

2009 Maintenance Fees



CORAL SANDS RESORT

Coral Sands Bulletin

The year is almost up and time for us to think about what we have done, good and bad, and where we are going in 2009.

On the good side:

- Installed wireless internet throughout our property
- Restored Oceanside dock, (larger then before!), for everyone's enjoyment
- Replenished beach sand each time after the storms
- Installed new phone system with economical international long distance for our guests.
- New snorkeling gear has been maintained on property
- Sealed, painted and restored all we could based on the time and funds available.

On the not-so-good-side, we all know that costs have continued to escalate in the United States and internationally. Coral Sands has certainly felt increased pressure of costs, two of which have been dramatic for us in 2008.

- Insurance. We determined that our buildings were underinsured to value; accordingly we engaged the services of an expert and had the property re-appraised. This resulted in an increase in our property values necessitating an increase in our insurance from a 2008-budgeted amount of \$27,000.00 to just over \$56,000.00 -- an increase of \$29,000.00 for 2008.
- All utilities, but in particular electricity, experienced dramatic increases in 2008. Electricity increased twice: approximately 15% in March and 25% in June. This was seen not only in our electric bills but also in our laundry expense which has more than doubled from 2007 to 2008. Beginning in 2009, these increases are going to be impossible for us to absorb other than on occupancy.

In order to compensate for these increases in costs for 2008 (insurance: \$29,000.00 and laundry/electricity: \$56,000.00), we will add them to the bill for 2009, but we will have to assess for these increases in 2008 by way of billing you now for them.

In 2009, we will also have some capital expenses that will be assessed with the 2009 billing:

- Replace three air handlers that were not replaced in the units after the hurricane Ivan, approximate cost \$8,700.00,
- Chip, sand, treat and re-seal the upstairs deck during the month of May, contract price \$10,400.00
- Add in-room safes in each of the units, estimated cost \$2,900.00.

The total of the special assessment for the 2008 dramatic cost over-runs and the insurance increase necessary to maintain our property value coverage as well as the capital items for this year will total a special assessment of \$125.00.

You will also find in the body of this newsletter the Coral Sands Resort Operating Budget for 2009 which reports your maintenance fee for the year 2009 will be \$809.00.

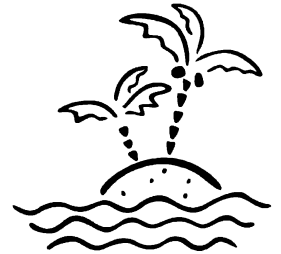
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We have taken the liberty of calling various resorts to see where this \$809.00 might stand with respect to other timeshares in Grand Cayman and can report we are favorably positioned even with this increase for the 2009 fees:

- Moritz Tortuga Club's 2-bedroom units: \$975.00
- Moritz Tortuga The Grand: \$995.00
- Seven Mile Beach Club: \$792.00 (estimate)
- The Reef Club 2-bedroom: \$1,200.00



The final issue that will be before us in 2009 is how do we compensate for these dramatic increases in utilities for the year 2009. At one time, Coral Sands charged for the electricity based on usage. We are being forced to revert back to the net usage charge to the occupant for the year 2009. Staff has been testing the meters on an ongoing basis to be certain they are reliable. Our plan is to read the meters at the close of business every Friday evening and that would be the charge for each occupant as s/he leaves on Saturday or otherwise. Please appreciate that the electricity is generated in Grand Cayman through use of diesel generators and unfortunately diesel fuel has seen dramatic upswings all throughout this year. As this newsletter goes to press, petroleum prices have dropped dramatically and one would hope that the decreases would be felt in Grand Cayman certainly by the first of the year.

This is not a decision we have taken lightly. We have researched and can also report that the four resorts mentioned above charged an additional utility fee in 2008 to recover those cost increases.

Coral Sands has maintained its high standards, and will in the future. We will do all we can to hold down costs and deliver on our quality promise to all members.

Defender Resorts and Coral Sands

The Time is Now!

The Coral Sands Sales & Marketing team will be making every effort to sell the remaining inventory over the upcoming season.

If you have considered purchasing additional vacation time, this is the time to do so.

Many of you have had the opportunity to share your bonus weeks with family and friends. Do them a favor and encourage them to own as well so they can continue to enjoy Grand Cayman for years to come.

To show our appreciation, as an member, you will receive **\$400** for each of your referrals that become an owner at Coral Sands.

