



November 2009

Dear Seawatch On-the-Beach 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 new 32-inch flat-screen televisions and new television stands in the living rooms, and installation of pavers in the parking lot.

### **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. Other factors impacting your association's 2010 budget include continual funding of the reserves to update the kitchens and bathrooms in 2011 and replace the spa in 2010. The spa replacement is required by changes to the federal law governing the operation of the spa's piping and equipment. Other projects scheduled for 2010 include the resurfacing of the unit patios and replacement of the tennis court lighting.

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](http://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](http://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 Deborah Steven to the seat on the Board of Directors. We are pleased to have her as a Board Member and look forward to her many contributions to your owners association. We also extend our thanks to the rest of your Board Members – Steve Couch, Mike Dammeyer, Tim Pellerin and John Sykora – for their continued support and leadership.

At the 2010 Annual Owners Meeting, two (2) 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 February 15, 2010.

**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](http://arda.org).

If you have any questions about your 2010 maintenance fees and taxes, please feel free to contact me by phone at (239) 463-4469 or by email at [mjenkins@hgvc.com](mailto:mjenkins@hgvc.com).

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

Warmest regards,



Michele Jenkins  
Resort Manager

**SEAWATCH ON-THE-BEACH CONDOMINIUM ASSOCIATION, INC**  
**ANNUAL BUDGET FOR THE PERIOD**  
**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

Description	2100	2010	2010	2009	2009	2009
	unit/weeks	Annual Budget	Per Unit/ Week	Per Unit/ Week	Annual Budget	Proj. Actuals For Year
<b>REVENUE</b>						
Association Fees		1,197,248	570.12	556.70	1,169,065	1,169,070
Late Fee Income		8,975	4.27	4.02	8,450	10,641
NSF Income		175	0.08	0.08	175	140
Interest Income		0	0.00	4.70	9,875	447
Dividend Income		0	0.00	0.90	1,900	2
Sales Rent Income		7,752	3.69	3.69	7,752	7,755
Vending Income		1,115	0.53	0.62	1,300	1,041
Other Revenue		1,200	0.58	0.00	0	1,660
<b>TOTAL OPERATING REVENUE</b>		<b>1,216,465</b>	<b>579.27</b>	<b>570.72</b>	<b>1,198,517</b>	<b>1,190,756</b>
<b>ADMINISTRATIVE</b>						
Annual Audit		6,780	3.23	3.11	6,540	6,200
Bad Debt Expense		3,200	1.52	2.86	6,000	6,000
Other Administrative Expenses		25,790	12.28	14.45	30,340	19,415
Postage, Printing, Newsletter		11,025	5.25	4.95	10,400	8,688
Management Fees		84,168	40.08	40.08	84,163	84,165
Division Fees		4,200	2.00	2.00	4,200	4,200
Financial Services Fees		26,832	12.78	12.53	26,308	26,306
Board Reimbursement		10,100	4.81	4.81	10,100	3,669
<b>Total</b>		<b>172,095</b>	<b>81.95</b>	<b>84.79</b>	<b>178,051</b>	<b>158,643</b>
<b>OPERATING EXPENSE</b>						
Office, Desk		187,331	89.21	86.66	181,993	178,245
Housekeeping, Laundry, Supplies		248,168	118.17	118.47	248,788	241,427
Security Provisions		49,350	23.50	22.12	46,450	47,922
Grounds & Landscaping		33,300	15.86	16.86	35,400	35,349
Pool & Spa		8,700	4.14	4.14	8,700	8,130
Recreation		18,171	8.65	6.94	14,569	15,487
<b>Total</b>		<b>545,020</b>	<b>259.53</b>	<b>255.19</b>	<b>535,900</b>	<b>526,560</b>
<b>UTILITIES</b>						
Electric		65,000	30.95	28.57	60,000	61,089
Water, Sewer, Gas		37,700	17.95	21.95	46,100	36,385
Waste Disposal		14,250	6.79	6.11	12,840	13,098
Telephone		4,320	2.06	2.06	4,320	4,067
Cable Television		23,640	11.26	10.40	21,840	21,615
<b>Total</b>		<b>144,910</b>	<b>69.01</b>	<b>69.09</b>	<b>145,100</b>	<b>136,255</b>
<b>BUILDING</b>						
Maintenance - Service, Equipment, Supplies		135,684	64.61	63.94	134,274	135,146
Building & Equipment Contracts		0	0.00	0.00	0	0
Elevator Contracts		7,016	3.34	1.71	3,600	2,562
<b>Total</b>		<b>142,700</b>	<b>67.95</b>	<b>65.65</b>	<b>137,874</b>	<b>137,708</b>
<b>INSURANCE &amp; TAXES</b>						
General Insurance		203,840	97.07	92.42	194,092	193,337
Income Tax		6,200	2.95	3.57	7,500	3,883
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>210,040</b>	<b>100.02</b>	<b>96.00</b>	<b>201,592</b>	<b>197,220</b>
<b>SALE OF ASSOCIATION WEEKS</b>						
Sale of Association Weeks		(7,000)	(3.33)	0.00	0	(7,000)
Cost of Sales		8,700	4.14	0.00	0	8,645
<b>Total</b>		<b>1,700</b>	<b>0.81</b>	<b>0.00</b>	<b>0</b>	<b>1,645</b>
<b>OPERATING EXPENSE TOTAL</b>		<b>1,216,465</b>	<b>579.27</b>	<b>570.72</b>	<b>1,198,517</b>	<b>1,158,031</b>
<b>OPER. PROFIT/(LOSS)</b>		<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>32,725</b>

