

**BEACHPLACE TOWERS CONDOMINIUM ASSOCIATION, INC.**

2017 Estimated Operating Budget

For The Period Beginning December 31, 2016 And Ending December 31, 2017

	2016 BUDGETED EXPENSES 10,609 UNIT WEEKS (PER UNIT WEEK)	2017 APPROVED BUDGET 10,609 UNIT WEEKS (PER UNIT WEEK)	2016 BUDGET VS 2017 BUDGET INCREASE/(DECREASE)		2017 APPROVED BUDGET TOTAL \$
			\$	%	
<b>Revenue</b>					
GOLD (WEEKS 18 - 21,35 - 50)	1,351.77	1,454.98	103.21	7.6%	5,844,677
PLATINUM (WEEKS 1 - 17,22 - 34,51 - 52)	1,376.11	1,482.98	106.87	7.8%	9,775,841
Bank/Investment Interest	0.82	2.27	1.45	176.8%	24,057
Garage Rental Income	65.96	64.90	(1.06)	(1.6%)	688,490
Late Fees	6.41	6.00	(0.41)	(6.4%)	63,603
Maintenance Fee Interest Income	16.69	15.58	(1.11)	(6.7%)	165,267
Other Income	0.35	2.04	1.69	482.9%	21,645
<b>Total Maintenance Fee Revenue</b>					16,583,580
<b>Expenses</b>					
Accounting	24.61	23.50	(1.11)	(4.5%)	249,304
Activities	42.19	51.09	8.90	21.1%	542,037
Administration	60.25	64.07	3.82	6.3%	679,768
Audit Fee	1.55	1.56	0.01	0.6%	16,591
Bad Debt Expense	7.37	5.05	(2.32)	(31.5%)	53,622
Billing and Collections	10.94	11.16	0.22	2.0%	118,396
Board of Directors	1.63	1.86	0.23	14.1%	19,693
Cable Television	4.63	4.92	0.29	6.3%	52,194
Credit Card Fee	24.30	23.79	(0.51)	(2.1%)	252,424
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.00	2.00	0.00	0.0%	21,218
Easement Agreement <sup>2</sup>	3.45	3.51	0.06	1.7%	37,224
Electricity	51.35	46.60	(4.75)	(9.3%)	494,356
Front Desk	145.77	156.14	10.37	7.1%	1,656,445
Gas	5.81	6.86	1.05	18.1%	72,750
High Speed Internet	4.07	3.44	(0.63)	(15.5%)	36,494
Housekeeping <sup>6</sup>	207.99	215.04	7.05	3.4%	2,281,326
Human Resources	11.39	11.47	0.08	0.7%	121,704
Income Tax	16.70	14.23	(2.47)	(14.8%)	150,951
Insurance	57.44	55.79	(1.65)	(2.9%)	591,834
Landscape / Grounds	0.81	1.18	0.37	45.7%	12,564
Legal	1.18	1.18	0.00	0.0%	12,520
Loss Prevention / Security	55.08	57.58	2.50	4.5%	610,856
Maintenance	117.49	129.28	11.79	10.0%	1,371,501
Management Fee	124.26	133.85	9.59	7.7%	1,420,047
Operating Capital	0.00	0.00	0.00	0.0%	0
Other Expenses	0.00	0.00	0.00	0.0%	0
Pest Control	1.31	1.33	0.02	1.5%	14,100
Pool Maintenance	32.79	40.69	7.90	24.1%	431,658
Postage and Printing	2.51	2.63	0.12	4.8%	27,943
Refuse Collection	7.40	7.69	0.29	3.9%	81,580
Rent for Recreation	0.00	0.00	0.00	0.0%	0
Taxes upon Association Property	0.00	0.00	0.00	0.0%	0
Taxes Upon Leased Areas	0.00	0.00	0.00	0.0%	0
Telephone	3.80	3.95	0.15	3.9%	41,906
Transportation / Garage / Parking	15.43	26.68	11.25	72.9%	283,015
Water and Sewer	23.57	22.12	(1.45)	(6.2%)	234,669
<b>Operating Fee</b>	<b>1,069.07</b>	<b>1,130.24</b>	<b>61.17</b>	<b>5.7%</b>	<b>11,990,690</b>
Deficit Recovery/(Surplus Return)	(11.96)	(23.87)	(11.91)	(99.6%)	(253,281)
<b>Total Net Operating</b>	<b>966.88</b>	<b>1,015.58</b>	<b>48.70</b>	<b>5.0%</b>	<b>10,774,347</b>
Reserve Fee <sup>7</sup>	323.67	369.00	45.33	14.0%	3,914,721
<b>Operating And Reserve Fee</b>	<b>1,380.78</b>	<b>1,475.37</b>	<b>94.59</b>	<b>6.9%</b>	<b>15,652,130</b>
<b>Estimated Property Tax<sup>1</sup></b>					
GOLD (WEEKS 18 - 21,35 - 50)	61.22	70.40	9.18	15.0%	282,797
PLATINUM (WEEKS 1 - 17,22 - 34,51 - 52)	85.56	98.40	12.84	15.0%	648,653
<b>Total Maintenance Fee Plus Property Tax</b>					<b>16,583,580</b>
Club Dues <sup>4</sup>	4.00	4.00	0.00	0.0%	----
International Owners Surcharge <sup>3</sup>	34.50	34.50	0.00	0.0%	----
Owner Service Fee <sup>5</sup>	38.78	41.11	2.33	6.0%	----

