



**Hilton**  
**Grand Vacations Company**

November 2009

Dear Eagle's Nest 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 enhancements have been made to your property, including the installation of 32-inch Sony high-definition televisions in all living rooms and the rotation of the old televisions to the guest bedrooms. In addition, Comcast ran new cable lines to all units last December as part of the contract renewal negotiations and at no cost to the association. Another technological advancement for Eagle's Nest was the installation of wireless boosters in the tower and villa buildings, providing Internet access to most unit patios. Please remember, however, that the best signal is still obtained in our lobby area and that the guest Internet-access room is still available for those traveling without laptop computers. Separately, new flat-top ranges were installed in units on floors 1-3 of the tower building, and mattresses were replaced in those units as needed. These same improvements will be made on the remaining floors in 2010.

Beyond the physical enhancements at Eagle's Nest, your recreational program has been improved as well. We recently obtained our salon license, giving Owners and guests the option of scheduling manicures and pedicures, and we added new game equipment including the increasingly popular Corn Bag Toss.

**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 and operating expenses such as insurance premiums and utility costs. In addition, the association has seen a decrease in interest earned on operating funds. The most significant budget item is an increase in reserve funding needed to complete various structural projects in the near future.

Our three major capital projects, which will be scheduled over the next three years, include tower walkway resurfacing and screen enclosure replacement; villa walkway resurfacing and handrail replacement; and tower lanai resurfacing and screen enclosure replacement. Based on budget estimates from prior years, this three-phase project was projected to cost \$425,000. However after specifications were written and bids received, it became evident that the total cost would be closer to \$750,000. Reserve funding was therefore increased by \$38 per unit week for a total reserve bill of \$231. Fortunately, as a result of prudent management, we have been able to hold the operating fee at \$625, unchanged from 2009.

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 hgvclub.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 hgvclub.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.

#### **Board of Directors**

At the last Annual Owners Meeting, the ownership elected Wayne Gruber and Bob Kelsey to seats on the Board of Directors. We are pleased to have them as Board Members and look forward to their many contributions to your owners association. We also extend our thanks to the rest of your Board Members – J. Patrick Doherty, Jon Udell and Mitch Moore – for their continued support and leadership.

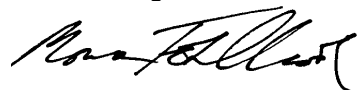
At the 2010 Annual Owners Meeting, two (2) candidates will be elected to the Board of Directors. If you are interested in pursuing candidacy, please complete the enclosed Board of Directors Candidate Form and return it by January 22, 2010.

#### **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.

If you have any questions about your 2010 maintenance fees and taxes, please feel free to contact me by phone at (239) 394-5167 extension 3011. On behalf of the staff at Eagle's Nest, we look forward to welcoming you back to the familiar comfort of your home away from home.

Warmest regards,



Mona Fohlbrook  
Resort Manager

**EAGLES NEST ON MARCO BEACH CONDOMINIUM ASSOCIATION, INC**  
**ANNUAL BUDGET FOR THE PERIOD**  
**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

4800 unit/weeks Description	2010 Annual Budget	2010 Per Unit/ Week	2009 Per Unit/ Week	2009 Annual Budget
<b>REVENUE</b>				
Association Fees	3,000,013	625.00	625.00	3,000,000
Late Fee Income	31,000	6.46	5.94	28,500
Interest Income	0	0.00	4.58	21,980
Sales Rent Income	16,700	3.48	4.71	22,600
Concession Income	10,032	2.09	2.03	9,756
Prior Year Surplus (Deficit)	0	0.00	(3.00)	(14,400)
Flex Reservation Fees	100	0.02	0.00	0
Other Revenue	2,100	0.44	0.40	1,950
<b>TOTAL OPERATING REVENUE</b>	<b>3,059,945</b>	<b>637.49</b>	<b>639.66</b>	<b>3,070,386</b>
<b>ADMINISTRATIVE</b>				
Annual Audit	6,500	1.35	1.29	6,204
Other Administrative Expenses	65,570	13.67	12.93	62,065
Postage, Printing, Newsletter	29,374	6.12	6.79	32,600
Management Fees	195,984	40.83	40.83	195,984
Division Fees	9,600	2.00	2.00	9,600
Financial Services Fees	52,620	10.96	10.96	52,620
Board Reimbursement	12,000	2.50	3.13	15,000
<b>Total</b>	<b>371,648</b>	<b>77.43</b>	<b>77.93</b>	<b>374,073</b>
<b>OPERATING EXPENSE</b>				
Office, Desk	425,522	88.65	87.67	420,807
Housekeeping, Laundry, Supplies	516,395	107.57	119.42	573,192
Security Provisions	108,517	22.61	22.47	107,868
Grounds & Landscaping	65,050	13.55	14.57	69,946
Pool & Spa	43,800	9.13	9.13	43,800
Recreation	63,054	13.14	10.42	50,035
Store	(11,100)	(2.31)	(4.41)	(21,156)
<b>Total</b>	<b>1,211,238</b>	<b>252.34</b>	<b>259.27</b>	<b>1,244,492</b>
<b>UTILITIES</b>				
Electric	206,600	43.04	39.94	191,700
Water, Sewer, Gas	164,400	34.25	39.38	189,050
Waste Disposal	24,160	5.03	5.00	24,000
Telephone	27,760	5.78	5.98	28,700
Cable Television	33,096	6.90	6.24	29,952
<b>Total</b>	<b>456,016</b>	<b>95.00</b>	<b>96.54</b>	<b>463,402</b>
<b>BUILDING</b>				
Maintenance - Service, Equipment, Supplies	429,975	89.58	90.30	433,470
Building & Equipment Contracts	28,600	5.96	3.42	16,400
Elevator Contracts	11,984	2.50	2.71	12,984
<b>Total</b>	<b>470,559</b>	<b>98.04</b>	<b>96.43</b>	<b>462,854</b>
<b>INSURANCE &amp; TAXES</b>				
General Insurance	522,484	108.85	102.61	492,565
Income Tax	22,000	4.58	5.63	27,000
Taxes Upon Timeshare Property (Ad Valorem)	n/a	n/a	n/a	n/a
Taxes Upon Leased Areas	n/a	n/a	n/a	n/a
<b>Total</b>	<b>544,484</b>	<b>113.43</b>	<b>108.24</b>	<b>519,565</b>
<b>SALE OF ASSOCIATION WEEKS</b>				
Sale of Association Weeks	(22,000)	(4.58)	(5.21)	(25,000)
Cost of Sales	28,000	5.83	6.46	31,000
<b>Total</b>	<b>6,000</b>	<b>1.25</b>	<b>1.25</b>	<b>6,000</b>
<b>OPERATING EXPENSE TOTAL</b>	<b>3,059,945</b>	<b>637.49</b>	<b>639.66</b>	<b>3,070,386</b>
<b>OPER. PROFIT/(LOSS)</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>

