

**A FEASIBILITY ANALYSIS FOR
THE BELLEAYRE RESORT AT CATSKILL PARK:
A PROPOSED YEAR-ROUND DESTINATION RESORT IN THE
CATSKILL MOUNTAINS REGION OF NEW YORK STATE**

Prepared for

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I. INTRODUCTION

**A FEASIBILITY ANALYSIS FOR
THE BELLEAYRE RESORT AT CATSKILL PARK:
A PROPOSED YEAR-ROUND DESTINATION RESORT IN THE
CATSKILL MOUNTAINS REGION OF NEW YORK STATE**

I. INTRODUCTION

Purpose

The purpose of this document is to analyze the feasibility of developing a major year-round destination resort in the Catskill Mountains in upstate New York. The site is located in the central Catskills on New York State Highway 28. It is adjacent to the well-known Belleayre Mountain Ski Center and about 2 1/2 hours north of New York City. The development currently is referred to as The Belleayre Resort at Catskill Park, and hereafter in this report simply as Belleayre Resort.

Belleayre Resort is planned to be a mixed-use development. Emphasis in this feasibility analysis is on three real estate products, including resort timeshare, fractional interests and whole-ownership. Also at Belleayre Resort will be overnight lodging facilities, an 18-hole championship golf course, a world-class spa, and a wide variety of other amenities and attractions. These latter items are addressed in feasibility analyses being conducted by other consulting firms.

The subject property is more fully described in Chapter II. The concept of fractional interests is described in Chapters V, VI and VIII, and resort timeshare in Chapters VIII and IX.

The feasibility analysis is from both potential demand and financial perspectives. It considers: (1) whether there will be sufficient consumer demand to warrant inclusion of the three real estate options at Belleayre Resort; (2) product characteristics that should

be most desirable from the standpoint of market depth; and (3) the anticipated financial performance of several recommended products.

Within the overall study framework, additional objectives include:

1. Determine composition for the recommended product mix, such as number and size of units, general design elements, access arrangements, pricing structures and other relevant characteristics.
2. Project total demand and related factors such as absorption rates for the anticipated sales period.
3. Recommend the most desirable amenities and benefits in terms of consumer preferences and appeal. Also make recommendations concerning the other major facilities which should be provided.
4. Educate the reader about the current status of the fractional interest and resort timeshare industries.

Study Methodology

Facts and recommendations contained in this report are based on a number of information-gathering methods:

1. A visit to the site and a tour of the subject property and the environs.
2. A review of the subject property's current overall development plans.
3. A review of the tourism and resort real estate industries in the Catskill Mountains region.
4. A review of our existing database on the fractional interest and resort timeshare industries.

5. The consultant's 34 years of experience in the resort industry. Included are over 2,500 feasibility analyses for fractional interest and resort timeshare projects in 48 states and over 70 countries.

It should be emphasized that materials contained in the following report relating to item (4) in the preceding list are taken from previous work conducted by Ragatz Associates and not specifically for the task-at-hand.

Organization

This report follows the steps of a conventional feasibility analysis. It contains 10 chapters, including this initial introductory one (Chapter I). Chapter II describes the subject property of Belleayre Resort. The attractions and tourism industry in the surrounding Catskill Mountains region are described in Chapter III and the local resort real estate industry is described in Chapter IV.

Chapter V provides a generic description of the fractional interest industry in North America, while Chapter VI concentrates on the industry in the Northeast and VII does so for the industry in other mountain/ski communities in the U.S. Chapter VIII provides a generic description of the resort timeshare industry in the U.S., while Chapter IX looks at the current industry in the Northeast.

The report concludes with Chapter X which draws together findings of the preceding chapters, generates conclusions regarding demand and absorption rates, makes final recommendations, and estimates potential financial performances of several real estate products at Belleayre Resort.

II. THE BELLEAYRE RESORT AT CATSKILL PARK

II. THE BELLEAYRE RESORT AT CATSKILL PARK

The subject property for this feasibility analysis currently is referred to as The Belleayre Resort at Catskill Park (hereafter simply referred to as Belleayre Resort). The development has been involved in the public regulatory process for over 10 years, and was previously referred to as Crossroads. An initial feasibility analysis was conducted by Ragatz Associates in 1999 (“A Feasibility Analysis for Crossroads: A Proposed Year-Round Destination Resort in the Catskill Mountains of New York State,” September 1999).

Since the initial feasibility analysis, most public regulations have been satisfied, considerable local support has been attained, and the overall land plan and design have been enhanced and refined. As frequently implied throughout this feasibility analysis, the consultant feels that Belleayre Resort has potential to be one of the most attractive and successful year-round destination resorts in North America.

Belleayre Resort is located in the central part of the well-known Catskill Mountains of upstate New York. New York State Highway 28 passes along eastern parts of the site, and is the major highway through the central Catskills. The historic city of Kingston is about 30 miles to the east, and New York City is only about 2 1/2 hours to the south. The site is easily accessible from New York City via U.S. Interstate Highway 87 north to Kingston and then west on Highway 28.

The majority of the property is in northwestern Ulster County and the Town of Shandaken. However, some of the acreage falls over into the southwest corner of Greene County and the eastern edge of Delaware County. Parts of the property abut the Belleayre Mountain Ski Center and/or the Catskill Forest Preserve/Catskill Park. These attractions are described elsewhere in the report, and are well known throughout the Northeast. They annually attract millions of tourists. Other major attractions of the local environs are detailed in Chapter III.

The remainder of this chapter provides considerable detail on the potential configuration of Belleayre Resort. The material is included in order to preserve consistency between three recently prepared documents, rather than give yet another interpretation as prepared by Ragatz Associates.

It is noted that several variations occur between the three existing documents, due to being prepared at slightly different times, and as the development plans have continued to be refined. All three documents are subject to even further refinement as actual implementation draws nearer, and as the final development entity is created.

The three following descriptive documents include:

1. “2. Description of the Real Estate,” as taken verbatim from “Market Study & Feasibility Analysis: Proposed Belleayre Resort at Catskill Park: Shandaken-Middletown, New York.” This document is part of a feasibility analysis for the hotel/overnight lodging components, and is the most recent of the three (April 2008). It was prepared by HVS Consulting and Valuation.
2. excerpts from “Presenting The Belleayre Resort at Catskill Park,” as prepared by the client in 2007. This attractive document nicely describes the intended “soul and ambience” of the proposed development.
3. a series of renderings of the proposed land use plan and lodge designs, as prepared by The LA Group and Hart/Howerton in 2007.

Again, contents of all three documents are subject to further change and refinement as implementation draws nearer. The three documents combine, however, to nicely describe current thoughts about this very intriguing development called Belleayre Resort. Implications of the current plans in regard to the shared-ownership products analyzed in this report at-hand are returned to in the final chapter.



2. Description of the Real Estate

This section of the narrative provides an overview of the real estate as it pertains to the following categories:

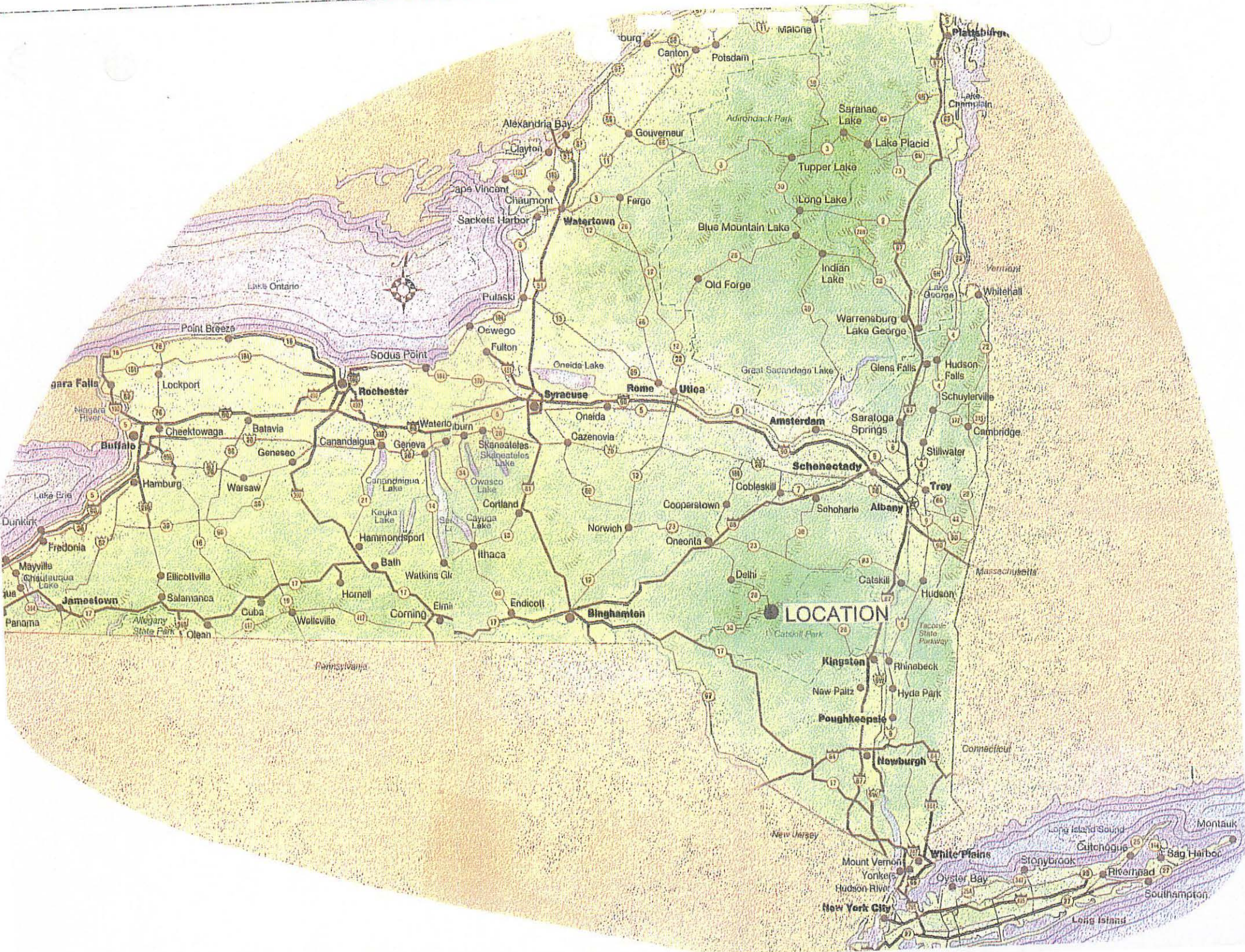
- The land, including its physical characteristics and accessibility;
- The surrounding neighborhood, with an expanded overview of other regional influences at play; and
- The proposed improvements, including a description of each of the key profit centers.

DESCRIPTION OF THE LAND

The subject site is located over ± 750 acres on the south side of State Route 28. The majority of the development land is located in the Town of Shandaken (Ulster County). Of the total development, only 12 of the 18 holes of golf, the Children's Center, two tennis courts, the vacation ownership clubhouse, and 112 of the Wildacres vacation ownership units are located in the Town of Middletown (Delaware County).

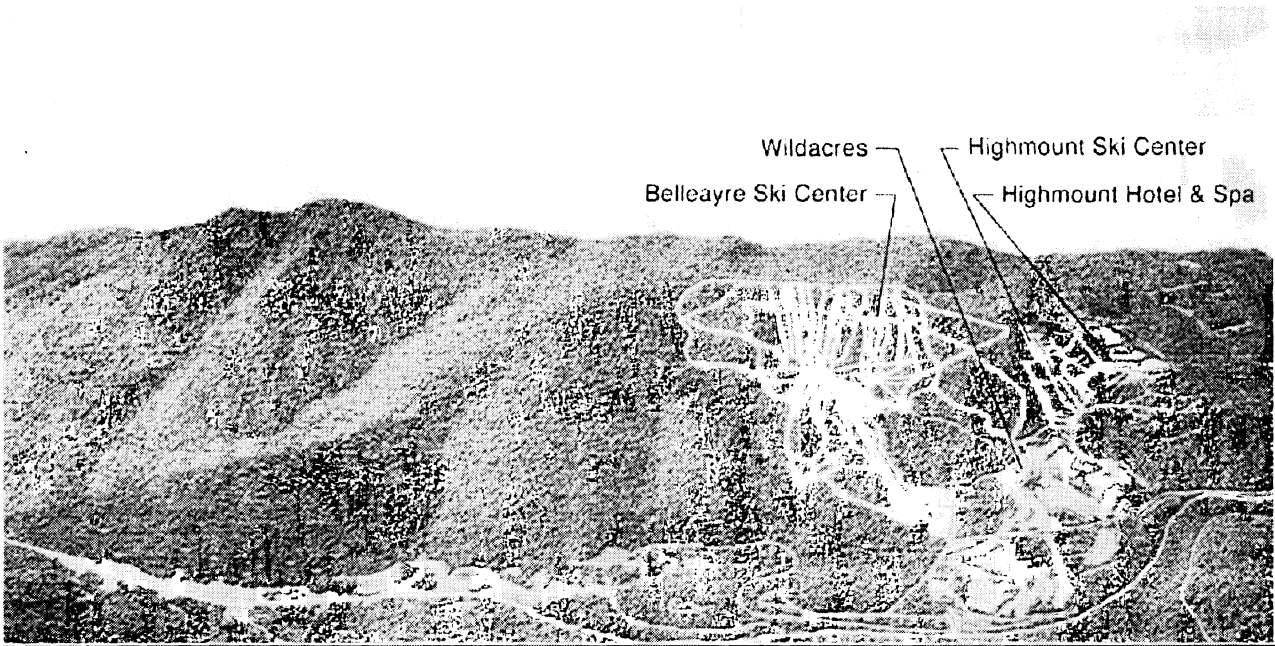
The subject land has two particularly compelling aspects: 1) its mountain setting; and 2) its convenience to the metropolitan New York area. The site's mountain setting provides unique aesthetic advantages due to its scenic beauty and peaceful surroundings. New York's Catskill Mountains represent one of the largest and most complex natural areas in the Eastern United States, featuring round, forested mountains, and narrow, winding valleys. The Catskills feature 35 mountains that rise over 3,500 feet. The subject land is more specifically located within the 600,000-acre Catskill Park. The park is renowned for its outdoor-recreational opportunities, including skiing, hiking, mountaineering, and fly-fishing.

The following maps and master plan identify the location of the land relative to Catskill Park, the surrounding system of highways, and the local roadways in the land's immediate vicinity. Note that the land is located directly to the south of State Route 28, accessed via the system of roadways already

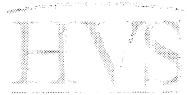




Rendering of Proposed Development, looking South over State Route 28



The subject site's proximity to New York City is compelling chiefly due to the economic implications. The presence of strong connections to a region generally recognized as having one of the highest concentrations of wealth in the world is particularly advantageous for the type of resort proposed on the subject land. The site is located along State Route 28, which intersects Interstate 87 approximately 30 miles to the east, at Kingston, New York. Kingston is approximately 90 miles north of Manhattan. Under optimal traffic conditions, the subject site is located within a two- to three-hour drive of the majority of the New York metropolitan area's various points of origin. Interstate 87 provides connections to the well-developed network of highways serving the region, including Interstates 287, 84, 684, 95, 80, and 78. Along with connections to New York City itself, the connections to the suburban communities of Westchester County (NY), Fairfield County (CT), and Northern New Jersey are just as compelling because of the vast population of corporations, institutions, and other employers who commonly hold meetings and retreats at mountain resorts.



the declining economic conditions of the surrounding market area. Although a degree of functional obsolescence has resulted from the facilities' age, the Ski Center is generally considered to have excellent potential, owing to the superior quality of the terrain; the fact that the climatic vagaries of its location tend to allow for an especially long season; its proximity to the New York Metropolitan area; and a demonstrated recent interest on the part of the present state administration to continue funding major capital improvements. The Ski Center facility includes alpine skiing facilities with eight lifts, 39 trails, over 2,000 acres of terrain, and 1,404 vertical feet. There are three base lodges and a summit lodge. The main base lodge, Overlook, has a cafeteria that seats 650 people.

In September 2007, New York State Governor Eliot Spitzer publicly announced the public/private agreement between the State of New York, the City of New York, seven national environmental groups and the developer (Crossroads Ventures, LLC) which outlines plans for the Belleayre Resort, as well as expansion of the Belleayre Ski Center. The agreement calls for the State to integrate the Belleayre development with the existing trails and lifts. New trails and lifts are also to be built and operated by the state, connecting the present ski facilities with most of the elements of the project. (This part of the project requires the state to acquire and rehabilitate the defunct Highmount Ski Center so that it allows ski-in, ski-out operations at the smaller of the project's two hotels.) The cost of the upgrades and expansion are estimated to involve by the State to be in the range of \$50 million and are projected to be completed within the next three years.

A primary purpose of the proposed Belleayre Resort is to provide new hotel accommodations and amenities suited to the modern skier demographic. In the process, the project will transform visitation to the Belleayre Mountain Ski Center from a day-use area to a vacation destination, supporting both overnight weekend stays as well as week-long vacations. Representatives for the ski facility - which has already increased volume from 74,000 skier visits in 1998 to 146,000 skier visits in the 2007 season - reported that there is strong demand for good-quality lodging alternatives associated with the facility. And with the planned upgrades and expansion of the Belleayre facilities, the number of skier visits is projected to increase to 250,000 per year.

The Belleayre Resort has been designed to offer a higher-quality and larger-scale lodging experience than is currently available in the region. The increased awareness of the region created by the Resort should allow Belleayre to capture a larger percentage of skiers already traveling north from



New York, New Jersey and Connecticut. Currently these potential guests regularly continue past the Catskills' ski centers on the New York State Thruway, intent on spending time and money in the resorts of the Adirondacks, Vermont and New Hampshire.

Key Assumptions

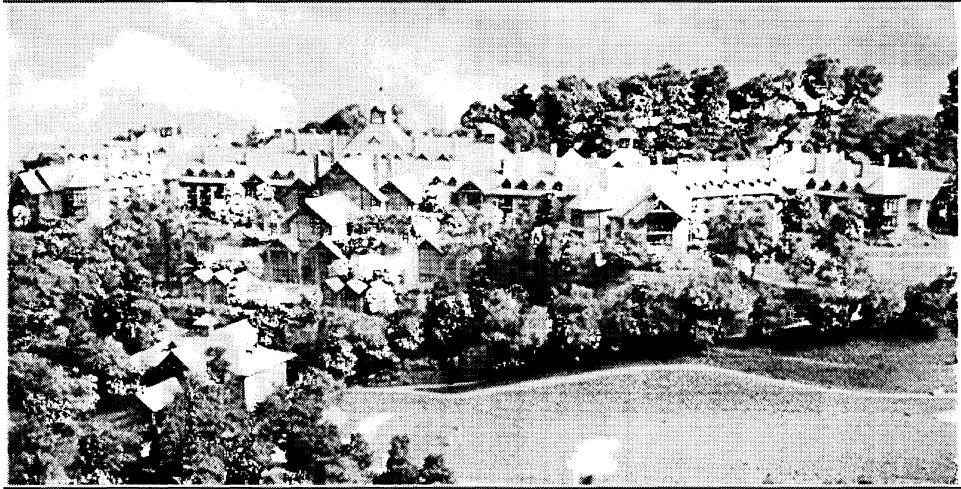
Our analysis assumes that the proposed development of the land can proceed legally and in conformance with local zoning standards. The "Agreement in Principle" would seem to indicate that the project will be permitted to proceed as it is currently imagined. Furthermore, we assume that the land has the physical utility sufficient to allow for the proposed development, including connections to all necessary utilities. We also assume that the land is not limited by flood zone, seismic risks, or any other extraordinary conditions which might otherwise necessitate elevated insurance premiums or atypical construction and/or operating expenses. Finally, we assume that easements or encumbrances do not bear on the development in any significant or costly manner, and that there are no nuisances or hazards associated with the site. We are not qualified to assess these risks, as well as those associated with soil and subsoil conditions.

DESCRIPTION OF THE PROPOSED PROJECT

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.



Belleayre Resort at Catskill Park – Wildacres Component



The Belleayre Resort at Catskill Park is envisioned as a world-class resort consisting of two hotels, each with its own characteristics and amenities; an 18-hole public championship golf course designed by Davis Love III; a $\pm 30,000$ -square-foot full-service spa with 15 treatment rooms; a conference center with a ± 500 -seat ballroom/auditorium, a ± 200 -seat ballroom, and eight meeting rooms contained in $\pm 5,000$ square feet; and separate communities of vacation ownership units associated with each of the two hotels.

The resort's construction will reportedly employ an architecturally ambitious design and the broader purpose, according to the developer, is "to provide residential and recreational facilities that will benefit the community, and enhance the tourism attraction of the area as a four-season recreation destination." Hart/Howerton serve as master planners for the project and they and noted environmental architect Emilio Ambasz have provided conceptual designs for the two hotel buildings. The physical and curricular programming will comprise "a beautifully orchestrated resort where education and entertainment opportunities blend seamlessly into the wonderful fabric of the Catskill Mountains; where both young and old leave worries behind and let their imaginations flourish." The Resort is intended "to marry the physical assets of the Belleayre Mountain Ski Center and the Catskill Forest Preserve with new facilities and programs that will enhance these assets for the benefit of both visitors to the Resort and the general public."



The Belleayre Resort at Catskill Park, as currently proposed, will become the only upscale, four-season resort directly serving the New York metropolitan area. It will also be the most environmentally advanced and responsible large-scale development project the region has ever seen. All of the resort's facilities will be open the public, increasing the number of recreational options available to local residents.

The following table summarizes the proposed facilities, which are oriented around the two distinct hotel compounds, referred to here as Wildacres and Highmount.



Summary of Proposed Facilities

Wildacres

1. Four-Star Hotel - 250 Rooms

Ski-in, ski-out to existing Belleayre Ski Center

18-hole championship golf course
(including 40-seat clubhouse snack bar)Meeting Space

Ballroom/Auditorium	6,000 sf
Banquet Hall	2,700
Break-out Rooms	4,500
Boardrooms	<u>1,800</u>
Total	15,000 sf

Day Spa of ±36,000 sf with 15 treatment rooms,
lockers, and grotto poolFood & Beverage Outlets

Multi-purpose three-meal restaurant	300 seats
Specialty restaurant	150
Lounge/bar	100
Golf course clubhouse snack bar	40
Marlowe Mansion	<u>150</u>
Total	740 seats

LEED-certified (Leadership in Energy and
Environmental Design)

2. Lodging Units (vacation ownership)

139 units in less than 18 buildings
LEED-certified

3. Community Clubhouse

40-seat snack bar
Health club and game room
Outdoor swimming pool
Tennis courts (2)Highmount

1. Five-Star Hotel and Spa - 120 Rooms

Ski-in, ski-out resort adjacent to new Highmount Ski Center

Guest-only Spa of ±60,000 sf with 30 treatment rooms,
grotto pool, lounges, sauna, and lockersFood & Beverage Outlets

Main Restaurant	150 seats
Six-Star Restaurant	30
Sushi Bar / Oyster House	70
Spa Café	<u>30</u>
Total	280 seats

LEED-certified

2. Lodging Units (vacation ownership)

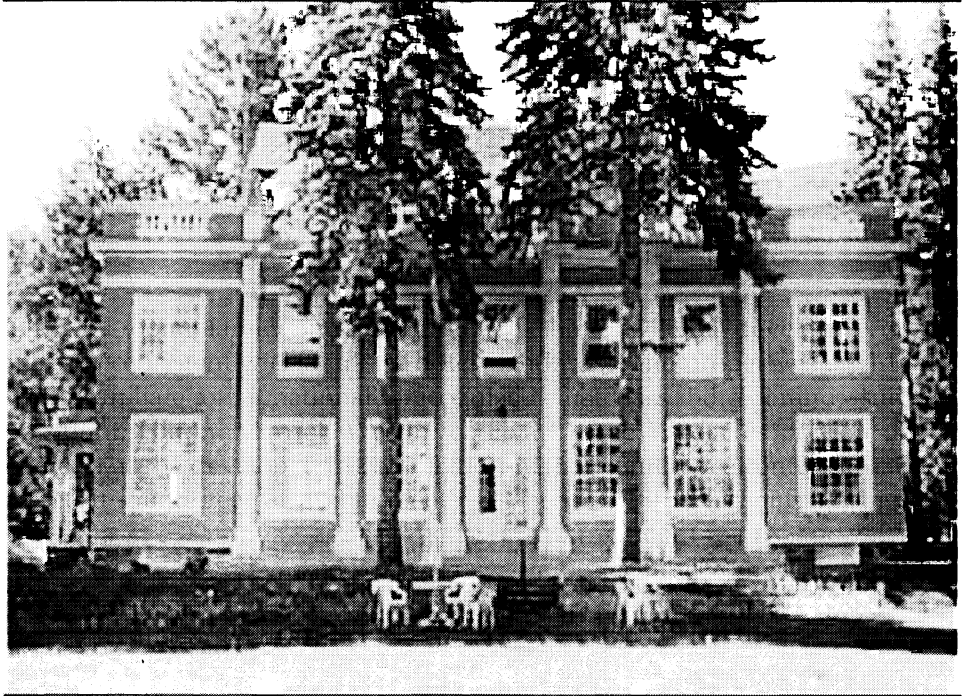
60 fractional ownership lodging units in two buildings
60 stand-alone, whole-ownership lodging units
LEED-certified

3. Resort Wilderness Activity

Café, library, weight room, sauna/steam room, and
seasonal activities

**Wildacres**

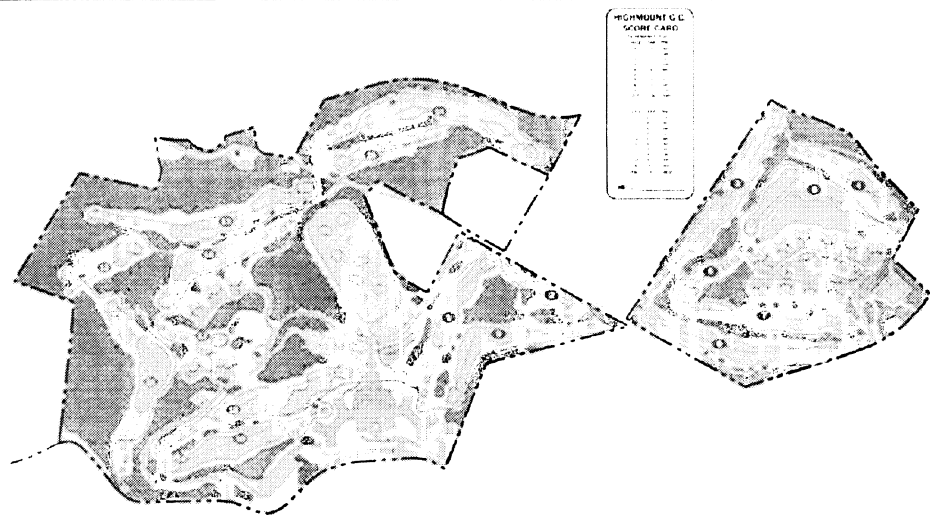
The 250-room, family-oriented Wildacres hotel will be developed in the manner consistent with four-star hotel standards. The property is envisioned as an affiliate of a nationally-recognized first-class hotel brand, such as Fairmont, Hilton, Marriot, Westin, or Hyatt. The Wildacres portion of the project will be developed in conjunction with a conference center containing $\pm 15,000$ square feet of usable meeting space, an 18-hole championship golf course, a $\pm 36,000$ -square-foot day spa with 15 treatment rooms, and 740 seats contained in a variety of food and beverage outlets, including the restaurant within the to-be-renovated Marlowe Mansion. A photograph of the 1904 mansion is included below.

Marlowe Mansion

The 18-hole championship public championship golf course will be designed by Davis Love III. At the developer's request, Love Enterprises has engaged the services of Beth Daniel (LPGA Golf Hall of Fame) in order to ensure that the layout of the course and the club house amenities are equally appealing to women players.



Highmount Golf Club Layout



HIGHMOUNT GOLF CLUB
AT WILDACRES RESORT

This component will also include a community of vacation ownership units. The vacation ownership component at Wildacres calls for construction of 139 two-bedroom lodging units located near the proposed golf course. Associated facilities include a private clubhouse containing reception, sales and operational facilities; an outdoor swimming pool; two tennis courts; a game room; a 40-seat snack bar; and a health club.

Highmount

The Highmount Hotel & Spa will be developed in the manner consistent with five-star hotel standards. The property is envisioned as an affiliate of a nationally-recognized luxury hotel brand, such as Ritz-Carlton or St. Regis. The spa will contain $\pm 60,000$ square feet with 30 treatment rooms, qualifying it as one of the largest in the Northeastern United States. The spa is envisioned as a major amenity and demand generator on the level of a golf course. The Highmount Hotel and Spa will be operated as a five-star property consisting of a 120 rooms, 120 vacation ownership units, a world-class spa which will include medical spa services, and a number of restaurants featuring a wide range of dining options.



Highmount Hotel Rendering



Highmount is located at a higher elevation than Wildacres and will be designed to provide a more exclusive and intimate guest experience, with a higher level of service. The property's featured amenity will be its spa, which will include 30 treatment rooms, a grotto pool, a sauna, and a spa café.



Spa facilities are year-round attractions, and spa hotels are one of the fastest growing segments of the hotel industry. Annual revenue generated by the spa industry in 2006 was \$9.4 billion, up from \$7.0 billion in 2003, reflecting growth of 34 percent. Moreover, the medical spa segment saw revenue grow from \$469 million in 2005 to more than \$1 billion in 2006. The Belleayre Resort will feature a full-service resort and medical spa, making it one of the only combination spas in the northeast. The proximity of the resort to non-spa related activities including golf, skiing, and outdoor adventure activities provide the resort with well-rounded, four-season appeal.

As noted previously, the Highmount hotel component will have the benefit of offering ski-in, ski-out facilities through the State's commitment to acquire and rehabilitate the defunct Highmount Ski Center trails. New lifts will be added, as well as base facilities such as a restaurant and lounge.

The Wilderness Activity Center will be located at the base of the Highmount Ski Center and will feature mountain bike rentals, climbing walls, snowshoeing, cross-country skiing, guided nature trails, and horseback riding.

The vacation ownership component at Highmount calls for construction of a total of 120 vacation ownership units, including two 30-unit fractional-ownership buildings and 60 stand-alone whole ownership units.

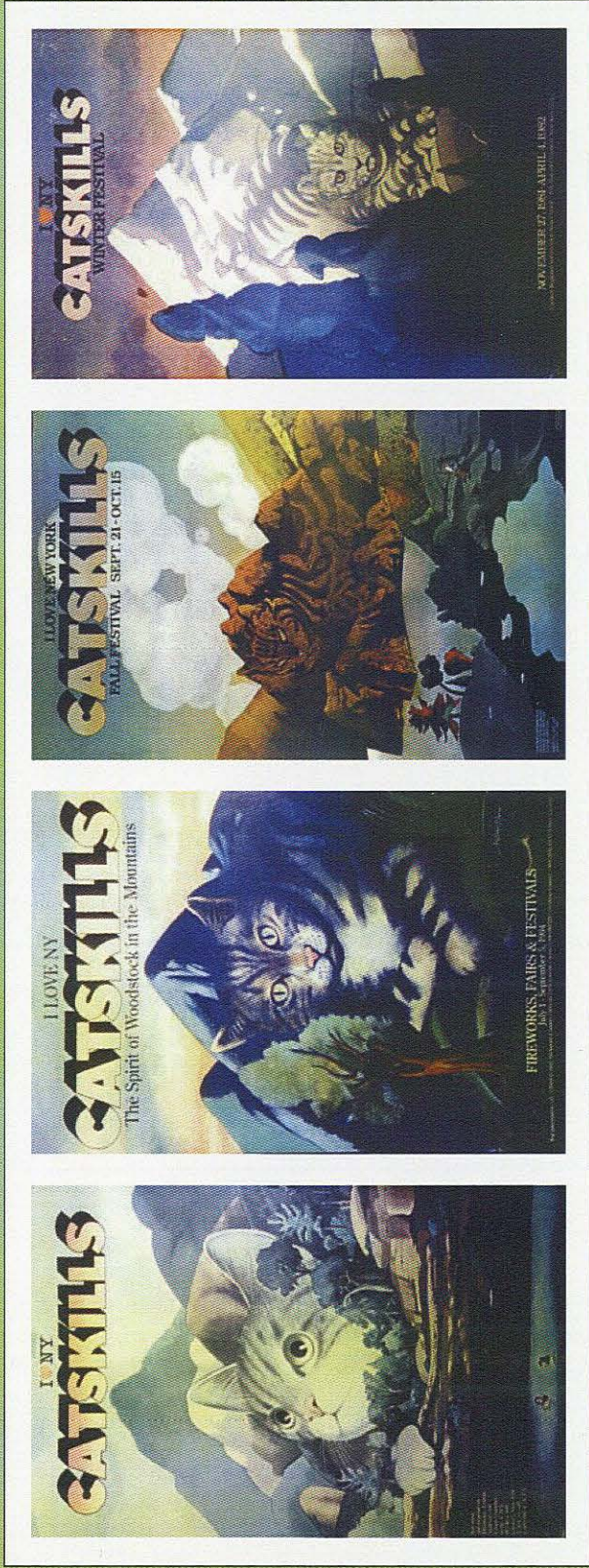
Environmental Sensitivity

The Belleayre Resort project will attempt to set a new standard for environmental sensitivity. Its development will proceed in cooperation with the National Resource Defense Council as well as the departments of environmental protection of the State of New York and City of New York. The project will be constructed in conformance with Leadership in Energy and Environmental Design (LEED) "Silver" standards, and develop new organic regimens for the operation and maintenance of its golf course. The Resort's 18-hole championship golf course will be maintained with a strict organic regimen, meaning that no synthetic fertilizers or pesticides will be used. External lighting will make use of downward-directed lighting fixtures to minimize any impact on the night sky. Windows will be fitted with non-reflective glass to eliminate glare. A host of water saving, energy saving and other programs will result in a resort property that showcases the Catskill surroundings while respecting their fragility.

Conclusion

The Belleayre Resort at Catskill Park represents a development with no regional parallel. The resort will offer an exceptional combination of natural features and architectural integrity, convenience to a large population base with high levels of disposable income, and world-class facilities and amenities including extensive meeting space, an 18-hole championship golf course, and two separate full-service spa operations. The project developer will seek to affiliate the hotels with separate but complementary brands, affiliations that will greatly enhance the marketability of the vacation ownership units.

The characteristics and operating advantages detailed here amount to an extraordinary asset that can reasonably be expected to gain recognition as one of the premier destinations and vacation ownership communities in the world, and the top-quality facility of this sort in the Northeastern United States.

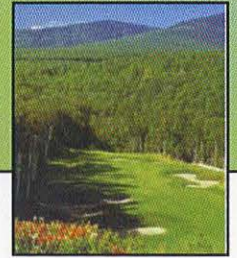


Presenting

THE BELLEAYRE RESORT AT CATSKILL PARK

A Project of:





SECTION 1:
THE HISTORY

The Metropolitan Museum of Art ran a retrospective of the works of the Hudson River School of Painters a few years ago, focusing on the river and the mountains of the Catskills. They called



Figure 1.1: Thomas Cole's painting of the Catskill Mountains.

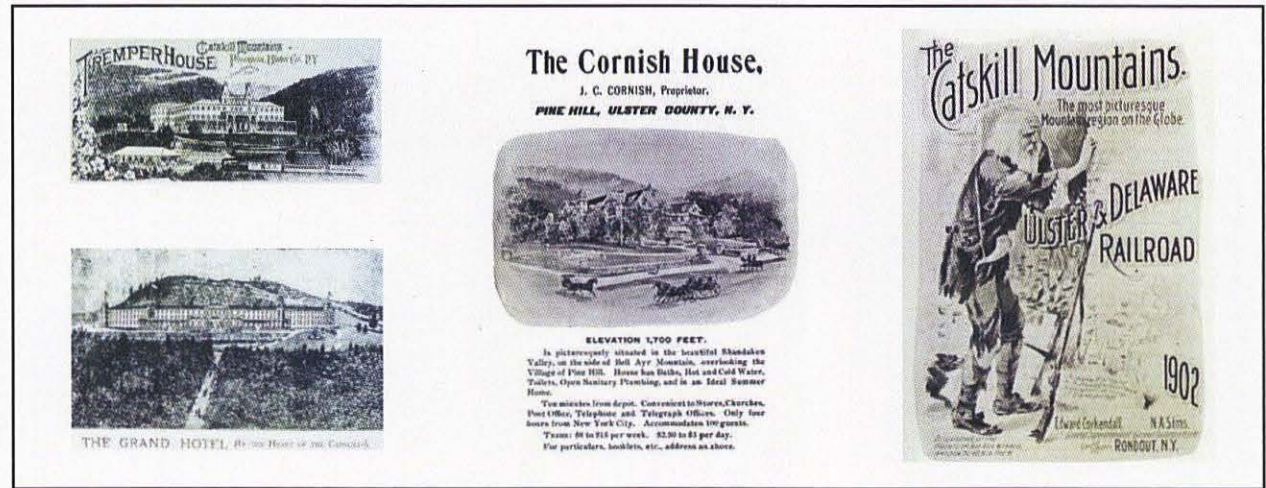


Figure 1.2: Historical marketing for tourism in the Catskill Mountains

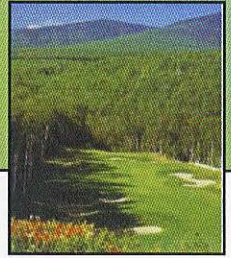
it “American Paradise.” The region has also been named “America’s First Wilderness”. It attracted visitors from all over Europe and America throughout the 19th century.

The predations of loggers and tanners had a considerable impact on the area in the latter half of the 19th century. At this time the State of New York began buying up and preserving as “Forever Wild” vast stretches of land. As a result, and under the century-long stewardship of the state, the region has been brought back to a condition of pristine beauty. Fully a third of the region’s highest peaks are in

the Town of Shandaken, including Slide Mountain, the highest. The region’s snowmelt and streams are the source of the world’s largest and, arguably, best municipal water system, serving New York City.

By the end of the 19th century, hundreds of hotels and a myriad of bed-and-breakfast boarding houses

UNDER THE CENTURY-LONG STEWARDSHIP
OF THE STATE, THE REGION HAS BEEN
BROUGHT BACK TO A CONDITION OF
PRISTINE BEAUTY



had sprung up throughout the Catskill Mountains. The first was the famous Catskill Mountain House at North Lake, built in 1823. It survived until the early 1950's. The most luxurious was the Grand Hotel, built in 1882 and situated on a hill just opposite the Belleayre Ski Center. It survived until the mid-1960's. It had 450 rooms and a golf course.

In its heyday, the area around Belleayre Mountain was one of the most popular summertime destinations in the east. Within a three-mile radius there were an estimated 10,000 hotel beds. Eventually they succumbed to the changing tastes of a metropolitan-based populous which was enjoying the blessings of air-conditioning and an increased range of travel occasioned by universal



Figure 1.3: Catskill Mountain House, c.1823 (Jasper Cropsey, artist)

automobile ownership and cheap gasoline.

Today, although fewer than 450 hotel rooms exist in the immediate region, there is a renewed interest in recreation in the Catskill Park. Trends clearly show that interest in historic and 'green' tourism has been rising for years. The Belleayre Resort at Catskill Park will enhance the opportunities for residents and guests to enjoy the rich environment and history of the Catskill region.

A linguistic note: the Catskill Mountains we're talking of are not and never have been part of what the NY Times continues to call "The Catskills". Early in the 20th Century, visitors to the famous "Borscht Belt" hotels: Grossinger's, The Nevele, Brown's Kutcher's, The Concord, The Granite, et.

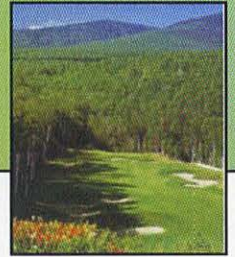


Figure 1.4: The Grand Hotel, c.1882

al., appropriated the name "Catskills", even though these establishments were nowhere near the Catskill Mountains, the Catskill Forest Preserve, or the Catskill Park. They were, in fact, within a little chain of hills called the Shawangunks, a name both unpronounceable and unspellable.

This larceny has gone unpunished for many decades and is, at this point, irreversible. Unfortunately, the dilapidation of the Borscht Belt has given many people the impression that the Catskills are depressed. Not a bit of it! The real Catskills are as beautiful today as they were when first discovered. A world-class resort will change folks' impressions. This is what Crossroads proposes to provide.

IN ITS HEYDAY, THE AREA AROUND BELLEAYRE MOUNTAIN WAS ONE OF THE MOST POPULAR SUMMERTIME DESTINATIONS IN THE EAST. WITHIN A THREE-MILE RADIUS THERE WERE AN ESTIMATED 10,000 HOTEL BEDS

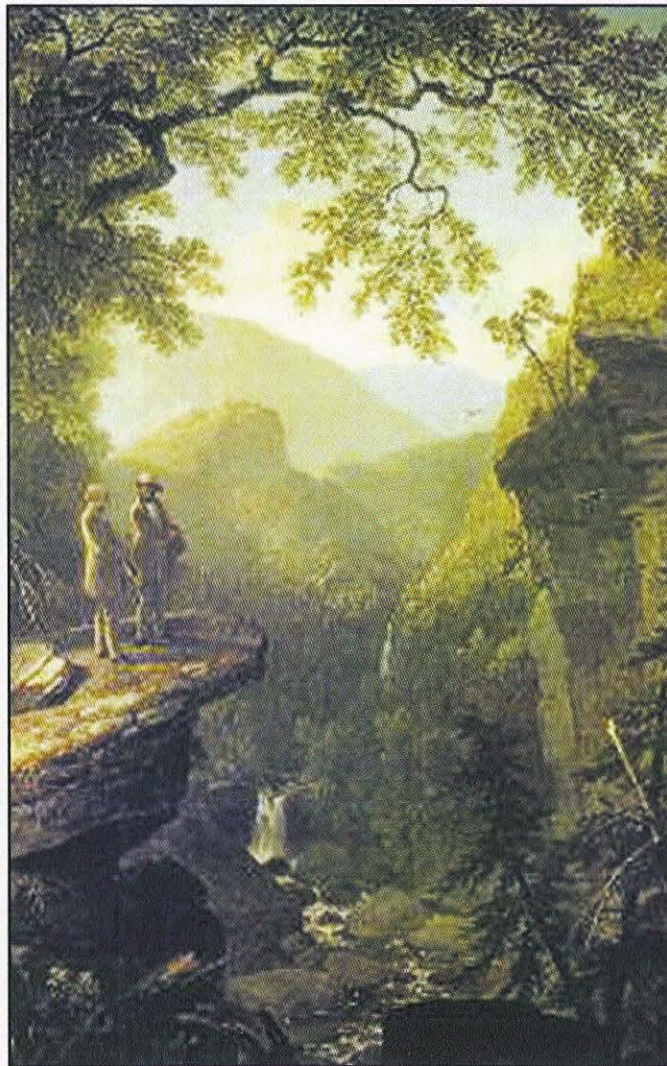


SECTION 2:
THE VISION

The Belleayre Resort at Catskill Park, as envisioned, will marry the physical assets of the Belleayre Ski Center and the Catskill Forest Preserve with new facilities and programs that will enhance the experience of both visitors to the resort and the general public.

A strong public-private partnership is at the core of the developer's Vision Statement. To this end, the Resort will plan to utilize existing local providers, guides, instructors, outdoor outfitters, etc., as well as not-for-profit entities including but not limited to the DEC, the DEP, Frost

*THE BELLEAYRE RESORT AT CATSKILL PARK
WILL ENHANCE THE EXPERIENCE OF BOTH
VISITORS TO THE RESORT AND
THE GENERAL PUBLIC.*



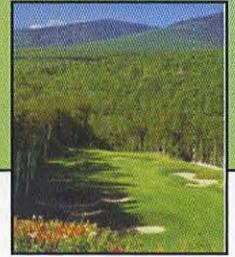
Valley, and the Phoenicia Fish and Game Association.

The Resort will be an active community, integrating the assets of the Forest Preserve, the history of the region and the special character of the land to form a place for all the family to have fun, learn and be with nature.

The Resort will be the catalyst, the motor that will drive the revitalization of year round tourism and the quality of life for those who live and visit the Catskill Park:

The program of the Resort will be orchestrated with educational, entertainment, and recreational opportunities which can blend seamlessly into the wonderful fabric of the Catskill Mountains.

Figure 2.1: Thomas Cole's "Kindred Spirits".



SECTION 3:
THE DEVELOPMENT CONCEPT

Crossroads Ventures, L.L.C., a New York State company, is developing a major year-round resort facility on some 620 acres of privately-held land

in the Catskill Park, a two hour drive from New York City. These lands bracket and abut the State of New York's Ski Center on Belleayre Mountain.

The ski center was built in the early 1950's to stimulate economic development at a time when most of the region's hotels were suffering from a downturn which began with the onset of the Great Depression. As it was, most of the hotels of that day were summertime venues - uninsulated and unheated - and their hard-pressed operators had little

THE BELLEAYRE RESORT PROJECT INTENDS TO BECOME A CENTER OF OUTDOOR ACTIVITY WHILE DEVELOPING PROGRAMS AND PHYSICAL CONNECTIONS WITH THE EXISTING BELLEAYRE SKI CENTER IN A COLLABORATION WHICH EMBODIES THE HIGHEST POTENTIAL OF A TRUE PUBLIC-PRIVATE PARTNERSHIP.

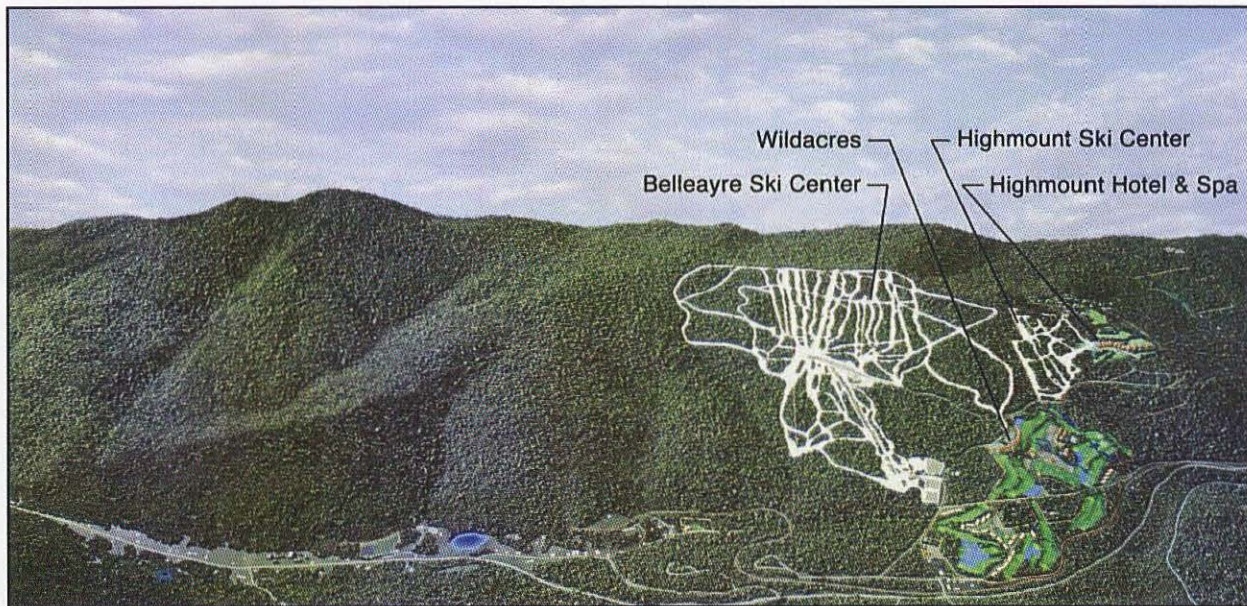
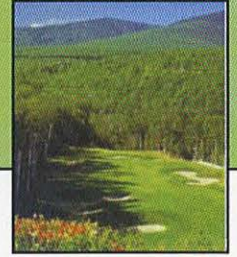


Figure 3.1: Scale model of overall development at the Belleayre Resort at Catskill Park.

capital with which to winterize and take advantage of the new 12 to 14 week winter season. Belleayre Mountain has remained, for most of its history, a drive-to, day-trip destination.

Crossroads – responding to the series of studies conducted over almost forty years by the State of New York, the Regional Plan Association, New York City, the Towns of Middletown and Shandaken and the Catskills Planning Alliance – has undertaken to fulfill the unanimous recommendations of those studies that, in order to prosper, the region must have a considerable new inventory of accommodations, built to modern standards, plus year-round activities, foremost among them golf.



The Belleayre Resort project intends, as well, to become a center of outdoor activity, connecting to resources and expertise throughout the region, while developing programs and physical connections with the existing Belleayre Ski Center in a collaboration which embodies the highest potential of a true public-private partnership.

The goal of this development, the Belleayre Resort at Catskill Park, is:

- to serve as the tourism focal point for the Catskill Park and Forest Preserve, including many of the picturesque small hamlets and villages in the region, and;
- to build upon, and strengthen, the Belleayre Ski Center, into which the State of New York has breathed new money and new energy over the past four years.

To take advantage of the broadest segments of the market, Crossroads has developed two complementary venues, the four-star Wildacres Resort, and the upscale, five-star Highmount Resort & Spa.

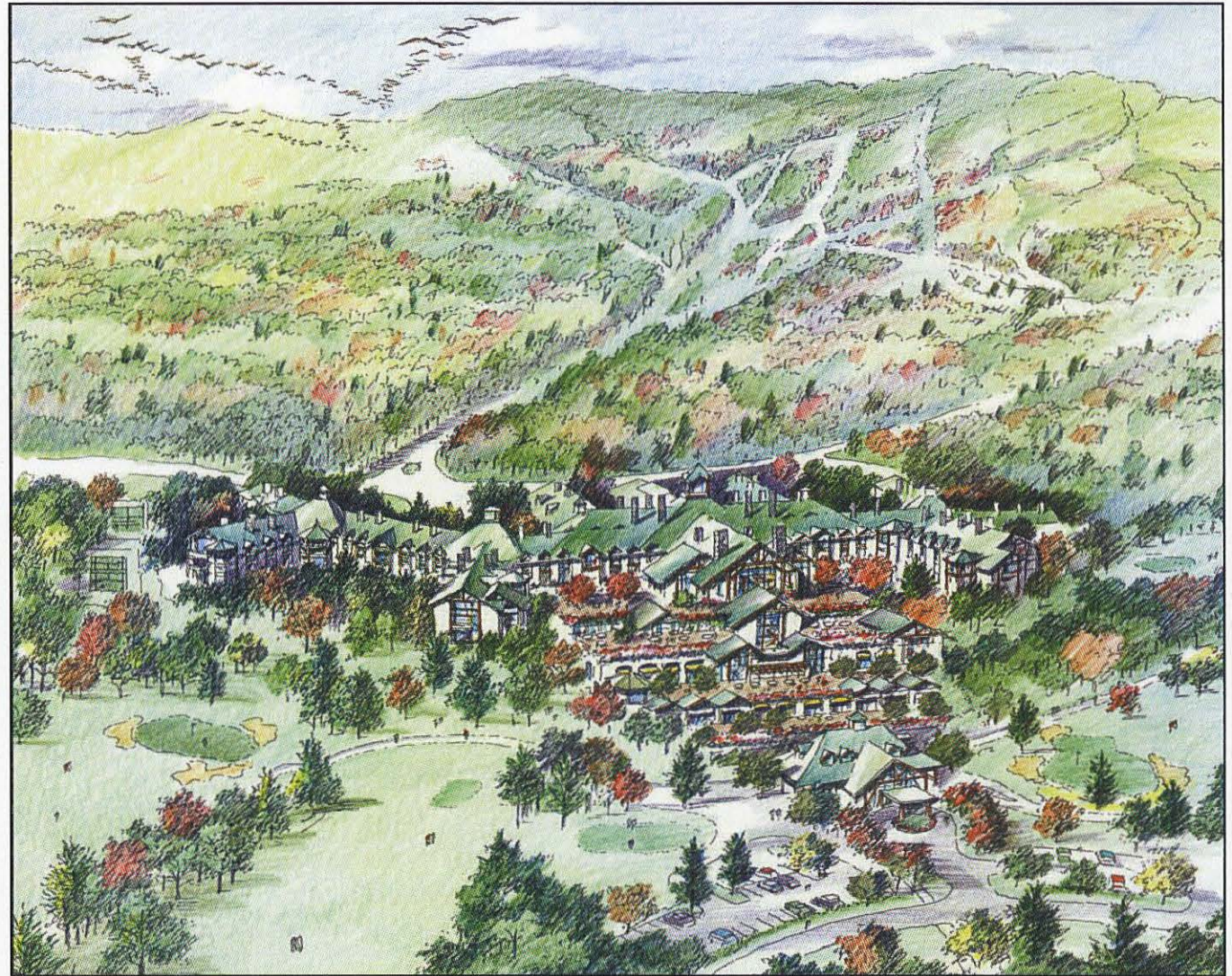


Figure 3.2: Artist's illustration of the Wildacres Resort.

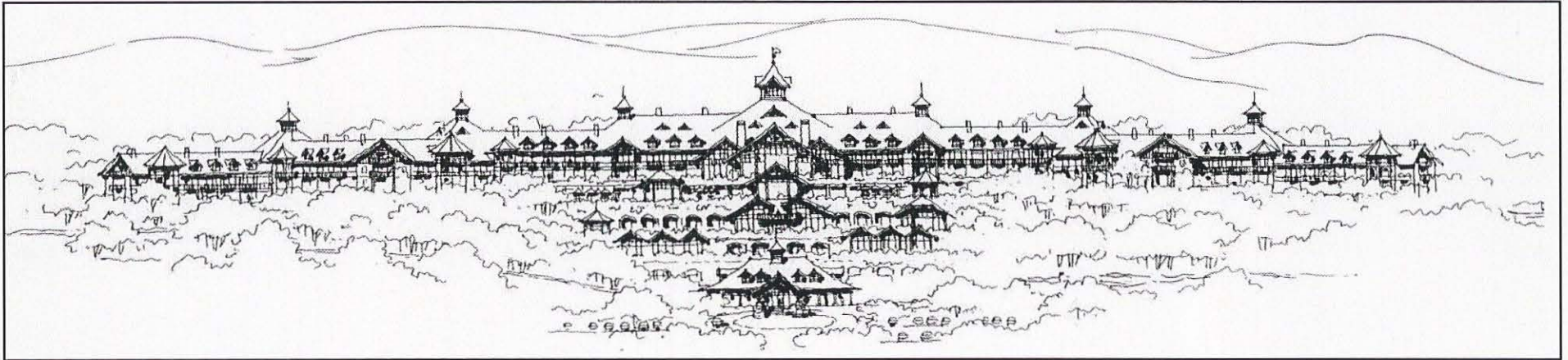
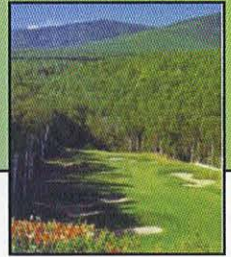


Figure 3.3: Architectural elevation of the Wildacres Resort (north elevation).

3.1 WILDACRES

The Wildacres Resort, one of several integrated resort components, is positioned directly across from the main entrance to the Ski Center. The resort comprises a 250 -room hotel and up to 139 timeshare units located around an 18-hole, organically maintained golf course, designed by Davis Love III Enterprises (“The Highmount Golf Club”). Additional amenities include a 24,000 square foot conference center, a Wilderness Activities Center, clubhouse and spa, restaurants, shops, tennis and swimming facilities, and a ballroom/auditorium.

The Wildacres Resort and Highmount Golf Club

have been designed by Robert Lamb Hart, designer of the Trump National Country Club and dozens of other nationally-known resorts and recipient of the 1998 AIA Award for Environmental Excellence for his work on the 20,000 acre Santa Lucia Preserve and Country Club in Carmel, California. The resort will be the present-day replacement for the Grand Hotel which once flourished a stone’s-throw away.

As part of its assemblage of the Wildacres site, the developer acquired a magnificent mansion, built in 1904 for the famous Shakespearean actress, Julia Marlowe. An historic landmark, it will be renovated as an amenity for resort guests.

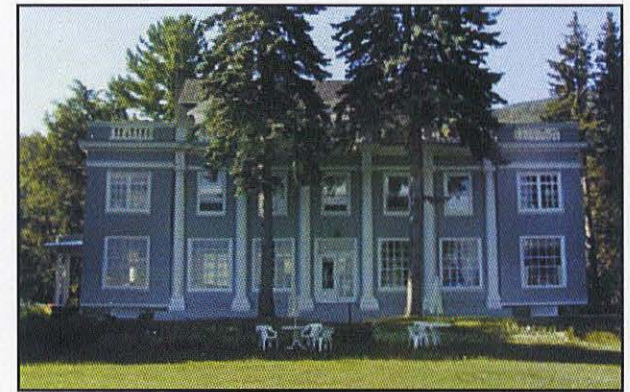


Figure 3.4: Marlow Mansion at Wildacres.

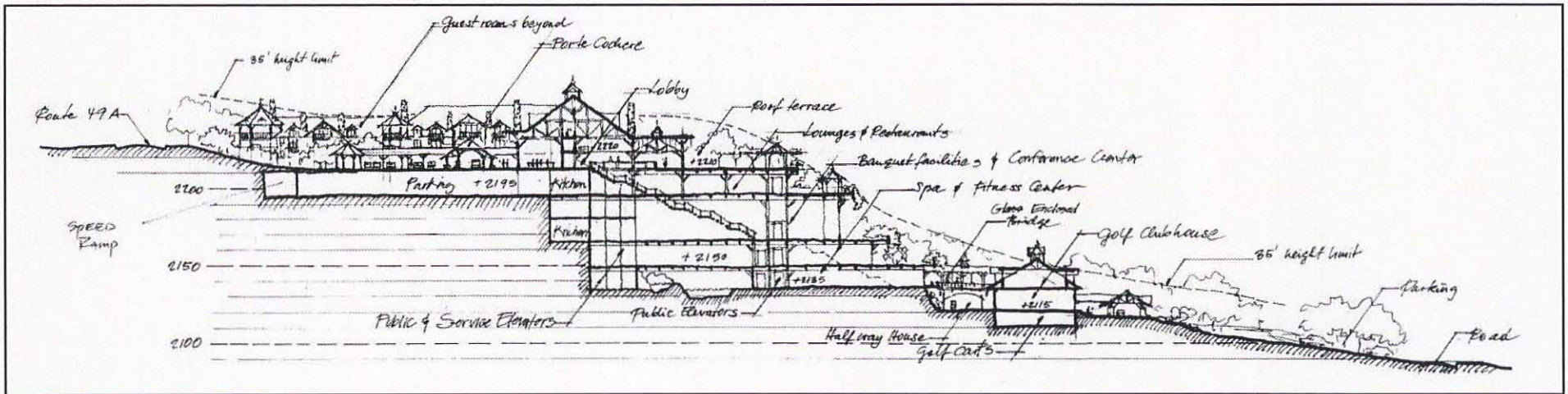
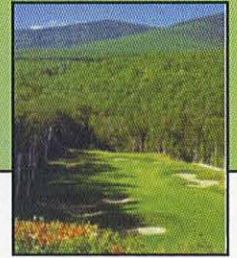


Figure 3.5: Marlow Mansion at Wildacres.

The developers have a history of the adaptive reuse of historic building, including the restoration of the 1874 Cockburn House for the original Emerson Inn and the 1840 Riseley Barn, now home to the Emerson Country Store.

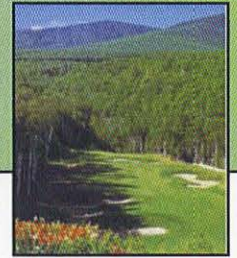
The Wilderness Activities Center is located at the base of the former Highmount Ski Center, with skiing access from the top of the new "High Peaks" trails of the Belleayre Ski Center. This facility will offer year-round programs for families and young people in a format similar to the one successfully developed at Smuggler's Notch in Stowe Vermont.



Figure 3.6: The luxurious Emerson Resort & Spa; evidence of the area's revival.

Highmount Estates consists of 21 private residences on sites varying between 2 and 20 acres.

Of the 620 acres of the Wildacres assemblage, 273 will be developed under the proposed plan. The remaining 476 acres, or 66% of the total Wildacres assemblage, will remain by deed restriction as permanent open space.

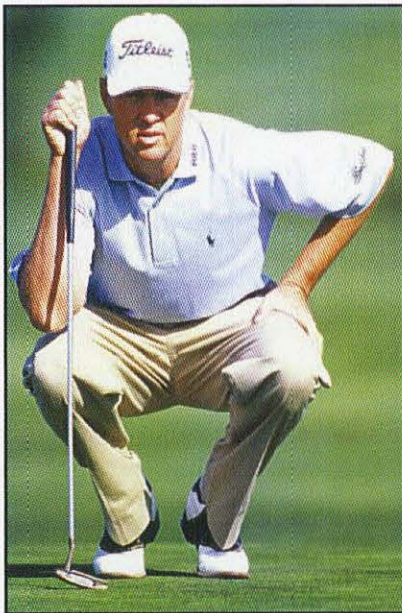


At the developer's request, Love Enterprises, Inc. has engaged the services of Beth Daniel, LPGA Golf Hall of Fame champion. Ms. Daniel will be working with Love Enterprise's chief golf course architect, Paul Cowley and with Davis Love III to ensure that the layout of the course from the vantage point of women golfers and their club house amenities are equal to those provided for the men.



Beth Daniel

POSITIONED DIRECTLY ACROSS FROM THE MAIN ENTRANCE TO THE BELLEAYRE SKI CENTER, THE RESORT COMPRISES A 250 -ROOM RESORT HOTEL AND UP TO 139 TIMESHARE UNITS LOCATED AROUND AN 18-HOLE, TOP-OF-THE-LINE GOLF COURSE, ALSO DESIGNED BY DAVIS LOVE ENTERPRISES



"I BELIEVE THE HIGHMOUNT COURSE WILL BE ONE OF THE PRETTIEST MOUNTAIN COURSES ANYWHERE IN THE WORLD."
DAVIS LOVE III

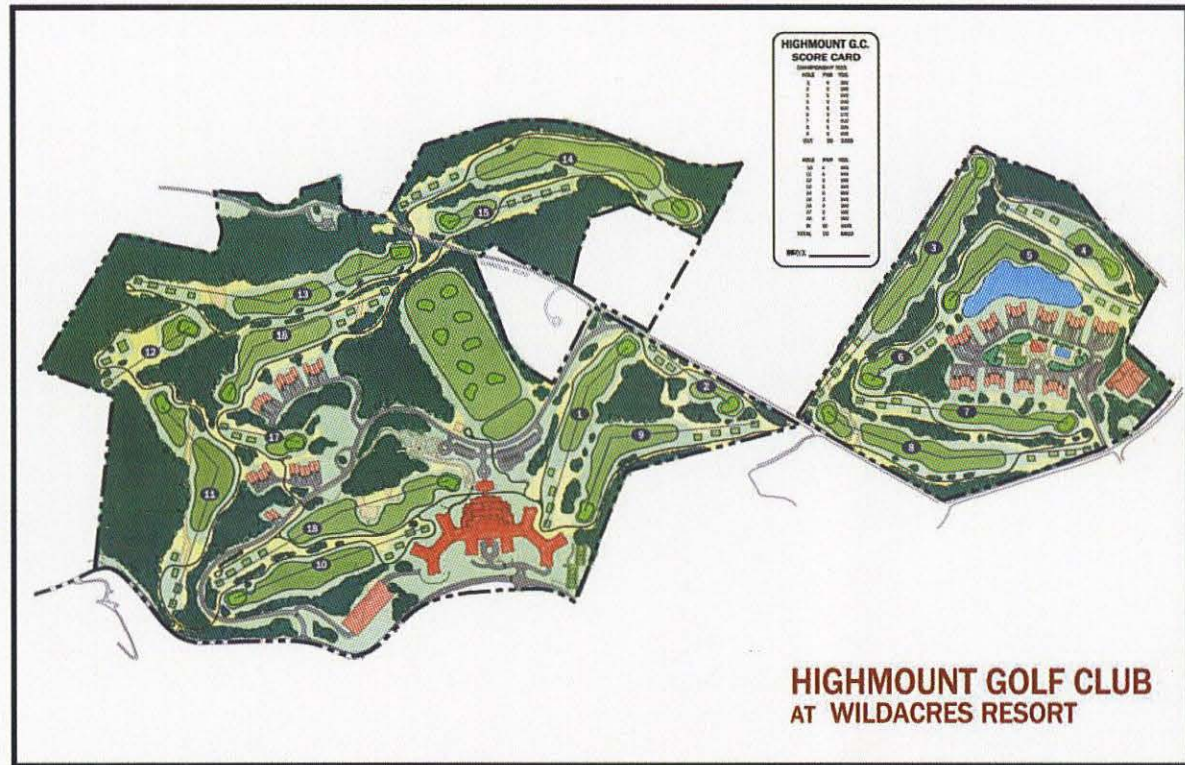
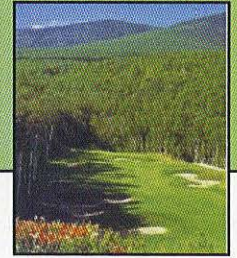


Figure 3.8: Highmount Golf Club routing plan.



3.2 Highmount Hotel & Spa

The original concept for the Belleayre Resort's five-star property, the Big Indian Resort & Spa, is being altered due to the Agreement in Principle stipulation that no development will take place in the Ashokan Reservoir Basin. However, a commitment to a "green" design remains a priority for the new Highmount Hotel & Spa.

The Belleayre Resort's close proximity to the Belleayre Ski Center will be one of its most marketable assets. And the Highmount Hotel & Spa will take even more advantage of that positioning than the Big Indian Resort could claim.

Also located directly adjacent to the ski mountain but at a higher elevation than the Wildacres Hotel, the Highmount Hotel & Spa will provide an exclusive, luxury experience matched by stunning views of the surrounding mountains. A full-service, five-star hotel will attract national and international travelers in concert with a luxury 30,000+ square foot spa that will be one of the largest on the East Coast.

Once planned expansion of the Belleayre Ski Center is complete, guests of the Highmount Hotel & Spa and the Wildacres Hotel will enjoy ski-in, ski-out convenience including ski lifts located directly on the resort's property.

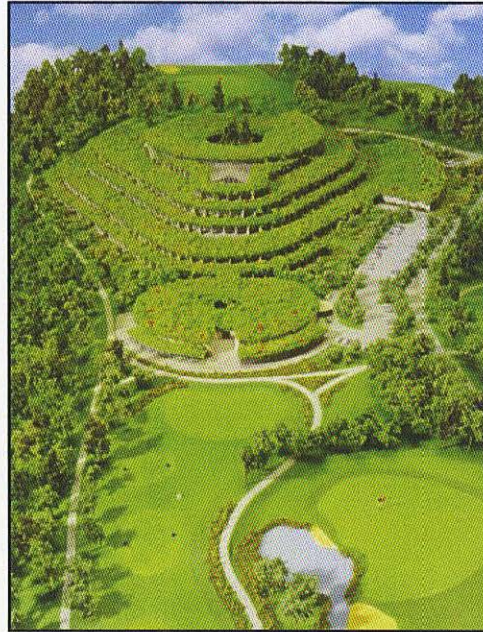
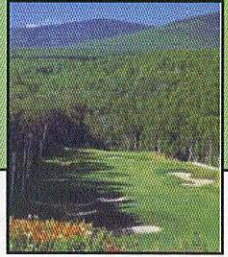


Figure 3.9: Big Indian Hotel, original concept, by Emilio Abasz.





3.3 Belleayre Mountain Ski Center

Belleayre Mountain Ski Center is owned by the State of New York and operated by the Department of Environmental Conservation. Although much of the surrounding area is designated within the Constitution of New York State as “Forever Wild”, the ski center is reserved as a high impact, intensive use recreation zone. Its proposed DEC Unit Management Plan calls for advancing the present 176,000 annual skier visits to 250,000. The facility enjoys regular improvements and new amenities. The Ski Center includes alpine skiing facilities with 8 lifts and 37 trails. The Ski Center has 2,193 acres of terrain (185 acres of skiable terrain), 1,404 vertical feet, and will have the capacity to accommodate 9,000 people at one time. The Ski Center also has 9.2 kilometers of nordic trails. There are also three base lodges and a summit lodge.

Through the signed Agreement In Principle with Crossroads Ventures and leading environmental organizations, the State DEC has committed to expansion of the Belleayre Ski Center. Total number of skiable miles will increase from 16 to 23. A large portion of this growth will come from the former Highmount Ski Center, which

will be conveyed to the State by Crossroads Ventures. The addition of the Highmount trails to Belleayre will significantly increase the amount of advanced-level ski terrain, making the ski center more appealing to a wider range of skiers.

The new Highmount trails will be adjacent to the Highmount Hotel & Spa. New lifts will be added, giving hotel guests the convenience of ski-in/ski-out accessibility. Non-hotel guests skiing these trails will take advantage of restaurants and shops located at lift origination points, furthering the advantage the Hotel’s location.

With the ski center expansion, Belleayre is positioned to become a premiere East Coast skiing destination, making the Resort’s locale ideal.

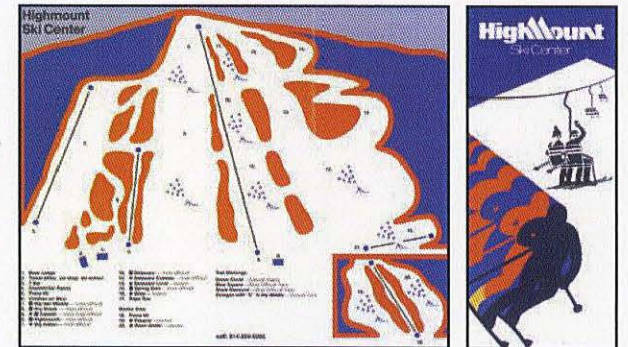


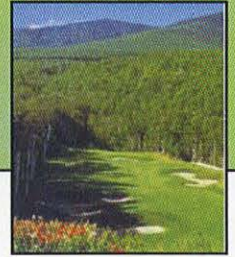
Figure 3.10:
Highmount brochure.



Figure 3.11: *Belleayre Ski Center trail map.*

Highmount trails are located just west of the Belleayre Ski Center

THE SKI CENTER NOW HAS 2,193 ACRES OF TERRAIN (185 ACRES OF SKIABLE TERRAIN), 1,404 VERTICAL FEET, AND HAS THE CURRENT CAPACITY TO ACCOMMODATE 9,000 PEOPLE AT ONE TIME. THE SKI CENTER ALSO HAS 9.2 KILOMETERS OF NORDIC TRAILS.



3.4 Resort Programming

The Resort will be a place where the visitor can access the natural environment in a secure, comfortable preserve setting. Guests and their families can spend a weekend, week, or season learning, shopping, recreating, or relaxing. New Yorkers can rediscover the Catskills, its environment, its culture, its history, and its vast potential for recreation. Each visitor will choose his or her activities from an extensive menu ranging from shopping in a local village to exploring the thousands of adjacent acres of "Forever Wild" forest preserve.

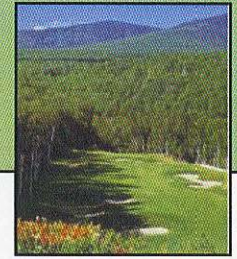
Integral to the Resort will be the Wilderness Activity Center. In mild weather months, The Wilderness Activity Center, located at the former Highmount Ski Center, will be a day-use activity center for resort members, guests and the public. Activities will include hiking, guided nature trail walks, mountain biking and horseback riding. In winter, guests and visitors will enjoy snowshoeing, alone or with a guide, and cross-country skiing.

The Belleayre Resort will provide shuttle service connecting the activity center with each hotel and with the amenities of the Belleayre Mountain Ski Center.

EACH VISITOR WILL CHOOSE HIS OR HER ACTIVITIES FROM AN EXTENSIVE MENU RANGING FROM SHOPPING IN A LOCAL VILLAGE TO EXPLORING THE THOUSANDS OF ADJACENT ACRES OF "FOREVER WILD" FOREST PRESERVE.



Figures 3.12a-c: Photo examples of the natural beauty of the region around the Belleayre Resort.



Recreational Programming

All recreational programming opportunities for the Resort begin at the Wildacres Resort Center. If a particular activity occurs at another resort location, Wildacres Resort guests will be directed or taken there.

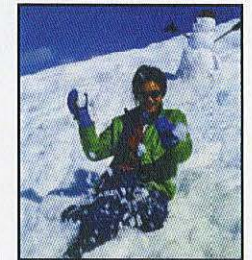
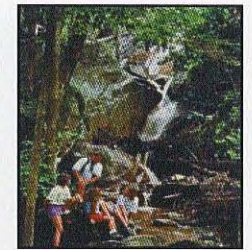
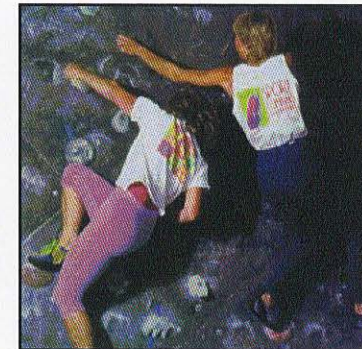
A number of activities will be integrated as part of the clubhouses, Conference Center or hotel facilities. The Wildacres Resort golf course may also be home to a golf academy. Tennis, horseshoes, croquet, bocci and billiards may all be played on the grounds surrounding the clubhouses or hotels or in the buildings themselves. A swimming pool, children's play area and health & fitness club may also occur at these locations.

Seasonal activities such as flower collecting, berry picking, mushroom hunting, maple syrup collecting, birdwatching, as well as such sports as hiking and orienteering may occur in the undeveloped areas of the Resort. The Wilderness Activity Center will include a ropes course and climbing walls.

In the winter guests could cross-country ski or snowshoe around the golf course at Wildacres Resort. The outdoor areas surrounding the club-

houses and hotels could be the sites of an ice skating rink, snowplay/snow sculpturing area and bonfire pit. The slopes of the Wilderness Activity Center may be used for winter or summer gravity sports, such as tobogganing, mountain biking, mountain boarding, alpine slides, and all-terrain in-line skating. The climbing wall will become an ice wall in the winter.

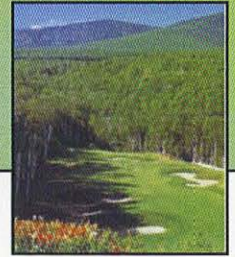
A Family Fun Zone, possibly located at the Wilderness Activity Center, could include playgrounds, miniature golf, the human maze, an alpine slide, volleyball and basketball courts, batting cages and a trampoline.



ALL RECREATIONAL PROGRAMMING
OPPORTUNITIES FOR THE RESORT BEGIN
AT THE WILDACRES RESORT CENTER.

Figure 3.13: Photos depicting some of the 4-season activities that will be available at the Belleayre Resort at Catskill Park.





APPENDIX 1:
DEVELOPMENT DETAILS

A1-1 Wildacres Resort

The Wildacres Hotel, which will be built and managed by a national high-end resort operator, will be a three-to-four star resort built around the proposed championship golf course and featuring ski-in, ski-out convenience.

- A **250 room hotel** across from the entrance to the Belleayre Mountain Ski Center. 50 rooms are lodging units with kitchens. The hotel will contain 10 resort-related shops, two restaurants of 150 and 300 seats respectively, a 100-seat beverage lounge, an indoor pool, two tennis courts, a full service spa with 15 treatments rooms and a lap pool, a 250-seat inter-faith chapel, a Conference Center with a 500-seat ballroom/auditorium, a 200-seat ballroom, 8 meeting rooms in 5,000 sq.ft., and a facility-wide laundry. The existing Marlowe Mansion will be restored and used for resort functions and

activities. Around the Resort will be:

- **139 2-bedroom lodging units** located near the proposed golf course; 17 octoplex units, situated in two areas, with private clubhouse facilities containing reception, sales and operational offices, an outdoor pool, 2 tennis courts, game room, 40 seat snack bar, a health club.

