



October 2009

Dear Club Regency of Marco 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 the completion of our master bathroom renovations in all three buildings as well as a model-unit renovation of one of our guest bathrooms. We have also updated the bathrooms in our clubhouse.

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 budget factors specific to your resort include:

- 6 percent increase in insurance costs
- 10 percent increase in water costs
- Several large, previously planned reserve projects including the renovation of our guest bathrooms and upgrades to the spa to meet new code requirements

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 policies established by your association's governing documents and/or Board of Directors and/or applicable law.

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.

Board of Directors

At the last Annual Owners Meeting, the ownership elected Ms. Jan Brehm and Dr. Charles Pineno 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 – The Honorable Ralph Pearman, Mr. Arnold Zimmerman and Mr. James Chinavare – 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 November 6, 2009.

ARDA – Timeshare's First Line of Defense

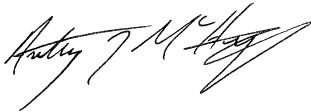
As the vacation ownership industry's trade association, the American Resort Development Association (ARDA) promotes a "timeshare-friendly" legislative agenda at the local, state and federal levels. On behalf of ARDA, we would like to thank those who have supported these efforts by making a voluntary \$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) 394-8197 or by email at amchugh@hgvc.com.

On behalf of the staff of Club Regency of Marco, we look forward to welcoming you back to the familiar comfort of your home away from home.

Warmest regards,



Anthony McHugh
Resort Manager

CLUB REGENCY OF MARCO ISLAND CONDOMINIUM ASSOCIATION, INC.
ANNUAL BUDGET FOR THE PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Description	1632 unit/weeks	2010	2010	2009	2009	2009
		Annual Budget	Per Unit/ Week	Per Unit/ Week	Annual Budget	Proj. Actuals For Year
REVENUE						
Association Fees		1,019,101	624.45	611.89	998,604	998,604
Late Fee Income		7,800	4.78	8.27	13,500	12,808
NSF Income		0	0.00	0.00	0	35
Interest Income		1,500	0.92	4.60	7,500	265
Dividend Income		0	0.00	0.00	0	2
Long Distance		360	0.22	0.18	300	49
Concession Income		10,338	6.33	5.85	9,548	9,891
Prior Year Surplus (Deficit)		(35,000)	(21.45)	(17.16)	(28,000)	(28,000)
Other Revenue		2,000	1.23	1.47	2,400	2,027
TOTAL OPERATING REVENUE		1,006,099	616.48	615.10	1,003,852	995,681
ADMINISTRATIVE						
Annual Audit		6,200	3.80	3.62	5,900	5,900
Bad Debt Expense		6,000	3.68	1.84	3,000	3,391
Other Administrative Expenses		25,977	15.92	17.97	29,324	25,908
Postage, Printing, Newsletter		7,300	4.47	5.58	9,100	7,361
Management Fees		67,188	41.17	41.17	67,188	67,188
Division Fees		3,264	2.00	2.00	3,264	3,264
Financial Services Fees		23,027	14.11	13.83	22,575	22,575
Board Reimbursement		10,500	6.43	6.43	10,500	10,480
Total		149,456	91.58	92.44	150,851	146,067
OPERATING EXPENSE						
Office, Desk		171,072	104.82	103.54	168,977	164,582
Housekeeping, Laundry, Supplies		206,370	126.45	126.04	205,692	193,878
Security Provisions		11,899	7.29	5.51	8,997	9,273
Grounds & Landscaping		34,700	21.26	21.26	34,700	34,089
Pool & Spa		11,340	6.95	8.26	13,476	10,743
Recreation		400	0.25	0.18	300	474
Total		435,781	267.02	264.79	432,142	413,039
UTILITIES						
Electric		59,800	36.64	35.37	57,730	57,088
Water, Sewer, Gas		70,300	43.08	43.93	71,700	65,543
Waste Disposal		7,869	4.82	4.75	7,760	7,668
Telephone		16,695	10.23	9.77	15,950	15,823
Cable Television		13,400	8.21	7.77	12,676	12,797
Total		168,064	102.98	101.60	165,816	158,918
BUILDING						
Maintenance - Service, Equipment, Supplies		120,029	73.55	72.91	118,992	108,654
Building & Equipment Contracts		2,004	1.23	0.55	900	1,980
Total		122,033	74.78	73.46	119,892	110,634
INSURANCE & TAXES						
General Insurance		147,165	90.17	85.06	138,820	138,149
Income Tax		3,000	1.84	4.15	6,770	1,801
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
Total		150,165	92.01	89.21	145,590	139,950
SALE OF ASSOCIATION WEEKS						
Sale of Association Weeks		(100,000)	(61.27)	(30.64)	(50,000)	(53,600)
Cost of Sales		80,600	49.38	24.24	39,561	43,349
Total		(19,400)	(11.89)	(6.40)	(10,439)	(10,251)
OPERATING EXPENSE TOTAL		1,006,099	616.48	615.10	1,003,852	958,357
OPER. PROFIT/(LOSS)		0	0.00	(0.00)	(0)	37,324

