	0.00	0.00	0	0	0	0.00
Common Area	0	0.00	0.00	0	0	0	0.00
Capital Improvements	27,265	35.64	29.75	22,761	22,762	18,437	24.10
Total	201,514	263.42	189.10	144,658	144,663	142,036	185.66
Painting Reserve	11,010	14.39	20.02	15,313	15,314	10,833	14.16
Total	11,010	14.39	20.02	15,313	15,314	10,833	14.16
RESERVE EXPENSE TOTAL	212,524	277.81	209.12	159,971	159,977	152,869	199.82
RESERVE PROFIT/(LOSS)	0	0.00	0.00	0	0	0	0.00

HURRICANE HOUSE CONDOMINIUM ASSOCIATION, INC
ANNUAL BUDGET FOR THE PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Summary	Statutory Reserve Funding		2009 Per Unit/ Week	2009 Annual Budget	2009 Proj. Actuals For Year	With Owner Waiver of Statutory Reserve Funding	
	2010 Annual Budget	2010 Per Unit/ Week				2010 Annual Budget	2010 Per Unit/ Week
OPERATING FEE	645,029	843.18	824.78	630,960	635,627	645,029	843.18
CAPITAL RESERVE	201,514	263.42	189.10	144,658	144,663	142,036	185.66
PAINTING RESERVE	11,010	14.39	20.02	15,313	15,314	10,833	14.16
SPECIAL ASSESSMENT	0	0.00	0.00	0	0	0	0.00
NET BEFORE CREDITS	857,553	1,120.99	1,033.90	790,931	795,604	797,898	1,043.00
CREDITS							
PAINTING RESERVE REFUND	0	0.00	0.00	0	0	0	0.00
OPER. SURPLUS REFUND (DEFICIT)	0	0.00	6.10	4,667	4,667	0	0.00
TOTAL CREDITS	0	0.00	6.10	4,667	4,667	0	0.00
TOTAL AMOUNT BILLED	857,553	1,120.99	1,040.00	795,598	800,271	797,898	1,043.00

HURRICANE HOUSE CONDOMINIUM ASSOCIATION, INC
RESERVE ANALYSIS FOR THE PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

765 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (765 units)	2010 Statutory Reserve Funding	Estimated Fund Balance As of 1/1/2010	2010 Proposed Reserve/Assmt. Funding	2010 Projected Expenses	Estimated Fund Balance As of 12/31/2010
Interior	8.40	5.21	834,755	152,412	40,300	104,775	35,600	109,475
Roof	18.89	11.03	107,140	8,496	13,400	5,671	0	19,071
Painting	6.69	5.00	72,500	11,010	17,450	10,833	0	28,283
Paving	10.22	7.09	95,375	13,341	800	13,153	0	13,953
Recreation	0.00	0.00	0	0	0	0	0	0
Common Area	0.00	0.00	0	0	0	0	0	0
Capital Improvements	13.73	7.53	253,100	27,265	47,700	18,437	27,000	39,137
TOTAL			1,362,870	212,524	119,650	152,869	62,600	209,919

	2010 Statutory Reserve Funding	2010 Proposed Reserve Funding
Operating Fee	\$843.18	\$843.18
Capital Reserve	\$263.42	\$185.66
Painting Reserve	\$14.39	\$14.16
Special Assessment	\$0.00	\$0.00
Total Amount Billed	<u>\$1,120.99</u>	<u>\$1,043.00</u>
Painting Reserve Refund	\$0.00	\$0.00
Operating Surplus Refund	\$0.00	\$0.00
TOTAL AMOUNT BILLED	<u>\$1,120.99</u>	<u>\$1,043.00</u>

** 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 \$1,120.99. The Board of Directors recommends a vote in favor of waiving the full funding requirements for Statutory Reserves at the 2009 annual meeting, thereby establishing the maintenance fee at \$1,043.00 for the 2010 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 765 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.