- **Children's Center.** For member's and guest's children, ages 6 weeks to mid-teens. (Note: The Children's Center, 12 of the 18 holes, 112 of the lodging units, 2 tennis courts, and the lodging unit clubhouse are located in Middletown, Delaware County – zoned: Resort).



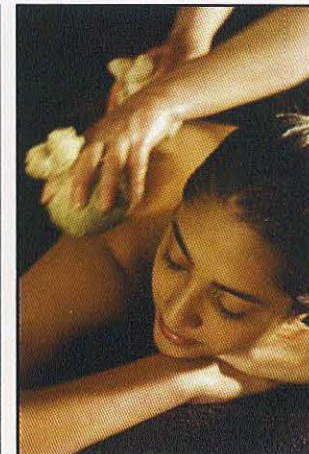
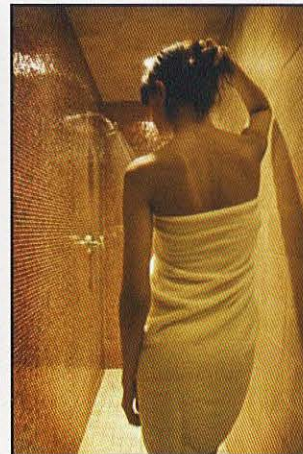
Architect's model of the Wildacres Resort.



A1-2 The Highmount Resort & Spa

The Highmount Resort & Spa will be a five-star vacation club with 120 club membership units and a 120-room hotel. The development will include:

- **Highmount Hotel.** A luxury hotel with 120 rooms and 2 restaurants (with 75 and 150 seats respectively). Hotel will feature ski-in, ski-out convenience, spectacular mountain and Hudson Valley views, banquet facilities, and five star services and amenities. Restaurants and banquet facilities will be available to the general public.
- **Highmount Spa.** A full-service, 30,000 square foot spa with a swimming pool, a state-of-the-art fitness center, spa café and a facility-wide laundry. The Spa will include medical spa services, making it one of the only combination leisure/medical spas in the Northeast. The Spa facilities will be open to country club members, hotel guests and day-spa visitors/residents.





The Wildacres Resort & The Highmount Spa Resort

MASTER PLAN

Towns of Shandaken and Middletown, NY

the LA group
Landscape Architecture
and Engineering, P.C.





STONE FOUNDATION

MARLOW MANSION

8 UNIT OCTOPLEX (TYP.)

FLEISHMANN'S SPRINGHOUSE

RAILROAD

STONE ICEHOUSE

8 UNIT OCTOPLEX (TYP.)

LOGGING UNIT CLUBHOUSE, POOL & TENNIS COURTS

DELAWARE

ULSTER

WATER TREATMENT PLANT

IRRIGATION POND

POND

GOLF MAINTENANCE FACILITY

CLUBHOUSE

WILDACRES RESORT

SPRINGHOUSE

ACTIVITY LAWNS & PAVILION

MAIN ENTRANCE N.Y.S. BELLEAYRE MOUNTAIN SKI CENTER

PARKING GARAGE

SERVICE AND PARKING ENTRANCE

WILDERNESS ACTIVITY CENTER



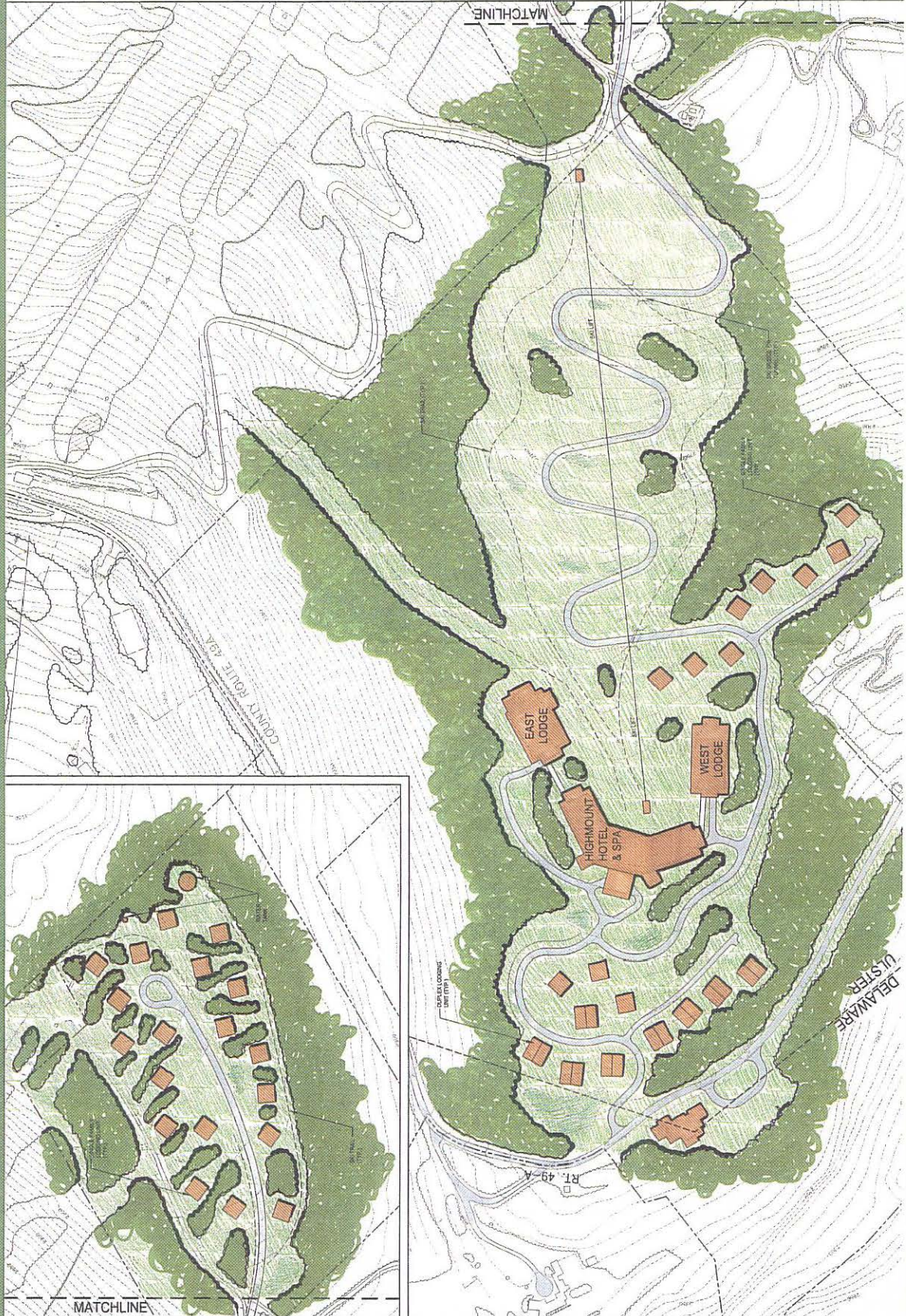
the LA group
Landscape Architecture
and Engineering, PC

WILDACRES RESORT

MASTER PLAN

Towns of Shandaken and Middletown, NY





HIGHMOUNT SPA RESORT

MASTER PLAN

Towns of Shandaken and Middletown, NY

the LA group
Landscape Architecture
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Scale: 1" = 100'



HART HOWERTON
PLANNERS ARCHITECTS
1000 BROADWAY, SUITE 1200
NEW YORK, NY 10018
TEL: 212 691 1000
WWW.HARTHOWERTON.COM

HIGHMOUNT SPA RESORT

CROSSROAD VENTURES, LLC
PART OF THE BELLEVUE RESORT AT CATSKILLS PARK — NEW YORK

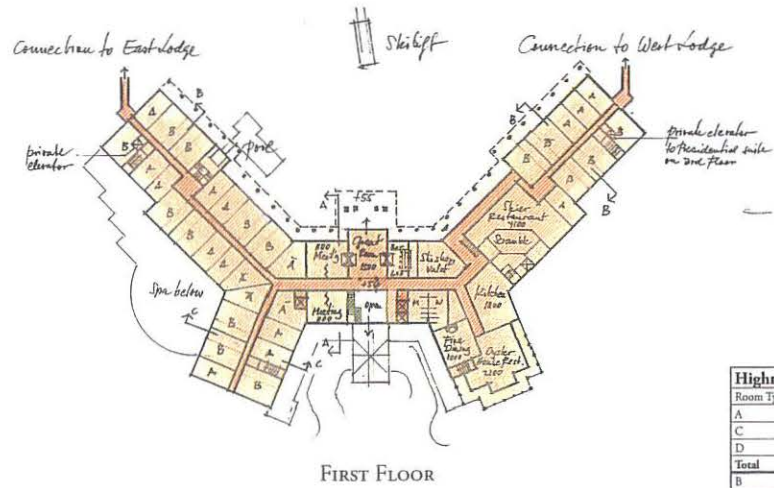
HOTEL RENDERING
December 2007



SITE PLAN
December, 2007

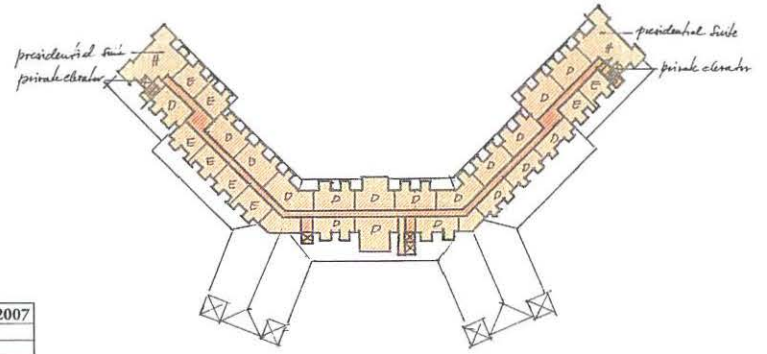
HIGHMOUNT SPA RESORT
 Crossroads Ventures, LLC
 Part of the Executive Plan of Crossroads - New York

HARRI HOWLERTON
 ARCHITECT
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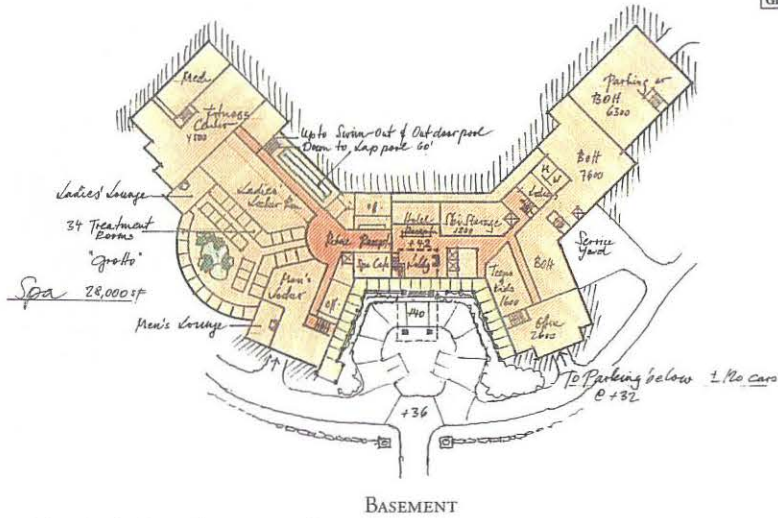


FIRST FLOOR

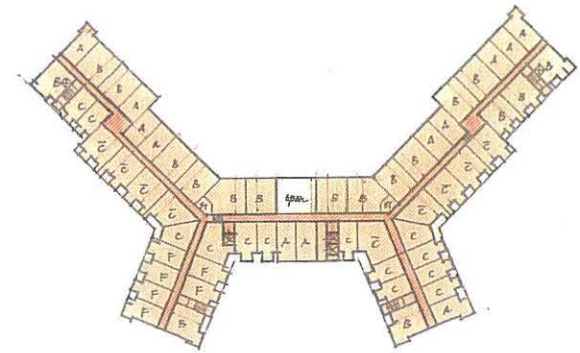
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A	630-660	18	12		30
C	575		13		13
D	630			18	18
Total	575 to 660sf	18	25	18	61 Rooms
B	950	15	18		33
E	1020			8	8
C'	875		9		9
Total	825 to 1020sf	15	33	8	56 Rooms
H	1500sf			2	2 Rooms
Grand Total					Number of Rooms 119



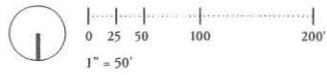
THIRD FLOOR



BASEMENT



SECOND FLOOR



HART HOWERTON

HIGHMOUNT SPA RESORT

HOTEL - FLOOR PLANS

CROSSROAD VENTURES, LLC

PART OF THE BELLEAYRE RESORT AT CATSKILLS PARK - NEW YORK

December 2007

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III. THE SURROUNDING ENVIRONS

III. THE SURROUNDING ENVIRONS

A. ATTRACTIONS

Location

As noted in Chapter II, Belleayre Resort is located in upstate New York, adjacent to Belleayre Mountain Ski Center. It is in the central region of the well-known, four county (Delaware, Greene, Sullivan and Ulster) Catskill Mountains region. It lies partially in Delaware County and partially in Ulster County, and is surrounded by the Catskill Forest Preserve. Albany (88 miles), New York City (133 miles), Syracuse (148 miles), Philadelphia (215 miles), Boston (237 miles) and Baltimore (310 miles) are some of the major cities within easy driving distance.

Three interstate highways (I-86, I-87 and I-88) and connecting U.S. routes make the subject property very accessible from all directions. Visitors traveling predominantly by air have two international airports to select from. The Stewart International Airport is located 70 miles southeast from the subject property and the Albany International Airport is located 97 miles northeast. Several other commuter airports service the area.

History

Baptism records of a German family in the town of Shandaken in Ulster County date European settlement back to 1752. During pre-European times, much of the Central Catskills were inhabited by the Minsi – referred to as the “Delaware” people by the British. By 1762, the introduction of European diseases had devastated the Minsi population.

Farming, small sawmills and tanneries became prevalent in the area during colonial times. During the War of 1812 large-scale industrial tanneries were introduced to meet military demand for leather goods. As the Hudson River and the Ulster and

Delaware Turnpike opened for transportation during the 19th century, tanning and other industries became very profitable in the Central Catskills. By the 1870's the tanning industry had depleted the hemlock forests and the turnpike deteriorated.

The Rondout & Oswego railroad reached Shandaken in 1870 and Hunter in 1881. As early as 1875, the Central Catskills were being promoted as a tourist destination. A wave of resort hotel construction followed until the turn of the century. After World War I railroad passenger traffic declined. Private automobiles and modern roads replaced the railroad as a means of reaching the Central Catskills.

In 1895, the Catskill Park was created by state legislation to preserve the land as "forever wild." By mid-20th century, the ski industry began to develop in the Catskills. The privately owned Highmount Ski Area opened in 1946 and in 1949 the state-owned Belleayre Ski Center began construction. Hunting and fishing were on the rebound as the environment began to replenish itself after tannery damage.

Beginning in the 20's and 30's the Catskills became a popular and affordable vacation destination for Jewish living in New York City. Summer vacations in farm homes with communal kitchens and modest accommodations were the norm. By the 50's and 60's upward mobility of New York Jews made Liberty, Loch Sheldrake, Monticello, Mountandale, South Fallsburg, White Lake, and Woodridge along Interstate 17 (a.k.a. "the Borscht Belt") key spots for more luxurious resort hotels in the Catskills.

In the prime of this wave of tourism to the area, some 600 to 700 hotels housed a million guests annually. The number of hotels reached 960 before the effects of mismanagement and under-capitalization started closing doors. Today only 12 of these hotels still remain.

However, the Catskills are seeing a revitalization north of "the Borscht Belt" in Ulster and Greene Counties. The more pristine area northwest of Woodstock near the Catskill Forest Preserve is growing in popularity. According to a *New York Times* article "Catwalkers Discover Catskills," the area is attracting "a flashier crowd, bringing new tastes and status symbols." New York socialites – filmmakers, publishers, actors, models, and other fashion industry people – who normally vacation in the Hamptons are taking notice of the area and leading the movement back to the Catskills.

Climate

The Catskill Mountain region has a continental climate, usually providing good weather conditions for the four seasons. In the winter, the mountains receive abundant snow for the ski season, while the summers are warm and suitable for outdoor activities. Highmount has an overall mean temperature of 42.8 degrees. The coldest months are January and February, with average low temperatures of less than 10 degrees. The warmest months are June through August with average high temperatures of more than 70 degrees.

The area receives about 51.6 inches of rainfall a year. February is the month (2.9 inches) with the least amount of rainfall and November (5.2 inches) has the most. Norms for average monthly temperatures and precipitation are shown in Table III-1.

Skiing

The Catskill Mountain region is a popular tourist destination for skiing and snowboard enthusiasts. There are five ski resorts offering 188 trails for all classifications of skiers. The ski season is generally between early December and late April, but can extend longer if weather permits. The five ski resorts are detailed below.

1. Belleayre Mountain is located in Highmount, next to the subject property. With a base elevation of 2,025 feet and a summit elevation of 3,429 feet, this resort offers a vertical descent of 1,404 feet and 2,193 acres of skiable terrain. It is home to the highest skiable peak and the longest skiable trail (12,024 feet) in the Catskill Mountains. There are eight chairlifts that can accommodate up to 10,980 skiers per hour. The 47 trails are classified according to experience, and include 22 percent for beginners, 58 percent for intermediate and 20 percent for expert skiers. Adult lift tickets are \$39 on the weekdays and \$48 on the weekends. The ski area also has nine kilometers of groomed cross-country ski trails. Resort officials report that there were 177,628 skier days during the 2006-2007 season, an increase from 135,389 during the 2005-2006 season (plus 31 percent).

TABLE III-1
Average Temperature and Precipitation in Highmount

	Temperatures			Precipitation (inches)
	Low	High	Average	
January	9.0°F	31.0°F	20.0°F	4.3
February	9.0°F	33.0°F	21.0°F	2.9
March	18.0°F	41.0°F	29.5°F	4.5
April	29.0°F	53.0°F	41.0°F	4.7
May	39.0°F	65.0°F	52.0°F	4.8
June	47.0°F	73.0°F	60.0°F	4.3
July	51.0°F	78.0°F	64.5°F	4.2
August	50.0°F	76.0°F	63.0°F	3.5
September	43.0°F	68.0°F	55.5°F	4.6
October	33.0°F	58.0°F	45.5°F	4.5
November	26.0°F	46.0°F	36.0°F	5.2
December	15.0°F	35.0°F	25.0°F	<u>4.1</u>
Annual	30.8°F	54.8°F	42.8°F	51.6

Source: weather.com.

2. Holiday Mountain Ski & Fun Park is located in Monticello in Sullivan County, and is the smallest of the five ski areas. The mountain has 11 trails, a 400-foot vertical drop and four chairlifts. There is a terrain park for snowboarding and two runs for snow tubing. Adult lift tickets are \$25 on the weekdays and \$40 on the weekends. Other attractions include an ice skating rink, arcade, mini-golf, go-karts and rock climbing wall.

3. Hunter Mountain Resort is located in Hunter in Greene County. The resort has 11 chairlifts and tows, a 1,600-foot vertical drop, 54 trails and 240 acres of skiable terrain. Also on-site is a full-terrain snowboarding park, nine-chutes for snow tubing and snowshoeing trails. Adult lift tickets are \$53 on weekdays and \$59 on weekends.

4. Plattekill Mountain is located in Roxbury in Delaware County. This ski area has 35 trails, 1,100-foot vertical drop and three chairlifts. Adult lift tickets are

\$30 on weekdays and \$48 on weekends. The ski area also has 21 kilometers of groomed cross-country ski trails.

5. Windham Mountain Ski Resort is located in Windham in Greene County. The resort offers 41 trails, 264 acres of skiable terrain, a 1,600-foot vertical drop and 98 percent snowmaking coverage. There are 10 lifts that can accommodate up to 16,450 skiers per hour. There are four terrain parks for snowboarding and 12 runs for snow tubing. Adult lift tickets are \$48 on the weekdays and \$61 on the weekends. Season passes can be purchased for \$975. The Windham Mountain Adventure Park is located next to the resort entrance providing additional activities such as, paintball, skateboarding, a bungee trampoline and rock climbing wall.

Other Attractions

Other popular attractions in the Catskill Mountain region include the following:

1. Catskill Forest Preserve – This popular tourist destination encompasses over 700,000 acres, or more than 1,000 square miles. The park is in four counties and is comprised of both public and private land. It features rugged rock formations, expansive tracks of forest, streams, pastures, waterfalls, trail systems and is home to more than 50,000 full-time residents. Popular activities at the park include hiking, biking, horseback riding, snowmobiling and nature observation. Hunting is permitted in some parts of the park.

The significance of the Catskill Forest Preserve is further described in the following quote:

The Catskill Forest Preserve is a national treasure. When the Metropolitan Museum of Art mounted its retrospective of the Hudson River School of Painters who opened the Valley and the Catskills to the world's attention, they called the exhibit "American Paradise;" and, indeed, in the first third of the 19th Century, that's the way the world thought of it.

Rescued from the abuse and devastation of the tanning and logging industries which ravaged and denuded its mountains in the mid-19th Century, the Catskills today represent one of the world's few and most

obvious environmental success stories. Protected for over one hundred years by the State of New York as “Forever Wild,” the Catskill State Park is once again that American paradise. And in the story of its reclamation lie object lessons for a world often discouraged by the magnitude of the environmental agenda.

The Catskill State Park is an ecological miracle and a testament to the connected efforts of generations of American conservationists from Ralph Waldo Emerson, Henry David Thoreau, Frederick Law Olmsted and John Muir (all of whom visited the area) to our own John Burroughs (who was born and lived most of this life here) and to Pete Seeger (who has lived in the region for the last forty years or so). Teeming with game and wildlife, most of the original creatures of the American northwoods again abound: deer, bear, fox, lynx, panther, coyote, wild turkey, bald eagle and a host of smaller beasts have proliferated to their primeval abundance.

The State of New York owns no less than 73 percent of the Shandaken acreage, including virtually all the mountain peaks. The City of New York owns additional land and its regulations control all of the streams and rivers. Thus the area remains a precious resource for the people of the State and the northeast, and a potential Mecca for tourism.

2. Catskill Scenic Trail – This 19-mile scenic trail lies on top of the former rail bed of the Ulster and Delaware Railroad. The trail features a very gentle grade, with only a four hundred foot change in elevation. Ample opportunities exist for hiking, biking, cross-country skiing, running, horseback riding, fishing and sightseeing.
3. Delaware & Ulster Railroad – This popular excursion train combines railroad nostalgia with scenic rides through the Catskill Mountains. Visitors have the opportunity to ride in a historic NYC Car 61 and 1949 luxury streamlined observation car while viewing the landscape of quaint villages, rolling fields, majestic mountains and pastoral farms along the East Branch of the Delaware River. Round trip excursions from Arkville to Roxbury are offered on the weekends.
4. Festivals – There are over 100 festivals and special events in the Catskill Mountain region each year, attracting thousands of visitors and local residents. Among the most popular is the annual Woodstock Festival. This five-day

event features an innovative variety of independent films, first-class concerts, workshops, celebrity-led panels and parties. Many of the festivals and events are held near the subject property at the Belleayre Mountain ski area, including the Belleayre Music Festival. Other popular festivals include Pasta Primo Vino!, Civil War Weekend, Hudson Valley Garlic Festival and Windham Chamber Music Festival.

5. Fishing – This is an extremely popular activity due to the many rivers, creeks, streams, lakes and reservoirs throughout the region. There are five major rivers in the region, including Beaverkill River, Willowemoc Creek, Delaware River, Neversink River and Esopus Creek. Their banks are home to some of America’s best fly-fishing and offer experiences for all levels of fisherman. The Beaverkill River is divided into two sections and is one of the most famous fly-fishing rivers in the world. The 26-mile upper section is controlled by private fishing clubs, and the 15-mile lower section is open to the public. There are many local fishing guides and outfitters throughout the four counties.
6. Golf – The Catskill Mountain region is becoming well known as a top golf destination. There are 50 courses spread throughout the four counties, providing a diversity of options for all levels of players. There are 24 18-hole courses, 23 nine-hole courses and one 27-hole course and one 12-hole course within the region. Many of the courses are designed by major golf course architects, such as Robert Trent Jones and Tom Fazio.
7. Kaaterskill Falls – This two-drop waterfall is one of the most popular tourist destinations in the Catskills. The dual cascades total 260 feet in height, making the falls the highest in New York, and one of the tallest waterfalls in the eastern United States.
8. Monticello Gaming & Raceway – Located in the heart of Sullivan County, this half-mile track offers year-round harness racing. The track opened in

1958, with many of the greatest names in the sport launching their careers at the raceway. A 40,000 square foot gaming and entertainment center is located next to the racetrack, featuring over 1,500 of the newest video games, including progressive and video poker.

9. Museums – The Catskill Mountain region has many fascinating historic sites and museums to explore. Among the most popular is the Delaware County Historical Association (DCHA). The DCHA is home to seven historic buildings, including the 1797 Gideon Frisbee House, a blacksmith shop, nineteenth-century gun shop, schoolhouse, turnpike tollgate house and Christian Church at Fitch’s Bridge. Two exhibit galleries and research library are also housed at the DCHA. Other popular museums include the Catskill Flyfishing Center and Museum, Fleishmanns Museum of Memories, Roxbury Railroad Depot Museum and Woodchuck Lodge and Burroughs Memorial Field.
10. Outdoor recreation – Outdoor activities are extremely popular in the Catskill Mountain region due to the diverse landscape and ideal weather conditions. In addition to fishing, the many lakes, rivers and streams provide a wide variety of water sports, including white-water rafting, kayaking, canoeing, swimming and tubing. In addition, there are 22 public marinas along the Hudson River providing outdoor activities such as boating and sailing. There are 98 peaks and more than 300 miles of hiking trails within the region, providing ample opportunity for hiking, cross-country skiing, rock climbing, mountain biking and horseback riding adventures. Other popular outdoor activities in the Catskills include gliding, skydiving, ice climbing, nature observation and camping.
11. Shawangunk Wine Trail – Traveling along the Shawangunk Wine Trail is a popular activity for both tourists and local residents. The trail is nestled between the Shawangunk Mountains and the Hudson River. It is comprised of 11 family owned wineries, each with unique offerings. The award-winning

wineries host special events throughout the year, including Lobster Fests, jazz concerts and strawberry festivals.

12. Ulster Performing Arts Center (UPAC) –UPAC is home to the historic Broadway Theater, which first opened in 1927 and is now one of the premier performing arts venues in the Catskills. It was slated for demolition in 1977, but was saved and revitalized by three private partners. The theater was listed on the National Register of Historic Places in 1979, as one of the last great show palaces in New York State. It is open year-round and features a diverse season of productions, including national and international headliners in music, dance and theater. The 1,500-seat venue is the largest proscenium theater between Manhattan and Albany.
13. Zoom Flume Water Park – This popular attraction is located in Greene County and is the largest water park in the Catskills. The park features numerous thrill rides, including the Black Vortex, Mighty Anaconda, Grand Prix Splashway, Lazy River and Lagoon Activity Pool. A typical season is from mid-June through the end of August.

B. TOURISM TRENDS

Unfortunately, there is currently no accurate method to provide number of actual visitors to the Catskill Mountain region. Contained on the next several pages are various bits and pieces of information relating to the tourism industry in the region. Information in this chapter is mostly derived from information provided by the Catskill Association for Tourism Services. Following are a list of highlights from *The Economic Impact of Tourism in New York* report compiled by Tourism Economics and released in December 2007.

1. Tourism spending in 2006 was \$960 million, up six percent from 2005. Of this, 46 percent was generated by Ulster County (\$443 million), 30 percent by

Sullivan County (\$290 million), 16 percent by Greene County (\$154 million) and eight percent by Delaware County (\$77 million).

2. Spending on lodging services comprised the largest share of tourism spending (34 percent), followed by seasonal second home expenditures (24 percent), retail and service stations (17 percent), food and beverage (17 percent), transportation (five percent) and recreation (three percent).
3. Tourism in the Catskills directly supports 13,384 jobs and a total of 20,110 jobs including indirect and induced impacts.
4. The jobs generated \$260 million in direct labor income and \$445 million including indirect and induced impacts.
5. Ulster County is the largest tourism county in the region, representing 45 percent of the regions tourism employment (9,582 jobs).
6. About 17 percent of all employment in the Catskills is generated by tourism.
7. Tourism in the Catskills generated over \$58 million in local taxes and nearly \$55 million in state taxes in 2006.
8. Following are a list of highlights from the 2005-2006 *Top Line Travel Profile* compiled by D.K. Shifflet & Associates Ltd. All information pertains to the Catskill Mountain region.
 - a. In 2005-06, overnight travelers accounted for 57 percent of the region's visitor volume.
 - b. During 2005-2006 some 84 percent of all visitors were from four states, including New York (67 percent), New Jersey (seven percent), Florida (five percent) and Connecticut (five percent).
 - c. Of all visitors, 84 percent visited for leisure purposes and 16 percent visited for business purposes.

- d. Of all leisure visitors, 24 percent visited for a getaway weekend and nine percent visited for a general vacation. Another 29 percent visited to see a friend/relative, 13 percent to attend a special event and 10 percent for other reasons.
 - e. Some 71 percent of all visitors in 2005-2006 had incomes over \$50,000, including 35 percent that had incomes over \$75,000 and 18 percent that had incomes over \$100,000.
 - f. The average age of all visitors is 47, with a median income of \$73,400.
 - g. The average party size is 2.4 persons.
 - h. The average length-of-stay is 1.2 days. Some 50 percent of all visitors stayed between one and three nights, six percent between four and seven nights and one percent that stayed eight or more nights.
 - i. Dining (35 percent), shopping (31 percent), entertainment (23 percent) sightseeing (21 percent) and taking a tour (12 percent) were the top activities enjoyed by visitors.
 - j. Eighty percent of all visitors arrived by automobile. Another seven percent arrived by air, seven percent by bus, one percent by train and five percent by some other form of transportation.
 - k. Some 97 percent of all visitors have taken at least one trip to the Catskill Mountains in the past three years, including 31 percent that had taken one trip, 21 percent between two to three trips, 30 percent between four and nine trips and 15 percent that had taken 10 or more trips.
9. Table III-2 provides quarterly hotel/motel bed tax collected by Ulster County in 2006. The third quarter of the year clearly has the highest tourist demand. The demand during the last quarter is 68.5 percent of that during the high month season of July, August and September. For the first quarter it is only 45.1 percent.

TABLE III-2
**Hotel/Motel Bed Tax Receipts, Ulster County,
 By Quarter, 2006**

Quarter	2006	Weighted Average
Jan-Feb-Mar	\$168,847	45.1
Apr-May-Jun	\$188,948	50.4
Jul-Aug-Sept	\$374,684	100.0
Oct-Nov-Dec	<u>\$256,742</u>	68.5
Total	<u>\$989,221</u>	

Source: Catskill Association for Tourism Services.

10. Table III-3 looks at monthly passenger arrival volume at the Albany International Airport in 2006 and 2007. August is the month with the highest average passenger volume (138,112), followed by July (136,908). February is the month with the lowest average passenger volume (100,552), followed by January (104,254). On an extended seasonal basis it appears that low season is from November through February and September (an average monthly passenger volume of 107,636 over the last two years), and high season is from March through August and October (an average monthly passenger volume of 129,273).

11. In November 2007, the Port Authority of New York and New Jersey spent \$78.5 million to acquire a 93-year lease on the Stewart International Airport, which is located 70 miles southeast of the subject property. In January 2007, it was announced that the authority will spend \$500 million over the next 10 years to upgrade the airport. Airport officials report that the airport is projected to have over 900,000 passengers in 2008, triple its volume in 2006.

TABLE III-3
**Total Passenger Arrivals at Albany International Airport,
 By Month, 2006 and 2007**

Month	2006	2007	Average	Weighted Average
January	104,349	104,158	104,254	75.5
February	104,839	96,264	100,552	72.8
March	128,782	120,851	124,817	90.4
April	125,077	125,593	125,335	90.7
May	129,601	127,937	128,769	93.2
June	126,514	126,002	126,258	91.4
July	136,471	137,344	136,908	99.1
August	137,822	138,401	138,112	100.0
September	111,537	112,341	111,939	81.0
October	123,587	125,842	124,715	90.2
November	114,017	115,289	114,653	83.0
December	<u>109,691</u>	<u>103,870</u>	<u>106,781</u>	77.3
Total	1,452,267	1,433,892	1,443,080	

Source: Port Authority of New York & New Jersey.

The Primary Market Area

It is assumed in this feasibility analysis that the primary market area for Belleayre Resort will be an approximate 150-mile radius around the site. Included in this radius are New York City, Long Island, northeast New Jersey and the Hudson River Valley. Most likely, demand also will be generated from the five surrounding states of Vermont, New Hampshire, Pennsylvania, Connecticut and Massachusetts.

But, traditional vacationing travel patterns suggest it may be difficult to penetrate these areas with a new destination resort in the Catskills. Most likely, households in Connecticut and Massachusetts will continue to frequent the ski resorts of Vermont and New Hampshire, as will, obviously, households in those two states themselves. Households in northeast Pennsylvania will continue to be more likely to frequent resort areas of the Poconos.

It also is noted that due to the decreasing value of the dollar relative to most international economies, there most likely will be a demand from other countries, but such potential demand is too vague to address.

The preceding assumptions probably under-estimate true market potential for Belleayre Resort, but it is better to be conservative in projections – especially given the lack of existing comparables in the Catskills. And, within the designated primary market area reside about 23 million people and about 8.5 million households, i.e., probably more than enough without stretching the boundary.

As noted in the preceding paragraph and shown in Table III-4, the primary market areas contains 22.8 million people who generate 8.4 million households. In accord with specific sub-areas, there are 9.4 million people and 3.7 million households in New York City, 3.4 million people and 1.1 million households on Long Island, 6.1 million people and 2.3 million households in northeast New Jersey, and 3.5 million people and 1.3 million households in the Hudson River Valley (defined as the corridor from Albany-Schenectady-Troy to Westchester County).

New York City contains 42.7 percent of the population of the primary market area, while northeast New Jersey contains 26.9 percent, Long Island contains 14.9 percent, and the Hudson River Valley contains 15.5 percent.

Table III-4 also shows the distribution of the preceding groups of households in the primary market areas by income-intervals. The magnitude of the numbers is impressive. There are about 4,458,375 households with incomes over \$50,000 (about 52.9 percent of the total); 1,614,200 households with incomes over \$100,000 (19.2 percent of the total); and 791,965 households with incomes over \$200,000 (9.4 percent of the total). This important information will be returned to in the final chapter when discussing potential market depth for Belleayre Resort.

The remaining pages of this chapter contain a variety of information further describing the well-known Catskill Mountains region. It is intended primarily for readers not acquainted with this very attractive area.

TABLE III-4

Income-Eligible Households, Primary Market Areas, 2006

Area	Population	Households	Households With Incomes Over:		
			\$50,000	\$100,000	\$200,000
New York City ¹	9,731,400	3,656,760	1,722,880	639,950	292,550
Long Island ²	3,396,700	1,134,360	737,350	260,900	136,125
Northeast New Jersey ³	6,139,500	2,308,900	1,269,900	461,780	230,890
Hudson River Valley ⁴	<u>3,525,400</u>	<u>1,324,080</u>	<u>728,245</u>	<u>251,575</u>	<u>132,400</u>
Total	22,793,600	8,424,100	4,458,375	1,614,200	791,965

¹Includes Bronx, Kings, New York, Queens and Richmond Counties.

²Includes Nassau and Suffolk Counties.

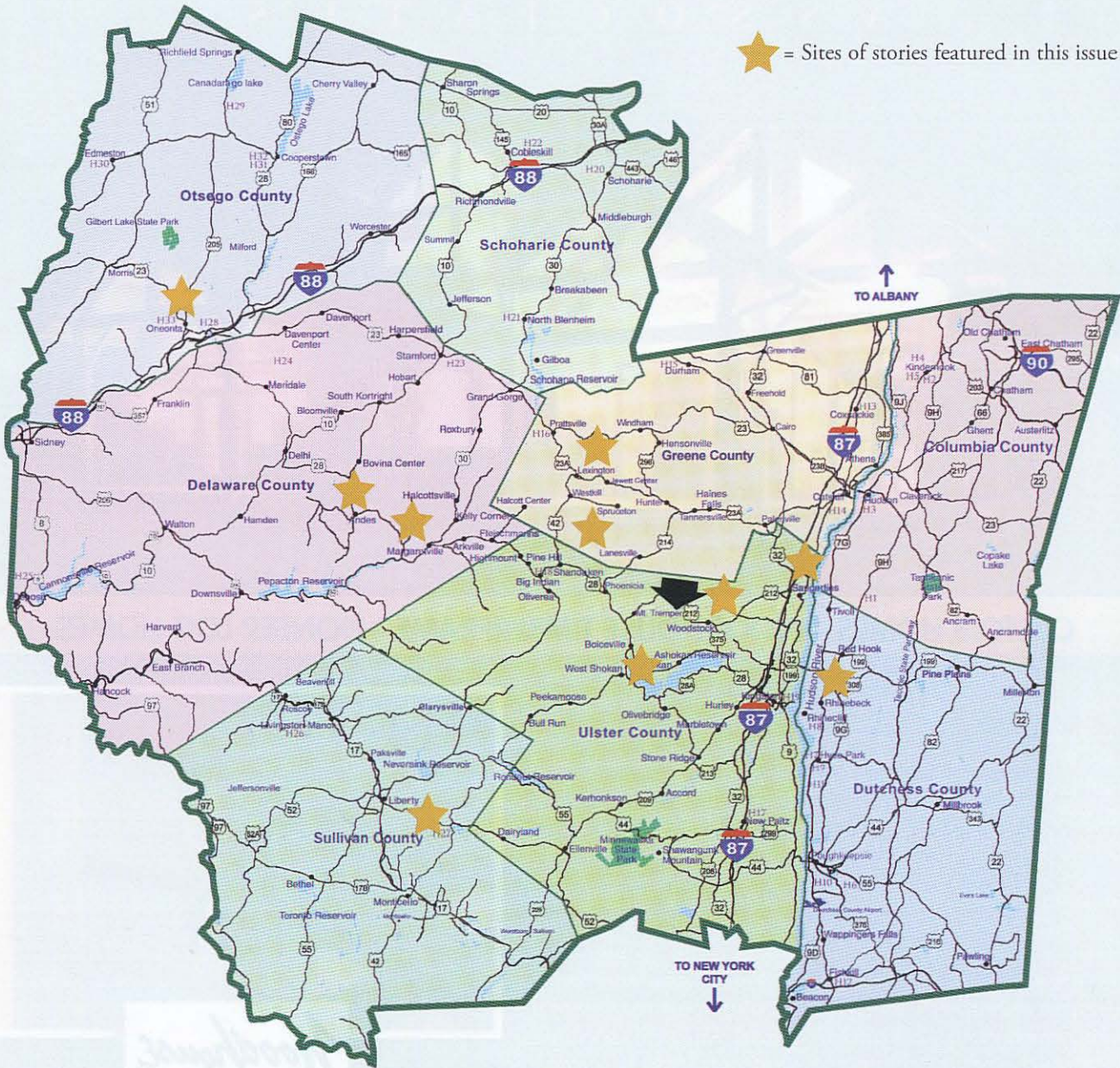
³Includes Bergen, Passaic, Hudson, Hunterdon, Middlesex, Somerset, Newark, Morris, Sussex and Union Counties.

⁴Includes Albany, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Greene, Ulster, Columbia, Dutchess, Putnam, Rockland and Westchester Counties.

Source: Sales & Marketing Management, Survey of Buying Power 2007.

SITES FEATURED IN THIS ISSUE

★ = Sites of stories featured in this issue



For additional travel & tourism information:

Catskill Association

for Tourism Services

www.catskillregiontoday.com

Columbia County Tourism

www.columbiacountyny.com

Delaware County Tourism

www.delawarecounty.org

Dutchess County Tourism

www.dutchesstourism.com

Greene County Tourism

www.greenetourism.com

Otsego County Tourism

www.visitcooperstown.com

Schoharie County Tourism

www.schoharie.net

Sullivan County Tourism

www.scva.net

Ulster County Tourism

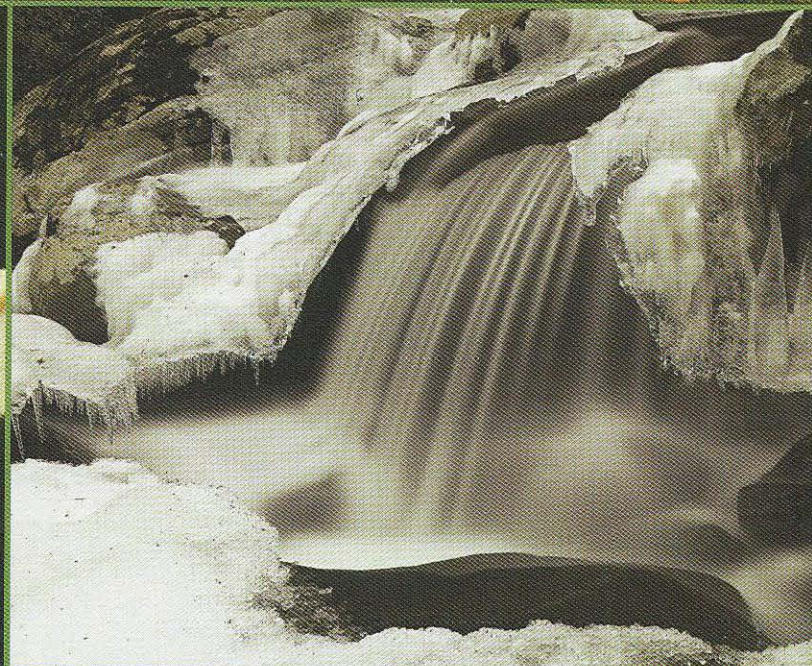
www.ulstertourism.info



New York State

CATSKILL REGION *Travel Guide*

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CATSKILL REGION

Greetings from the Mountains!

Spectacular landscapes, rolling mountains, rushing waters, year-round culture and recreational activities make the Catskill Region an ideal vacation setting for singles, couples and families. The region is easy to reach from major cities in the Northeast and Mid-Atlantic, yet far enough away to escape from it all. You can have great experiences in the Catskill Region:

- Explore 35 mountain peaks taller than 3,500 vertical feet. Challenge yourself with skiing and ice climbing or hang gliding and mountain biking during warmer weather.
- Catch fish in some of the nation's best trout streams, where the art of fly-fishing was founded, with more than 1,000 miles of world-class angling.
- Hike through the forest with more than 7,000 acres of watershed land open to the public for hiking – and 300,000 acres in the Catskill Forest Preserve, with meadows, lakes, rivers, springs, waterfalls and cliffs.
- Play a round of golf at one of the region's 50 golf courses for a lot less money than suburban and urban courses.
- Sail the waters and cruise around one of 22 public marinas along the Hudson River, raft down the Delaware River, and enjoy water sports at plentiful lakes, streams and rivers.
- Take a walk back in time where architectural gems from the 17th through 19th centuries are preserved, and see America's oldest stone houses.
- Taste fresh produce at farmer's markets and pick your own fresh bounty to bring back home.
- See artists and craftspeople at work in their studios – or find treasures at antiques stores and crafts boutiques.
- Experience nature's magic, including New York's highest cascading waterfall, and explore the great outdoors that has inspired many painters, writers and musicians.
- Soak up culture at museums, galleries, theatrical productions, opera, dance and concerts.
- Savor the best of each season at fairs and festivals that celebrate the arts, sports, agriculture, ethnic diversity and the holidays.
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- Choose from over 500 lodging options, including resorts, B&Bs, country inns, motels, dude ranches, bungalows, campgrounds and spiritual retreats.

Find out what's special about our counties of Delaware, Greene, Sullivan and Ulster by visiting www.CatskillRegionToday.com, or call 800-NYS-CATS to order a travel guide.

We hope to welcome you here soon,

Catskill Association for Tourism Services



Photo: Barbara Tracy

About the Counties

Delaware County

Delaware County is the hidden gem of the Catskill Region. The largest and westernmost of the four counties, it remains low-key and private while undergoing a renaissance. Gentle mountains show off the working landscape. River and reservoir valleys offer the most stunning vistas. The great outdoors features skiing, horseback riding, kayaking, fishing and more. Gourmet peasant cuisine showcases locally raised food. Discover unique country modern shops, craft studios, art galleries, eclectic performing arts, main street festivals, great farmer's markets, but especially lots of peace and quiet. There are endless activities for couples, families and rugged individuals looking for a rejuvenating getaway.

Greene County

The smallest, northernmost county in the region, Greene County, is nestled between

the Hudson River and the Catskill Mountains. Explorer Henry Hudson was the county's first recorded visitor in 1609. Washington Irving's Rip Van Winkle tale was inspired by a visit here. It was here, too, that landscape artist Thomas Cole founded the Hudson River School of Painters, making his home in the town of Catskill. The house is now a National Historic Site open to the public. Greene County is also home to Hunter and Windham ski areas, Kaaterskill Falls (the highest cascading falls in New York State), the Catskill Game Farm (one of the oldest game farms in the U.S.) and the fun-filled Zoom Flume Water Park.

Sullivan County

Sullivan County makes up the southernmost corner of the region and is the closest to New York City. The Delaware River snakes through the western half of the county and into Pennsylvania, which it borders. Sullivan County played host to the world-

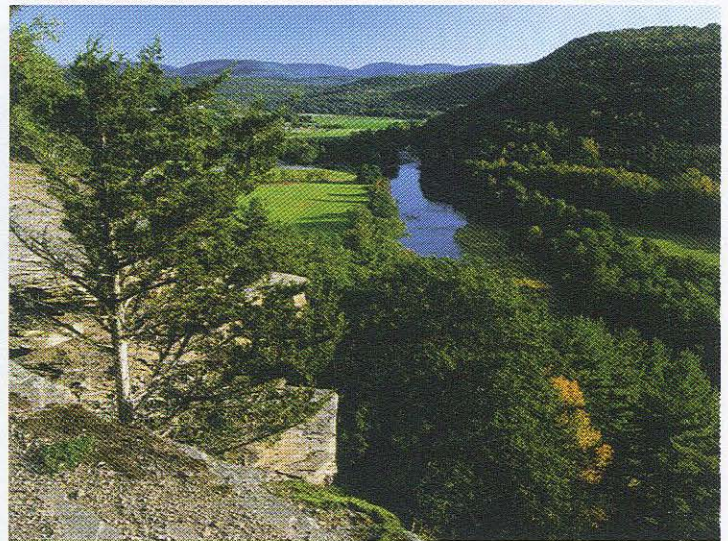


Photo: Anton de Flon

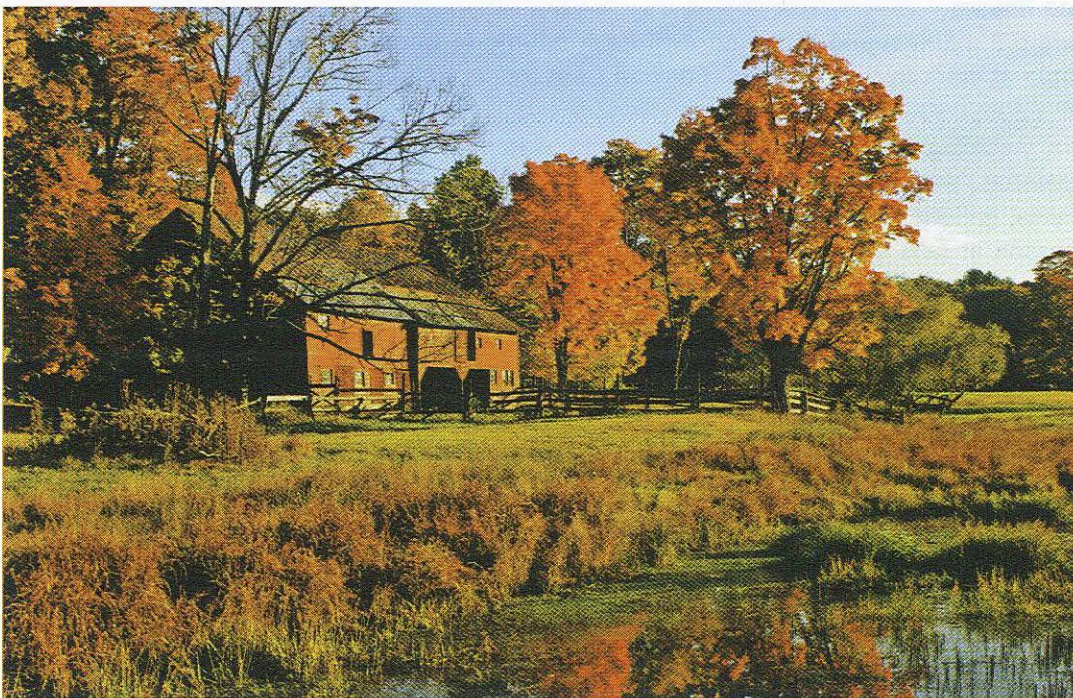
famous 1969 Woodstock Music Festival in the Town of Bethel, which is now the site of the new Bethel Woods Performing Arts Center. It is home to the world's fastest half-mile harness racing at Monticello Raceway. The state's newest racino, Mighty M Gaming, is also located at the raceway and features almost 1,800 video gaming machines. Filled with lakes, vast forests and deep valleys, Sullivan County offers some of the world's best trout

fishing — and its location as the birthplace of American fly-fishing is celebrated throughout the year at the Catskill Fly Fishing Center & Museum.

Ulster County

The Catskill Mountains rise softly above the scenic Hudson River, while the Shawangunk Mountains and glacial lakes form a dramatic backdrop for Ulster County. Here, visitors re-live the rich history of the Huguenot settlers and walk the oldest streets in America in New Paltz. Kingston is New York's first capital, which is home to the only four corners in the U.S. where four 18th-century stone structures still stand. The arts play an important role in Ulster County, with the Maverick Concerts representing the country's oldest chamber music series, and Byrdcliffe, the country's oldest continuously operating arts colony, both located near the bohemian town of Woodstock. Eleven wineries are spread throughout the Shawangunk ridges, offering a variety of styles and tastes.

Photo: David Jeffery



What's Being Said About the Catskill Region

"The region's beautiful, it's cheap, it's quiet, and (most important), it isn't the Hamptons...There's a country setting here for practically everyone: densely forested mountains with panoramic views; farmlands on the western fringe of the park, where parcels run to the hundreds of acres; bustling historic towns on the banks of the Hudson."

— New York Magazine

"If you travel those 100 miles or so upstate, you definitely find gorgeous scenery and an unhurried pace of life, but you don't have to lose in the dining department. Top chefs trained at the best cooking schools are settling into the

area, attracted by the beauty and lower cost of living. And better, fresher, ingredients are more easily available outside the big city."

— New York Daily News

"Today, adventurers from Manhattan's art and fashion worlds are exchanging the overcrowded haunts of the Hamptons for the Catskill counties of Sullivan, Delaware, Greene and Ulster. Replacing the 'scene' with the 'scenic'..."

— Travel + Leisure

"Thomas Cole's 'Falls of Kaaterskill' showed off one of the Catskills' most picturesque sites. Today, the

Kaaterskill, is well preserved, and artists continue to go to the cavern to try to capture what Cole saw."

— The New York Times

"If you're planning a weekend in the country give the Catskills a gander. Just a couple of hours away, you'll find a wide world of scenic autumn adventures. The region sports vivid fall foliage, hiking and biking trails, river cruises, wineries, cider mills, farmer's markets, fairs and festivals."

— New York Post

"The Beaverkill is one of the nation's top destinations for fly-fishing and, along with its

little sister, Willowemoc Creek, provides ample opportunities so close to Long Island.

About two hours north of New York City on Route 17, you'll find fishing to rival the freshwater action of almost anywhere in the world."

— Newsday

"The Catskills is a great destination. You can do things all summer and all winter. You can go hiking, you can go river rafting, you can go canoeing, and you can go biking. And in the winter, it's terrific too. You can go cross-country skiing, downhill skiing, you could ice skate in your own pond."

— CNN: Live Today

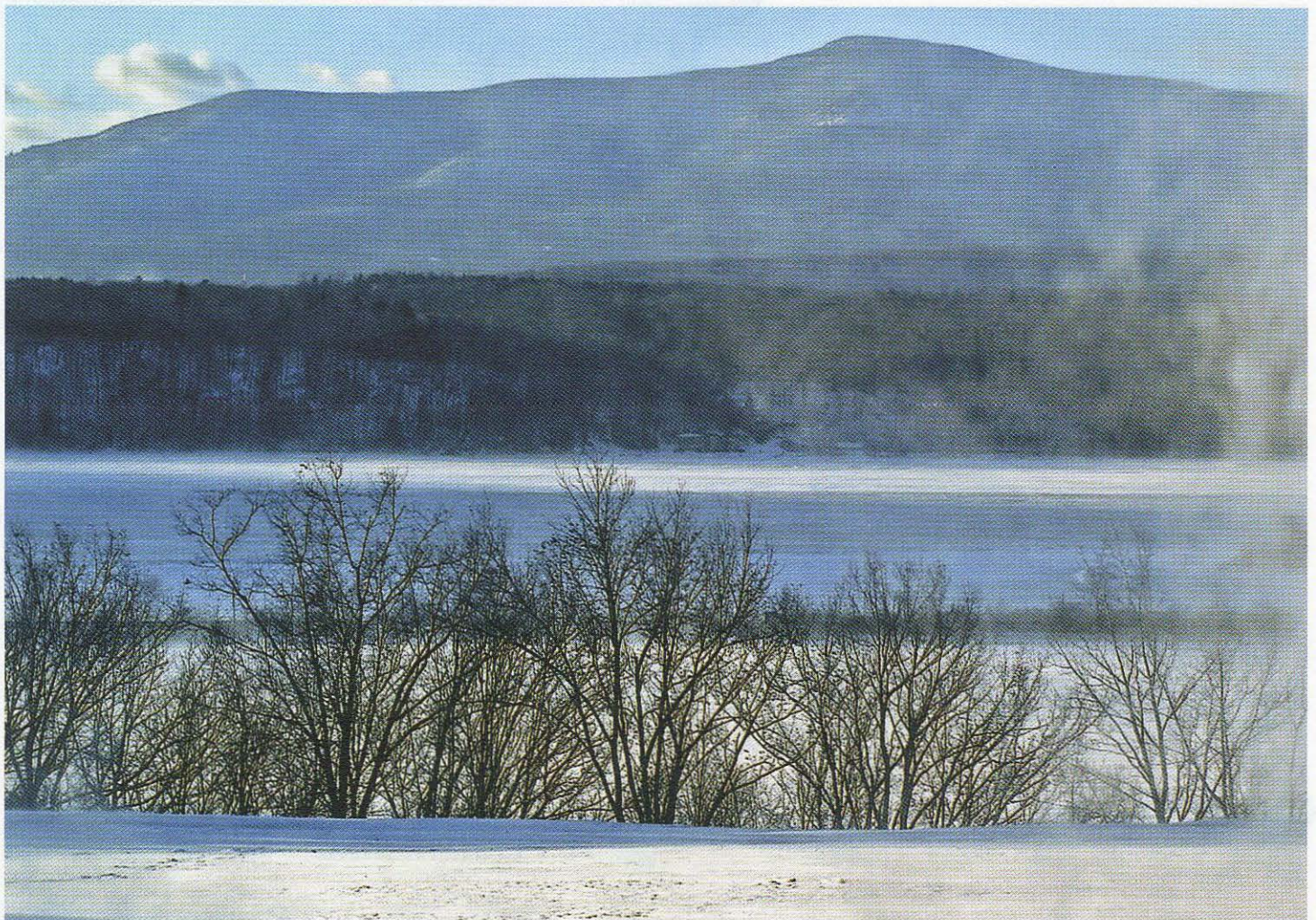


Photo: Claudia Khun

Map of the Catskill Region

Courtesy of Catskill Mountain Region Guide Magazine

↑ To Cooperstown

↖ To Binghamton

↘ To Pennsylvania



New York State

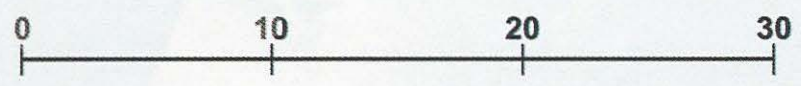
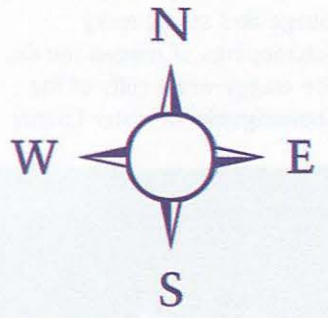


To Albany

**To Connecticut/
Massachusetts**

To New York City

To New Jersey



Geomorphology Made Easy

The Catskill Region in southeastern New York State is considered to be America's first officially designated "wilderness area." It is decorated with rugged and rocky terrain, deep valleys, thousands of miles of rivers and streams, cascading waterfalls and expansive wild forests.

Mountains Rising from the River

The eastern edge of the Catskill Region borders the flowing waters of the **Hudson River**. Rising up out of the river to heights over 3,000 feet are a series of peaks that begin the 4,000-square-mile mountain range known as the **Catskill Mountains**. The Hudson River Valley section of these mountains lies in Ulster and Greene counties, and is characterized by thick, lush foliage and steep, rocky outcroppings of rugged terrain. The craggy white cliffs of the **Shawangunks** in Ulster County



Courtesy of Greene County Tourism Promotions

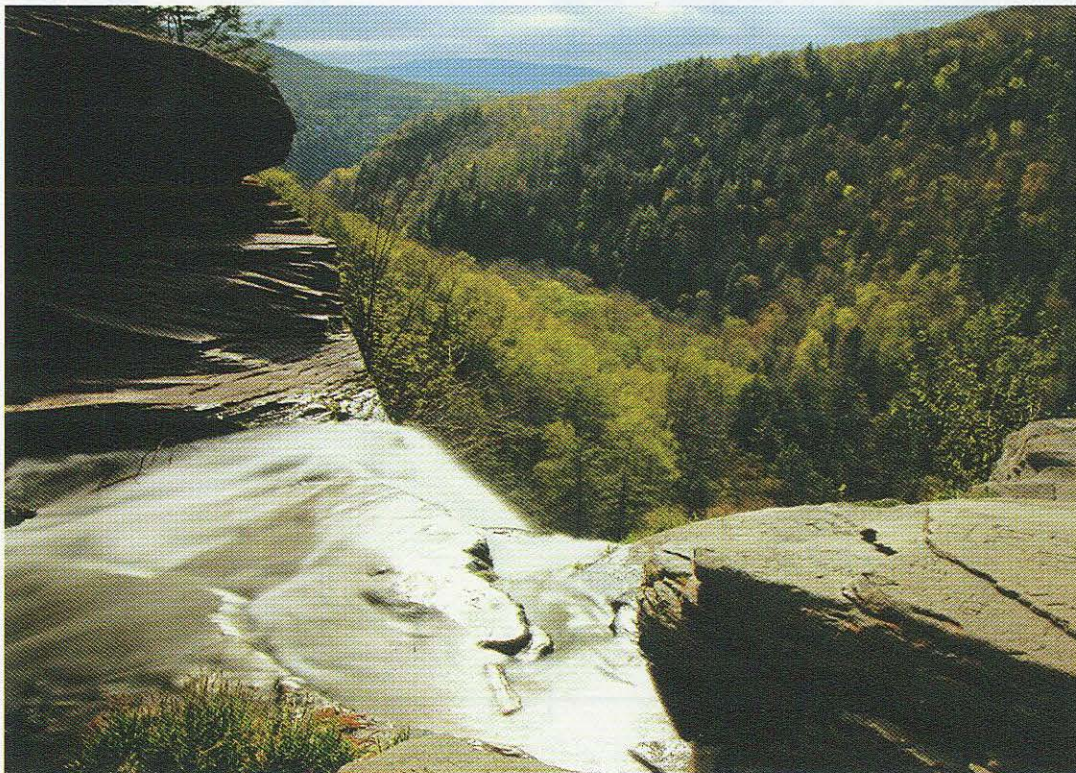
boast great hiking trails and some of the best rock climbing in the world. The "Gunks," as they're commonly referred to, feature over 1,000 technical

climbing routes that range in difficulty from 5.0 to 5.13. Take time to explore **The Mohonk Preserve**, a 6,300-acre non-profit nature reserve

dedicated to managing the ridgeline ecosystem of the Northern Shawangunk Mountains. The region is filled with precipitous cliffs, mysterious caves, enveloping forests, and meandering ponds and streams, which create a unique backdrop for more than 100 miles of trails perfect for hiking, mountain-biking, cross-country skiing, trail-running and horseback riding. The Mohonk Preserve is a resource for environmental education and research; a force determined to protect, preserve and promote the land for the enjoyment of all.

The mountainous area in Greene County to the west of the river offers spectacular scenic drives. It holds such treasures as **Hunter Mountain Wild Forest**, **Kaaterskill Wild Forest**, **North Mountain Wild Forest** and **Windham High Peak Wild Forest**. Definitely take advantage of hiking up

Photo: Herb Chong



to the awe-inspiring 260-foot two-tiered **Kaaterskill Falls** and camping a night at **North-South Lake**.

The Catskill Park

Have you ever spent an extended period of time in the wilderness? It can prove to be a memorable experience. New York State's **Catskill Park** is one of these special protected wilderness areas. Composed of land in Delaware, Greene, Ulster and Sullivan counties, it was established in 1885 with a mere 33,894 acres. It is a patchwork quilt of topography composed of rugged rock formations, expansive tracts of forest, snaking streams, peaceful pastures and tranquil communities – currently comprising over 700,000 acres or more than 1,000 square miles.

A unique aspect about the park that differentiates it from other preserves is that within its jagged confines, the Catskill Park is comprised of both public and private land (40 percent public and 60 percent private). There is no single main entrance due to the mixture of private land and the small villages. The result is an abundance of roads going in and out of the park. The resulting lack of a so-called “headquarters” has helped it remain unspoiled.

The people of this region take great pride in the existence, upkeep and protection of the Catskill Park. Many of these families have been here for several generations and have a special bond with the land. And that is why this place is so special. There are few places in the world where there is such a concentrated mix of public and private land, composed of “forever wild” land, active farms, pristine forest and inhabited communities.

Catskill High Peaks

Within the Catskill Region there are 98 peaks more than 3,000 feet high (35 of which rise higher than 3,500 feet) and more than 300 miles of hiking trails – and some of the best skiing in the East. The entire region is actually a plateau covering over 1,500 square miles, a state mountain region second only to the Adirondacks in height and ruggedness.

The northern region of the Catskill Mountains features several of its tallest peaks, such as **Hunter** and **Windham**, as well as one of the most majestic natural views in all of America – the **Eastern Escarpment** at North Lake topping out at 4,050 feet high. **Hunter Mountain** is the second highest peak in the region and features 16 miles of hiking trails such as **Diamond Notch** (easy; 2.4 miles), **Spruceton** (moderate; 3.35 miles), **Becker Hollow** (moderate; 2.3 miles) and the **Hunter Mountain Trail** (moderate to difficult; 1.6 miles).

A few miles past Hunter, the **Blackhead Range-Windham High Peak Wild Forest** has 11,000 acres of forest and includes the high peaks of **Black Domes** at 3,990 feet, **Blackhead** and **Thomas Cole**, each at 3,950 feet, as well as **Windham** at 3,520 feet. There are several good hikes in this area as well, most notably the **Escarpment Trail**, which actually begins at **North-South Lake** and runs 23 miles to **Windham High Peak**.

The central region of the Catskill Mountains contains two of the other high peaks in the Catskill Region – **Slide Mountain**, the highest peak of them all at 4,190 feet, accessible from the **Woodland**

Valley Campground and **Belleayre Mountain**. The **Slide Mountain Wilderness Area** contains 47,500 acres of rugged mountainous terrain full of red spruce, balsam fir and hardwoods. The **Phoenicia East Branch, Burroughs Range** and **Peekamoose-Table Mountain** trails provide hikers with plenty of moderate to difficult terrain to navigate.

The western region has peaks topping 3,000 feet, but the

slopes are gentler. **Balsam Lake Mountain Wild Forest** offers five trailheads and over 22 miles of trails. The **Willomec Wild Forest** has four trailheads and lower terrain as the landscape gives way to the extensive rivers and small lakes that dot the area. The **Big Indian Wilderness** area, bordering **Belleayre Mountain**, offers the longest stretch of trails through uninterrupted virgin forest.

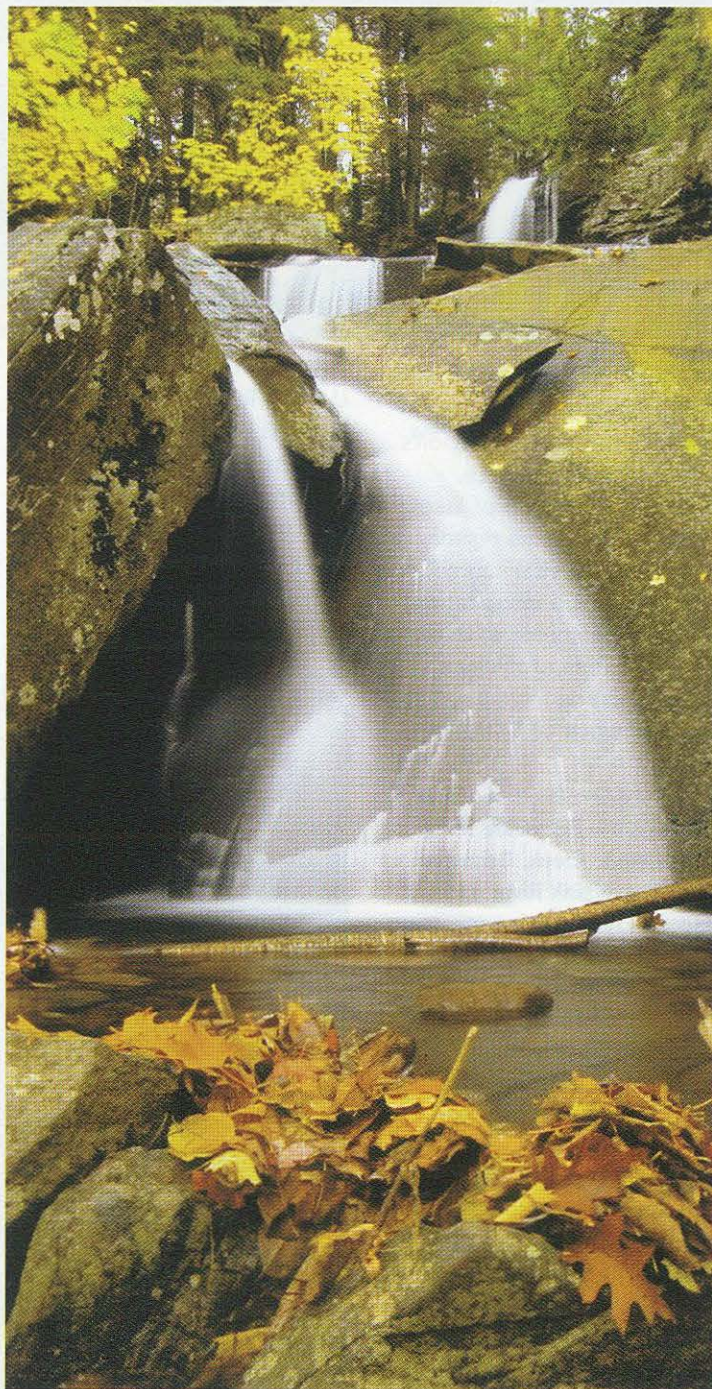


Photo: Herb Chong



Fishing the Headwaters of a Nation

Water is the Catskill Region's most valuable resource, present in the form of lakes, streams, rivers and reservoirs. It has been a vital source of shipping and transportation, the primary source of drinking water for tens of millions of people, and is recognized as the birthplace of fly-fishing.

There are five major rivers in the region – **Beaverkill River, Willowemoc Creek, Delaware River, Neversink River** and **Esopus Creek**. Their banks are home to America's best fly-fishing. Whether you're a beginner or an experienced angler visiting the region for the first time, launching a cast is an absolute must for any visit.

The confluence of the Beaverkill and Willowemoc Rivers at **Junction Pool** in **Roscoe**, Sullivan County, is a renowned fishing location that holds a special place in New York's fishing lore. Commonly

referred to as "Trout Town U.S.A.," Roscoe is the central location on April 1, the opening day of the fishing season. If you find yourself here on that date, you can join fishermen from around the country as they congregate at Junction Pool

to celebrate the first cast. The **Beaverkill** is possibly the most famous fly-fishing river in the entire world. It is divided into a 26-mile upper section that is controlled by private fishing clubs and a 15-mile lower section below the village of Roscoe that is open

to the public. After Junction Pool, try heading to the celebrated fishing pools of **Barnharts, Hendricksons** and **Cairns**. **Willowemoc Creek** begins just south of the border of Ulster and Sullivan counties, feeds off of the Beaverkill and flows for about 24 miles.

To the northwest, the **Delaware River** is actually broken up into four sections, the **Upper and Lower East** and **Upper and Lower West** branches. It stretches 68 miles from Halcottsville to Callicoon and offers world-class fly-fishing opportunities. The Delaware is a wide river with steep embankments, and at times, hypothermic water temperatures due to the cold releases from the city reservoirs. The **Pepacton** and **Cannonsville** reservoirs also are open for fishing with a special permit from the New York City Department of Environmental Protection.

The **Neversink River** is borne out of Slide Mountain, moving south and west, comprised of some of the most famous



Photo: Rich Van Kleeck

trout waters in the world, though much of the river is private. The best area to get your boots wet is with the **Frost Valley YMCA's** 2.5-mile stretch on the Upper West branch. The **East Branch** of the Neversink is also a great spot, as it is no more than a two-hour hike from any road and is open for public fishing.

The **Esopus** is the most accessible Catskill river from New York City, and therefore one of the more heavily fished. Just like the Neversink, it flows out of Slide Mountain, initially heading north towards the small village of Big Indian and then turning east and southeast to the **Ashokan Reservoir**. It is a swift, turbulent stream and has several very good miles of fishing. Plenty of reputable guide services and accommodations throughout the region cater to the fly-fishing visitor. These guides have been fishing the region's waters for years and know exactly how the river runs through them.



Photo: Robert Goldwitz

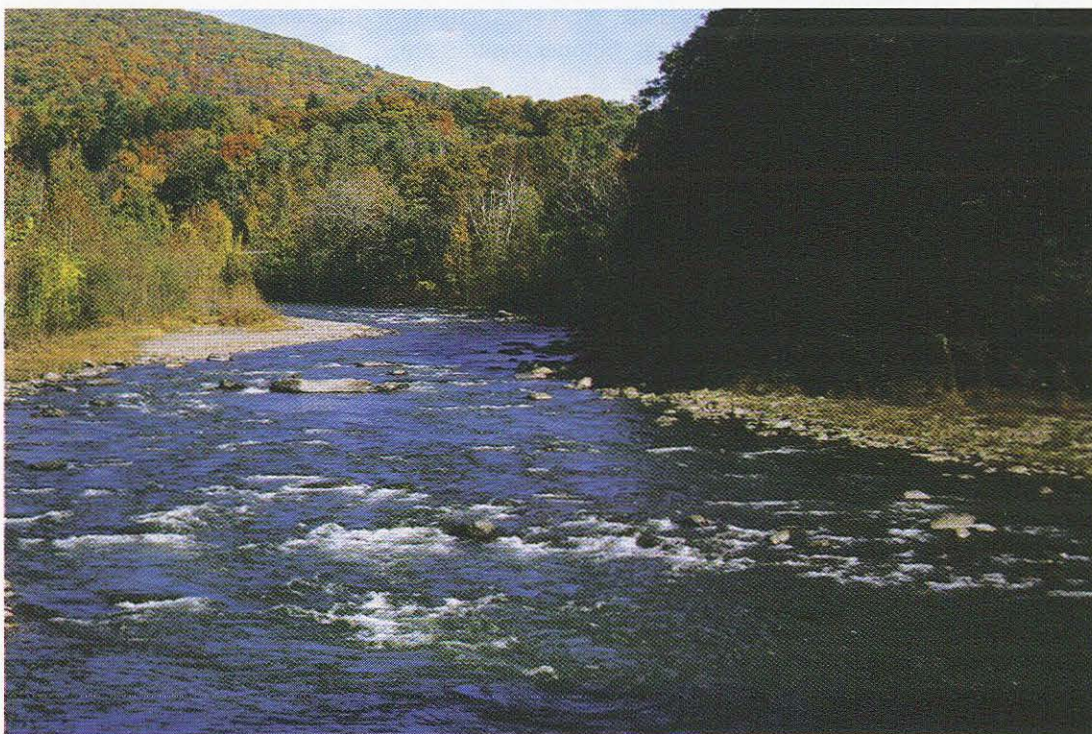
If you're quite keen on learning about fishing and its history in the area, there is no better place than the **Catskill Fly Fishing Center and Museum**. It is a nonprofit organization dedicated to America's fly-fishing heritage, acting as a museum as well

as an educational and environmental resource center. The 35-acre site offers nature trails and a catch-and-release mile on Willowemoc Creek. It's also a popular meeting place for anglers to improve their skills and share their ideas and experiences.

The Catskill Fly Fishing Center and Museum is located in Sullivan County in Livingston Manor on 1031 Old Route 17. Open year-round; daily from 10:00 a.m. to 4:00 p.m. from April to October, and from November to March, Tuesday through Friday, 10:00 a.m. to 1:00 p.m. and Saturday from 10:00 a.m. to 4:00 p.m. 845.439.4810 or www.cffcm.org.

The **New York State Dept. of Environmental Conservation (DEC)** has complete information about fishing and licensing. 845.255.5453 or www.dec.state.ny.us.

Also, the **New York City Dept. of Environmental Protection (DEP)** is the source for permit applications and recreation on the New York City Water Supply reservoirs in the Catskill Region. 212.643.2201 or www.nyc.gov/watershedrecreation.

Photo: Skip Malley (www.therayside.com)

Milk Bottle and Garlic Basket

Delectable meals don't just start in the kitchen, but at the farm. Many of the produce in New York City's green markets and ingredients used in restaurants are grown just a few hours away, in the Catskill Region of New York. This lush area of our country has been one of America's breadbaskets since the early 1800s when its landscape attracted waves of settlers seeking new land and opportunities.

While the journey to this region is much simpler today, and local producers have little trouble getting their merchandise to the market, the region is still much the same: producing great food. Now visitors can witness and participate in New York's agricultural life.



Photo: Claudia Kuhn

The **Shawangunk Wine Trail** (SWT) invites guests to taste the wines from all of the 11 family-owned wineries on the SWT as well as several others from around the Hudson Valley. The SWT is nestled between the famous Shawangunk Mountains and the majestic Hudson River. The wineries on the trail all

follow the tradition of fine winemaking established by the early French Huguenot settlers who brought their wine-making expertise to this valley over 300 years ago. This young, thriving industry has recently become well known for its prize-winning wines across the nation. Enjoy epicurean delights, farm-fresh

produce, cooking workshops by Culinary Institute of America graduates and even live music.

Come pluck your fruit right off the tree and vegetables off the stalk. Weekends, August through October, visitors are welcome at dozens of orchards and farms to “**pick-your-own**” tomatoes, berries, peaches, pears, apples, pumpkins and other crisp vegetables. Pick fruits and vegetables for quality home cooking, enjoy the beautiful scenery in the fresh clean air of the mountains, then stop at a farmstand to buy a few baked goodies for the ride home. Most of the farms are open for picking on Saturdays and Sundays from 9:30 a.m. to 5:00 p.m.

