

October 23, 2019

Dear Custom House Owner:

A regular meeting of the Custom House Leasehold Condominium Association, LLC Board of Directors will be held at 8:00 a.m., Eastern time, on November 6, 2019, in the Liberty Room of Marriott Vacation Club PulseSM at Custom House, Boston, 3 McKinley Square, Boston, Massachusetts 02109.

Assessments will be considered and voted on as such assessments relate to the 2020 Maintenance Fee. The nature of such assessments is set forth in line item manner on the Proposed Budget for 2020, a copy of which is enclosed for your review.

Open budget discussion with members is scheduled from 10:30 a.m. to 11:30 a.m.

As a member of the Association, your comments and/or presence are welcome at this meeting. Any comments will be considered by the Board prior to the Board taking formal action on the proposed budget.

The Annual Meeting of the Owners is scheduled for 1:00 p.m. to 3:00 p.m., Eastern time, on the same day, November 6, 2019, in the Counting Room of Marriott Vacation Club PulseSM at Custom House, Boston, 3 McKinley Square, Boston, Massachusetts 02109.

If you have any questions, please contact Ginger James, Director of Finance, by phone at 617-310-6326 or by email at ginger.james@vacationclub.com.

Sincerely,

Phil Lynch

Secretary

Custom House Leasehold Condominium Association, LLC

CUSTOM HOUSE LEASEHOLD CONDOMINIUM ASSOCIATION, LLC

2020 ESTIMATED OPERATING BUDGET

PHASES 1-5 (84 UNITS)

For The Period Beginning January 1, 2020 And Ending December 31, 2020

	2019 BUDGETED EXPENSES 4,284 (PER TIME-SHARE ESTATE)	2020 PROPOSED BUDGET 4,284 (PER TIME-SHARE ESTATE)	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2020 PROPOSED BUDGET TOTAL \$	Commercial Unit F-1	Commercial Unit G
			\$	%			

Revenue							
Maintenance Fee - Commercial Unit					61,934	44,913	17,021
Maintenance Fee	1,925.75	1,999.85	74.10	3.8%	8,567,487	-	-
Bank/Investment Interest	4.62	5.67	1.05	22.7%	24,300	-	-
Late Fees	4.15	4.22	0.07	1.7%	18,063	-	-
Maintenance Fee Interest Income	16.88	16.88	-	0.0%	72,308	-	-
Miscellaneous Income	1.18	1.18	-	0.0%	5,040	-	-
Other Income	0.47	-	(0.47)	(100.0%)	-	-	-
Total Maintenance Fee Revenue	1,953.05	2,027.80	74.75	3.8%	8,749,132	44,913	17,021

Expenses							
Accounting	47.70	49.33	1.63	3.4%	211,330	-	-
Activities	65.10	71.52	6.42	9.9%	306,407	-	-
Administration	94.69	92.67	(2.02)	(2.1%)	396,977	-	-
Audit Fee	2.96	2.75	(0.21)	(7.1%)	11,795	-	-
Bad Debt Expense	7.68	9.05	1.37	17.8%	38,786	-	-
Billing and Collections	9.38	10.13	0.75	8.0%	43,416	-	-
Board of Directors	1.76	1.76	-	0.0%	7,560	-	-
Cable Television	7.47	7.24	(0.23)	(3.1%)	30,996	-	-
Common Assessment	211.73	217.56	5.83	2.8%	977,939	33,287	12,615
Credit Card Fee	25.95	25.85	(0.10)	(0.4%)	110,746	-	-
Electricity	63.72	63.32	(0.40)	(0.6%)	271,278	-	-
Front Desk	232.89	239.76	6.87	2.9%	1,027,120	-	-
High Speed Internet	3.78	4.17	0.39	10.3%	17,884	-	-
Housekeeping	214.47	228.55	14.08	6.6%	979,129	-	-
Human Resources	30.57	28.64	(1.93)	(6.3%)	122,694	-	-
Income Tax	2.35	2.88	0.53	22.6%	12,339	-	-
Insurance	17.19	21.71	4.52	26.3%	93,013	-	-
Lease	3.83	3.93	0.10	2.6%	16,843	-	-
Loss Prevention / Security	30.94	31.78	0.84	2.7%	136,161	-	-
Maintenance	152.74	156.57	3.83	2.5%	670,760	-	-
Management Fee	149.02	154.76	5.74	3.9%	663,007	-	-
Owner Services**	44.89	46.24	1.35	3.0%	198,078	-	-
Payment In Lieu Of Property Tax	72.63	71.63	(1.00)	(1.4%)	306,850	-	-
Pest Control	0.55	0.53	(0.02)	(3.6%)	2,286	-	-
Postage and Printing	2.95	2.95	-	0.0%	12,624	-	-
Refuse Collection	3.89	4.17	0.28	7.2%	17,855	-	-
Steam	37.54	36.17	(1.37)	(3.6%)	154,931	-	-
Telephone	2.50	3.00	0.50	20.0%	12,852	-	-
Water and Sewer	15.87	15.18	(0.69)	(4.3%)	65,025	-	-
Wharf District Council Dues	0.93	0.93	-	0.0%	4,000	-	-
Operating Fee	1,557.67	1,604.73	47.06	3.0%	6,920,680	33,287	12,615

Reserve Fee for Repair and Replacement	324.37	347.08	22.71	7.0%	1,486,886	-	-
Reserve Fee for Repair and Replacement - Common	71.01	75.99	4.98	7.0%	341,566	11,626	4,406
Operating And Reserve Fee	1,953.05	2,027.80	74.75	3.8%	8,749,132	44,913	17,021

