

Pool Renovation Disclosure

June 15, 2017

Dear Spa Villa Owner,

I hope this letter finds you well. As you may be aware, the owner of the Resort has revamped all of the Resort pools over the past two years. We have replaced all pool chairs and tables, added pool water chillers for summer, replaced portable umbrellas with permanent umbrellas and shaded trellis, re-plastered the pools and refinished the decks. These projects were necessary to repair and replace worn equipment and deteriorating conditions in keeping with the expectations of our guests. Now that the Resort pools are almost completed we will turn our attention to the Spa Villa pools. Many of you have asked us for a plan to bring the pools and decks back up to new condition. We have outlined our cost estimates below. As these areas are part of the easement area, each Spa Villa Owner will be responsible for their proportionate share of the costs of these needed repairs, replacements and improvements in accordance with the Easement Declaration.

This summer we will embark on a project to replace the pool furniture, add water chillers, add permanent shade structures, re-plaster the pools and refinish the pool decks for all of the pools within the easement areas identified in the recorded Declaration of Establishment of Easements. The present condition of the decking that surrounds the pools and spas adjacent to Spa Villas 1821-22, 1824-26, 1828-30, 1836-38, 1840-42, 1849, 1850-52, 1854-55 requires that these areas receive immediate attention. The work is scheduled to begin this month (June 2017), with an estimated completion date of September 15, 2017. Below is a brief scope of work to be performed and the related cost estimates.

All Spa Villa pools within the easement areas identified in the recorded Declaration of Establishment of Easements will be renovated (including new decking, plastering & chillers) and will receive new shade structures (umbrellas or trellis) and pool furniture. Spa Villa Owners will be responsible for 85% of the total cost of the improvements pursuant to the allocation set forth in the Easement Declaration, while the Resort shall be responsible for the remaining balance equal to 15% of the total cost. The Owners' share of the expense (85%) is estimated to be **\$7,561.00** per unit (the "Expense").

Below are the approximate total costs for each of the improvements, 85% of which will be divided evenly amongst the Owners of all 98 Spa Villas:

Pool Re-plastering	\$311,247.00
Pool Coolers	\$54,879.00
Pool Decks/Concrete	\$140,000.00
Umbrellas/Trellis	\$115,201.00
Pool Furniture	\$175,600.00
Contingency	\$74,760.00
Total Package	<u>\$871,687.00</u>

Seller _____ Date _____ Buyer _____ Date _____

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We recognize that it may not be easy for some Owners to make a single lump sum payment into the renovation fund, so we have outlined some payment options below. The Owners shall be deemed to have received the enclosed Payment Election Form no later than ten (10) days following the date this notice is mailed. On the Payment Election Form, you will be required to select one of the following three payment options. In the event a timely response is not received from an Owner, it shall be deemed that such Owner has selected Option 1 below (One-Time Payment). Please note, these bids do include some contingency and, of course, any savings will be remitted equally to all Owners. Please refer to the enclosed Agreement for Payment of Spa Villa Renovation Expenses for complete terms and conditions.

• **Payment Options:**

1. One-Time Payment. Pay the Expense in full within ninety (90) days following receipt of the notice by Owner ; or
2. Installment Plan. Equal monthly payments on the principal amount of the Expense, without interest (provided payments are timely made), commencing sixty (60) days following receipt of the notice by Owner, with the final payment due and payable no later than twelve (12) months thereafter; or
3. RMA Plan. RMA participants have the option, in their discretion, to have the Expense deducted from the Net Distributable Amount payable to Owner until the Expense balance is paid in full; provided, however, if the Net Distributable Amount is insufficient to pay the Expense within twelve (12) months following receipt of the notice by Owner, then the remaining balance of the Expense shall become immediately due and payable. RMA participants that do not select this Option 3, shall select either Option 1 (One-Time Payment) or Option 2 (Installment Plan) above.

We are pleased to announce that a great amount of other-work has already taken place in many other areas of the Resort including, all new equipment in the fitness center with more studio spaces and significant back-of-house improvements, updates to the Coffee Market, Plunge Pool and Resort Pools, and an enhanced telephone system. The Resort, at its expense, has upgraded the key card room access system throughout the Resort, including the Spa Villas that are in the rental management program to a new RFID system. Owners in the rental program will not be charged for the upgraded locks. These upgrades are all part of a concerted effort to enhance the luxury experience of the Resort and Spa Villa guests.

If there are any other enhancements you feel are necessary around the Spa Villa community please let us know. In the interim, if you have any questions please contact Bianca Arias directly.

Best regards,

KC Kinsey
Resort Manager

Seller _____ Date _____ Buyer _____ Date _____

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