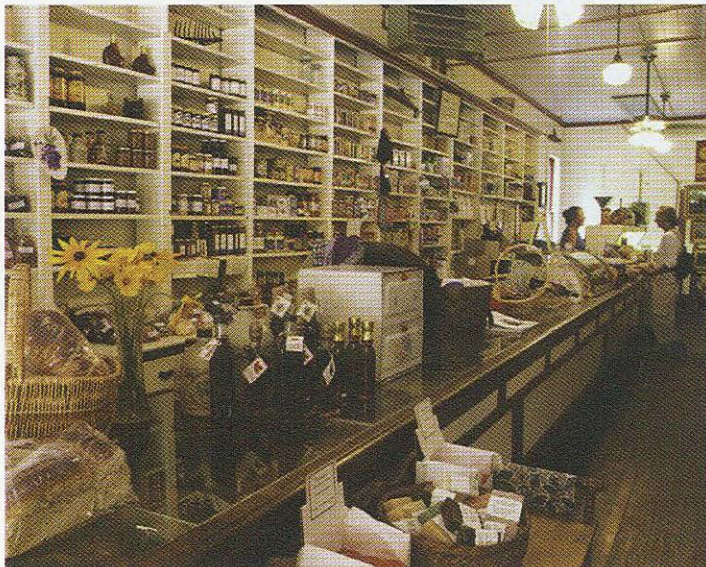
Festivals and cultural events draw attention to the region's wealth of food and produce.

In June, the bovine-themed **Meredith Dairy Fest** showcases milk and milkshakes of all kinds, as well as butter making, wine and cheese tastings, exhibits, hayrides, animal demonstrations and the crowning of the Dairy Princesses.

In late July and early August, the **Ulster County Fair** is known for its “olde fashioned fun.” It offers live music and a great opportunity to view some of the county's best agricultural livestock. The fair also features one of the region's best truck and tractor pulls.

In mid-August, the **Delaware County Fair** offers one of New York State's last remaining, truly authentic agricultural fair experiences. Meet friendly farmers and their animals right up close. Stroll the carnival midway or take a

Courtesy of Delaware County Chamber of Commerce



seat in the grandstand for a huge demolition derby. In August, the northern Catskill Region is turned into the Black Forest with the **German Alps Festival**, where you can enjoy German music, dancing, food and drinks.

In September, the **Hudson Valley Garlic Festival** is an annual favorite with a celebration of the variety of garlic and dishes with garlic, along with hayrides, cider press, scarecrow making and other fun activities.

In October, enjoy the **Mechanics Harvest Festival**, when the Catskill Mountain Antique Engine & Machinery Club demonstrates an old-fashioned harvest on some of the region's best cropland. They use antique tractors to harvest delicious fingerling potatoes, thresh oats and bale straw. Witness the ingenuity of former engineers and farmers. **New Paltz's Harvest Festival** is held in October to celebrate the fall harvest and country charm. The **Greek Festival**, held in November, celebrates all things Greek, including delicious food.

The Catskill Region now has a **Slow Food Convivium** celebrating the food history of the region with "Taste of the Catskills" dinners and other events.

Chefs and restaurant managers frequently move from New York City to the region to bring their talents to unique restaurants with new flavors. With an abundance

of rivers and forests in the region, fresh fish, venison and duck are served at many area restaurants.

Although New York's Catskill Region runs the gamut from full-service luxury resorts to rustic campgrounds, it also offers working farms where visitors can stay for a "reality show" experience as a farmer (without the cameras) – and enjoy a close-up look at livestock, crops and rural simplicity.

Family farm vacations and educational programs offer farming (milking the cows, feeding the pigs and goats, gathering eggs or even helping deliver a calf), riding lessons, bread making, goat cheese production and wool spinning. Horse-drawn hay and sleigh rides, petting zoos and hearty barbecues round out the appeals to families.



Photo: Peter Finger

Fairs and Festivals Celebrating Agriculture

February:

- Chocolates & Wine, Marlboro 845.236.4265
www.benmarl.com

April:

- Tap NY, Hunter, 888.486.8376,
www.huntermtn.com
- Pasta Prima Vino! 845.255.2494,
www.shawangunkwinetrail.com
- Spring Plow, Kerhonkson, 845.657.2032

June:

- Around the World in 60 Miles, Southern Ulster County Region, 845.255.2492, www.shawangunkwinetrail.com
- Antique Machinery & Agricultural Festival, New Baltimore, 518.756.3517/2793
- Meredith Dairy Fest, Meridale, 800.642.4443, www.dairyfest.org
- Tractor Parade, Main Street, Callicoon, 845.887.5640

July:

- Andes Strawberry Festival, Andes, 845.676.3986,
www.andesny.org
- Strawberry Festival, West Park, 845.338.1317

August:

- Bounty of the Hudson Food and Wine Festival, New Paltz, www.rivendellwine.com
- Hurley Corn Festival, Hurley, 845.338.8366

September:

- Antique Power Equipment Show & Swap Meet, Grahamsville, 845.252.2325
- Apple Festival, Port Ewen, 845.338.0356,
toeumc@yahoo.com
- Down on the Farm Day, East Meredith and nearby towns 800.642.4443
www.catskillfarmtours.com
- Fall Harvest, Kerhonkson, 845.657.2032
- Harvest Festival, Bethel, 845.295.2448,
www.bethelwoods.us
- Harvest Celebration at Hurd Orchards, Modena,

845.883.7818,
www.hurdsfamilyfarm.com

- Hudson Valley Garlic Festival, Saugerties, 845.246.3642,
www.hvfgf.com

- Microbrew, Wine & Food Festival, Hunter, 888.486.8376,
www.huntermtn.com
- Taste of New Paltz, New Paltz, 845.255.0243,
www.newpaltzchamber.org

October:

- Apple Harvest Festival & Craft Show, 518.622.3939,
www.caironychamber.com
- Harvest Festival, Bethel, 845.295.2448,
www.bethelwoods.us
- Cauliflower Festival, Margaretville, 845.586.3300,
www.margaretville.org
- Catskill Mountain Ginseng/Medicinal Herb Festival, 518.943.0989,
hoca@mhonline.net
- Giant Pumpkin Party, Grahamsville, 845.985.7233
- Harvest Celebration at Hurd Orchards, Modena, 845.883.7818,
www.hurdsfamilyfarm.com
- Harvest Festival, Sidney, 607.563.1591
- Harvest Festival, Liberty, 845.292.9797
- Harvest Moon Festival and Ball, Andes, www.andesny.org
- Harvest Festival at Country Charm Farm, New Paltz, 845.255.7916,
www.countrycharmfarm.com
- Marlboro & Milton Harvest Celebration, 845.795.1047,
www.meetmeinmarlborough.com
- Mechanics Harvest Festival, East Meredith, 607.278.5744,
www.hanfordmills.org

November:

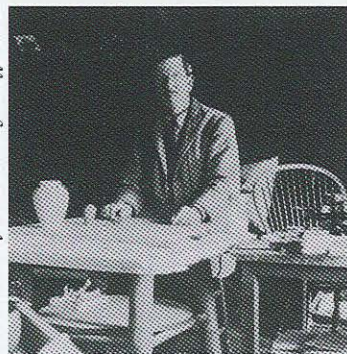
- International Pickle Festival, Rosendale, 845.658.9649,
www.picklefest.com

Please refer to the section on the seasons for more details on county fairs, ethnic heritage festivals and more in all four counties.

Who Came Here

The history of the Catskill Region is as rich and diverse as the area's beautiful scenery. The name "Catskill" is believed to have derived from the Dutch word for "wildcat stream." The mountains,

Ralph Radcliffe Whitehead. Courtesy of Woodstock Byrdcliffe Guild



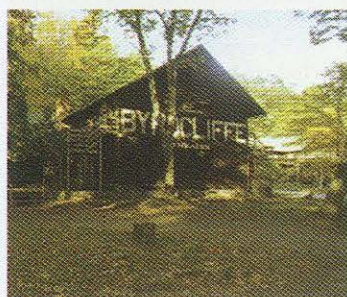
forests, lakes and rivers were originally important hunting grounds for Native Americans. But not long after **Henry Hudson's** first voyage up the "River of Mountains," the Dutch and the French Huguenots in the mid-1600s settled into the region. Later immigrants arrived from England, Ireland, Italy, Germany, Spain and the

Courtesy of Maverick Festival Collection



Ukraine. Some were fur traders, sheep farmers, glass-blowers and tradesmen, but all were seeking a better life in new terrain.

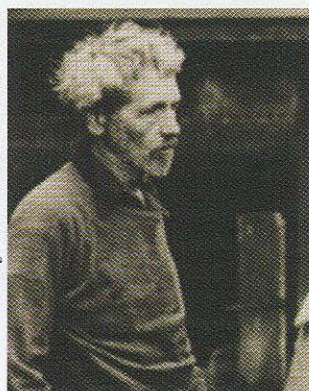
Courtesy of Woodstock Byrdcliffe Guild



The region's wilderness has been a source of inspiration for centuries to adventurers, artists and writers who have explored it and discovered its mysteries. The **Hudson River School of Painting** began here when the founder, **Thomas Cole**, captured the region's beauty on canvas and then attracted painters to do the same.

The majestic scenery also inspired **Washington Irving** to pen "Rip Van Winkle." Considered the "father of ecology," **John Burroughs** found the natural environment

Hervey White. Photo: Konrad Cramer



an impetus to educate Americans on the value of conservation. This creative spirit inspired travelers to discover the region firsthand – and led to new resorts and country estates for some of the nation's elite, such as the **Rockefellers**, the **Gherys** and the **Ghoulds**.

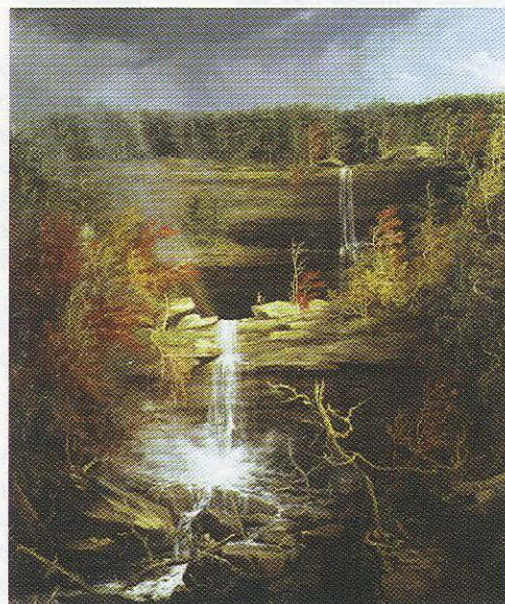
The town of Woodstock drew creative people in the early 20th century. In 1902, **Ralph Radcliffe Whitehead**, an Englishman and follower of John Ruskin, founded the **Byrdcliffe Arts Colony** and attracted such illustrious visitors as **Thomas Mann** and **Isadora Duncan**. Today, you can enjoy a walking tour of the Arts & Crafts cottages and

its theater. If you're an artist, you can further develop your creative spirit here.

The oldest chamber music series in the country, **Maverick**, was founded in Woodstock in 1916 by author **Hervey White**, who also was one of Byrdcliffe's founders – and his progressive, bohemian outdoor festivals were considered to be the precursor of the **1969 Woodstock Music Festival**, world-famous as a peaceful gathering of musicians and fans who celebrated the "flower power" generation. Although the festival was actually held in the town of Bethel, the name "Woodstock" was used to reflect the town's reputation as a magnet for artists, craftspeople and musicians. **Bob Dylan**, **Jimi Hendrix**, **Janis Joplin**, **Todd Rundgren**, **Pete Seeger**, and the folk trio of **Peter, Paul and Mary** found inspiration in this artistic community.

The Catskill Region also has become a haven for Buddhist retreats, which have drawn celebrities and stressed-out urbanites seeking a serene place to mediate, pray or practice yoga. **John Lennon** and **Yoko Ono** had sought solace and reflection around Meredith in Delaware County.

A new generation of authors,



"Kraterskill Falls." Photo courtesy of Thomas Cole National Historic Site

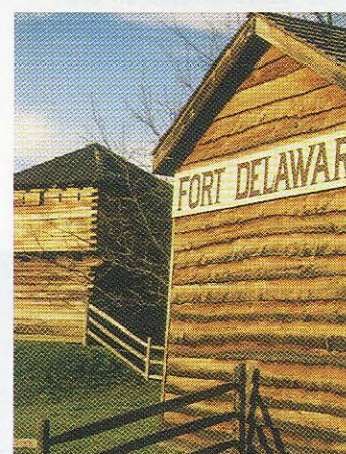
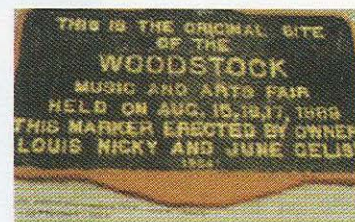


Photo: Peter Finger

actors, musicians, business executives and regular folk find the region a perfect place to unwind and recharge. Stargazers in the Catskill Region will not only enjoy the clear, unpolluted night skies, but they also may even spot famous stars at any time of day, such as **Kelsey Grammer**, **Edie Falco**, **Iman**, **David Bowie**, **Alan Cumming**, **Uma Thurman**, **Christian Slater** and **Mark Ruffalo**, among others.



Courtesy of Sullivan County Visitors Association

The Catskill Region for all Seasons

The diversity of the Catskill Region's landscape, culture and history, as well as its location, make it an excellent place to visit throughout the year. The region's topography, climate, heritage, sport, arts and culture are celebrated with fairs, festivals and other special events.

Spring into Action in the Catskill Region

When the ice thaws and the snow melts, the Catskill Region welcomes the warmth, greenery and blooms of the spring season with a flurry of activity and eager visitors. Anglers celebrate the beginning of the fishing season, water enthusiasts float on rivers and lakes, and mountain bikers gear up for adventurous terrain. Nature lovers get up close and personal with wild animals, and farmers set up their stands with their new bounty.

Courtesy of Plattkill Mountain



Cultural performances, festivals, fishing competitions and more can be found during the spring. There are two major **St. Patrick's Day** celebrations in March, full of revelry and Irish-spirited parades and festivities. You

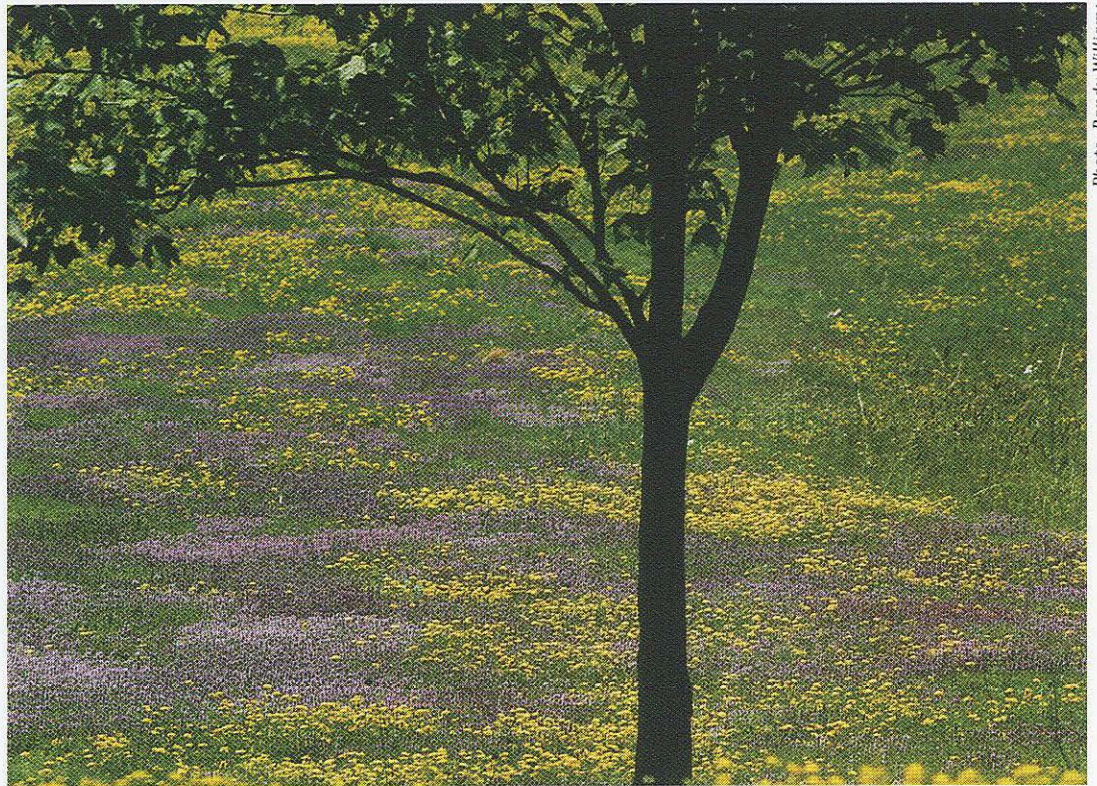


Photo: Randy Williams

can celebrate **Memorial Day** the all-American way with parades, live music, barbeques and horse shows.

Auction houses are a familiar sight in the region and a little friendly competitive bidding is always a good time. Come join locals and fellow visitors as they congregate on Saturdays in search of the best deals on some vintage items. In the evening, venture into one of the region's many arts and culture centers – and take in a theatrical or musical performance. Some of the centers are just opening up from a winter hiatus, and feature world-renowned artists and a diverse selection of classic performances.

The dawn of spring is accompanied by an abundance of agricultural produce throughout the region. Beginning in March, you can experience the

tapping and “sugaring off” process of creating maple syrup and join in **Maple Syrup Sunday** festivities. You'll be hard pressed to escape the hundreds of local farmstands that dot the landscape throughout the region. Many of these farms are members of Community Supported Agriculture (CSA) cooperatives. They encourage area

businesses to invest in local produce, effectively becoming shareholders in their neighboring farms. Many of these farms are a great place to buy fresh produce and homemade goodies, and to take in the pastures filled with newborn offspring of sheep, cattle, horses, goats and llamas.

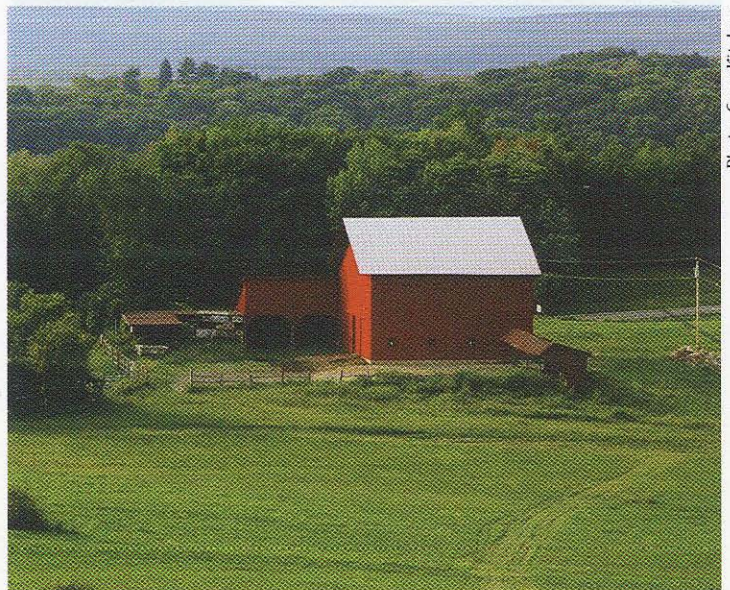
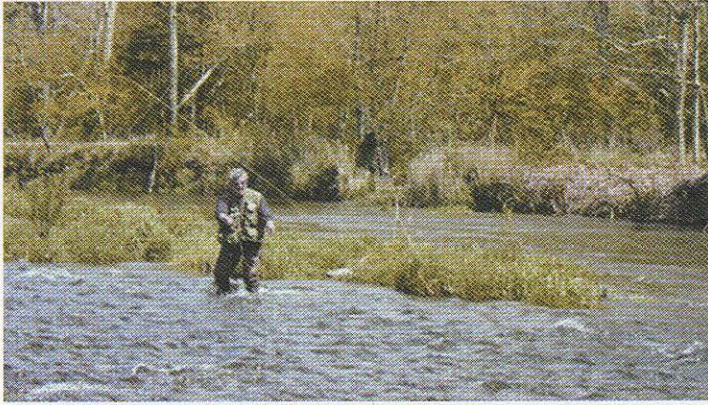


Photo: Gary Kitchen

Photo: Peter Finger



Home to America's best fly-fishing, the famous rivers and streams of the Catskill Region invite anglers for tranquil endeavors. As the birthplace of fly-fishing, the region is most ardently celebrated when **Trout Season** officially opens every year on April 1 at Junction Pool in Roscoe, the confluence of the Beaverkill and Willowemoc.

Another one of the most anticipated fishing events is the **Shad Festival**. Come mid-May, large schools of American shad (a type of herring) arrive, traveling upriver where they make the switch from the ocean saltwater to the

freshwater environment and begin to spawn. The biggest run on the East Coast is in the **Hudson River Estuary** and the **Delaware River**, and local fishermen have been coming out for decades to reap the rewards.

Cyclists who make their way to the Catskill Region will find it an ideal place to explore zero-grade terrain for serene scenic tours or mountains for extreme downhill racing. Mountain bikers enjoy testing their skills at **Plattekill Mountain Resort**, offering chairlift rides and a full calendar of **Extreme N.O.R.B.A.** dual slalom, downhill and

Photo: Chris Olney



Sampling of Spring Events

Arts and Culture

- Chamber Arts Festival of Marbletown, 845.687.2687, www.chamberartsfestival.org
- Festival of Dance, Kingston, 845.339.6088, www.upac.org
- Hudson Valley Arts Festival, Saugerties, 845.246.9038, www.4mcontemporary.com
- Woodstock/New Paltz Art & Craft Fair, New Paltz, 845.679.8087, www.quailhollow.com

Ethnic Heritage

- Cinco de Mayo Festival, Kingston, 845.340.9895
- Irish Festival, East Durham, 518.634.2286, www.east-durham.org
- Pennsylvania Dutch Festival, Port Ewen, 845.338.0356

Fishing

- Opening Day of Trout Fishing, countywide, 607.252.7366, www.dec.state.ny.us
- Annual Two-Headed Trout Dinner, Roscoe, 607.498.4240
- Hudson River Shad Festival, Catskill, 518.622.9820

Maple Syrup

- Maple Syrup Sunday, all counties, www.mapleweekend.com

History

- Civil War Re-enactment,

- Riverside Park, Walton, www.catskill.net/walton
- Hanford Mills Museum May Day, East Meredith, 800.295.4992, www.hanford-mills.org

St. Patrick's Day Parade

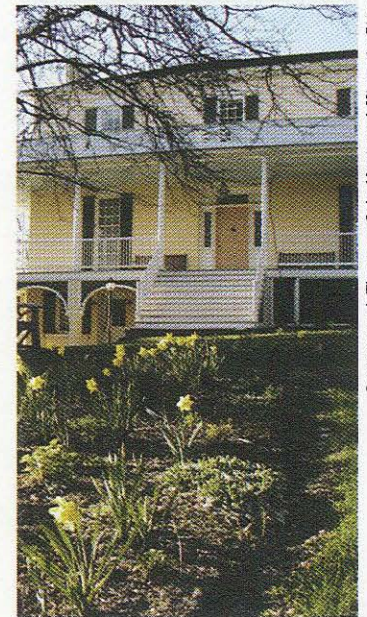
- Kingston, 800.331.1518, www.ci.kingston.ny.us
- Yulan

Sports and Recreation

- Belleayre Mountain/WKNY Challenge Race, Highmount, 845.254.5600, www.belleayre.com
- HITS-on-the-Hudson Show, Saugerties, 845.246.5515, www.hitsshows.com
- Kite Festival, Loch Sheldrake, 845.434.5750 x4303, www.nyke.org/sullivan.htm
- Mini World Cup at Hunter, 888.HUNTER.MTN, www.huntermtn.com
- Snow Cross Snowmobile Race at Holiday Mountain, Monticello, 845.796.3161, www.holidaymtn.com
- Snowmobile Drag Race, Roxbury, 899.NEED.2.SKI, www.plattekill.com
- Triathlon at Belleayre, Highmount, 845.254.5600, www.belleayre.com
- Vintage Baseball, Roxbury, 607.326.3722, www.roxburyny.com

cross-country races. Beginning in April, the resort features trails for all levels of ability, mountain bike rentals and group tours, and a base lodge with full dining and amenities.

Golfers eagerly anticipate the recession of winter snow and the greening of the fairways. The Catskill Region is home to 50 golf courses, characterized by mountain backdrops, meandering meadows and winding waterways. Many of the courses feature affordable weekend rates, as well as discounted mid-week packages.



Courtesy of Thomas Cole National Historic Site

Summer Sings in the Catskill Region

The warm days of summer are a bit cooler and less humid in the mountains, but they are vibrant with a rich repertoire of cultural festivals, theatrical and dance performances, and historical attractions. The region is in full swing by now, including the marinas, lakes and campsites. The mountains are the perfect venue for late-night barbecues and campfires. The thousands of acres of forest are primed for hiking and horseback riding, and the region's waterways are teeming with adventurous pursuits. Despite the omission of snow, many of the ski centers offer up a full menu of activities.

Belleayre Mountain, Hunter Mountain, Plattekill Mountain and Windham Mountain gear up for a warm season that provides both beauty and adventure. Summer fun



Photo: Peter Finger

breathtaking views of the entire Catskill Region.

For land-lovers, the mountains of the Catskill Region are ideal for horseback riding. The **Catskill Park, Bear Spring Mountain State Park** and the **Catskill Scenic Trail** feature miles upon miles of trails to explore and the region is populated with many private stables and ranches where guided rides and lessons are available. Hiking along some nature trails affords beautiful scenery with a wealth of wildlife-watching opportunities. Active vacationers can enjoy

adventures along the region's waterways. The **Beaverkill, Delaware, Esopus, Willowemoc** and **Neversink** provide excellent fishing, kayaking, canoeing and tubing. Located in the heart of the Catskill Mountains is a five-mile stretch on the Esopus that has become one of the most popular tubing courses around.

Travelers who harbor a love of boats or sailing will be delighted with the Catskill Region's marinas. With inviting prices for nautical rides on boats and yachts, and tasty

meals on the waterfront, the marinas provide peaceful retreats. Cruises on the **Hudson** offer you and your family views of a shoreline that has remained virtually unchanged since the 17th century.

To relive a part of true colonial history, visitors shouldn't miss **Fort Delaware**, a replica of a colonial-era settlement from 1754. Nearby, **Minisink Battlefield** offers a Revolutionary War history lesson with an interpretive center and trails on 57 acres. The **Senate House State**



Photo: Peter Finger

includes mountain biking, mountain boarding, paintball, hiking and scenic sky rides on the mountain chairlifts with



Courtesy of Greene County Tourism Promotions



Historic Site tells the story of its role as the first meeting place of the New York Senate and local history. Re-enactments of Civil War battles are staged during the summer months at many of these sites. At **Hanford Mills Museum**, you can see a working sawmill and gristmill powered by a waterwheel in action, and partake in hands-on activities to learn about

trade skills from the Industrial Age. The mountains also come alive with the arts in the summer, many of which are open-air events.

Theatrical, musical and dance productions are featured at venues throughout the region, such as the **Delaware Valley Opera at the Tusten Theater**, the **West Kortright Center**, **Kaatsbaan International Dance**



Center, Kutsher's Country Club and the **Byrdcliffe Theatre**.

Independence Day is widely celebrated at a number of locations.

In July, the **Catskill Mountain Foundation** in the Village of Hunter hosts the annual **Mountain Culture Festival**, a celebration featuring many local craftspeople and artists, various live performances, poetry readings and films.

The **Windham Chamber Music Festival**, **Belleayre Music Festival** and **Maverick Concerts** are a few of the music events that draw the crowds throughout the summer.

Sampling of Summer Events

Arts & Culture

- Belleayre Music Festival, Highmount, 800.942.6904, www.belleayremusic.org
- Biennial Sculpture Show, Kingston, 800.331.1518, www.ci.kingston.ny.us
- Catskill Festival of New Theatre, Highland Lake, 845.557.0694
- Forestburgh Playhouse Summer Season, Forestburgh, 845.794.1194
- Franklin Stage Company, Franklin, 607.829.3700, www.franklinstagecompany.org
- John Burroughs Woodchuck Lodge Open House, Roxbury, 607.326.3722
- Hudson Valley Arts Festival, Saugerties, 845.246.9038
- Mountain Culture Festival, Hunter, 518.263.4908, www.catskillmtn.org
- Maverick Concerts, Woodstock, 845.679.8217, www.maverickconcerts.org
- Potters Tour, Sullivan countywide, 607.498.5207
- Shandee Music Festival, Livingston Manor, 845.439.3277
- Stephen Crane Festival, Hurleyville, 845.434.8044, www.sullivancountyhistory.org

- West Kortright Centre, East Meredith, 607.278.5454, www.westkc.org

Countywide and Village Fairs

- Andes Community Day, 845.676.3986, www.andesny.org
- Delaware County Fair, Walton, 607.865.4763, www.delawarecountyfair.org
- Little World's Fair, Grahamsville, 845.292.4641
- Riverfest, Narrowsburg, 845.252.7576
- Ulster County Fair, New Paltz, 845.255.1380, www.ulstercountyfair.com

Ethnic Heritage

- Bavarian Summer Fest, Round Top, 518.622.9584, www.riedlbauers.com
- Cajun Jamboree, New Paltz, 845.255.1377, www.adairwine.com
- International Celtic Festival, Hunter, 888.486.8376, www.huntermtn.com
- German Alps Festival, Hunter, 888.486.8376, www.huntermtn.com
- Original German Alp Festival, Purling, 518.622.3261, www.bavarianmanor.com
- Pow Wow Festival, Callicoon, 845.887.4405

History

- Colonial Street Festival, Huguenot Street, New Paltz, 845.255.1660, www.hhs-newpaltz.org
- Hurley Stone House Day, Hurley, 845.331.4121, www.hurleyheritagesociety.org
- Liberty Civil War Weekend, Liberty, 845.295.9297
- Minisink Observance, Minisink, 845.434.8044
- Weekends at Fort Delaware, Narrowsburg, 845.252.6660

Independence Day

- Callicoon, 845.887.4405
- Ellenville, 845.647.6560, x105
- Hancock, 607.637.4756, www.hancockareachamber.com
- Hunter Mountain, 888.HUNTER.MTN, www.huntermtn.com
- City of Kingston Independence Day, 800.331.1518, www.ci.kingston.ny.us
- Liberty, 845.292.1878
- Margaretville, 800.586.3303, www.margaretville.org
- Monticello, 845.794.4100, www.monticelloraceway.com
- New Paltz, 845.255.0604
- Saugerties, 845.246.3090
- Windham Mountain, 518.734.3852, www.windhamchamber.org

Sports & Recreation

- Daniel Boone Target

- Competition, Bushville, 845.292.6208
- HITS (Horse Shows in the Sun), Saugerties, 845.246.8833, www.hitsshows.com
- Kite Festival, Loch Sheldrake, 845.434.5750
- Lumber Jack Festival, Deposit, 607.467.3222
- Master of the Mountains, N.O.R.B.A. Bike Race, Greene County, 800.355.2287, www.greenetourism.com
- Rip Van Winkle's Wacky Raft Race, Catskill, 800.355.2287, www.greenetourism.com

Trains

- Catskill Mountain Railroad, Mount Pleasant 845.688.7400, www.catskillmtnrailroad.com
- Delaware & Ulster Rail Ride, Arkville, 800.225.4132, www.durr.org
- O&W Railway Festival, Roscoe, 607.498.4346



Fall in Love with the Catskill Region

You can kick off the changing of the season with some of the earliest leaf-watching experiences in New York State. But don't wait too long! The leaves begin their transformation in September and reach their peak around Columbus Day weekend before giving way to winter.

The Catskill Region is the perfect destination for a scenic fall drive with many dramatic routes that include lookout points. If you plan on a driving tour of the region, be sure to make your way from the town of Catskill to Windham on Route 23. You'll come across **Lookout Point**, with its five-state view, to be a marvel of natural beauty.

As you continue along on Route 23A, you'll climb through the **Catskill Forest Preserve** and pass **Kaaterskill Falls**, providing you with yet another breathtaking collage

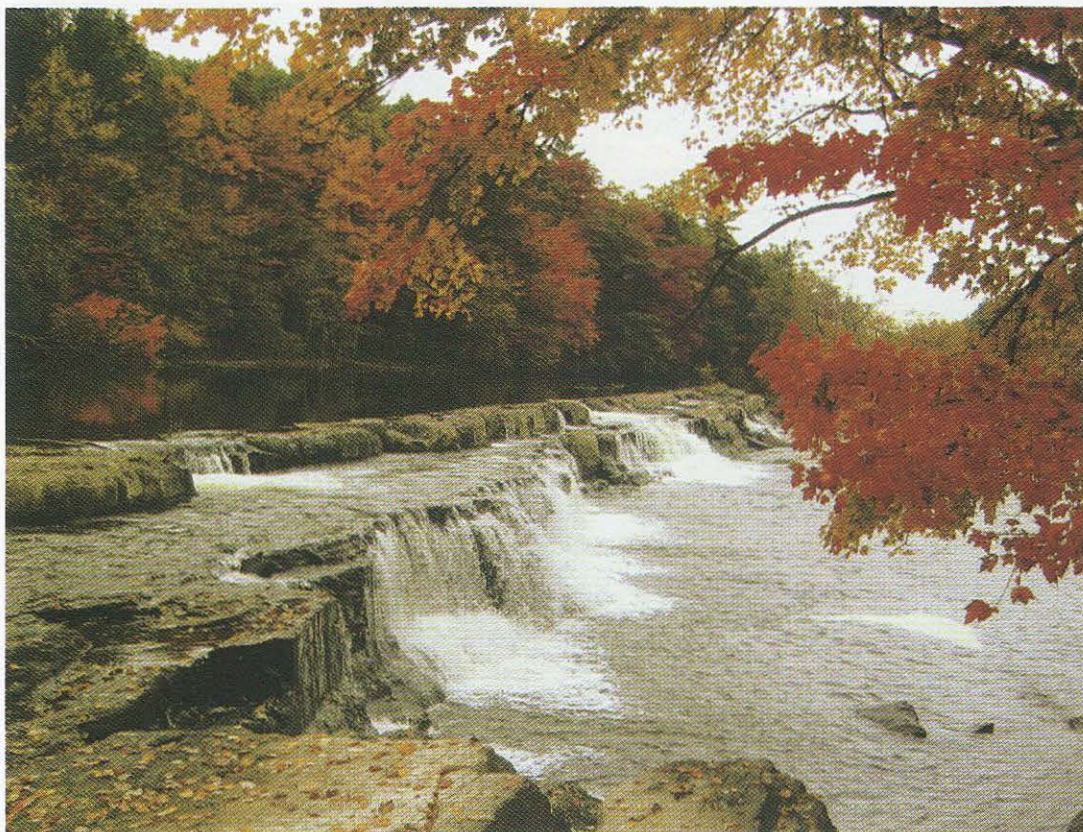


Photo: Nora Adelman

of the season's colors. Route 28 from Kingston to Cooperstown traverses some of the most stunning vistas in the region, with plentiful attractions, restaurants, shops

and accommodations along the way. Pull over at the top of **Palmer Hill** just east of the village of Andes for a take-your-breath-away view of the Catskill Forest Preserve.

You'll find a thriving arts and culture scene here. If you're an antiques bargain hunter, be sure to spend some extra time in the counties, where you'll find intricate shops and stores. Connoisseurs of art

and photography also will be able to buy pieces or learn more about the fine arts at the region's arts centers. Many visitors take advantage of the countless boutiques, artist studios and craft fairs in the Catskill Region, which are perfect venues to get a leg up on holiday shopping as they peruse through the antiques, pottery, furniture, paintings, glassware and photography.

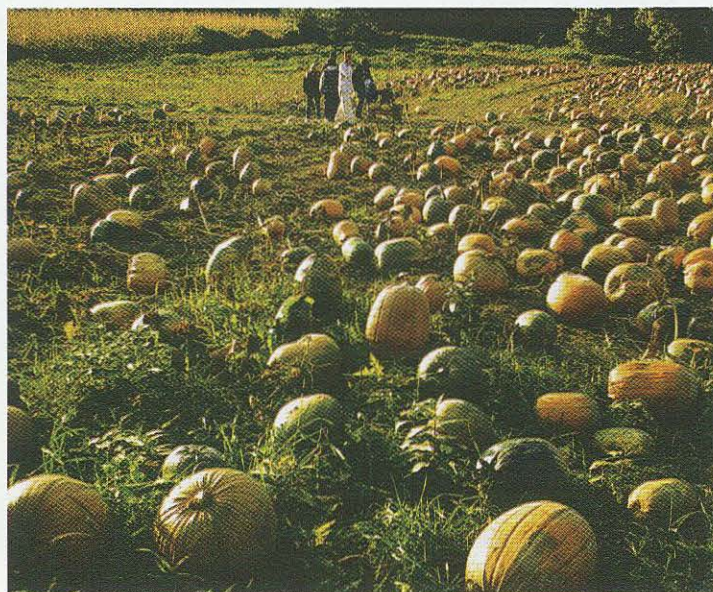
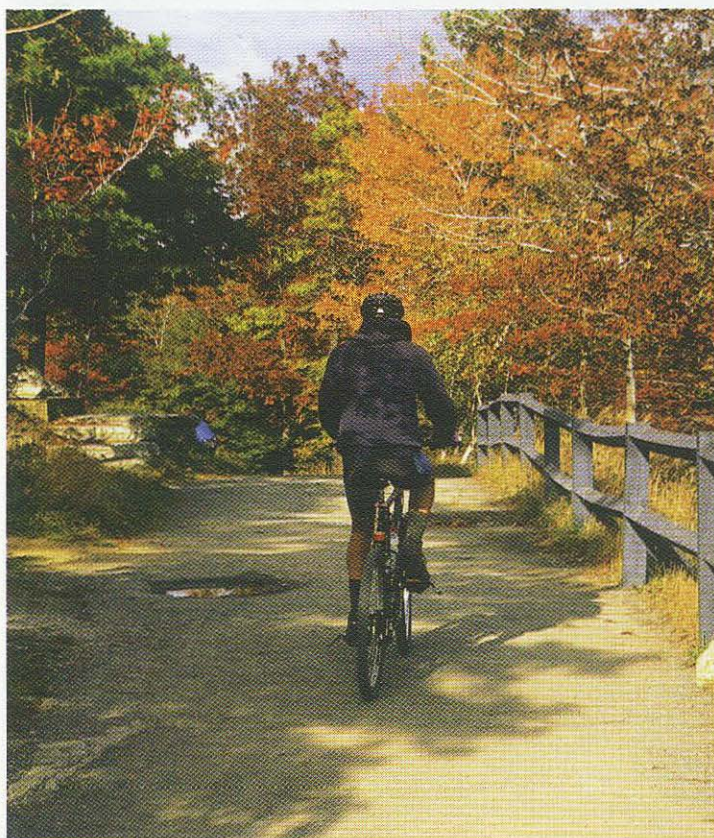


Photo: Peter Finger

Photo: Peter Finger





Irresistible goodies also await you. Roadside farmstands make shopping a treat, and

many farmers open their orchards so that guests may handpick their own apples

and pumpkins. Cider mills are a refreshing stop for thirsty travelers, and some of the

local wineries feature restaurants, bottling plants and cellars for a fascinating visit.

The region's striking hills and startling valleys provide the perfect backdrop for a spooky **Halloween** experience in October. Visitors can experience chilling adventures such as the **Headless Horsemen Hayrides** in Ulster Park and **Massacre Mansion** in East Durham. Don't fear – there is plenty to do for the faint of heart, such as pumpkin and apple picking, or attending the many Halloween parades and harvest festivals, which serve as a scare-free alternative. Come November, the region is a great place to buy farm-raised turkeys to help prepare your **Thanksgiving** feast. If you prefer to get away from it all, come up with your family to one of the many fine-dining establishments.

Sampling of Fall Events

All About Autumn

- Autumn-A-Fair, Windham, 518.734.3852, www.windhamchamber.org
- Fall Festival and Craft Fair, Belleayre Mountain, 845.254.5600, www.belleayre.com

Arts & Culture

- Biennial Sculpture Show, Kingston, 800.331.1518, www.ci.kingston.ny.us
- Catskill Mountain Bluegrass Festival, Accord, 845.687.9781
- Pottery Festival, Jeffersonville, 845.482.4976
- Shandelee Arts & Crafts Fair, Livingston Manor, 845.439.5070
- Woodstock/New Paltz Arts & Crafts Fair, New Paltz, 845.679.8087, www.quailhollow.com

- Woodstock Film Festival, 845.679.4265, www.woodstockfilmfestival.com

Ethnic Heritage

- Greek Festival, Kingston, 845.331.3522
- Irish Festival, Leeds, 518.943.9820, www.irishside.com/festivals
- Oktoberfest, Hunter, 888.486.8376, www.huntermtn.com
- Ocktoberfest, Deposit, 607.467.2556

Halloween

- Giant Pumpkin Party & Children's Parade, Grahamsville, 845.985.7233
- Harvest Moon Festival & Ball, Andes, www.andesny.com
- Headless Horseman Hayrides, Ulster Park, 845.339.B000, www.headlesshorseman.com
- Massacre Mansion, East Durham, 518.634.2541, www.massacremansion.com

History

- Biennial Re-enactment of the Burning of Kingston, 800.331.1518, www.ci.kingston.ny.us
- Chilly Willy Winter Eve's Tour, Coxsackie, 518.731.6490
- Turn of the Century Day, Roxbury, www.roxbury.com

Holiday Shopping

- Heritage Craft Fair, Coxsackie, 518.731.6490, www.gchistory.org
- Holiday Extravaganza, New Paltz, 845.255.0243, www.newpaltzchamber.org

Sports & Recreation

- Catskill Mountain Jeep Jamboree USA, Kimesha, 845.791.4328
- Catskill Ramble, Sullivan County, 800.882.2287
- Championship Lumberjack Festival, Andes, 845.676.3143
- Hudson Valley River Ramble, 800.453.6665,

- www.hudsonriverramble.com
- Masters of the Mountains N.O.R.B.A. Bike Race Series, Roundtop, 800.355.2287, www.greenetourism.com

Wildlife

- September Wildlife Festival, North Blenheim, 800.724.0309

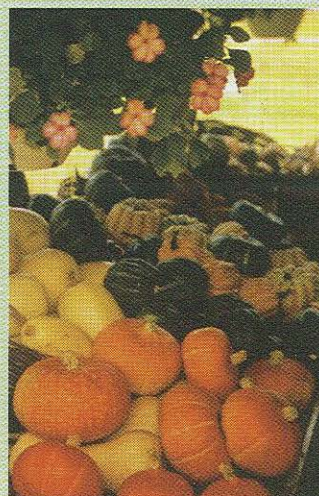


Photo: Peter Finger

Winter Wonderland in the Catskill Region

Well known as one of the premier skiing destinations on the East Coast, the Catskill Region during the winter

Kaaterskill Falls, provide challenging terrain for this fast-growing sport. And if you're heading into the mountains, you might as well enjoy a refreshing winter hike. Who knows? Perhaps you'll be rewarded for braving the winter

Photo: Gail Du Bois



months has something for everyone to enjoy – cross-country and downhill skiing (the closest to New York City), snowshoeing, snowboarding, snowtubing, ice climbing or a leisurely stay at a romantic inn or resort.

The Catskill Region is one of the best locations in the U.S. for ice climbing, thanks to a propensity of gorges and waterfalls, two elements that go hand-in-hand to form vertical walls of ice perfect for climbing. When the winter freeze sets in, the rock climbing haven that is known as “**The Gunks**,” become a winter wonderland – one that you'd be remiss to overlook. Routes, such as **The Notch**, **The Playground**, **Hellhole** and

cold with an eagle sighting in its natural habitat.

Some of the finest skiing and snowboarding in the Northeast awaits you and your family. Mountains, such as **Belleayre**, **Hunter**, **Windham**, **Bobcat** and **Plattekill**, have challenging slopes for seasoned experts, and gentler gradients for beginners and young children. All of the resorts have established beginner programs and advanced levels conducted by professional instructors.

The ski resorts are well known for their winter festivals and they offer bargain mid-week ski passes for individuals and families. Also fun are the ice-fishing contests in the



Photo: Richard Bruner (rbruner@hvc.rr.com)

Sampling of Winter Events

All About Winter

- Hudson Valley Rail Train Winterfest, Highland, 845.483.0428, wrebenai@aol.com
- Ice Carnival, Livingston Manor, 845.292.5100
- Ice Harvest, East Meredith, 800.295.4992, www.hanfordmills.com
- Winterfest & Ice Carving Contest, Wurtsboro, www.wurtsboro.org
- Winterfest, Roscoe, 607.498.4701

Christmas

- A Christmas Carol. Ulster Ballet Company, Kingston, 845.246.4316, www.upac.org
- Holly Berry Walk, Kingston, 845.706.3473
- Living Nativity, Old Dutch Church, Kingston, 845.338.6759
- Living Nativity Celebration, Walton, www.healingwatersfarm.com
- Sullivan County Historical Society's Annual Theme Tree Exhibit, Hurleyville, 845.434.8044
- Victorian Tea, Ellenville, 845.647.5530
- Welcome Yule, Kingston, 845.679.8172
- Wreath Fineries at Nine Wineries on the Shawangunk Wine Trail, 845.255.2494, www.shawangunkwinetrail.com

New Year's

- Liberty Bell Drop, Liberty, 845.292.2394
- New Year's Eve Torchlight Parade, Roxbury, 800.NEED.2.SKI, www.plattekill.com

Sports & Recreation

- Belleayre Mountain Cup Race, Belleayre Mountain Winter Festival Week, WKNY Challenge Race, Highmount, 845.254.5600, www.belleayre.com
- Fireman's Race, Monticello, 845 796 3161, www.holidaymtn.com
- King of the Ice Fishing Contest, White Lake, 845 794 2000
- Plattekill Annual Giant Slalom Race, Roxbury, 800.NEED.2.SKI, www.plattekill.com
- Police Winter Games, Hunter, 888.HUNTER.MTN, www.Huntermtn.com
- Ski Fest Windham Mountain, 800.754.9463, www.windhammountain.com
- Sno-Cross, Stanford, www.cctrail.org
- Snowmobile Drag Race, Roxbury, 800.NEED.2.SKI, www.plattekill.com

Wildlife

- Eagle Fest, Narrowsburg, 845.252.6509
- Weekend Eagle Watching, Upper Delaware, 845.557.6162

region's many ponds and lakes such as **Big Pond**. **Belleayre's Winter Festival**, **Ski Fest at Windham** and the **Hanford Mills Ice Harvest** are just a few of the major winter events that you don't want to miss.

The holiday spirit is alive and well in the Catskill Region, and visitors are cheered by the **Christmas** concerts and special events. Consider bringing in the **New Year** with the annual **Torchlight Parade** or **Liberty Bell Drop**. You'll find some great deals and one-of-a-kind treasures for last-minute holiday gifts at the crafts fairs and the

shops throughout the counties. Restaurants and bars are upbeat and welcoming, and some museums and cultural centers are open in the winter.

There are plenty of resorts, inns, spas and B&Bs to choose from that offer great romantic winter getaways, especially around **Valentine's Day** in February. The region's spas are perfect retreats for overcoming the winter blahs and allow you to indulge in some well deserved self-pampering.

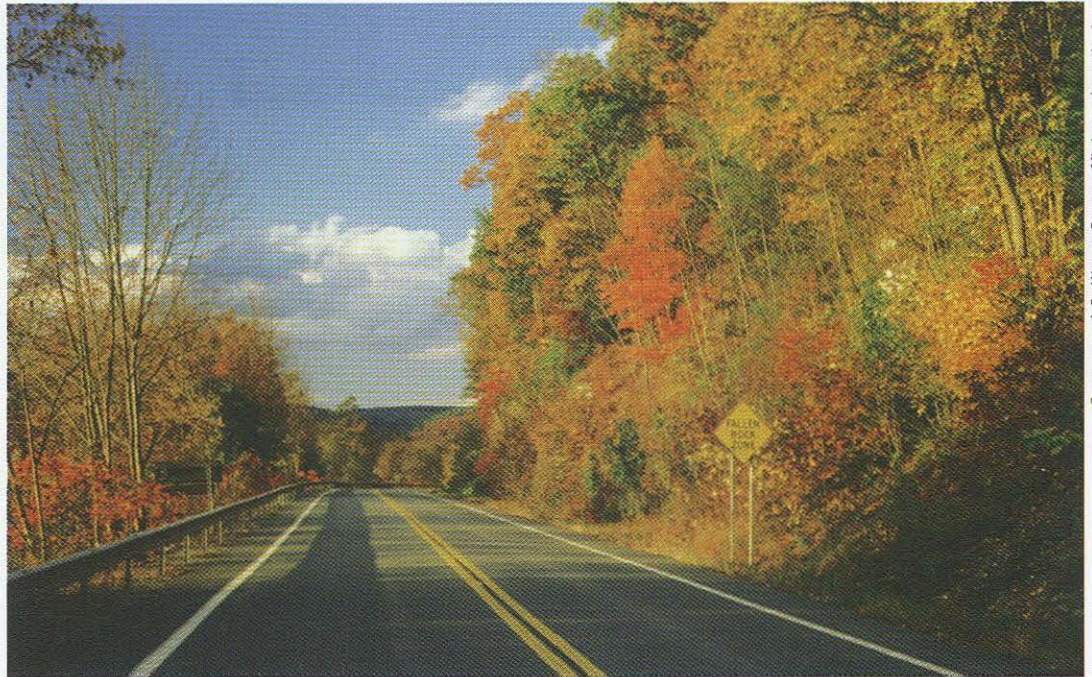
Gas and Go Crowd

Whether on the road or on the trail, the Catskill Region offers scenic excursions to see nature's changing palette of the seasons, explore villages packed with cafes and shops, soak up culture at art and historic attractions, see animals in the wild, pick fresh produce, see artists at work or park to take part in some physical recreation. Around every bend, there's something to see or do!

Some visitors prefer to travel the region by motorcycle to truly enjoy the winding roads and fresh mountain air.

Blackthorne Resort in East Durham, for example has become well known as the host for many motorcycle events. The annual **Catskill Mountain Thunder Motorcycle Festival**, held in September, attracts bikers throughout the Northeast and donates thousands to charities.

Snowmobile adventures are easy to find with thousands of miles of trails and local snowmobile clubs – and some locations offer rentals. The **Catskill Forest Preserve** also has dedicated snowmobile trails that are clearly marked.



Courtesy of Sullivan County Visitors Association

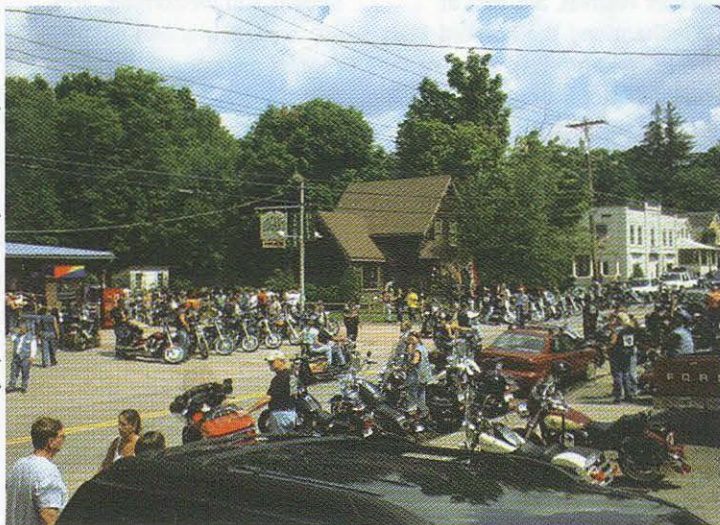
For more details on driving directions, road maps, snowmobile clubs and thematic itineraries, please log onto the Web sites of the counties of Delaware, Greene, Sullivan and Ulster.

Also, you'll find some great suggestions in this guidebook. And feel free to call the counties for any travel advice.

Happy cruising!



Photo: Peter Finger



Courtesy of Delaware County Chamber of Commerce



Photo: Corbis Images

Hip and Hungry Crowd

Since the late 19th century, artists, craftsmen and writers have been drawn to the Catskill Region for its peaceful serenity, beautiful vistas and quality of life.

Today, a new generation of talent is flocking to the Catskill Region for its pastoral pleasures. Some fast-paced urbanites seeking a more peaceful existence have relocated here or bought vacation homes.

Chefs from the Culinary Institute of Art across the Hudson River have established new restaurants here. Local chefs and restaurateurs find food and produce to be bountiful in the Catskill Region. Restaurants are as diverse as the many specialties they serve.



Courtesy of The Roxbury Motel

Artists, writers, designers and entrepreneurs have set up new shops, galleries and places to stay – and have contributed to offering new

attractions and strengthening the established theaters and art centers with alternative music and performances. This energy is making the region

more dynamic and hip. It's also not unusual to spot an A-list celebrity casually strolling the streets of the villages.

Check out some of these new places – and the Web sites of each county (on the back cover) for more ideas:

Delaware County

- **Blue Deer Center** in Margaretville is a healing center rooted in the living traditions of the Huichol Indian shamans of Mexico. This lush, magical property spans 98 acres of forests, streams and rolling meadows. www.bluedeer.org
- Founded by New Yorker Zoe Randall, the **Chace-Randall Gallery** in Andes is a salon-style fine arts gallery with

four distinct view rooms, featuring six yearly exhibitions ranging from solo shows to group exhibitions. www.chacerandallgallery.com

- Roxbury is home to the new **Public Lounge**, with urban chic décor, video art and specialty cocktails, which is considered one of the region's hippest nightspots. www.publiclounge.net
- The **Roxbury Motel** brings new meaning to retro contemporary lodging. www.theroxburymotel.com
- Tea connoisseur Nini Ordoubadi and artist Sean Scherer created **Tay Home**, in Andes, where one encounters a warm and elegant world of exquisite teas ("Lady Macbeth," "Crime and Punishment" and "Better Than Sex") and design. www.taytea.net

Greene County

- Main Street in the town of **Catskill** is undergoing a "renaissance" with new art galleries and boutiques

packed with items to make one's home lovely.

- Rising from the base of Hunter Mountain, the relatively new **Kaatskill Mountain Club** is a luxury fractional ownership property that is operated like a hotel, offering guest room rentals, a spa and a creative American bistro. www.kaatskillmtclub.com

Sullivan County

- The **Bethel Woods Performing Arts Center**, located on the site of the original 1969 Woodstock Music Festival in Bethel, begins its inaugural season on July 1, 2006 with a performance by the New York Philharmonic. It boasts a new stage, almost twice the size of Radio City Music Hall, along with a 4,800-seat covered pavilion and a lawn seating up to 12,000 people. This new venue showcases some of the country's top classical, rock, pop, jazz and country entertainers.

866.781.2922, www.bethelwoods.us

- Cups of nostalgia can be savored at the **Munson Diner** of "Seinfeld" fame. The Hell's Kitchen classic diner was relocated in one piece to Liberty on the corner of Main and Lake streets.

Ulster County

- A unique showroom for furniture, gifts and sculptural works can be found at **Service Station**, a Rural American Design company located in a 1950s era garage. www.servcestation.com
- Kate Pierson of The B-52s rock band created a "cabin fever fantasy" at **Kate's Lazy Meadow Motel** near Woodstock. www.lazymeadow.com
- A recently renovated 1764 home has been reborn at the 13-room **Buttermilk Falls Inn & Spa** in Milton on 17 acres, along with a new luxurious spa. www.buttermilkfallsinn.com

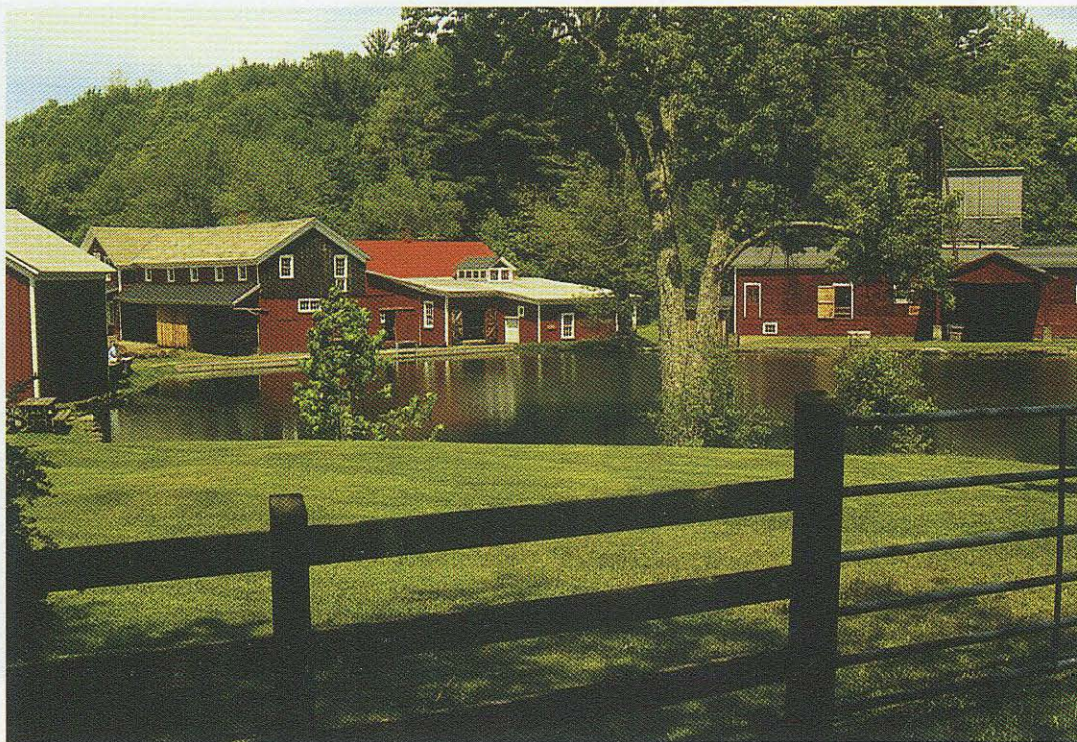
Courtesy of Public Lounge



Stop and Listen Crowd

Have you ever stopped to watch a cardinal perched on a snow-flaked branch from inside a Dutch cottage in the crisp winter months? Or listened to a ruby-throated hummingbird whiz past a babbling brook, while fly-fishing trout-rich waterways in the warm summer air? The abounding natural beauty and native wildlife prevalent throughout the Catskill Region make each day a combination of unique experiences and delights for all of the senses.

Walking out the door in the morning opens your world to a variety of natural wonders and architectural splendors encouraging you to stop, listen and indulge in the simple pleasures that make the region a hidden gem, far away from the hustle and bustle of everyday life. When beauty surrounds you from all sides, in all forms, whether artistic, architectural, natural



Courtesy of Hanford Mills Museum

or animal, it is sure to nourish body, mind and spirit—and keep you returning for replenishment for years to come.

Discover with your own eyes a magnificent and rare bird you might normally find depicted in a coffee table book. Countless species of birds are discovered daily in the perfect pockets of nature throughout the mountains, woodlands, fields and ponds where they reside. Birdwatching can be done anywhere in the Catskill Region whether you chose to casually observe over an afternoon taking pictures or join an organized tour.

techniques to capture specific prey. You can interact with Harris hawks, red-tail hawks, Lanner falcons, peregrine falcons, gyr falcons, Eurasian eagle owls, tawny owls and barn owls.

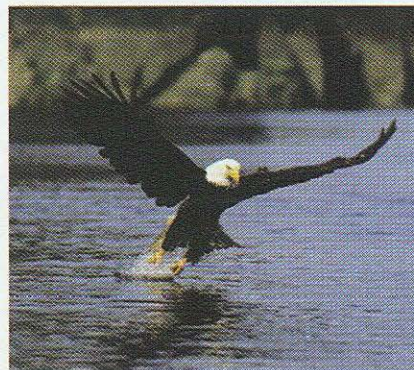
The **Delaware-Otsego Audubon Society**, a chapter of the national Audubon Society, covers the northern Catskill



Photo: Gail Du Bois

Birdwatching

Once the sport of kings, falconry is available to all interested adult visitors at **Talons! A Bird of Prey Experience** in Earlville, where you work with trained raptors (birds of prey), learn why raptors are the ultimate hunting machines, and gain insight into the differences among the species – how each hones its hunting



Courtesy of Sullivan County Visitors Association

Mountain and upper Susquehanna River. You can visit its wildlife sanctuary and go on guided field trips and bird walks in search of owls, hawks and waterfowl.

For eagle lovers, guided bald eagle habitat trails can be explored with the **Upper Delaware Scenic and Recreational River National Park Services**, when wintering birds congregate along the Upper Delaware River, as area ponds and many river sections are frozen. The **Eagle Institute** is dedicated to the protection of the bald eagle and other birds of prey, and offers educational fieldtrips during the winter months, which is the off-season for breeding and weaning.

Historic Gems

Many enjoy a leisurely visit to the charming towns throughout the region that still showcase priceless architectural gems, mostly from the 17th through the 19th centuries, with homes

and buildings reflecting the then-popular styles of Colonial, Federal, Queen Ann, Gothic Revival and Victorian American. Remaining structures include the **Gomez Mill House** in Marlboro, the oldest surviving Jewish homestead in North America; **Huguenot Street** in New Paltz, considered the “oldest street in America,” with stone homes built between 1692 and 1894; the **Gideon Frisbee Homestead** in Delhi, a fine example of early Federal Architecture from 1790; and the **Bronck Museum** in Coxsackie, showcasing one of the oldest surviving Dutch homes in New York State, dating back to 1663.

Art thrives not only in architecture, but also in the landscape painting indigenous to the region, which is home to the first movement in

American art, known as the Hudson River School. Embark on the **Hudson River School Art Trail**, covering over 15

American artist Washington Irving is said to have found inspiration in the Catskill Mountains for “Rip Van



Huguenot Street. Photo: Peter Finger

miles and seven sights that inspired America’s first great landscape artists, including founder of the movement, Thomas Cole, and his successor Frederic Church. One of the most frequented attractions is the majestic **Kaaterskill Falls**, a favorite subject to many of the Hudson River School painters, as well as a desirable site for hiking, picnicking and birdwatching.

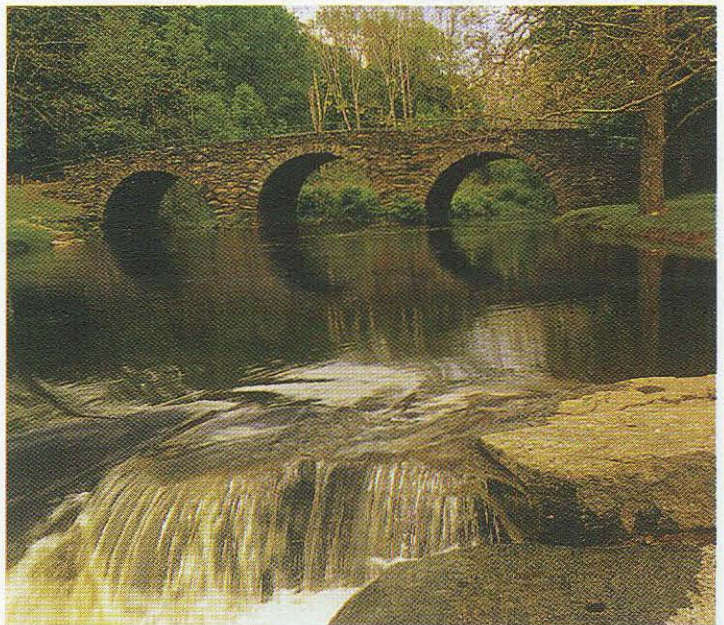
The Legend of Rip Van Winkle

The beloved 19th-century

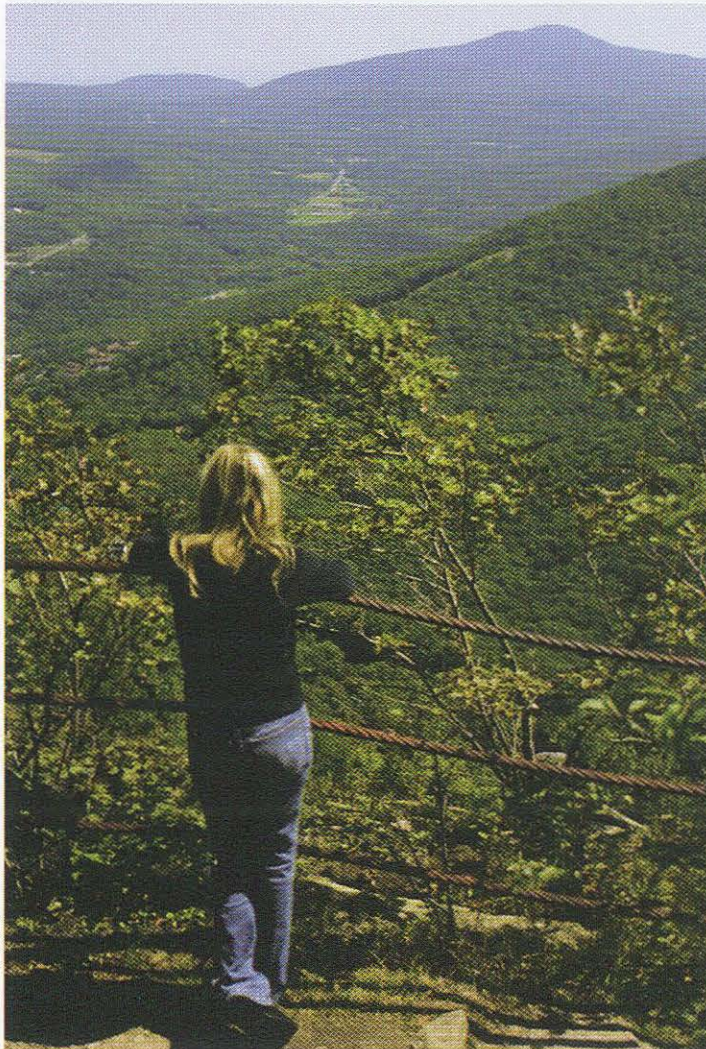
Winkle.” The exact setting of this legendary short story on Rip’s 20-year “snooze” has been widely debated by locals for over a century.

The Father of Ecology

Visitors can tour the home of John Burroughs, a well-respected nature writer and founder of the American conservation movement. **The John Burroughs Memorial Homesite & Boyhood Rock** includes his summer retreat, **Woodchuck Lodge**, as well as hiking trails and picnic areas.



Stone Arch Bridge. Courtesy of Sullivan County Visitors Association



Thrill Seekers

Adventure seekers will find serious satisfaction in the Catskill Region year-round. Winter features great skiing, ice climbing, snowboarding and snowshoeing. Come spring, the ice and snow recede and feed the rivers, opening up a full menu of water-borne activities. The warmer months also reveal a bevy of outdoor opportunities in the Catskill Region such as rock climbing, skydiving, mountain biking and rafting.

Gliding

If it has ever been your wish to experience the freedom of soaring through the sky and taking a birds-eye view of the world – look no further, as several outfitters in the Catskill Region can help you to reach those heights.

Mountain Wings in Ellenville offers lessons in hang-gliding, paragliding and ultra-lighting. The type of aircraft used varies, and can be a single- or two-seater with an open or closed cockpit; the Flight Star is a widely used model.

The oldest soaring site in the U.S. is at **Wurtsboro Airport** in Wurtsboro, where Schweizer 233 gliders are towed by L19 aircraft. These two-seat gliders



Plattekill Mountain. Photo courtesy of eOne Media

boast a vintage appeal and reach heights of 2,500 feet!

Skydiving

One of the most reputable skydiving outfitters, not only in the northeast, but also throughout the country, is located right in the Catskill Region in Gardiner. **Skydive the Ranch** offers a wide range

of jump programs for certification as well as the one-time tandem skydiving adventure.

Mountain Biking

A challenging fat-tire jaunt can be an adventure throughout upstate New York. When you're riding in the Catskill Region, there is a prevailing sense that something special may be stumbled upon during a journey or discovered along the trail. Whether it's an invigorating excursion on the nine miles of the **Overlook Mountain Ascent** near Woodstock, a challenging route down **Hunter Mountain** or a moderate passage along the 12 miles of the **D&H Heritage Corridor**, the Catskill Region has something to offer every rider.

Plattekill is a classic bike park with some of the best riding

on the East Coast, and was voted one of the "top five places to ride in the U.S." by Bike Magazine in 2003. The mountain is also host to a number of **National Off-Road Biking Association (N.O.R.B.A.)** sanctioned mountain bike races. Additional N.O.R.B.A. race series events, such as **Masters of the Mountains**, have been held in recent years at **Windham, Hunter Mountain** and **Round Top**.

Ice Climbing and Rock Climbing

Ice climbing is a sport akin to mountaineering and involves the use of ropes, harnesses, ice axes and crampons, all of which you'll need as you attempt to ascend ice formations over steep cliffs and up frozen waterfalls. The Catskill Region is one of the best locations in the U.S. for the sport, due to its high



Courtesy of Mountain Wings Inc.

number of gorges and waterfalls, which, as they freeze form vertical walls of ice perfect for climbing. The **Shawangunk Mountains** (a.k.a. "The Gunks") in Ulster County have been popular for rock climbing for years. When the winter freeze sets in, they yield superior ice climbing conditions.

Routes such as **The Notch**, **The Playground**, **Hellhole** and **Kaaterskill Falls** are excellent and challenging terrain for your first attempt or to perfect your skill set. Climbing shops, outfitters and adventure specialists such as **Alpine Endeavors**, **Rock & Snow** and **Mountain Skills**, are instrumental in supporting ice climbing, rock climbing and hiking in the Catskill

Region. If you intend to venture out there it is highly advisable to visit one of these shops to make sure you have the right gear and to glean as much local knowledge as you can. **Eastern Mountain Sports** maintains a rock climbing school in New Paltz that offers one- to four-day lessons in rock climbing or one- to three-day instruction in ice climbing.

Skiing, Snowboarding and Snowtubing

There is a vast range of ski slopes in the **Catskill Mountains** featuring almost 200 trails offering a diverse range of challenges. Sophisticated snowmaking capabilities lend a hand when nature's allotted snowfall is a bit lacking, which goes a long

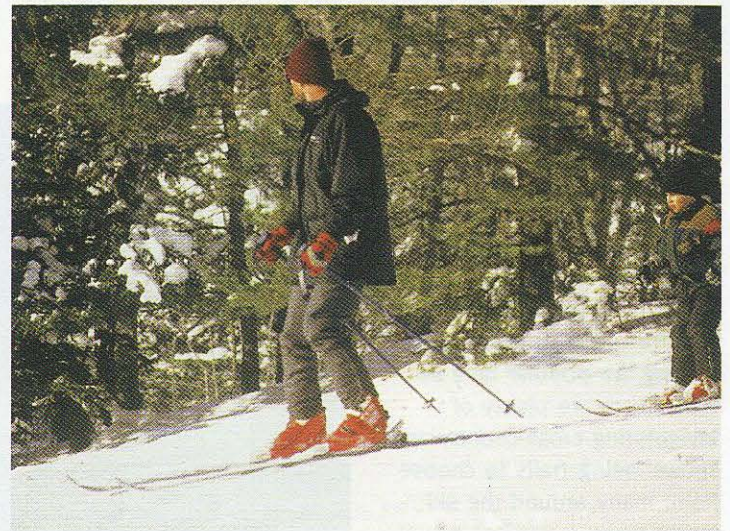
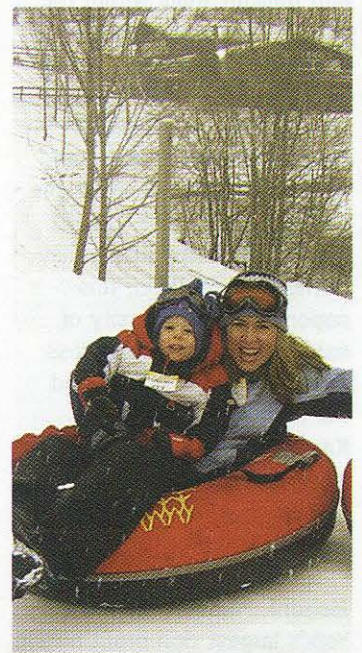


Photo: Peter Finger

way towards hedging the risk involved with advance bookings.

Belleayre Mountain offers the highest skiable peak, along with 42 slopes and trails, in the Catskill Region. **Holiday Mountain** with 14 trails is a favorite with family groups. **Hunter Mountain's** slopes are ranked among the most challenging in the eastern U.S., with a 1,600-foot vertical drop, 53 trails and 11 lifts. Located in Andes, **Bobcat Ski Center** features 19 trails and slopes and a 1,050-foot vertical drop. **Plattekill Mountain** features 35 trails, including two-mile-long beginner runs to wide, intermediate groomed courses plus continuous steep pitches top-to-bottom for the advanced. Twin peaks double the amount of fun for you and your family at **Windham**

Mountain, featuring 42 trails and 245 skiable acres. Snowtubing is popular for kids of all ages at most of the ski resorts, and some even offer it at nighttime.

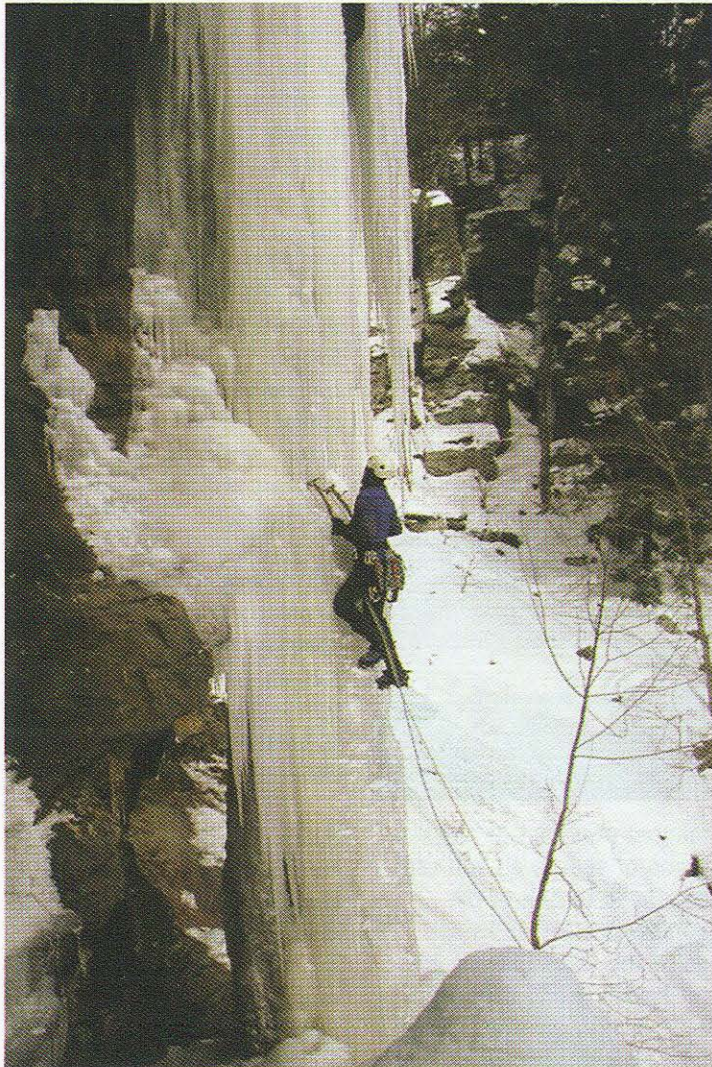


Courtesy of Plattekill Mountain



Photo: Peter Finger

Photo: Marry McIltroris



Soft Adventurers

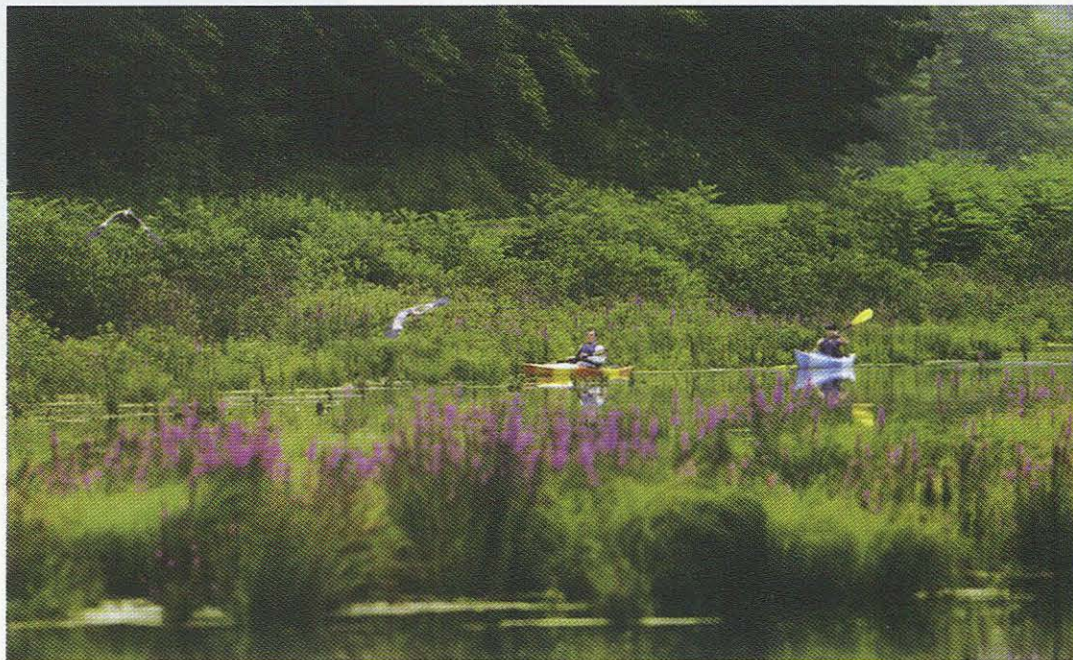
If life moves at a bit of a slower pace for you, worry not – for there are plenty of soft adventure opportunities that await you in the Catskill Region. Activities ranging from hiking to kayaking, cross-country skiing to motorcycle touring are popular here as well. There are plenty of invigorating cross-country and snowshoeing trails to choose from, many around the ski resort areas.