Contact Vickie Griffith with the names of your referrals TODAY!
vgriffith@defenderresorts.com

Coral Sands Resort Operating Budget 2009

Operating Revenues

Member Maintenance Fees	\$323,400.00
Bonus Week Fees	\$16,640.00
Phone Charge	\$1,400.00
Daily Rental	\$15,000.00
Developer Subsidy	\$56,500.00
Other Income	\$2,125.00
Total Operating Revenue	\$415,065.00

Salaries & Wages

Administrative	\$50,049.00
Housekeeping	\$32,874.00
Maintenance	\$5,202.00
Pension Expense	\$1,628.00
Medical Insurance Premiums	\$678.00
Total Salaries & Wages	\$90,431.00

Utility Expense

Electricity (net of use charges)	\$52,000.00
Telephone and Internet	\$9,850.00
Water	\$21,300.00
Television	\$9,500.00
Garbage Fees	\$1,500.00
Total Utilities	\$94,150.00

Administration Expenses

Management Fee	\$41,506.50
Building Insurance	\$55,116.00
Advertising	\$3,500.00
Computer-Member Resv and Rec	\$12,000.00
Printing & Reproduction	\$1,000.00
Promotional Material	\$500.00
Postage	\$2,030.00
Office Supplies	\$1,000.00
Work Permit Fees	\$400.00
Hotel License Renewal	\$3,842.00
Hotel & Condo Dues	\$1,000.00
Government Fees	\$900.00
Company Fees	\$3,000.00
Legal Fees	\$1,000.00
Credit Card Service Charge	\$1,000.00
Bank Service Charge	\$325.00
Miscellaneous	\$589.50
Total Administration	\$128,709.00

Contracts, Travel and Activities

Exterminating	\$1,500.00
Resort Activities	\$4,300.00
Travel for Management Reviews	\$9,500.00
Locks & Security	\$30,500.00
Total Leases & Contracts	\$45,800.00

Housekeeping Expenses

Cleaning Supplies	\$1,200.00
Soaps/Other Room Supplies	\$2,800.00
Laundry Service	\$29,475.00
Kitchen Supplies	\$2,400.00
Total Housekeeping	\$35,875.00

Maintenance Expense

Equipment Repair	\$4,500.00
Building Maintenance	\$3,600.00
Yard and Pool Maintenance	\$12,000.00
Total Maintenance	\$20,100.00

Total Operating Expenses \$415,065.00

Net Operating Income (Loss) \$0.00

2009 Maintenance Fee Per Interval = \$809.00

Please note, posted on the 2009 invoices a Special Assessment has been charged to all members. We would like to explain this charge by breaking them down according to yearly membership for easier understanding.

- Whole Members - \$125 (electricity overages of 2008, 2008 Insurance overage, & 2009 capital expenses: air handlers, repairs of upstairs deck, and in-room safes.)
- Even Members - \$125 (same as above)
- Odd Members - \$125 & \$92 (same as Even and Whole members; charges are for the 2008 Capital Assessment since Odd members were not billed in 2008)
- New Whole Members - \$42 (only responsible for the 2009 capital costs)
- New Odd Members - \$42 (same as New Whole Members)
- New Even Members - \$42 (same as New Whole Members)

For any questions concerning the above statements, please contact Amanda Butler:
Toll Free: 877-404-3030 or abutler@defenderresorts.com

Your Vacation home is looking better than ever!

The staff at Coral Sands Resort has been very busy over the past few months.

We have a new phone system which allows our guest to call home at much more affordable rates than ever before and also allows calls to be received directly in your vacation residence. In addition, we have wireless internet for your convenience.

Please note the phone numbers to each room is unique. If you are in residence #2, your number will be (345)743-5502; if you are in residence #10, your number will be (345)743-5510. Also, the new resort is (345)743-5500.

Our sandy beach and dock are now completely finished – which will enable you to relax and enjoy the ocean with more ease.

Each residence received a fresh coat of paint and a deep cleaning during Maintenance Week; our next step is to supply a safe in every residence for members and guests alike to store valuables.

Harry Lynch
General Manager

Reservations Corner



Dear Coral Sands Member,

We would like to thank the members who choose to participate in our recent survey “Reservations Corner”. However, due to the limited turn out of votes (less than 25% of the owners base) we were unable to conclude a majority winner from our four options; therefore, we will be taking into account all members comments, and the previous reservation policy, in order to clarify future booking procedures.

The Club Rules state the following:

2.1.1 – Reservations

Reservations shall only be made in respect of Vacation Weeks 1 through 50. If the Vacation Ownership License specifies that the Club Member's Vacation Week is only available during even Vacation Years no reservations shall be accepted for a Vacation Week in odd Vacation Years, and vice versa. Reservations must be made not less than 1 month in advance and not more than 12 months in advance (except that any reservation made for the purpose of an RCI exchange shall be made not more than 24 months in advance.) Reservations must be made by notice in writing to Coral Sands Resort sent either by fax, mail, or email.

Fax – (843) 449-9469

Mail – PO Box 3849, Myrtle Beach, SC 29578

Email – abutler@defenderresorts.com

We will continue following this procedure, with one exception. The addendum to the above rule will be:

First requesting members will have booking priority, with the exception of members requesting the highly demand units (1 & 12; 6 & 7); these requests will be subject to inquiry. Therefore, if the first requesting member of a highly demanded residence occupied one of those residences in the previous year, the second requesting member will have priority.

Amanda S. Butler
Member Services