

Custom House Leasehold Condominium Association, LLC
Summer – 2018 Board of Directors Newsletter

Dear Custom House Owner:

Custom House Owners Concerns

As we reported in the April Newsletter, the Board has summarized some of the comments that were made at the October 3, 2017 Annual Meeting. Here are the following topics that are being studied:

- The increasing Maintenance Fee and the concerns of future affordability for Custom House owners
- The concern that the Maintenance Fee increases exceeds published inflation rates
- The devaluation of owners' Custom House week(s) in the distribution of Marriott Rewards® points awarded in exchange for their week(s)
- The decrease in the resale value of owner's week(s)
- Information regarding the resale program that is available to owners and further updates on the Deed Back Program
- More concise and accurate information from the sales team

As a result of 30 hours plus of planning and determining the scope of each topic, one area was given to each Board member for a deep dive analysis. In addition, the Sales team was brought into the discussion.

The Board will review the reports at its September 19th scheduled Board Meeting and then prepare a Special Newsletter devoted to the reports. Last year, the concerns that our owners presented needed a diligent and informative analysis and it is our goal that this project will provide everyone the answers that they need to know.

The Special Newsletter will be **emailed** to all owners who have an email registered and for those that do not have email, a hard copy will be mailed. According to the records, the mail portion is less than 100. This mailing will occur around the first week in October so as to provide you ample time to review prior to this year's Annual Meeting, which is scheduled for Wednesday, November 7th.

Façade Inspection Update

Per the requirements of the city of Boston, the 5- year façade inspection was conducted on May 24th. There were 4 engineers, one assigned to each side of the building. Two of the engineers completed their site work and are in the process of writing their report. However, the final report will not be submitted until the end of the month BECAUSE the other two engineers were unable to complete their work. During the inspection, the baby Peregrine Falcons felt threatened by the engineers and started crying resulting in the full, grown falcons dive-bombing the engineers to protect their offspring. The inspection was aborted and has been rescheduled for August 12th. You might enjoy reading the corresponding article which appeared in the May 24, 2018 edition of the Boston Globe.

Reserve Projects for 2018

Each year at our Annual Meeting, there never seems to be enough time to review every project, and hopefully the Special Newsletter addressing owners' concerns will allow us time to discuss matters such as Reserve Projects in detail and answer any questions.

We asked Ginger James, Director of Finance, to submit a chart, which will give you a broad overview of the Reserve Projects for 2018. We have an old yet beautiful historic building which is a crowning jewel in Boston's present architecture scheme. And with that comes an old building that needs work to upgrade code changes that the city requires, infrastructure repairs and maintenance, as well as modernization to provide our guests the amenities that they deserve. We hope this overview helps you understand where Reserve Budget allocations occurring in 2018. Though it is a costly part of the CH Maintenance Fee, it is an essential part of preserving our historical icon.

2018 Reserve Projects	YTD Actual May 31, 2018	Annual Budget	Remaining Budget	Status and Comments
Appliances-Counting Room	-	8,755	8,755	Anticipated project completion of August of 2018
Clock Arm Repair/Refurbish	-	309,000	309,000	To be completed with Clock Mechanical Repairs
Clock Repair-Mechanical-Annual	-	10,300	10,300	To be completed with the Clock Arm Project
Door Replace-Main Entry-1st Floor	-	40,376	40,376	In Progress
Elevator Cab Replacement	-	100,000	100,000	In Progress
Fire Alarm System Full Modernize	147,557	900,000	752,443	In Progress
Fitness Room Equipment	-	55,203	55,203	Anticipated project completion of August of 2018
Housekeeping Vacuums	-	7,622	7,622	Anticipated project completion of August of 2018
Lighting-Exterior Lighting	-	92,262	92,262	In Progress
Pump-Condensate-3 HP	-	7,622	7,622	Anticipated project completion of September 2018
Pump-Condensate-3/4 HP	-	10,094	10,094	Anticipated project completion of September 2018
Renovate-2nd Floor Bathrooms	18,090	20,000	1,910	Complete
Roof Waterproofing Eagle Suite Balcony	-	89,296	89,296	In Progress
Roof Tower Observation Deck	-	159,520	159,520	In Progress
Rotunda Patio Furniture	580	30,000	29,420	Anticipated project completion of July 2018
Reserve Expenditure Prior Year	136,168	879,747	743,579	2017 Projects in Progress
Total	302,395	2,719,797	2,417,402	

Fire Alarm System Full Modernization

The line item in the above Reserve Budget is the major expenditure for 2018. The project, which began in February, is scheduled to be completed by the end of 2019. Extensive exterior wiring is being done outside the guest rooms resulting in noisy drilling and banging. At the beginning of 2019, the project will move to the interiors of all 84 villas. The wiring will be connected directly to smoke detectors and life-saving high-tech devices. The city recently added an additional system requirement, which will be needed to allow for smoke evacuation testing. This new code requirement will add approximately \$40,000 to the budget. It is difficult to forecast whether the city will make any additional changes to the code. It is beyond our control. However, compliance is necessary.

Update on the Deed-back Program

The Deed-back program has been a very effective tool for Custom House owners over the past few years. Lifestyles change and this program has provided owners a seamless way of divesting their ownership.

The way it works is quite simple. If an owner wants to relinquish ownership of their Custom House timeshare week(s), they simply need to be current with their 2018 maintenance fee(s), use the week(s) as they choose during 2018, and notify Resale Operations prior to September 1, 2018 if they want to do a Deed-Back to Marriott Vacation Club. In doing so, owners will relinquish usage and maintenance fee obligations beginning in 2019.