Hiking

With over 98 peaks in the Catskill Region, ranging from 3,000 feet to the highest peak of 4,190 feet, hikers can choose from easy, moderate and difficult trails within the **Catskill Park** and other public lands for outdoor exploration.

The 300,000-acre **Catskill Forest Preserve** is state land within Catskill Park. From the gentle peaks of the Catskill Mountains to the lush valley of the Hudson River, this region offers a diversity of nature trails that criss cross all four counties. You'll find the marked trails near **Kaaterskill Falls** a great viewpoint for the highest cascading waterfall in New York State.

Mohonk Preserve is New York's largest non-profit nature preserve, with 60 miles of trails for hikers and challenging cliffs for rock climbing enthusiasts. Complimentary maps are available at visitor centers along the state thruway, and **Catskill Biotours** in Grahamsville can map out a special trail for hikers with specific interests.



Courtesy of Delaware County Chamber of Commerce

The **Catskill Scenic Trail** covers an 18-mile stretch of almost zero-grade converted rail bed between Grand Gorge and Bloomville.

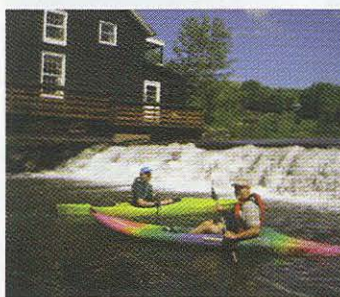
The **Catskill Mountain Club** is an association of outdoors people who enjoy nature and non-motorized recreational pursuits in the region. It's a good source for where to go hiking on your own or find out about guided hikes and special events. You can be a pioneer and join the new **Catskill Mountain Club Trail Maintenance Team**. Here you can have fun while helping to make a difference for the region's trails by doing brush clearing or blazing new paths.

Rafting, Canoeing and Kayaking

The region's lakes and rivers offer ideal settings for rafting, canoeing and kayaking. Some travelers bring their own craft or rent or take guided excursions from local outfitters. The **Catskill Mountain Club** also is a valuable resource.

Located on the Upper Delaware River, **Lander's River Trips** features ten riverfront locations, some with campgrounds, lodging and dining. Rafting down the Delaware River can be exhilarating where the water levels can rise to Class III.

The East Branch of the Delaware is comprised of gentle waters and quiet pools, making it an excellent stream for beginners. **Al's Sport Store Canoe & Kayak Tours** in Downsville features custom-



tailored trips that fit any size group or skill level. You can also head to one of the numerous state parks and enjoy the lakes that are ideal for kayaking and canoeing.

Tubing

For a wet and wild adventure, take the family into the heart of the Catskill Mountains and a tubing ride down the Esopus Creek. **Town Tinker Tube** in Phoenicia has become one of the most popular tubing courses in the area and attracts travelers from all over to ride the rapids and drift with the current on the Esopus Creek. The expertly trained guides provide tubing courses for the novice and expert. Children must be over 12 years old and good swimmers.

F-S Tube & Raft Rental in Phoenicia features tubes with seats in them, paddles, life jackets and a shuttle up river to the drop-off area, helping to create a challenging trip down Esopus Creek.

Golf

The Catskill Region is home to some of the finest golf in the state of New York, with 50 courses spread throughout the four counties. Greene County has nine unique courses, all

within a 14-mile radius of each other. **Windham Country Club**, a 6,005-yard par-71 course tucked away within the Catskill Mountains, is a “must-play” according to Golf Digest, which rated it with three-and-a-half stars. **Blackhead Mountain Country Club** is another fine layout, featuring water hazards, elevated tee boxes and multi-tiered greens, all carved into the beautiful landscape of the majestic Blackhead Mountains.

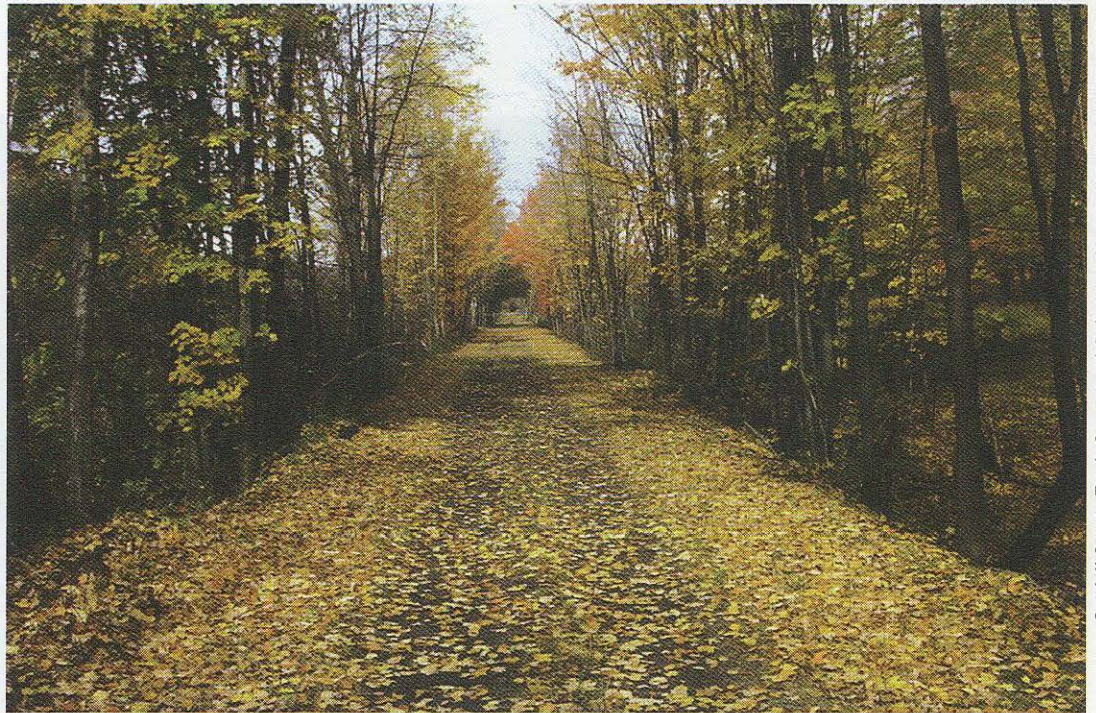
If you happen to be in the heart of the Shawangunk Mountains, in Ulster County, the **Nevele Grande Resort & Country Club** offers 27 holes of championship golf designed by Robert Trent Jones and Tom Fazio. The course was awarded four stars from Golf Digest in the magazine’s “Places to Play.”

The rolling hills, lush fairways and challenging greens of the golf course at **Hudson Valley Resort & Spa** will put your long and your short game to the test. Creeks and ponds surround much of this 6,071-yard par-71, 18-hole course. Located in Kerhonkson, it’s 90 minutes from New York City and 20 minutes from New Paltz and Kingston.

Photo: Peter Finger



French Woods Golf & Country Club, in Hancock, is the perfect course for both beginners and expert golfers. This 18-hole, par 72-course offers the Golfers Weekday Getaway, which includes accommodations for two nights, three 18-hole rounds with cart for two people and lunch daily.



Catskill Scenic Trail. Courtesy of Delaware County Chamber of Commerce

Shephard Hills Golf Course, in Roxbury, is a turn-of-the-century golf course dating back to 1919. Originally part of the estate of Helen Gould Shephard, daughter of railroad magnate and Roxbury resident Jay Gould, this hilly nine-hole, par-36 course is one of the region’s most challenging courses. After a round of golf enjoy dinner at the Shephard Hills Restaurant.

Horseback Riding

For land-lovers, the mountains of the Catskill Region provide you with the opportunity to experience some of the best horseback trail riding around. Delaware County has miles of trails to explore as well as private stables where guided rides and lessons are available.

The county is home to **Bear Spring Mountain State Park**, the only campground in the state specifically designed for use by horseback riders and features specially designed campsites that accommodate horse trailers and horse lodging facilities.

Another favorite riding area is the leisurely 19-mile **Catskill Scenic Trail** through Bloomville, Stamford, Grand Gorge and Hobart. You should also mosey on over to **Stone Tavern Farm** in Roxbury, which offers guided trail rides, riding lessons and even a summer kids camp.

If you’ve ever wanted to experience what it would be like to work on a dude ranch, Ulster County has a few, such as **Pinegrove Ranch and Family Resort** and **Rocking Horse Ranch Resort**, which feature horseback riding, cattle drives and much more.

Many of the area resorts and hotels, including **Mohok Mountain House** and the **Nevele Grand Resort and Country Club**, offer horseback riding and trails. In addition, independent operators give lessons in proper riding techniques and guided trail rides with professional instructors.

Sullivan County has countless miles of trails through wooded forests, across open farmland and along winding creeks. **Oak Ridge Farm**, **Stone Wall Farms** and **Maple Grove Horse Farm** are a few examples of places for horseback riding in this county.

Ranches and equestrian centers throughout Greene County, such as **Bailiwick Ranch** and **Tanglewood Ranch**, offer horseback-riding trips along scenic mountain trails, including day rides and overnight camping excursions.

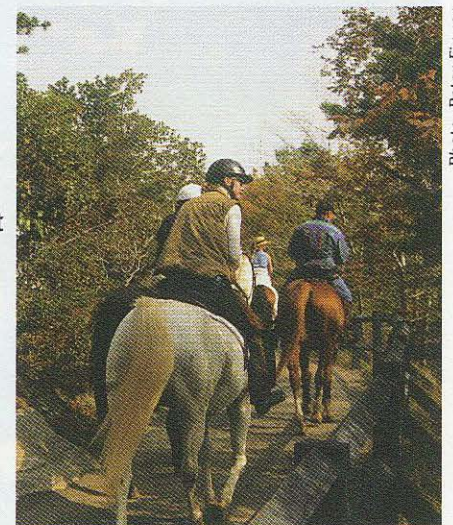


Photo: Peter Finger

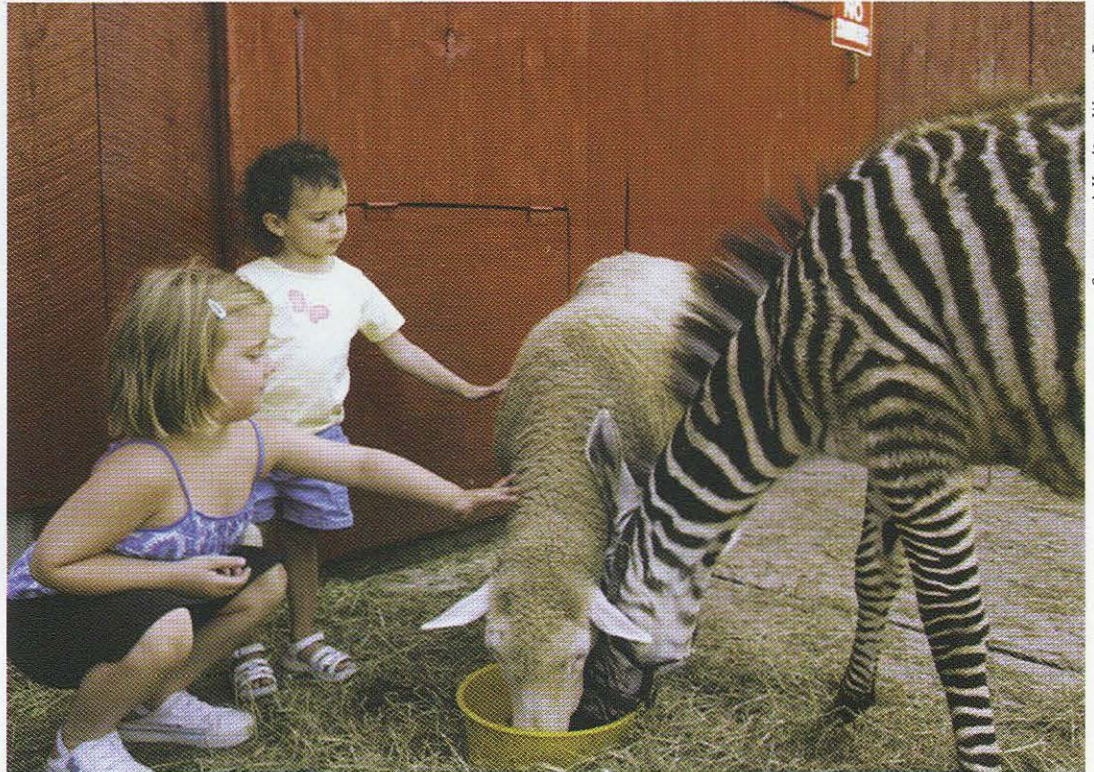
Family Travelers

In search of the perfect family vacation . . . where there really is something for mom, dad and child alike? Where families can go on safari, board a fairy-tale train ride, play cowboys on a dude ranch, float on tubes, soar the mountains and walk back into history all in one place? The Catskill Region is this place, as diverse as any family can imagine for all seasons.

Summertime fun in the region is made up of game farms, petting zoos and railroad rides through the scenic Catskill Mountains.

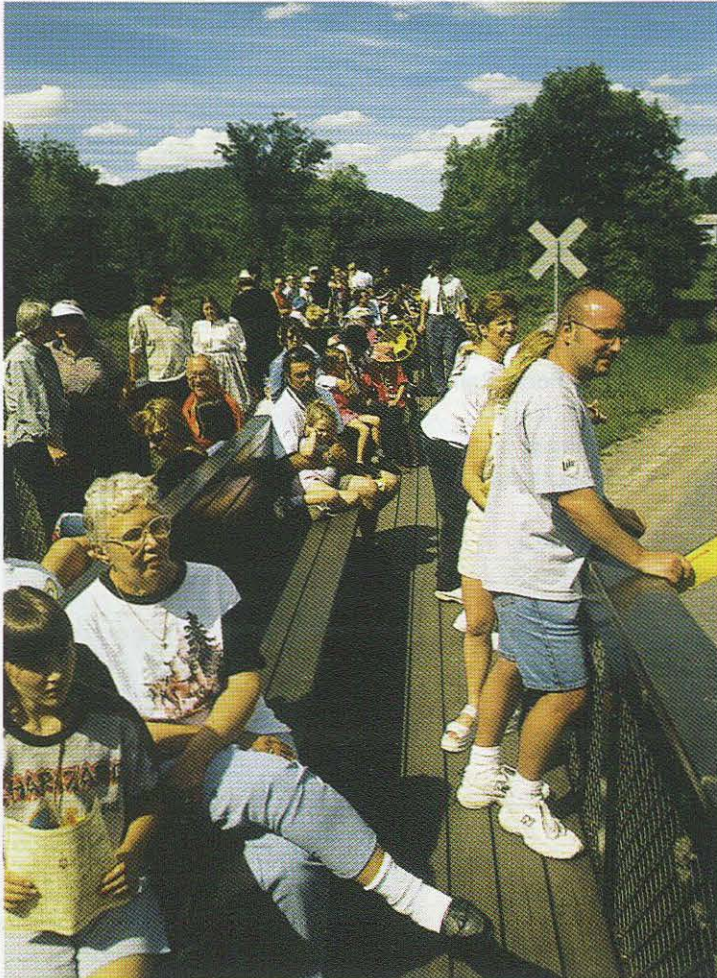
A Safari, So Near

No jet lag is required to go on a “safari” to see more than 2,000 exotic and tame



Courtesy of Healing Waters Farms

Courtesy of Delaware and Ulster Railroad



animals, representing over 150 species from all over the world, at the **Catskill Game Farm**. Kids will love the interactive zoo, playground, splash pad and amusement rides. **Healing Waters Farms** features a special collection of domestic and exotic animals and birds from faraway lands, including llamas, emus, zebra and a camel (named “Phil,” whose birthday is celebrated every year). This is a great chance to visit farm animals in their natural setting and enjoy nature trails, picnics and the beautiful countryside. Fall hayrides and holiday special events round out the offerings.

History Made Fun

To relive a part of history, visit **Fort Delaware**, a replica of a colonial-era settlement from 1775 to 1785. Nearby, **Minisink Battlefield** offers a Revolutionary War history lesson with an interpretive

center and trails on 57 acres. The stone and brick **Gomez Mill House**, built in 1740, is the oldest surviving Jewish homestead in North America – and provides special tours for children. At **Hanford Mills Museum**, kids can see a working sawmill and gristmill powered by a waterwheel in action, and join hands-on

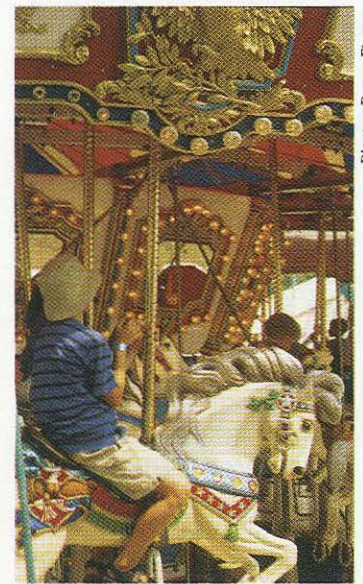


Photo: Peter Finger

activities and workshops to learn about skills from the Industrial Age.

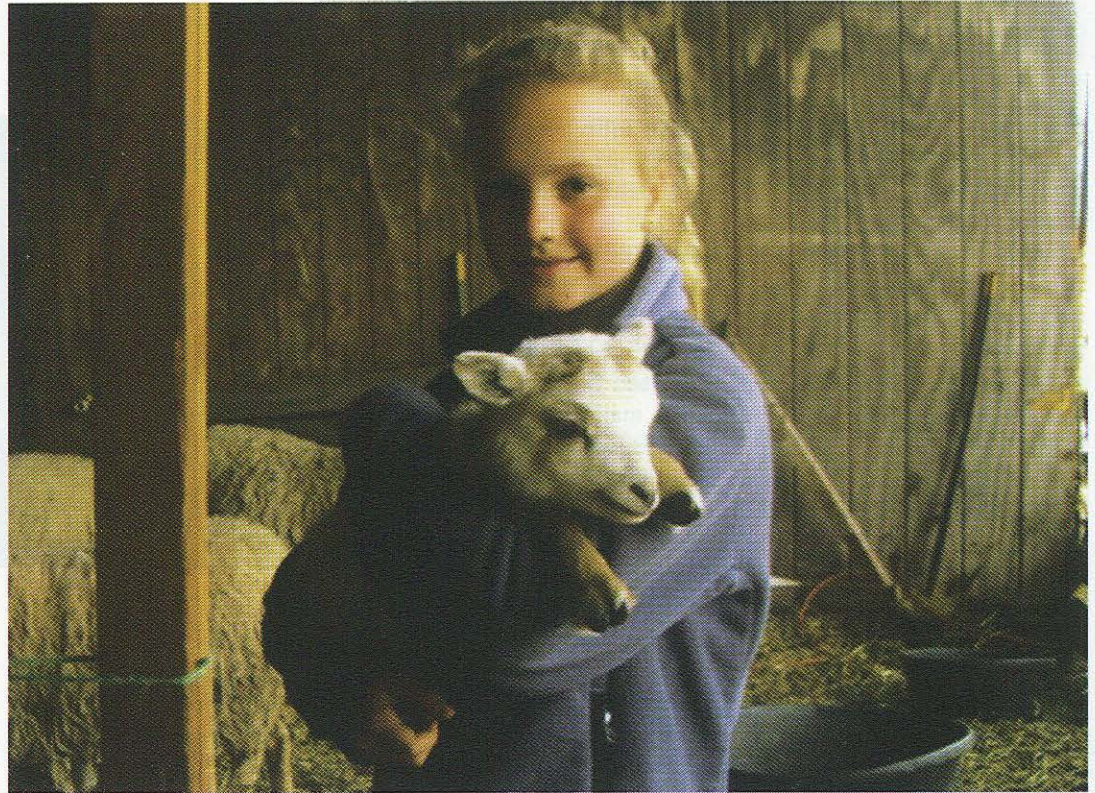
Lure of the Railroad

"Kids" of all ages will enjoy the **Delaware & Ulster Railride**, an excursion train with scenic rides through New York's legendary Catskill Mountains. Families can be a witness to special train robbery escapades with "desperados and deputies." In addition to special events with live music, food and murder mysteries, the vintage train cars offer scenic tours and private parties. The depot is a great rest stop with a family-friendly café in a vintage car and places to rest in the shade.

A six-mile ride alongside Esopus Creek in the Catskill Forest Preserve offers scenic beauty and photo opportunities while riding **The Catskill Mountain Railroad**. For more history on the rails, visitors can explore the **Empire State Railway Museum** and see exhibits and old cars being restored. Housed in a caboose at an old restored railroad station, the **O&W Railway Museum** showcases large-scale models and exhibits.

Water Pleasures

Families can cool down at **Zoom Flume Waterpark**, the



Courtesy of Apple Pond Farms

Catskills Region's largest water park with giant winding water slides, rapids and a lagoon activity pool. Water attractions offer a full day of fun. **Hudson River Cruises** features 300-passenger motor vessels for two-hour sightseeing cruises on the Hudson with views of the majestic surroundings and lighthouses. It also features specialty cruises, such as *Kids' Kruiise*. Other water pleasures include tubing the white waters of the **Esopus Creek** and canoeing, kayaking and rafting on the **Delaware River**.

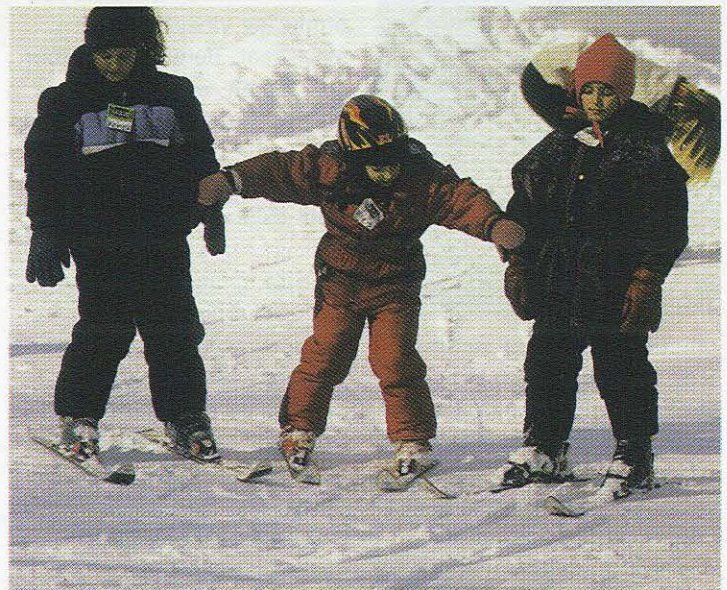


Photo: Peter Finger

Photo: Peter Finger

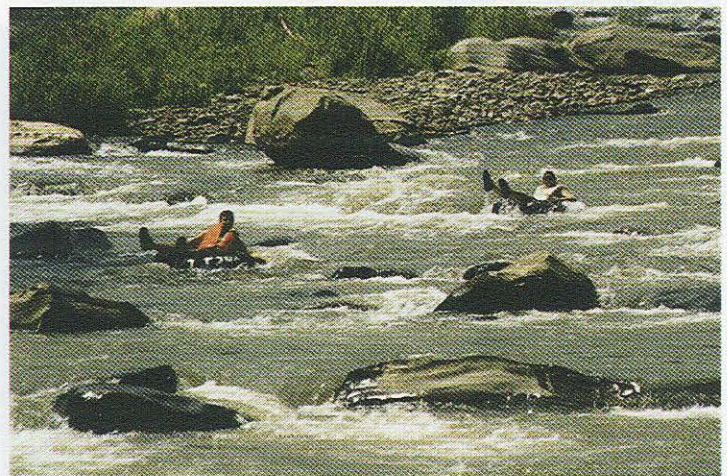


Photo: Peter Finger

For Everyone

Ever wonder where to find a vacation spot that appeals to your inner artist, energetic athlete, eclectic shopper, gourmet cook and regular "lazy Susan"? Look no further than outside your backdoor in the Catskill Region, where arts, antiques, culture, cuisine and the fine art of living reign.

Shopping for Treasures

The hunt for well-priced antiques is a year-round affair in the Catskill Region, where seasonal antique markets and quaint shops abound. Follow

Courtesy of Ferndale Marketplace



one of the counties' **Antiques Trail Maps** or create one of your own, discovering your favorite spots, from estate sales to auctions, bargain gems and hidden treasures. Unique artifacts found at many of the quaint antiques shops are made by local

craftspeople, who are more than happy to tell you the story behind the sale.

Epicurean Bounty

Of course, a day of shopping works up a voracious appetite, which is easily appeased with a stop at one of the many local farmers' markets, where everything is fresh from the farm, oven or vine. The Catskill Region boasts an assortment of vineyards and wineries, where the views are in competition with the wine made there.

Visitors to **The Winery at Benmarl**, overlooking the Hudson River Valley, and America's oldest continuously producing vineyard are in for a treat. Here you can tour and sample wines offered only to local vendors, as well as see the prints of owner and acclaimed romance artist Mark Miller in his gallery.

Try a sampling of vineyards, mixing the historic with newcomer to the region, **Windham Winery**, which is perhaps as well known for its decadently rich dark chocolate truffles, made from 68% pure cocoa, and its dessert wines, Batavia Blackberry and Kaaterskill Reserve.

Courtesy of Benmarl



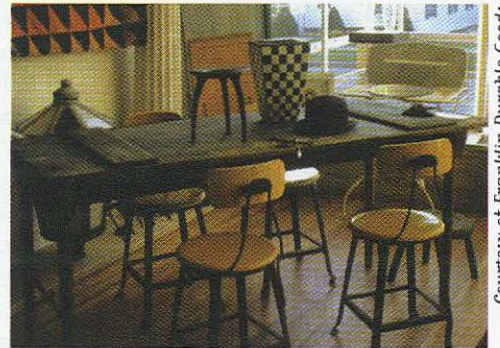
Courtesy of Delaware County Chamber of Commerce

Music

After a day of shopping, feasting and wine-tasting head to one of the many live local town musical performances. With soaring peaks for a backdrop, musical presentations have a life of their own here, where nature provides powerful inspiration for the performing arts, which are well supported throughout the counties. Annual seasonal events throughout the region feature classical music, dance performances and free summer concerts, from Motown and Blues to Orchestra and Opera.

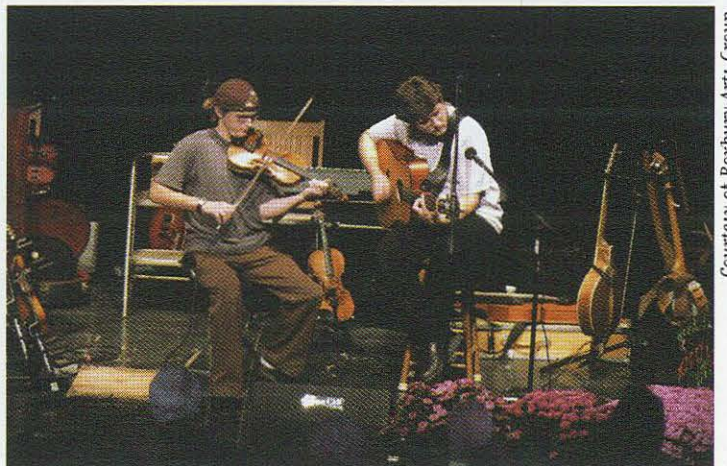
Theater

Theater lovers will enjoy choosing from a mix of original and experimental plays. Pack a picnic for an evening under the stars, with free outdoor theater performances of Shakespeare, or engage in dinner theater in a



Courtesy of Franklin Durable Goods

130-year-old barn. Whether your artistic spirit shouts traditional or innovative, the Catskill Region has exceptional year-round performing arts to answer your call.



Courtesy of Roxbury Arts Group

BELLEAYRE MOUNTAIN



RTE 28, HIGHMOUNT, NY 12441
SNOW PHONE: 1 800 942 6904
WWW.BELLEAYRE.COM

FEATURING:

SKIING · CROSS-COUNTRY SKIING
SNOWBOARDING · SNOWSHOEING
TELEMARK SKIING · ADAPTIVE SKIING
DAY CARE · LESSONS & RENTALS

THE TERRAIN:

SUMMIT ELEVATION: 3,429 FEET
BASE ELEVATION: 2,025 FEET
VERTICAL DROP: 1,404 FEET
SKIABLE ACRES: 171 ACRES

47 TRAILS, GLADES & PARKS:

39 TRAILS, 5 GLADES, 1 RAIL PARK,
1 TERRAIN PARK, 1 HALF PIPE
9.2K OF CROSS-COUNTRY TRAILS

8 LIFTS

1 DETACHABLE & 1 FIXED GRIP QUAD,
1 TRIPLE CHAIR, 2 DOUBLE CHAIRS,
3 HANDLE TOWS

LIFT CAPACITY: 10,980 PEOPLE/HOUR

SNOW:

AVERAGE ANNUAL SNOWFALL: 141 IN.
SNOWMAKING CAPABILITY: 96%

HOURS:

LODGES: 8:00AM – 5:00PM DAILY

LIFTS: 9:00AM – 4:00PM DAILY

DISTANCE FROM:

ALBANY: 1.5 HOUR

BALTIMORE: 5 HOURS

DANBURY: 2 HOURS

NYC: 2.5 HOURS

Holiday Mountain

99 Holiday Mountain Road,
Monticello, NY 12701
845 796 3161 • www.holidaymtn.com

FEATURING:

Snowboarding • Snowtubing • Night Skiing
Lessons and Rental • Ski & Snowboard Club
Ice Skating • Handicap Access

TERRAIN:

Summit Elevation: 1,300 feet • Base Elevation: 900 feet
Vertical Drop: 400 feet • Skiable Acres: 60 acres

9 SLOPES & TRAILS:

Easiest: 30% • More Difficult: 40%
Most Difficult: 30% • Longest Run: 4,100 feet

LIFTS:

Lift Count: 4 • Tow bar: 2
Double Chair: 1 • Triple Chair: 1
Total Uphill Lift Capacity:
7,000 skiers/hour

SNOW:

Average Annual Snowfall: 100 inches
Snowmaking coverage: 100%

HOURS:

Tuesday – Friday: 12pm – 9pm
Saturday: 9am – 9pm • Sunday: 9am – 5pm
Closed Mondays • Call for Holiday Hours

Hunter Mountain Resort

Route 23A, Hunter, NY 12442

1 800 HunterMtn • www.HunterMtn.com

info@HunterMtn.com

THE TERRAIN:

Summit Elevation: 3,200 feet

Base Elevation: 1,600 feet

Vertical Drop: 1,600 feet

Skiable Acres: 240 acres

53 TRAILS:

Miles of Trails: 35 miles

Longest Run: 10,560 feet

beginner 30% • intermediate 30%

advanced 27% • expert 13%

11 LIFTS:

High Speed Quad: 1 • Quad: 2

Triple: 2 • Double: 5 • Pony Lift: 1

Lift Capacity: 15,514 people/hour

SNOW:

Average Annual Snowfall: 125 in.

Snowmaking Capability: 100%

HOURS:

Open daily 8:30am-4pm

Hunter West: 9:30am-3:30pm

Holiday periods: November 22-25

December 25, 2007–January 1, 2008

January 19-21 • February 16-18

DISTANCE FROM:

Albany: 1 hour • Baltimore: 5 hours

NYC: 2 hours

FEATURING:

Snowboarding • 2 Terrain Parks

Snowtubing Park (3 chutes/1 tow)

Snowshoeing • Handicap Access

Learning Center • Grooming Daily

Lodging on premises • Bag/Ski Check

Swipe Card System • Play Care with reservations

Plattekill Mountain



Featuring:
Skiing • Snowtubing
Cross-Country Skiing
Childcare • Lessons
Lodging & Rental Packages

35 Trails:

Easiest: 20%
More Difficult: 40%
Most Difficult: 20%
Experts Only: 20%
Longest Run: 11,880 ft

3 Lifts:

1 Triple Chair,
1 Double Chair,
1 Surface Tow: 1
Lift Capacity:
4,500 people/hour

The Terrain:

Summit Elevation: 3,500 feet
Base Elevation: 2,400 feet
Vertical Drop: 1,100 feet
Skiable Acres: 75

Snow:

Average Annual Snowfall: 200 in.
Snowmaking Capability: 75%

Distance From:

Albany: 1.25 hour
Long Island: 3 hours
New Jersey: 2.5 hours
NYC: 2.5 hours

Hours:

Skiing/Snowboarding:

8:45 am-4:15 pm Friday, Saturday,
Sunday & Holidays (12/21/07-
1/1/08, (except 12/25) 1/19/08-
1/21/08, 2/16/08-2/24/08)

Winter Festival Week

1/28-08-2/01/08 \$10 tickets!

Snowtubing (with Lift service)

5:00pm-9:00pm Saturdays:
12/15/07-3/15/08; Sundays:
12/30/07, 1/20/08, 2/17/08; Mid-
week: 12/27-12/28, 12/31/07;
2/18/08-2/22/08

Rent the Mountain:

Call for details

Windham Mountain

Featuring:

**Snowboarding • Night Skiing
Snowtubing Park (12 lanes & 3 lifts)
Cross-country Skiing • Lessons and Rental
Terrain Park • Handicap Access • Dining
Lodging on premises • Snow Caddy • Childcare
Valet Parking • Equipment Valet • Business Center**

The Terrain:

Summit Elevation: 3,100 feet • Base Elevation: 1,500 feet
Vertical Drop: 1,600 feet • Skiable Acres: 257 acres

46 Trails:

Beginner: 30%
Intermediate: 45%
Advanced: 25%
Longest Run: 2.25 miles

Snow:

Average Annual
Snowfall: 110 in.
Snowmaking
Capability: 98%

Lifts:

Double Chair: 1
Triple Chairs: 4
High Speed Quads: 2
Surface Lifts: 3
Lift Capacity: 16,450
skiers/hour

Hours:

Monday - Friday: 8am - 4pm
Saturdays, Sundays, Holiday Periods: 9am - 4pm
Night Skiing on 7 Trails (Thurs., Fri., Sat.
& Select Holidays): 4pm - 10pm

Distance From:

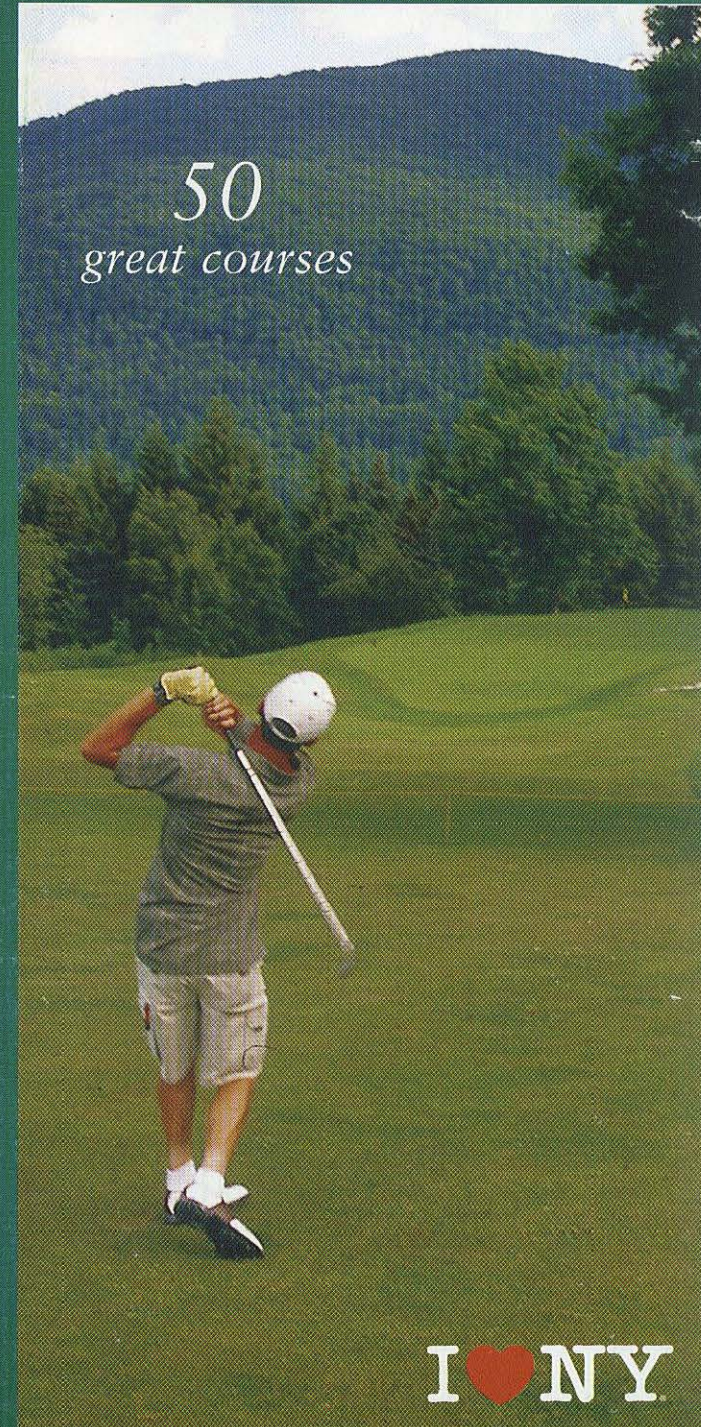
Albany: 1 hour • Baltimore: 5 hours • NYC: 2 hours



CATSKILL MOUNTAINS

GOLF GUIDE

50
great courses



CATSKILL ASSOCIATION FOR TOURISM SERVICES

PO Box 449

Catskill, NY 12414

For more information:

Tel: 800 NYS CATS

www.catskillvacation.net

DELAWARE COUNTY CHAMBER OF COMMERCE

Lynne Hoppe, Tourism Director

114 Main Street

Delhi, NY 13753

For more information:

Tel: 800 642 4443

www.delawarecounty.org

GREENE COUNTY PROMOTION DEPARTMENT

PO Box 527

Catskill, NY 12414

For more information:

Tel: 800 355 CATS

www.greene-ny.com

SULLIVAN COUNTY VISITORS ASSOCIATION INC.

100 North Street

Monticello, NY 12701

For more information:

Tel: 800 882 CATS

www.scva.net

ULSTER COUNTY TOURISM OFFICE

Peter Carofano, Director

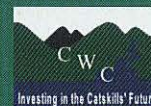
10 Westbrook Lane

Kingston, NY 12401

For more information:

Tel: 800 342 5826

www.co.ulster.ny.us



www.cwconline.org

I ♥ NY

CATSKILL REGION

I ♥ NY

GOLF IN THE CATSKILL MOUNTAINS

- Challenging play with a choice of 50 courses
- Affordable greens fees
- Midweek package discounts
- Great weekend deals at resorts
- No waiting time
- Just 90 miles north of Manhattan
- Spectacular landscapes of meadows, mountains and winding waterways
- Plenty of fun for the whole family – water and mountain sports, petting zoos, scenic rail rides, historical and cultural attractions, antiques and craft shops, fairs and festivals, performing arts and fresh farm produce.



To Albany ↗

To Binghamton ↙

To New York City ↘



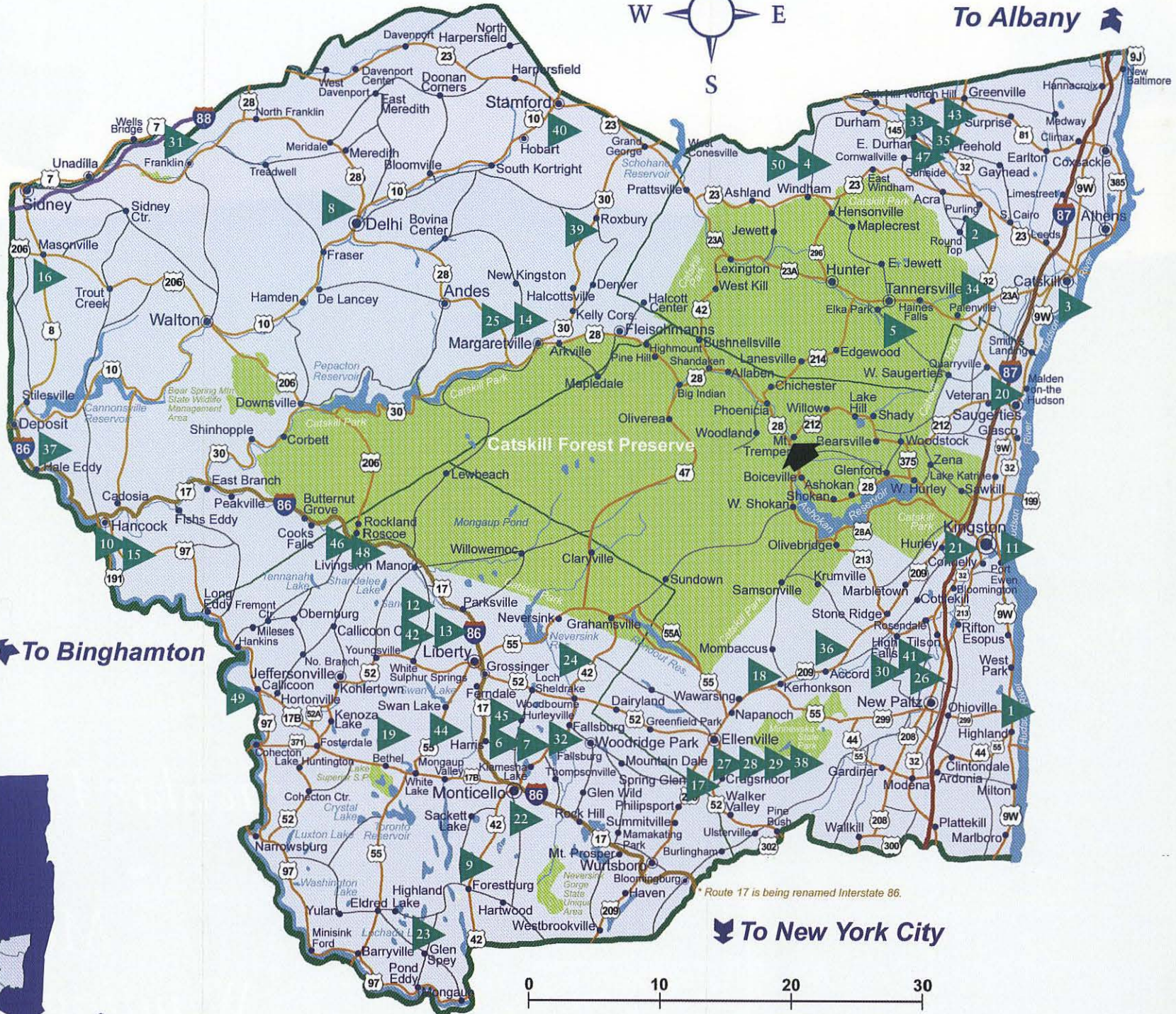
Golf Courses
(Refer to numbered listings for detailed course information.)



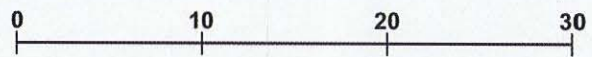
Catskill Mountain Region



Catskill Forest Preserve



* Route 17 is being renamed Interstate 86.



New York State

GOLF COURSES

	GOLF COURSE	PHONE	WEB SITE	DAYS/HOURS	HOLES	LENGTH	PAR	DRIVING RANGE	CARTS	PUTTING GREEN	CLUBHOUSE RESTAURANT	LODGING	PROSHOP	LESSONS	EQUIPMENT RENTAL	GOLF SCHOOL	GOLF PACKAGES	GROUP PACKAGES	GROUP OUTINGS	TWILIGHT RATE	RESERVATIONS REQUIRED	CREDIT CARD
15	HANCOCK GOLF COURSE Golf Course Drive, Hancock	607-637-2480		April - Nov. 7 am - dark	9	3,165	36		•	•	•		•	•	•					•		
16	HARDWOOD HILLS GOLF COURSE Highway 8, Masonville	607-467-1031		April - Oct. 7 am - dark	9	2,645	35		•	•	•		•	•	•							
17	HOMOWACK LODGE GOLF COURSE Old Route 209, Spring Glen	800-243-4567 845-647-6800		April - Oct. 7 am - 6 pm	9		35	•	•		•	•	•	•	•							
18	HUDSON VALLEY RESORT & SPA 400 Granite Road, Kerhonkson	888-9-Hudson 845-626-2972	www.hudsonvalleyresort.com	April - Oct. 7 am - 6 pm	18	6,300	71	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
19	ISLAND GLEN GOLF COURSE Route 17B, Bethel	845-583-1010		April - Nov. 8 am - 6:30 pm	9	3,090	36		•	•	•		•	•	•				•	•		•
20	KATSBAAN GOLF CLUB 1754 Old Kings Highway, Saugerties	845-246-8182	www.explorethecatskills.com /katsbaangolf	Year-round 8 am - dark	9	3,100	35		•	•	•		•	•	•							•
21	KESSEMAN'S ALAPAHA GOLF LINKS 180 Sawkill Road, Kingston	845-331-2334		April - Nov. 7 am - dusk	9	1,685	30	•	•				•	•	•							
22	KUTSHER'S COUNTRY CLUB Kutshers Road, Monticello	845-794-6000 x 2320	www.kutshers.com	April - Nov. 7 am - 6 pm	18	7,001	71	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
23	LAKE VIEW GOLF COURSE Mud Pond Road, Highland Lake	845-557-6406		April - Oct. 8 am - 7 pm	9	1,816	29 35		•						•		•	•	•			
24	LOCHMOR GOLF COURSE County Route 104 Loch Sheldrake	845-434-9079	www.lochmor.com	April - Nov. 7 am - dusk	18	6,550	71	•	•	•	•		•	•	•			•	•	•	•	•
25	MEADOWS GOLF CENTER 42565 State Highway 28, Margaretville	845-586-4104	www.meadowsgolfcenter.com	April - Nov. 7 am - dusk	9	1,225	27	•		•	•		•	•	•			•	•			•
26	MOHONK MOUNTAIN HOUSE 1000 Mountain Rest Road, New Paltz	845-256-2154	www.mohonk.com	April - Nov. dawn - dusk	9	2,707	35		•	•		•	•	•	•	•	•	•	•	•	•	•
27 28 29	NEVELE GRANDE RESORT Nevele Road, Ellenville three 9-hole courses	800-647-6000 845-647-6000	www.nevele.com	March - Dec 1. 7 am - dusk	27	6,500	70	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
30	NEW PALTZ GOLF COURSE 215 Huguenot Street, New Paltz	845-255-8282	www.newpaltzgold.com	March - Nov. dawn - dusk	9	3,460	36	•	•	•	•		•	•	•			•	•	•	•	•
31	OULEOUT GOLF COURSE 13501 State Highway 357, Franklin	607-829-2100		March 1 - Dec 1 7 am - dark	12	3,834	47		•	•	•		•	•	•							•



Catskills Region, New York State 2005-06 vs. 2003-04 TOP LINE TRAVEL PROFILE

Estimated Total Travel

<u>DEMOGRAPHICS</u>			<u>TRAVEL PATTERNS</u>			<u>PURPOSE & ACTIVITIES</u>		
	05-06	03-04		05-06	03-04		05-06	03-04
AGE			LENGTH OF STAY			LEISURE PURPOSE		
<i>Average Age (years)</i>	46.9	46.4	<i>Average (Days)</i>	1.22	1.50	Getaway Weekend	84%	90%
18-34 years	21%	22%	Day-Trip	44%	47%	General Vacation	24%	28%
35-54 years	49%	52%	1-3 Nights	50%	41%	See Friend/Relative	9%	19%
55+ years	30%	25%	4-7 Nights	6%	10%	Special Event	29%	28%
LIFESTAGE			TRANSPORTATION			Other Personal		
Young & Free	13%	18%	Air	7%	9%		10%	6%
Young Family	8%	4%	Auto	80%	80%	BUSINESS PURPOSE		
Maturing & Free	23%	17%	Bus	7%	8%	Convention	16%	10%
Moderate Family	17%	17%	Train	1%	*	Seminar/Training	6%	2%
Affluent Family	9%	19%	Other	5%	3%	Other Group Meeting	*	1%
Moderate Mature	8%	11%	ACCOMMODATIONS			Client Services/Consulting	2%	3%
Affluent Mature	18%	13%	Paid Hotel/Motel	35%	33%	Inspect/Audit	1%	1%
HOME			Paid Non Hotel/Motel	19%	30%	Construction/Repair	-	*
<i>Average (in \$000s)</i>	\$73.4K	\$79.6K	Private Home	36%	36%	Sales/Purchasing	*	*
Under \$50K	29%	26%	Other	10%	1%	Government/Military	2%	1%
\$50K-\$74,999	18%	27%	EXPENDITURES			Other Business	*	*
\$75K-\$99,999	35%	18%	<i>Average Per Person/Day</i>	\$105	\$99	ACTIVITIES		
\$100,000+	18%	29%	Food	25%	23%	Dining	35%	23%
PARTY COMPOSITION			Transportation	19%	17%	Shopping	31%	12%
(trip-days based)			Room	19%	26%	Entertainment	23%	18%
<i>Average Persons/Trip</i>	2.40	2.01	Shopping	17%	14%	Sightseeing	21%	28%
One Adult	28%	45%	Entertainment	14%	14%	Group Tour	12%	3%
Couples	31%	29%	Miscellaneous	7%	7%	Gamble	11%	7%
2 Males or 2 Females	2%	4%	DISTANCE (ONE-WAY)			Park: National, State	10%	6%
3 or More Adults	6%	5%	<i>Average (miles)</i>	216	259	Visit Historic Site	10%	1%
Families	32%	18%	<100 Miles	14%	17%	Festival, Craft Fair	9%	7%
OCCUPATION			101-300 Miles	72%	65%	Concert, Play, Dance	9%	2%
Manager, Professional	36%	40%	301-500 Miles	4%	9%	Attend Sport Event	8%	7%
Tech, Sales, Admin	21%	15%	501-1000 Miles	8%	4%	ORIGIN MARKETS		
Service	3%	4%	1001+ Miles	2%	5%	Top States		
Other Occupation	17%	4%	RATINGS			New York	67%	64%
Retired	8%	19%	Satisf. Excellent (%8-10)	56%	43%	New Jersey	7%	12%
Other/Not Priv. Empl.	14%	18%	Satisf. Good/Fair (%4-7)	36%	45%	Florida	5%	2%
EDUCATION			Satisf. Poor (%1-3)	8%	12%	Connecticut	5%	4%
College	29%	30%	Value Excellent (%8-10)	65%	44%	Top DMAs		
Attend College	19%	24%	Value Good/Fair (%4-7)	33%	45%	New York, NY	61%	69%
College Graduate	52%	46%	Value Poor (%1-3)	2%	11%	Albany-Schn.-Troy, NY	5%	2%
						Binghamton, NY	4%	1%



Catskills Region, New York State 2005-06 vs. 2003-04 TOP LINE TRAVEL PROFILE

Estimated Total Travel – Additional Data Variables

	05-06	03-04		05-06	03-04		05-06	03-04
TRANSPORTATION PAYMENT METHOD			ACCOMMODATION PAYMENT METHOD			QUARTER TRIP STARTED		
Cash/Check	35%	41%	Cash/Check	28%	38%	First (Jan-Mar)	21%	27%
Credit Card	43%	48%	Credit Card	49%	41%	Second (Apr-Jun)	19%	22%
Company Direct Bill	*	3%	Company Direct Bill	2%	1%	Third (Jul-Sep)	40%	36%
Points/Miles	-	-	Other/Free	21%	20%	Fourth (Oct-Dec)	20%	15%
Other/Free	22%	8%				NUMBER OF TRIPS TO DESTINATION IN PAST 3 YEARS		
TRAVEL CLUB MEMBERSHIP			SPECIAL DEAL ON ACCOMMODATION			Average (1+ trips)	10.4	5.4
Yes	71%	59%	Yes	24%	42%	No Trips	3%	9%
No	29%	41%	No	76%	58%	1 Trip	31%	20%
TRIP PACKAGE EXPENDITURES			CHILDREN IN HOUSEHOLD			2-3 Trips	21%	32%
Median (\$1+)	\$137	\$204	No Children	62%	59%	4-9 Trips	30%	25%
Average (\$1+)	\$248	\$450	Have Children	38%	41%	10+ Trips	15%	13%
No Trip Package Used	44%	58%	5 Years Old or Younger	19%	12%	INTRA VS. INTER TRAVEL		
Used Trip Package	56%	42%	6-9 Years Old	17%	10%	Intra-State	66%	64%
\$100 or Less	33%	18%	10-12 Years Old	14%	9%	Inter-State	34%	36%
\$101-\$200	6%	4%	13-17 Years Old	17%	24%	Intra State/Intra Region	66%	64%
\$201-\$300	4%	5%				Inter State/Intra Region	10%	14%
\$301-\$500	9%	5%				Inter Region	24%	21%
\$501-\$1000	4%	4%						
\$1001+	1%	6%						

A glance at recent visitors to the Catskills...



Who they are:

- More likely to live in the New York City Metro DMA
- Likely to be married or living with a partner
- Skews male
- Skews younger, between the ages of 25-49

Trip to the Catskills:

- Took their trip in the past year
- Spent longer than a weekend but less than a week there

Primary/critical reasons they decided to go there :

- Gave them a chance to spend quality time with family/loved ones
- Gave them an opportunity to connect/reconnect with their significant other/spouse
- Is a great place to relax and unwind
- Is an easy and convenient destination to get to
- Provides plenty of opportunities to experience and connect with nature

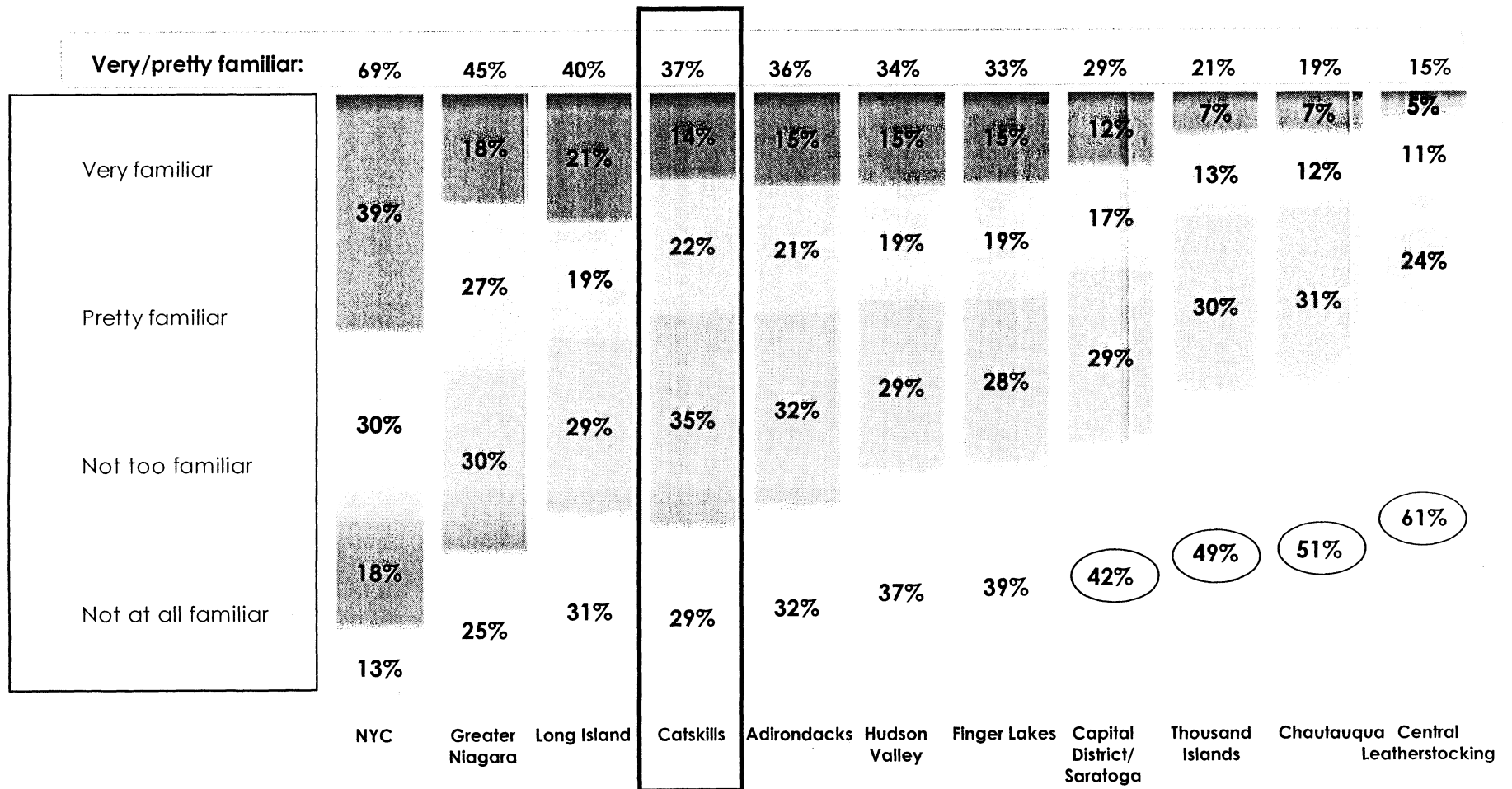




About a third of leisure travelers are familiar with the Catskills. As one might expect, familiarity is significantly higher among those that have visited the region

NY region familiarity
Among total U.S. sample

Top 2 box familiarity (Very/pretty familiar)
Among those that visited the Catskills
81%

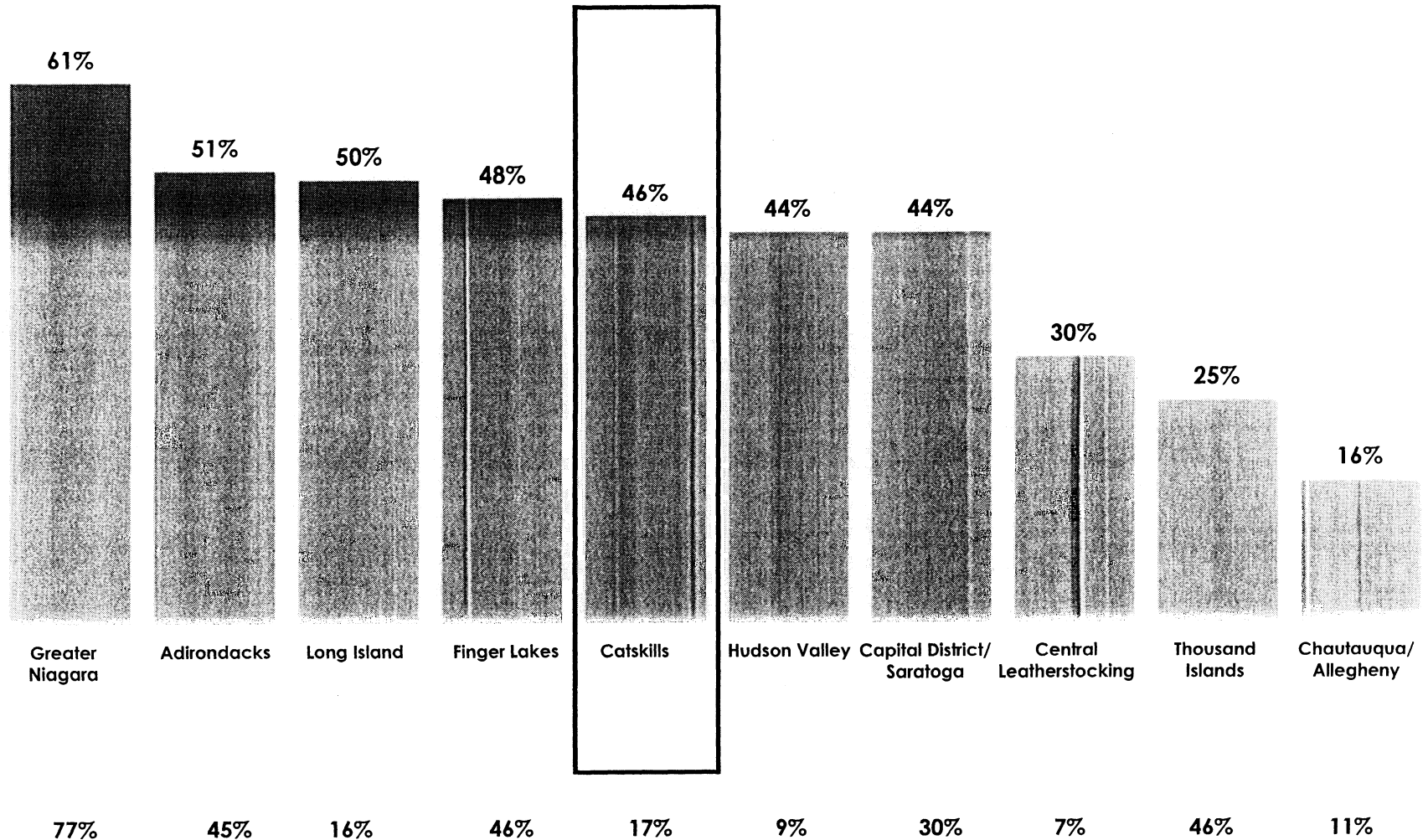


Almost half of leisure travelers that have visited New York State before have been to the Catskills. Few Canadians have traveled to the region

NY State locations ever visited

Among those who've ever traveled to NY State before

Base: Total U.S. (1914)



Q37. Which of the following New York State locations have you visited? Again, by New York State please don't think about New York City.



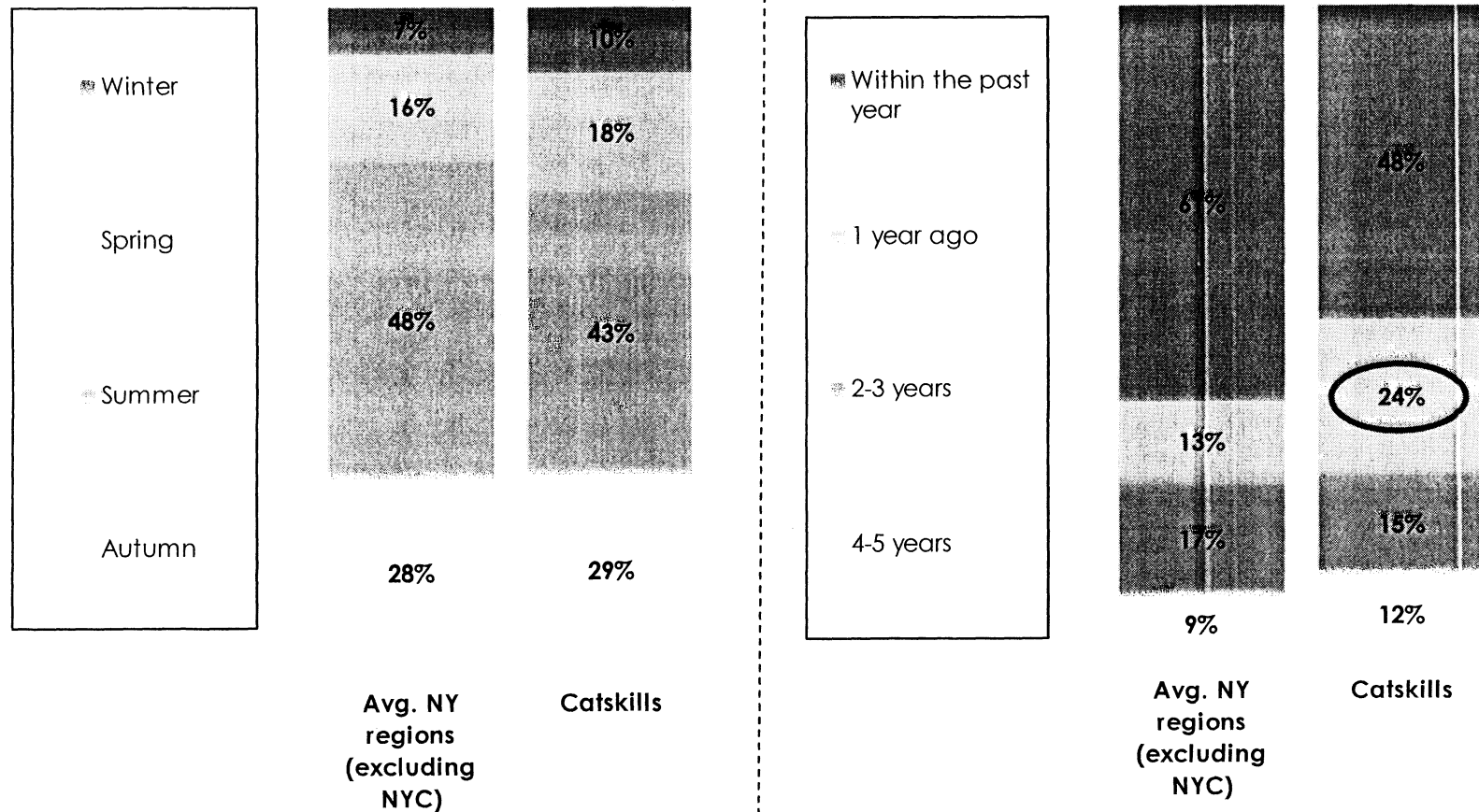


Travel to the Catskills is less recent than other NY regions; most have been in the summer months

Time of year traveled & How long ago was last trip to the Catskills

Among those who've been to New York State in last 5 years and took their last trip to the Catskills

Base: 153



Q45. What time of year did you most recently go to New York State (not including New York City)? Q38. How long ago was your last trip to New York State (excluding New York City).





The primary drivers to visitation include shopping, historic sites, landmarks & icons, parks/trails/scenic highways and soft adventure

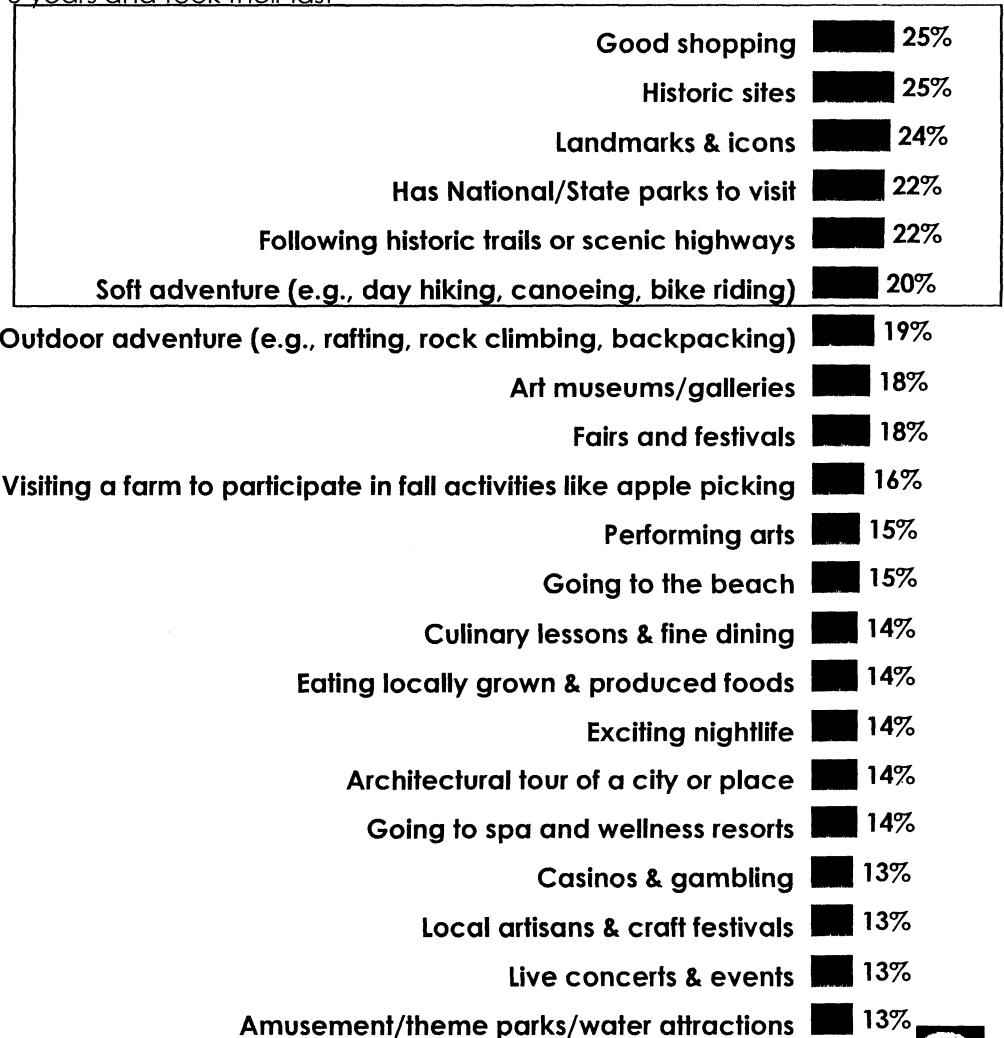
Primary reasons for going to the Catskills – top 2 box

(Not only was this critical, but it was the primary reason I decided to go there/It was very important to me and was critical that the destination I went to offered it)

Among those who've been to New York State in last 5 years and took their last trip to the Catskills

Base: 153

<u>Nets Summary</u>	
	%
Historic sites/Local culture (e.g., Landmarks/icons, historic sites, Has National/State parks)	61
Entertainment (e.g., Good shopping, Casinos & gambling, Exciting nightlife)	46
Sports (e.g., Soft adventure, outdoor adventure)	43
Food and wine (e.g., Wine tasting, Culinary lessons and fine dining)	29
Arts (e.g., Fair & festivals, art museums & galleries)	29



Q49a/b. Please tell us how important each activity/characteristic was to you when deciding to go to New York State (excluding NYC). Please give each a score between 1 and 6 where 1 means 'It wasn't important to me at all and had no impact on my decision to go there' and 6 means 'Not only was this critical, but it was the primary reason I decided to go there'.





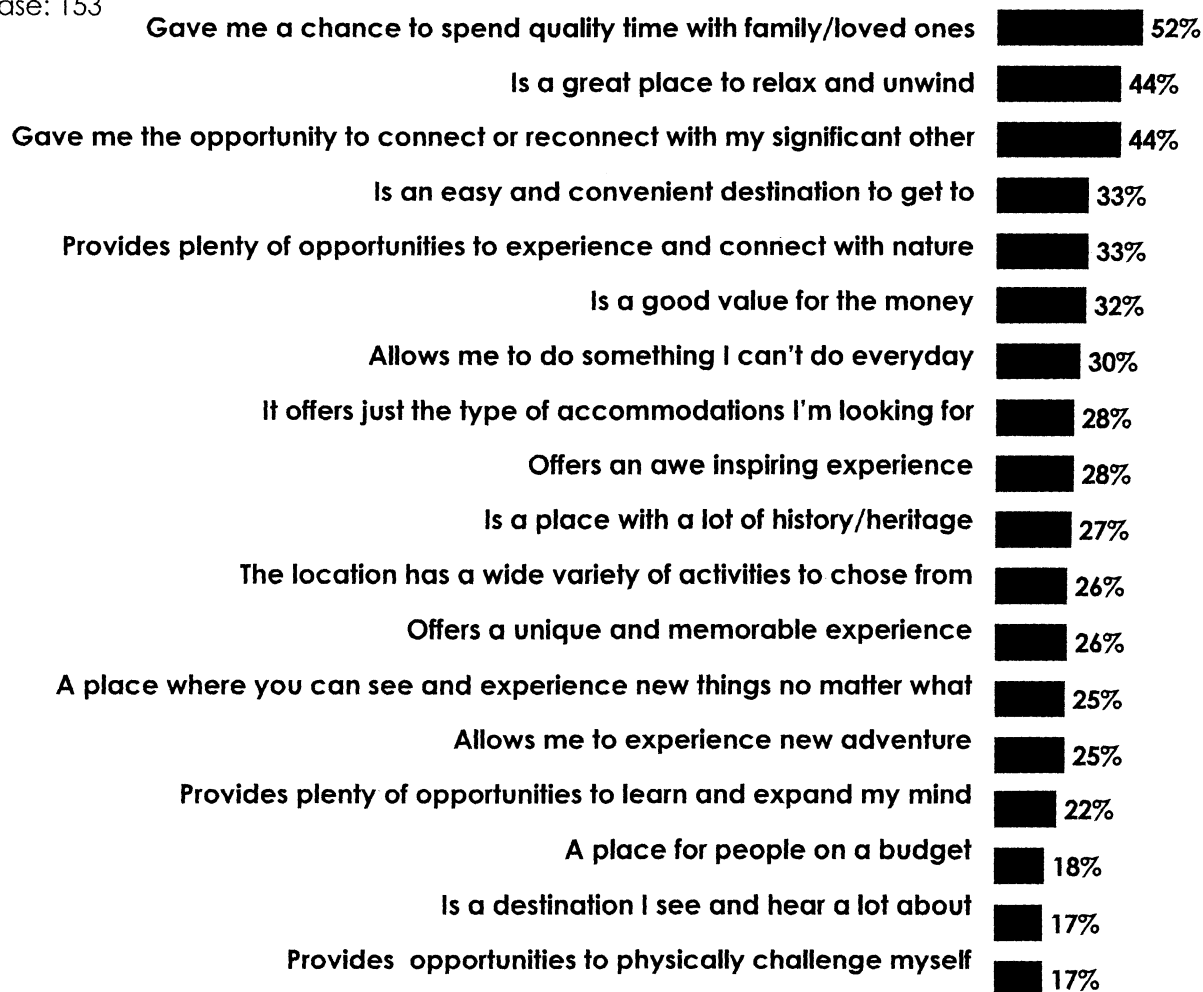
Visitors also go to spend quality time with family and loved ones or to connect/reconnect with a significant other. The region is also perceived to be a great place to relax and unwind

Primary reasons for going to the Catskills – top 2 box
(Not only was this critical, but it was the primary reason I decided to go there/It was very important to me and was critical that the destination I went to offered it)

Among those who've been to New York State in last 5 years and took their last trip to the Catskills

Base: 153

Spend quality time/connect with loved ones Net : 62%



Q49a/b. Please tell us how important each activity/characteristic was to you when deciding to go to New York State (excluding NYC). Please give each a score between 1 and 6 where 1 means 'It wasn't important to me at all and had no impact on my decision to go there' and 6 means 'Not only was this critical, but it was the primary reason I decided to go there'.





