



May 2008

Dear Seawatch-on-the-Beach Owner,

For some time, your Board of Directors has been discussing the need for a special assessment to fund much-needed improvements to your vacation property. At its meeting on May 28, the board voted unanimously to bill a \$275 per-unit-week assessment to all Seawatch-on-the-Beach Owners. The need for this special assessment originates from three areas:

Elevator Replacement. Our consultant has determined that our elevators have reached the end of their useful life and has obtained three bids from specialized elevator contractors. Per the consultant's recommendation, we awarded the contract to the low and best bidder. The total cost to refurbish our elevators, inside and out, is \$302,000.

The elevator project will coincide with a slower time period at the resort, starting sometime in late August or early September. One elevator will be taken out of service at a time. Because the project involves the replacement of mechanical and electrical components (except the replacement of the actual cabs), each elevator will be out of service for eight weeks. Once work on the first elevator is completed, the second one will be taken out of service. The interior of both cabs (except flooring) will be modernized as part of this project. Plans call for the entire project to be completed near the end of 2008.

Window Replacement. A hurricane that causes interior damage carries a \$100,000 deductible, and on two occasions (Hurricanes Charlie and Wilma) we have been required to pay this level of deductible. The storms also resulted in lengthy resort closures. During the last hurricane, we sustained water intrusion from windows that leaked. Our windows are original equipment, are worn out and will be replaced in 2008. New windows will reduce our energy costs, savings that will be realized every single day. Once this project is completed, all exterior doors and windows (except the small slider in 01 and 06 units) will have been replaced with products that meet current building codes. The sliding door project cost \$450,000, and the window project will cost \$195,000.

Replenish Reserve Accounts. Any remaining special assessment funds will be used to re-build reserve accounts, which were reduced by \$200,000 when the association paid for two \$100,000 unexpected hurricane deductibles.

The items specified above will cost Owners a total of \$1,147,000. Many timeshare resorts would assess 100 percent of these costs. Through proper planning and expense management, we are able to keep this assessment to just 50 percent of the total amount needed.

Payment of \$275 per-unit-week is due on or before August 1, 2008. If you prefer, you may split your payments, but please keep in mind that payment in full is required by the due date. Late fees will be charged if payment is not received in full by the due date.

Thank you for thoughtfully reviewing this important information. If you have any questions, please contact Resort Manager Michele Jenkins at (239) 463-4469 (extension 1002).

Sincerely,

**Board of Directors
Seawatch-on-the-Beach**