**BEACHPLACE TOWERS CONDOMINIUM ASSOCIATION, INC.**  
**2017 Estimated Operating Budget Notes**  
**For The Period Beginning December 31, 2016 And Ending December 31, 2017**

Notes to the 2017 Estimated Operating Budget

1) Florida law requires the Managing Entity hired by the Association to collect ad valorem taxes assessed by the Broward County Property Appraiser's Office. The exact amount of the taxes levied on each separate timeshare estate may vary depending on the value of the timeshare estate and will not be known for certain until November of the year of the assessment. So as to meet the statutory requirement that the Tax Collector's Office only accept "full payment", and so as to have the necessary funds on hand to make payment as soon as possible once the tax bill is received by the Managing Entity in order to receive a discount for early payment, the Managing Entity will bill owners for their proportionate share of the taxes in January. Accordingly, 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.

Estimated 2017 Ad Valorem Taxes	AVERAGE
GOLD (WEEKS 18 - 21,35 - 50)	\$70.40
PLATINUM (WEEKS 1 - 17,22 - 34,51 - 52)	\$98.40

2) The Developer entered into an Easement, Maintenance and Operating Agreement ("Shared Facilities Agreement") with BeachPlace Partners, a Florida general partnership ("BeachPlace Partners") dated as of November 21, 1995, for certain reciprocal easements and shared maintenance responsibilities and costs. Upon the recording of the Declaration of Condominium for BeachPlace Towers Condominium the Association succeeded to all of the Developer's rights and obligations under the Shared Facilities Agreement and any costs and expenses (including amounts for resurfacing) incurred by the Association pursuant to the Shared Facilities Agreement are considered Condominium Common Expenses.

3) International Owner's fee of seventy nine dollars and sixty one cents (\$79.61), thirty four dollars and fifty cents (\$34.50) higher than domestic, includes additional costs for postage, personal delivery, increased frequency of and costs associated with long-distance telephone calls, translation costs, telefacsimile communications and labor costs for additional, special support staff. The fee may, from time to time, be increased to reflect any increase in cost of providing services, provided, however, any such increase shall not exceed one hundred and fifteen percent (115%) of the immediately preceding year's fee, unless approved in advance by the majority of all Owners.

4) The Resort Affiliation Agreement (and thus membership in the Club for every Owner of a Unit Week in a Club Unit) is a Limited Common Element of each Club Unit. Costs assessed by the Club Manager or otherwise incurred by the Association pursuant to the Resort Affiliation Agreement constitute Multisite Timeshare Plan Common Expenses, to be apportioned only among Owners of Timeshare Estates in Club Units.

5) 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.

6) Certain operating expenses are presented in the budget net of funds estimated to be reimbursed to the Association in 2017, 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.

7) The reserve assessments are calculated to provide funds equal to the total estimated deferred maintenance and capital expenditures over the remaining useful lives of the assets. The calculation considers such factors as inflation and earnings on invested funds, and may be adjusted each year for changes in estimates and deferred maintenance performed during the year.

Florida Law requires the Association to maintain reserves for deferred maintenance and capital expenditures, based on the estimated useful life and replacement cost of each reserve item. The Association is accumulating 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.

The itemized estimate of the remaining life and estimated replacement of the major components are listed below:

- \* Roof Replacement – includes both unit roof replacement and common area.□
- \* Furniture and Fixtures – includes replacement of unit furnishings, equipment, and appliances.□
- \* Building Painting – includes unit building painting.□
- \* External Building Maintenance – includes unit building-related equipment items.□
- \* Common Area Rehabilitation – provides for site lighting, irrigation systems, and common area maintenance.