The majority of visitors to the Catskills reside in the New York City Metro DMA

Where do you live

Among those who've been to New York State in last 5 years and took their last trip to the Catskills

Base: 153

	Those that took their last trip to the Catskills
	%
New York City Metro DMA	40
New York State	12
Southern Border States	14
New England	16
Mid Atlantic	9
Remaining U.S.	9





Visitors to the region skew slightly more male and are between the ages of 25 and 49

Gender & age

Among those who've been to New York State in last 5 years and took their last trip to the Catskills

Base: 153

	Index to Average
Gender	
Male	112
Female	88
Age	
25-39	148
40-49	116
50-59	104
60-64	32

QS2. Are you a male or female? QS1. Which of following age groups best describes you?





Most visitors are married or living with a partner and are likely to make more than \$75K

Martial status, children & household annual income

Among those who've been to New York State in last 5 years and took their last trip to the Catskills

Base: 153

	Index to Average
Martial status	
Single (not living with a partner)	24
Married/living with a partner	252
Divorced/separated/widowed	24
Have children	
Have 1 child	90
Have 2 to 4 children	190
Have more than 5 kids	25
I have children, but none living at home	70
I don't have any children	125
Household annual income	
\$50K-<\$75K	81
\$75K-<\$100K	121
\$100K-<150K	129
\$150K+	69



Region 8: Catskills

Total Tourism Impact

- Tourism in the Catskills generated over \$58 million in local taxes and nearly \$55 million in state taxes in 2006.
- Direct tourism expenditures in the Catskills reached \$960 million in 2006.

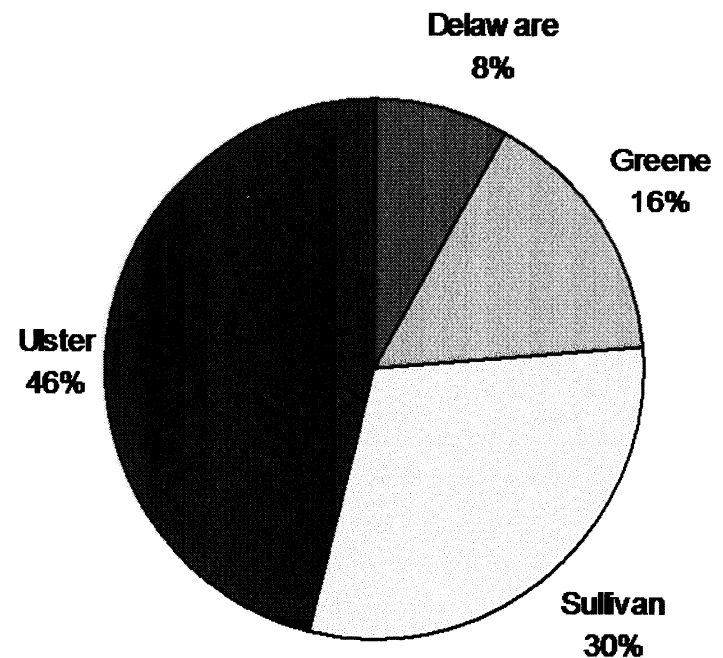
Total Tourism Impact, 2006	<i>Direct Sales</i>	<i>Labor Income</i>	<i>Employment</i>	<i>Local Taxes</i>	<i>State Taxes</i>
	Delaware	\$78,149	\$28,048	1,132	\$4,170
Greene	\$148,804	\$70,455	3,937	\$7,940	\$8,493
Sullivan	\$289,704	\$130,018	5,459	\$18,979	\$16,535
Ulster	\$443,285	\$226,908	9,582	\$27,173	\$25,300
TOTAL	\$959,941	\$455,429	20,110	\$58,261	\$54,789

Region 8: Catskills

Total Tourism Impact

- Ulster county represents 46% of the regions tourism sales with \$443 million in tourism expenditures.
- Sullivan places second, representing 30% of the region's direct tourism sales with \$290 million in tourism expenditures.
- Tourism sales increased 6.1% in 2006.

Tourism Direct Sales



Region 8: Catskills

Tourism Sales

- Travelers spent \$960 million in the Catskills in 2006.
- Ulster county accounts for the largest share of visitor spending in the region, with \$443 million.

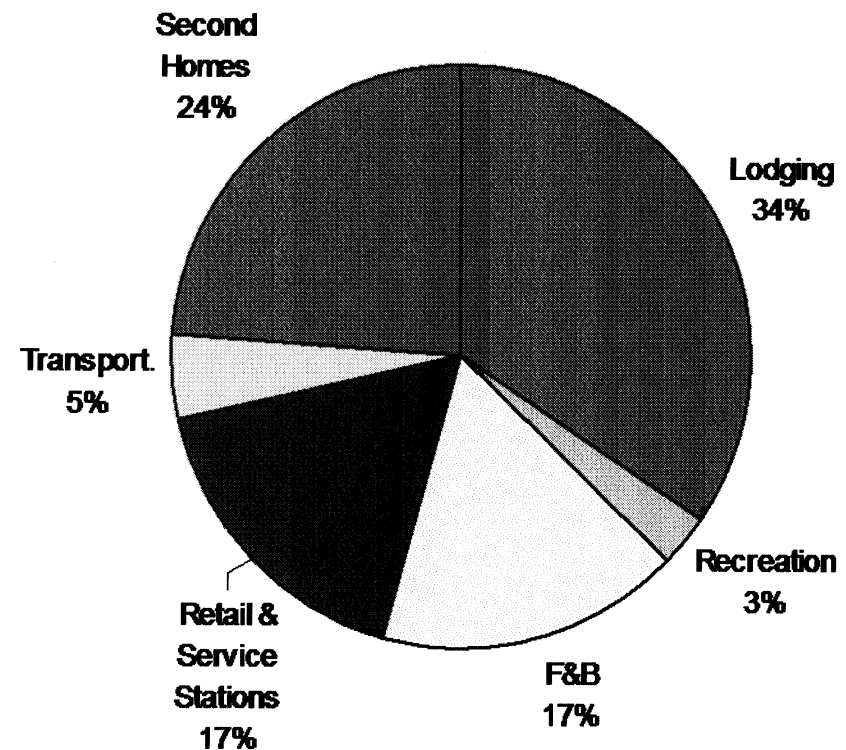
Total Tourism Impact, 2006	Direct Sales	Labor Income	Employment	Local Taxes	State Taxes
	Delaware	\$78,149	\$28,048	1,132	\$4,170
Greene	\$148,804	\$70,455	3,937	\$7,940	\$8,493
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TOTAL	\$959,941	\$455,429	20,110	\$58,261	\$54,789

Region 8: Catskills

Tourism Sales

- Spending on lodging services comprised the largest share of tourism spending at 34%.
- Seasonal second home expenditures represented 24% of all tourism spending.

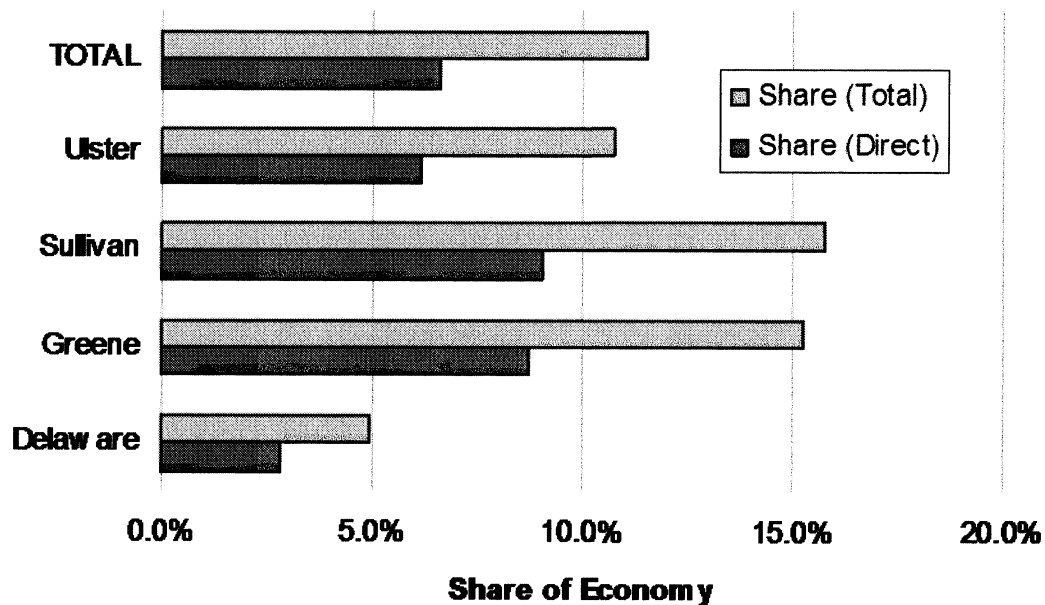
Tourism Direct Sales



Region 8: Catskills

Tourism Labor Income

Tourism Labor Income Share of Total Economy Labor Income 2006



- 11.5% of all labor income in the Catskills is generated by tourism.
- Sullivan county is the most dependent upon tourism with 16% of all labor income generated by visitors.

Region 8: Catskills

Tourism Employment

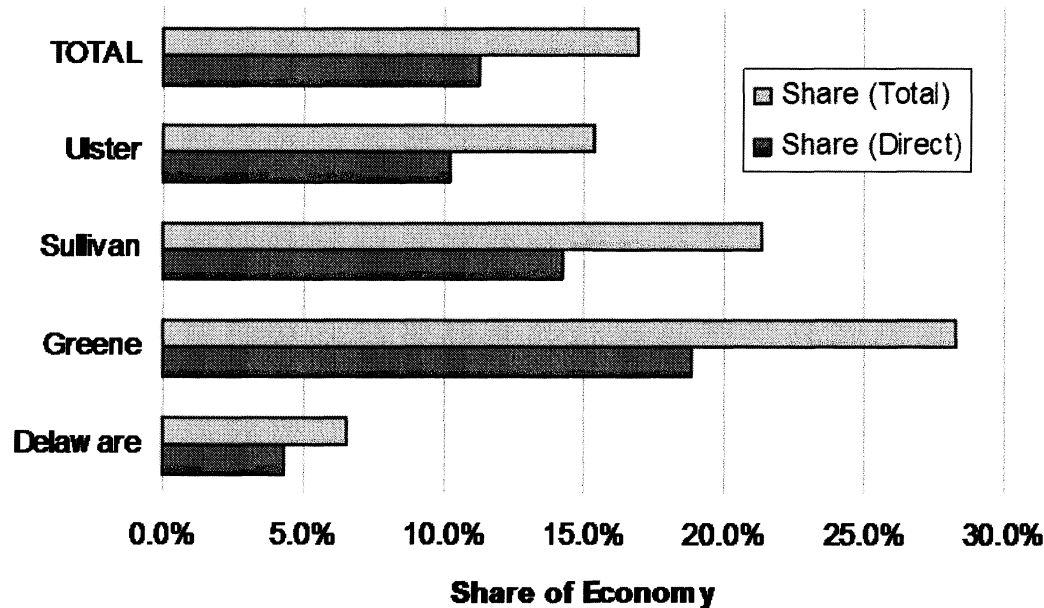
- Tourism in the Catskills directly supports 13,384 jobs and a total of 20,110 jobs including indirect and induced impacts.

Tourism Employment, 2006	<i>Direct</i>	<i>Total (Direct, Indirect, Induced)</i>	<i>Share (Direct)</i>	<i>Share (Total)</i>
Delaware	754	1,132	4.4%	6.5%
Greene	2,620	3,937	18.8%	28.3%
Sullivan	3,633	5,459	14.2%	21.3%
Ulster	6,377	9,582	10.2%	15.4%
TOTAL	13,384	20,110	11.2%	16.9%

Region 8: Catskills

Tourism Employment

Tourism Employment Share of Total Employment 2006



- About 17% of all employment in the Catskills is generated by tourism.
- Greene county is the most dependent upon tourism with over 28% of all employment generated by visitors.

Region 8: Catskills

Tourism Taxes

- Tourism in the Catskills generated over \$113 million in state and local taxes in 2006.
- Sales, property, and hotel bed taxes generated over \$58 million in local taxes.

Tourism-Generated Taxes, 2006	Local Taxes	State Taxes	Total	Region Share
Delaware	\$4,169,726	\$4,460,359	8,630,085	7.6%
Greene	\$7,939,559	\$8,492,952	16,432,511	14.5%
Sullivan	\$18,978,535	\$16,534,803	35,513,339	31.4%
Ulster	\$27,172,997	\$25,300,424	52,473,422	46.4%
TOTAL	\$58,260,819	\$54,788,538	113,049,357	100.0%

IV. THE LOCAL RESORT REAL ESTATE MARKET

IV. THE LOCAL RESORT REAL ESTATE MARKET

Introduction

At this time there appear to be no resort timeshare or fractional interest projects in active sales in the area immediately surrounding Belleayre Resort in the Catskill Mountains. Some four whole-ownership condominium projects were found in the area, along with two single family homesite developments. They are described in the following pages.

Enclave Club and Condominiums

Enclave Club and Condominiums are located at the base of Windham Mountain Ski Resort, providing ski-in/ski-out access. The condominiums were built in two 18-unit phases and just recently sold out. The one-, two- and three-bedroom condominiums range in size from 978 square feet to 3,000 square feet. Owners have access to the Enclave Club, which features an outdoor pool and spa, fitness center, underground parking, lounge, restaurant and slopeside ski and boot storage.

There are two one-bedroom units (978 square feet) listed for resale. One is priced at \$525,000, and one is priced at \$575,000. The average price per square foot is \$537 and \$588, respectively. Monthly HOA fees are \$520.

In addition to the condominiums, the community features 18 townhomes, which were built in 2006. There is one three-bedroom (1,521 square feet) listed for resale and four four-bedrooms (3,067 square feet). The three-bedroom is priced at \$895,000, and the four-bedroom units have an average price of \$1,425,000. The average price per square foot is \$588 for the three-bedroom and \$465 for the four-bedrooms.

Gallery Condominiums

Gallery Condominiums is located on Main Street in the heart of downtown Windham, approximately one-half mile from Windham Mountain Ski Resort. The renovated building has 13 new condominiums consisting of four one-bedrooms (650 square feet) and nine two-bedrooms (1,100 square feet). Units have ski slope views and/or village views.

The ground level of the building is commercial space, including a country store, brewery and sandwich shop. There are no other on-site amenities. Units feature hardwood flooring, gas fireplaces and stainless steel appliances. Monthly assessment fees are \$280 for the one-bedrooms and \$550 for the two-bedrooms.

Average prices are \$205,000 for the one-bedroom and \$345,000 for the two-bedrooms. This calculates to an average price per square foot of \$315 and \$314, respectively. Two units have been sold.

The Pinnacle

The Pinnacle is one of two condominium projects being developed at Hunter Mountain. The seven units have been built atop the Hunter Mountain Base Lodge, and provide ski-in/ski-out access. There are two two-bedrooms (1,100 square feet) and five three-bedrooms (1,850 square feet).

Units feature gourmet kitchens, glass mosaic and colored stone tile accents, hardwood flooring, radiant floor heating and jetted bathtubs. Owners receive full-membership at the Kaatskill Mountain Club. Amenities include a pool, two hot tubs, health club, full-service spa, steam room, sauna, arcade, restaurant, lounge and fitness trail with skill stations.

The average price for a two-bedroom is \$499,000, and the average price for a three-bedroom is \$679,000. The average price per square foot is \$454 and \$367, respectively. Monthly assessment fees are \$958 for the two-bedrooms and \$1,167 for the three-bedrooms. Sales began in October 2007 and six units have been sold. Estimated sales volume is \$3.7 million.

Trailside at Hunter

Trailside at Hunter is the second condominium project in active sales at Hunter Mountain. The condominiums are being developed in three phases. Phase I (20 units) is built, Phase II (11 units) is under-construction, and Phase III (11 units) is in pre-construction. All of the units in Phase I have been sold. Phase II will consist of three one-bedrooms (870 square feet), four two-bedrooms (1,350 square feet) and four three-bedrooms (1,850 square feet). The bedroom configurations of Phase III will be based on demand.

The units will provide views of the slopes of Hunter Mountain and the Catskill Valley. Residents will have access to all of the amenities at Club Hunter, including a swimming pool, hot tubs, tennis courts, fitness center, arcade, billiards room, sunset deck, restaurant, bar and lounge. Units will feature hardwood floors and berber carpeting, stainless steel appliances, granite countertops, high ceilings and floor-to-ceiling stone fireplaces.

Average prices range from \$200,000 for a one-bedroom, to \$352,000 for a two-bedroom, to \$466,000 for a three-bedroom. This translates to an average price per square foot of \$230, \$261 and \$252, respectively. Monthly HOA fees are \$500 for the one-bedrooms, \$608 for the two-bedrooms and \$750 for the three-bedrooms. Sales commenced in March 2008 for Phase II, and three condominiums have been sold. The anticipated completion date for Phase II is November 2008.

Trailside Lots

The Trailside Lots are also located at Windham Mountain and provide ski-in/ski-out access. The nine home-sites in this community are 1/3 acre and range in price from \$795,000 to \$895,000. An additional \$66,000 is required at the time of purchase to contribute to building an access road. Four homesites have been sold.

Village East Lots

The Village East Lots are also located at Windham Mountain. The four slope side home-sites, range in size from 1/3 acre to 3/4 acre and are all priced at \$600,000. None have been sold.

V. AN OVERVIEW OF THE FRACTIONAL INTEREST INDUSTRY

V. AN OVERVIEW OF THE FRACTIONAL INTEREST INDUSTRY

Introduction

As noted in Chapter I, one primary product being considered in this feasibility analysis is fractional interests. Since the concept is relatively new in the resort real estate industry, it is valuable to provide some background information on its current status.

As defined by Ragatz Associates, fractional interests is one of three components of the overall “shared-ownership resort real estate” industry. The other two components are private residence clubs and destination clubs.

The first two components are similar, in that both sell deeded ownership in shares of vacation homes, ranging from a 1/20 share with two weeks of annual use to a 1/4 share with three months of annual use. However, the two components vary in terms of price, quality of product, and degree of services and amenities. Ragatz Associates simply assumes that product selling for **less** than \$1,000 per square foot falls into the “fractional interest” category, and product selling for **more** than \$1,000 per square foot falls into the “private residence club” category.

A destination club typically sells 30-year memberships on a non-equity basis in a wide network of vacation homes in multiple locations. Some clubs are equity-based, however. The concept is further characterized by a refundability policy when members leave the club.

The purpose of this chapter is to describe current market conditions of all three components, with emphasis being on fractional interests and private residence clubs in North America. Material is taken from previous work conducted by Ragatz Associates, and not specifically for this report at-hand. It is intended for readers who may not be fully acquainted with these cutting-edge concepts.

Information in this chapter is taken from the most recent survey of the supply side of the shared-ownership industry, including market trends and product characteristics. It was completed by Ragatz Associates in March 2008. The survey was conducted by

telephone and included over 90 percent of all such projects known to exist in North America. This chapter at-hand describes the industry in overall North America, while Chapter VI describes the current industry in the Northeast, and Chapter VII concentrates on the industry at ski resorts/mountain locations.

Some 300 fractional interest projects and private residence clubs were identified, along with 21 destination clubs. Excluded from the 300 developments were ones: (1) with fewer than five units; and (2) not yet in sales.

The developments were identified by : (1) an exhaustive review of industry publications (including *Crittenden Resort Report, Developments, Vacation Industry Review, Robb Report, Vacation Ownership World*, etc.); (2) a review of attendee lists from past conferences in the resort industry; and (3) numerous feasibility analyses conducted by Ragatz Associates throughout North America during 2007.

The next step involved identifying which of the 300 developments were in active marketing and sales. Some 153 such developments were identified, including 85 fractional interest projects and 68 private residence clubs (along with the 21 destination clubs). Most of the other 147 developments are older, small, moderately-priced, sold-out fractional interest projects. The 153 active developments represent 18 more than in the previous year.

An extensive survey was conducted of the 153 active developments via telephone and email. Completed surveys were obtained from 148 developments, and partially completed surveys from five. Missing information was inserted by Ragatz Associates as based on prior experience in the industry. This document at-hand describes results of the survey of the 153 active developments.

Composition of the 153 active developments includes: (1) 85 fractional interest projects, with 65 actually closing sales and 20 still in pre-sales; and (2) 68 private residence clubs, with 46 closing sales and 22 still in pre-sales.

<u>component</u>	<u>closing sales</u>	<u>pre-sales</u>	<u>total</u>
fractional interest projects	65	20	85
private residence clubs	<u>46</u>	<u>22</u>	<u>68</u>
total	111	42	153

All 300 fractional interest projects and private residence clubs are listed by state/country/region in Table V-1.

TABLE V-1

All 300 Fractional Interest Projects and Private Residence Clubs

Project	Community	Type
ARIZONA		
Club at Hidden Meadow Ranch	Greer, AZ	FI
Quality Hill Resort Villas	Pinetop, AZ	FI
Rancho Manana Private Residence Club & Spa	Cave Creek, AZ	FI
Residence Club at Wilderness Rim	Payson, AZ	FI
Rocks Luxury Residence Club	Scottsdale, AZ	FI
Scottsdale Club Villas	Scottsdale, AZ	FI
Phoenician Residences	Scottsdale, AZ	PRC
Villas at Seven Canyons	Sedona, AZ	PRC
CALIFORNIA		
4 Seasons at Desert Breezes	Palm Desert, CA	FI
Club at Big Bear Village	Big Bear Lake, CA	FI
Mountain Club, The	Kirkwood, CA	FI
Northstar Club	Northstar, CA	FI
Residence Club at PGA West	La Quinta, CA	FI
Sentinels Private Ownership Club	Kirkwood, CA	FI
Sierra Shores	South Lake Tahoe, CA	FI
Tallus Private Residence Club	Mammoth Lakes, CA	FI
Villas of Gold Mountain	Graeagle, CA	FI
80/50 Mammoth	Mammoth Lakes, CA	PRC
80/50 Northstar Lake Tahoe	Truckee, CA	PRC
Calistoga Ranch	Calistoga, CA	PRC
Club Casa Mina	Santa Barbara, CA	PRC
Expedition Lodge at Kirkwood Mountain Resort	Kirkwood, CA	PRC
Fairmont Heritage Place Ghirardelli Square	San Francisco, CA	PRC
Marriott Grand Residence Club	South Lake Tahoe, CA	PRC
Mayacama	Santa Rosa, CA	PRC
Old Greenwood	Truckee, CA	PRC
Orchard at The Carneros Inn	Napa, CA	PRC
Ritz-Carlton Club, San Francisco	San Francisco, CA	PRC
Sierra Shores	South Lake Tahoe, CA	PRC
Storied Places at Tonopalo	Tahoe Vista, CA	PRC
Surfers Point Resort	Encinitas, CA	PRC
Villas at The Grand Del Mar	Carmel Valley, CA	PRC
Villas at Rancho Valencia	La Jolla, CA	PRC
COLORADO		
Cabin Club at Fox Acres	Red Feather Lakes, CO	FI
Christie Club	Steamboat Springs, CO	FI
Cirque at Copper Mountain	Copper Mountain, CO	FI
Fairmont Heritage Place Franz Klammer Lodge	Telluride, CO	FI
Grand Summit Resort Hotel - Steamboat Springs	Steamboat Springs, CO	FI
Greens at Copper Creek	Copper Mountain, CO	FI

Project	Community	Type
Inn at Lost Creek	Telluride, CO	FI
Park Plaza at Beaver Creek	Beaver Creek, CO	FI
Pine Meadows	Telluride, CO	FI
Pinnacle Private Residence Club	Durango, CO	FI
Prospector of Aspen	Aspen, CO	FI
Purgatory Lodge	Durango, CO	FI
Rams Horn Village	Estes Park, CO	FI
Rockies Condominiums	Steamboat Springs, CO	FI
Shadow Mountain Lodge at Aspen	Aspen, CO	FI
Austria Haus	Vail, CO	PRC
Club at Solaris	Vail, CO	PRC
Club Residences at Vail Mountain Lodge & Spa	Vail, CO	PRC
Dancing Bear Residences	Aspen, CO	PRC
Four Seasons Residence Club at Vail	Vail, CO	PRC
Hyatt Grand Aspen Lodge	Aspen, CO	PRC
Hyatt Main Street Station	Breckenridge, CO	PRC
Hyatt Mountain Lodge	Beaver Creek, CO	PRC
Innsbruck, The	Aspen, CO	PRC
One Steamboat Place	Steamboat Spring, CO	PRC
One Willow Bridge Road	Vail Village, CO	PRC
Porches Private Residence Club, The	Steamboat Springs, CO	PRC
Residences at Little Nell	Aspen, CO	PRC
Residences at Snowmass Club	Snowmass Village, CO	PRC
Ritz-Carlton Club at Aspen Highlands	Aspen, CO	PRC
Ritz-Carlton Club at Bachelor Gulch	Beaver Creek, CO	PRC
River Club	Telluride, CO	PRC
Roaring Fork Club	Basalt, CO	PRC
Snowmass Club	Snowmass, CO	PRC
St. Regis Residence Club Aspen	Aspen, CO	PRC
Timbers Club	Snowmass Village, CO	PRC
Valdoro Mountain Lodge	Breckenridge, CO	PRC
Vail Plaza Club & Hotel	Vail, CO	PRC
Villas at Tristant	Telluride, CO	PRC
DELAWARE		
Surf Club	Dewey Beach, DE	FI
FLORIDA		
Emerald Grande at HarborWalk Village	Destin, FL	FI
Inspiration, Storied Places Sandestin	Sandestin, FL	FI
Lighthouse Key Resort & Spa	Kissimmee, FL	FI
Private Quarters Club Amelia National	Amelia Island, FL	FI
Sandrift Resort	Naples, FL	FI
Sunset Cove Resort & Suites	Marco Island, FL	FI
WaterColor Private Residence Club	Seagrove Beach, FL	FI
Magnolia Private Residence Club	Seacrest Beach, FL	PRC
Private Residence Club at Rosemary Beach	Rosemary Beach, FL	PRC
Residence Club at Cedar Key Village	Cedar Key, FL	PRC
Residence Club at Fisherman's Cove	Key Largo, FL	PRC

Project	Community	Type
Ritz-Carlton Club, Jupiter	Jupiter, FL	PRC
Ritz-Carlton Club, South Beach	South Beach, FL	PRC
Tidemark Resorts	Holmes Beach, FL	PRC
Trump Las Olas Beach Resort	Ft. Lauderdale, FL	PRC
GEORGIA		
Seasons of Lake Burton	Lake Burton, GA	FI
HAWAII		
Kona Bullfisher	Kailua-Kona, HI	FI
Maui Sunset	Kihei, HI	FI
Villas at Kona Plantation Estates	Kailua-Kona, HI	FI
Ritz-Carlton Club, Kapalua Bay	Kapalua Bay, HI	PRC
IDAHO		
Bend at Blackhawk on The River	Blackhawk on The River, ID	FI
Hearthstone at Spring Mountain	McCall, ID	FI
Hemingways	Sun Valley, ID	FI
Residence Club at Priest Lake	Priest Lake, ID	FI
Residence Club at Teton Springs	Victor, ID	FI
Les Saisons	Sun Valley, ID	PRC
INDIANA		
Pointe Golf and Tennis Resort	Bloomington, IN	FI
MAINE		
Grand Summit Resort Hotel – Sugarloaf	Carrabassett Valley, ME	FI
Grand Summit Resort Hotel - Sunday River	Bethel, ME	FI
MARYLAND		
Marlin Cove II - Blue Marlin	Ocean City, MD	FI
Quarters	Ocean City, MD	FI
Quarters at Marlin Cove	Ocean City, MD	FI
MASSACHUSETTS		
Horizon Beach/Terrace Dunes Resort	North Truro, MA	FI
Sea Quarters of New Seabury	New Seabury, MA	FI
Edgartown Residence Club	Edgartown, MA	PRC
MICHIGAN		
Beach House at Lake Street	Holland, MI	FI
Cottages at Waters Edge	Thompsonville, MI	FI
Homestead	Glen Arbor, MI	FI
Kinlochen Lodge at Crystal Mountain Resort	Thompsonville, MI	FI
Masterpiece Residence Club at Treetops Resort	Treetops Village, MI	FI
Mountain Grand Lodge at Boyne Mountain Resort	Boyne Falls, MI	FI
Shanty Creek	Bellaire, MI	FI
Sunset Shores Resort	Cadillac, MI	FI
Tamarack Lodge	Traverse City, MI	FI

Project	Community	Type
Timber Lodge at Hawk's Eye Golf Resort	Bellaire, MI	FI
Vacation Club II	Bellaire, MI	FI
Wintergreen Quarters	Stanwood, MI	FI
MINNESOTA		
Larsmont Cottages on Lake Superior	Duluth, MN	FI
Superior Shores	Two Harbors, MN	FI
Trapper's Landing Lodge on Leech Lake	Walker, MN	FI
MISSOURI		
Four Seasons Racquet and Country Club	Lake Ozark, MO	FI
La Jolla Club at 4 Seasons Racquet Club	Lake Ozark, MO	FI
Lakeview Resort Vacation Club	Lake Ozark, MO	FI
Private Quarters Club Porto Cima	Lake Ozark, MO	FI
MONTANA		
Edelweiss	Whitefish, MT	FI
Meadow Lake Golf and Ski Resort	Columbia Falls, MT	FI
Meriwether Ranch*	Melrose, MT	FI
Ptarmigan Village at Whitefish	Whitefish, MT	FI
NEVADA		
Residence Club at Southshore	Zephyr Cove, NV	FI
Tropicana Estates	Las Vegas, NV	FI
NEW HAMPSHIRE		
B. Mae's Resort	Gilford, NH	FI
Bretton Woods	Bretton Woods, NH	FI
Deer Park	North Woodstock, NH	FI
Grand Summit Resort Hotel – Attitash	Bartlett, NH	FI
Mountain Sun Condominium Quarters	Waterville Valley, NH	FI
NEW JERSEY		
Ocean House	Cape May, NJ	PRC
NEW MEXICO		
Hacienda Club at Angel Fire	Angel Fire, NM	FI
Residence Club at El Corazon	Santa Fe, NM	FI
NEW YORK		
Kaatskill Mountain Club	Hunter, NY	FI
Lodges at Cresthaven	Lake George, NY	FI
Quarters at Four Seasons Inn	Lake George, NY	FI
Quarters at Lake George	Lake George, NY	FI
Phillips Club at Lincoln Square	New York, NY	PRC
St. Regis Residence Club New York	New York, NY	PRC
Whiteface Lodge	Lake Placid, NY	PRC

Project	Community	Type
NORTH CAROLINA		
Cottages at National Golf Club	Village of Pinehurst, NC	FI
Mountain Club at Cashiers	Cashiers, NC	FI
Ships Watch	Outer Banks, NC	FI
Boarding House at Balsam Mountain Preserve	Sylva, NC	PRC
Hammocks on Bald Head Island	Southport, NC	PRC
OREGON		
Eagle Springs	Redmond, OR	FI
Eagle's Landing at Running Y	Klamath Falls, OR	FI
Mount Bachelor Village Resort	Bend, OR	FI
Residence Club at Pronghorn	Bend, OR	FI
Residence Club at Seaside	Seaside, OR	FI
Resort at Whale Pointe	Depoe Bay, OR	FI
Ridge at Sunriver	Sunriver, OR	FI
Seventh Mountain Resort	Bend, OR	FI
Shorepine Village	Pacific City, OR	FI
Stoneridge Townhomes	Sunriver, OR	FI
Thundering Shores Executive Estate Condos	Depoe Bay, OR	FI
Cottages at Cape Kiwanda	Pacific City, OR	PRC
PENNSYLVANIA		
North Slope & Valley View at Shawnee	Shawnee-On-Delaware, PA	FI
RHODE ISLAND		
Neptune Vacation Club	Block Island, RI	FI
Vanderbilt Private Residence Club	Newport, RI	PRC
SOUTH CAROLINA		
Brigantine Quarters	Hilton Head, SC	FI
Cottages at Shipyard	Hilton Head, SC	FI
Dye Villas Private Residence Club	North Myrtle Beach, SC	FI
Harbour Town Yacht Club	Hilton Head, SC	FI
Harbourside III	Hilton Head, SC	FI
Legacy Club	Seneca, SC	FI
Main Street Inn	Hilton Head, SC	FI
Ocean Front Residence Club at Daufuskie Island	Hilton Head, SC	FI
Ocean Palms at Port Royal Resort	Hilton Head, SC	FI
Owners Club at Hilton Head, The	Hilton Head, SC	FI
Planters Quarters at Port Royal Resort	Hilton Head, SC	FI
Southwind	Hilton Head, SC	FI
SOUTH DAKOTA		
Roosevelt Residence Club at Tatanka Spirit	Buffalo Gap, SD	FI
TEXAS		
Owners Club at Barton Creek, The	Austin, TX	FI
Pirates Cove Townhomes	Galveston, TX	FI
San Luis Condominiums	Galveston, TX	FI

Project	Community	Type
Victorian Villa Verona at Piazza San Lorenzo	Galveston, TX San Antonio, TX	FI PRC
UTAH		
Deer Valley Club	Park City, UT	FI
Grand Summit Resort Hotel - The Canyons	Park City, UT	FI
Residences at The Chateaux	Deer Valley, UT	FI
Sojourn Mountain Resort	Brian Head, UT	FI
Mt. Superior Residence Club	Snowbird, UT	PRC
Sky Lodge ResortClub	Park City, UT	PRC
VERMONT		
Adams House at Okemo Mountain Resort	Ludlow, VT	FI
Family Share at Smugglers Notch	Smugglers Notch, VT	FI
Grand Summit Resort Hotel - Mt. Snow	West Dover, VT	FI
Jackson Gore Inn at Okemo Mountain Resort	Ludlow, VT	FI
Killington Grand Hotel & Crown Club	Killington, VT	FI
Lodge at Lincoln Peak	Warren, VT	FI
Trail Creek Condominiums	Killington, VT	FI
Villas at Trapp Family Lodge	Stowe, VT	FI
Claybrook at Sugarbush	Warren, VT	PRC
Front Four at Stowe Mountain	Stowe, VT	PRC
VIRGINIA		
Owners Club at The Homestead, The	Hot Springs, VA	FI
WASHINGTON		
Blue Heron	Union, WA	FI
Cabana at Lake Chelan	Chelan, WA	FI
Kala Point Village	Port Townsend, WA	FI
Lake House at Chelan	Chelan, WA	FI
Snowater	Glacier, WA	FI
Weatherly Condominium Resort	Ocean Shores, WA	FI
Canyon River Ranch	Yakima River Canyon, WA	PRC
WISCONSIN		
Little Sweden Vacation Resort	Fish Creek, WI	FI
Private Quarters Club Geneva National	Lake Geneva, WI	FI
WYOMING		
Residence Club at Teton Pines	Jackson Hole, WY	FI
Four Seasons Residence Club at Jackson Hole	Jackson Hole, WY	PRC
Teton Club	Jackson Hole, WY	PRC
CANADA		
Bighorn Meadows Resort	Radium Hot Springs, BC	FI
Canadian Mountain Cabins	Kimberley, BC	FI
Champlain Shores	Haliburton, ON	FI
Cottages at Pine Cove	Noelville, ON	FI

Project	Community	Type
Cottages at Port Stanton	Severn Bridge, ON	FI
Currents at Otter Bay	Vancouver, BC	FI
Diamond's Edge Muskoka	Muskoka, ON	FI
Frontenac Shores	Cloyne, ON	FI
Georgian Bay Beach Club	Penetanguishene, ON	FI
Harrison Beach Hotel	Harrison Hot Springs, BC	FI
Heron Point	Invermere, BC	FI
Horstman House	Whistler, BC	FI
Inaski Shores	Kawartha Lakes, ON	FI
Juniper Lodge Fernie	Fernie, BC	FI
Lakeside at Rocky Crest	Muskoka, ON	FI
Landscapes at Lake of Bays	Baysville, ON	FI
Le Sommet des Nieges	Mont Tremblant, Quebec	FI
Legendes, Storied Places Tremblant	Mont Tremblant, Quebec	FI
Lodge at Pine Cove	Noelville, ON	FI
Lodges at Canmore	Canmore, BC	FI
Marcus Beach	Haliburton Highlands, ON	FI
Masters On 18 at Bear Mountain	Victoria, BC	FI
Miraloma on the Cove	Sidney, BC	FI
Montebello II	Whistler, BC	FI
Muskokan Resort Club	Muskoka, ON	FI
Northstar Mountain Village	Kimberley, BC	FI
On Ocean's Edge	St. Johns, NL	FI
Pacific Shores Resort & Spa	Nanose Bay, BC	FI
Parkside Victoria Resort & Spa	Parksville, BC	FI
Pinnacle Ridge Resort	Fernie, BC	FI
Poet's Cove Seaside Resort	Vancouver, BC	FI
Residences at The Beach Club	Parksville, BC	FI
Resort at Copper Point	Windermere, BC	FI
Royal Private Residence Club	Kelowna, BC	FI
Solara Resort	Canmore, Alberta	FI
Sooke Harbour Resort & Marina	Sooke, BC	FI
Spirit Ridge Vineyard Resort & Spa	Osoyoos, BC	FI
Sunrise Ridge Resort	Parksville, BC	FI
Taboo Resort	Gravenhurst, ON	FI
Tapatoo Shores	Muskoka, ON	FI
Tory's Landing Cottage Community	Messionaugh, ON	FI
Touchstone on Lake Muskoka	Muskoka, ON	FI
Vacation Residence Club at Fox Harb'r	Wallace, Nova Scotia	FI
White Point Beach Resort	Queens County, Nova Scotia	FI
Evolution at Whistler	Whistler, BC	PRC
Storied Places At Natures Door	Whistler, BC	PRC
CARIBBEAN		
Cinnamon Hill Club	Jamaica, West Indies	FI
Ocean Terrace Condominiums	Anguilla, British West Indies	FI
Ocotalito Resort and Spa	Guanacaste, Costa Rica	FI
Virgin Grand Villas	St. John, USVI	FI
February Point Resort Estates	Great Exuma, Bahamas	PRC

Project	Community	Type
Four Seasons Residence Club at Costa Rica	Guanacaste, Costa Rica	PRC
Eros Villas at Eden Rock Hotel	St. Barth, French West Indies	PRC
Harbour Court at Tucker's Point	Tucker's Town, Bermuda	PRC
Isle de France Club	St. Barth, USVI	PRC
Newstead Belmont Hills	Paget, Bermuda	PRC
Pelican Marina Residences	St. Maarten, Netherland Antilles	PRC
Pond Bay Club	St. John, USVI	PRC
Reefs Club	Southampton, Bermuda	PRC
Residence Club at Tucker's Point	Tucker's Town, Bermuda	PRC
Ritz-Carlton Club at St. Thomas	St. Thomas, USVI	PRC
Waterford Private Residence Club	Safe Haven, Grand Cayman	PRC
MEXICO		
Bella Sirena	Puerto Penasco, Mexico	FI
Bella Vista Towers	Cancun, Mexico	FI
Cabo Villas Beach Resort	Cabo San Lucas, Mexico	FI
Capella Pedregal Residences	Cabo San Lucas, Mexico	FI
La Perla Del Mar	Puerto Penasco, Mexico	FI
Laguna Shores	Puerto Penasco, Mexico	FI
Meridian Club at Porto Hussong	Ensenada, Mexico	FI
Montecristo Estates	Cabo San Lucas, Mexico	FI
Oasis, The	Puerto Penasco, Mexico	FI
Owners Club at Puerto Vallarta, The	Puerto Vallarta, Mexico	FI
Playa Royale Residence Club	Nayarit, Mexico	FI
Porto Bello Grand Marina	Puerto Aventuras, Mexico	FI
Tranquilo Punta Leona	Punta Leona, Mexico	FI
Vallarta Gardens	Nayarit, Mexico	FI
Villas at Club Intrawest, The	Zihuatanejo, Mexico	FI
Villa La Estancia	Cabo San Lucas, Mexico	FI
Villa La Estancia Nuevo Vallarta	Nuevo Vallarta, Mexico	FI
Auberge Residence Club at Esperanza	Cabo San Lucas, Mexico	PRC
Fairmont Heritage Place Acapulco Diamante	Acapulco, Mexico	PRC
Four Seasons Residence Club at Punta Mita	Punta Mita, Mexico	PRC
Grand Regina Los Cabos	Cabo San Lucas, Mexico	PRC
Las Residencias at Casa Del Mar	Cabo San Lucas, Mexico	PRC
Mision La Serena	Cabo San Lucas, Mexico	PRC
Playa Viva	Zihuatanejo, Mexico	PRC
Residence Club at Monuments Beach, The	Cabo San Lucas, Mexico	PRC

Sales Volume in 2007

Total sales volume for the shared-ownership industry is estimated at about \$2.3 billion for 2007. This includes closed sales, presales and resales. As shown below, the total includes \$485.1 million from fractional interest projects (21.1 percent), \$1.2 billion from private residence clubs (52.3 percent), and \$610.0 million from destination clubs (26.6 percent).

<u>component</u>	<u>sales volume in 2007 (mil.)</u>	<u>percent of the total</u>
fractional interests	\$485.1	21.1%
private residence clubs	\$1,202.3	52.3%
destination clubs	\$610.0	26.6%
total	\$2,297.4	100.0%

The preceding sales volume estimates:

1. include pre-sales and resales **only** from fractional interest projects and private residence clubs and not from destination clubs, due to difficulty in obtaining such figures from the latter component
2. include resales **only** made **on-site** at fractional interest projects and private residence clubs as handled through the development companies themselves, and **not** resales made by owners on their own through other methods, again due to difficulty in obtaining such figures from the latter source
3. do **not** include sales made at individual fractionalized homes or at developments with less than five units
4. are felt to err on the conservative side when estimating sales volumes at developments not forthcoming with the information

In actuality, when considering the four preceding items, total sales volume in 2007 in the shared-ownership industry was probably closer to \$2.5 billion, rather than our more conservative figure of \$2.3 billion.

It further is estimated that of the \$2.3 billion, about 65 percent was from closed sales, 33 percent was from presales, and two percent was from resales.

Recent Trends in Sales Performance

It is interesting to look at recent trends in sales performance in the shared-ownership industry. Ragatz Associates started tracking the industry in 1999. However, lower-priced fractional interest projects and destination clubs were not included until 2004.

Perhaps the most important trend information is the sales performance in 2007 compared to the previous year of 2006, as summarized below.

	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>destination clubs</u>	<u>total</u>
sales volume (mil.)				
2006	\$476.0	\$1,070.1	\$575.8	\$2,121.9
2007	\$485.1	\$1,202.3	\$610.0	\$2,297.4
change: 2006 to 2007				
amount (mil.)	\$9.1	\$132.2	\$34.2	\$175.5
percent	1.9%	12.4%	5.9%	8.3%

It is estimated the sales volume in the shared-ownership industry increased by \$175.5 million in 2007 over 2006, or 8.3 percent. This includes \$132.2 million by private residence clubs (+12.4 percent), \$34.2 million by destination clubs (+5.9 percent), and \$9.1 million by fractional interest projects (+1.9 percent).

Based on these simple numbers, it appears the industry grew again in 2007. However, a few caveats are in order:

1. It is suspected that the bulk of the growth occurred during the first six months of the year, with sales slowing down in the last six months in accord with the dramatic decline in the entire residential real estate market in the U.S.
2. Some 19.5 percent of the growth was achieved by the destination clubs, which rebounded from the previous year due to a bankruptcy that year of the second largest club.

3. The fractional interest component grew by only 1.9 percent.
4. The private residence club component grew by a significant 12.4 percent, but included in this growth was a large proportion of presales.
5. Some of the growth was due to having a larger number of developments in active sales than in the previous year (153 compared to 135).
6. Although the preceding caveats are important, it still appears the shared-ownership industry had a better year than the overall residential real estate industry, as well as the whole-ownership resort real estate industry.

The following table shows estimated growth of the shared-ownership industry over the past four years. During this short span, the annual sales volume increased from about \$1.54 billion to \$2.3 billion – plus \$754.5 million, or 48.9 percent. Other observations include:

1. 2004 was the most significant growth year, both in absolute and relative terms. This was due to the industry really escalating for the first time, and a smaller absolute growth from which to begin.
2. 2005 was another good year, as the industry stabilized into a more rational growth curve.
3. 2006 was a relatively slow growth year, due primarily to a 21 percent decline in the destination clubs and the aforementioned bankruptcy. In that year, the private residence club component realized a phenomenal 92 percent increase in sales volume.
4. As previously noted, 2007 was another growth year, and could have been more dramatic if not for the general decline of the overall residential and whole-ownership resort real estate industries throughout most of the U.S.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
total sales volume (mil.)	\$1,542.9	\$1,967.8	\$2,121.9	\$2,297.4
change from previous year				
amount (mil.)	\$1,011.9	\$424.9	\$154.1	\$175.5
percent	190.5%	27.5%	7.8%	8.3%

Some Average Sales Performance Indicators

In 2007 the average shared-ownership development (excluding the 21 destination clubs) had a sales volume of \$11.0 million, or about \$920,000 per month. On a per share basis, the annual average number of shares sold was 81, representing a monthly average of 6.5.

The preceding figures were much more modest for the fractional interest component, with averages of:

- \$5.8 million annual sales volume
- \$480,000 monthly sales volume
- 60 annual sales
- 5.0 monthly sales

The figures were significantly more positive for the private residence club component, with averages of:

- \$17.9 million annual sales volume
- \$1.5 million monthly sales volume
- 103 annual sales
- 8.5 monthly sales

All preceding averages are influenced downwards by inclusion in the 153 active developments of several that: (1) were just getting started during the latter part of 2007; (2) were poorly conceived from the outset; and/or (3) had poorly funded or inappropriate marketing and sales programs.

As shown below, many of the 153 active developments had good sales performances in 2007, despite the national real estate industry slowdown. This was

especially true for private residence clubs, with 26.4 percent having sales volumes over \$20 million. On the other hand, only 5.8 percent of fractional interest projects had sales volumes over \$20 million, with 67.6 percent being less than \$5.0 million.

As the industry matures and becomes more widely understood by income-eligible households, it is fully expected that all preceding sales performance indicators will improve. This expectation applies to fractional interest projects as well as to private residence clubs. And, it will be more evident as the national economy recovers.

annual sales volume (\$ millions)	percent of developments		combined
	fractional interest projects	private residence clubs	
under \$2.49	46.5%	12.6%	31.7%
\$2.5 to \$4.99	21.1%	9.2%	14.5%
\$5.0 to \$9.99	18.0%	26.6%	23.1%
\$10.0 to \$19.99	8.6%	25.3%	16.8%
\$20.0 to \$34.99	1.0%	21.0%	8.7%
\$35.0 or more	<u>4.8%</u>	<u>5.4%</u>	<u>5.2%</u>
total	100.0%	100.0%	100.0%

While the preceding table suggests that many shared-ownership developments performed well in 2007, it is noted that the sagging national economy did impact the industry, just as it did most other components of the country's real estate industry. For instance, the average annual sales volume among fractional interest projects increased only 1.1 percent in 2007 over 2006, and this figure actually declined by 8.0 percent among private residence clubs.

Some Qualitative Comments From Developers

Three qualitative questions were asked the 153 developers with active projects about their sales performance in 2007. The first inquired how sales in 2007 compared to expectations at the beginning of the year. Among all participants in the survey, 33 percent said "poorer than expected," 48 percent said "about what expected," and 19 percent said "better than expected." As shown below, results were more positive among developers of private residence clubs.

<u>reply</u>	<u>percent of developers</u>		<u>combined</u>
	<u>fractional interest projects</u>	<u>private residence clubs</u>	
poorer than expected	41%	25%	33%
about what expected	48%	48%	48%
better than expected	<u>11%</u>	<u>27%</u>	<u>19%</u>
total	100%	100%	100%

The following compares variables of developments that were more likely to perform better or worse in 2007. Results suggest that on average, better performing developments were smaller and higher priced.

	<u>percent of respondents saying:</u>	
	<u>“poorer than expected”</u>	<u>“better than expected”</u>
number of built units	21	15
average price per share	\$185,000	\$330,000
average price per square foot	\$1,025	\$1,320
average maintenance fees per week	\$1,095	\$1,635

The second question asked developers how they perceived their sales performance in 2007 compared to the whole-ownership resort real estate industry in their local market area. As shown below, about an equal number said “poorer” as said “better.”

<u>reply</u>	<u>percent of developers</u>		<u>combined</u>
	<u>fractional interest projects</u>	<u>private residence clubs</u>	
poorer	31%	32%	31%
about the same	45%	34%	41%
better	<u>24%</u>	<u>34%</u>	<u>28%</u>
total	100%	100%	100%

The final question asked developers whether they again would enter the shared-ownership industry in hindsight. As shown below, an overwhelming proportion answered in the affirmative.

<u>reply</u>	<u>percent of developers</u>		<u>combined</u>
	<u>fractional interest projects</u>	<u>private residence clubs</u>	
yes	87%	98%	92%
no	<u>13%</u>	<u>2%</u>	<u>8%</u>
total	100%	100%	100%

Location of All 300 Developments

The majority of the 300 fractional interest projects and private residence clubs in North America are in the United States. Included are 213 developments, or 71.1 percent. The remainder are in Canada (46, or 15.3 percent), Mexico (25, or 8.3 percent), and the Caribbean (16, or 5.3 percent).

The 213 developments in the U.S. are in 34 states. Concentrations occur in a few states, however. Seven states contain 10 or more developments, including Colorado (39), California (25), Florida (15), Michigan (12), Oregon (12), South Carolina (12), and Vermont (10). Collectively, these seven states contain 125 developments, representing 58.7 percent of the 213 in the U.S., and 41.7 percent of the 300 in North America.

The 300 total developments include 211 fractional interest projects (70.3 percent) and 89 private residence clubs (29.7 percent). Fractional interest projects are found in 33 states, but private residence clubs are found in only 16.

Of the 89 private residence clubs, 75.3 percent (67) are in the U.S., 13.5 percent (12) are in the Caribbean, 9.0 percent (eight) are in Mexico, and 2.2 percent (two) are in Canada. While Canada contains 20.9 percent of the 211 fractional interest projects, it contains only two private residence clubs. On the other hand, while the Caribbean contains 13.5 percent of the private residence clubs, it contains only 1.9 percent of the fractional interest projects.

Two states alone contain 59.7 percent of the 67 private residence clubs in the U.S. and 44.9 percent of all 89 private residence clubs in North America. These states are Colorado with 24 and California with 16. Such concentration obviously relates to: (1) the general popularity of these two states for all types of resort real estate; and (2) their high costs of land and construction, especially at ski resorts in Colorado and coastal areas in California.

The preceding locational statistics are detailed in Table V-2 and summarized below.

TABLE V-2

Location of All Shared-Ownership Developments

Country/State	Fractional Interest Projects		Private Residence Clubs		Total	
	Number	Percent	Number	Percent	Number	Percent
United States	146	69.2%	67	75.3%	213	71.1%
Arizona	6	2.8%	2	2.2%	8	2.4%
California	9	4.3%	16	18.0%	25	8.3%
Colorado	15	7.1%	24	27.0%	39	13.0%
Delaware	1	0.5%	0	0.0%	1	0.3%
Florida	7	3.3%	8	9.0%	15	5.0%
Georgia	1	0.5%	0	0.0%	1	0.3%
Hawaii	3	1.4%	1	1.1%	4	1.3%
Idaho	5	2.4%	1	1.1%	6	2.0%
Indiana	1	0.5%	0	0.0%	1	0.3%
Maine	2	0.9%	0	0.0%	2	0.7%
Maryland	3	1.4%	0	0.0%	3	1.0%
Massachusetts	2	0.9%	1	1.1%	3	1.0%
Michigan	12	5.7%	0	0.0%	12	4.0%
Minnesota	3	1.4%	0	0.0%	3	1.0%
Missouri	4	1.9%	0	0.0%	4	1.3%
Montana	4	1.9%	0	0.0%	4	1.3%
Nevada	2	0.9%	0	0.0%	2	0.7%
New Hampshire	5	2.4%	0	0.0%	5	1.7%
New Jersey	0	0.0%	1	1.1%	1	0.3%
New Mexico	2	0.9%	0	0.0%	2	0.7%
New York	4	1.9%	3	3.4%	7	2.3%
North Carolina	3	1.4%	0	0.0%	3	1.0%
Oregon	11	5.2%	1	1.1%	12	4.0%
Pennsylvania	1	0.5%	0	0.0%	1	0.3%
Rhode Island	1	0.5%	1	1.1%	2	0.7%
South Carolina	12	5.7%	0	0.0%	12	4.0%
South Dakota	1	0.5%	0	0.0%	1	0.3%
Texas	4	1.9%	1	1.1%	5	1.7%
Utah	4	1.9%	2	2.2%	6	2.0%
Vermont	8	3.8%	2	2.2%	10	3.3%
Virginia	1	0.5%	0	0.0%	1	0.3%
Washington	6	2.8%	1	1.1%	7	2.3%
Wisconsin	2	0.9%	0	0.0%	2	0.7%
Wyoming	1	0.5%	2	2.2%	3	1.0%
Canada	44	20.9%	2	2.2%	46	15.3%
Caribbean	4	1.9%	12	13.5%	16	5.3%
Mexico	17	8.1%	8	9.0%	25	8.3%
Total	211	100.0%	89	100.0%	254	100.0%

<u>country/state</u>	<u>number of:</u>		<u>total</u>
	<u>fractional interest projects</u>	<u>private residence clubs</u>	
United States	146	67	213
Colorado	15	24	39
California	9	16	25
Florida	7	8	15
Michigan	12	0	12
Oregon	11	1	12
South Carolina	12	0	12
Vermont	8	2	10
other	72	16	88
Canada	44	2	46
Mexico	17	8	25
Caribbean	<u>4</u>	<u>12</u>	<u>16</u>
total	211	89	300

Location of the 153 Active Developments

As noted, 153 of the 300 total shared-ownership developments in North America are in active sales. This includes 85 fractional interest projects and 68 private residence clubs. Some 96 of the 153 developments (62.7 percent) are in the U.S., 26 (17.0 percent) are in Canada, 18 (11.8 percent) are in Mexico, and 13 (8.5 percent) are in the Caribbean.

Three states in the U.S. contain significant portions of the 153 active developments. This includes 16 in Colorado, 16 in California and eight in Florida, or 41.7 percent of the 96 in the U.S. and 26.1 percent of the 153 in North America.

There is variation, however, when separating fractional interest projects from private residence clubs. The three states of Colorado, California and Florida contain only 10.5 percent of the 85 fractional interest projects, but 45.6 percent of the 68 private residence clubs. When looking only at the U.S., the 96 active developments include 46 fractional interest projects and 50 private residence clubs. The 96 developments are in 23 states.

The preceding locational statistics are detailed in Table V-3 and summarized below.

TABLE V-3
Location of *Active* Shared-Ownership Developments

Country/State	Number	Percent	Percent of:	
			Fractional Interest Projects	Private Residence Clubs
United States	96	62.7%	54.1%	73.5%
Colorado	16	10.5%	3.5%	19.1%
California	16	10.5%	3.5%	19.1%
Florida	8	5.2%	3.5%	7.4%
Idaho	5	3.3%	4.7%	1.5%
Michigan	4	2.6%	4.7%	0.0%
Vermont	4	2.6%	3.5%	1.5%
Elsewhere	43	28.1%	30.7%	24.9%
Canada	26	17.0%	28.2%	2.9%
Caribbean	13	8.5%	2.4%	16.2%
Mexico	<u>18</u>	<u>11.8%</u>	<u>15.3%</u>	<u>7.4%</u>
Total	153	100.0%	100.0%	100.0%

country/state	number of active :		total
	<u>fractional interest projects</u>	<u>private residence clubs</u>	
United States	46	50	96
Colorado	3	13	16
California	3	13	16
Florida	3	5	8
Michigan	4	0	4
Idaho	4	1	5
Vermont	3	1	4
elsewhere	26	17	43
Canada	24	2	26
Mexico	13	5	18
Caribbean	<u>2</u>	<u>11</u>	<u>13</u>
total	85	68	153

Number of Units

At this point in the evolution of the shared-ownership industry, developments remain fairly small in size. This is caused by several factors:

1. Many of the 153 active projects are just starting sales, and building units in phases in accord with effected market demand.
2. Many are on sites confined by size and/or zoning regulations. This is especially true with private residence clubs in communities with limited amounts of developable land such as Aspen, Vail, etc.
3. Consumer awareness of the concept still is in its incubatory stages in many markets.

As the concept becomes more widely recognized, as sales proceed with existing projects, and as developers and lenders become more confident with the market, it is fully expected that size of developments will increase.

When looking at the 153 active developments, the average number of already built units is 20. This average is 20 units for fractional interest projects and 19 for private residence clubs. When including under-construction and additionally planned units, the overall average increases to 43. This includes 47 units for fractional interest projects and 36 for private residence clubs. The average is three units more than in 2006 when it was only 40.

These figures are summarized below.

<u>average units that are:</u>	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
built	20	19	20
under-construction	15	12	14
planned	<u>12</u>	<u>5</u>	<u>9</u>
total	47	36	43

Some 43.5 percent of fractional interest projects currently have units under-construction, and 42.4 percent have additional units planned. Of private residence clubs, 38.2 percent currently have units under-construction, and 19.1 percent have additional units planned.

If all under-construction and planned units are completed in fractional interest projects, 12.9 percent will contain less than 10 units, 31.9 percent will contain between

10 and 24 units, 35.2 percent will contain between 25 and 49 units, 10.4 percent will contain between 50 and 99 units, and 9.6 percent will contain 100 units or more.

In private residence clubs, these proportions are 5.9 percent for less than 10 units, 41.1 percent for between 10 and 24 units, 30.4 percent for between 25 and 49 units, 18.6 percent for between 50 and 99 units, and 4.0 percent for 100 units or more.

These figures mean that upon build-out, 44.8 percent of fractional interest projects and 47.0 percent of private residence clubs will have less than 25 units. Conversely, the proportion of developments with 50 units or more will be 20.0 percent and 22.6 percent, respectively.

These figures are summarized below.

number of units at build-out	percent of developments		
	fractional interest projects	private residence clubs	combined
less than 10	12.9%	5.9%	10.1%
10 to 24	31.9%	41.1%	35.9%
25 to 49	35.2%	30.4%	32.4%
50 to 99	10.4%	18.6%	13.6%
100 or more	<u>9.6%</u>	<u>4.0%</u>	<u>8.0%</u>
total	100.0%	100.0%	100.0%
average	47	36	43

Number of Bedrooms

By far the most popular sizes of units in the shared-ownership industry are two- and three-bedrooms. This is true for both fractional interest projects and private residence clubs, as shown below.

number of bedrooms	percent of built units		
	fractional interest projects	private residence clubs	combined
studio	2.2%	2.9%	2.5%
one	14.8%	15.9%	15.3%
two	38.7%	36.8%	38.6%
three	34.6%	37.6%	35.4%
four	<u>8.7%</u>	<u>6.8%</u>	<u>8.2%</u>
total	100.0%	100.0%	100.0%

Of the approximate 3,060 built units in active projects, 74.0 percent are either two-bedrooms (38.6 percent) or three-bedrooms (35.4 percent). Among fractional interest projects this combined total is 73.3 percent, while it is an even higher 74.4 percent among private residence clubs.

Of the total 3,060 units, only 2.5 percent are studios, 15.3 percent are one-bedrooms, and 8.2 percent are four-bedrooms. Some significant variations between the two components include:

1. only 14.8 percent of fractional interest units are one-bedrooms compared to 15.9 percent of private residence club units
2. 38.7 percent of fractional interest units are two-bedrooms compared to only 36.8 percent of private residence club units
3. only 34.6 percent of fractional interest units are three-bedrooms compared to 37.6 percent of private residence club units

Size of Units

The average (weighted) unit in the shared-ownership industry contains 1,745 square feet. This average is 1,710 for fractional interest units and 1,790 for private residence club units. The difference between the two components is 80 square feet, or 4.7 percent.

Average floor areas in accord with number of bedrooms are summarized below. The square footages represent only net saleable area without balconies and patios.

<u>bedrooms</u>	<u>average square feet</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
studio	510	490	500
one	785	835	800
two	1,290	1,475	1,375
three	2,075	2,185	2,115
four	3,585	3,000	3,325
average	1,710	1,790	1,745

Floor areas vary significantly. While the average two-bedroom unit contains 1,375 square feet, for example, such units in many developments contain only 1,000 to 1,100 while in many others, they contain 1,800 to 1,900.

In accord with prior information on the number of bedrooms, the most popular products in private residence clubs appear to be two-bedroom units with around 1,500 square feet and three-bedroom units with around 2,200 square feet. In fractional interest projects, the most popular products seem to be two-bedroom units with around 1,300 square feet and three-bedroom units with around 2,100 square feet.

General comparisons of the two components indicate that fractional interest units tend to have fewer bedrooms and less square footage than private residence club units. This of course is reflected in pricing and maintenance fee differences between the two components.

Size of Shares

There is a wide diversity in regard to size of share, i.e., the ratio of owners-per-unit. Some 10 sizes of shares are found, ranging from a 1/20 to a 1/4. Some sizes are significantly more frequent, and variations exist between fractional interest projects and private residence clubs, as shown below.

size of share	percent of developments		combined
	<u>fractional interest projects</u>	<u>private residence clubs</u>	
less than 1/12	3.2%	11.6%	6.6%
1/12	7.0%	24.3%	13.8%
1/10 or 1/9	21.1%	15.5%	18.9%
1/8	21.1%	33.4%	27.4%
1/7, 1/6 or 1/5	13.3%	9.6%	11.7%
1/4	<u>34.3%</u>	<u>5.6%</u>	<u>21.6%</u>
total	100.0%	100.0%	100.0%

Among private residence clubs, 73.2 percent offer either a 1/12 share (24.3 percent), a 1/10 or 1/9 share (15.5 percent), or a 1/8 share (33.4 percent). Only 11.6 percent offer less than a 1/12 share, and only 15.2 percent offer more than a 1/8 share.

Among fractional interest projects, 47.6 percent offer more than a 1/8 share, with the most frequent being a 1/4 at 34.3 percent. Another 21.1 percent offer a 1/10 or 1/9 and 21.1 percent also offer a 1/8. Only 10.2 percent offer less than a 1/10.

A primary reason for such significant variations in sizes of shares between the two components is because private residence clubs typically are in communities where land costs and construction costs are very high, and there is a scarcity of remaining developable land. This situation results in high real estate prices. Applying such high prices to larger shares such as 1/4s would dismiss the concept of “value” in the purchase. On the other hand, most fractional interest projects are in communities where real estate prices are less, thus being able to sell larger shares at lower prices and still being able to offer the “value” rationale.

Another reason for differences in sizes of shares between fractional interest projects and private residence clubs is that the former component tends to be located in closer proximity to the market place than the latter component. This means a positioning more akin to traditional whole-ownership vacation homes that are used frequently throughout the year.

Use Plans/Reservation Systems

As with sizes of shares, there is wide variety in use plans/reservation systems in the shared-ownership industry. Some are simple, providing a high degree of certainty in regard to the times of the year when owners can use their vacation home, but limited flexibility. Others are complicated, providing a high degree of flexibility, but less certainty. Three basic types can be summarized as follows:

1. a “set calendar,” whereby owners have access to the exact same time every year
2. a “rotating calendar,” whereby an owner’s use rotates forward on a pre-determined schedule every year, e.g., for a 1/12 share owner, the first week of each quarter in the first year of ownership, the second week of each quarter in the second year, and so forth

3. a “rotating priority,” whereby all owners have the opportunity to reserve some of their time (usually the high seasons) six to 12 months ahead of use, with duplicate reservations being addressed by a rotating priority system, e.g., owner one in year one receives their first choice, while owner two receives their first choice in year two, while owner one drops to the bottom of the pecking order, and so forth. Non-high time is placed in a space-available pool for all owners to equally access.

These three basic use plans vary between fractional interest projects and private residence clubs. The “set calendar” system is least frequent among both components, at 10.1 percent of fractional interest projects and 14.5 percent of private residence clubs. The “rotating calendar” system is used by 36.1 percent of fractional interest projects, but by only 14.5 percent of private residence clubs. On the other hand, the “rotating priority” system is used by only 35.2 percent of fractional interest projects, but by 56.3 percent of private residence clubs. For both components, 16.8 percent have a hybrid system or something else.

use plan/ reservation system	percent of developments		
	fractional interest projects	private residence clubs	combined
“set calendar”	10.1%	14.5%	11.6%
“rotating calendar”	36.1%	14.5%	27.4%
“rotating priority”	35.2%	56.3%	44.2%
hybrid/other	<u>18.6%</u>	<u>14.7%</u>	<u>16.8%</u>
total	100.0%	100.0%	100.0%

Reasons why more rigid use plans/reservation systems are used by fractional interest projects than by private residence clubs are:

1. larger sizes of shares are more frequent with fractional interest projects. Applying a very flexible use plan/reservation system is more complicated than with smaller sizes of shares.

2. fractional interest projects tend to be closer to the market place than private residence clubs, thereby positioned more as traditional resort real estate, i.e., emulating the same set use patterns throughout the year.

Amenities

On-site amenities are extensive in the shared-ownership industry, especially at the private residence club level. Shown below (from the 2007 survey) is the availability of selected amenities at both components.

amenity	percent of developments		
	fractional interest projects	private residence clubs	combined
swimming pool	89.7%	78.9%	84.8%
exercise facility	75.0%	93.0%	83.2%
whirlpool spa	70.6%	63.1%	67.2%
private storage lockers	52.9%	84.2%	67.2%
restaurant	54.4%	68.4%	60.8%
spa/spa treatments	48.5%	71.9%	59.2%
tennis	44.1%	33.3%	39.2%
beach	39.7%	35.1%	37.6%
golf course	35.3%	22.8%	29.6%
fishing	35.3%	14.0%	25.6%
ski-in/out	16.2%	28.1%	21.6%

Most frequent on-site amenities are a swimming pool and exercise facility/fitness center. Developments without these amenities are either very small, in urban centers, or in close proximity to commonly shared facilities in a larger resort setting. Other amenities at more than one-half of all developments include a whirlpool spa, private storage lockers, restaurant, and spa or spa treatments. An exercise facility/fitness center, storage lockers and restaurant are especially prevalent at private residence clubs.

Interestingly, only about one-third of developments have direct beach access (37.6 percent) or an on-site golf course (29.6 percent). Both of these amenities are more frequent at fractional interest projects than at private residence clubs. However, 28.1 percent of private residence clubs have ski-in/out access, compared to only 16.2 percent of fractional interest projects.

Owner Benefits and Services

As on-site amenities, owner benefits also are extensive at shared-ownership developments, especially at the private residence club level. Shown below (from the 2007 survey) is the availability of selected benefits at both components.

<u>owner benefit</u>	<u>percent of developments</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
concierge	76.4%	100.0%	86.4%
pre-arrival stocking	67.6%	94.6%	79.2%
valet parking/bellman	35.3%	85.7%	57.6%
transportation service	39.7%	69.6%	52.8%
ski and/or golf valet	29.4%	44.6%	36.0%
discounted green fees	41.1%	23.2%	32.8%
priority tee times	27.9%	30.4%	28.8%
discounted lift tickets	16.2%	16.1%	16.0%
club membership	10.3%	19.6%	14.4%

Owner benefits are much more extensive at private residence clubs than at fractional interest projects, in keeping with the higher prices and maintenance fees and greater exclusivity. At private residence clubs, all have a concierge service, 94.6 percent have a pre-arrival food and beverage stocking service, and 85.7 percent have valet parking and bellman service. Among fractional interest projects, these proportions are only 76.4 percent, 67.6 percent and 35.3 percent, respectively.

Interestingly, more fractional interest projects offer discounted green fees than do private residence clubs – 41.1 percent compared to 23.2 percent. At this time a much greater proportion of the latter component are in high-end ski communities where golf is a lower priority. And most likely, green fees are less and discounts are easier to attain in fractional interest communities than in private residence club communities. A higher proportion of private residence clubs offer priority tee times (which typically are more difficult to obtain than discounted green fees) than fractional interest projects – 30.4 percent compared to 27.9 percent.

Less than 20 percent of both components offer discounted ski lift tickets or benefit of membership in a local club while in residence.

External Exchange

Unlike the resort timeshare industry, a significant proportion of shared-ownership developments are not affiliated with an external exchange company. Most likely reasons include:

1. a perception that such affiliation might too closely relate the offering with the image of resort timeshare
2. a desire for more exclusivity on the part of owners, i.e., not wanting others to have access to their resort
3. a desire for greater flexibility of access to the resort by owners themselves throughout the year, i.e., not wanting to compete with non-owners for short-notice access
4. viewing the product more as whole-ownership real estate, i.e., more interested in vacationing in one location every year than in several other locations around the globe
5. wondering whether the resort they exchange into will be of comparable quality as their own
6. being wealthy enough to purchase in more than one shared-ownership development, thus creating their own personal exchange system
7. owning with a company that has multiple shared-ownership developments, thereby offering their own internal exchange system

Our consumer research strongly indicates that shared-ownership buyers are interested in the opportunity to access other properties, but only if such properties are of comparable quality to their own. This “comparable quality” issue is especially strong at the private residence club level. Given this consumer interest, and the fact that private residence clubs are growing so rapidly, it appears good opportunities exist for exchange

companies that understand that “like for like” is a critical criterion rather than just affiliating the masses.

Of the 153 active projects, 40.2 percent are not affiliated with an external exchange company. By contrast, perhaps less than five percent of resort timeshare projects have such status. The proportion of developments without external exchange is especially high among private residence clubs at 54.1 percent, compared to only 28.0 percent of fractional interest projects.

affiliated with <u>external exchange</u>	<u>percent of developments</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
yes	72.0%	45.9%	59.8%
no	<u>28.0%</u>	<u>54.1%</u>	<u>40.2%</u>
total	100.0%	100.0%	100.0%

Miscellaneous Items

Of all 153 active projects, 61.4 percent assist their owners in renting unused space. This includes 68.2 percent of the fractional interest projects, but only 52.9 percent of the private residence clubs (due perhaps to a greater desire for exclusivity and/or less demand for rental income among higher-income consumers). Some 41.0 percent of the private residence clubs do not allow rentals, as compared to only 21.2 percent of the fractional interest projects.

Of all 153 active projects, 58.8 percent have an in-house program to assist their owners in selling their share, if desired. This includes 63.2 percent of the private residence clubs, but only 55.3 percent of the fractional interest projects.

As shown below, many of the 153 active projects are in mixed-use developments. This is especially true for whole-ownership condominiums with fractional interest projects and hotels with private residence clubs.

<u>other use also in the overall development</u>	<u>percent of developments</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
whole-ownership condos	55.3%	35.3%	46.4%
single family homes	23.5%	20.6%	22.2%

hotel	15.3%	35.3%	24.2%
homesites	22.4%	16.2%	19.6%
resort timeshare	15.3%	10.3%	13.1%

Price Per Share

At least three approaches can be used to analyze pricing structures in the shared-ownership industry, including: (1) price per share; (2) price per week; and (3) price per square foot. The first approach is perhaps the least useful because of confusion created by mixing together 10 different sizes of shares, ranging from a 1/20 to a 1/4.

The overall average price per share for all active developments is about \$262,210. However, the average ranges from \$172,790 for fractional interest projects to \$373,985 for private residence clubs. This is a large difference of \$201,195, or 116.4 percent.

Average price per share obviously increases with number of bedrooms, as shown below.

<u>bedrooms</u>	<u>average price per share</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
studio	\$65,370	\$99,280	\$84,750
one	\$94,725	\$212,560	\$155,080
two	\$138,700	\$283,460	\$215,515
three	\$181,900	\$449,985	\$305,625
four	\$290,295	\$699,840	\$460,045
average	\$172,790	\$373,985	\$262,210

Among fractional interest projects, average price per share ranges from \$65,370 for a studio to \$290,295 for a four-bedroom. Among private residence clubs, this range is from \$99,280 to \$699,840.

Between 2006 and 2007, the average price for all shares increased by \$14,510, or 5.9 percent. For fractional interest projects, these figures were \$9,015, or 5.5 percent. They were \$26,135, or 7.5 percent for private residence clubs. Most of these increases were due to relatively higher prices at the 18 new entrants.

As shown below, about two-thirds (67.0 percent) of fractional interest projects have average per share prices of less than \$200,000, and 23.8 percent of less than \$100,000. Among private residence clubs, these proportions are only 12.3 percent and

4.0 percent, respectively. On the other hand, about two-thirds (64.0 percent) of private residence clubs have average per share prices of over \$300,000, and 32.9 percent do so for over \$400,000. Among fractional interest projects, these figures are only 12.7 percent and 4.0 percent, respectively.

average price per share	percent of developments		
	fractional interest projects	private residence clubs	combined
under \$100,000	23.8%	4.0%	15.4%
\$100,000 to \$199,999	43.2%	8.3%	27.6%
\$200,000 to \$299,999	20.3%	23.7%	21.3%
\$300,000 to \$399,999	8.7%	31.1%	18.6%
\$400,000 to \$499,999	2.0%	18.9%	9.2%
\$500,000 or more	<u>2.0%</u>	<u>14.0%</u>	<u>7.9%</u>
total	100.0%	100.0%	100.0%

Price Per Week

A second way of analyzing the pricing issue in the shared-ownership industry is on a per week basis. This approach equalizes sizes of shares. The per week figure is calculated simply by dividing the price of the share by the number of weeks in the share, e.g., if a 1/12 share with four weeks of ownership is priced at \$200,000, the price per week is \$50,000.

The overall average per week price among all active developments is \$46,850. However, there is wide discrepancy between fractional interest projects at \$23,280 and private residence clubs at \$71,990. This difference is \$48,710, or 209.2 percent. For comparative purposes, the average price of a resort timeshare week in the U.S. is only about \$19,500.

When compared to 2006, we find that the average price per week for all shares actually decreased by \$1,490, or 3.1 percent. The decrease was especially significant for fractional interest projects, at -\$1,450, or 5.9 percent. For private residence clubs, it increased by \$1,555, or 2.2 percent. The decrease among fractional interest projects was obviously due to the overall real estate market in the U.S. during 2007. For example, the average sales price of a whole-ownership single family home decreased by 11.1 percent in 2007.

Per week prices also vary in accord with number of bedrooms and size of share. Shown below are average per week prices by number of bedrooms for the two components.

<u>bedrooms</u>	<u>average price per week</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
studio	\$6,710	\$23,225	\$16,145
one	\$9,820	\$46,340	\$28,525
two	\$16,345	\$59,020	\$38,985
three	\$24,270	\$83,275	\$51,505
four	\$47,310	\$124,280	\$77,420
average	\$23,280	\$71,990	\$46,850

Per week prices obviously increase with the number of bedrooms. Among fractional interest projects, average per week prices escalate from \$6,710 for a studio, to \$9,820 for a one-bedroom, to \$16,345 for a two-bedroom, to \$24,270 for a three-bedroom, to \$47,310 for a four-bedroom. Among private residence clubs, average per week prices escalate from \$23,225 for a studio, to \$46,340 for a one-bedroom, to \$59,020 for a two-bedroom, to \$83,275 for a three-bedroom, to \$124,280 for a four-bedroom.

The average per week price is over \$75,000 in 37.6 percent of private residence clubs. On the other hand, it is less than \$15,000 in 36.4 percent of fractional interest projects, as shown below.

<u>average price per week</u>	<u>percent of developments</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
under \$10,000	9.8%	0.0%	5.4%
\$10,000 to \$14,999	26.6%	0.0%	15.4%
\$15,000 to \$24,999	24.4%	3.8%	15.4%
\$25,000 to \$49,999	31.0%	25.4%	28.2%
\$50,000 to \$74,999	6.9%	33.2%	19.3%
\$75,000 to \$99,999	1.3%	19.0%	9.1%
\$100,000 or more	<u>0.0%</u>	<u>18.6%</u>	<u>7.2%</u>
total	100.0%	100.0%	100.0%

Now let us look at average per week prices for the most frequent sizes of shares for the two components. As shown below, average per week prices decrease as size of

share increases. This is simply because discounts are usually applied when selling larger shares due to lower marketing costs required when selling fewer pieces of anything.

<u>size of share</u>	<u>average price per week</u>	
	<u>fractional interest projects</u>	<u>private residence clubs</u>
1/12	n.a.	\$74,025
1/10	\$26,060	n.a.
1/8	n.a.	\$60,000
1/4	\$14,970	n.a.

