

August 26, 2020

RE: Notice of Board Budget Meeting  
MVC Trust Owners Association, Inc.

Dear MVC Trust Owner:

A regular meeting of the Board of Directors of MVC Trust Owners Association, Inc. will be held at 9:00 a.m., Eastern time, on September 10, 2020, at Marriott's Lakeshore Reserve, Stanza Italia Meeting Room, 11248 Lakeshore Reserve Drive, Orlando, Florida 32837 (see [Agenda](#)).

At this meeting, the Board of Directors will consider the MVC Trust Association's budget and approve the resulting assessments for the 2021 fiscal year.

For those Members wishing to attend the meeting in person, appropriate measures are being taken to prevent the spread of COVID-19 among the attendees, including social distancing, appropriate personal protective equipment, and hand sanitizer. Additionally, the meeting room will be cleaned prior to the meeting following our COVID-19 cleaning and sanitizing protocols. For proper social distancing, attendance will be limited to 18 attendees, which is in line with the prior year's meeting attendance.

**Please pay particular attention to the reserve funding line item on the enclosed "[Proposed Budget](#)", as there is a change in the way the proposed budget is communicated to you.** The State of Florida requires the MVC Trust Association to submit a proposed budget to you with a reserve funding amount that represents reserves which are "*fully funded*" based on a statutory formula, unless the Members vote to waive or reduce the reserve funding. In prior years, the Annual Meeting was held in May and the results of the Member vote were known prior to mailing the proposed budget. Due to COVID-19, this year's Annual Meeting was postponed until September 10 and the voting results are not known now as we mail the proposed budget to you.

Therefore, the enclosed proposed budget includes reserves of \$6.20 per beneficial interest, an amount which provides for reserves which are "fully funded" in accordance with the statutory formula. The enclosed "[Sample Budget](#)" is not officially proposed but is provided only as a convenience to show the potential impact of reduced reserve funding on overall assessments. The Board is authorized to potentially lower the reserve funding amount below the amount shown in the proposed budget only if a majority of the Members vote "yes" to waive or reduce the "fully funded" reserve funding shown in the proposed budget. The Board may also determine to provide increased reserve funding in the final budget. Of course, the Board will make the final determination on reserve funding levels once the voting results are known and the Board meets to review the budget in its entirety.

If you have any questions, please feel free to send an email to Chris Elder, Director of Finance, at [mvctoa@vacationclub.com](mailto:mvctoa@vacationclub.com) or you may send an inquiry via postal mail to:

MVC Trust Owners Association, Inc.  
Attention: Chris Elder, Director of Finance  
9002 San Marco Court  
Orlando, Florida 32819

Sincerely,

*Stacey Jackson-Rauso*  
Secretary/Treasurer  
MVC Trust Owners Association, Inc.

This email is sent by: Marriott Vacation Club International and its affiliates on behalf of MVC Trust Owners Association, Inc.,  
c/o 6649 Westwood Boulevard, Suite 500 / Orlando, Florida 32821 / [www.marriottvacationclub.com](http://www.marriottvacationclub.com)  
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**MVC Trust Owners Association, Inc.  
Board of Directors Meeting**

**September 10, 2020 at 9:00 a.m., Eastern Time**

Marriott's Lakeshore Reserve  
Stanza Italia Meeting Room  
11248 Lakeshore Reserve Drive  
Orlando, Florida 32837

**Agenda**

- Call to Order
- Establishment of Quorum and Roll Call
- Proof of Notice of Board Meeting
- Appointment of Recording Secretary
- Adoption of Budget Discussion Rules
- Approval of Agenda
- Approval of Minutes
- Financial Report
  - 2020 Financial Update
  - Proposed 2021 Budget  
(Open Budget Discussion)
  - Approval of Proposed 2021 Budget
- New Business
  - Establishment of 2021 Board of Directors–Budget Meeting Date
- Adjournment

**MVC TRUST OWNERS ASSOCIATION, INC.**  
**Estimated Association Common Expense Budget**  
**For the Period Beginning January 1, 2021 and Ending December 31, 2021**