Update on the Resale of Week(s)

On July 8th we researched the latest developments regarding the resale of week(s). We reported in the March Newsletter that Marriott Vacation Club's Resale Operations Department had temporarily suspended sales. There is a waiting list and you can contact them to be put on the list.

Why the suspension of sales? The resale representatives, who are located in Florida, are now required to be licensed in Massachusetts in order for them to list and sell a Marriott Vacation Club interest in Florida. The good news is that the licensing process is under way. While it has taken longer than anticipated, it appears that they will begin by year-end.

The weeks do sell quickly and once this licensing process has been completed, the current waiting list of registered owners should see results within 3-6 months. Based on prior resale results, the selling price has been better than those being offered by third-party companies.

Regarding third-party companies, the Marriott Vacation Club's Resale Operations Department strongly urges that you do not pay any money to third-party companies prior to listing or selling a week. The Board would encourage you to contact the Resale Operations Department for guidance before you engage a timeshare resale/exit company.

Please contact the Resale Operations Department directly for answers on selling your week(s). You may contact them with your resale or deed-back questions at: Phone: 866-682-4547 Monday thru Thursday 9:00 a.m.-5:00 p.m.; Friday 10:00 a.m.-5:00 p.m. Email: Resale.operations@vacationclub.com

Please note that all Resale Operations programs remain subject to change at any time, so please contact the Marriott Vacation Club Resale Department for more information at your convenience.

Congratulations to the 2017-18 Associates of the Quarter Winners

1st Quarter 2017- Heart of the House: Karla Contreras (Breakfast Attendant)
Front of House: Hamid Karzazi (Loss Prevention Officer)

2nd Quarter 2017 – Heart of house: Fabio Teixeira (Loss Prevention Officer)
Front of House: Rachael Schulte (Activities Coordinator)

3rd Quarter 2017 – Heart of House: Jeff Depina (Houseman)
Front of house: Jose Santiago (Loss Prevention Officer)

4th Quarter 2017- Heart of House: Eric Mearn (Staff Accountant)
Front of house: Barbara Hugo (Front Desk Associate)

1st Quarter 2018- Heart of the House: Margarida Sequeira (Housekeeping Inspector)
Front of House: Karen Connors (Concierge)

Custom House Guest Satisfaction Report as of June 29, 2018

Overall Satisfaction YTD is 96.4% compared to 97.2% in 2017. We have seen a slight decline in overall satisfaction year over year mainly due to the mini renovation in January, the drilling from the fire alarm modernization project, and having two managers out on personal leave from March through June. Despite the slight decline, Custom House is still ranked #1 in the US and #2 in the company second to 47 Park Street in London.

Survey of Hotel Rates in Boston July 9th

For those of you who use your timeshare week at Custom House, the value of ownership continues to be strong. We compiled the following HOTEL ROOM rates:

The Bostonian \$463... Custom House \$460... Copley Westin \$646... Hilton at Faneuil Hall \$450... The Intercontinental \$538... The Lenox \$645... The Omni Parker House \$469... The Park Plaza \$469.

Master Harbor Plan Finally Gets Approval But Lawsuits Loom Ahead

The much-anticipated approval of the Master Harbor Plan was announced during the first week in May. The original plan called for the Harbor Garage to occupy 68% mass density. The state approved a plan where the mass is 50%, which was what the Wharf District Council was fighting for. The height of the project remains at 600 feet. The overall plan of the Harbor Garage is facing stiff opposition as lawsuits are lurking.

For your information there are several articles in both the Northend Waterfront Daily and the Boston Globe newspapers that will give you a good overview of this topic. If you are interested and have the time to read them, you will see the Harbor construction projects are going to face many hurdles along the way.

Summer in Boston

The city has so much to offer. Check with our concierge staff, tell them your interests and get ready for a fun-filled stay with us. Here is just a miniscule sampling of events that passed our desk...

Berklee's Summer Concert Series is back with over 400 concerts in the Boston area this Summer!

Revere Beach International Sand-Sculpting Festival July 22

Sunday Summer Jazz Concerts at Spectacle Island July 22-September 30

Sunday Night Movie Series at Christopher Columbus Park on the Greenway
Movies begin at dusk under the stars thru August 26... Picnics are welcome

Greenway Carousel July 22-September 30

Frog Pond Carousel Boston Common July 3-October 19

Swan Boats Boston Common July 22-September 3

Trademark Tour Hahvahd Tour 67 Mt. Auburn Street Cambridge, MA, July 3 - December 31, 2018 Recurring daily

In The Yard: Coffee With A Ranger Charlestown Navy Yard, Building 10 Boston, MA, (617) 426-1812
July 3 - August 31, 2018, Recurring daily Start Time: 9:00 AM End Time: 9:20 AM Price: Free

Yoga In Post Office Square Park Post Office Square Park 50 Federal St Boston, MA, July 3 - August 30, 2018
Recurring weekly on Monday, Tuesday, Wednesday, Thursday Price: Free

Events on the Rose Kennedy Greenway

The Rose Kennedy Greenway a few steps away has an incredible lineup for the summer.

We hope that you have found the Newsletter informative. As we have written previously, keeping our owners informed is very important. The Board is privileged to be able to represent you and recognizes that good communications are vital. Have a wonderful summer and do be on the lookout for our Special Newsletter, which will be emailed to you during the first week of October to be followed by our scheduled October Newsletter, which will arrive during the last week in October, just prior to this year's Annual Meeting. Do have a wonderful summer and visit your resort and enjoy everything that Custom House and the city of Boston has to offer you.

Sincerely,

Board of Directors

Custom House Leasehold Condominium Association, LLC