

Dear Marriott's Grande Ocean Owner:

Your 2017 Maintenance Fee statement is enclosed. This note provides background information on the 2017 Budget, the impact of Hurricane Matthew, and your maintenance fee increase. Your Grande Ocean team has worked incredibly hard to recover from Hurricane Matthew. The Board of Directors and the resort Management Team are working together to address hurricane cost issues, and to offset the rising cost of operations. Our goal is to maintain and improve Grande Ocean while protecting the special vacation experience that you have come to expect. The 2017 Maintenance Fee is divided into three categories - the Operating Fee, the Reserve Fee, and a one-time Disaster Recovery Fee.

Operating Fee

The 2017 Net Operating Fee increased by \$26.42 or (2.6%) per unit week. Our major challenge continues to be recruiting associates. This challenge is due to the continued development and related employment opportunities off island. Marriott Vacation Club has conducted a salary comparison study for comparable jobs and there is a need to increase hourly wages. It is a modest increase, but the amount multiplies when considering the number of associates in labor intensive roles such as Housekeeping, Engineering, and Loss Prevention.

We continue to probe for savings opportunities. In 2016, the resort benefited from lower property taxes due to our persistence in appealing our rates and lower gas rates by locking in a lower rate in advance of foreseen increases. Electricity usage continues to be improved with the use of sensors that turn off heating and air conditioning when villa doors are left open for more than five minutes along with installation of replacement air conditioning units with improved SEER ratings and the use of LED light bulbs. A contract with Verizon has been finalized and a cell tower will be installed on one of the building roofs – providing both an improved signal for Owners and some additional rental income. We are doing our best to maintain the delicate balance of cutting costs while continually improving your vacation experience.

Reserve Fee

The 2017 Reserve Fee increased by \$12.08 or (3.9%) per unit week. This fee funds for required maintenance items (e.g. boilers, air conditioning units), yearly projects (e.g. new dune crossovers and dune decking by the Pool Bar), as well as major refurbishments. In 2016, we completed the major villa renovation on the south half of the resort to complement the earlier refurbishment of north side villas - all with no special assessment. Our goal is to manage your Reserve dollars through a comprehensive 20 year plan to maintain the resort as a great place to vacation both now and in the future.

Disaster Recovery Fee

In 2017, there is a one-time hurricane recovery fee of \$95.00 included in the budget. We continue to be impacted by Hurricane Matthew. Initial clean-up and damage was addressed and the resort is operational. However, we continue to find problems from wind damage and salt water corrosion due to the ocean surge that Grande Ocean experienced. The resort has insurance for catastrophic damage. However, the deductible is 2% of the value of the resort. Unfortunately, to cover the deductible, a one-time Disaster Recovery fee of \$95 per unit week is required. We are confident that this will be the only financial impact to Owners needed to address the worst natural disaster to impact Hilton Head Island in over 100 years. We regret the need for the additional charge, but also feel quite lucky compared to many other resorts and homeowners on the southeast coast.

Summary

The 2017 Operating and Reserve Fund Budgets resulted in a maintenance fee increase of \$38.50 (2.9%). The one-time Disaster Recovery Fee of \$95 will bring the total 2017 Maintenance Fee increase to \$133.50. We thank you for your investment in Grande Ocean! Thanks for your help in making Grande Ocean special. We look forward to seeing you in 2017!

Sincerely,

Massimo Santangelo
General Manager
Marriott's Grande Ocean

Mike Whelan
President, Board of Directors
Grande Ocean Resort Owners' Association, Inc.

GRANDE OCEAN RESORT OWNERS' ASSOCIATION, INC.