* CERTAIN OPERATING EXPENSES ARE PRESENTED IN THE BUDGET NET OF FUNDS ESTIMATED TO BE REIMBURSED TO THE ASSOCIATION IN 2020, INCLUDING BUT NOT LIMITED TO: (i) FUNDS RECEIVED FROM MVC TRUST OWNERS ASSOCIATION, INC. AND MVC EXCHANGE COMPANY TO ACCOUNT FOR HOUSEKEEPING EXPENSES NECESSITATED BY NIGHTLY USE OF ACCOMMODATIONS BY MVC TRUST MEMBERS AND MARRIOTT VACATION CLUB DESTINATIONS EXCHANGE PROGRAM MEMBERS, AND (ii) FEES PAID TO THE ASSOCIATION BY TRANSIENT GUESTS WHO VOLUNTARILY ELECT TO RECEIVE A DAILY ROOM CLEANING.

** THE MARRIOTT RESORTS HOSPITALITY CORPORATION ("MRHC") HAS BEEN DELEGATED THE AUTHORITY TO PROVIDE ALL SERVICES INCIDENTAL TO THE MANAGEMENT OF THE CONDOMINIUM, INCLUDING OWNER SERVICES AND ALL PROPERTY OPERATIONS. IN CONNECTION WITH THE PERFORMANCE OF THOSE SERVICES, ALL OPERATING EXPENSES WILL BE CHARGED TO AND PAID BY THE ASSOCIATION TO MRHC, INCLUDING SOME THAT MAY BE INCURRED THROUGH AFFILIATES OF MRHC. CERTAIN OF THE OPERATING EXPENSES CHARGED TO AND PAID BY THE ASSOCIATION TO MRHC MAY REFLECT ECONOMIES OF SCALE ASSOCIATED WITH THE NUMBER OF PROJECTS MANAGED BY MRHC AND THE AFFILIATED RELATIONSHIP BETWEEN MRHC AND THE DEVELOPER. THE AMOUNTS CHARGED FOR SUCH OPERATING EXPENSES MAY REFLECT PRICING THAT IS LOWER THAN WHAT EQUIVALENT SERVICES WOULD COST IF CHARGED ON AN INDEPENDENT CASE-BY-CASE BASIS.

THE BUDGET CONTEMPLATES EIGHTY FOUR UNITS WITH FIFTY ONE TIME-SHARE PERIODS AVAILABLE FOR OCCUPANCY. IF THE PROJECT HAS MORE THAN EIGHTY FOUR UNITS AND/OR FIFTY ONE TIME-SHARE PERIODS AVAILABLE FOR OCCUPANCY, THEN THE ASSESSMENT PER TIME-SHARE PERIOD COULD BE REDUCED AND LIKEWISE IF THERE IS LESS THAN FIFTY ONE TIME-SHARE PERIODS AVAILABLE FOR OCCUPANCY, THEN THE ASSESSMENT PER TIME-SHARE PERIOD COULD BE INCREASED.

ODD/EVEN YEAR TIME-SHARE ESTATE OWNERS WILL PAY AN ANNUAL ASSESSMENT EQUAL TO ONE-HALF OF THE BASIC TIME-SHARE ESTATE PERIOD ASSESSMENT.

ESTIMATED EXPENSES ARE BASED ON EXPENSES ACTUALLY ANTICIPATED BY THE MANAGEMENT COMPANY'S ACCOUNTING STAFF BASED ON CURRENT INFORMATION WITHOUT A SEPARATE ADJUSTMENT FOR INFLATION.

CUSTOM HOUSE LEASEHOLD CONDOMINIUM ASSOCIATION, LLC

2020 ESTIMATED CONDOMINIUM COMMON EXPENSE BUDGET

PHASES 1-5 (84 UNITS)

FOR THE PERIOD BEGINNING January 1, 2020 AND ENDING December 31, 2020

	<u>Annual Total</u>	<u>Timeshare</u>	<u>Commercial Unit F-1</u>	<u>Commercial Unit G</u>
<u>Revenues</u>				
Maintenance Fees	\$1,319,505	\$1,257,571	\$ 44,913	\$ 17,021
Bank/Investment Interest	2,700	2,573	92	35
Total Maintenance Fee Revenue	\$1,322,205	\$1,260,144	\$ 45,005	\$ 17,056
 <u>Expenses</u>				
Accounting	23,481	22,379	799	303
Administration	44,109	42,039	1,501	569
Audit Fee	1,311	1,249	45	17
Board of Directors	840	800	29	11
Electricity	47,873	45,627	1,629	617
Housekeeping	172,787	164,677	5,881	2,229
Human Resources	13,633	12,993	464	176
Income Tax	1,161	1,106	40	15
Insurance	23,253	22,162	791	300
Loss Prevention / Security	252,871	241,002	8,607	3,262
Maintenance	167,690	159,819	5,708	2,163
Management Fee	119,955	114,325	4,083	1,547
Payment In Lieu Of Property Tax	54,150	51,609	1,843	698
Pest Control	5,334	5,083	182	69
Refuse Collection	1,984	1,890	68	26
Steam	38,733	36,915	1,318	500
Water and Sewer	11,475	10,936	391	148
Operating Fee	\$ 980,639	\$ 934,610	\$ 33,379	\$ 12,650
 Reserve Fee for Repair and Replacement	 \$ 341,566	 325,534	 11,626	 4,406
 Operating And Reserve Fee	 \$1,322,205	 \$1,260,144	 \$ 45,005	 \$ 17,056