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	2009 Proj. Actuals For Year	2010 Annual Budget	2010 Per Unit/ Week
RESERVE REVENUE	610,218	373.91	169.83	277,157	277,163	331,642	203.21
RESERVE EXPENSES							
Capital Reserves:							
Interior	461,781	282.95	93.60	152,753	152,756	200,340	122.76
Roof	16,717	10.24	7.93	12,940	12,941	12,835	7.86
Paving	9,388	5.75	4.20	6,848	6,848	6,755	4.14
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	110,032	67.43	54.40	88,787	88,788	97,593	59.80
Total	597,918	366.37	160.13	261,328	261,333	317,523	194.56
Painting Reserve	12,300	7.54	9.70	15,829	15,829	14,119	8.65
Total	12,300	7.54	9.70	15,829	15,829	14,119	8.65
RESERVE EXPENSE TOTAL	610,218	373.91	169.83	277,157	277,163	331,642	203.21
RESERVE PROFIT/(LOSS)	0	0.00	(0.00)	(0)	0	0	0.00

CLUB REGENCY OF MARCO ISLAND 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	1,019,101	624.45	611.89	998,604	998,604	1,019,101	624.45
CAPITAL RESERVE	597,918	366.37	160.13	261,328	261,333	317,523	194.56
PAINTING RESERVE	12,300	7.54	9.70	15,829	15,829	14,119	8.65
SPECIAL ASSESSMENT	0	0.00	0.00	0	0	0	0.00
NET BEFORE CREDITS	1,629,319	998.36	781.72	1,275,761	1,275,767	1,350,743	827.66
CREDITS							
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
TOTAL CREDITS	0	0.00	0.00	0	0	0	0.00
TOTAL AMOUNT BILLED	1,629,319	998.36	781.72	1,275,761	1,275,767	1,350,743	827.66

CLUB REGENCY OF MARCO ISLAND CONDOMINIUM ASSOCIATION, INC
RESERVE ANALYSIS FOR THE PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

1632 unit/weeks Replacement Fund	Average Estimated Life (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost (1632 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	11.67	4.84	2,338,310	461,781	105,032	200,340	126,400	178,972
Roof	21.57	3.57	276,800	16,717	217,099	12,835	0	229,934
Painting	9.71	3.49	137,100	12,300	94,161	14,119	0	108,280
Paving	24.43	10.37	165,000	9,388	67,672	6,755	0	74,427
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	15.26	6.85	841,600	110,032	87,732	97,593	1,600	183,725
TOTAL			3,758,810	610,218	571,696	331,642	128,000	775,338

	2010 Statutory Reserve Funding	2010 Proposed Reserve Funding
Operating Fee	\$624.45	\$624.45
Capital Reserve	\$366.37	\$194.56
Painting Reserve	\$7.54	\$8.65
Special Assessment	\$0.00	\$0.00
Total Amount Billed	<u>\$998.36</u>	<u>\$827.66</u>
Painting Reserve Refund	\$0.00	\$0.00
Operating Surplus Refund	\$0.00	\$0.00
TOTAL AMOUNT BILLED	<u>\$998.36</u>	<u>\$827.66</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 \$998.36. 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 \$827.66 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 1632 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.