

MEMORANDUM

To: Woods Manor Interval Timeshare Owners
From: Woods Manor Board of Managers
Date: November, 2008
Subj: Woods Manor Timeshare Budget/Dues/Status Update

The budget to operate the Woods Manor Interval timeshare units in 2009 has been completed by the Board of Managers. This memorandum is provided to all timeshare owners to explain the 2009 budget and dues and to provide general status information regarding Woods Manor.

During the past couple of years, major remodeling of the common areas was started and completed. In addition, the timeshare units were painted, new linens were purchased, several new washer/dryers were replaced, and new kitchen utensils/dishes were purchased. Also in 2008, a solicitation was published for management company services and as a result a new company took over management of Woods Manor in July of this year. The new company is Four Seasons Lodging, Inc., located at 424 South Ridge Street in Breckenridge.

In 2008, a website was established for Woods Manor at www.woodsmanorcondos.com. You can find information on the website about Woods Manor, directions, governing documents, minutes of board meetings, annual budgets, etc. Check out the classified ads for some good deals on timeshare weeks. If you would like to place an ad to buy or sell a unit, email the details to directors@woodsmanorcondos.com.

The dues for 2009 increased a few dollars above 2008 levels. The increase is mainly due to the expectations of increased utility costs and about \$5 per week for the wireless internet service. The decision to install internet service was discussed at the 2008 annual homeowners meeting and the majority of owners were in favor of having this service. It is much more convenient than driving to and paying for an internet cafe service.

Woods Manor Timeshare Dues		
Unit	2008	2009
B101	\$347.11	\$357.76
B102	\$441.59	\$455.14
B203	\$395.38	\$407.51
B204	\$493.96	\$509.12
B303	\$395.38	\$407.51
B304	\$493.96	\$509.12

Timeshare dues are calculated for each unit by multiplying the total timeshare budget by the unit's percentage factor. This percentage factor is based upon the size of the unit as documented in the condominium declarations. After this computation, the amount for each unit is divided by 50 to get the weekly dues for each unit. The association owns weeks 20 and 44 which are used for major repairs and cleaning, thus the reason for 50 weeks being used in the calculation.

The complete 2009 budget can be accessed from the Woods Manor website. As you look at the budget, most of the line items are self-explanatory. Comments about some of the larger line items follow here:

Woods Manor Timeshare Budget Comments		
Line Item	Amount	Comment
Timeshare Dues	\$132,307	This is the dues to be collected from the owners of the 300 weeks (6 units times 50 weeks each).
Management Fees	\$10,800	This is the fees we pay to our Management Firm (Four Seasons Lodging). They have personnel to handle the RCI reservations, unit maintenance coordination, funds accounting, owner communications, etc.
HOA Dues to WMA	\$34,752	WMA is the ownership association for the entire complex. The overall complex operating expenses are budgeted through WMA and the resulting monthly dues are transferred from WMI (timeshare owners association) each month for the six units owned by timeshare owners.
Total Housekeeping	\$33,580	This is the cost to have housekeeping services at the end of each timeshare week (Saturdays), to do major cleaning during the two maintenance weeks, and to fund linen replacements.
Total Repairs and Maintenance	\$13,304	This is the budget for repairs inside the six timeshare units throughout the year. It also includes carpet cleaning.
Total Utilities	\$15,840	Utility costs seem to go up each year. Actual expenditures will depend a lot on the temperatures during the winter months. A new category in this total, beginning in 2009, is the cost of wireless internet connectivity in each unit, which amounts to about \$5 per timeshare week.
Operating Contingency	\$10,000	The timeshare dues revenue is based upon 300 unit weeks contributing. The association currently owns 7 weeks, which were foreclosed. There are also a few weeks that are delinquent on 2008 dues. This line item is primarily to cover weeks that do not contribute dues in 2009. Unfortunately, paying owners have to compensate for non-paying owners.

During the next few months, the Board of Managers will be working with the Management Company to develop an up-to-date replacement schedule for the six timeshare units. The Board feels there are sufficient capital reserve funds to handle purchases for the next 2-3 years; however, we want to have a projection of expected costs over the next 10 years or more. The dues amount you paid in 2008 and will pay for 2009 is enough to cover annual operations of the timeshare units. As you know, we must also plan for capital expenditures like new carpet and furniture, as well as potential complex improvements such as paving the parking lot at some point.

The Board would like your feedback regarding the best process to fund the timeshare capital reserve account. There are two options that come to mind. One option is that, after completion of a realistic timeshare capital items replacement schedule and long-term planning for complex improvements, an amount could be computed that is added to the annual dues and deposited into the capital reserve account to handle capital expenditures. Another option is to periodically issue a special assessment to fund the capital reserve account near the time when the money is needed, while keeping the annual timeshare dues at a level necessary to cover the annual timeshare operations.

There are advantages and disadvantages to each option. An advantage of computing an equal amount to be included in the annual timeshare dues is that it evens out the payments made by owners. A possible disadvantage of this approach is that a higher annual dues amount might discourage prospective buyers before the seller has a chance to explain that the annual amount includes funding for future capital expenditures.

The Board would appreciate your feedback on which approach you prefer to capital reserve funding. This will be a topic to discuss and vote on at the 2009 annual homeowners meeting. However, your feedback can be provided at any time prior to the meeting by emailing the Board at:

Directors@woodsmanorcondos.com

Or by mailing your feedback to:

Four Seasons Lodging, Inc.
Attn: Woods Manor Board of Managers
424 South Ridge St
Breckenridge, CO 80424

We hope you find this informational memorandum helpful. We hope you all have a healthy and prosperous 2009 and enjoy your next stay in your Woods Manor condominium.

Sincerely,
Woods Manor Board of Managers