

August 27, 2018

RE: Notice of Budget Meeting
HAB Condominium Association, Inc.

Dear Marriott's Willow Ridge Lodge Owner:

A regular meeting of the HAB Condominium Association, Inc., Board of Directors will be held at 8:30 a.m., Central time, on September 25, 2018, at the Marriott's Willow Ridge Lodge, Owners' Lounge, 2929 Green Mountain Drive, Branson, Missouri 65616.

The primary purpose of this meeting is to review and adopt the 2019 Condominium Association Operating and Reserve Budgets and related Maintenance Fee. Your Board, on a line-by-line basis, will review the 2019 Proposed Maintenance Fee, a copy of which is included in this mailing for your information.

As a member of the Association, your presence and/or comments are welcome at this meeting. **Open budget discussion with members is scheduled to take place from 8:45 a.m., to 9:15 a.m.** The Board of Directors will consider any comments prior to taking formal action on the proposed budget.

As a reminder, the combined 2019 Maintenance Fee and property tax billing will be mailed to you in December and will have a January 2019 due date.

If you have any questions regarding the enclosed material or if you would like to attend the meeting, please contact Rand Woods, General Manager, by phone at 417-348-3074 or by email at Rand.Woods@vacationclub.com by September 18, 2018.

Sincerely,

Case Spencer

Secretary
HAB Condominium Association, Inc.

HAB CONDOMINIUM ASSOCIATION, INC.

2019 Estimated Operating Budget

(132 TIMESHARE UNITS - 6,798 UNIT WEEKS)

For The Period Beginning January 1, 2019 And Ending December 31, 2019

	2018 BUDGETED EXPENSES 6,798 UNIT WEEKS (PER UNIT WEEK)	2019 PROPOSED BUDGET 6,798 UNIT WEEKS (PER UNIT WEEK)	2018 BUDGET VS 2019 BUDGET INCREASE/(DECREASE)		2019 PROPOSED BUDGET TOTAL \$	COMMERCIAL UNITS				
			\$	%		Commercial Unit No. 1	Commercial Unit No. 2	Commercial Unit No. 3	Commercial Unit No. 4	
Revenue										
Association Fees - Commercial Units	-	-	-	-	33,230	15,220	14,852	541	2,617	
Maintenance Fee	1,195.24	1,250.70	55.46	4.6%	8,502,230	-	-	-	-	
Bank/Investment Interest	1.01	4.12	3.11	307.9%	28,018	-	-	-	-	
Late Fees	4.47	4.01	(0.46)	(10.3%)	27,275	-	-	-	-	
Maintenance Fee Interest Income	8.07	6.57	(1.50)	(18.6%)	44,681	-	-	-	-	
Total Maintenance Fee Revenue	1,208.79	1,265.40	56.61	4.7%	8,635,434	15,220	14,852	541	2,617	
Expenses										
Accounting	32.04	32.92	0.88	2.7%	223,757	-	-	-	-	
Activities	39.14	40.04	0.90	2.3%	272,219	-	-	-	-	
Administration	50.84	51.89	1.05	2.1%	352,717	-	-	-	-	
Bad Debt Expense	11.49	6.30	(5.19)	(45.2%)	42,849	-	-	-	-	
Billing and Collections	10.38	10.69	0.31	3.0%	72,671	-	-	-	-	
Cable Television	4.51	4.78	0.27	6.0%	32,522	-	-	-	-	
Common Assessment	129.56	137.38	7.82	6.0%	965,985	14,687	14,332	522	2,525	
Credit Card Fee	10.43	8.30	(2.13)	(20.4%)	56,443	-	-	-	-	
Electricity	34.68	37.97	3.29	9.5%	258,123	-	-	-	-	
Front Desk	99.02	103.14	4.12	4.2%	701,154	-	-	-	-	
Gas	6.16	6.07	(0.09)	(1.5%)	41,291	-	-	-	-	
High Speed Internet	5.11	5.10	(0.01)	(0.2%)	34,697	-	-	-	-	
Housekeeping	183.27	193.29	10.02	5.5%	1,314,009	-	-	-	-	
Human Resources	20.19	21.79	1.60	7.9%	148,137	-	-	-	-	
Income Tax	0.38	1.57	1.19	313.2%	10,646	-	-	-	-	
Insurance	6.21	6.70	0.49	7.9%	45,513	-	-	-	-	
Lease	2.11	2.24	0.13	6.2%	15,220	-	-	-	-	
Maintenance	63.93	72.01	8.08	12.6%	489,511	-	-	-	-	
Management Fee	96.45	100.76	4.31	4.5%	684,947	-	-	-	-	
Owner Services**	43.58	44.89	1.31	3.0%	305,162	-	-	-	-	
Pool Maintenance	18.21	18.68	0.47	2.6%	126,988	-	-	-	-	
Postage and Printing	4.28	4.41	0.13	3.0%	30,006	-	-	-	-	
Property Taxes***	18.79	18.83	0.04	0.2%	127,978	-	-	-	-	
Telephone	4.50	5.50	1.00	22.2%	37,389	-	-	-	-	
Water and Sewer	6.67	7.94	1.27	19.0%	53,980	-	-	-	-	
Operating Fee	901.93	943.19	41.26	4.6%	6,443,914	14,687	14,332	522	2,525	
Reserve Fee - Timeshare****	302.11	317.22	15.11	5.0%	2,156,456	-	-	-	-	
Reserve Fee - Common****	4.75	4.99	0.24	5.1%	35,064	533	520	19	92	
Operating And Reserve Fee	1,208.79	1,265.40	56.61	4.7%	8,635,434	15,220	14,852	541	2,617	
International Owner's Surcharge*****	34.50	34.50	0.00	0.0%	-----	-----	-----	-----	-----	

