



February 1, 2010

Dear Sanibel Cottages Owner,

It is my privilege to invite you to the Annual Owners Meeting for The Sanibel Cottages Condominium Association, Inc. This year's Annual Meeting will take place at 1:30 p.m. on Tuesday, March 2, 2010, pool side at Sanibel Cottages, Sanibel Island, Florida. To prepare you for this important gathering, enclosed is information about the following topics:

- Election of Candidate for Board of Directors
- Waiving of 2010 Statutory Funding of Reserves
- Ballot/Proxy Instructions
- Notice and Agenda for 2010 Annual Owners Meeting
- List of Candidates for Board of Directors
- Ballot/Proxy and Return Envelope

A quorum must be established to conduct business at the Annual Owners Meeting, so please complete and return your enclosed Ballot/Proxy promptly, regardless of whether you plan to attend the meeting.

Election of Candidate for Board of Directors

At this year's Annual Owners Meeting, one Board Member will be elected from the list of candidates presented in this mailing. Your Board of Directors and Hilton Grand Vacations thank each of the Owners who expressed a desire to serve on the board. Your interest in the Association is vital.

As we prepare to elect a Board Member, we extend our deepest gratitude to James Saxon – President, Michael Keller – Vice President and Barbara Garratt – Secretary/Treasurer for their service to the Board. Their hard work and dedication to the best interests of The Sanibel Cottages Condominium Association are greatly valued.

Waiving of 2010 Statutory Reserves

Under Florida law, condominium associations are required to “fully fund” reserves for capital improvements and maintenance at statutory levels. The State also permits the waiver or reduction of this statutory requirement with an affirmative vote by the majority of Owners voting at the Annual Owners Meeting, either in person or by Proxy.

Your 2010 budget and related maintenance fee bill included an allocation deemed sufficient by your Board of Directors to fund reserves for your property, based on long-range cash flow projections. However, the allocation is \$105.70 per unit week less than the statutory requirement.

Your Board of Directors recommends that you vote FOR waiver of the statutory reserve requirement on the enclosed Ballot/Proxy. Without a majority vote for waiver, the State of Florida may require an additional reserve assessment of \$105.70 per unit week.

Ballot/Proxy Instructions

We encourage all Owners to attend the Annual Owners Meeting. For those Owners unable to attend the meeting in person, you may submit a ballot/proxy. Your proxy allows you to appoint another person to vote on your behalf for such business other than election of directors and statutory funding of reserves in the event you are unable to attend the meeting. You may appoint the secretary of the association (or if the secretary is unable to attend, any person the secretary designates), or you may appoint any other person who will be in attendance at the meeting as your proxy. If you appoint a proxy and later decide you will be able to attend the meeting in person, you may withdraw your proxy when you register at the meeting.

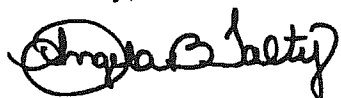
Please read and review the ballot/proxy carefully. Your vote is important. If you are unable to attend the meeting and choose to submit your ballot/proxy by mail, remember that in the case of multiple ownership, all Owners must sign the proxy to make it valid. When the ballot/proxy form is completed, please return it in the enclosed envelope.

2008-2009 Resort Operating Highlights

To access information about your Association please visit the "News" page of your resort's website at www.hgvc.com/sanibelcottages. Please also feel free to contact me with any questions or feedback at 239-472-1868.

The staff and I look forward to another great year in 2010 and to making your vacation experiences memorable.

Sincerely,



Angela B. Talty
Resort Manager

Enclosures: Notice of Annual Meeting and Agenda with Candidates for Board of Directors on the back
Ballot/proxy with Voting Certificate on back
Return envelope

ASSOCIATION-OWNED WEEKS FOR SALE

The Sanibel Cottages Condominium Association has acquired a few weeks through foreclosure proceedings and is offering them for sale to all Sanibel Cottages owners via closed-bid sale. The units are: 118, week 36; 115, week 37 and 113, week 39. The **MINIMUM BID** for each unit week is **\$8,000**. The buyer will be responsible for all closing costs. The successful bidder will have use of the unit in 2010 and thus will be responsible for paying the 2010 maintenance fees. Bids should be sent to: Sanibel Cottages - "Closed Bid", Attn: Angela Talty, 2341 West Gulf Drive, Sanibel, Florida, 33957. Bids will be opened on March 2, 2010. In the case of a tie bid, the one with the earliest post mark wins.

**NOTICE OF ANNUAL OWNERS MEETING
THE SANIBEL COTTAGES
CONDOMINIUM ASSOCIATION, INC.**

Tuesday, March 2, 2010, 1:30 p.m.