**Proposed  
Budget**

	2021 Annual Total	2020 Per Beneficial Interest	2021 Per Beneficial Interest	2020 BUDGET VS 2021 BUDGET INCREASE/(DECREASE)	
<b><u>Revenues</u></b>					
Assessments to Beneficiaries (excluding Exchange Company Dues) <sup>(1)</sup>	\$364,485,173	\$151.000	\$159.595	\$8.595	5.7%
Assessments to Beneficiaries (Exchange Company Dues) <sup>(2)</sup>	36,108,963	15.571	\$15.811	0.240	1.5%
Bank/Investment Interest	40,000	0.063	\$0.018	(0.045)	-79.4%
Late Fees	1,369,589	0.486	\$0.600	0.114	22.7%
Maintenance Fee Interest Income	3,521,802	1.333	\$1.542	0.209	15.8%
<b>Total Revenue</b>	<b>\$405,525,527</b>	<b>\$168.453</b>	<b>\$177.565</b>	<b>\$9.112</b>	<b>5.4%</b>
<b><u>Component Expenses</u></b>					
Component Expenses <sup>(3)</sup>	326,619,728	141.423	143.015	1.592	1.1%
<b>Total Component Expenses</b>	<b>326,619,728</b>	<b>141.423</b>	<b>143.015</b>	<b>1.592</b>	<b>1.1%</b>
<b><u>Trust Association Administration</u></b>					
Administration	939,610	0.585	0.411	(0.174)	-29.0%
Audit Fee	17,117	0.008	0.007	(0.001)	0.0%
Bad Debt Expense	7,125,423	3.153	3.120	(0.033)	-1.0%
Billing and Collections	1,920,483	0.838	0.841	0.003	0.0%
Board of Directors	20,406	0.009	0.009	(0.000)	0.0%
Component Services <sup>(4)</sup>	1,610,575	0.741	0.705	(0.036)	-5.4%
Credit Card Fee	5,910,970	2.330	2.588	0.259	11.2%
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	102,702	0.046	0.045	(0.001)	0.0%
Exchange Company Dues <sup>(5)</sup>	36,108,963	15.571	15.811	0.240	1.5%
Income Tax	12,800	0.020	0.006	(0.014)	-50.0%
Insurance	323,447	0.066	0.142	0.075	120.8%
Management Fee <sup>(6)</sup>	6,724,946	2.286	2.945	0.659	28.9%
Postage and Printing	422,921	0.188	0.185	(0.003)	0.0%
Property Taxes <sup>(7)</sup>	3,402,301	1.140	1.490	0.350	30.7%
Trustee Fees	103,500	0.048	0.045	(0.003)	0.0%
<b>Total Administration Expenses</b>	<b>\$64,746,164</b>	<b>\$27.030</b>	<b>\$28.350</b>	<b>\$1.320</b>	<b>4.9%</b>
<b>Reserve Fees</b>	<b>\$14,159,634</b>	<b>\$0.000</b>	<b>\$6.200</b>	<b>\$6.200</b>	<b>100.0%</b>
<b>Total Expenses</b>	<b>\$405,525,527</b>	<b>\$168.453</b>	<b>\$177.565</b>	<b>\$9.112</b>	<b>5.4%</b>
<b>Exchange Company Dues - per Beneficiary <sup>(8)</sup></b>				<b>\$215 or \$255 or \$280</b>	

The following table is shown for illustrative purposes only:

Ownership Recognition Levels	Interests Purchased	Per Interest	Maintenance Fee	Exchange Company Dues	Total
Owner	6	\$159.60	958	\$215	1,173
Select	16	\$159.60	2,554	\$215	2,769
Executive	28	\$159.60	4,469	\$255	4,724
Presidential	40	\$159.60	6,384	\$255	6,639
Chairman's Club	60	\$159.60	9,576	\$280	9,856

**MVC TRUST OWNERS ASSOCIATION, INC.**  
**2021 Estimated Association Common Expense Budget Notes**  
**For The Period Beginning January 1, 2021 And Ending December 31, 2021**