<sup>1</sup> 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			
	2010 Annual Budget	2010 Per Unit/ Week	2009 Per Unit/ Week	2009 Annual Budget	2010 Annual Budget	2010 Per Unit/ Week
<b>RESERVE REVENUE</b>	1,515,670	315.77	193.00	926,435	1,108,829	231.00
<b>RESERVE EXPENSES</b>						
<b>Capital Reserves:</b>						
Interior	976,146	203.36	118.72	569,875	687,600	143.24
Roof	33,295	6.94	5.85	28,100	26,610	5.54
Paving	15,746	3.28	1.67	8,000	8,000	1.67
Recreation	0	0.00	0.00	0	0	0.00
Common Area	0	0.00	0.00	0	0	0.00
Capital Improvements	329,785	68.71	49.10	235,699	270,946	56.45
<b>Total</b>	<b>1,354,972</b>	<b>282.29</b>	<b>175.34</b>	<b>841,674</b>	<b>993,156</b>	<b>206.90</b>
<b>Painting Reserve</b>	<b>160,698</b>	<b>33.48</b>	<b>17.66</b>	<b>84,761</b>	<b>115,673</b>	<b>24.10</b>
<b>Total</b>	<b>160,698</b>	<b>33.48</b>	<b>17.66</b>	<b>84,761</b>	<b>115,673</b>	<b>24.10</b>
<b>RESERVE EXPENSE TOTAL</b>	<b>1,515,670</b>	<b>315.77</b>	<b>193.00</b>	<b>926,435</b>	<b>1,108,829</b>	<b>231.00</b>
<b>RESERVE PROFIT/(LOSS)</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

**EAGLES NEST ON MARCO BEACH CONDOMINIUM ASSOCIATION, INC**  
**ANNUAL BUDGET FOR THE PERIOD**  
**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

	Statutory Reserve Funding			With Owner Waiver of Statutory Reserve Funding		
	2010 Annual Budget	2010 Per Unit/ Week	2009 Per Unit/ Week	2009 Annual Budget	2010 Annual Budget	2010 Per Unit/ Week
<b>Summary</b>						
OPERATING FEE	3,000,013	625.00	625.00	3,000,000	3,000,013	625.00
CAPITAL RESERVE	1,354,972	282.29	175.34	841,674	993,156	206.90
PAINTING RESERVE	160,698	33.48	17.66	84,761	115,673	24.10
SPECIAL ASSESSMENT	0	0.00	0.00	0	0	0.00
NET BEFORE CREDITS	4,515,683	940.77	818.00	3,926,435	4,108,842	856.00
<b>CREDITS</b>						
PAINTING RESERVE REFUND	0	0.00	0.00	0	0	0.00
OPER. SURPLUS REFUND	0	0.00	0.00	0	0	0.00
TOTAL CREDITS	0	0.00	0.00	0	0	0.00
<b>TOTAL AMOUNT BILLED</b>	<b>4,515,683</b>	<b>940.77</b>	<b>818.00</b>	<b>3,926,435</b>	<b>4,108,842</b>	<b>856.00</b>

**RESERVE ANALYSIS FOR THE PERIOD**  
**JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

4800 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (4800 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	14.70	7.51	7,355,800	976,146	20,149	687,600	97,255	610,494
Roof	21.12	15.83	562,000	33,295	34,784	26,610	0	61,394
Painting	7.70	3.68	601,040	160,698	10,368	115,673	0	126,041
Paving	50.00	25.00	400,000	15,746	6,339	8,000	0	14,339
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	12.45	6.31	2,422,400	329,785	342,306	270,946	609,200	4,052
<b>TOTAL</b>			<b>11,341,240</b>	<b>1,515,670</b>	<b>413,946</b>	<b>1,108,829</b>	<b>706,455</b>	<b>816,320</b>

	2010 Statutory Reserve Funding	2010 Proposed Reserve Funding
Operating Fee	\$625.00	\$625.00
Capital Reserve	\$282.29	\$206.90
Painting Reserve	\$33.48	\$24.10
Special Assessment	\$0.00	\$0.00
Total Amount Billed	<u>\$940.77</u>	<u>\$856.00</u>
Painting Reserve Refund	\$0.00	\$0.00
Operating Surplus Refund	\$0.00	\$0.00
<b>TOTAL AMOUNT BILLED</b>	<b><u>\$940.77</u></b>	<b><u>\$856.00</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 \$940.77. 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 \$856.00 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 4800 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.