There obviously is wide variation in average weekly prices between the two components, as well as within the two components themselves. For example, the average per week price for a 1/12 share in a private residence club is \$74,025. For a 1/4 share in a fractional interest project, this average is only \$14,970. Likewise, the average per week price for private residence clubs is \$74,025 for a 1/12 share, compared to only \$60,000 for a 1/8 share. For fractional interest projects, this figure is \$26,060 for a 1/10 share, compared to only \$14,970 for a 1/4 share.

Price Per Square Foot

The most useful approach in analyzing prices in the shared-ownership industry is on a per square foot basis. This figure is calculated by dividing the aggregate amount charged for the individual shares in a unit by the total interior square feet in the unit.

For all active projects, the average per square foot price is \$1,170. In accord with definitions used in this report, this average is quite disparate among the two components, however, being \$575 for fractional interest projects and \$1,910 for private residence clubs. Thus, the average is over three times as high for private residence clubs.

Compared to 2006, the average price per square foot for all shares decreased by \$70, or 5.6 percent. However, for fractional interest projects, the average decreased by \$55, or 8.7 percent. For private residence clubs, it increased by \$110, or 6.1 percent.

Average per square foot prices also vary in accord with number of bedrooms and size of share, as shown below.

<u>bedrooms</u>	<u>average price per square foot</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
studio	\$630	\$2,145	\$1,495
one	\$600	\$2,300	\$1,475
two	\$555	\$1,860	\$1,245
three	\$535	\$1,760	\$1,100
four	\$690	\$1,995	\$1,175
average	\$575	\$1,910	\$1,170

For the most part, average per square foot prices decrease as the number of bedrooms increases. This is simply because it costs less on a per square foot basis to build bedrooms and bathrooms than it does kitchens and other core facilities. Among fractional interest projects, average per square foot prices range from \$630 for a studio to \$535 for a three-bedroom unit. Among private residence clubs, the range is from \$2,145 for a studio to \$1,760 for a three-bedroom unit.

Since most units in both components are two- and three-bedrooms, it is useful to concentrate on these sizes. For fractional interest units, the averages are \$555 and \$535, respectively. For private residence club units, the averages are \$1,860 and \$1,760, respectively.

The average per square foot price is over \$2,000 at 30.5 percent of private residence clubs. On the other hand, it is less than \$500 at 40.1 percent of fractional interest projects, as shown below.

<u>average price per square foot</u>	<u>percent of developments</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
under \$500	40.1%	n.a.	21.9%
\$500 to \$749	22.1%	n.a.	12.0%
\$750 to \$999	37.8%	n.a.	21.6%
\$1,000 to \$1,499	n.a.	43.2%	19.9%
\$1,500 to \$1,999	n.a.	26.3%	12.0%
\$2,000 or more	<u>n.a.</u>	<u>30.5%</u>	<u>12.6%</u>
total	100.0%	100.0%	100.0%

Important insights from the preceding table include:

1. Some 40.1 percent of fractional interest projects have a per square foot price less than \$500. In our publications prior to 2006, they would have been referred to as “traditional fractionals.” They comprise only 21.9 percent of all 135 active developments.
2. Some 59.9 percent of fractional interest projects have a per square foot price between \$500 and \$999. In our publications prior to 2006, they would have been referred to as “high-end fractionals.” They comprise 33.6 percent of all active developments.
3. The overall average per square foot price for private residence clubs is a high \$1,910. However, this price is weighted upward by a handful of projects with such prices being over \$3,000. The average per square foot price is between \$1,000 and \$1,499 in 43.2 percent of private residence clubs.

Now let us look at per square foot prices for the two most frequent sizes of shares for the components. These include 1/10s and 1/4s for fractional interest projects and 1/12s and 1/8s for private residence clubs. As shown below, per square foot prices decrease as the size of share increases. This simply is because discounts are usually applied when selling larger shares due to lower marketing costs required when selling fewer pieces of anything.

<u>size of share</u>	<u>average price per square foot</u>	
	<u>fractional interest projects</u>	<u>private residence clubs</u>
1/12	n.a.	\$2,475
1/10	\$555	n.a.
1/8	n.a.	\$1,735
1/4	\$550	n.a.

Annual Maintenance Fees

Annual maintenance fees can be looked at in two ways, including on an overall basis by unit size regardless of size of share, and more importantly, on a per week basis

by unit size. The first approach is less informative because it mixes up all different sizes of shares and amount of annual usage.

Let us just look briefly at the first approach, as summarized below for the two components.

<u>bedrooms</u>	<u>annual maintenance fees</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
one	\$2,150	\$6,595	\$4,675
two	\$4,185	\$8,915	\$6,890
three	\$5,710	\$11,970	\$8,810
four	\$7,710	\$15,980	\$11,200
weighted average	\$5,135	\$10,290	\$7,425

For all 153 active developments, the average annual maintenance fee is \$7,425, regardless of size of share. This is an increase of \$515 from 2006, or 7.5 percent. The overall average is \$5,135 for fractional interest projects and \$10,290 for private residence clubs – a large difference of \$5,155, or 100.4 percent. Between 2006 and 2007 the average for private residence clubs increased by \$1,590, or 18.3 percent.

A more appropriate approach to evaluating annual maintenance fees is on a per-week-of-use basis. This approach equalizes variations in size of shares. Such fees are shown below in accord with number of bedrooms for both components.

<u>bedrooms</u>	<u>annual maintenance fees per week</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
one	\$250	\$1,425	\$915
two	\$490	\$1,890	\$1,290
three	\$780	\$2,340	\$1,555
four	\$1,270	\$2,970	\$1,990
weighted average	\$710	\$2,070	\$1,315

We find that annual maintenance fees on a weekly basis are not inexpensive. This is especially true among private residence clubs due to the many on-site amenities, and especially to the wide extent of personalized services and other owner benefits.

When aggregating all sizes of units, the average annual maintenance fee per week among private residence clubs is \$2,070, or almost \$300 per night. This average is

\$1,425 for one-bedroom units, \$1,890 for two-bedroom units, \$2,340 for three-bedroom units, and \$2,970 for four-bedroom units.

The overall average annual maintenance fee per week among fractional interest projects is \$710. This is a very large \$1,360 less than the overall average among private residence clubs, or 191.5 percent less. With this component, the overall average represents about a \$100 nightly cost versus \$300 for private residence clubs.

Among fractional interest projects, the average annual maintenance fee per week of use is \$250 for a one-bedroom unit, \$490 for a two-bedroom unit, \$780 for a three-bedroom unit, and \$1,270 for a four-bedroom unit.

Let us look more closely at the average annual maintenance fee per week among private residence clubs. The average weekly fee for a two-bedroom unit is \$1,890. If we multiply this amount times 52 weeks, it means an average two-bedroom unit annually generates \$98,280 of maintenance fees. This amount is \$74,100 for a one-bedroom unit, \$121,680 for a three-bedroom unit, and \$154,440 for a four-bedroom unit.

Compared to 2006, average weekly maintenance fees for all shares increased by \$120, or 10.0 percent. The increase was especially significant among private residence clubs at \$250, or 13.7 percent. It was \$40 among fractional interest projects, or 6.0 percent.

Distribution of Revenues

In looking at how revenues are distributed, we find close comparisons between fractional interest projects and private residence clubs, as shown below. Roughly 54 percent of the sales price goes to product costs, i.e., land, infrastructure, amenities, construction, FF and E, soft costs, contingency, finance costs, etc. About another 17 percent goes to operating costs. Of this amount, about seven to eight percent goes to marketing, six to seven percent to sales, and three to four percent to general and administrative costs.

The remaining 29 percent represents before-tax profit (minus any other costs not associated with the product or operations). It is emphasized these proportions vary widely among the 153 developments, and should be viewed only as general averages. By

comparison, product costs in the resort timeshare industry are typically around 25 percent, and operating costs are around 55 percent or higher.

<u>source</u>	<u>distribution of revenues</u>		
	<u>fractional interest projects</u>	<u>private residence clubs</u>	<u>combined</u>
product costs	55%	51%	54%
operating costs	17%	16%	17%
remainder	<u>28%</u>	<u>33%</u>	<u>29%</u>
total	100%	100%	100%

Only 24.5 percent of the developments reported product costs to be less than 45 percent. And, only 14.6 percent reported operating costs to be over 20 percent. It also appears that relative to 2006, product costs increased by about three percent of the distribution and operating costs decreased by about one percent (due to a greater consumer awareness of the concepts and greater expertise by the operating entities).

Regional Variations

It is interesting to investigate variations in sales performance and pricing among the four countries/regions in North America, as shown below.

	<u>country/region</u>				<u>North America</u>
	<u>United States</u>	<u>Canada</u>	<u>Caribbean</u>	<u>Mexico</u>	
average price per:					
share	\$306,055	\$152,325	\$333,740	\$210,275	\$262,210
week	\$55,390	\$15,685	\$64,840	\$34,935	\$46,850
square foot	\$1,485	\$590	\$1,465	\$660	\$1,170

The average per square foot price in Canada is only \$590, compared to \$1,485 in the U.S., and \$1,465 in the Caribbean. Likewise, the average per week price in Canada is only \$15,685, compared to \$55,390 in the U.S. and \$64,840 in the Caribbean. Mexico pretty much is between Canada and the U.S./the Caribbean.

Destination Clubs

Emphasis heretofore in this report has been on the fractional interest and private residence club components of the shared-ownership industry (except for statistics on the

overall industry's sales performance in 2007). The section at-hand concentrates on the destination club component.

Summary characteristics of this component include:

1. 21 different clubs offered by 16 companies
2. a sales volume in 2007 of \$610 million, up from \$575 million in 2006 (plus \$35 million or 6.1 percent)
3. an estimated total of 6,400 members
4. 16 non-equity clubs and five equity clubs
5. typical/average features of:
 - a. a 30-year term
 - b. 80 to 100 percent refund of the initial deposit fee upon leaving the club
 - c. 7.5 members per every residence
 - d. initiation deposit of \$305,000
 - e. annual dues of \$28,000
 - f. average residence value of \$2.6 million, with 3,000 square feet

Remaining Market Depth in the U.S.

It is estimated that about 50,000 households in the U.S. now own shared-ownership, including fractional interests, private residence clubs and destination clubs. Let us simply assume that income-eligibility begins at \$200,000 for all three components. Actually, this level is too confining since smaller shares in some moderately-priced fractional interest projects can be purchased for less than \$50,000. It is wise to be conservative in projections of potential market depth, however.

There are now 5,042,415 households in the U.S. with incomes over \$200,000, or about 3.8 percent of all households. This means the current penetration rate for shared-ownership is just about 1.0 percent (5,042,415 divided into 50,000).

As shown below, if the penetration rate reaches 5.0 percent, it means another 202,000 buyers and 80.2 percent of the market remain. A 10.0 penetration rate means another 454,250 buyers and 90.1 percent of the market remain. A 15.0 penetration rate

means another 706,350 buyers and 93.4 percent of the market remain. This simplistic approach does not even assume additional income-eligible households over time.

Regardless of the penetration rate scenario used, it is obvious that potential market depth for shared-ownership is just beginning to be tapped and that a high number remains. Most likely the penetration rate will surpass 5.0 percent within the next five years, and progress to 10.0 percent within a decade.

	penetration rate at:*		
	<u>5.0%</u>	<u>10.0%</u>	<u>15.0%</u>
potential market (U.S. households)	252,000	504,250	756,350
existing owners	<u>-50,000</u>	<u>-50,000</u>	<u>-50,000</u>
remaining demand	202,000	454,250	706,350
percent of demand remaining	80.2%	90.1%	93.4%

*assumes income-eligibility of \$200,000, representing 5,042,415 households and 3.8 percent of all households in the U.S.

Results of a Survey of Robb Report *Vacation Home* Subscribers

A brief survey was conducted by Robb Report and Ragatz Associates at the outset of 2008 of subscribers of the Robb Report *Vacation Homes* publication. The subscriber profile is ideally suited to the shared-ownership industry, e.g., average income of \$300,000, average net worth of \$2.4 million, 84 percent with a college degree, average age of 55, etc. The survey resulted in 478 responses.

Highlights were very positive for the future of the industry:

1. 91 percent had heard of the concept of fractional interests or a private residence club
2. 67 percent said the concepts “seem like a good idea,” with only 12 percent responding in the negative
3. 22 percent now own one of the products, or are now “looking” to purchase. Another 52 percent said they might be interested in the future, and only 26 percent said they had zero interest in the concepts.

4. The most preferred unit sizes were a two-bedroom with 1,500 square feet at 41 percent, a three-bedroom with 2,000 square feet (at 25 percent more in price) at 42 percent, and a four-bedroom with 2,500 square feet (at 50 percent more in price) at 17 percent.
5. The most preferred size of share was a 1/12 at 53 percent, followed by a 1/6 (at 90 percent more in price) at 18 percent, and a 1/4 (at 150 percent more in price) at 10 percent. A very small 19 percent said they would prefer whole-ownership over shared-ownership.

Results of the survey most likely are biased in regard to: (1) concept awareness, since subscribers of the publication obviously are interested in vacation home ownership; and (2) preference of shared-ownership over whole-ownership, since people tend more to respond to surveys about topics of personal interest. Nevertheless, responses bode quite well for the future of the shared-ownership industry.

VI. FRACTIONAL INTEREST PROJECTS IN THE NORTHEAST

VI. FRACTIONAL INTEREST PROJECTS IN THE NORTHEAST

Introduction

There are no fractional interest projects in active sales anywhere in the Catskill Mountains at this time. Therefore, it was decided to look at other such developments in the overall Northeast. The information was obtained from the previously referred-to national survey described in Chapter V.

Number of Projects

Ten projects were identified, including four fractional interest projects and six private residence clubs. Three are in New York, four in Vermont and one each in Massachusetts, New Jersey and Rhode Island. They are listed in Table VI-1. Two additional private residence clubs exist in Manhattan, but they are not described due to their urban character. Eight projects are built and two are under-construction.

It is known that additional projects are being planned in Evergreen Valley Resort in Maine, Saratoga Springs, Rhinebeck and Hope Lake Lodge in New York, Ascutney Ski Resort in Vermont, and several other areas. Within the next 12 months, it is suspected that at least 15 developments will be in active sales in the region.

Number of Units

As shown in Table VI-2, a total of 490 units currently exist or are under-construction in the 10 active developments. Another 272 units are planned. Upon completion of the planned units, the projects will have approximately 762 units. Units known to be currently planned will increase the average number of units per resort from 49 to 76.

One, two and three-bedroom units are the standard. Among built and under-construction units, 28.8 percent are one-bedrooms, 35.3 percent are two-bedrooms and

TABLE VI-1
Fractional Interest Projects in the Northeast

Development	Community	Status
1. Claybrook at Sugarbush	Warren, VT	built
2. Edgartown Residence Club	Martha's Vineyard, MA	built
3. Front Four at Stowe Mountain	Stowe, VT	under-construction
4. Jackson Gore Inn at Okemo Mountain Resort	Hunter, NY	built
5. Lodges at CrestHaven	Lake George, NY	built
6. Ocean House	Cape May, NJ	under-construction
7. Vanderbilt Private Residence Club	Newport, RI	built
8. Villas at Trapp Family Lodge	Stowe, VT	built
9. Whiteface Lodge	Lake Placid, NY	built
10. Windham House at Ascutney Resort	Brownsville, VT	built

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VI-2
Number of Units and Bedroom Configuration

Development	Built/Under-Construction Units					Total	Planned	Total
	Studio	1-Bed	2-Bed	3-Bed	4-Bed			
1. Claybrook at Sugarbush	2	10	25	16	8	61	85	146
2. Edgartown Residence Club	0	3	3	0	0	6	0	6
3. Front Four at Stowe Mountain	0	0	4	16	14	34	0	34
4. Jackson Gore Inn	26	59	45	25	0	155	140	295
5. Lodges at CrestHaven	0	0	44	0	0	44	13	57
6. Ocean House	0	0	23	17	0	40	0	40
7. Vanderbilt Private Residence Club	4	27	1	0	0	32	0	32
8. Villas at Trapp Family Lodge	0	0	0	16	0	16	23	39
9. Whiteface Lodge	1	42	20	22	1	86	11	97
10. Windham House at Ascutney	<u>0</u>	<u>0</u>	<u>8</u>	<u>8</u>	<u>0</u>	<u>16</u>	<u>0</u>	<u>16</u>
Total	33	141	173	120	23	490	272	762
Average	3	14	17	12	2	49	27	76
Percent	6.7%	28.8%	35.3%	24.5%	4.7%	100.0%		

Source: Fieldwork conducted by Ragatz Associates, February 2008.

24.5 percent are three-bedrooms. Only 6.7 percent are studios, and just 4.7 percent are four-bedrooms.

The largest development currently is Jackson Gore Inn (155 units), followed by Whiteface Lodge (86 units). The smallest project is Edgartown Residence Club (six units), followed by Villas at Trapp Family Lodge and Windham House at Ascutney Mountain Resort, both with 16 units.

Size of Units

Weighted averages by unit size are: 417 square feet for a studio, 821 square feet for a one-bedroom, 1,202 for a two-bedroom, 1,954 for a three-bedroom and 2,647 for a four-bedroom. The largest two-bedrooms (1,900 square feet) are at Front Four at Stowe Mountain, and the largest three-bedrooms (2,500 square feet) are at Villas at Trapp Family Lodge. The smallest two-bedrooms (950 square feet) are at Edgartown Residence Club and Vanderbilt Private Residence Club, and the smallest three-bedrooms (1,500 square feet) are at Claybrook at Sugarbush. Jackson Gore Inn has the smallest studios (390 square feet), and Vanderbilt Private Residence Club has the smallest one-bedrooms (550 square feet). (See Table VI-3.)

Amenities

All projects will have restaurants and exercise facilities as shown in Table VI-4. Edgartown Residence Club and Vanderbilt Private Residence Club are the only projects not offering a swimming pool. Seven have whirlpools and six have tennis courts, day spa and year-round storage. Five provide ski-in/ski-out access. Only three have a golf course, and two have access to boats/fishing. Vanderbilt Private Residence Club offers the least number of on-site amenities, and Front Four at Stowe Mountain has the most.

Member Privileges

As shown in Table VI-5, concierge service is standard at all projects with the exception of Lodges at CrestHaven. Pre-arrival concierge services, such as stocking groceries in the unit prior to arrival is offered at eight projects. Valet and bell service is

TABLE VI-3
Average Square Footage

Development	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Average	Weighted Average
1. Claybrook at Sugarbush	663	1,020	1,300	1,500	1,963	1,289	1,373
2. Edgartown Residence Club	n/a	650	950	n/a	n/a	800	800
3. Front Four at Stowe Mountain	n/a	n/a	1,900	2,300	3,000	2,400	2,541
4. Jackson Gore Inn	390	865	1,280	1,850	n/a	1,096	1,065
5. Lodges at CrestHaven	n/a	n/a	1,000	n/a	n/a	1,000	1,000
6. Ocean House	n/a	n/a	1,300	1,750	n/a	1,525	1,491
7. Vanderbilt Private Residence Club	400	550	950	n/a	n/a	633	544
8. Villas at Trapp Family Lodge	n/a	n/a	n/a	2,500	n/a	2,500	2,500
9. Whiteface Lodge	700	897	1,238	2,038	3,178	1,610	1,292
10. Windham House at Ascutney	n/a	n/a	970	1,600	n/a	1,285	1,285
Average	538	796	1,210	1,934	2,714	1,414	1,389
Weighted average	417	821	1,202	1,954	2,647		1,291

Source: Fieldwork conducted by Ragatz Associates, February 2007.

TABLE VI-4
On-Site Amenities

Development	Restaurant	Tennis	Pool	Whirl- pool	Day Spa	Storage	Exercise Facilities	Boats/ Fishing	Golf	Ski-in/ Ski-out
1. Claybrook at Sugarbush	X	X	X	X	--	X	X	--	X	X
2. Edgartown Residence Club	X	--	--	--	X	X	X	--	--	--
3. Front Four at Stowe Mountain	X	X	X	X	X	X	X	--	X	X
4. Jackson Gore Inn	X	X	X	X	--	--	X	--	X	X
5. Lodges at CrestHaven	X	--	X	--	--	--	X	X	--	--
6. Ocean House	X	--	X	X	--	X	X	--	--	--
7. Vanderbilt Private Residence Club	X	--	--	--	X	--	X	--	--	--
8. Villas at Trapp Family Lodge	X	X	X	X	X	--	X	X	--	X
9. Whiteface Lodge	X	X	X	X	X	X	X	--	--	--
10. Windham House at Ascutney	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>--</u>	<u>--</u>	<u>X</u>
Total	10	6	8	7	6	6	10	2	3	5
Percent	100.0%	60.0%	80.0%	70.0%	60.0%	60.0%	100.0%	20.0%	30.0%	50.0%

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VI-5
Member Privileges

Development	Concierge	Pre-Arrival Concierge	Valet Parking Bell Svc.	Ski Valet	Golf Valet	Discounted Golf/Ski	Shuttle Service
1. Claybrook at Sugarbush	X	--	--	X	--	--	--
2. Edgartown Residence Club	X	X	--	--	--	--	X
3. Front Four at Stowe Mountain	X	X	X	X	X	X	X
4. Jackson Gore Inn	X	X	X	--	--	X	--
5. Lodges at CrestHaven	--	--	--	--	--	--	--
6. Ocean House	X	X	--	--	--	--	--
7. Vanderbilt Private Residence Club	X	X	--	--	--	--	--
8. Villas at Trapp Family Lodge	X	X	X	--	--	X	--
9. Whiteface Lodge	X	X	X	--	--	--	X
10. Windham House at Ascutney	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	--	--	--
Total	9	8	5	3	1	3	3
Percent	90.0%	80.0%	50.0%	30.0%	10.0%	30.0%	30.0%

Source: Fieldwork conducted by Ragatz Associates, February 2008.

offered at five, and ski valet service is found at three. Three of the five that have ski-in/ski-out access will have a ski valet, and one of the three that have a golf course offers a golf valet.

Pricing Characteristics

As shown in Table VI-6, sizes of shares range from a 1/12 share (four weeks of ownership) to a 1/4 share (12 weeks of ownership). Three projects offer a 1/4 share, four a 1/8 share and three a 1/12 share. Average prices range from \$98,963 for a 1/4 share at Windham House at Ascutney Mountain Resort to \$404,294 for a 1/8 share at Front Four at Stowe Mountain. More detailed pricing information is provided in Tables VI-7 through VI-9.

Maintenance Fees

Average weekly maintenance fees according to size of unit are shown in Table VI-7. The overall weighted average weekly maintenance fee is \$1,183. Weighted averages by unit size are: studios (\$728), one-bedrooms (\$870), two-bedrooms (\$904),

TABLE VI-6

Pricing Characteristics, By Number of Bedrooms

Development	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Weighted Average
1. Claybrook at Sugarbush						
1/8 share	\$84,000	\$147,000	\$210,000	\$288,750	\$350,088	\$234,569
Avg. price per week	\$14,000	\$24,500	\$35,000	\$48,125	\$64,181	\$39,860
Avg. price per sq. ft.	\$1,014	\$1,153	\$1,292	\$1,540	\$1,569	\$1,361
Avg. weekly maintenance fees	\$350	\$560	\$788	\$1,225	\$1,571	\$954
2. Edgartown Residence Club						
1/12 share	n/a	\$172,667	\$228,250	n/a	n/a	\$200,459
Avg. price per week	n/a	\$43,167	\$57,063	n/a	n/a	\$50,115
Avg. price per sq. ft.	n/a	\$3,188	\$2,883	n/a	n/a	\$3,036
Avg. weekly maintenance fees	n/a	\$870	\$1,305	n/a	n/a	\$1,088
3. Front Four at Stowe Mountain						
1/8 share	n/a	n/a	\$349,000	\$379,000	\$449,000	\$404,294
Avg. price per week	n/a	n/a	\$58,167	\$63,167	\$74,833	\$67,382
Avg. price per sq. ft.	n/a	n/a	\$1,469	\$1,318	\$1,197	\$1,286
Avg. weekly maintenance fees	n/a	n/a	\$1,654	\$2,077	\$2,499	\$1,316
4. Jackson Gore Inn						
1/4 share	\$65,000	\$105,000	\$215,000	\$260,000	n/a	\$155,226
Avg. price per week	\$5,417	\$8,750	\$17,917	\$21,667	n/a	\$12,936
Avg. price per sq. ft.	\$667	\$486	\$672	\$562	n/a	\$583
Avg. weekly maintenance fees	unk.	unk.	unk.	unk.	n/a	unk.
5. Lodges at CrestHaven						
1/4 share	n/a	n/a	\$245,000	n/a	n/a	\$245,000
Avg. price per week	n/a	n/a	\$20,417	n/a	n/a	\$20,417
Avg. price per sq. ft.	n/a	n/a	\$980	n/a	n/a	\$980
Avg. weekly maintenance fees	n/a	n/a	\$600	n/a	n/a	\$600
6. Ocean House						
1/8 share	n/a	n/a	\$260,000	\$320,000	n/a	\$285,500
Avg. price per week	n/a	n/a	\$43,333	\$53,333	n/a	\$47,583
Avg. price per sq. ft.	n/a	n/a	\$1,600	\$1,463	n/a	\$1,542
Avg. weekly maintenance fees	n/a	n/a	\$1,267	\$1,650	n/a	\$1,430
7. Vanderbilt Private Residence Club						
1/8 share	\$51,250	\$125,000	\$225,000	n/a	n/a	\$118,906
Avg. price per week	\$8,542	\$20,833	\$37,500	n/a	n/a	\$19,817
Avg. price per sq. ft.	\$1,025	\$1,818	\$1,895	n/a	n/a	\$1,721
Avg. weekly maintenance fees	\$917	\$1,095	\$1,314	n/a	n/a	\$1,080

Development	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Weighted Average
8. Villas at Trapp Family Lodge						
1/12 share	n/a	n/a	n/a	\$144,024	n/a	\$144,024
Avg. price per week	n/a	n/a	n/a	\$36,006	n/a	\$36,006
Avg. price per sq. ft.	n/a	n/a	n/a	\$691	n/a	\$691
Avg. weekly maintenance fees	n/a	n/a	n/a	\$1,593	n/a	\$1,593
9. Whiteface Lodge						
1/12 share	\$75,000	\$85,000	\$155,000	\$250,000	\$450,000	\$147,616
Avg. price per week	\$18,750	\$21,250	\$38,750	\$62,500	\$112,500	\$36,904
Avg. price per sq. ft.	\$1,286	\$1,137	\$1,502	\$1,472	\$1,699	\$1,316
Avg. weekly maintenance fees	\$725	\$800	\$1,250	\$2,000	\$2,500	\$1,231
10. Windham House at Ascutney						
1/4 share	n/a	n/a	\$88,725	\$109,200	n/a	\$98,963
Avg. price per week	n/a	n/a	\$6,825	\$8,400	n/a	\$7,613
Avg. price per sq. ft.	n/a	n/a	\$366	\$273	n/a	\$320
Avg. weekly maintenance fees	n/a	n/a	\$450	\$450	n/a	\$450

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VI-7
Average Weekly Maintenance Fees, By Number of Bedrooms

Development	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Average	Weighted Average
1. Claybrook at Sugarbush	\$350	\$560	\$788	\$1,225	\$1,571	\$899	\$954
2. Edgartown Private Residence Club	n/a	\$870	\$1,305	n/a	n/a	\$1,088	\$1,088
3. Front Four at Stowe Mountain	n/a	n/a	\$1,654	\$2,077	\$2,499	\$2,077	\$1,316
4. Jackson Gore Inn	unk.	unk.	unk.	unk.	n/a	unk.	unk.
5. Lodges at CrestHaven	n/a	n/a	\$600	n/a	n/a	\$600	\$600
6. Ocean House	n/a	n/a	\$1,267	\$1,650	n/a	\$1,459	\$1,430
7. Vanderbilt Private Residence Club	\$917	\$1,095	\$1,314	n/a	n/a	\$1,109	\$1,080
8. Villas at Trapp Family Lodge	n/a	n/a	n/a	\$1,593	n/a	\$1,593	\$1,593
9. Whiteface Lodge	\$725	\$800	\$1,250	\$2,000	\$2,500	\$1,455	\$1,231
10. Windham House at Ascutney	n/a	n/a	\$450	\$450	n/a	\$450	\$450
Average	\$664	\$831	\$1,079	\$1,499	\$2,190	\$1,192	\$1,082
Weighted average	\$728	\$870	\$904	\$1,621	\$2,176		\$1,183

Source: Fieldwork conducted by Ragatz Associates, February 2008.

three-bedrooms (\$1,621), and four-bedrooms (\$2,176). Windham House at Ascutney Mountain Resort (\$450), Lodges at CrestHaven (\$600), and Claybrook at Sugarbush (\$954) all report an average weekly fee of less than \$1,000. On the upper-end Villas at Trapp Family Lodge (\$1,593), Ocean House (\$1,430) and Front Four at Stowe Mountain (1,316).

Sales Prices

Approximate weekly sales prices are shown in Table VI-8. Weighted averages range from \$6,720 for a studio, to \$16,636 for a one-bedroom, to \$28,019 for a two-bedroom, to \$43,728 for a three-bedroom, to \$72,766 for a four-bedroom. The overall average is about \$29,256, ranging from \$7,613 at Windham House at Ascutney Resort to \$67,382 at Front Four at Stowe Mountain.

Whiteface Lodge has the highest priced studios (\$18,750) and four-bedrooms (\$112,500). Edgartown Residence Club has the highest priced one-bedrooms (\$43,167) and two-bedrooms (\$57,063) and Front Four at Stowe Mountain has the highest priced three-bedrooms (\$63,167).

As shown in Table VI-9, the overall weighted average price per square foot is \$1,070. Weighted averages by unit size are: studios (\$750), one-bedrooms (\$1,040), two-bedrooms (\$1,109), three-bedrooms (\$1,086) and four-bedrooms (\$1,348).

Edgartown Residence Club has the highest average per square foot price (\$3,036), followed by Vanderbilt Private Residence Club (\$1,721) and Ocean House (\$1,542). Windham House at Ascutney Mountain Resort (\$320) and Jackson Gore Inn (\$583) average the least per square foot.

Other Items

Table VI-10 shows average operating costs were reported to be 18 percent and products costs to be 33 percent. This is based on relatively few data points, however, as most resorts declined to give this information. It is reported that 53.0 percent of sales are paid in cash. Sales volume for 2007 is estimated to be almost \$78 million. It is emphasized that these figures do not all represent actual closings.

TABLE VI-8
Average Weekly Prices, By Number of Bedrooms

Development	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Average	Weighted Average
1. Claybrook at Sugarbush	\$14,000	\$24,500	\$35,000	\$48,125	\$64,181	\$37,161	\$39,860
2. Edgartown Residence Club	n/a	\$43,167	\$57,063	n/a	n/a	\$50,115	\$50,115
3. Front Four at Stowe Mountain	n/a	n/a	\$58,167	\$63,167	\$74,833	\$65,389	\$67,382
4. Jackson Gore Inn	\$5,417	\$8,750	\$17,917	\$21,667	n/a	\$13,438	\$12,936
5. Lodges at CrestHaven	n/a	n/a	\$20,417	n/a	n/a	\$20,417	\$20,417
6. Ocean House	n/a	n/a	\$43,333	\$53,333	n/a	\$48,333	\$47,583
7. Vanderbilt Private Residence Club	\$8,542	\$20,833	\$37,500	n/a	n/a	\$22,292	\$19,817
8. Villas at Trapp Family Lodge	n/a	n/a	n/a	\$36,006	n/a	\$36,006	\$36,006
9. Whiteface Lodge	\$18,750	\$21,250	\$38,750	\$62,500	\$112,500	\$50,750	\$36,904
10. Windham House at Ascutney	n/a	n/a	\$6,825	\$8,400	n/a	\$7,613	\$7,613
Average	\$11,677	\$23,700	\$34,997	\$41,885	\$83,838	\$35,151	\$33,863
Weighted average	\$6,720	\$16,636	\$28,019	\$43,728	\$72,766		\$29,256

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VI-9
Average Price Per Square Foot, By Number of Bedrooms

Development	Studio	1-Bed	2-Bed	3-Bed	4-Bed	Average	Weighted Average
1. Claybrook at Sugarbush	\$1,014	\$1,153	\$1,292	\$1,540	\$1,569	\$1,314	\$1,361
2. Edgartown Residence Club	n/a	\$3,188	\$2,883	n/a	n/a	\$3,036	\$3,036
3. Front Four at Stowe Mountain	n/a	n/a	\$1,469	\$1,318	\$1,197	\$1,328	\$1,286
4. Jackson Gore Inn	\$667	\$486	\$672	\$562	n/a	\$597	\$583
5. Lodges at CrestHaven	n/a	n/a	\$980	n/a	n/a	\$980	\$980
6. Ocean House	n/a	n/a	\$1,600	\$1,463	n/a	\$1,532	\$1,542
7. Vanderbilt Private Residence Club	\$1,025	\$1,818	\$1,895	n/a	n/a	\$1,579	\$1,721
8. Villas at Trapp Family Lodge	n/a	n/a	n/a	\$691	n/a	\$691	\$691
9. Whiteface Lodge	\$1,286	\$1,137	\$1,502	\$1,472	\$1,699	\$1,419	\$1,316
10. Windham House at Ascutney	n/a	n/a	\$366	\$273	n/a	\$320	\$320
Average	\$998	\$1,556	\$1,407	\$1,046	\$1,488	\$1,280	\$1,284
Weighted average	\$750	\$1,040	\$1,109	\$1,086	\$1,348		\$1,070

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VI-10
Sales Performance

Development	Operating Costs	Product Costs	Percent Paid in Cash	Estimated Sales Volume: 2007
2. Claybrook at Sugarbush	unk.	unk.	unk.	\$28,800,000
Edgartown Residence Club	unk.	unk.	50%	\$4,000,000
3. Front Four at Stowe Mountain	13%	15%	10%	\$9,306,000
4. Jackson Gore Inn	unk.	36%	10%	\$7,600,000
5. Lodges at CrestHaven	unk.	unk.	unk.	\$2,940,000
Ocean House	20%	43%	unk.	\$14,600,000
Vanderbilt Private Residence Club	unk.	unk.	100%	\$1,202,250
6. Villas at Trapp Family Lodge	20%	36%	75%	\$3,556,500
7. Whiteface Lodge	20%	unk.	70%	\$5,000,000
8. Windham House at Ascutney	unk.	unk.	unk.	<u>\$989,625</u>
Average/Total	18%	33%	53%	\$77,994,375

Source: Fieldwork conducted by Ragatz Associates, February 2008.

The remaining pages of this chapter contain further materials on some of the more important fractional interest projects in the Northeast.

JACKSON GORE INN AT OKEMO



Jackson Gore Inn Quarter Ownership Own Now!

- Building Plans
- Floor Plans

There are a limited number of resales available from time to time. If you would like information on units that are available or if you would like to speak with a salesperson about a possible upcoming unit, please call the Jackson Gore Real Estate office or stop by the show room under the stone arches at the Inn.

Adam's House Quarter Ownership Reserve Now!

- Building Plans
- Floor Plans

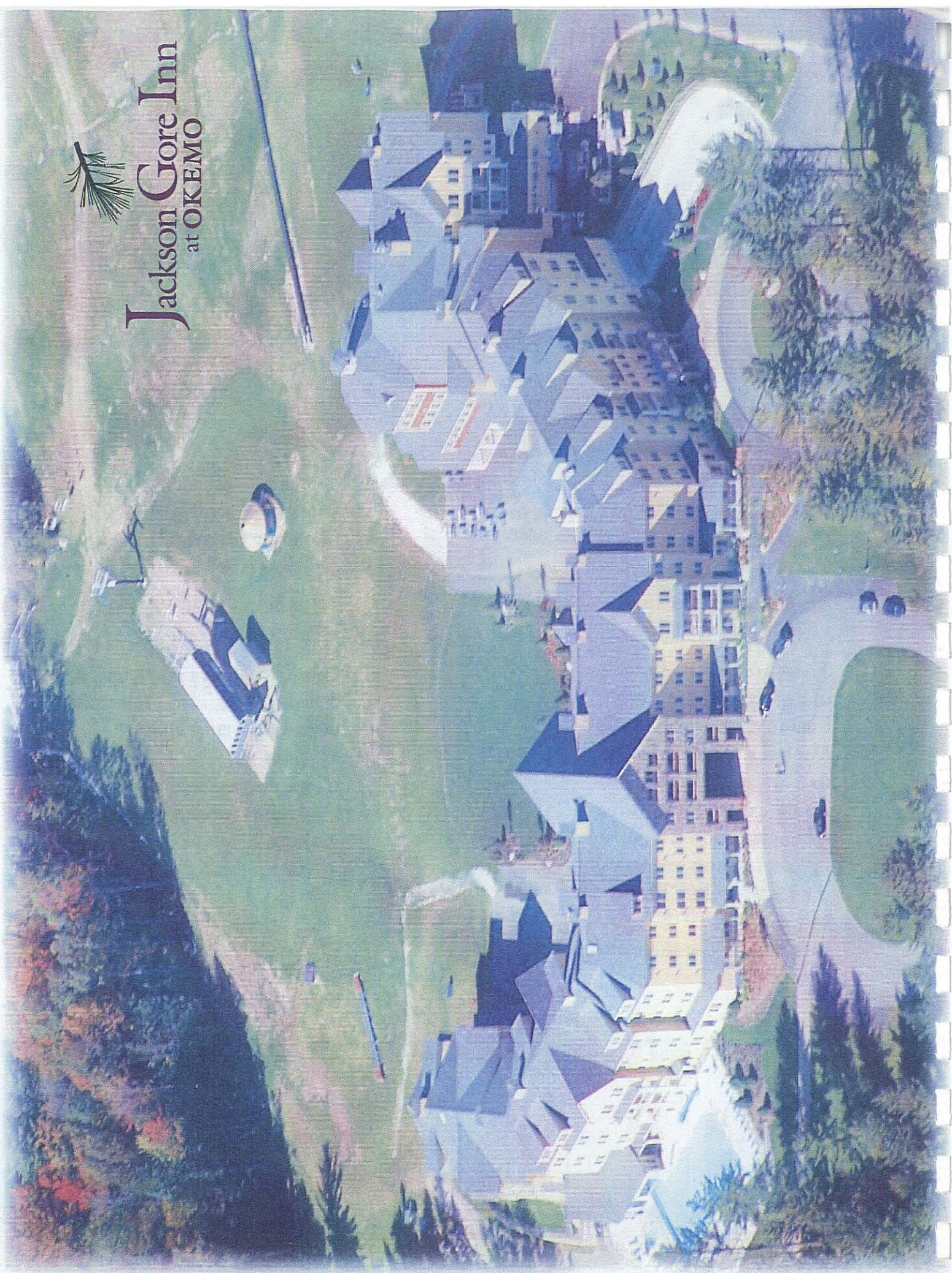
One-Two-Three-Bedroom fully furnished condominiums with washer and dryer, available in quarterownership. There are four floors, underground parking, Ski-in Ski-out, private ski lockers.



Building Specifications are Proposed and Subject to Change.



Jackson Gore Inn at OKEMO





Jackson Gore Inn at OKEMO

Benefits of Quarter Ownership

- **13 weeks of year-round ownership**
- **One week every twenty-eight days**
- **Weeks run Friday through Friday**
- **Calendar intervals are predetermined . . . forever**
- **Fee simple, warranty deed – willable ownership**
 - **Space Available**
 - **Worldwide travel with
Resort Condominiums International (RCI)**
 - **Rental management program available**

Condominium amenities and programs are proposed and subject to change.

This is not an offering to sell real estate or a security.



Jackson Gore Inn at OKEMO

All the Amenities You Deserve

- **Ski-in/ski-out convenience**
- **Fully-furnished condominiums**
- **24-hour front desk service**
- **Concierge/Bell/Room service**
 - **Daily housekeeping**
- **Valet/Underground parking**
- **Owners lockers – 365 days per year**
 - **Complete health club**
- **Indoor/outdoor swimming pool & whirlpool Spas**
 - **On-site childcare**

Condominium amenities and programs are proposed and subject to change.

This is not an offering to sell real estate or a security.



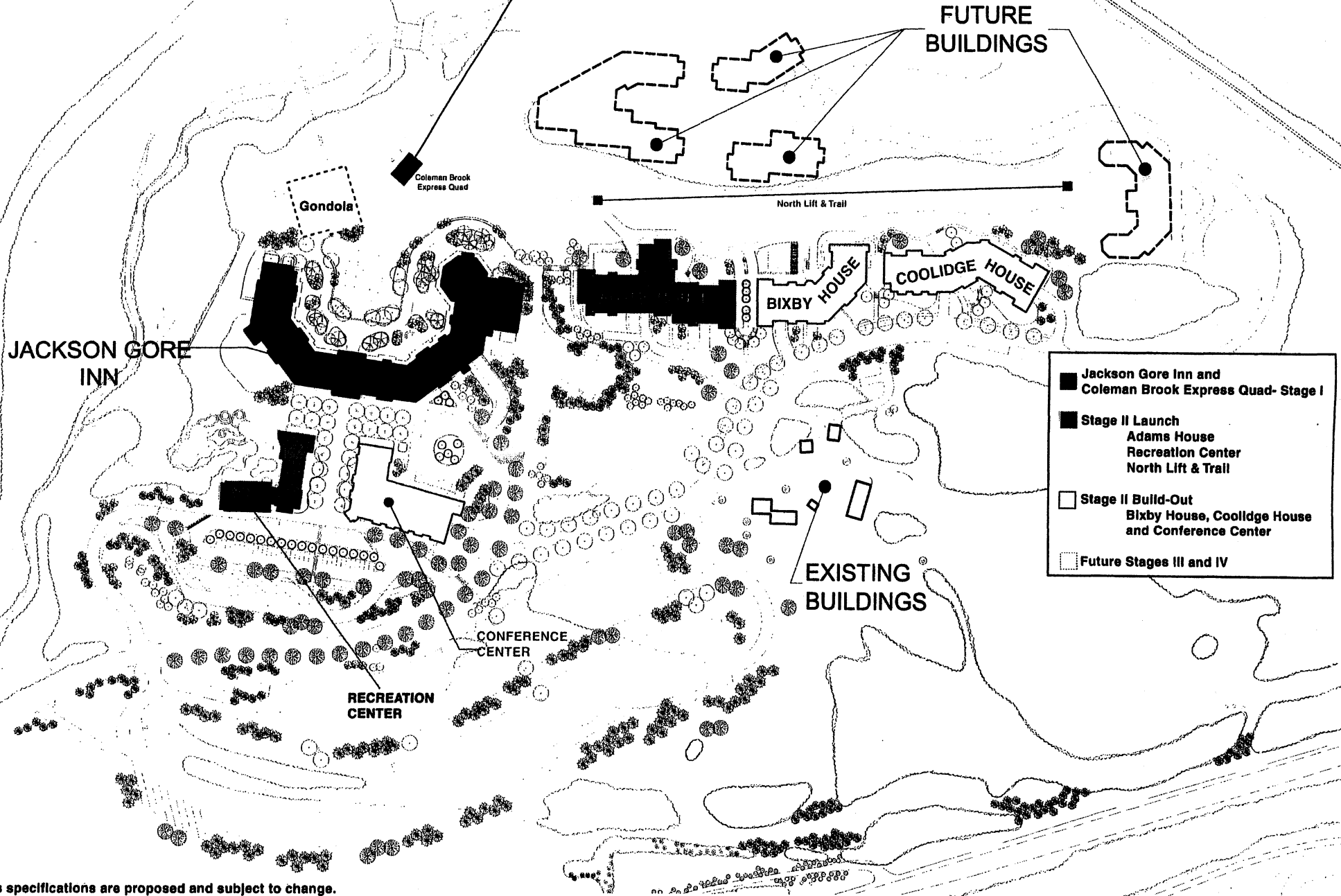
Jackson Gore Inn at OKEMO

Space Available

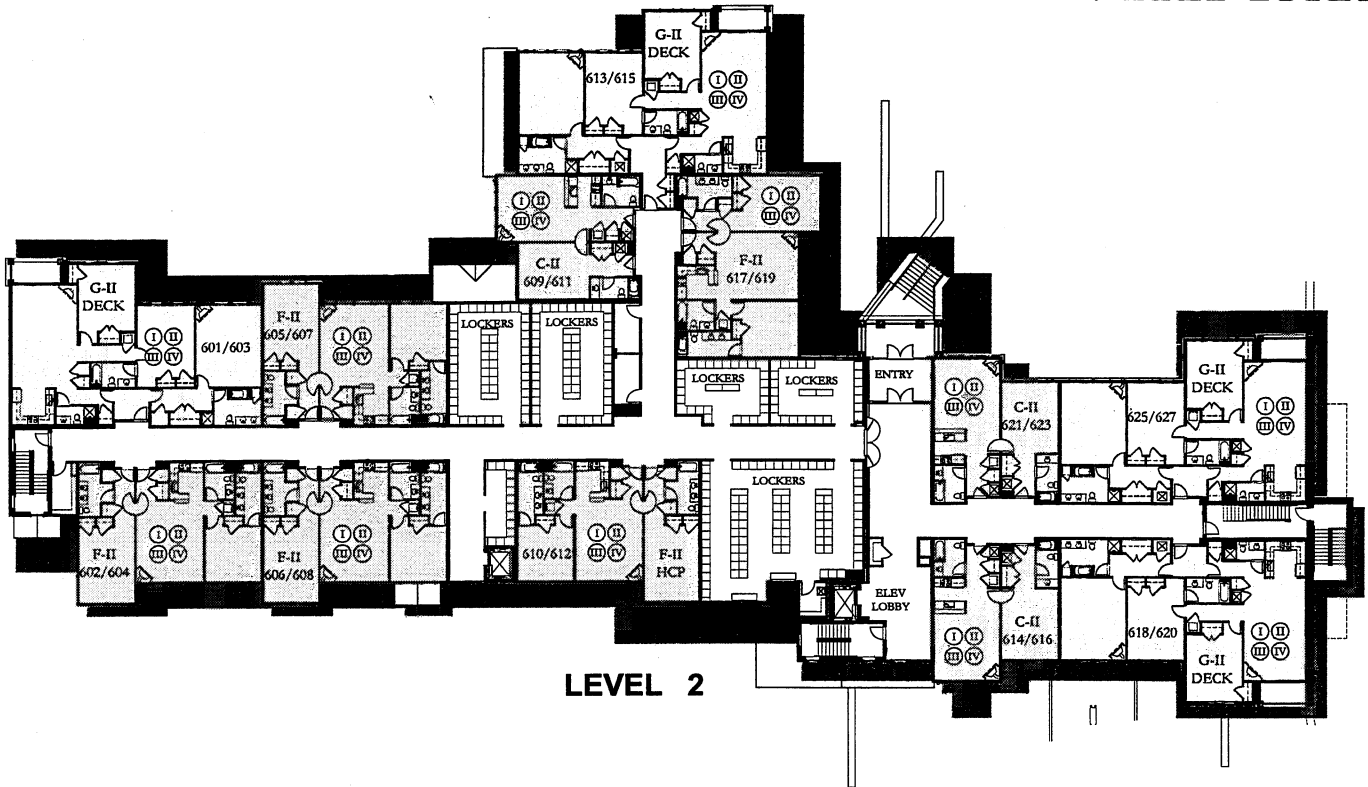
- **Space Available is extra vacation time**
 - **You only pay housekeeping fees**
 - **Immediate family is eligible**
- **You don't forfeit time from weeks you own**
 - **Make reservations within 72 hours**
- **Available when occupancy is below 90%**
- **Use of comparable or smaller size units**

Condominium amenities and programs are proposed and subject to change.

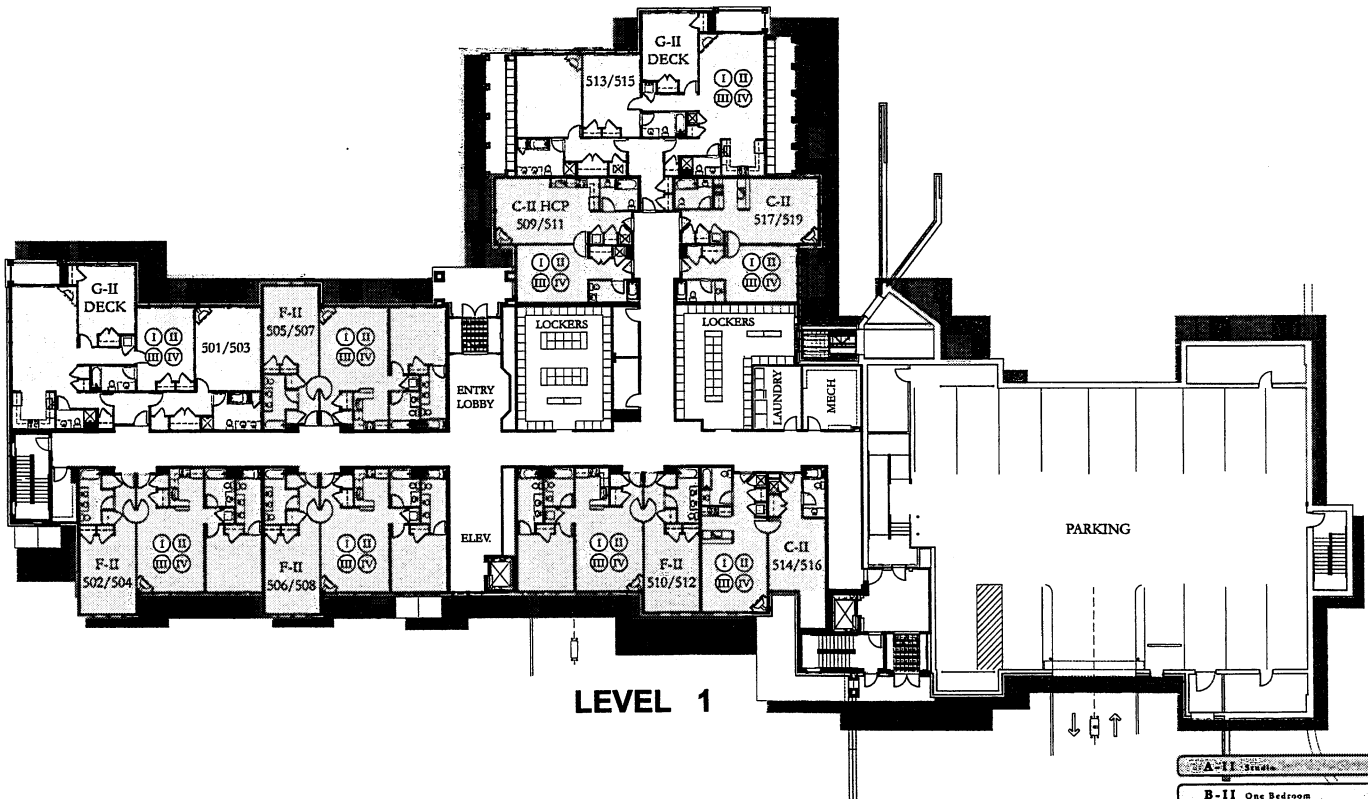
This is not an offering to sell real estate or a security.



ADAMS HOUSE



LEVEL 2



LEVEL 1

- A-II Studio
- B-II One Bedroom
- C-II One Bedroom, Lockout
- D-II Two Bedroom, Lockout
- F-II Two Bedroom, Lockout
- G-II Three Bedroom, Lockout
- H-II Two Bedroom

FINAL BUILDING LAYOUTS SUBJECT TO CHANGE

LODGES AT CRESTHAVEN



Lodges at Cresthaven Inventory Packages

Our Fractional ownership is deeded real estate ownership of a specific lodge and includes equity in the Lodges common property. Fractional owners purchase the lodge of their choice and will return to it every time they stay. Ownership is available in 1/10th deed (3 weeks of the year) to Whole ownership 10/10th deed (30 weeks a year) so you can purchase as much of your property as you'd like.

Lodge 1	Complete ownership (30 weeks)	\$900,000
Lodge 28	Complete ownership (30 weeks)	\$650,000
Lodge 44	12 weeks (4 weeks in spring, summer, fall)	\$245,000
Lodges 28-44	3 week interest	\$35-65,000

Basic packages are available which would consist of a 3 week interest. The price range for 1 fixed week in the summer and a rotating week in the spring and the fall is \$35,000-\$65,000. The Fixed August weeks are the more expensive weeks.

After initial purchase you will have annual common fees of approximately \$1750/yr per 3 week share. This will cover everything from taxes to replacement furniture.

Thank you,

Mike Vogel
Sales Manager

Top 5 Reasons to Own at The Lodges at Cresthaven

1. Strengthen Family Bonds - Invest in Memories
2. Pass it on - Create Your Own Legacy
3. Trust The Best - The World's Vacation Ownership Leader
4. Enjoy Flexibility - Travel the World At Your Own Pace
5. Add Fun To Your Funds - Get More From Your Vacation Dollars

1. Strengthen Family Bonds - Invest in Memories

Vacations provide crucial time to rejuvenate and nurture bonds with those you love. Shared experiences strengthen family relationships, creating a lifetime of memories. Exciting vacation experiences build equity that can't be calculated on a balance sheet.

2. Pass It On - Create Your Own Legacy

Vacation Ownership initiates a tradition of family vacations to be enjoyed by generations to come.

Ownership means your property is deeded real estate, which is transferable to your heirs. Fun vacations with the family, creates memories to be cherished forever.

3. Trust The Best - The World's Vacation Ownership Leader

RCI is the standard for dependability and quality.

With over 3500 resorts we want you to find the right vacation for your needs, so that you and your family will enjoy a lifetime of vacation dreams come true.

4. Add Fun To Your Funds - Get More From Your Vacation Dollars

Vacation Ownership locks in a lifetime of vacation expenses at today's affordable prices no escalating hotel costs ever!

Owners leverage their leisure dollars through various programs as they accumulate points, which are redeemable for worldwide RCI accommodations, airfare, cruises, car rentals and more.

Vacation will be a nominal cost. You will not have a big bill at the end of your vacation.

5. Enjoy Flexibility - Travel The World At Your Own Pace

Enjoy exchange privileges to over 3500 RCI affiliated resorts.

You can also trade weeks and earn points towards airline tickets, cruises, rental cars and more.

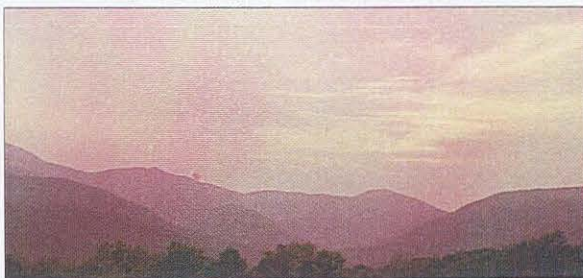
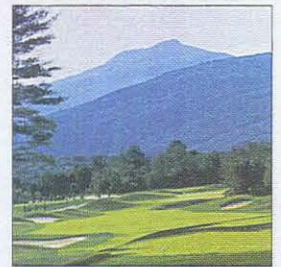
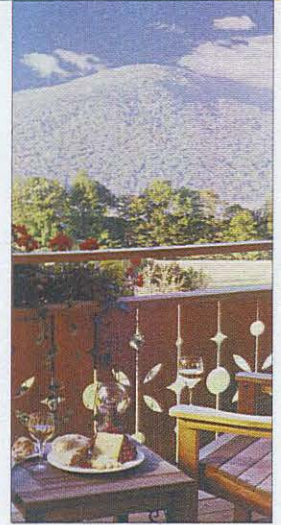
VILLAS AT TRAPP FAMILY LODGE



THE VILLAS

Since opening the Trapp Family Lodge, we have been dedicated to providing world-class amenities and peerless service. In continuing this fine tradition, we are proud to unveil The Villas at Trapp Family Lodge - Stowe's Premier Private Residence Club. The Villas offer the best of two worlds: the privacy of a luxury residence combined with first class-service of a luxury resort.

Tucked away on 61 secluded acres, the Villas will offer unparalleled elegance and comfort in a tranquil setting high above the mountain valley. Pitched gable cedar roofs and second floor balconies are reminiscent of the original Trapp Family Lodge. Inside, the soaring ceilings, exposed beams, light-suffused rooms, and hard wood floors evoke the sophistication of a European villa and the magic of a Vermont retreat. Inviting furniture, exquisite fixtures and accessories, and extraordinary attention to detail blend in effortless harmony. The private Villas seem to unfold into nature.



What is Fractional Ownership?

Fractional Ownership Properties, also known as Private Residence Clubs, are exclusive properties typically located in world-renown resort destinations. Many are currently in western ski areas such as Aspen and Jackson Hole, and other locations such as Cabo san Lucas and the Caribbean. Fractional sizes vary, but ownerships of 1/9th to 1/13th seem to be most common. Our Program offers a 1/12th ownership option. Simply stated, fractional ownership fills the gap in the market between whole ownership and timesharing. It appeals to people who want a luxurious second home but can't justify the high cost of ownership and maintenance for something they will realistically only be able to use a few weeks of the year. Fractional ownership allows for more services and amenities than whole ownership, while ensuring that your property is professionally maintained and ready for your arrival.

How Does Fractional Ownership Compare to Timesharing?

Fractional Ownership/Private Residence Clubs are exclusive properties and differ from time-sharing in several ways. The accommodations are typically larger and more luxurious than timeshares and offer a higher level of personal services, exclusivity and sophistication. In addition, they are located on some of the most desirable real estate in the world.

How flexible is my ownership?

Perhaps the biggest misconception people have who are unfamiliar with fractional ownership is that they believe they will be "locked" into set times for their vacations. Actually, one main advantage over typical second home ownership is the flexibility to exchange, rent, swap, or lend their ownership. The 'lock-out' feature of our Villas even allows owners the potential of choosing any two options of use at the same time. Our exchange affiliation allows owners to experience travel to different resorts, trade for cruises, safaris, and stays at other fine hotels. While our use plans allows for owners to guarantee the time they want during the peak seasons, it also provides time that can be used on a request basis, and even allows partial week use.

Can I use time beyond the time that I own?

Owners have unlimited use of Space Available stays. Space Available stays may be reserved during the weeks that are not owned, when not required for maintenance. In addition, owners can make their unused time available to other owners for use as Space Available vacations.

Can I purchase as whole ownership?

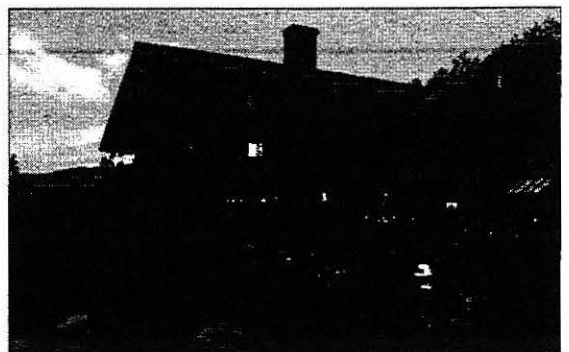
Yes, you can own a Villa year round, and still have access to the resort amenities and management.

Who is the Developer?

Trapp Family Lodge, Inc., a Vermont Corporation located in Stowe, Vermont and Johannes von Trapp, President. The von Trapp family settled in Stowe in 1941, and began welcoming guests to their music camp and lodge in the 1950's. Trapp Family Lodge, Inc. currently operates the world-famous 96-room lodge and a renowned ski touring center.

Who is the Architect?

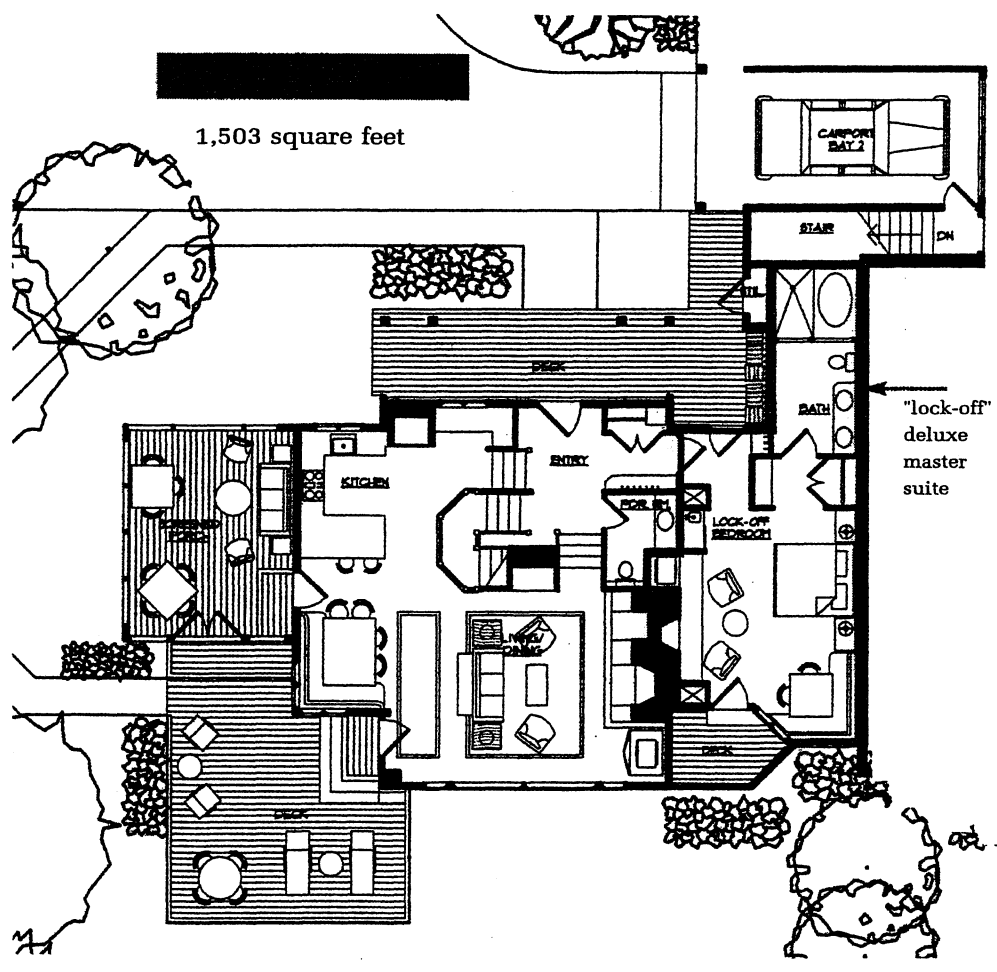
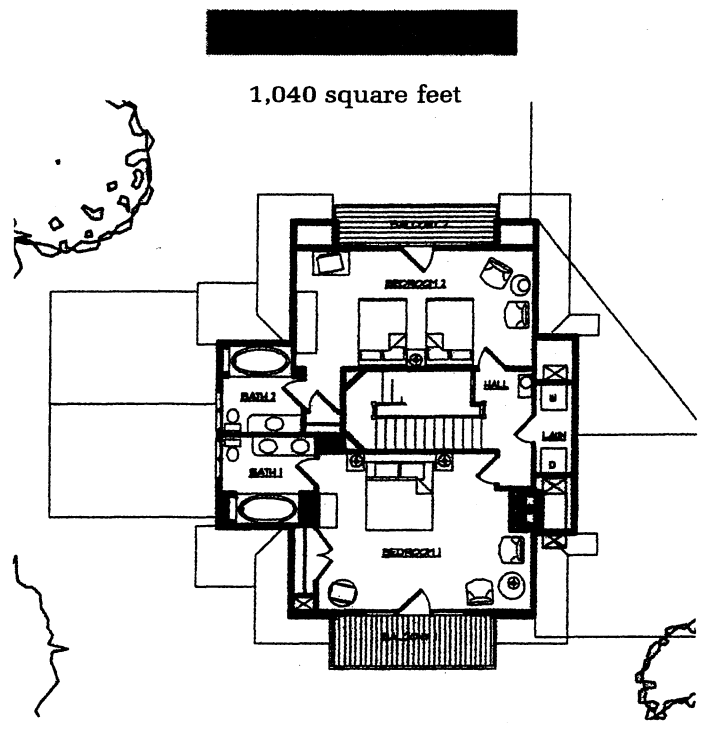
THE BURLEY PARTNERSHIP has 35 years of design experience for hospitality, institutional, commercial, and residential projects throughout the northeastern United States. The firm has also been a forerunner in the field of historic preservation. The Burley Partnership focuses on sound building design and construction, sustainability, and architecture that contributes to the life of the community. Primary design concerns are relating a building to its interior use, to its site, and the landscape... design that is in context with its environment.



ALL THE RELAXATION,
THE COMFORT AND LUXURY
OF YOUR VILLA AWAIT YOU.

Each Villa Features:

- Over 2,500 square feet of living space in each duplex villa
- Two deluxe master suites, one with wood-burning fireplace and "lock-off" capability; both with king-sized beds
- One guest room with two double beds
- Three deluxe baths & powder room
- Great room with wood-burning fireplace and surround sound system
- Gourmet kitchen with premium appliances
- Screened-in porch
- Professionally appointed Austrian & Vermont design and décor
- Personal storage units in the basement
- Attached garage
- Washer & Dryer
- Central air-conditioning



Floor plan represents one half of a duplex Villa.

WHITEFACE LODGE



OWN A PART OF HISTORY AS IT UNFOLDS:

THE REVIVAL OF THE GREAT ADIRONDACK LODGE

The Whiteface Lodge is a spectacular and unique resort property - a lavish revival of a grand Adirondack camp lodge. We invite you and your family to experience our spacious and elegant accommodations; extensive recreation and amenities; and warm and professional hospitality—all in a stunning property that celebrates its majestic natural setting. The exclusive property is nestled in the Adirondacks—6 million acres of lush forests, 46 rugged, above tree-line peaks, 2,800 lakes and ponds, 2,000 miles of hiking trails, and numerous world-class trout streams. During all four seasons, visitors enjoy an astounding variety of things to do. Then there are the charms of Lake Placid, an alpine village with cultural, recreational, shopping and dining opportunities.

If your preference is to remain at the Lodge, our 30-acre property features a wide array of indoor and outdoor activities. The emphasis is on recreation, relaxation and dining, the kinds of activities that bring families and friends together. Our personalized service will address your every need, and our hospitality will warm your heart. It is within this setting that The Whiteface Lodge offers ownership of our one, two and three bedroom residences.

WHOLE AND PARTIAL LUXURY HOME OWNERSHIP

Who wouldn't want a beautiful vacation home with a vast range of amenities and concierge services in a spectacular mountain resort village?

Vacation home ownership at the Whiteface Lodge is available in whole ownership and partial ownership. You can own your dream vacation home and tailor your purchase to your needs, wants and budget. Partial ownership combines the same luxuries as whole vacation home ownership with many additional benefits.

Less expensive, easier to manage, more flexible, easier to trade and worry-free especially when compared to ownership of a single family vacation home, partial ownership allows one to afford more luxurious services and amenities than whole ownership, at a fraction of the cost.

OWNERSHIP AT THE WHITEFACE LODGE

Our ownership is true, warrantee deeded real estate of a specific residence and includes equity in the resort's common property. Owners purchase the residence of their choice and return to it every time they stay. Ownership is available in 1/6th deeds (eight weeks of the year) to whole ownership (6/6ths) so you can purchase as much of your property as you'd like. Private storage is also included for personal belongings.



USAGE GUIDELINES

- ◆ One sixth ownership means you have access to your property every sixth week forever, unless you sell your property which you can do at any time.
- ◆ Should your schedule conflict, we'll rent your residence for you. Or we can help you arrange to trade with other owners to meet your needs.
- ◆ Enjoy traveling? You can exchange weeks at your residence at The Whiteface Lodge with other properties in North America, the Caribbean, and Europe.

FLEXIBILITY IS ASSURED

In addition to the usage flexibility described above, you can trade for vacations in other luxury resorts around the world thanks to our association with The Registry Collection. Our rental program gives you the opportunity to use your residence or earn rental income when you are not occupying the residence.

EARN RENTAL INCOME

As a residence owner in The Whiteface Lodge, you'll enjoy an additional feature: our optional rental program. When not in residence, we will rent your suite for you. Organized and managed by our in-house specialists, the operators of our luxury resort, the rental program provides you with a convenient and flexible opportunity to earn income from your vacation home. We will rent your residence for just a few days or a week at a time so you can enjoy your residence precisely when you want. This way your ownership is always at work whether you and your family are enjoying your suite or it's generating revenue.

MAINTAINING YOUR RESIDENCE

One of the important benefits of ownership in The Whiteface Lodge is our unique, shared-cost and maintenance structure. Your property is maintained and kept secure in your absence because the Lodge also operates as a successful hotel, the hotel division manages the property and shares many of the expenses associated with upkeep of the entire lodge property, including the services, amenities and maintenance of the building and grounds. Therefore a significant portion of the cost of maintaining your residence is assumed by the hotel operations.

COME STAY WHENEVER WE HAVE EXTRA ROOM!

Owners who participate in our rental program are invited to join us at The Whiteface Lodge for complimentary 3-day vacations. Just give us a call up to 72 hours in advance of your desired arrival time and if the property is less than 90 percent full, come on up! These bonus visits are on a space-available basis, are restricted to 3-day stays, and include a housekeeping and administrative fee.

YOUR MEMBERSHIP IN THE WORLD'S FINEST RESORTS

The Whiteface Lodge is a proud member of The World's Finest Resorts, the world's leading provider of exchange benefits for luxury resort and residential resort owners. In addition to exchanges, members and owners are also able to use their ownership for significant price reductions on luxury travel and cruise programs. They may also purchase specially selected travel programs at a WFR member-only price, rent other accommodations available within the Collection for their use and trade time in their accommodations. The World's Finest Resort has more than 65 exclusive resorts in its portfolio located in North America, and the Caribbean.

THE
WHITEFACE
LODGE
RESORT & SPA

RESIDENCE SPECIFICS:

The 85 luxury residences showcase the craftsmanship that makes each room unique. As with the entire lodge, residence décor is inspired by the grand lodges of yesteryear. Exposed ceiling timbers, rough-hewn wainscoting milled from native pine, hand-forged cast iron wall sconces and chandeliers made by local blacksmiths complement plush upholstery and fine fabrics.

Residences come in a choice of studio, one, two, or three bedroom suites. You can choose from the sumptuous two story Grand Lodge Suites with panoramic views; set up your vacation home in a one or two bedroom suite; or settle into a spacious and comfortable studio suite.

- ◆ Our one bedroom residences range in size from 676 to 1024 square feet.
- ◆ Our two bedroom residences range in size from 1050 to 1480 square feet.
- ◆ Our three bedroom residences range in size from 1580 to 2300 square feet.
- ◆ Partial ownership ranges from approximately \$125,000 to \$320,000.
- ◆ Full ownership ranges from approximately \$700,000 to \$2 million.

WHAT YOU OWN WITH PARTIAL OWNERSHIP

Residents own:

- ◆ Residential furniture and fixtures
- ◆ All residential apparatus installations
- ◆ The balcony/terrace of specific residences
- ◆ Storage lockers

Residence owners and The Whiteface Lodge own jointly:

- ◆ Furniture, fixtures, property not in each residences
- ◆ All common elements within the property including: hallways, the foundation, exterior walls, lobby, roof, more than 14 acres of land, roads, etc.

The Whiteface Lodge retains ownership of the following:

- ◆ Amenities, including: health and fitness center, indoor/outdoor pool, skating rink, gift shop, movie theatre, games room, platform tennis courts
- ◆ Separate Commercial Entities, including: Spa, Canoe Club, The Great Room, The Kanu Restaurant and kitchens, Explorer's Club and movie theater
- ◆ Service Elements, including: front desk and surrounding offices, service elevators, housekeeping and utility closets, all parking areas

OUR GRAND AMENITIES

1. Canoe Club waterfront marina, beach and park
2. Spa suites
3. Exquisite Great Room with stone fireplaces
4. Year-round refrigerated outdoor ice rink
5. Bowling lanes
6. Kanu Restaurant
7. Extensive fitness center
8. Family games room with pool, shuffleboard, foosball, TV and board games
9. 56-seat, Surround Sound movie theater
10. Ice cream parlor
11. Indoor and outdoor hot pools
12. Year-round indoor/outdoor heated pool
13. Platform Tennis
14. Croquet Lawn
15. Bocce Court
16. Snowshoe/cross country ski trails
17. Hiking/mountain bike trails
18. Explorer's Club lounge and bistro
19. Kids crafts
20. On-water, grass picnic lawn
21. Canoes, kayaks, electric boats & speed boat
22. Private dockage
23. Putting Green
24. Conference facilities
25. Wedding facilities
26. 24-hour security
27. Shuttle van service



FREQUENTLY ASKED QUESTIONS

WHAT ARE THE ADVANTAGES OF PARTIAL OWNERSHIP?

Partial ownership provides more convenience, services and amenities than a vacation home; provides owners with generous, flexible vacation use; removes the worries associated with a vacation home; and significantly reduces costs.

HOW DOES PARTIAL OWNERSHIP COMPARE TO TIMESHARE OWNERSHIP?

Partial ownerships are exclusive, tangible, real-estate property assets that can generate income. They can be resold or willed as with any deeded real estate. The residence is tailored to the tastes of individual owners prior to each arrival. The residences are larger and more luxurious and offer a higher level of personal service, exclusivity and sophistication.

CAN A PARTIALLY-OWNED SUITE GENERATE INCOME FOR THE OWNER?

Yes. Owners may become part of The Whiteface Lodge Rental Program.

IS WHOLE OWNERSHIP A POSSIBILITY?

Yes. Owners can purchase all of six fractions available for any suite.

CAN PARTIAL OWNERSHIP BE RESOLD?

Yes. A residential suite owner may sell his interest like any other form of real estate.

WHO ESTABLISHES THE FEES AND CONTROLS THE AFFAIRS OF THE WHITEFACE LODGE HOMEOWNERS?

The Board of Directors of The Whiteface Lodge Homeowners' Association establishes budgets and fees on an annual basis.

WHAT DO HOMEOWNERS PAY WHEN VISITING THEIR RESIDENCE?

Residence owners pay set-up and housekeeping fees.

WILL THE WHITEFACE LODGE BE OPEN TO THE PUBLIC?

Dining facilities are open to the public. Amenities are for the exclusive use of members while in residence.

WHAT DO I DO NEXT?

Call 1-800-903-4045 ext. 534 and speak with ownership sales, and please visit us in Lake Placid:
7 Whiteface Inn Lane
Lake Placid, NY 12946

WWW.THEWHITEFACELODGE.COM





Price Range Sheet
(Per 1/6 th Fraction)
effective 6/5/06

1 Bedrooms start at \$148,900 to \$228,900

Association Dues range from approx. \$2160 to \$4092 per year

Real Estate Taxes range from \$2378 to \$3559 per year

2 Bedrooms start at \$265,900 to \$300,900

Association Dues range from \$4200 to \$5952 per year

Real Estate Taxes range from \$4133 to \$4662 per year

3 Bedrooms start at \$310,900 to \$400,900

Association Dues range from \$6228 to \$9312 per year

Real Estate Taxes range from \$4833 to \$6216 per year

*Prices are subject to change

Sponsor – Resort Holdings – Lake Placid, LLC 207 Saranac Avenue, Lake Placid, NY 12946. The Whiteface Lodge – 7 Whiteface Inn Lane, Lake Placid, NY 12946. This advertisement is being used for the purpose of soliciting full/partial ownership sales. The complete offering terms are in an offering plan available from the sponsor (File No. TO4-0001)

**VII. FRACTIONAL INTEREST PROJECTS IN
MOUNTAIN AREAS**

VII. FRACTIONAL INTEREST PROJECTS IN MOUNTAIN AREAS

Introduction

Since Belleayre Resort is in the Catskill Mountains and has the advantage of being adjacent to a very popular ski area, it was decided to also look at fractional interest projects in other mountain/ski communities elsewhere in the U.S. Some 37 projects were identified, as listed in Table VII-1.

Number of Projects

The 37 projects include 15 fractional interest projects and 22 private residence clubs. The 37 projects are found in eight states. Three states contain five or more projects, including Colorado (15), Idaho (five) and Vermont (five). Collectively, these three states contain 25 projects, representing 67.6 percent of the total. Other states include California (four), Utah (four), Oregon (two), and New York and Wyoming with one each. Of the 22 private residence clubs, five are offered by branded/flag hotel companies.