*Certain operating expenses are presented in the budget net of funds estimated to be reimbursed to the Association in 2019, including but not limited to: (i) funds received from MVC Exchange Company to account for housekeeping expenses necessitated by nightly use of accommodations by 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 amount collected each year will be an estimate of the amount of ad valorem taxes that will be levied against individual timeshare estates. When the final bill is available, the amount collected for each timeshare estate will be adjusted accordingly, and overpayments, if any, may reduce the subsequent year's assessment, subject to other budgetary factors.

**** The Association maintains reserves for deferred maintenance and capital expenditures, based on the estimated useful life and replacement cost of each reserve item. The Association is reserving funds for repairs and replacements over the remaining useful lives of the components based on estimates of current replacement costs. Actual expenditures may vary from the estimated replacement costs.

***** International Owners of Timeshare Estates, in addition to other charges assessed pursuant to this Declaration, shall be charged an annual fee (the "International Owner's Surcharge"), which relates to the added costs for postage, personal delivery, increased frequency of and costs associated with long-distance telephone calls, translation costs, additional costs for telefacsimile communications and labor costs for additional, special support staff. Currently, the International Owner's Surcharge is thirty four dollars (\$34.50 U.S.). The International 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 one hundred and fifteen percent (115%) of the International Owner's Surcharge in the immediately preceding year, unless approved in advance by the majority of all Owners.

The Estimated Timeshare Plan Operating Budget assumes (i) the conveyance of up to sixty six (66) Timeshare Estates in Buildings 1, 2 & 3 to the Association for maintenance purposes and (ii) the operation of all 132 residential units for the entire fiscal year.

The Owner of a Biennial Timeshare Estate shall own an undivided share Common Elements and of the Common Surplus equal to one-half (1/2) that of an owner of a Timeshare Estate, and such Owner shall also be responsible for a share of the Timeshare Plan Common Expenses equal to one-half (1/2) that of an Owner of a Timeshare Estate.

HAB CONDOMINIUM ASSOCIATION, INC.
2019 Estimated Condominium Common Expense Budget
For The Period Beginning January 1, 2019 And Ending December 31, 2019

	<u>Annual Total</u>	<u>Timeshare</u>	<u>Commercial Unit No. 1</u>	<u>Commercial Unit No. 2</u>	<u>Commercial Unit No. 3</u>	<u>Commercial Unit No. 4</u>
Revenues						
Maintenance Fees	\$1,001,049	\$ 967,819	\$ 15,220	\$ 14,852	\$ 541	\$ 2,617
Bank/Investment Interest	5,049	4,881	77	75	3	13
Total Maintenance Fee Revenue	<u>\$1,006,098</u>	<u>\$ 972,700</u>	<u>\$ 15,297</u>	<u>\$ 14,927</u>	<u>\$ 544</u>	<u>\$ 2,630</u>
Expenses						
Accounting	24,862	24,037	378	369	13	65
Administration	39,191	37,891	596	581	21	102
Audit Fee	14,575	14,091	222	216	8	38
Board of Directors	5,366	5,187	82	80	3	14
Electricity	154,874	149,732	2,355	2,298	84	405
Housekeeping	76,182	73,654	1,158	1,130	41	199
Human Resources	18,590	17,972	283	276	10	49
Income Tax	1,919	1,856	29	28	1	5
Insurance	73,264	70,831	1,114	1,087	40	192
Landscape / Grounds	133,848	129,404	2,035	1,986	73	350
Loss Prevention / Security	151,304	146,281	2,300	2,245	82	396
Maintenance	54,390	52,585	827	807	29	142
Management Fee	91,004	87,983	1,384	1,350	49	238
Pest Control	10,832	10,472	165	161	6	28
Property Taxes	20,810	20,120	316	309	11	54
Refuse Collection	32,972	31,878	501	489	18	86
Water and Sewer	67,052	64,827	1,019	995	36	175
Operating Fee	<u>\$ 971,034</u>	<u>\$ 938,800</u>	<u>\$ 14,764</u>	<u>\$ 14,407</u>	<u>\$ 525</u>	<u>\$ 2,538</u>
Reserve Fee - Common	\$ 35,064	\$ 33,900	533	520	19	92
Operating And Reserve Fee	<u>\$1,006,098</u>	<u>\$ 972,700</u>	<u>\$ 15,297</u>	<u>\$ 14,927</u>	<u>\$ 544</u>	<u>\$ 2,630</u>
Total Maintenance Fee	<u>\$1,001,049</u>	<u>\$ 967,819</u>	<u>\$ 15,220</u>	<u>\$ 14,852</u>	<u>\$ 541</u>	<u>\$ 2,617</u>