**Poolside, Sanibel Cottages
2341 West Gulf Drive, Sanibel Island, Florida**

AGENDA

Call to Order

Roll Call

Call for Outstanding Proxies

Approval of 2009 Annual Meeting Minutes

Old and Unfinished Business

New Business

- Manager's Report
- Board of Directors' Report
- Financial Report
- Insurance Report
- Resales Update
- Rental Update
- Ratification of 2010 Budget

General Discussion

Teller's Report

- Statutory Funding of Reserves
- Election of Director

Adjournment

2010 Board of Directors Candidates are on the reverse side

**THE SANIBEL COTTAGES CONDOMINIUM ASSOCIATION, INC.
2010 BOARD OF DIRECTORS CANDIDATES**

NAME: Mrs. Dorothe A. Dekko
HOME: Tonka Bay, Minnesota
UNIT/WEEK: 128, weeks 52, 1, 2; 122, weeks 3 - 7
COMMENTS: Dear Owners, I have owned eight weeks at Sanibel Cottages for 27 years. I have been on the Board of Directors nine years and three years for my condo in Aspen, Colorado. Twenty-two years ago I opened 12 Chico's stores with my family in Minnesota and sold them two years ago. I also was co-founder of a professional soccer team called Minnesota Kicks. I have been on the National Board for March of Dimes and the Consumer Board of Land O'Lakes. I have published three books on food and nutrition. Recently two of my four children bought several weeks at Sanibel Cottages. I wish to be on the board again to help keep our wonderful Sanibel Cottages just that . . . wonderful in every way.

NAME: Mr. Hans DeVaughn
HOME: Sanford, Florida
UNIT/WEEK: 125, week 25; 108, week 36
COMMENTS: I am a retired engineer. In addition to our two weeks at Sanibel Cottages, my wife and I own weeks at HGVC managed properties on Sanibel and Captiva and also own timeshare units at other Florida locations as well as nationally. Since the majority of these properties are beachfront, I have substantial knowledge and experience as to the needs, services and management approaches unique to this type of resort. I am currently serving on the board at two HGVC-managed island resorts and also a self-managed resort. My major accomplishments at other resorts include initiating and volunteering my services to install and support wireless internet systems, cost reducing phone/internet service by almost \$400/month, and inspecting and preparing punch-list items during different phases of Hurricane Charley reconstruction. A goal for 2010 would be the installation of a computer in the Sanibel Cottages office area available for owners and their guests. I am interested in working with management to maintain the beauty and charm of the resort while, at the same time, controlling escalating maintenance fees.

NAME: Mr. James Saxon
HOME: Venetia, Pennsylvania
UNIT/WEEK: 104, week 21; 126, week 33
COMMENTS: My wife, Lynda and I have owned two weeks at Sanibel Cottages for over 20 years. I have served on the Cottages' Board of Directors for two, three-year terms. I also currently serve on 2 additional boards in Pittsburgh. During my tenure as a board member for Sanibel Cottages I have found it to be extremely rewarding. It's nice to hear the positive comments from the homeowners received at the annual meetings and from the owner's breakfast meetings. As a board member, many difficult decisions need to be made. I feel it is essential to vote with the interest of our entire body of homeowners in mind. My goal is to keep our five-star resort in the condition it was when originally constructed. As CFO of a major real estate firm in Pittsburg and a CPA, I also feel it is extremely important to keep our expenditures in line and challenge all budgetary line items.

APPOINT ALTERNATE PROXY (OPTIONAL)

Signing the Execution of Proxy above appoints the secretary of the association, or any Board Member in attendance that the secretary so designates in their absence, as your attorney-in-fact and proxyholder and directs them to cast your vote for such business and in accordance with any votes as indicated herein or as may come before the meeting or any adjournment thereof.

You may choose to appoint another person instead of the secretary of the association as your proxyholder. If you choose to appoint an alternate proxyholder, please indicate on the line below.

(print name of alternate proxyholder)

VOTING CERTIFICATE

- 1. If your Unit Week is **OWNED BY ONLY ONE PERSON, PLEASE DISREGARD THIS SECTION.**
- 2. If your Unit Week is **OWNED BY MORE THAN ONE PERSON**, the owners must designate one of them as the Voting Member. This section should be filled out and signed by all of the owners of the Unit Week and returned to the Association prior to the meeting.
- 3. If a Unit Week is **OWNED JOINTLY BY A HUSBAND AND WIFE**, the following three provisions are applicable:
 - (a) They may, but shall not be required to, designate a Voting Member.
 - (b) If they do not designate a Voting Member and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.
 - (c) Where they do not designate a Voting Member, and only one is present at a meeting, the person present may cast the Unit Week's vote, just as though he or she owned the Unit Week individually, and without establishing the concurrence of the absent person.
- 4. If a Unit Week is **OWNED BY A CORPORATION, LIMITED LIABILITY COMPANY, TRUST, PARTNERSHIP OR OTHER LEGAL ENTITY**, the officer, managing member, general partner, trustee or other authorized representative thereof entitled to cast the vote must be designated and this section signed by such entities authorized representative. This is to certify that the undersigned, constituting all of the record owners of unit week(s) _____ of The Sanibel Cottages Condominium Association, Inc., have designated

(Please Print Name of Voting Member)

as their representative of the above referenced timeshare interest to cast all votes and to express all approvals that such owner may be entitled to cast or express at all meetings of the membership of the Association and for all other purposes provided by the Declaration of Condominium, Articles, By-Laws and other charter documents of The Sanibel Cottages Condominium Association, Inc. This voting certificate is made pursuant to Article VII of the Declaration of Condominium and Article II, Section 5, of the By-Laws, and shall revoke all prior voting certificates. It shall be valid until revoked or suspended by a subsequent voting certificate or other written instrument.

Signature

Name

Title