Number of Units

The 37 projects contain 1,002 built units, for an average of 27 units (Table VII-2). However, when including units that are under-construction (237) and planned (407), the total increases to 1,646, for an average of 45.

The 15 fractional interest projects contain 419 built units, for an average of 28 units. When including units that are under-construction (46) and planned (220), the total increases to 685, for an average of 46. The 22 private residence clubs contain 583 built units for an average of 27. When including units that are under-construction (191) and planned (187), the total increases to 961, with an average of 44.

TABLE VII-1

Fractional Interest Projects in Mountain Communities

Project	Location	Tier
1. 80/50 Mammoth Lake	Mammoth, California	PRC
2. Cirque at Copper Mountain	Copper Mountain, Colorado	FI
3. Claybrook at Sugarbush	Warren, Vermont	PRC
4. Club at Big Bear Village	Big Bear, California	FI
5. Club at Solaris	Vail, Colorado	PRC
6. Dancing Bear Residences	Aspen, Colorado	PRC
7. Expedition Lodge at Kirkwood Mountain	Kirkwood, California	PRC
8. Four Seasons at Jackson Hole	Jackson Hole, Wyoming	PRC
9. Four Seasons at Vail	Vail Village, Colorado	PRC
10. Front Four at Stowe Mountain	Stowe, Vermont	PRC
11. Hearthstone at Spring Mountain	McCall, Idaho	FI
12. Hemingways	Sun Valley, Idaho	FI
13. Hyatt Grand Aspen	Aspen, Colorado	PRC
14. Hyatt Main Street Station	Beaver Creek, Colorado	PRC
15. Inn at Seventh Mountain	Bend, Oregon	FI
16. Innsbruck, The	Aspen, Colorado	PRC
17. Jackson Gore at Okemo Mountain Resort	Ludlow, VT	FI
18. Les Saisons	Sun Valley, Idaho	PRC
19. Mt. Superior Residence Club	Snowbird, Utah	PRC
20. Old Greenwood	Truckee, California	PRC
21. One Steamboat Place	Steamboat Springs, Colorado	PRC
22. One Willow Bridge Road	Vail Village, Colorado	PRC
23. Porches Private Residence Club	Steamboat Springs, Colorado	FI
24. Purgatory Lodge	Durango, Colorado	FI
25. Residence Club at Pronghorn	Bend, Oregon	FI
26. Residence Club at Priest Lake	Priest Lake, Idaho	FI
27. Residence Club at Teton Springs	Victor, Idaho	FI
28. Residences at Little Nell	Aspen, Colorado	PRC
29. Residences at Snowmass Club	Snowmass Village, Colorado	PRC
30. Residences at The Chateaux	Deer Valley, Utah	FI
31. Ritz Carlton at Aspen Highlands	Aspen, Colorado	PRC
32. Sky Lodge Resort Club	Park City, Utah	PRC
33. Sojourn Mountain Resort	Brian Head, Utah	FI
34. Vail Plaza Club	Vail, Colorado	PRC
35. Villas at Trapp Family Lodge	Stowe, Vermont	FI
36. Whiteface Lodge	Whitefish, New York	PRC
37. Windham House at Ascutney Mountain	Brownsville, Vermont	FI
		15 FI
		22 PRC

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VII-2
Number of Units

Project	Built (Number of Bedrooms)					Total	Under-Const.	Planned	Total
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed				
1. 80/50 Mammoth Lake	0	8	11	9	0	28	0	17	45
2. Cirque at Copper Mountain	0	12	15	10	0	37	0	0	37
3. Claybrook at Sugarbush	2	10	25	16	8	61	0	85	146
4. Club at Big Bear Village	0	0	0	8	8	16	0	0	16
5. Club at Solaris	0	0	0	0	0	0	19	0	19
6. Dancing Bear Residences	0	0	0	0	0	0	20	0	20
7. Expedition Lodge at Kirkwood Mountain	0	0	0	0	0	0	17	0	17
8. Four Seasons at Jackson Hole	0	0	6	6	0	12	0	0	12
9. Four Seasons at Vail	0	0	0	0	0	0	19	0	19
10. Front Four at Stowe Mountain	0	0	0	0	0	0	34	0	34
11. Hearthstone at Spring Mountain	0	0	22	0	0	22	0	4	26
12. Hemingways	0	0	0	0	8	8	0	0	8
13. Hyatt Grand Aspen	4	4	18	27	1	54	0	0	54
14. Hyatt Main Street Station	10	0	22	10	0	42	0	0	42
15. Inn at Seventh Mountain	0	78	7	4	0	89	0	0	89
16. Innsbruck, The	0	7	11	0	0	18	0	0	18
17. Jackson Gore at Okemo Mountain Resort	26	59	45	25	0	155	0	140	295
18. Les Saisons	0	0	1	11	0	12	0	4	16
19. Mt. Superior Residence Club	0	0	0	0	0	0	14	0	14
20. Old Greenwood	0	0	11	61	14	86	0	70	156
21. One Steamboat Springs	0	0	0	0	0	0	42	0	42
22. One Willow Bridge Road	0	0	2	10	0	12	0	0	12
23. Porches Private Residence Club	0	0	0	0	8	8	0	20	28
24. Purgatory Lodge	0	0	0	0	0	0	37	0	37
25. Residence Club at Pronghorn	0	0	8	8	0	16	0	0	16
26. Residence Club at Priest Lake	0	0	0	6	7	13	0	0	13

Project	Built (Number of Bedrooms)						Under-Const.	Planned	Total
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed	Total			
27. Residence Club at Teton Springs	0	0	0	4	0	4	0	12	16
28. Residences at Little Nell	0	0	0	0	0	0	26	0	26
29. Residences at Snowmass Club	0	0	14	17	8	39	0	0	39
30. Residences at The Chateaux	0	0	0	14	5	19	0	0	19
31. Ritz Carlton at Aspen Highlands	0	0	22	51	0	73	0	0	73
32. Sky Lodge Resort Club	0	0	5	17	0	22	0	0	22
33. Sojourn Mountain Resort	0	0	0	0	0	0	9	21	30
34. Vail Plaza Club	0	2	11	23	2	38	0	0	38
35. Villas at Trapp Family Lodge	0	0	0	16	0	16	0	23	39
36. Whiteface Lodge	1	42	20	22	1	86	0	11	97
37. Windham House at Ascutney Mountain	<u>0</u>	<u>0</u>	<u>8</u>	<u>8</u>	<u>0</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>16</u>
Total	43	222	284	383	70	1,002	237	407	1,646
Percent of total built	4.3%	22.2%	28.3%	38.2%	7.0%	100.0%			
Average built	1	6	8	10	2	27	6	11	45

Source: Fieldwork conducted by Ragatz Associates, February 2008.

Only three projects will contain over 100 units. Some 15 will contain between 20 and 49 units, and four will contain between 50 and 99. Fifteen will have less than 20 units. Under-construction and/or planned units are found at 20 projects.

Of the 1,002 built units, 4.3 percent are studios, 22.2 percent are one-bedrooms, 28.3 percent are two-bedrooms, 38.2 percent are three-bedrooms, and 7.0 percent are four-bedrooms. The average built project contains one studio, six one-bedrooms, eight two-bedrooms, 10 three-bedrooms, and two four-bedrooms.

Among built units, studios are found in only five projects. One-bedroom units are found in nine, two bedroom units are found in 20, and four-bedroom units are found in 11. Three-bedroom units are the most popular, and are found at 23 projects.

Among the fractional interest projects, 6.2 percent are studios, 35.5 percent are one-bedrooms, 25.1 percent are two-bedrooms, 24.6 percent are three-bedrooms, and 8.6 are four-bedrooms. Among private residence clubs, there are 2.9 percent studios, 12.5 percent one-bedrooms, 30.7 percent two-bedrooms, 48.0 percent three-bedrooms, and 5.8 percent four-bedrooms.

Size of Units

The overall average square footage of the 1,002 built and under-construction units in the 37 projects is 2,151 (Table VII-3). However, there is great variation among the projects, with a range from 885 square feet to 4,411. The average is less than 1,500 square feet at seven projects and over 2,500 square feet at eight. The average is 2,359 at the fractional interest projects and 2,009 at the private residence clubs.

Among all built and under-construction units, average square footages are 586 for studios, 910 for one-bedrooms, 1,444 for two bedrooms, 2,183 for three bedrooms, and 3,013 for four bedrooms. These figures among the fractional interest projects and private residence clubs are summarized below.

<u>bedrooms</u>	<u>average square feet</u>	
	<u>FIs</u>	<u>PRCs</u>
studios	390	635
one-bedroom	775	978
two-bedrooms	1,361	1,480
three-bedrooms	2,116	2,221
four-bedrooms	3,210	2,891
all	1,570	1,641

TABLE VII-3
Size of Units (Square Feet)

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
1. 80/50 Northstar Mammoth Lake	n/a	1,200	1,800	3,000	n/a	2,000	2,014
2. Cirque at Copper Mountain	n/a	700	1,100	1,500	n/a	1,100	1,078
3. Claybrook at Sugarbush	663	1,020	1,300	1,500	1,963	1,289	1,373
4. Club at Big Bear Village	n/a	n/a	n/a	2,045	2,705	2,375	2,375
5. Club at Solaris	n/a	n/a	n/a	2,800	2,800	2,800	2,800
6. Dancing Bear Residences	n/a	n/a	n/a	1,900	n/a	1,900	1,900
7. Expedition Lodge at Kirkwood Mountain	n/a	n/a	n/a	2,200	2,600	2,400	2,435
8. Four Seasons at Jackson Hole	n/a	n/a	1,720	2,240	n/a	1,980	1,980
9. Four Seasons at Vail	n/a	n/a	1,945	2,780	3,445	2,723	2,533
10. Front Four at Stowe Mountain	n/a	n/a	1,900	2,300	3,000	2,400	2,541
11. Hearthstone at Spring Mountain	n/a	n/a	1,900	n/a	n/a	1,900	1,900
12. Hemingways	n/a	n/a	n/a	n/a	4,100	4,100	4,100
13. Hyatt Grand Aspen	700	1,100	1,600	2,200	3,600	1,840	1,833
14. Hyatt Main Street Station	475	n/a	1,050	1,550	n/a	1,025	1,032
15. Inn at Seventh Mountain	n/a	760	1,060	1,160	n/a	993	802
16. Innsbruck, The	n/a	650	1,120	n/a	n/a	885	937
17. Jackson Gore at Okemo Mountain Resort	390	865	1,280	1,850	n/a	1,096	1,065
18. Les Saisons	n/a	n/a	1,400	1,900	n/a	1,650	1,858
19. Mt. Superior Residence Club	n/a	n/a	n/a	2,800	3,000	2,900	2,900
20. Old Greenwood	n/a	n/a	1,450	2,250	3,000	2,233	2,270
21. One Steamboat Place	n/a	n/a	n/a	2,200	2,600	2,400	2,571
22. One Willow Bridge Road	n/a	n/a	1,600	2,100	n/a	1,850	2,017
23. Porches Private Residence Club	n/a	n/a	n/a	n/a	4,411	4,411	4,411
24. Purgatory Lodge	n/a	n/a	1,300	1,900	2,450	1,883	1,899
25. Residence Club at Pronghorn	n/a	n/a	n/a	2,000	2,600	2,300	2,300
26. Residence Club at Priest Lake	n/a	n/a	n/a	3,450	3,900	3,675	3,692

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
27. Residence Club at Teton Springs	n/a	n/a	n/a	3,000	n/a	3,000	3,000
28. Residences at Little Nell	n/a	n/a	n/a	2,700	3,700	3,200	2,969
29. Residences at Snowmass Club	n/a	n/a	1,385	2,130	2,400	1,972	1,918
30. Residences at The Chateaux	n/a	n/a	n/a	2,200	2,800	2,500	2,358
31. Ritz Carlton at Aspen Highlands	n/a	n/a	1,512	1,793	n/a	1,653	1,708
32. Sky Lodge Resort Club	n/a	n/a	1,265	2,420	n/a	1,843	2,158
33. Sojourn Mountain Resort	n/a	n/a	1,914	2,182	2,714	2,270	2,241
34. Vail Plaza Club	n/a	1,000	1,400	1,850	2,300	1,638	1,699
35. Villas at Trapp Family Lodge	n/a	n/a	n/a	2,500	n/a	2,500	2,500
36. Whiteface Lodge	700	897	1,238	2,038	3,178	1,610	1,292
37. Windham House at Ascutney Mountain	n/a	n/a	970	1,600	n/a	1,285	1,285
Average	586	910	1,444	2,183	3,013	2,151	2,155
Weighted average	459	843	1,391	2,117	2,905		1,773

Source: Fieldwork conducted by Ragatz Associates, February 2008.

Amenities

When looking at on-site amenities (Table VII-4) and services (Table VII-5) in the 37 projects, we find they are fairly extensive as summarized below.

- all but six projects have a swimming pool
- 28 have storage lockers
- 25 have a restaurant
- 23 have spa treatments
- 17 report to be ski-in/ski-out, including five of the 15 fractional interest projects and 12 of the 22 private residence clubs
- 14 have tennis
- eight have a golf course
- three have a lake
- all but two have a concierge
- all but eight have a pre-arrival food stocking service
- 32 have valets
- 19 provide transportation
- 12 offer ski ticket discounts, including six of the 15 fractional interest projects and six of the 22 private residence clubs
- seven offer golf discounts

As might be expected, amenities and services are most extensive at the private residence clubs, but surprisingly, not that more extensive than at the fractional interest projects.

Performance

The average project that was in active sales in 2007 sold about three shares per month, and \$15.0 million of total inventory (including presales). There was a great discrepancy among the projects, however (Table VII-6). For example, the annual sales volume was less than \$5 million at 13 projects and over \$30 million at six. Among the various categories, the average annual sales volume in 2007 was:

TABLE VII-4
On-Site Amenities

Project	Golf	Restaurant	Tennis	Spa	Lake	Ski-in/out	Storage	Pool
1. 80/50 Mammoth Lake	--	--	--	X	X	X	X	--
2. Cirque at Copper Mountain	--	--	--	--	--	--	--	--
3. Claybrook at Sugarbush	X	X	X	--	--	X	X	X
4. Club at Big Bear Village	--	X	--	X	--	--	X	X
5. Club at Solaris	--	--	--	X	--	X	X	X
6. Dancing Bear Residences	--	X	--	--	--	--	X	--
7. Expedition Lodge at Kirkwood Mountain	--	X	X	--	--	X	X	X
8. Four Seasons at Jackson Hole	--	X	--	X	--	X	X	X
9. Four Seasons at Vail	--	X	--	X	--	--	--	--
10. Front Four at Stowe Mountain	X	X	X	X	--	X	X	X
11. Hearthstone at Spring Mountain	--	--	X	X	--	--	X	X
12. Hemingways	--	--	--	--	--	--	--	X
13. Hyatt Grand Aspen	--	--	--	--	--	--	X	X
14. Hyatt Main Street Station	--	X	--	--	--	X	X	X
15. Inn at Seventh Mountain	--	X	--	--	--	--	--	X
16. Innsbruck, The	--	--	--	--	--	--	X	X
17. Jackson Gore at Okemo Mountain Resort	X	X	X	--	--	X	--	X
18. Les Saisons	--	--	--	X	--	--	X	X
19. Mt. Superior Residence Club	--	X	--	X	--	X	X	X
20. Old Greenwood	X	X	X	X	--	--	--	X
21. One Steamboat Place	--	X	--	X	--	X	X	X
22. One Willow Bridge Road	--	X	--	X	--	--	X	X
23. Porches Private Residence Club	--	--	--	--	--	--	X	X
24. Purgatory Lodge	--	--	X	X	--	X	X	X
25. Residence Club at Pronghorn	X	X	X	X	--	--	--	X
26. Residence Club at Priest Lake	X	X	X	X	X	--	--	X
27. Residence Club at Teton Springs	X	X	X	X	--	--	X	X
28. Residences at Little Nell	--	X	--	X	--	X	X	X
29. Residences at Snowmass Club	X	X	X	X	--	--	X	--
30. Residences at The Chateaux	--	--	--	--	--	--	--	X
31. Ritz Carlton at Aspen Highlands	--	X	--	X	--	X	X	X
32. Sky Lodge Resort Club	--	X	--	X	--	X	X	X
33. Sojourn Mountain Resort	--	--	--	--	--	X	X	--
34. Vail Plaza Club	--	X	--	X	--	--	X	X
35. Villas at Trapp Family Lodge	--	X	X	--	--	X	X	X
36. Whiteface Lodge	--	X	X	X	X	--	X	X
37. Windham House at Ascutney Mountain	--	<u>X</u>	<u>X</u>	<u>X</u>	<u>--</u>	<u>X</u>	<u>X</u>	<u>X</u>
Total	8	25	14	23	3	17	28	31
Percent	22%	68%	38%	62%	8%	46%	76%	84%

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VII-5
On-Site Services

Project	Concierge	Pre- Arrival	Valet	Discounts on:		Shuttle Service
				Golf	Ski	
1. 80/50 Mammoth Lake	X	--	X	--	--	--
2. Cirque at Copper Mountain	--	--	X	--	--	--
3. Claybrook at Sugarbush	X	--	X	--	--	--
4. Club at Big Bear Village	X	X	--	--	--	X
5. Club at Solaris	X	X	X	--	X	--
6. Dancing Bear Residences	X	--	X	--	--	--
7. Expedition Lodge at Kirkwood Mountain	X	X	X	--	X	--
8. Four Seasons at Jackson Hole	X	X	X	--	--	--
9. Four Seasons at Vail	X	--	X	--	--	--
10. Front Four at Stowe Mountain	X	X	X	X	X	X
11. Hearthstone at Spring Mountain	X	X	--	--	--	--
12. Hemingways	X	X	X	--	--	X
13. Hyatt Grand Aspen	X	X	X	--	--	X
14. Hyatt Main Street Station	X	X	X	--	--	X
15. Inn at Seventh Mountain	X	X	--	--	X	--
16. Innsbruck, The	X	--	X	--	--	X
17. Jackson Gore at Okemo Mountain Resort	X	X	X	X	X	--
18. Les Saisons	X	X	X	X	--	X
19. Mt. Superior Residence Club	X	X	X	--	X	X
20. Old Greenwood	X	X	X	X	X	X
21. One Steamboat Place	X	X	X	--	--	--
22. One Willow Bridge Road	X	X	X	--	--	--
23. Porches Private Residence Club	X	X	X	--	X	X
24. Purgatory Lodge	X	X	X	X	X	--
25. Residence Club at Pronghorn	X	X	X	--	--	X
26. Residence Club at Priest Lake	X	X	--	--	--	--
27. Residence Club at Teton Springs	X	--	X	--	--	X
28. Residences at Little Nell	X	X	X	--	--	X
29. Residences at Snomass Club	X	X	X	X	--	--
30. Residences at The Chateaux	X	X	X	--	--	X
31. Ritz Carlton at Aspen Highlands	X	X	X	--	--	X
32. Sky Lodge Resort Club	X	X	X	X	X	X
33. Sojourn Mountain Resort	--	--	--	--	--	--
34. Vail Plaza Club	X	X	X	--	--	X
35. Villas at Trapp Family Lodge	X	X	X	--	X	X
36. Whiteface Lodge	X	X	X	--	--	X
37. Windham House at Ascutney Mountain	<u>X</u>	<u>X</u>	<u>X</u>	<u>--</u>	<u>X</u>	<u>--</u>
Total	35	29	32	7	12	19
Percent	95%	78%	86%	19%	32%	51%

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VII-6
Sales Performance

Project	Sales Per Month: 2007	Est. Sales Volume: 2007 (mil.)	Percent Sold Out	
1.	80/50 Mammoth Lake	3.3	\$18.2	51%
2.	Cirque at Copper Mountain	unk.	\$4.4	88%
3.	Claybrook at Sugarbush	unk.	\$28.8	unk.
4.	Club at Big Bear Village	unk.	\$0.5	unk.
5.	Club at Solaris	1.1	\$15.2	8%
6.	Dancing Bear Residences	2.3	\$19.6	48%
7.	Expedition Lodge at Kirkwood Mountain	0.8	\$14.0	26%
8.	Four Seasons at Jackson Hole	unk.	\$5.0	unk.
9.	Four Seasons at Vail	8.0	\$28.9	25%
10.	Front Four at Stowe Mountain	1.5	\$9.3	42%
11.	Hearthstone at Spring Mountain	1.2	\$1.5	67%
12.	Hemingways	0.6	\$3.1	74%
13.	Hyatt Grand Aspen	5.0	\$12.4	56%
14.	Hyatt Main Street Station	4.1	\$2.8	83%
15.	Inn at Seventh Mountain	unk.	\$0.5	43%
16.	Innsbruck, The	unk.	\$15.5	49%
17.	Jackson Gore at Okemo Mountain Resort	unk.	\$7.6	94%
18.	Les Saisons	0.8	\$1.2	100%
19.	Mt. Superior Residence Club	3.0	\$20.0	27%
20.	Old Greenwood	9.8	\$22.5	60%
21.	One Steamboat Place	unk.	\$63.3	37%
22.	One Willow Bridge Road	0.9	\$17.2	86%
23.	Porches Private Residence Club	1.0	\$3.3	unk.
24.	Purgatory Lodge	4.2	\$17.0	20%
25.	Residence Club at Pronghorn	unk.	\$4.0	unk.
26.	Residence Club at Priest Lake	0.9	\$2.2	41%
27.	Residence Club at Teton Springs	1.7	\$6.2	83%
28.	Residences at Little Nell	3.3	\$57.0	90%
29.	Residences at Snowmass Club	0.8	\$5.1	99%
30.	Residences at The Chateaux	unk.	\$6.2	60%
31.	Ritz Carlton at Aspen Highlands	6.5	\$10.0	86%
32.	Sky Lodge Resort Club	unk.	\$36.9	unk.
33.	Sojourn Mountain Resort	13.0	\$2.0	18%
34.	Vail Plaza Club	unk.	\$85.0	59%
35.	Villas at Trapp Family Lodge	1.1	\$3.6	93%
36.	Whiteface Lodge	4.3	\$5.0	29%
37.	Windham House at Ascutney Mountain	unk.	\$1.0	unk.
	Average/Total		\$556.0	
	Average	3.3	\$15.0	51%

Source: Fieldwork conducted by Ragatz Associates, February 2008.

- \$4.2 million at fractional interest projects
- \$22.4 million at private residence clubs

The average fractional interest project sold three shares per month, and the average private residence club sold four shares. Total sales volume in 2007 among the 37 active projects was about \$556 million. The average project has sold 51 percent of its available inventory.

Prices

The overall average price of a share being sold in the active projects is \$399,001 (Table VII-7). Again, however, the range is wide among the various levels and number of bedrooms. Average prices are \$64,600 in studios, \$144,974 in one-bedrooms, \$221,840 in two-bedrooms, \$416,867 in three-bedrooms, and \$589,682 in four-bedrooms. The average price is \$221,849 in fractional interest projects, and \$519,785 in private residence clubs.

The price per share averages are not really valuable indicators since they incorporate a wide variety of sizes of shares, ranging from a 1/21 to a 1/4. More valuable approaches are looking at prices per week of ownership and per square foot (Table VII-8 and Table VII-9).

The average price per week of ownership/usage among the 37 projects is \$68,712. However, this average is \$92,630 for private residence clubs, and only \$33,633 for fractional interest projects. The average is less than \$15,000 among three projects, and over \$50,000 among 19.

In accord with number of bedrooms, average weekly prices range from \$17,533 for a studio, to \$31,318 for a one-bedroom to \$44,047 for a two-bedroom to \$71,472 for a three-bedroom, to \$105,854 for a four-bedroom. These figures among fractional interest projects and private residence clubs are summarized below.

<u>bedrooms</u>	<u>average price per week</u>	
	<u>FIs</u>	<u>PRCs</u>
studios	\$5,417	\$20,563
one-bedroom	\$8,472	\$42,741
two-bedrooms	\$16,540	\$56,080
three-bedrooms	\$27,746	\$96,458
four-bedrooms	\$48,326	\$141,256
all	\$21,300	\$71,420

TABLE VII-7
Average Sales Prices, By Number of Bedrooms

Project	Size of Share	Number of Bedrooms					Average	Weighted Average
		Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
1. 80/50 Mammoth Lake	1/8	n/a	\$300,000	\$450,000	\$600,000	n/a	\$450,000	\$455,357
2. Cirque at Copper Mountain	1/4	n/a	\$140,000	\$175,000	\$240,000	n/a	\$185,000	\$181,216
3. Claybrook at Sugarbush	1/8	\$84,000	\$147,000	\$210,000	\$288,750	\$385,088	\$222,968	\$239,159
4. Club at Big Bear Village	1/10	n/a	n/a	n/a	\$165,000	\$165,000	\$165,000	\$165,000
5. Club at Solaris	1/5	n/a	n/a	n/a	\$1,900,000	\$1,900,000	\$1,900,000	\$1,900,000
6. Dancing Bear Residences	1/8	n/a	n/a	n/a	\$725,000	n/a	\$725,000	\$725,000
7. Expedition Lodge at Kirkwood Mountain	1/8	n/a	n/a	n/a	\$379,000	\$429,000	\$404,000	\$408,412
8. Four Seasons at Jackson Hole	1/7	n/a	n/a	\$193,500	\$239,500	n/a	\$216,500	\$216,500
9. Four Seasons at Vail	1/12	n/a	n/a	\$394,600	\$554,400	\$679,900	\$542,967	\$506,932
10. Front Four at Stowe Mountain	1/8	n/a	n/a	\$349,000	\$379,000	\$449,000	\$392,333	\$404,294
11. Hearthstone at Spring Mountain	1/8	n/a	n/a	\$135,000	n/a	n/a	\$135,000	\$135,000
12. Hemingways	1/9	n/a	n/a	n/a	n/a	\$439,000	\$439,000	\$439,000
13. Hyatt Grand Aspen	1/20	\$59,000	\$155,000	\$175,000	\$250,000	\$400,000	\$207,800	\$206,593
14. Hyatt Main Street Station	1/20	\$40,000	n/a	\$65,000	\$90,000	n/a	\$65,000	\$65,000
15. Inn at Seventh Mountain	1/6	n/a	\$40,000	\$53,000	\$70,000	n/a	\$54,333	\$42,371
16. Innsbruck, The	1/12	n/a	\$107,770	\$227,000	n/a	n/a	\$167,385	\$180,633
17. Jackson Gore at Okemo Mountain Resort	1/4	\$65,000	\$105,000	\$215,000	\$260,000	n/a	\$161,250	\$155,226
18. Les Saisons	1/8	n/a	n/a	\$145,000	\$300,000	n/a	\$222,500	\$287,083
19. Mt. Superior Residence Club	1/8	n/a	n/a	n/a	\$550,000	\$640,000	\$595,000	\$595,000
20. Old Greenwood	1/17	n/a	n/a	\$75,000	\$135,000	\$225,000	\$145,000	\$141,977
21. One Steamboat Place	1/8	n/a	n/a	n/a	\$625,000	\$625,000	\$625,000	\$625,000
22. One Willow Bridge Road	1/7	n/a	n/a	\$650,000	\$850,000	n/a	\$750,000	\$816,667
23. Porches Private Residence Club	1/8	n/a	n/a	n/a	n/a	\$383,333	\$383,333	\$383,333
24. Purgatory Lodge	1/8	n/a	n/a	\$159,000	\$179,000	\$249,000	\$195,667	\$197,108
25. Residence Club at Pronghorn	1/6	n/a	n/a	n/a	\$267,000	\$346,000	\$306,500	\$306,500
26. Residence Club at Priest Lake	1/8	n/a	n/a	n/a	\$205,000	\$205,000	\$205,000	\$205,000
27. Residence Club at Teton Springs	1/6	n/a	n/a	n/a	\$310,000	n/a	\$310,000	\$310,000
28. Residences at Little Nell	1/8	n/a	n/a	n/a	\$1,700,000	\$3,000,000	\$2,350,000	\$2,050,000
29. Residences at Snowmass Club	1/8	n/a	n/a	\$225,000	\$349,000	\$405,000	\$326,333	\$315,974

Project	Size of Share	Number of Bedrooms					Average	Weighted Average
		Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
30. Residences at The Chateaux	1/6	n/a	n/a	n/a	\$356,000	\$440,000	\$398,000	\$378,105
31. Ritz Carlton at Aspen Highlands	1/12	n/a	n/a	\$268,500	\$343,500	n/a	\$306,000	\$320,897
32. Sky Lodge Resort Club	1/8	n/a	n/a	\$294,000	\$446,250	n/a	\$306,000	\$411,648
33. Sojourn Mountain Resort	1/8	n/a	n/a	\$125,000	\$147,000	\$168,000	\$146,667	\$146,778
34. Vail Plaza Club	1/12	n/a	\$225,000	\$275,000	\$350,000	\$400,000	\$312,500	\$324,342
35. Villas at Trapp Family Lodge	1/12	n/a	n/a	n/a	\$144,024	n/a	\$144,024	\$144,024
36. Whiteface Lodge	1/12	\$75,000	\$85,000	\$155,000	\$250,000	\$450,000	\$203,000	\$147,616
37. Windham House at Ascutney Mountain	1/4	n/a	n/a	\$88,725	\$109,200	n/a	\$98,963	\$98,963
Average		\$64,600	\$144,974	\$221,840	\$416,867	\$589,682	\$399,001	\$395,452
Weighted average		\$59,744	\$91,259	\$200,072	\$381,563	\$631,369		\$311,843

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VII-8
Average Weekly Prices, By Number of Bedrooms

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
1. 80/50 Mammoth Lake	n/a	\$50,000	\$75,000	\$100,000	n/a	\$75,000	\$75,893
2. Cirque at Copper Mountain	n/a	\$11,667	\$14,583	\$20,000	n/a	\$15,417	\$15,101
3. Claybrook at Sugarbush	\$14,000	\$24,500	\$35,000	\$48,125	\$64,181	\$37,161	\$39,860
4. Club at Big Bear Village	n/a	n/a	n/a	\$33,000	\$33,000	\$33,000	\$33,000
5. Club at Solaris	n/a	n/a	n/a	\$190,000	\$190,000	\$190,000	\$190,000
6. Dancing Bear Residences	n/a	n/a	n/a	\$120,833	n/a	\$120,833	\$120,833
7. Expedition Lodge at Kirkwood Mountain	n/a	n/a	n/a	\$63,167	\$71,500	\$67,334	\$68,069
8. Four Seasons at Jackson Hole	n/a	n/a	\$50,571	\$67,714	n/a	\$59,143	\$59,143
9. Four Seasons at Vail	n/a	n/a	\$98,650	\$138,600	\$169,975	\$135,742	\$126,733
10. Front Four at Stowe Mountain	n/a	n/a	\$58,167	\$63,167	\$74,833	\$65,389	\$67,382

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
11. Hearthstone at Spring Mountain	n/a	n/a	\$22,500	n/a	n/a	\$22,500	\$22,500
12. Hemingways	n/a	n/a	n/a	n/a	\$87,800	\$87,800	\$87,800
13. Hyatt Grand Aspen	\$29,500	\$77,500	\$87,500	\$125,000	\$200,000	\$103,900	\$103,296
14. Hyatt Main Street Station	\$20,000	n/a	\$32,500	\$45,000	n/a	\$32,500	\$32,500
15. Inn at Seventh Mountain	n/a	\$5,000	\$6,625	\$8,750	n/a	\$6,792	\$5,296
16. Innsbruck, The	n/a	\$26,943	\$56,750	n/a	n/a	\$41,847	\$45,158
17. Jackson Gore at Okemo Mountain Resort	\$5,417	\$8,750	\$17,917	\$21,667	n/a	\$13,438	\$12,936
18. Les Saisons	n/a	n/a	\$24,167	\$50,000	n/a	\$37,084	\$47,847
19. Mt. Superior Residence Club	n/a	n/a	n/a	\$91,667	\$106,667	\$99,167	\$99,167
20. Old Greenwood	n/a	n/a	\$25,000	\$45,000	\$75,000	\$48,333	\$47,326
21. One Steamboat Place	n/a	n/a	n/a	\$104,167	\$104,167	\$104,167	\$104,167
22. One Willow Bridge Road	n/a	n/a	\$92,857	\$121,429	n/a	\$107,143	\$116,667
23. Porches Private Residence Club	n/a	n/a	n/a	n/a	\$63,889	\$63,889	\$63,889
24. Purgatory Lodge	n/a	n/a	\$26,500	\$29,833	\$41,500	\$32,611	\$32,851
25. Residence Club at Pronghorn	n/a	n/a	n/a	\$33,375	\$43,250	\$38,313	\$38,313
26. Residence Club at Priest Lake	n/a	n/a	n/a	\$34,167	\$34,167	\$34,167	\$34,167
27. Residence Club at Teton Springs	n/a	n/a	n/a	\$38,750	n/a	\$38,750	\$38,750
28. Residences at Little Nell	n/a	n/a	n/a	\$283,333	\$500,000	\$391,667	\$341,666
29. Residences at Snowmass Club	n/a	n/a	\$37,500	\$58,167	\$67,500	\$54,389	\$52,663
30. Residences at The Chateaux	n/a	n/a	n/a	\$44,500	\$55,000	\$49,750	\$47,263
31. Ritz Carlton at Aspen Highlands	n/a	n/a	\$67,125	\$85,875	n/a	\$76,500	\$80,224
32. Sky Lodge Resort Club	n/a	n/a	\$49,000	\$74,375	n/a	\$61,688	\$68,608
33. Sojourn Mountain Resort	n/a	n/a	\$20,833	\$24,500	\$28,000	\$24,444	\$24,463
34. Vail Plaza Club	n/a	\$56,250	\$68,750	\$87,500	\$100,000	\$78,125	\$81,086
35. Villas at Trapp Family Lodge	n/a	n/a	n/a	\$36,006	n/a	\$36,006	\$36,006
36. Whiteface Lodge	\$18,750	\$21,250	\$38,750	\$62,500	\$112,500	\$50,750	\$36,904
37. Windham at Ascutney Mountain	n/a	n/a	\$6,825	\$8,400	n/a	\$7,613	\$7,613
Average	\$17,533	\$31,318	\$44,047	\$71,472	\$105,854	\$68,712	\$67,707
Weighted average	\$11,748	\$14,391	\$40,341	\$74,456	\$100,486		\$57,131

Source: Fieldwork conducted by Ragatz Associates, February 2008.

TABLE VII-9

Average Price Per Square Foot, By Number of Bedrooms

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
1. 80/50 Northstar Mammoth Lake	n/a	\$2,000	\$2,000	\$1,600	n/a	\$1,867	\$1,871
2. Cirque at Copper Mountain	n/a	\$800	\$636	\$640	n/a	\$692	\$690
3. Claybrook at Sugarbush	\$1,014	\$1,153	\$1,292	\$1,540	\$1,569	\$1,314	\$1,361
4. Club at Big Bear Village	n/a	n/a	n/a	\$807	\$610	\$709	\$709
5. Club at Solaris	n/a	n/a	n/a	\$3,393	\$4,393	\$3,893	\$4,130
6. Dancing Bear Residences	n/a	n/a	n/a	\$3,053	n/a	\$3,053	\$3,053
7. Expedition Lodge at Kirkwood Mountain	n/a	n/a	n/a	\$1,378	\$1,320	\$1,349	\$1,344
8. Four Seasons at Jackson Hole	n/a	n/a	\$1,441	\$1,481	n/a	\$1,461	\$1,461
9. Four Seasons at Vail	n/a	n/a	\$2,435	\$2,393	\$2,368	\$2,399	\$2,407
10. Front Four at Stowe Mountain	n/a	n/a	\$1,469	\$1,318	\$1,197	\$1,328	\$1,286
11. Hearthstone at Spring Mountain	n/a	n/a	\$568	n/a	n/a	\$568	\$568
12. Hemingways	n/a	n/a	n/a	n/a	\$964	\$964	\$964
13. Hyatt Grand Aspen	\$1,686	\$2,818	\$2,188	\$2,273	\$2,222	\$2,237	\$2,241
14. Hyatt Main Street Station	\$1,684	n/a	\$1,238	\$1,161	n/a	\$1,361	\$1,326
15. Inn at Seventh Mountain	n/a	\$316	\$300	\$362	n/a	\$326	\$317
16. Innsbruck, The	n/a	\$1,990	\$2,432	n/a	n/a	\$2,211	\$2,260
17. Jackson Gore at Okemo Mountain Resort	\$667	\$486	\$672	\$562	n/a	\$597	\$583
18. Les Saisons	n/a	n/a	\$829	\$1,263	n/a	\$1,046	\$1,227
19. Mt. Superior Residence Club	n/a	n/a	n/a	\$1,571	\$1,707	\$1,639	\$1,639
20. Old Greenwood	n/a	n/a	\$879	\$1,020	\$1,275	\$1,058	\$1,043
21. One Steamboat Place	n/a	n/a	n/a	\$2,273	\$1,923	\$2,098	\$1,948
22. One Willow Bridge Road	n/a	n/a	\$2,844	\$2,833	n/a	\$2,839	\$2,835
23. Porches Private Residence Club	n/a	n/a	n/a	n/a	\$695	\$695	\$695
24. Purgatory Lodge	n/a	n/a	\$978	\$754	\$813	\$848	\$847
25. Residence Club at Pronghorn	n/a	n/a	n/a	\$801	\$798	\$800	\$800
26. Residence Club at Priest Lake	n/a	n/a	n/a	\$475	\$421	\$448	\$446

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
27. Residence Club at Teton Springs	n/a	n/a	n/a	\$620	n/a	\$620	\$620
28. Residences at Little Nell	n/a	n/a	n/a	\$5,037	\$6,486	\$5,762	\$5,427
29. Residences at Snowmass Club	n/a	n/a	\$1,300	\$1,311	\$1,350	\$1,320	\$1,315
30. Residences at The Chateaux	n/a	n/a	n/a	\$971	\$943	\$957	\$964
31. Ritz Carlton at Aspen Highlands	n/a	n/a	\$2,131	\$2,299	n/a	\$2,215	\$2,248
32. Sky Lodge Resort Club	n/a	n/a	\$1,859	\$1,475	n/a	\$1,667	\$1,562
33. Sojourn Mountain Resort	n/a	n/a	\$522	\$539	\$495	\$519	\$525
34. Vail Plaza Club	n/a	\$2,700	\$2,357	\$2,270	\$2,087	\$2,354	\$2,308
35. Villas at Trapp Family Lodge	n/a	n/a	n/a	\$691	n/a	\$691	\$691
36. Whiteface Lodge	\$1,286	\$1,137	\$1,502	\$1,472	\$1,699	\$1,419	\$1,316
37. Windham at Ascutney Mountain	n/a	n/a	\$366	\$273	n/a	\$320	\$320
Average	\$1,267	\$1,489	\$1,402	\$1,512	\$1,683	\$1,504	\$1,496
Weighted average	\$1,029	\$760	\$1,319	\$1,638	\$1,732		\$1,396

Source: Fieldwork conducted by Ragatz Associates, February 2008.

Perhaps the most important way to look at prices is by per square foot. Here, we find an average of \$1,504 for all 37 projects. However, the range is wide in accord with category, as summarized below.

- \$1,504 for all projects
- \$650 for fractional interest projects
- \$2,086 for private residence clubs

The average per square foot price is under \$500 at three projects and over \$2,000 at 10.

The average annual maintenance fee for all projects on a weekly basis is \$1,732. It is especially high for private residence clubs at \$2,152, as compared to \$1,071 for fractional interest projects (Table VII-10). By bedroom size, the average weekly fee is \$689 for a studio, \$830 for a one-bedroom, \$1,370 for a two-bedroom, \$1,846 for a three-bedroom, and \$2,379 for a four-bedroom.

These figures among the fractional interest projects and private residence clubs are summarized below.

<u>bedrooms</u>	<u>average weekly maintenance fees</u>	
	<u>FIs</u>	<u>PRCs</u>
studios	unk.	\$689
one-bedrooms	\$297	\$1,008
two-bedrooms	\$533	\$1,685
three-bedrooms	\$938	\$2,322
four-bedrooms	\$1,388	\$2,988
all	\$789	\$1,738

Size of Shares

The most common share being sold at the 37 projects is a 1/8 (16). However, there are 10 different sizes. Other popular share sizes include, 1/12s (six) and 1/6s (four).

TABLE VII-10

Average Weekly Maintenance Fees, By Number of Bedrooms

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
1. 80/50 Mammoth Lake	n/a	\$1,176	\$1,483	\$1,970	n/a	\$1,543	\$1,552
2. Cirque at Copper Mountain	n/a	\$333	\$458	\$667	n/a	\$486	\$474
3. Claybrook at Sugarbush	\$350	\$560	\$788	\$1,225	\$1,571	\$899	\$954
4. Club at Big Bear Village	n/a	n/a	n/a	\$1,160	\$1,560	\$1,360	\$1,360
5. Club at Solaris	n/a	n/a	n/a	\$4,200	\$4,200	\$4,200	\$4,200
6. Dancing Bear Residences	n/a	n/a	n/a	\$2,500	n/a	\$2,500	\$2,500
7. Expedition Lodge at Kirkwood Mountain	n/a	n/a	n/a	\$1,167	\$1,500	\$1,334	\$1,363
8. Four Seasons at Jackson Hole	n/a	n/a	\$1,970	\$2,284	n/a	\$2,127	\$2,127
9. Four Seasons at Vail	n/a	n/a	\$2,725	\$4,050	\$5,150	\$3,975	\$3,666
10. Front Four at Stowe Mountain	n/a	n/a	\$1,654	\$2,077	\$2,499	\$2,077	\$2,201
11. Hearthstone at Spring Mountain	n/a	n/a	\$867	n/a	n/a	\$867	\$867
12. Hemingways	n/a	n/a	n/a	n/a	\$1,600	\$1,600	\$1,600
13. Hyatt Grand Aspen	\$1,106	\$1,240	\$2,358	\$3,476	\$4,594	\$2,555	\$2,783
14. Hyatt Main Street Station	\$574	n/a	\$1,033	\$1,492	n/a	\$1,033	\$1,033
15. Inn at Seventh Mountain	n/a	\$260	\$362	\$379	n/a	\$334	\$273
16. Innsbruck, The	n/a	\$772	\$1,543	n/a	n/a	\$1,158	\$1,243
17. Jackson Gore at Okemo Mountain Resort	unk.	unk.	unk.	unk.	n/a	unk.	unk.
18. Les Saisons	n/a	n/a	\$1,525	\$1,575	n/a	\$1,550	\$1,571
19. Mt. Superior Residence Club	n/a	n/a	n/a	\$2,200	\$2,800	\$2,500	\$2,500
20. Old Greenwood	n/a	n/a	\$1,467	\$1,733	\$2,000	\$1,733	\$1,742
21. One Steamboat Place	n/a	n/a	n/a	\$2,000	\$2,000	\$2,000	\$2,000
22. One Willow Bridge Road	n/a	n/a	\$1,886	\$2,829	n/a	\$2,358	\$2,672
23. Porches Private Residence Club	n/a	n/a	n/a	n/a	\$1,736	\$1,736	\$1,736
24. Purgatory Lodge	n/a	n/a	\$500	\$750	\$1,333	\$861	\$874
25. Residence Club at Pronghorn	n/a	n/a	n/a	\$1,305	\$1,725	\$1,515	\$1,515
26. Residence Club at Priest Lake	n/a	n/a	n/a	\$667	\$667	\$667	\$667

Project	Number of Bedrooms					Average	Weighted Average
	Studio	1-Bed	2-Bed	3-Bed	4+-Bed		
27. Residence Club at Teton Springs	n/a	n/a	n/a	\$1,250	n/a	\$1,250	\$1,250
28. Residences at Little Nell	n/a	n/a	n/a	\$3,667	\$5,167	\$4,417	\$4,071
29. Residences at Snowmass Club	n/a	n/a	\$1,830	\$1,973	\$2,117	\$1,973	\$1,951
30. Residences at The Chateaux	n/a	n/a	n/a	\$1,494	\$1,849	\$1,672	\$1,587
31. Ritz Carlton at Aspen Highlands	n/a	n/a	\$3,063	\$3,375	n/a	\$3,219	\$3,281
32. Sky Lodge Resort Club	n/a	n/a	\$630	\$726	n/a	\$678	\$704
33. Sojourn Mountain Resort	n/a	n/a	\$558	\$598	\$633	\$596	\$597
34. Vail Plaza Club	n/a	\$1,500	\$1,750	\$2,250	\$2,750	\$2,063	\$2,092
35. Villas at Trapp Family Lodge	n/a	n/a	n/a	\$1,593	n/a	\$1,593	\$1,593
36. Whiteface Lodge	\$725	\$800	\$1,250	\$2,000	\$2,500	\$1,455	\$1,231
37. Windham at Ascutney Mountain	n/a	n/a	\$450	\$450	n/a	\$450	\$450
Average	\$689	\$830	\$1,370	\$1,846	\$2,379	\$1,732	\$1,730
Weighted average	\$682	\$529	\$1,399	\$2,086	\$2,212		\$1,689

Source: Fieldwork conducted by Ragatz Associates, February 2008.

**VIII. AN OVERVIEW OF THE RESORT TIMESHARE
INDUSTRY**

VIII. AN OVERVIEW OF THE RESORT TIMESHARE INDUSTRY

Introduction

The purpose of this chapter is to educate the reader about recent trends in the resort timesharing industry, since this is another primary use being considered at Belleayre Resort. This chapter provides a generic overview of the resort timeshare concept, while the following chapter looks at the current industry in the Northeast. It is noted that material in this chapter was not prepared specifically for the feasibility analysis at-hand.

For over 10 years, resort timesharing has remained one of the fastest growing sectors of the vacation and resort real estate industries. It is estimated in a recent study (not yet published) by Ernst & Young that sales in the U.S. alone in 2006 surpassed \$10 billion. This represents a 15 percent increase from just one year before in 2005. Despite starting each year with a larger absolute numerical base from the previous year, the resort timeshare industry has astoundingly maintained double digit growth for over 20 years.

The importance of the \$10 billion estimate for 2006 is nicely described in the following quote from “Vacation Ownership’s Incredible Streak Continues With 15% Sales Growth in 2006,” in *Vacation Ownership World*, February 2007.

\$10 billion in sales! To appreciate what hitting \$10 billion in sales means, a little historical perspective is needed. The early 90s is a good time to start because that corresponds with when vacation ownership’s continuous stretch of 15% annual growth rates began. Fifteen years ago, in 1992, the Sales Leader Survey broke the \$1 billion mark at a little over \$1.1 billion in sales. Marriott was the leading company at \$130 million in sales. No other developer exceeded \$100 million in sales. Just five years later, in 1997, vacation ownership sales approached \$3 billion (\$2.84 billion). Eight developers – Marriott, Sunterra, Fairfield, Westgate, Trendwest, Disney, Bluegreen, and Vistana – surpassed \$100 million in volume. By 2002 vacation ownership sales passed the \$5 billion level (\$5.4 billion). Two companies, Marriott and Cendant, exceeded \$1 billion

in sales (both \$1.1 billion) and 11 developers recorded more than \$100 million in sales. The 2006 Sales Leader Survey accounts for \$10.1 billion in sales. *This means the industry has almost doubled in size in just four years!* During this span, it has averaged just under 17% annual growth. There are now 20 developers who go over \$100 million in annual sales.

Why is the vacation ownership business experiencing such tremendous, sustained success? There are probably many reasons. Among them: a solid economy, a good year for both the travel and hospitality industries, a product perfectly suited to the lifestyles and preferences of Baby Boomers, Generation X'ers and Echo Boomers, large owner bases contributing to increased upgrade/reload and referral sales, the pay off for product innovations making the initial purchase more affordable (e.g. points, samplers, biennials), ready financing, more precise marketing techniques aided and abetted by information technology, the general public's growing awareness and acceptance of vacation ownership, the permanence and vitality of the institution of family vacation, and the emphasis on family values in general. It is a product that speaks well to the times we live in.

Other interesting statistics on the current state of the resort timeshare industry in the U.S. include:

- over 1,600 projects, containing over 160,000 units
- about 4.25 million owners
- an average interval (per week) price of \$19,850
- over 500,000 intervals sold just in 2006

The typical United States timeshare consumer in today's market is likely to be married (84.4 percent), with household head aged 45 to 65 years (50.5 percent). Only 24.9 percent have children still living at home. Educational levels are high, with 56.7 percent reporting that the head of the household has at least a Bachelor's degree (compared with a 26.2 percent for all households).

The approximate median income of timeshare owners is over \$85,000, compared with a country-wide median of about \$44,685. This average level of high income tends to shape the entire marketing effort in timesharing. The majority (58.8 percent) of recent timeshare purchasers have incomes over \$75,000, and 37.5 percent are over \$100,000.

Some 43.6 percent of timeshare owners have purchased more than one interval. And, 26.4 percent own timeshare at more than one timeshare resort.

Few owners express any dissatisfaction with their timeshare purchase – only 10.1 percent. The vast majority (83.6 percent) of owners feel their timeshare purchase has matched or exceeded their original expectations. Two-thirds (66.6 percent) feel that timeshare ownership has had a positive impact on their lives. Almost two-thirds (64.8 percent) say that timeshare ownership has saved them money on vacations. Finally, satisfaction with timeshare ownership increases with length of ownership and frequency of use.

The average timeshare owner has used their timeshare interval five times. Only 7.8 percent of available time is unused. About one-third of owners exchange their time every year.

The average penetration rate for timeshare ownership is about 3.5 percent for all households in the United States. However, this rate escalates with household income, less than one percent for households with incomes under \$35,000, 4.7 percent for over \$35,000, 6.0 percent for over \$50,000, 7.8 percent for over \$75,000 and 8.1 percent for over \$100,000.

Predictions of future sales levels are hard to make. Product growth curve models do a poor job of describing the resort timeshare market, especially recent advances in annual sales volume. One way to estimate the future potential of timesharing is to compare it with other resort accommodation products. Currently, about 4.25 million United States household own resort timeshare intervals. This represents only about 3.5 percent of all U.S. households. By comparison, about 17 percent own some type of second/vacation home for recreational use. Also, over 10 percent of households in certain market areas already own a timeshare interval today. Finally, about 20 percent of households with above-median incomes express interest in purchasing timeshare.

These figures and current gross sales volume in the industry suggest that at least 10 to 15 percent of income-eligible U.S. households are likely to own a timeshare within the next few years. This is especially likely if major corporations continue to invest in the sector. Given that the average purchase is 1.4 weeks per household, and that the average price in 2006 dollars is \$19,850, this represents a potential market of over \$100

billion over the next 10 years. This would signify huge growth in an industry that was started just over 30 years ago and did not achieve appreciable sales until the early 1980's.

Early Development and Product Trends in the United States

According to the American Resort Development Association (the major United States timeshare trade association), the first "right-to-use" program (based on contractual rather than deeded rights) in the United States was Kauai Kailani in Hawaii, developed in 1969. The first deeded timeshare was Brockway Springs at Lake Tahoe, California in 1973. In the early 1970's, a Miami company, Caribbean International Corporation, converted to timesharing three projects in St. Thomas, Fort Lauderdale, and Puerto Rico.

Initial timeshare offerings were intended by their developers primarily as a means of averting financial calamity. In the early 1970's the resort condominium market was near collapse due to negative publicity over sales practices, as a result of spreading recession, and in no small measure because greed for apparently easy profits had seen the market saturated with new resorts.

This unpropitious beginning reversed itself in the late 1970s as the United States economy revived and as inflation began to increase steadily. Real property values soared during the late 1970s, to the extent that in many resort communities average resort condominiums increased in value from less than \$30,000 in the early 1970s to \$125,000 or more by the end of the decade. Many consumers, fearing they would be priced out of the market, sought more affordable types of resort property such as timesharing.

However, economic gain was not the only reason for timeshare purchasing during the 1970's. The first national survey of timeshare owners in 1978, conducted by Ragatz Associates and the CHB Company (publishers of *Vacation Ownership World*) found that the most frequently mentioned motivation for purchasing (cited as important by 75.3 percent of owners) was the opportunity to exchange weeks in other locations. Although the idea of being able to exchange one's vacation home for someone else's vacation home in another resort area had actually started among whole condominium owners, it quickly emerged as a major selling point for timeshares. The exchange privilege, and the companies that provide it, are discussed further below.

One of the clearest earliest trends in timesharing was a move away from the contractual “right-to-use” concept with which timesharing originated and towards a deeded or fee simple format. Resort timesharing simply involves dividing property not only geographically (as in conventional real estate), and spatially (as in condominiums), but also along the time dimension. Thus, a timeshare purchaser acquires the ability to use a unit for a specified period of time each year, usually in one week increments.

In many early timeshare resorts, property ownership remained with the developer and timeshare purchasers simply acquired the contractual right to use the timeshare interval for a specified week each year. However, it soon became apparent that consumers, raised in a culture that aspired strongly to property ownership, did not respond well to right-to-use and wanted a deed. While about half of early timeshare projects offered right-to-use, this proportion has decreased to less than 10 percent today. In fact, most contemporary right-to-use timeshares are not individual resorts but rather “vacation clubs” where consumers can use timeshare in many locations and it would not be practical to offer a deed.

Recent Trends in Timeshare

At the end of the 1970’s the then newly appointed Federal Reserve chairman Paul Volcker, in pursuit of lower inflation, clamped down on the United States money supply. The land development industry, which had thrived on a dramatic surge in new household formations, low interest rates, and high inflation through much of the 1970’s, was faced suddenly with high interest rates and what would soon become the worst United States recession since the 1930’s. Resort development (which depends upon discretionary spending to support itself) rapidly came to a halt and timesharing was among the affected products. The pattern of timeshare growth flattened dramatically. While timeshare sales had increased fivefold from 1976 to 1979, they remained flat from 1979 to 1982.

Those new resorts which came on line during this period were often conversions of existing whole-ownership condominiums, whose developers were forced to enter timesharing because of the almost lack of demand for condominiums. Many developers who entered timesharing did not financially survive this period. The worst of the United States recession ended in 1983, encouraging increased discretionary spending and

expansion in travel of all kinds. Since then annual timeshare sales volumes have grown to over 500,000 intervals annually in the United States and to over 700,000 globally.

Timeshare resorts are far from evenly distributed across the United States. The locations of timeshares are influenced by a number of factors, but particularly (1) population location; (2) location of resort areas; and (3) regulatory environment.

Florida has been most heavily developed with timeshare facilities because it is a major holiday resort area for the heavily populated eastern seaboard and north central areas of the country and because it is one of the most populous and economically rapidly growing states. Hawaii, South Carolina, Colorado and North Carolina have many timeshare resorts because, although not particularly heavily populated, they are favored holiday resort areas for other regions of the country. Texas and California are two of the most populous states, and so have many timeshares developed based on indigenous demand. But New York, the second most populous state, has relatively few timeshares because timesharing is heavily regulated. Many timeshare owners reside there, however, having made many purchases as timeshare resorts in Florida, Mexico, and the Caribbean, etc.

Although the natural tendency among analysts is to view timeshare growth as primarily dependent upon the market factors, an equally important limitation on the industry is the lack of skilled personnel with successful backgrounds in timesharing. Experienced timeshare lenders know that timesharing is a complex product, requiring extensive skills in real estate development, law, finance, marketing, sales, and resort operations. If a proposed project lacks personnel in key positions with proven skills, financing can be difficult to achieve.

Profile of the Current Product

One of timesharing's strengths is that it is a product which closely matches consumer needs in a resort accommodation product. Consumers buy only as much time as they will use, and there is no need personally to maintain the unit. It offers a variety of choice with regard to type of location, unit characteristics, amenities and access arrangements. If adequate research is conducted to determine the type of timeshare

product which will best fit the market in the resort area where it will be located the chances of success of a project will be greatly improved.

Timeshare resort locations can be categorized in a number of different ways, but two of the most common and useful are “regional” and “destination” locations. Regional resorts cater to purchasers who typically live within about a three-hour drive and probably will have no attractions of adequate significance to attract national attention. Typical regional resorts are located on lakes, reservoirs, smaller ski resorts, along rivers, or on the seashore. Destination resort timeshare projects, on the other hand, are found in resort areas of national or international significance, such as most of the Florida resorts, the Colorado ski resorts, southern California resorts, and those in Hawaii. Although many timeshare owners in these locations may live nearby, a substantial proportion live at longer distances, possibly several thousand miles away.

A related important distinction is in typical timeshare use patterns. Increasingly, families are taking several short vacations of two to four nights as well as the more traditional one or two longer vacations of a week or more each year. Regional timeshare resorts increasingly cater to these shorter vacations by offering “flex time” where purchasers acquire an unspecified “floating” week that can be used any time during the year or a specific season (depending on the arrangement at that particular resort). They also have the option to “split” their week and thereby use it in increments as short as one night at a time. This contrasts with the traditional timeshare, which locks purchasers into seven consecutive nights occurring at a set time each year. According to market research and sales results, consumers like flex time because it fits the need for vacation flexibility wanted by most households. Most newer timeshare resorts offer flex time. Over 70 percent of current timeshare purchases are now flex time.

The average price of a U.S. timeshare interval (one week of time) was about \$19,850 in 2006. Low season weeks in northern areas of the country may sell for less than \$5,000, while some of the higher-quality resorts may sell high season weeks for \$50,000 or more. Prices vary according to local real estate prices, quality of the physical product and individual developer whim, but are surprisingly little affected by degree of competition.

Amenities at timeshare resorts vary as much as the locations. Larger timeshare resorts, and those located within larger resort developments, may have a large swimming pool (often indoors in northern areas), extensive exercise/fitness facilities, spa, saunas, golf course, ski hill, horseback riding, children's play area, restaurant, lounge, tennis courts, and so on. Other timeshare resorts, particularly if the resort area offers a major amenity such as the beach or a ski hill, may have no on-site amenities at all, although most timeshare projects include at least a small outdoor swimming pool. Amenity levels are generally increasing in response to consumer demand and the need for visual "sizzle" when showing the resort to prospective purchasers.

The average timeshare project contains 95 units. Six states contain almost one-half of the projects including Florida (378), South Carolina (130), California (126), Hawaii (91), Colorado (90) and North Carolina (64).

Some 47.9 percent of all timeshare projects in the U.S. were purpose-built for timeshare; 92.5 percent sell a deed in perpetuity; 24.8 percent are located at a seashore or ocean beach area; 46.0 percent sell some form of floating time; 9.7 percent offer a split week; and 75.0 percent are controlled by a Home Owners Association.

The average weekly maintenance fee is \$560. Some 70.5 percent of the units contain two bedrooms and 20.1 percent contain one bedroom. The average purchase has been about 1.4 intervals for a total of about six million intervals, historically.

About 360 projects have currently active marketing and sales programs. It is estimated that total sales volume in these projects was about \$10 billion in 2006, or about 500,000 intervals. Florida accounts for almost 30 percent of the country's historical sales volume and over 30 percent of the total in 2006. California accounts for almost 10 percent of the historical sales volume and about 15 percent of the 2006 total. It is estimated that about 85 percent of the 2006 sales volume was generated by the top 20 development companies in the industry.

The average penetration rate for timeshare ownership is about 3.5 percent for all households in the United States. However, this rate escalates with household income, less than one percent for households with incomes under \$35,000, 4.7 percent for over \$35,000, 6.0 percent for over \$50,000, 7.8 percent for over \$75,000 and 8.1 percent for

over \$100,000. Over one-half of all households who own timeshare have incomes between \$50,000 and \$100,000.

The timeshare industry contributes significantly to the country's economy. During the next 10 years, the average timeshare owner expects to return 3.8 times to the resort area where they purchased timeshare. This average would have been only 2.4 times if they had not owned timeshare in the area. Over one-third of all timeshare projects have year-round occupancy rates in excess of 90 percent.

The average timeshare-vacationing party spends 7.9 nights while on their timeshare vacation, including occupancy of their timeshare unit and other forms of overnight accommodation. The average visitor party size is 3.9 persons. These figures mean that the timeshare industry annually generates over 130 million visitor days in the United States.

While on a timeshare vacation, the average visitor party generates about \$1,205 of consumer expenditures, excluding the timeshare purchase price. Over one-half (56.5 percent) of this amount is spent on restaurants (26.8 percent), shopping (21.5 percent), and entertainment and sports (8.2 percent). Total direct consumer expenditures of timeshare vacationers are over \$5.4 billion. Over another \$2 billion is annually spent on travel expenditures.

When including indirect expenditures created by the multiplier effect, marketing and sales expenditures, property taxes and other taxes, it is estimated that the resort timeshare industry annually contributes over \$20 billion to the country's economy. This represents an annual contribution of about \$125,000 for each timeshare unit. These figures do not include dollars generated by new construction, remodeling, furnishings, etc.

Finally, the timeshare industry is responsible for creating (directly and indirectly) over 50,000 jobs and about \$1.5 billion of payroll.

The Timeshare Consumer

The typical United States timeshare consumer in today's market is likely to be married (84.4 percent), with household head aged 40 to 60 years (50.5 percent), as shown in Table VIII-1. Only 24.9 percent have children still living at home. Educational levels

TABLE VIII-1

**Timeshare Owners and Recent Purchasers, Compared With All Households
in the United States**

Characteristics	Percentage of:		
	Timeshare-Owning Households		All U.S. Households
	All Owners	Recent Purchasers	
A. Household Income			
Under \$50,000	15.7%	14.6%	61.3%
\$50,000 to \$74,999	24.2%	30.4%	18.6%
\$75,000 to \$99,999	24.8%	24.1%	9.6%
\$100,000 and over	<u>35.2%</u>	<u>31.0%</u>	<u>10.5%</u>
Total	100.0%	100.0%	100.0%
Approximate median	\$85,000	\$80,000	\$44,685
B. Age of Household Head			
Under 35	5.0%	10.6%	23.7%
35 to 44	18.4%	18.5%	23.1%
45 to 54	33.1%	31.2%	19.4%
55 to 64	25.6%	22.0%	13.1%
65 and over	<u>17.9%</u>	<u>17.6%</u>	<u>20.7%</u>
Total	100.0%	100.0%	100.0%
Average	53	51	48
C. Household Type			
Single female	9.3%	8.8%	29.8%
Single male	3.6%	3.2%	17.5%
Couple	<u>87.0%</u>	<u>88.0%</u>	<u>52.7%</u>
Total	100.0%	100.0%	100.0%
D. Educational Attainment of Household Head			
High school or less	25.0%	23.4%	66.2%
Bachelor's degree (at least)	55.4%	56.7%	26.2%
Graduate degree	29.7%	27.0%	9.1%

Source: *Resort Timeshare Consumers: Who They Are, Why They Buy: 2006*, prepared by Ragatz Associates for the American Resort Development Association.

are high, with 56.7 percent reporting that the head of household has at least a Bachelor's degree (compared with a 26.2 percent for all households).

The approximate median income of timeshare owners was \$40,000 in 1983 and now is over \$85,000; this compares with a country-wide median of about \$44,685. This

average level of high income tends to shape the entire marketing effort in timesharing. The great majority (85.5 percent) of recent timeshare purchasers have incomes of \$50,000 or more. The chances of a given household purchasing a timeshare increase in direct correlation with income, up to the \$100,000 a year level and even beyond.

According to Census Bureau estimates, substantially less than half of all households with incomes under \$30,000 have any discretionary income, but fully 80 percent of those earning \$40,000 have discretionary income. A household must be in at least the \$40,000 to \$50,000 a year income range before it can begin to afford discretionary durable goods such as timeshare purchases.

Among demographic trends probably the most important affecting timeshare demand is the aging of the post-war “baby boom” generation, such that the number of households headed by someone aged 35 to 44 jumped 55 percent by the end of the year 2006. The economic impact of this baby boom generation is enhanced by a dramatic increase in the proportion of working women in this age group: a near doubling of work force participation in 20 years. This generation, through higher education levels and general awareness, also spends more on vacation travel and outdoor recreation than any previous generation. This age group also shows the highest propensity to purchase timeshare. Thus demand is increasing rapidly and will continue to do so into the next century.

Surveys show that the psychographic characteristics of timeshare consumers differ markedly from the average population in one marked respect: they tend to be impulse purchasers.

The explanation for this impulse purchasing is simple: most timeshares are sold by direct mail or by personal contact in the local area, in which the potential consumer is offered a chance to obtain some type of gift or premium (a television set, a discounted overnight vacation, etc.) in exchange for attending a sales presentation.

Timeshare sales techniques have received bad publicity in the past: certainly the pressure to buy immediately can often be quite intense, a method which works well on those who tend to be impulse buyers. On the other hand, psychographic studies show that these sales methods have a largely negative impact upon that growing proportion of consumers who want to consider carefully before making any major purchases.

As noted above, a primary motivation for purchasing timeshares has long been the exchange privilege. A hedge against inflation was once also important but less so now that inflation has abated. A third major motivation for timeshare purchases is simply to gain access to quality vacation accommodation. Timeshares are roomier and more luxurious than all but the most expensive hotel rooms, and in most areas ultimately less expensive than renting a condominium.

Some 43.6 percent of current timeshare owners have purchased more than one interval. And, 26.4 percent own timeshare at more than one timeshare resort.

Few owners express any dissatisfaction with their timeshare purchase – only 10.1 percent. The vast majority (83.6 percent) of owners feel their timeshare purchase has matched or exceeded their original expectations. Two-thirds (66.6 percent) feel that timeshare ownership has had a positive impact on their lives. Almost two-thirds (64.8 percent) say that timeshare ownership has saved them money on vacations. Finally, satisfaction with timeshare ownership increases with length of ownership and frequency of use.

The average timeshare owner has used their timeshare interval five times. Only 7.8 percent of available time is unused. About one-third of owners exchange their time every year.

The Exchange Companies

Exchange privilege simply represents the opportunity for timeshare owners to place their timeshare interval in a pool and exchange it for a comparable timeshare elsewhere. The ability to do this has always been one of the single most important motivations for timeshare purchases and appears especially important to better educated consumers, who look forward to opportunities to learn through travel.

Two exchange companies dominate the industry. These are Resort Condominiums International (RCI), which started in 1974 and controls about two-thirds of the market, and Interval International (II) which began in 1976 and controls most of the remaining one-third. Both systems operate similarly. They compete to sign up new resorts; once a resort is affiliated with one or the other company, anyone who purchases a timeshare at the resort is automatically signed up with the exchange. Timeshare owners

must renew their membership each year for about \$100. Exact figures are not available, but it is estimated that about 30 percent of timeshare owners are not affiliated with an exchange company.

A timeshare owner wishing to exchange places his time in the exchange system and requests a location and time to exchange into. Exchange requests generally cost about \$100. Time placed in the exchange system does not have to be used in order for the person who places it to achieve an exchange – it is not a one-for-one trade.

Generally speaking, exchanges are possible only into units of the same or lesser size, and only into time periods of the same or lesser demand. This can, however, cause problems. Resort sales staff, hard-pressed to make sales, tend to emphasize the desirability of exchanging. Many consumers, not understanding exactly how the exchanges work, purchase small units at low season at resorts that are in low demand. When they attempt to exchange, for example, November in a one-bedroom unit at a Montana resort for a two-bedroom Easter week in Hawaii, they find they cannot get the exchange they want.

Increasingly, the exchange companies also have become full-service travel agencies. Because the timeshare owner obviously represents an affluent, travel-oriented consumer group, the exchange companies have begun to offer airline, car rental, hotel, and other booking services. They provide credit cards, lines of credit, life insurance, and travel/accident insurance. They also offer group purchase plans on consumer goods.

Impediments to and Opportunities for Growth

Timesharing faces both restraints on and real opportunities for growth. Interestingly, the restraints have little to do with tourism or vacation-taking trends. Instead, they have much more to do with business practices. Many observers and participants in the industry see the major impediments to timeshare growth as the marketing and sales practices used in the industry. The high-pressure sales tactics employed by some on-site sales people are not popular, particularly with the affluent and well-educated consumer who represents the prime timeshare market.

But changing these selling methods is not easy. Timesharing is a discretionary purchase; as a result, response to low-key advertising methods such as display advertising

is typically poor and results in slow sales. Meanwhile the developer has had to build the units, supply the amenities and staff the project in advance; he cannot survive financially a slow sales pace and is forced to adopt aggressive sales tactics. Nevertheless, aggressive sales tactics are expensive. For example, a typical direct mail piece may cost 40 cents. An average response rate will be 0.3 percent. Of those who respond and tour the timeshare resort, all will receive a gift valued at \$100 or more. But only five to 10 percent of this 0.3 percent who tour the resort, or as few as 15 out of every 100,000 persons who received a direct mail solicitation, will actually go on to purchase. About 25 percent who purchase will rescind (demand their money back) within a few days.

The cost of this marketing/sales method will typically run to 45 to 55 percent or more of the gross sales price (including about 18 to 20 percent of the gross sales price in commissions and bonuses to sales staff). To cover the high cost of marketing and sales the developer must charge more. The end result is that only 20 to 30 percent of the final selling price represents the cost of the physical product (units, land and amenities), something that consumers intuitively recognize and at which they balk.

The developer also must pay the whole cost of product and marketing up front, but must accept payment from the consumer over time, typically seven to 10 years with a 10 to 20 percent down payment. This makes timesharing a negative cash flow business in the early years of a new development. In fact, a developer usually will need \$2 to \$3 million of unencumbered capital to start even a small successful timeshare resort in addition to a substantial line of credit. Thus, financing is critical. Developers need both construction financing and financing for their time payment receivables.

Clearly, new and creative marketing methods which cost less than direct mail or personal contact but which produce volume sales are needed. As one option, timeshare marketers increasingly rely on existing owners to sell, through recommendation, to their friends. This is highly cost effective, but volume is significant only if the resort has a large owner base. It does tend to work to the advantage of the timeshare owners, however in that the developer has a strong incentive to keep them happy with the project so they will be willing to make referrals.

Increasingly used are tie-ins with related services and products. A timeshare resort in, for example, Florida may convince New York travel agents to book clients into

their units (either developer-owned inventory or units that individual owners are trying to rent out). When the travel agency client comes to the timeshare resort to stay, they then will be offered an incentive to attend a sales presentation. Tie-ins with related products have been used but have produced more modest results.

One of the most important ways in which timesharing will be able to expand in the future is by modifying the product to fit specific consumer needs. As mentioned, regional resorts are adopting “flex time” to meet the growing consumer demand for more frequent short vacations.

Although not a new idea, the club concept continues to attract new purchasers. Timeshare vacation clubs typically own condominium units in a number of different vacation locations, usually in major destination resort areas. Purchasers buy a week or more of time in the club as a whole, and then can choose their preferred vacation location each year: Hawaii, Mexico, the mountains, the desert, etc. Clubs can guarantee flexibility of vacation location, thus meeting the major consumer objection to timesharing of being forced to vacation in the same location each year.

The club concept may evolve to include different vacation experiences rather than simply different locations. For example, timeshare vacation clubs now include a dude ranch with log homes, a wine county resort with a bed and breakfast atmosphere, beach resorts with grass huts, urban locations, “boutique” (small, high quality) hotels, etc.

Probably the most important trend within timesharing, and one which will have a profound long-term impact on the industry, has been the entry into the field of major national and international corporations, such as Hilton, Four Seasons, Hyatt, Disney, Marriott, etc.

These major corporations bring a variety of benefits to timesharing: credibility through name recognition, professionalism, marketing clout, and major financing capabilities. Furthermore, these large corporations offer product innovations such as tie-ins with hotel services that make the overall timeshare product even more attractive. Of course, major corporations also will bring intense competition against less well-endowed developers, and a hotel chain such as Hilton must be careful not to build timeshare inventory which competes with its properties that are under-utilized on weekends or in low season at resorts.

Future Prospects

Most industry observers now feel that timeshare development will increasingly find a handful of developers dominating the market. Some of these companies will grow directly from the timeshare industry, some will be timeshare companies later purchased by major corporations, and some will be homegrown products of major corporations.

Another trend emerging is the “segmentation” of timesharing, so that it is increasingly difficult to define the concept. Innovations such as resort clubs, fractional interests, destination clubs, undivided interest cabins, etc., serve much the same market as conventional timeshares and are even counted as timeshares by most state and local regulatory authorities.

The timeshare industry as a whole is beginning to improve levels of training and accreditation of such important personnel as sales and resort management staff. Most lenders demand that timeshare resorts which they fund be staffed by persons with proven track records. Lenders and developers seeking to hire staff increasingly check into the references of potential hirees. The American Resort Development Association, the principal industry association for resort developers, holds training sessions for these staff which will lead to certifications by the ARDA Educational Institute. Similarly, ARDA has a Code of Ethics regulating such behavior as marketing practices.

Predictions of future sales levels are hard to make. Product growth curve models do a poor job of describing the timeshare market, especially recent advances in annual sales volume. One way to estimate the future potential of timesharing is to compare it with other resort accommodation products. Currently, about 4.25 million United States households own timeshare intervals. This represents only about 3.5 percent of all U.S. households. By comparison, about 17 percent own some type of second/vacation home for recreational use. Also, over 10 percent of households in certain market areas already own a timeshare interval today. Finally, about 20 percent of households with above-median incomes express interest in purchasing timeshares.

These figures and current gross sales volume in the industry suggest that at least 10 to 15 percent of United States households are likely to own a timeshare within the next few years. This is especially likely if major corporations continue to invest in this sector. Given that the average purchase is 1.4 weeks per household, and that the average price in

2006 dollars was \$19,850, this represents a potential market of over \$100 billion over the next 10 years. This would signify huge growth in an industry that was started just over 30 years ago and did not achieve appreciable sales until the mid-1970's.

In order to further the basic knowledge of the reader about the resort timeshare market, following are Executive Summaries of several recent studies, including:

1. *State of the Vacation Ownership Industry: 2005*, prepared by American Economics Group
2. *Resort Timeshare Consumers: Who They Are, Why They Buy: 2006 Edition*, prepared by Ragatz Associates
3. *The Public Image of Resort Timesharing: 2004 Edition*, prepared by Ragatz Associates
4. *A Survey of Non-Buyers of Resort Timeshare*, prepared by Ragatz Associates

Executive Summary

At the request of the ARDA International Foundation (AIF), American Economics Group, Inc. (AEG) conducted an extensive survey of the U.S. vacation ownership (timeshare) industry during early 2005. This report provides a compendium of the timeshare industry based upon an in-depth survey of resorts and management companies, and a detailed review of resort, development organization and management company web sites, previous AIF research, and other sources.

Introduction and Acknowledgements

A

Approximately 1,800 separate resorts and resort additions located in the 50 U.S. States were identified. These resorts were consolidated into 1,668 timeshare operations. This is the study universe. Of the 1,668 resorts identified, survey responses were received from 466 resorts, a 28% response rate.

This report views the industry from the vantage point of the resorts. The study encompasses the entire timeshare industry in the United States, excluding fractional resorts.

We wish to acknowledge the timeshare industry professionals who dedicated their time and expertise to the development of the survey instrument employed to collect data for this report. We owe a special thank you to Interval International and RCI, who provided valuable contact information. We are indebted to the resort staffs who committed their time and energy to complete the survey forms. The following report is a testament to all who were involved in its development.

B Summary of Findings

Number and Location of Resorts

As of January 1, 2005, there were 1,668 vacation ownership resorts operating in the United States. Of these, 1,088 resorts, or 65%, were located in ten states, with the balance of 580 resorts scattered throughout the rest of the country. This count reveals a 4.9% two-year growth rate (78 resorts) from the 1,590 resorts identified in 2003.

Florida leads the nation with 378 resorts, or 22.7% of the U.S. total. South Carolina is next with 130 resorts, or 7.8% of the U.S. total, followed closely by California with 126 resorts, or 7.5% of all U.S. timeshare resorts.

Number of Timeshare Units

The 1,668 U.S. resorts comprise 157,518 timeshare units, representing just under an average of 95 units per resort. By far, the largest segment by size is the two-bedroom unit, accounting for 70.5% of all available units. One-bedroom units represent 20.1% of the unit total, while three-bedroom units account for 5.9% of the total. Studio units accounted for only 3.5% of all unit inventory. These numbers represent total physical units, and do not include lock-off units, which would increase the unit count by approximately 25%, or 196,633 units.