**Proposed  
Budget**

Notes to the 2021 Estimated Operating Budget

- 1) In addition to Assessments, international owners (not residing in the U.S. or Canada) of Interests may be assessed, at the Association's discretion, an annual fee (the "International Beneficiary's Surcharge") which relates to the added costs for postage, personal delivery, increased frequency of costs associated with long distance telephone calls, translation costs, additional costs for telefacsimile communications and labor costs for additional special support staff. The current International Beneficiary's Surcharge is \$34.50 annually. The International Beneficiary's Surcharge may, from time-to-time, be increased to reflect any increase in the cost of providing these services; provided, however, any such increase shall not exceed fifteen percent (15%) of the International Beneficiary's Surcharge in the immediately preceding year, unless approved by a majority of all Beneficiaries.
- 2) Exchange Company Dues are assessed on a "per owner" basis rather than a "per Beneficial Interest" basis. Accordingly, revenues and expenses associated with Exchange Company Dues are shown on the budget on a "per Beneficial Interest" basis for reference only. Exchange Company Dues may sometimes be referred to as Club Dues.
- 3) Component Expenses includes the Assessments paid by the Association to the owners associations which govern the resorts in which the Trust owns timeshare interests or units. Such Assessments may include fees payable to on-site operators other than Trust Manager who are engaged to manage resorts in which the Trust owns timeshare interests or units. Certain budgeted Common Expenses have been included in the Component Expenses section of the budget based on the assumption that a condominium structure will apply to the Trust Property(ies) from which such Common Expenses arise. In the event that such a condominium structure is not realized for one or more such Trust Properties, the applicable Common Expenses may be removed from Component Expenses and included in one or more separate line items in future Association budgets. For most Trust Properties, the Association is responsible for paying a portion of the amounts necessary for reserves under the Component Association's budget, and the Association's budget includes these reserve items in the Component Expenses. However, for some Trust Properties, the Association may budget for, and separately accrue, funds for reserve expenses which are not reflected in Component Expenses. The Association may be specially assessed from time to time by one or more Component Associations relative to common expenses in excess of the Component Associations' operating budget(s). This Association budget may include certain estimated Component Expenses which are subject to proposed Component Association budgets that have not yet been approved by the applicable Component Association board of directors.
- 4) Component Services include the incremental costs of services provided in connection with Beneficiaries' nightly use of Accommodations which are not otherwise included in the Component Expenses. These services may include, but are not limited to, housekeeping, engineering, loss prevention and front desk services necessitated by nightly use of Accommodations.
- 5) Exchange Company Dues includes costs and expenses related to owner education, reservation services, owner communications and other programs and services provided by the Exchange Company. Exchange Company Dues may be increased from time to time as provided in the Trust Plan Documents. Pursuant to the Marriott Vacation Club Destinations Exchange Program MVC Trust Affiliation Agreement, Exchange Company has been delegated the authority by the Association to provide all services incidental to the reservation and use of the Trust Property. Exchange Company Dues charged to and paid by the Association to Exchange Company may include expenses incurred through affiliates of Exchange Company. Certain of the expenses included in the Exchange Company Dues charged to and paid by the Association to Exchange Company, including expenses for Owner Services, may reflect economies of scale associated with the number of projects or affiliated programs managed by Exchange Company and the affiliated relationship between Exchange Company and Trust Manager. Therefore the amounts charged for such expenses may reflect pricing that is different than what equivalent services would cost if charged on an independent case-by-case basis.
- 6) In accordance with the MVC Trust Management Agreement, this Management Fee is equal to 10% of all money that Trust Manager is required to collect pursuant to the Association's annual budget (exclusive of the Management Fee itself and Component Expenses), but inclusive of any ad valorem taxes assessed directly to the Association or Beneficiaries, and for special assessments not part of the Association's annual budget.
- 7) The estimated real estate taxes for the Association are projected to be \$3,402,301. The real estate taxes are for the Marriott's Newport Coast Villas, Marriott's Timber Lodge at Lake Tahoe, Marriott's Desert Springs Villas, Marriott's Desert Springs Villas II, Marriott's Shadow Ridge, Marriott's Frenchman's Cove, The Ritz-Carlton Club, St. Thomas - Suites and Marriott's Grand Residence Club Lake Tahoe Accommodations because the Component Expenses for California and U.S. Virgin Islands properties do not include real estate taxes. The Association will pay these property taxes to the appropriate taxing authority for the jurisdiction in which the California and U.S. Virgin Islands Accommodations are located.
- 8) Exchange Company Dues are billed at a rate of either \$215, \$255 or \$280 per Beneficiary, depending on the Beneficiary's ownership recognition level.

Notes from 2019 Audit: Certain services, including accounting and administration, are provided by MRHC and allocated to the Association based on the number of unit weeks (based on points conversion), as a percentage of total unit weeks (based on points conversion). In addition, Marriott Vacations Worldwide Corporation pays all invoices on behalf of the Association for which the Association reimburses Marriott Vacations Worldwide Corporation. The amount due to Marriott Vacations Worldwide Corporation as of December 31, 2019 was \$194,329.