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
<b>RESERVE REVENUE</b>	662,493	315.47	213.94	449,275	449,275	458,770	218.46
<b>RESERVE EXPENSES</b>							
<b>Capital Reserves:</b>							
Interior	504,892	240.42	166.69	350,057	350,057	341,132	162.45
Roof	4,070	1.94	1.59	3,333	3,333	7,710	3.67
Paving	4,780	2.28	7.00	14,694	14,694	4,492	2.14
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	126,084	60.04	26.76	56,191	56,191	80,436	38.30
<b>Total</b>	<b>639,826</b>	<b>304.68</b>	<b>202.04</b>	<b>424,275</b>	<b>424,275</b>	<b>433,770</b>	<b>206.56</b>
<b>Painting Reserve</b>	22,667	10.79	11.90	25,000	25,000	25,000	11.90
<b>Total</b>	<b>22,667</b>	<b>10.79</b>	<b>11.90</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>11.90</b>
<b>RESERVE EXPENSE TOTAL</b>	<b>662,493</b>	<b>315.47</b>	<b>213.94</b>	<b>449,275</b>	<b>449,275</b>	<b>458,770</b>	<b>218.46</b>
<b>RESERVE PROFIT/(LOSS)</b>	<b>0</b>	<b>0.00</b>	<b>(0.00)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

**SEAWATCH ON-THE-BEACH CONDOMINIUM ASSOCIATION, INC**  
**ANNUAL BUDGET FOR THE PERIOD**  
**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

Summary	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
OPERATING FEE	1,197,248	570.12	556.70	1,169,065	1,169,070	1,197,248	570.12
CAPITAL RESERVE	639,826	304.68	202.04	424,275	424,275	433,770	206.56
PAINTING RESERVE	22,667	10.79	11.90	25,000	25,000	25,000	11.90
SPECIAL ASSESSMENT	0	0.00	0.00	0	0	0	0.00
<b>NET BEFORE CREDITS</b>	<b>1,859,741</b>	<b>885.59</b>	<b>770.64</b>	<b>1,618,340</b>	<b>1,618,345</b>	<b>1,656,018</b>	<b>788.58</b>
<b>CREDITS</b>							
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
<b>TOTAL CREDITS</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>TOTAL AMOUNT BILLED</b>	<b>1,859,741</b>	<b>885.59</b>	<b>770.64</b>	<b>1,618,340</b>	<b>1,618,345</b>	<b>1,656,018</b>	<b>788.58</b>

**SEAWATCH ON-THE-BEACH CONDOMINIUM ASSOCIATION, INC**  
**RESERVE ANALYSIS FOR THE PERIOD**  
**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

2100 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (2100 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	10.85	5.67	3,473,725	504,892	611,000	341,132	280,868	671,264
Roof	14.90	2.90	52,300	4,070	40,500	7,710	2,300	45,910
Painting	6.00	3.00	150,000	22,667	82,000	25,000	0	107,000
Paving	25.71	24.14	115,500	4,780	100	4,492	0	4,592
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	12.75	5.10	737,900	126,084	95,000	80,436	99,500	75,936
<b>TOTAL</b>			<b>4,529,425</b>	<b>662,493</b>	<b>828,600</b>	<b>458,770</b>	<b>382,668</b>	<b>904,702</b>

	2010 Statutory Reserve Funding	2010 Proposed Reserve Funding
Operating Fee	\$570.12	\$570.12
Capital Reserve	\$304.68	\$206.56
Painting Reserve	\$10.79	\$11.90
Special Assessment	\$0.00	\$0.00
Total Amount Billed	<u>\$885.59</u>	<u>\$788.58</u>
Painting Reserve Refund	\$0.00	\$0.00
Operating Surplus Refund	\$0.00	\$0.00
<b>TOTAL AMOUNT BILLED</b>	<b><u>\$885.59</u></b>	<b><u>\$788.58</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 \$885.59. 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 \$788.58 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 2100 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.