Components	Estimated Useful Life In Yrs	Estimated Replacement Cost	Estimated Remaining Useful Years	Anticipated Beginning Fund Balance As Of December 31, 2016	Contribution For 2017
Roof Replacement	19	\$583,943	1	\$335,199	\$232,334
Furniture and Fixtures	13	\$27,566,243	10	\$4,673,339	\$2,138,262
Building Painting	5	\$518,242	2	\$320,434	\$92,379
External Building Maintenance	18	\$4,199,566	16	\$442,770	\$219,310
Common Area Rehabilitation	14	\$8,409,630	6	\$492,725	\$1,232,436
<b>TOTAL</b>		<b>\$41,277,624</b>		<b>\$6,264,467</b>	<b>\$3,914,721</b>

As permitted by Florida Statute 721, reserve funds may be reallocated between the reserve components by the Board at a duly called meeting.

On October 18, 2016 at a duly called meeting of BeachPlace Towers Condominium Association, Inc., a majority of the non-developer voting interests voting in person or by limited proxy voted to approve the reduction of reserves for capital expenditures and deferred maintenance.

Notes From 2015 Audit: Certain services, including off-site accounting and administration, and reservations, are provided by MRHC and allocated to the Association based on the number of unit weeks, as a percentage of total unit weeks the respective service covers. The amount due from MRHC at December 31, 2015 and 2014 was \$0 and \$29,781, respectively. Marriott Vacations Worldwide Corporation ("MVWC"), the current indirect parent company of MRHC, pays all invoices on behalf of the Association, subject to reimbursement by the Association. The net amount due to MVWC at December 31, 2015 and 2014 was \$1,001 and \$863,337, respectively.

MRHC collects annual maintenance fees on behalf of the Association. The amount of maintenance fees receivable due from MRHC at December 31, 2015 and 2014 was \$868,991 and \$1,160,190, respectively.

Capitalized terms not defined in these footnotes have the meaning given to them in the Declaration of Condominium of BeachPlace Towers Condominium.

The Board of Directors of the Association has approved a change in the Association's fiscal year to a calendar year commencing January 1, 2017. This budget for fiscal year 2017 reflects the 2017 calendar year, plus one additional day at the end of December 2016 due to the transition from the 2016 periodic fiscal year to the 2017 calendar-based fiscal year.

## Frequently Asked Maintenance Fee Questions

**Q. What are maintenance fees and who determines them?**

A. Maintenance fees are those funds collected by your Association to cover the cost of operating the resort, future maintenance and refurbishment. Maintenance fees are approved by your Association's Board of Directors and include:

**Operating Fees:** These funds cover the cost of all resort expenses incurred on an annual basis, e.g. electricity, phone, maintenance and housekeeping.

**Reserve Fee:** This is planned funding of capital replacement expenditures for replacement of large items, e.g. refrigerators, roof repairs and villa furnishings.

**Property Tax:** These taxes are assessed by the county in which the resort is located and billed to each Owner through the maintenance fee.

**Florida Club Fee:** Membership fee giving you the usage option to customize a vacation experience at the other participating Florida Marriott Vacation Club resorts without utilizing a third-party exchange company (such as Interval International®). For our international Owners, the fee also relates to the additional costs of providing services internationally (e.g. higher postage costs, higher long- distance telephone costs and translation costs).

**Q. When are maintenance fees due?**

A. Please refer to your maintenance fee invoice for your exact due date. Please remember to remit payments on time. Interest and late charges will be assessed on late unpaid balances according to your Association's guidelines.

**Q. What are my maintenance fee payment options?**

**Option 1:** You may pay 24 hours a day, 7 days per week at [www.MarriottVacationClub.com](http://www.MarriottVacationClub.com).

**Option 2:** Mail your check payable to Marriott Resorts Hospitality Corporation (with or without your maintenance fee coupon) to:

Marriott Resorts Hospitality Corporation  
P.O. Box 382056  
Pittsburgh, PA 15250-8056  
(Please include your customer number on your check)

**Option 3:** Contact a Financial Services Representative at 1-800-845-4226 or 1-801-828-1046.

\* Deliveries that require a signature (e.g. certified, registered, or overnight) should be mailed to:

Marriott Resorts Hospitality Corporation  
Attn: 382056  
500 Ross Street 154-0460  
Pittsburgh, PA 15250-8056