2017 Estimated Operating Budget

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

	2016 BUDGETED EXPENSES 14,790 UNIT WEEKS (PER UNIT WEEK)	2017 APPROVED BUDGET 14,790 UNIT WEEKS (PER UNIT WEEK)	PER EVERY OTHER YEAR TIME- SHARING INTEREST	2016 BUDGET VS 2017 BUDGET INCREASE/(DECREASE)		2017 APPROVED BUDGET TOTAL
				\$	%	
Revenue						
Maintenance Fee	1,320.80	1,454.30	727.15	133.50	10.1%	21,509,097
Antenna Income	1.25	1.29	0.65	0.04	3.2%	19,079
Bank/Investment Interest	0.51	2.36	1.18	1.85	362.7%	34,904
Late Fees	5.73	5.91	2.96	0.18	3.1%	87,409
Maintenance Fee Interest Income	6.69	6.96	3.48	0.27	4.0%	102,938
Total Maintenance Fee Revenue	1,334.98	1,470.82	735.41	135.84	10.2%	21,753,427
Expenses						
Accounting	20.04	20.48	10.24	0.44	2.2%	302,881
Activities	26.19	26.38	13.19	0.19	0.7%	390,097
Administration	54.45	56.97	28.49	2.52	4.6%	842,546
Audit Fee	0.97	1.05	0.53	0.08	8.2%	15,500
Bad Debt Expense	5.21	3.52	1.76	(1.69)	(32.4%)	52,056
Billing and Collections	9.36	9.55	4.78	0.19	2.0%	141,245
Board of Directors	1.35	1.35	0.68	0.00	0.0%	19,967
Cable Television	6.60	7.63	3.82	1.03	15.6%	112,860
Community Services Association, Inc. Easement Agreement	19.96	20.56	10.28	0.60	3.0%	304,064
Credit Card Fee	20.22	20.25	10.13	0.03	0.1%	299,559
Disaster Recovery *	0.00	95.00	47.50	95.00	100.0%	1,405,050
Electricity	55.31	53.78	26.89	(1.53)	(2.8%)	795,378
Fee - Tennis	5.97	8.22	4.11	2.25	37.7%	121,594
Fees - South Forest Beach Assoc.	0.94	0.87	0.44	(0.07)	(7.4%)	12,910
Front Desk	51.48	55.03	27.52	3.55	6.9%	813,835
Gas	8.20	7.79	3.90	(0.41)	(5.0%)	115,169
High Speed Internet	11.09	11.09	5.55	0.00	0.0%	164,081
Housekeeping **	193.57	192.53	96.27	(1.04)	(0.5%)	2,847,534
Human Resources	11.18	16.11	8.06	4.93	44.1%	238,315
Income Tax	0.69	1.35	0.68	0.66	95.7%	19,894
Insurance	42.62	39.52	19.76	(3.10)	(7.3%)	584,467
Landscape / Grounds	12.73	13.40	6.70	0.67	5.3%	198,202
Loss Prevention / Security	28.28	30.66	15.33	2.38	8.4%	453,438
Maintenance	120.12	128.78	64.39	8.66	7.2%	1,904,642
Management Fee ***	120.07	123.57	61.79	3.50	2.9%	1,827,645
Miscellaneous	0.80	0.00	0.00	(0.80)	(100.0%)	0
Owner Services ****	38.78	41.11	20.56	2.33	6.0%	608,017
Pest Control	2.04	2.01	1.01	(0.03)	(1.5%)	29,696
Pool Maintenance	10.32	10.66	5.33	0.34	3.3%	157,732
Postage and Printing	1.47	1.53	0.77	0.06	4.1%	22,615
Property Taxes	123.50	124.80	62.40	1.30	1.1%	1,845,792
Refuse Collection	3.09	3.25	1.63	0.16	5.2%	48,136
Telephone	7.28	8.16	4.08	0.88	12.1%	120,753
Water and Sewer	11.82	12.50	6.25	0.68	5.8%	184,843
Operating Fee	1,025.70	1,149.46	574.73	123.76	12.1%	17,000,513
Total Net Operating	1,011.52	1,132.94	566.47	121.42	12.0%	16,756,183
Reserve Fee	309.28	321.36	160.68	12.08	3.9%	4,752,914
Total Maintenance Fee	1,320.80	1,454.30	727.15	133.50	10.1%	21,509,097

* Anticipated expenses to be incurred by the Association in connection with damage from the impact of Hurricane Matthew, which includes costs, fees and expenses for debris removal, tree removal, remediation, water intrusion repair, roof repair, elevator repair, reconstruction, and repair and replacement of furniture, fixtures and equipment. Costs and expenses included in this line item are not anticipated to be reimbursable from the insurance company and would be applied to the Association's insurance deductible.

** 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. to account for housekeeping expenses necessitated by nightly use of accommodations by MVC Trust members, and (ii) fees paid to the Association by transient guests who voluntarily elect to receive a daily room cleaning.

*** In connection with the calculation of the "Management Fee" due from the Association to Management Company for the Association's 2017 fiscal year, the Management Company has granted an exception to the 2017 management fee by excluding the amount set forth in the "Disaster Recovery" line item from such calculation.

**** 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.

Capitalized terms not defined in this budget have the meaning given to them in the Master Deed Establishing Horizontal Property Regime.

Every-Other-Year Usage Interest for an Even Year or Odd Year, maintenance fees, taxes and other assessments attributable to the interest (which shall constitute one-half of such amounts attributable to similar "annual" Time Sharing Interests) shall be due and payable to the Association on an annual basis.

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 includes:

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.

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

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 owner 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