MRHC collects annual assessment fees on behalf of the Association. The amount of assessment fees receivable due from MRHC at December 31, 2019 was \$6,844,647.

Pursuant to the Bylaws, each Beneficiary is responsible for a share of the Common Expenses based, in part, on the number of Points associated with such Beneficiary's Interest(s) divided by the total Points for Sale attributed to Trust Property for which a Notice of Use Rights has been issued. As of June 6, 2020, there were 555,810,750 such Points for Sale and 573,430,105 Points for Use.

**MVC TRUST OWNERS ASSOCIATION, INC.**  
**Estimated Association Common Expense Budget**  
**For the Period Beginning January 1, 2021 and Ending December 31, 2021**

**Sample  
Budget**

	2021 Annual Total	2020 Per Beneficial Interest	2021 Per Beneficial Interest	2020 BUDGET VS 2021 BUDGET INCREASE/(DECREASE)	
<b><u>Revenues</u></b>					
Assessments to Beneficiaries (excluding Exchange Company Dues) <sup>(1)</sup>	\$348,466,535	\$151.000	\$152.581	\$1.581	1.0%
Assessments to Beneficiaries (Exchange Company Dues) <sup>(2)</sup>	36,108,963	15.571	15.811	0.240	1.5%
Bank/Investment Interest	40,000	0.063	0.018	(0.045)	-79.4%
Late Fees	1,309,398	0.486	0.573	0.088	18.5%
Maintenance Fee Interest Income	3,367,023	1.333	1.474	0.141	10.5%
<b>Total Revenue</b>	<b>\$389,291,919</b>	<b>\$168.453</b>	<b>\$170.457</b>	<b>\$2.004</b>	<b>1.2%</b>
<b><u>Component Expenses</u></b>					
Component Expenses <sup>(3)</sup>	326,628,542	141.423	143.019	1.596	1.1%
<b>Total Component Expenses</b>	<b>326,628,542</b>	<b>141.423</b>	<b>143.019</b>	<b>1.596</b>	<b>1.1%</b>
<b><u>Trust Association Administration</u></b>					
Administration	939,610	0.585	0.411	(0.174)	-29.0%
Audit Fee	17,117	0.008	0.007	(0.001)	0.0%
Bad Debt Expense	6,799,008	3.153	2.977	(0.176)	-5.7%
Billing and Collections	1,920,483	0.838	0.841	0.003	0.0%
Board of Directors	20,406	0.009	0.009	(0.000)	0.0%
Component Services <sup>(4)</sup>	1,610,575	0.741	0.705	(0.036)	-5.4%
Credit Card Fee	5,611,639	2.330	2.457	0.128	5.6%
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	102,702	0.046	0.045	(0.001)	0.0%
Exchange Company Dues <sup>(5)</sup>	36,108,963	15.571	15.811	0.240	1.5%
Income Tax	12,800	0.020	0.006	(0.014)	-50.0%
Insurance	323,447	0.066	0.142	0.075	120.8%
Management Fee <sup>(6)</sup>	5,267,905	2.286	2.307	0.021	0.9%
Postage and Printing	422,921	0.188	0.185	(0.003)	0.0%
Property Taxes <sup>(7)</sup>	3,402,301	1.140	1.490	0.350	30.7%
Trustee Fees	103,500	0.048	0.045	(0.003)	0.0%
<b>Total Administration Expenses</b>	<b>\$62,663,377</b>	<b>\$27.030</b>	<b>\$27.438</b>	<b>\$0.408</b>	<b>1.5%</b>
<b>Total Expenses</b>	<b>\$389,291,919</b>	<b>\$168.453</b>	<b>\$170.457</b>	<b>\$2.004</b>	<b>1.2%</b>
<b>Exchange Company Dues - per Beneficiary <sup>(8)</sup></b>	<b>\$215 or \$255 or \$280</b>				

The following table is shown for illustrative purposes only:

Ownership Recognition Levels	Interests Purchased	Per Interest	Maintenance Fee	Exchange Company Dues	Total
Owner	6	\$152.58	915	\$215	1,130
Select	16	\$152.58	2,441	\$215	2,656
Executive	28	\$152.58	4,272	\$255	4,527
Presidential	40	\$152.58	6,103	\$255	6,358
Chairman's Club	60	\$152.58	9,155	\$280	9,435

**MVC TRUST OWNERS ASSOCIATION, INC.**  
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**For The Period Beginning January 1, 2021 And Ending December 31, 2021**

**Sample  
Budget**

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