Number of Owners

On January 1, 2005, 3.87 million households owned one or more U.S. timeshare intervals or points equivalent. This number represents a 13.8% increase over the 3.4 million households reported as owning timeshare one year earlier.

Maintenance Fees

During 2004, annual maintenance fees at U.S. timeshare resorts averaged \$479 per weekly interval or points equivalent excluding property taxes, per night fees and special assessments. The range is from an average \$242 per studio interval to \$670 for

intervals in three-bedroom units. One-bedroom and two-bedroom intervals were \$376 and \$505, respectively. Maintenance fees rise not only in response to the rise of inflation rates, but also in response to the cost of new development and the addition of enhanced owner services and benefits.

Property Taxes

The survey results show a weighted average real property tax of \$78 per weekly interval or points equivalent. The range is from \$38 for studio units to \$117 for the larger three-bedroom units. Overall, owners of U.S. timeshare intervals paid an estimated \$450.6 million in real property taxes during 2004.

The average real estate tax per unit for all timeshare resorts is \$2,861 per year. Property taxes reported in this study are in addition to taxes a resort may pay for general property and management and sales facilities.

Resort Occupancy

Continuing the industry's trend toward high occupancy rates, 84.6% of the available inventory was occupied during 2004.

Owners or their guests utilized approximately one-third (32.9%) of the available units, while exchange guests used another third (33.4%). Thus, timeshare owners accounted for over two-thirds of resort occupancy. The remaining units were occupied by renters (12.3%) and guests invited by the resort to experience the resort as part of a marketing promotion (6%).

Ownership Use Plans

Over one half (54%) of vacation ownership is on a fixed unit/fixed interval plan. The next largest plan, 31.4%, is float unit/float season. Together these two plan types account for about 85.4% of timeshare ownership.

Resort Ownership Structure

The overwhelming method of conveyance is a transfer of property via a conventional deed, 66.9%. The next favored approach, only 13%, is a transfer of an undivided interest, with a deed in trust at 9.9%. All other approaches amount to just 10.2%. These include membership rights, conventional condominium ownership, leasehold and an "estate for years."

Affiliations / Exchange Programs

Resorts that participated in the study reported multiple types of exchange affiliations. Almost all (95%) are affiliated with one or both of the two major exchange organizations, RCI and Interval International. Approximately one-third (34.1%) administer their own internal exchange program, often in addition to their affiliation with an external exchange organization. An affiliation with ICE, the leading cruise exchange provider, was reported by 31.8% of respondents. A very small percentage (3.8%) of resorts reported use of other, unspecified exchange services. (The total adds to more than 100%, because most resorts have multiple exchange affiliations.)

Types of Resorts

Respondents were asked to identify their single dominant resort characteristic, although a resort often has significant access to multiple local attractions and/or natural features. For example, a timeshare resort located in Myrtle Beach, SC may be both an ocean resort and a golf resort.

The predominant category was seaside/ocean, reported by 24.8% of responding resorts as the single characteristic that best described them. Golfing was somewhat lower at 14.4%. Proximity to snow skiing and theme parks fall next in line at 13.8% and 10.9%, respectively.

Sales Volume

Resorts in active sales during 2004 numbered 952, or 57.1%, of all U.S. resorts. Reported 2004 sales volume was \$7.87 billion, reflecting a 21.4% gain over the 2003 sales volume of \$6.48 billion, itself a 17.8% increase over 2002.

The value of sales includes both the increase in the number of weekly intervals sold and the increase in price. Thus the 21.4% increase in 2004 includes a 16.1% increase in intervals sold plus a 4.6% increase in the average price of intervals.

Interval Prices

As interval sales increased over the last several years, so have timeshare prices. The price of an interval increased by 4.1% in 2003 and by 4.6% in 2004. This price increase, contributed to the increase in sales revenues in both 2003 and 2004.

In 2004, a two-bedroom unit sold at an average price of \$16,977. Studio units sold at an average price of \$6,262. One-bedroom units sold for \$10,821, while three-bedroom units sold for an average of \$24,166.

Interval Sales

The total number of new weekly intervals sold in 2004 was 498,168, a 16.1% increase over 2003.

Unit Construction

During 2004, the number of U.S. timeshare units grew by an estimated 9.6%, or 13,840 units. During 2005, 18,561 new units are expected to be completed, a projected 11.8% increase. An estimated 31,000 additional units for which developers have firm commitments, are planned for construction beyond 2005.

Executive Summary

B Summary of Findings — *continued*

Rentals

90.8% of resorts offered rentals during 2004. The published average daily rental rate ("rack rate") reported for high season was \$484 for units of all sizes; a \$295 average daily rate (ADR) was reported.

The range of ADRs ranged from \$151 high season to \$115 low season for a studio unit to \$295 high season and \$237 low season for a three-bedroom unit. Two-bedroom units averaged from \$215 high season to \$141 low season, while one-bedroom units average ranged from \$182 high season to \$115 low season.

To be expected, there is great variability in rents by season, with low season published rates at 57% of high season rates. For actual rentals, low season ADRs run about 80% of high season, reflecting both a reduced price and the seasonal ebb and flow of demand.

Points Conversion Programs

Respondents report 55.0% of resorts offer some form of points conversion program.

Trial Membership Programs

Trial or sampler memberships are offered by 55.2% of resorts. Those that offered trial membership programs attributed over one-half of their sales to owners who had first stayed at their resort.

U.S. Timeshare Resort Statistics

	New sales (billions)	Net new owners	Average selling price	Intervals sold	Total owner households (millions)
Percent Change					

	Number of resorts	New resorts per year	Total units	New units per year	Average number of units
Percent Change					

EXECUTIVE SUMMARY

RESORT TIMESHARE CONSUMERS:

Who they are, Why they buy

Following are highlights of other points emphasized throughout the report. The report is divided into six chapters. Chapter I is the Introduction. Chapter II is The Resort Timeshare Consumer. Chapter III is The Resort Timeshare Consumer's Profile. Chapter IV is The Resort Timeshare Consumer's Behavior. Chapter V is The Resort Timeshare Consumer's Attitudes. Chapter VI is The Resort Timeshare Consumer's Satisfaction.

CHAPTER I INTRODUCTION

- The report is based on two mailed surveys.
- One survey is referred to as **all owners** — those owning resort timeshare for more than one year.
- The other survey is referred to as **recent buyers** — those purchasing within the last 12 months. Included are those purchasing directly from **developers** and those purchasing from **other sources**.

CHAPTER II THE RESORT TIMESHARE CONSUMER

- 17.0 percent of **recent buyers** are singles, compared to only 12.8 percent in 2002.
- Only 31.4 percent of **recent buyers** and 24.9 percent of **all owners** have children under 18 years of age living at home.
- The average age of **recent buyers** is 52. Only 18.5 percent are under 40, while 30.4 percent are 60 and over. Some 23.0 percent are in their 40's and 28.1 percent are in their 50's.
- The median income is \$74,000 among **recent buyers** and \$81,000 among **all owners**.
- Of **recent buyers** purchasing from **developers**, 30.7 percent have incomes over \$100,000, compared to only 25.2 percent of those purchasing from **other sources**.
- About half (51.9 percent) of **recent buyers** have incomes between \$50,000 and \$100,000.
- The median income of **all owners** is 81.3 percent higher than for all households in the U.S. — \$81,000 compared to \$44,685.

THE RESORT TIMESHARE PRODUCT

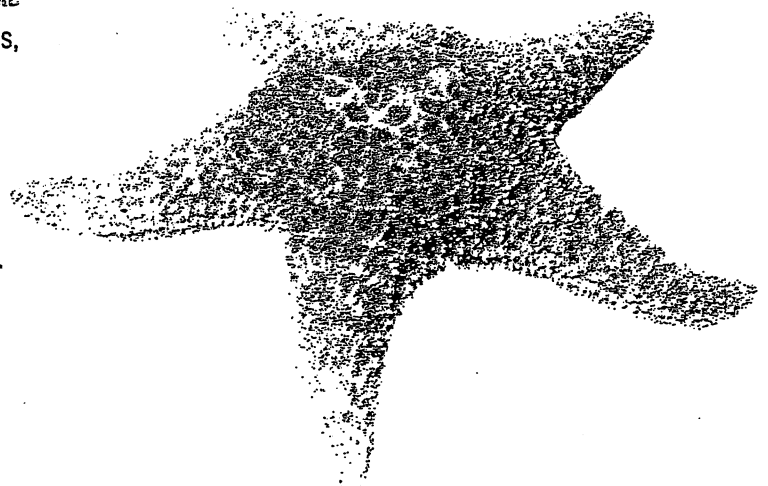
- Some 49.4 percent of **recent buyers** purchased their timeshare at a location within 400 miles of their home, compared to only 40.6 percent of **all owners** — perhaps suggesting an increasing interest in vacationing closer to home and a decreasing interest in flying since the events of 9/11/01.
- The average timeshare owner owns 1.8 weeks.
- Only about one-half (53.4 percent) of **recent buyers** purchased exactly one week during their most recent purchase. Some 30.5 percent purchased a biennial and 16.1 percent purchased two or more weeks.
- The percent of **recent buyers** purchasing a biennial increased from 24.1 percent in 2002 to 30.5 percent in 2005, perhaps due to increasing prices in the industry.
- Over half (55.0 percent) of **recent buyers** have access to a lock-off unit, as compared to only 43.2 percent of **all owners**.
- Almost two-thirds (65.3 percent) of **recent buyers** purchased points, as compared to only 37.9 percent of those purchasing in 2002.
- The average annual maintenance fee for **all owners** is \$430. Among **recent buyers** it is a higher \$497.
- Among **recent buyers**, 49.3 percent pay maintenance fees over \$500. This proportion was only 35.5 percent among those purchasing in 2002.
- Only 57.4 percent of **recent buyers** use developer-provided financing. This proportion is down from 67.7 percent among those purchasing in 1999 and 60.9 percent of those purchasing in 2002.
- The average price per week among **recent buyers** purchasing from **developers** is \$15,000, as compared to \$11,300 among those purchasing from **other sources**.
- Some 23.2 percent of **recent buyers** paid more than \$20,000 for their interval. This proportion was only 9.4 percent in 1999 and 13.1 percent in 2002.

THE RESORT TIMESHARE PURCHASING PROCESS

- Only 57.4 percent of **recent buyers** purchased directly from a **developer**, while 42.6 percent purchased/acquired their timeshare from **other sources**. Included in the latter group are 24.9 percent who purchased from a home owners' association, 7.2 percent who purchased from a previous owner as a resale, and 10.5 percent who acquired their timeshare as a gift, inheritance, or from some other source.
- The proportion of **recent buyers** purchasing directly from a **developer** has declined from 85.5 percent in 1996 to 75.9 percent in 1999 to 72.8 percent in 2002 to 57.4 percent in 2005.
- The average **recent buyer** attended 2.6 sales presentations before making their purchase.
- The opportunity for external exchange now ranks as only the fifth most important reason for purchasing timeshare, whereas it traditionally was the first or second most important. Higher ranking motivations include *overall flexibility of use, certainty of quality accommodations, credibility of the timeshare company, and the opportunity for internal exchange.*
- Most important hesitations before purchasing among **recent buyers** are *usually do not make same-day decisions* for such expensive items, *possible future maintenance fee increases, price of the interval, and concerned about the amount of the annual maintenance fee.*
- About one-quarter of **recent buyers** are interested in purchasing additional timeshare.

CONSUMER BENEFITS OF RESORT TIMESHARE

- A high 80.3 percent of **all owners** express satisfaction with their timeshare purchase.
- 75.7 percent of **all owners** say owning timeshare has increased their *looking forward to vacations.*
- 68.4 percent say it has increased the *amount of time they spend on vacations.*
- 66.4 percent say it has increased their *learning experiences.*
- 52.8 percent say it has increased their *health and happiness.*

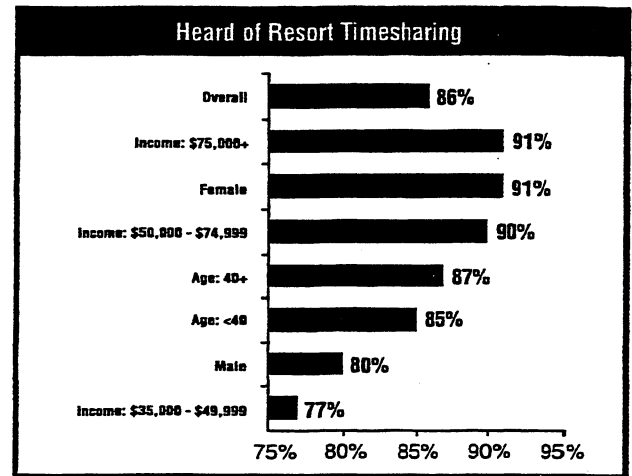


Summary Of Key Findings

Awareness of resort timesharing is high. In fact, most Americans with household incomes of \$35,000 or more know a timeshare owner, and over half report being invited to a timeshare sales presentation during the past year. Non-owners who report some likelihood of purchasing within the next three years vastly outnumber owners, indicating significant potential for industry growth. But challenges remain. Among non-owners, negative opinions of timesharing remain common, and lack of interest in learning more remains widespread, in part due to misconceptions about the product.

IS TIMESHARE WELL KNOWN?

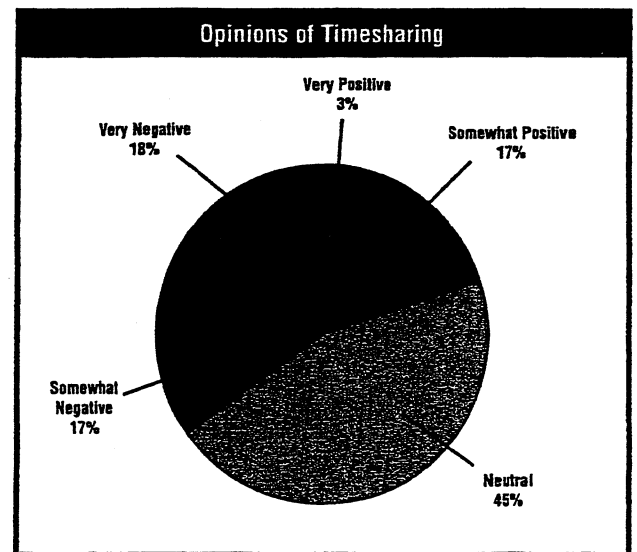
Yes! Fully 86% of non-owners report awareness of timesharing, and 63% know a timeshare owner. Over four out of five have received invitations to attend timeshare sales presentations, including 52% within the past year.



HOW DO NON-OWNERS VIEW TIMESHARE?

65% of non-owners with household incomes of \$35,000 or more hold positive or neutral opinions of timesharing. Those who know timeshare owners, have attended timeshare sales presentations, or own timeshares themselves are especially likely to report positive opinions.

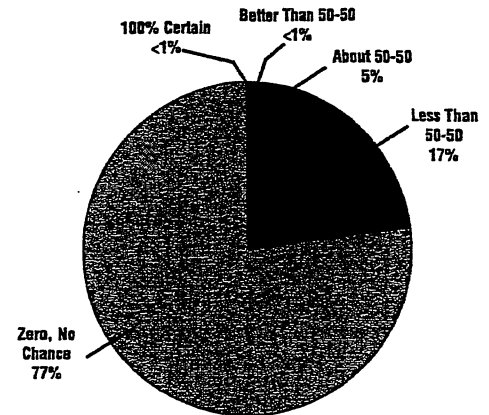
Opinions of timesharing primarily are shaped by friends, relatives and co-workers. Experiences staying at timeshare resorts and attending sales presentations also represent important influences. The media rate as far less important.



WHAT IS THE OPPORTUNITY?

Fully 23% of current non-owners with incomes of \$35,000 or more feel they have some chance of purchasing a timeshare within the next three years – a potentially vast market opportunity when compared with the 4.4% of households in this income bracket who currently own timeshares. Those who are youngest, most affluent, know a timeshare owner, or have attended a timeshare sales presentation report greatest likelihood of purchasing.

Chance of Purchasing Timeshare Within 3 Years



WHERE DO THEY HOPE TO BUY?

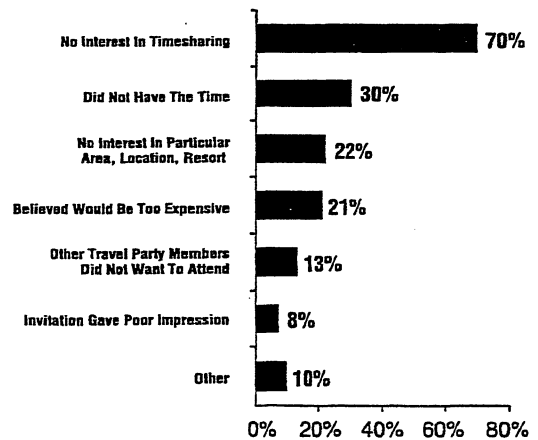
Beach resorts remain the overwhelmingly most popular choice for a timeshare purchase, desired by 71% who report a chance of buying. Of locations, fully 33% prefer Florida, followed by Hawaii at 11%. Of course, nearly all timeshares actually offer the opportunity to vacation in multiple locations.

WHAT IS THE CHALLENGE?

Those who have attended timeshare sales presentations are most likely to express favorable views of the product, and purchase interest. But most Americans say they declined their most recent invitation to attend a sales presentation due to lack of interest in timesharing.

The challenge is to increase interest. Survey results indicate possible solutions: spreading the word that timeshare ownership can reduce the cost of vacations over time, as well as that timeshares allow for flexible vacations, while reducing perceptions that timeshare sales presentations necessarily include high-pressure sales tactics.

Reasons For Not Attending Sales Presentation



This report is based on results from a random telephone survey conducted during March 2004 of U.S. households with household incomes of \$35,000 or more. Most findings are based on 600 responses from those who have never owned a timeshare.

For information on other industry studies, contact:

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Full copies of the complete report are available at no charge to RCI affiliated resorts/companies through regional RCI Global Business Group account executives. Others may purchase by writing to info@ragatzassociates.com or downloading and filling out the order form available at www.ragatzassociates.com, where a full table of contents also may be viewed.

EXECUTIVE SUMMARY

Following are a series of bullet points highlighting some of the most important findings from *A Survey of Non-Buyers of Resort Timeshare*. The bullet points address the primary topics in the two main chapters.

Chapter I: Reactions to the Sales Invitation, the Salesperson and the Sales Presentation

1. About two-thirds of the non-buyers were invited to attend their sales presentation by telephone solicitation (27.3 percent), direct mail (21.7 percent), or while a guest at the resort itself (19.3 percent).
2. Reactions to the sales invitations, i.e., the marketing process, were very positive. Between two-thirds to three-quarters of non-buyers had positive reactions to their invitations. The proportion of positive reactions was especially high for mail.
3. The two most important reasons given for attending the sales presentation were "to receive the free gift" and "had spare time with nothing else to do." Both reasons were checked as being important by more than 80 percent of the non-buyers. About 75 percent checked "the style and courtesy of the person inviting them" and "interested in the timeshare concept or product." The latter reason suggests that resort timeshare is finally becoming a sought after product.
4. Non-buyers also gave very positive responses about their salesperson. Over 90 percent had positive reactions about their salesperson's appearance and knowledge of the product, and over 80 percent had positive reactions about their people skills and professionalism. The only criterion with less than an 80 positive response was sales persuasiveness.

5. In regard to the sales presentation itself, two criteria had very low rates of positive reactions (less than 45 percent) – opportunity for privacy to make the purchase decision and time permitted to make the purchase decision. The other four criteria all were rated as positive by more than 70 percent of the non-buyers.
6. Very strong evidence exists from the survey that the more positive non-buyers are with the sales invitation, the salesperson and the sales process, the much more likely they are to still be interested in purchasing resort timeshare sometime in the future.

Chapter II: Reasons for Not Purchasing Resort Timeshare

1. Only about five percent of the non-buyers placed a deposit on a resort timeshare purchase and later changed their mind and requested a return of the deposit. Over 70 percent were satisfied in the way in which their request was handled.
2. It appears the wife was more instrumental in making the decision to attend the sales presentation, while the husband was more instrumental in making the decision not to purchase.
3. Of 20 listed reasons for not purchasing, by far the most frequently checked “very important” reason was “do not make same day purchase decisions for such expensive items” at 70 percent. Only two other reasons were checked as “very important” by more than 50 percent of the non-buyers, including “price was too high” at 54 percent and “prefer to be more flexible with my choice of vacation” at 51 percent.
4. Of the 10 most frequently listed reasons for not purchasing, six related to monetary issues, including “price was too high,” “maintenance fees were too high,” “monthly payments were too high,” “did not seem like good value,” “down payment was too high,” and “travel to resort would be too expensive.”

IX. RESORT TIMESHARE IN THE NORTHEAST

IX. RESORT TIMESHARE IN THE NORTHEAST

Introduction

There are no resort timeshare projects in active sales anywhere in the Catskill Mountains region at this time. As a surrogate for the usual information on “local comparables,” it was decided to look at the current industry elsewhere in the overall Northeast.

Number of Projects

The directories of RCI and Interval International list 181 resort timeshare projects in the Northeast. Of these, 81 have received special status (Gold Crown, Silver Crown and/or 5-Star rankings). Only 15 of the 81 projects currently have active marketing and sales programs for unsold inventory. All 15 were contacted for this feasibility analysis.

As shown in Table IX-1, nine are affiliated with the RCI, three with Interval International, and three with both. Four are located in New Hampshire, four in Pennsylvania, two in Maine, two in Massachusetts and one each in New York, Vermont and Connecticut. The 15 active projects are briefly summarized in Tables IX-1 through IX-6.

Number of Units

As shown in Table IX-2, a total of 1,881 timeshare units currently exist in the 15 active timeshare projects. Another 556 are planned. Upon completion of the planned units, the 15 projects will have approximately 2,437 units. Units that are planned will increase the average number per resort from 125 to 162.

Two-bedrooms are the standard. Among all built and under-construction units, 78.1 percent are two-bedrooms. Only 4.4 percent are studios, 11.0 percent are one-bedrooms and 6.6 percent are three-bedrooms.

TABLE IX-1

Active Resort Timeshare Projects in the Northeast

Project	Community	Exchange Company	Special Rating ¹
1. Attitash Mountain Village Suites	Bartlett, NH	RCI	GC
2. Bethel Inn and Country Club	Bethel, ME	RCI	SC
3. Eastern Slope Inn	North Conway, NH	RCI	SC
4. Mountain Edge Resort	Mount Sunapee, NH	RCI	GC
5. Mountain Laurel Resort	White Haven, PA	II	5-Star
6. Peek'n Peaks Greenwood Forest	Findley Lake, NY	RCI	GC
7. Rangeley Lake Resort	Rangeley, ME	II	5-Star
8. Shawnee Village Resort	East Stroudsburg, PA	RCI	GC
9. Smugglers' Notch Resort	Smugglers' Notch, VT	RCI	GC
10. Steele Hill Resorts South	Sanbornton, NH	RCI & II	GC & 5-Star
11. Suites at Hershey, The	Hershey, PA	RCI & II	GC & 5-Star
12. Vacation Village in the Berkshires	Hancock, MA	RCI	GC
13. Waters Edge Resort & Spa	Westbrook, CT	RCI & II	SC
14. Willowbrook at Lake Harmony	Lake Harmony, PA	II	5-Star
15. Wyndham Bentley Brook	Hancock, MA	RCI	GC

¹GC=Gold Crown; SC=Silver Crown

Source: Fieldwork conducted by Ragatz Associates, April 2008.

TABLE IX-2

Number of Units and Bedroom Configuration

Development	Built/Under-Construction Units					Planned	Total
	Studio	1-Bed	2-Bed	3-Bed	Total		
1. Attitash Mountain Village Suites	7	7	28	14	56	0	56
2. Bethel Inn and Country Club	15	6	17	2	40	30	70
3. Eastern Slope Inn	30	30	30	0	90	50	140
4. Mountain Edge Resort	0	12	33	2	47	0	47
5. Mountain Laurel Resort	20	32	80	0	132	100	232
6. Peek'n Peaks Greenwood Forest	0	0	12	0	12	4	16
7. Rangeley Lake Resort	0	0	5	30	35	0	35
8. Shawnee Village Resort	0	0	480	0	480	0	480
9. Smugglers' Notch Resort	4	75	150	76	305	0	305
10. Steele Hill Resort South	0	12	12	0	24	0	24
11. Suites at Hershey, The	0	0	72	0	72	0	72
12. Vacation Village in the Berkshires	0	0	250	0	250	0	250
13. Waters Edge Resort & Spa	0	20	48	0	68	0	68

14. Willowbrook at Lake Harmony	0	0	114	0	114	222	336
15. Wyndham Bentley Brook	<u>6</u>	<u>12</u>	<u>138</u>	<u>0</u>	<u>156</u>	<u>150</u>	<u>306</u>
Total	82	206	1,469	124	1,881	556	2,437
Average	5	14	98	8	125	37	162
Percent	4.4%	11.0%	78.1%	6.6%	100.0%		

Source: Fieldwork conducted by Ragatz Associates, April 2008.

Four projects will have less than 50 units, and six will have more than 200. Shawnee Village Resort (480 units) currently has the most number of units, followed by Smugglers' Notch Resort (305 units) and Vacation Village in the Berkshires (250 units). Peek'n Peaks Greenwood Forest (12 units) has the least number of units, followed by Steele Hill Resort South (24 units) and Rangeley Lake Resort (35 units).

Size of Units

Average floor areas by unit size are 563 square feet for a studio, 950 square feet for a one-bedroom, 1,444 square feet for a two-bedroom and 1,900 square feet for a three-bedroom. All projects have two-bedroom units. Nine have one-bedrooms, six have studios and five have three-bedrooms.

The largest one-bedrooms (1,400 square feet), two-bedrooms (2,000 square feet) and three-bedrooms (2,800 square feet) are at Attitash Mountain Village Suites, and the largest studios are at Wyndham Bentley Brook (750 square feet). The smallest one-bedrooms (585 square feet) and two-bedrooms (750 square feet) are at Waters Edge Resort & Spa, and the smallest three-bedrooms (1,450 square feet) are at Smugglers' Notch Resort. Mountain Laurel Resort (334 square feet) has the smallest studios. (See Table IX-3.)

Amenities

As shown in Table IX-4, all projects have swimming pools with the exception of Willowbrook at Lake Harmony. Ten offer tennis courts and exercise facilities, nine offer a playground and whirlpool, and seven have a restaurant. Only five projects have ski-in/ski-out access and golf courses, and just four have a convenience store.

TABLE IX-3
Average Square Footage

Project	Studio	1-Bed	2-Bed	3-Bed	Average
1. Attitash Mountain Village Suites	650	1,400	2,000	2,800	1,713
2. Bethel Inn and Country Club	544	1,100	1,644	2,100	1,347
3. Eastern Slope Inn	600	1,200	1,800	n/a	1,200
4. Mountain Edge Resort	n/a	800	1,100	1,500	1,133
5. Mountain Laurel Resort	334	668	1,005	n/a	669
6. Peek'n Peaks Greenwood Forest	n/a	n/a	1,350	n/a	1,350
7. Rangeley Lake Resort	n/a	n/a	1,200	1,650	1,425
8. Shawnee Village Resort	n/a	n/a	1,500	n/a	1,500
9. Smugglers' Notch Resort	500	750	1,000	1,450	925
10. Steele Hill Resort South	n/a	1,000	2,000	n/a	1,500
11. Suites at Hershey, The	n/a	n/a	1,200	n/a	1,200
12. Vacation Village in the Berkshires	n/a	n/a	1,800	n/a	1,800
13. Waters Edge Resort & Spa	n/a	585	750	n/a	668
14. Willowbrook at Lake Harmony	n/a	n/a	1,455	n/a	1,455
15. Wyndham Bentley Brook	750	1,050	1,850	n/a	1,217
Average	563	950	1,444	1,900	1,273

Source: Fieldwork conducted by Ragatz Associates, April 2008.

TABLE IX-4
On-Site Amenities

Project	Restaurant	Tennis	Store	Play-ground	Exercise Facilities	Pool	Whirlpool Spa	Ski-in/Ski-out	Golf
1. Attitash Mountain Village	X	X	X	X	X	X	X	X	--
2. Bethel Inn and Country Club	X	X	X	--	X	X	X	--	X
3. Eastern Slope Inn	X	X	--	X	X	X	X	--	--
4. Mountain Edge Resort	--	--	--	--	--	X	X	--	--
5. Mountain Laurel Resort	--	X	--	X	X	X	X	--	--
6. Peek'n Peaks Greenwood Forest	X	X	X	X	X	X	--	X	X
7. Rangeley Lake Resort	--	--	--	--	--	X	X	--	--
8. Shawnee Village Resort	--	X	--	X	--	X	--	X	X
9. Smugglers' Notch Resort	X	X	X	X	--	X	--	X	--
10. Steele Hill Resort South	X	X	--	X	X	X	X	--	X
11. Suites at Hershey, The	--	--	--	--	X	X	X	--	--
12. Vacation Village in the Berkshires	--	--	--	X	X	X	--	--	--
13. Waters Edge Resort & Spa	X	X	--	X	X	X	--	--	--
14. Willowbrook at Lake Harmony	--	--	--	--	--	--	--	--	X
15. Wyndham Bentley Brook	--	X	--	--	X	X	X	X	--
Total	7	10	4	9	10	14	9	5	5
Percent	47%	67%	27%	60%	67%	93%	60%	33%	33%

Source: Interval International Resort Directory 2008-2009; RCI Directory 2008-2009; and Ragatz Associates fieldwork, April 2008.

Attitash Mountain Village and Peek'n Peaks Greenwood Forest have the most number of on-site amenities, and Willowbrook at Lake Harmony has the least.

Maintenance Fees

Annual maintenance fees according to size of unit are shown in Table IX-5. The overall average maintenance fee at the 15 projects is \$505. Averages by unit size are studios (\$306), one-bedrooms (\$461), two-bedrooms (\$576) and three-bedrooms (\$643).

Two projects (Mountain Laurel Resort and Peek'n Peaks Greenwood Forest) report average annual fees of less than \$400. On the upper-end are Steele Hill Resort South (\$750), Vacation Village in the Berkshires (\$655) and Waters Edge Resort & Spa (\$636).

Sales Prices

Approximate net sales prices are shown in Table IX-6. Sales prices are highest at Vacation Village in the Berkshires, with an overall reported average of \$34,000. Mountain Edge Resort and Steele Hill Resort South average \$26,600 and \$20,033, respectively. Lowest average sales prices are at Peek'n Peaks Greenwood Forest, with an overall reported average of only \$5,250.

The average price for a studio unit ranges from \$5,067 during low season to \$11,217 during high season. One-bedroom units range from \$8,423 during low season to \$17,599 during high season, and two-bedroom units from \$12,090 during low season to \$23,765 during high season. Finally, three-bedroom units range in average price from \$15,982 during low season to \$34,502 during high season.

The remaining pages of this chapter contain information on several resort timeshare projects in the Northeast.

TABLE IX-5

Annual Maintenance Fees, By Number of Bedrooms

	Studio	1-Bed	2-Bed	3-Bed	Average
1. Attitash Mountain Village	\$290	\$415	\$500	\$580	\$446
2. Bethel Inn and Country Club	\$280	\$470	\$470	\$550	\$443
3. Eastern Slope Inn	\$315	\$465	\$622	n/a	\$467
4. Mountain Edge Resort	n/a	\$352	\$524	\$610	\$495
5. Mountain Laurel Resort	\$251	\$365	\$450	n/a	\$355
6. Peek'n Peaks Greenwood Forest	n/a	n/a	\$130	n/a	\$130
7. Rangeley Lake Resort	n/a	n/a	\$473	\$573	\$523
8. Shawnee Village Resort	n/a	n/a	unk.	n/a	unk.
9. Smugglers' Notch Resort	\$400	\$525	\$700	\$900	\$631
10. Steele Hill Resort South	n/a	\$499	\$1,000	n/a	\$750
11. Suites at Hershey, The	n/a	n/a	\$550	n/a	\$550
12. Vacation Village in the Berkshires	n/a	n/a	\$655	n/a	\$655
13. Waters Edge Resort & Spa	n/a	\$578	\$693	n/a	\$636
14. Willowbrook at Lake Harmony	n/a	n/a	\$455	n/a	\$455
15. Wyndham Bentley Brook	\$300	\$480	\$840	n/a	\$540
Average	\$306	\$461	\$576	\$643	\$505

Source: Fieldwork conducted by Ragatz Associates, April 2008.

TABLE IX-6

Net Sales Prices

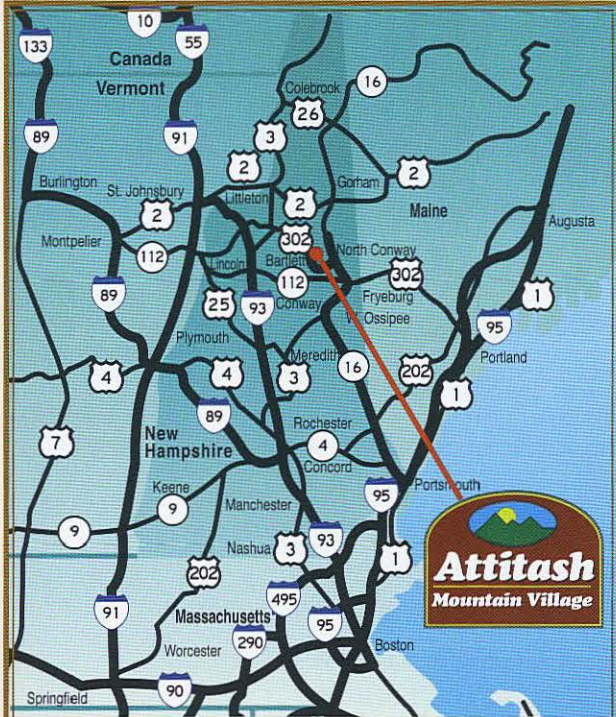
Project	Studio			1-Bedroom		
	Low	Shoulder	High	Low	Shoulder	High
1. Attitash Mountain Village	\$4,000	\$7,000	\$10,000	\$7,000	\$12,000	\$17,000
2. Bethel Inn and Country Club	\$3,900	\$6,900	\$9,900	\$7,900	\$12,400	\$16,900
3. Eastern Slope Inn	\$4,500	\$8,450	\$12,400	\$7,500	\$13,450	\$19,400
4. Mountain Edge Resort	--	--	--	\$15,210	\$19,530	\$24,390
5. Mountain Laurel Resort	\$8,000	\$9,000	\$10,000	\$10,000	\$11,000	\$12,000
6. Peek'n Peaks Greenwood Forest	--	--	--	--	--	--
7. Rangeley Lake Resort	--	--	--	--	--	--
8. Shawnee Village Resort	--	--	--	--	--	--
9. Smugglers' Notch Resort	\$2,000	\$8,500	\$15,000	\$4,000	\$14,500	\$25,000
10. Steele Hill Resort South	--	--	--	\$10,700	\$16,300	\$20,700
11. Suites at Hershey, The	--	--	--	--	--	--
12. Vacation Village in the Berkshires	--	--	--	--	--	--
13. Waters Edge Resort & Spa	--	--	--	\$3,500	\$7,250	\$11,000
14. Willowbrook at Lake Harmony	--	--	--	--	--	--
15. Wyndham Bentley Brook	\$8,000	\$9,000	\$10,000	\$10,000	\$11,000	\$12,000
Average	\$5,067	\$8,142	\$11,217	\$8,423	\$13,048	\$17,599

	2-Bedroom			3-Bedroom			Average
	Low	Shoulder	High	Low	Shoulder	High	
1. Attitash Mountain Village	\$10,000	\$17,500	\$25,000	\$13,000	\$21,500	\$30,000	\$14,500
2. Bethel Inn and Country Club	\$8,900	\$16,900	\$24,900	\$13,900	\$23,900	\$33,900	\$15,025
3. Eastern Slope Inn	\$12,500	\$21,250	\$30,000	--	--	--	\$14,383
4. Mountain Edge Resort	\$20,610	\$27,450	\$34,380	\$26,010	\$33,210	\$38,610	\$26,600
5. Mountain Laurel Resort	\$12,000	\$13,000	\$14,000	--	--	--	\$11,000
6. Peek'n Peaks Greenwood Forest	\$3,000	\$5,250	\$7,500	--	--	--	\$5,250
7. Rangeley Lake Resort	\$12,000	\$15,000	\$18,000	\$15,000	\$20,000	\$25,000	\$17,500
8. Shawnee Village Resort	\$10,000	\$16,500	\$23,000	--	--	--	\$16,500
9. Smugglers' Notch Resort	\$8,000	\$21,500	\$35,000	\$12,000	\$28,500	\$45,000	\$18,250
10. Steele Hill Resort South	\$14,640	\$23,660	\$31,700	--	--	--	\$20,033
11. Suites at Hershey, The	\$13,200	\$16,500	\$22,000	--	--	--	\$17,233
12. Vacation Village in the Berkshires	\$28,000	\$34,000	\$40,000	--	--	--	\$34,000
13. Waters Edge Resort & Spa	\$4,500	\$10,250	\$16,000	--	--	--	\$8,750
14. Willowbrook at Lake Harmony	\$12,000	\$17,000	\$20,000	--	--	--	\$16,333
15. Wyndham Bentley Brook	\$12,000	\$13,500	\$15,000	--	--	--	\$11,167
Average	\$12,090	\$17,951	\$23,765	\$15,982	\$25,422	\$34,502	\$16,435

Source: Fieldwork conducted by Ragatz Associates, April 2008.

Mt. WASHINGTON VALLEY • NEW HAMPSHIRE

*Attitash Mountain Village is your ideal destination
for the finest in year round recreation.*



DIRECTIONS TO ATTITASH MOUNTAIN VILLAGE

FROM BOSTON, MA - 130 miles-North on I-95. Bear left before the Portsmouth, NH exit onto the Spaulding Turnpike (which becomes Route 16). Continue North on Route 16 to Conway, NH. In Conway, go through the 4-way intersection, take the next left and continue on Route 16 through North Conway Village, and into Bartlett. At the junction of Routes 302 and 16 in Glen, go straight through the traffic light, remaining on Route 302. Attitash Mountain Village is approximately 3 miles West on the right, across from Attitash Ski Resort.

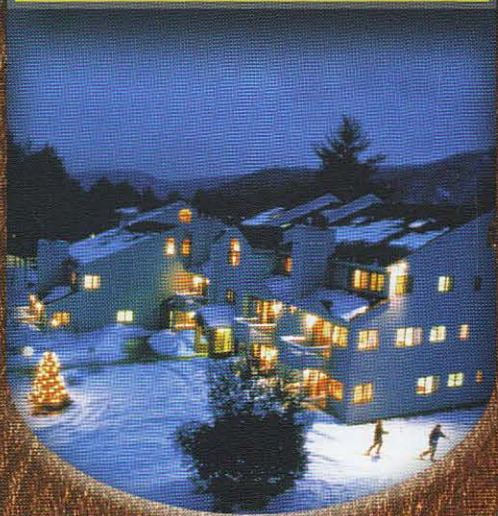
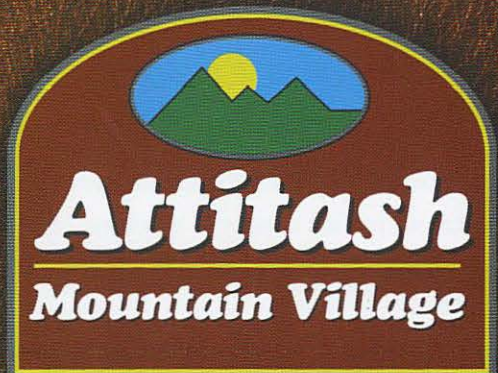
FROM CONCORD, NH - 75 miles North on I-93. Take Route 104 East to Meredith and then Route 25 East to the junction of Route 16 in West Ossipee. Turn left on Route 16 and continue North to Conway NH. (See directions from Conway, NH above).

FROM PORTLAND, ME - 65 miles West on Route 302 to Bartlett, NH.

At the base of Attitash Ski Resort
Route 302, P.O. Box 358 • Bartlett, NH 03812-0358

1-800-862-1600

Web: www.AttitashMtVillage.com
E-mail: stay@AttitashMtVillage.com



*"Your ideal destination for
the finest in year round recreation."*



AT THE BASE OF ATTITASH SKI RESORT
BARTLETT, NEW HAMPSHIRE

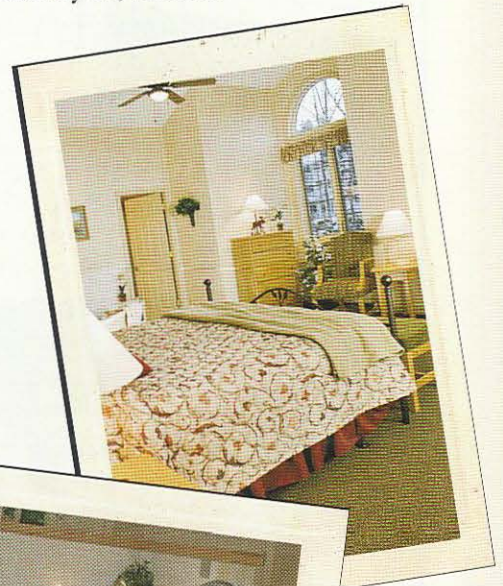
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Accommodations For Romantic Getaways or Large Family Events

Attitash Mountain Village Resort is comprised of a variety of guest rooms. Our condominium resort offers over 350 rooms, suites, townhouses and trailside units accommodating up to 14 people. Our resort continues to grow and we have several levels of accommodations to fit your every need.



Most also feature gas fireplaces, in-room spa tub, large screen TV's and kitchen facilities. Whatever your needs may be, Attitash Mountain Village has just the accommodations that are right for you.





FOR RESERVATIONS AND INFORMATION

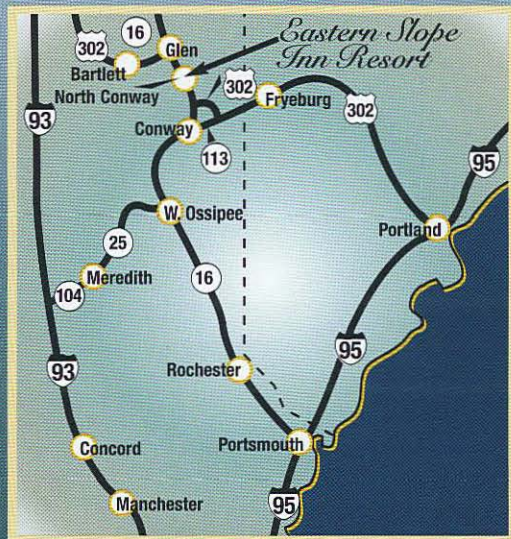
Eastern Slope Inn · 2760 Main Street, Route 16/302,
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DIRECTIONS TO THE EASTERN SLOPE INN

FROM BOSTON: Head north on I-95. Bear left before the Portsmouth, NH exit onto the Spaulding Turnpike (which becomes Route 16). Continue north on Route 16 to Conway, NH. In Conway, go through the 4-way intersection, take the next left and continue on Route 16 for 6.6 miles to the Eastern Slope Inn, located on the left, in North Conway Village.

FROM CONCORD: Head north on I-93. Take Route 104 east to the junction of Route 25 in Meredith. Take Route 25 east to the junction of Route 16 in West Ossipee. Turn left onto Route 16 and continue north to Conway as the directions above indicate.

FROM PORTLAND: Head west on Route 302 to the junction of Route 16 in North Conway. Turn right onto Route 16 and continue for 3.6 miles to the Eastern Slope Inn, located on the left, in North Conway Village.

Photography: Bill Rakip, Bob Grant · Brochure by Tourist Marketing Services www.touristmarketing.com

North Conway's Historic

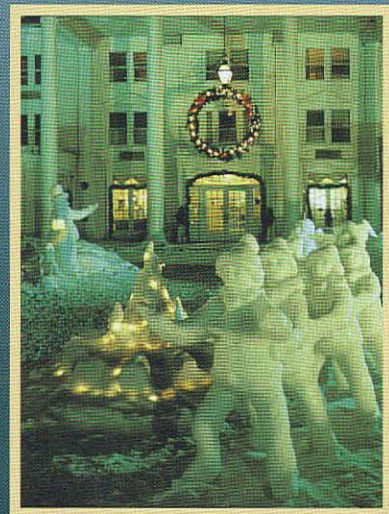
Eastern Slope Inn Resort



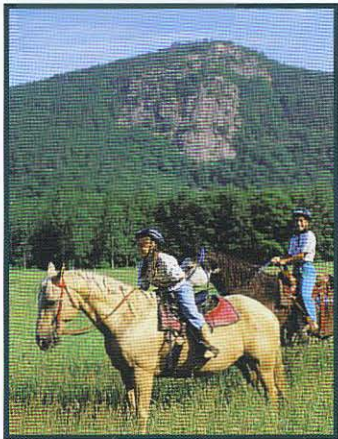
White Mountains
New Hampshire



New England's Most Charming Four Season Resort

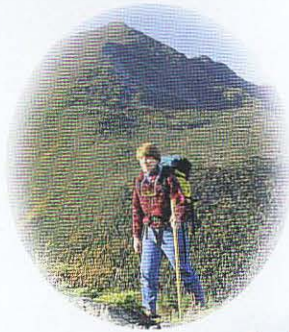
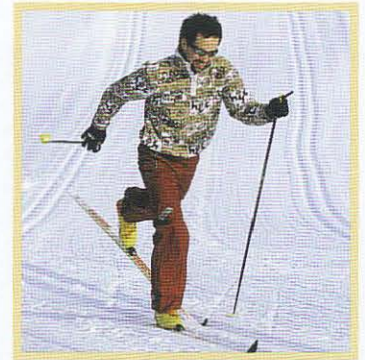


North Conway Village
New Hampshire



EASTERN SLOPE INN IS A WORLD OF RELAXATION...

Eastern Slope Inn's exquisite indoor facilities and 40 acres of outdoor beauty provide all the space you'll need to relax and enjoy your vacation or getaway.



NEARBY ACTIVITIES INCLUDE:

- ☒ 7 Ski areas within 80 minutes - Cranmore Mtn. is right here in the Village.
- ☒ Adjacent cross-country skiing
- ☒ Golf at the adjacent North Conway Country Club, a beautiful PGA course.
- ☒ Hiking, biking, horseback riding
- ☒ Story Land, 10 minutes
- ☒ Adjacent Schouler Park is the home to concerts, balloon rides, Conway Scenic Railroad, movies & restaurants, and in the winter, ice skating day or night.

AND RECREATION!!!

If you're the active type, get ready to have more fun than you ever thought possible. Our 40 acre property and areas immediately surrounding are loaded with fun and adventure for young and old.



ON-SITE ACTIVITIES INCLUDE:

- ☒ All season glass-enclosed swimming pool
- ☒ Outdoor Spa Tub ☒ Tennis ☒ Fishing
- ☒ River Swimming, Tubing, Kayaking
- ☒ X/C Skiing ☒ Exercise Room
- ☒ Hiking & Biking ☒ Lawn Games
- ☒ Children's playground ☒ Eastern Slope Playhouse, home of the renowned Mt. Washington Valley Theatre Company



MOUNTAIN EDGE RESORT & SPA AT SUNAPEE

New Hampshire's Sunapee Region has been welcoming visitors for more than 100 years, and its newest resort, Mountain Edge Resort & Spa at Sunapee sets the standard for the next hundred years of vacation fun, excitement, luxury, relaxation and amenities. Best of all, we're easy to reach. Under two hours from Boston, less than three hours from Hartford, this is a destination that makes the most of your valuable vacation time!

From our Adirondack style resort, with one and two bedroom units in a hotel-style setting, to our ideal location between beach and slopes, you won't have far to go for fun. On-site amenities include a rustic tavern and restaurant, activities concierge, indoor and outdoor heated pools as well as a year 'round hot tub. A complete exercise room and lighted sledding hill and ice skating, provide active fun for all ages.

A full service 'destination spa' with wellness therapies.

Within walking distance are: Digby's Steak House and Saloon, serving breakfast, lunch and dinner; The Rosewood Barn General Store, and Bob Skinner's Ski and Sport.

(603) 763-4600, Toll Free 1-877-468-3343

www.mountainedgeresort.com

membership@mountainedgeresort.com



www.mountainedgeresort.com

Peek'n Peak
Real Estate
Luxury Resort Living

Presents



Greenwood Forest

RCI Gold Crown
Slope Side Timeshare Living

pknpkhomes.com • 716.355.4141

Greenwood Forest

Slope Si



Large 1,350 square foot 2 bedroom
with fully applianced family kitchen

Vacation homes are ski-in, ski-out
property in the summer.

Your family will enjoy year after year

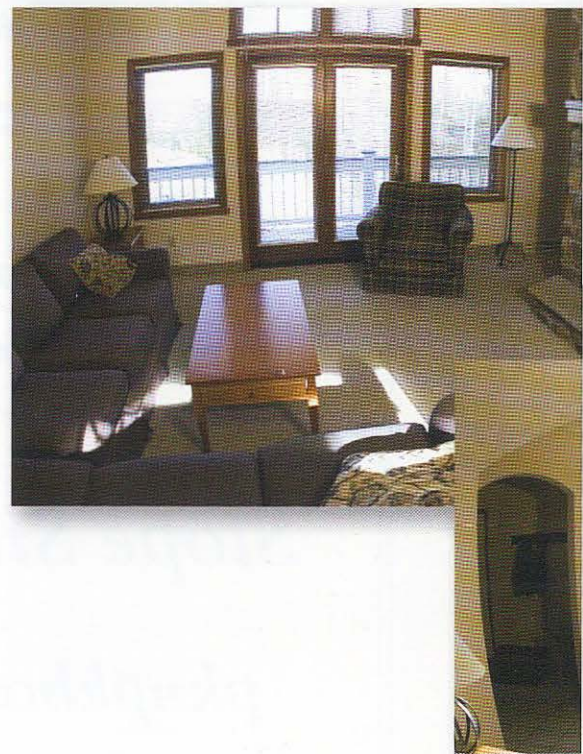
When you need a really special trip
your week to go to any of the 3,500

Owning a Greenwood Forest week
Resort Condominiums International



RCI is the world's leading vacation exchange
network, with over 3,500 affiliated resorts
worldwide. Being a member of RCI give you

the versatility of using your unit here or exchanging it to go to exciting and exotic
places around the world. RCI has awarded Greenwood Forest with a Gold
Crown - RCI's resort affiliates highest distinction! Your exchanges can be made
to the finest resorts!



Peek'n Peak
Real Estate
Luxury Resort Living

1405 Olde Road • PO Box 360 • Findley Lake, NY 14736

716.355.4141 • pknpkhomes.com

Peek'n Peak Resort & Conference Center is owned and operated by Kiebler Recreation, LLC

de Views!

3 bath, completely furnished condominiums,

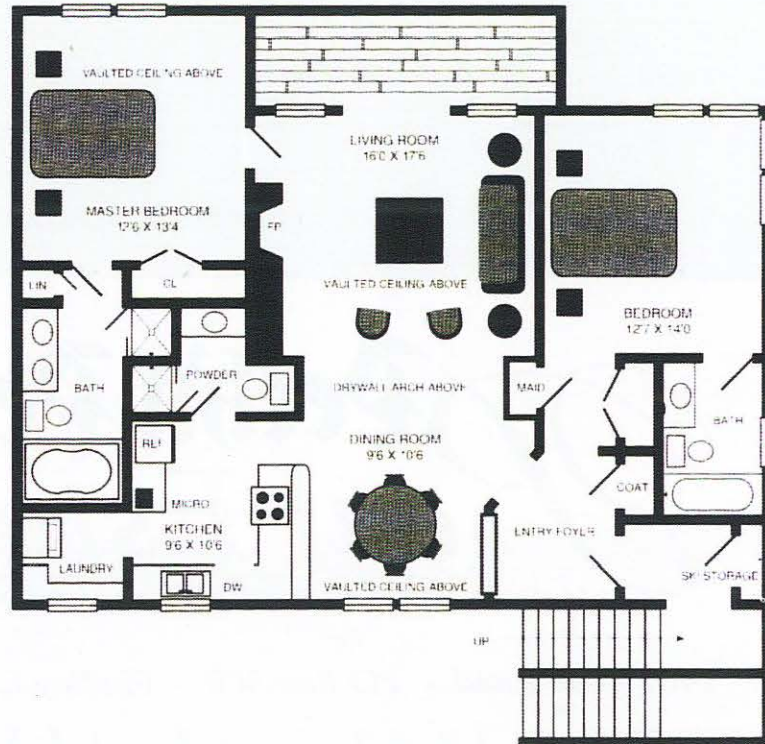
the winter with 36 holes of golf on

r of great vacation!

for a special occasion, you can trade
resorts worldwide!

utomaticly makes you a member of

ll the world's leading vacation exchange network



Year Round Activities for Your Whole Family!

- . 27 Ski Slopes and Trails
- . Snow Tubing
- . 2-18 Hole Championship Golf Courses
- . 5 Diverse Restaurants
- . Indoor and Outdoor Pools
- . Fitness Center/Tanning
- . Tennis Courts
- . Miniature Golf



Peek'n Peak
Real Estate
Luxury Resort Living

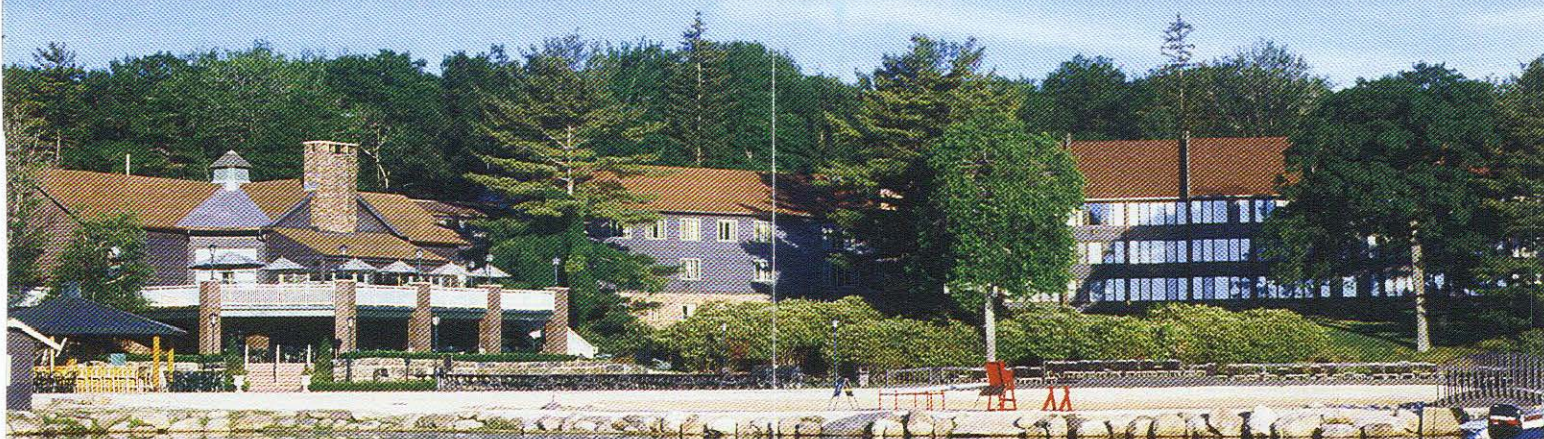
1405 Olde Road • PO Box 360 • Findley Lake, NY 14736

716.355.4141 • pknpkhomes.com

Peek'n Peak Resort & Conference Center is owned and operated by
KIEBLER RECREATION, LLC, 10823 Mayfield Road, Chardon, OH 44024

WELCOME TO THE RESORT AT SPLIT ROCK

ON BEHALF OF THE MANAGEMENT AND STAFF OF SPLIT ROCK, WE WOULD LIKE TO THANK YOU FOR INQUIRING ABOUT OUR RESORT. Although we believe this brochure will provide you with the answers to your questions, if you need further assistance, simply visit our website at www.splitrockresort.com or call us toll free at **1 800 255 7625**. We hope we can serve you for your next vacation or getaway.



The Resort at
Split Rock

800 255-7625 • www.splitrockresort.com

AMENITIES

THE RESORT AT SPLIT ROCK IS ONE OF THE MOST COMPLETE RESORTS IN THE EAST! Offering outstanding four-season leisure activities, Split Rock has something for everyone. Some amenities available are a first run movie theatre, bowling alley, and championship golf course. For those looking for a refreshing treat, try one of our three swimming pools or sit back and enjoy the serenity of our pristine mountain lake.



Year round, guests at The Resort at Split Rock can also enjoy several lounges and nightclubs. There, you will discover excellent live entertainment and warm hospitality to help bring a satisfying close to a busy day.

We also offer a variety of organized social events and an exciting selection of nearby seasonal activities including white water rafting, paintball and skiing.

Q: Is there an unreturned beach pass fee?

A: Yes, we charge \$5.00 for unreturned beach passes.

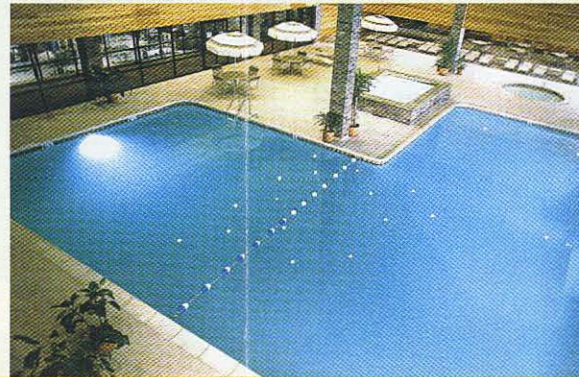
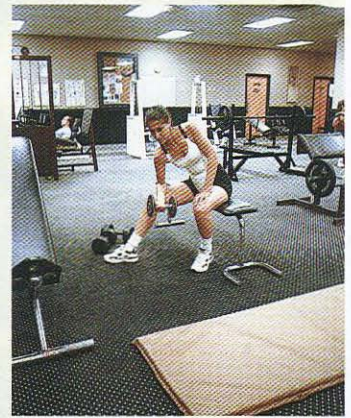
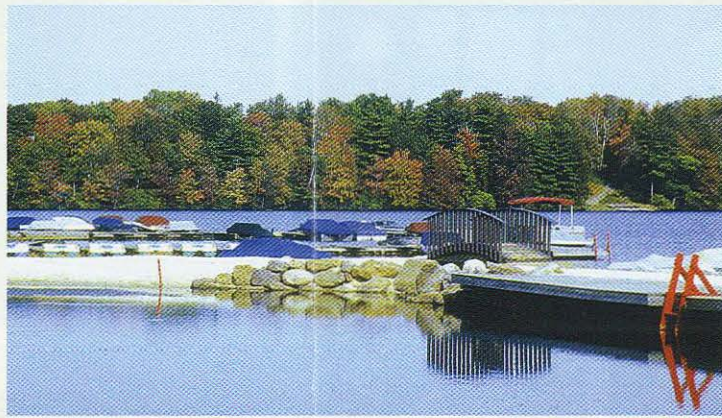
Please Note: Due to seasonal weather fluctuations, repairs and certain contractual obligations, some recreational amenities may be closed or operating under restricted hours. No guarantee or representation is made in this document that all recreational amenities are available at all times.

Activities & Amenities (additional costs may apply)

- : Indoor/Outdoor Tennis
- : Indoor/Outdoor Pools
- : Racquetball Court
- : Championship Golf Course
- : Championship 18-Hole Mini Golf

- : 8 Lane Bowling Alley
- : Video Game Room
- : Private Beach on Lake Harmony
- : Paddleboats, Rowboats & Canoes
- : Hiking & Biking Trails nearby

- : Fitness Center
- : Whirlpools
- : Massage Center
- : Billiards/Pingpong
- : 1st Run Movie Theatre



- : Cross-Country Skiing
- : Sledding
- : Children's Playground
- : Shuffleboard
- : Bocci Ball

- : Softball & Volleyball
- : Archery
- : Croquet
- : Badminton
- : Ice Cream Parlor

- : Indoor/Outdoor Basketball
- : Horseshoes

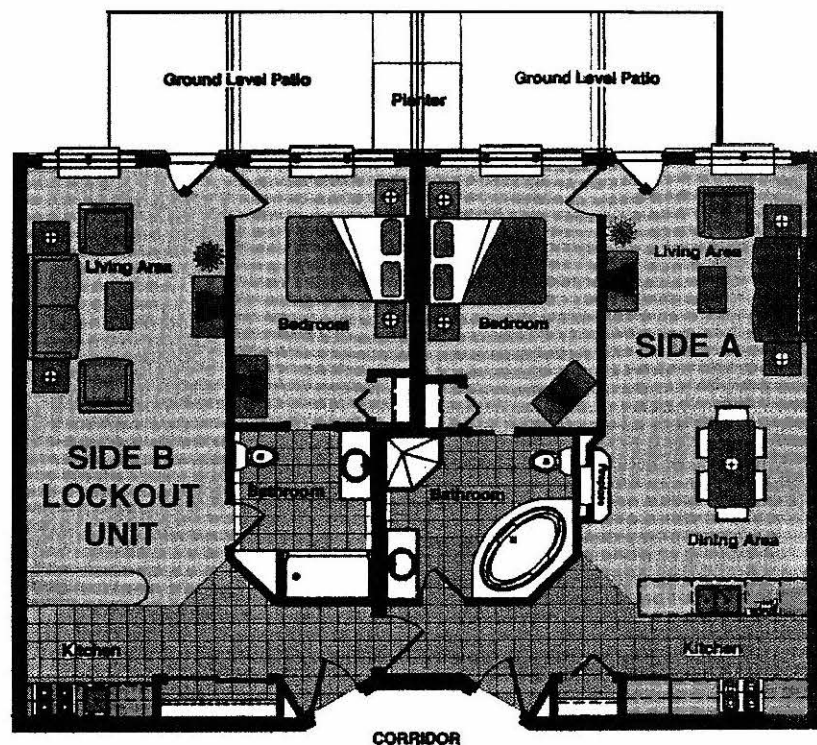
FAMILY

Choose From Many Use Options

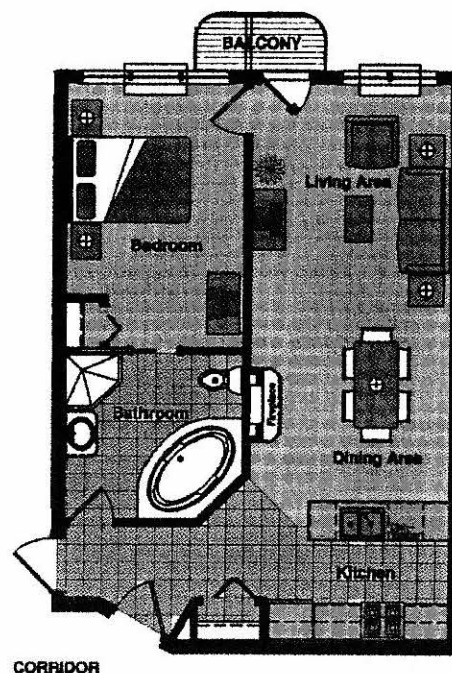
The unit configuration at Willowbrook gives you total flexibility when selecting the type of unit that will meet your family's vacationing needs each year. If you own a two-bedroom unit, during the year of your occupancy, you are eligible to reserve the whole unit (two-bedroom, sleeps eight) for seven days. This whole unit may be divided (Unit Split) into two separate units, Side "A" a one bedroom (sleeps four) and Side "B" a one bedroom lock out unit (sleeps four). The unit split option will give you 14 days of vacationing enjoyment, seven days in each unit type (NOTE: There is a \$35.00 cleaning charge if you split your week). If you own a one bedroom unit, your unit sleeps four for the seven-day period.

You may use the two-bedroom unit in many different ways:

- 1 Reserve your unit for a full week at Willowbrook for your own personal use. (Sleeps eight)
- 2 You may rent your unit for a full week at Willowbrook.
- 3 Loan your unit for a full week to friends or family.
- 4 Exchange your unit through Interval International. Remember, your two-bedroom unit trades for six, your one bedroom unit trades for four and your lock-out unit trades for four.
- 5 Split your unit into two vacations for your own personal use. (Two weeks, each sleeps four)
- 6 You may rent or loan your split units or occupy one week and rent or loan one week.



TWO BEDROOM SUITE FLOOR PLAN
1,455 SQUARE FOOTAGE



ONE BEDROOM SUITE FLOOR PLAN
728 SQUARE FOOTAGE

Interval International

A WORLD OF EXCHANGE OPPORTUNITIES AWAITS!

Interval International ("II") has been selected as the exchange company of choice for Willowbrook at Lake Harmony. This worldwide exchange program will provide you with an endless variety of vacation location choices and other hospitality services.

Interval International provides exchange opportunities to thousands of resorts throughout the United States and in over 75 countries on six continents. More than 1.3 million member families, who enjoy vacation

ownership at those resorts, share the advantage of Interval International's vacation exchange program.

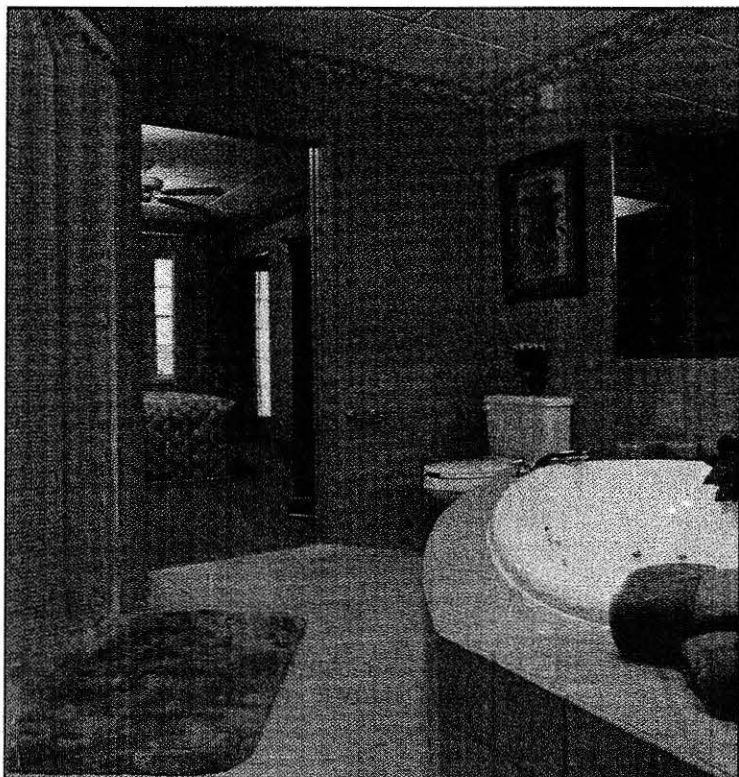
Interval International's exchange system is tailored to meet your needs. You will enjoy both a wide variety of vacation destinations and a choice of two exchange methods to suit your special needs.

Deposit First allows you to deposit your week in the exchange pool against a present or future exchange request. You can travel from one year before and up to two years after the dates of the week deposited, giving you the flexibility of a three-year travel-planning window.

With Request First you can confirm your exchange before relinquishing your week, which secures your use of your home resort until the exchange you want is confirmed and you may travel up to one year before the week you own.

Remember, you must first call **Willowbrook Reservations (570) 722-8621** for a week to be assigned to you for exchange use.

Also, through the Flexchange program, you can plan vacations on short notice. Flexchange offers constant exchange opportunities from 59 days in advance to 24 hours before your travel date.



Flex-Time at Willowbrook

The unit/week inventory at Willowbrook is maintained on what we term a Flexible Time Program. Flexible Time means you use a time period rather than having to vacation a set week each year.

Your Flexible Time "floats" during a season that you purchased. "Red" season is Weeks 1 through 8, 21 through 39, 41 and Weeks 51 and 52. The "Yellow" season is Weeks 17 through 20 and 40, 42 through 46. The "Green" season is Weeks 9 through 16 and 47 through 50. A base year calendar is part of the Disclosure Statement which designates the timeshare period schedule.

You are assigned a specific unit and week for inventory control purposes. You are allowed to choose any unit/week type in the season you purchased on a first come first serve basis. This is the same for one and two-bedroom units.

Recreational Activities at Shawnee

Fairfield
Resorts



SHAWNEE COMMONS

With the addition of our Shawnee Commons Recreation Center, which opened in May of 2000, there is more to do at Shawnee than ever. The two level building offers owners and guests a zero entry swimming pool with a ten person Jacuzzi. The lower level also features a large video game room, and a large all purpose room which can be used for basketball, volleyball and many other indoor games. A small fitness center is also available. A snack bar is open daily with a large variety of foods at reasonable prices. The main level includes the check-in area, gift shop and offices along with several recreation rooms. Almost half of the floor is dedicated to the main hall that can be used for social events. The hall opens to large outdoor patios offering views of both the outdoor pool and the outdoor terrace.

SIGHTSEEING

For the Sightseeing enthusiast, Shawnee also offers seasonal day trips to see the Statue of Liberty in New York, the Liberty Bell in Philadelphia and for casino goers, Atlantic City.

NEARBY ACTIVITIES

Other on-site and nearby activities include ice skating, canoeing, snow tubing, rafting, indoor and outdoor pool, volleyball, shuffleboard, horseshoes, fishing and nearby fitness center.

FRONTIER FALLS MINI GOLF

The newest addition, Frontier Falls Mini Golf located on the front lawn of the Recreation Center, has been a big hit with all Shawnee guests. Consisting of an 18 hole Mountain course and a 18 hole Plains course, Frontier Falls is recognized as the best in the Poconos.

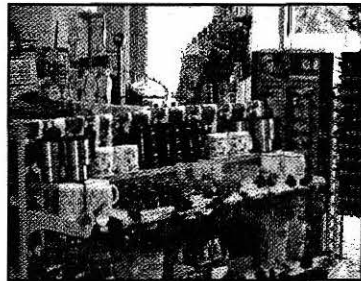
ACTIVITIES

Activities are plentiful throughout our 2500-acre complex with organized daily events planned by a year-round recreation staff. The goal of the recreation staff is to provide a complete recreation experience to all Shawnee guests through both active and passive organized activities. Toddlers through Seniors will have something to do. Activities may include the very popular Welcoming Party, morning Swimmer-cise class, Bingo, Family Feud, Basketball and the ever-popular Family Ice Cream Social.

SHAWNEE COMMONS RECREATION CENTER



CHECK-IN



GIFT SHOP



ALL PURPOSE ROOM



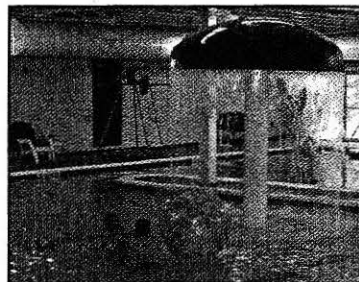
VIDEO RENTAL



SNACK BAR



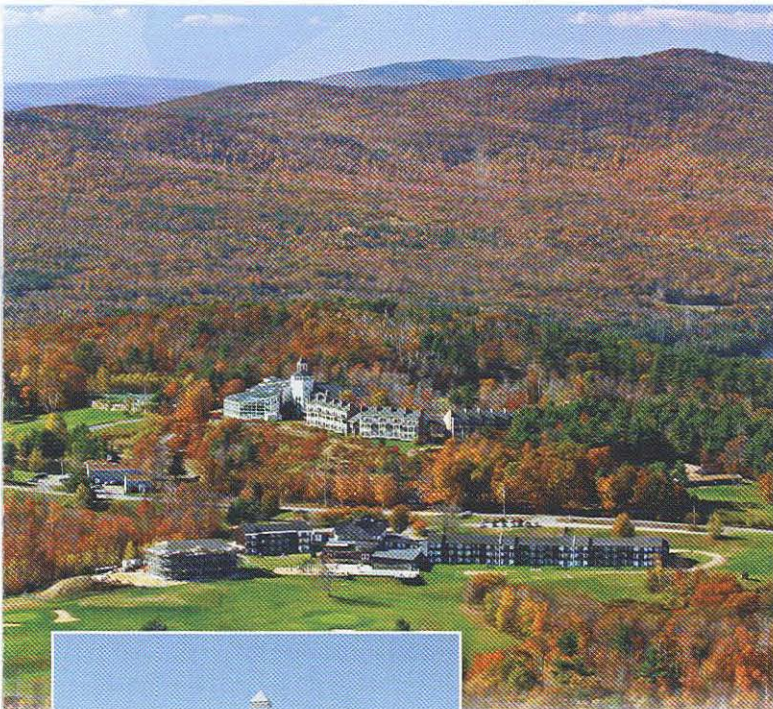
GAME ROOM



SWIMMING POOL



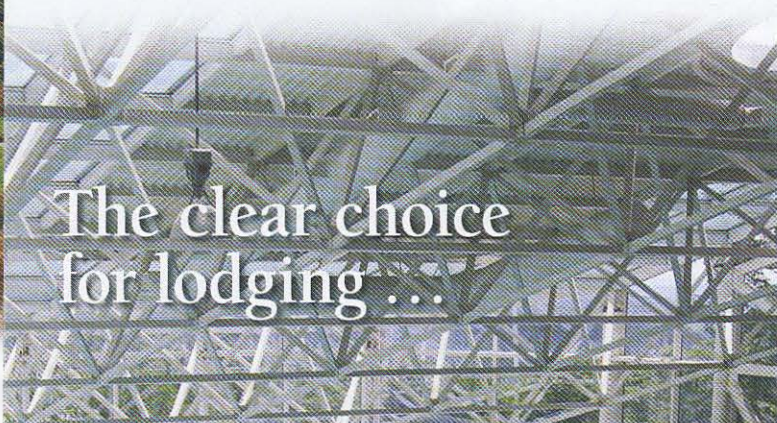
ATM



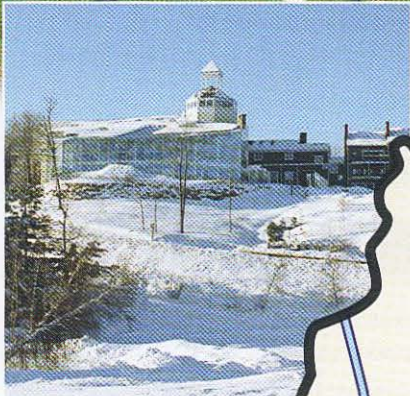
LAKES & MOUNTAINS

SELECT RESORTS

O F N E W H A M P S H I R E



The clear choice
for lodging ...

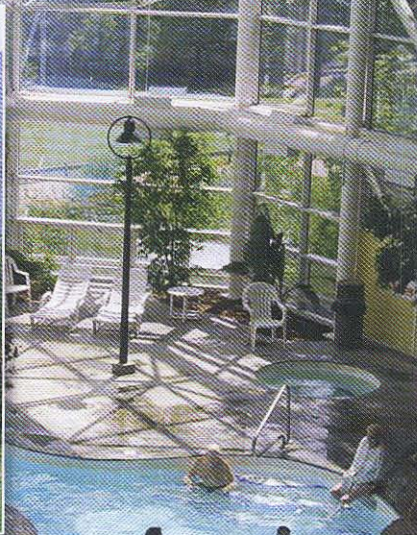
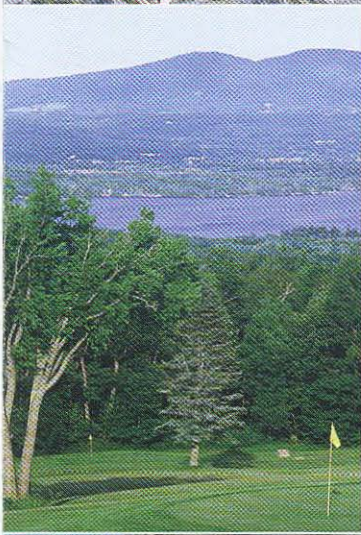


**STEELE HILL
RESORTS**

**SUMMIT
RESORT**

From I-93 Exit 20, travel east on Rte. 3 for approximately 5 miles. Turn left at the lights and follow the signs to **Steele Hill Resorts**.

The **Summit Resort** is located on White Oaks Road off Rte. 3, near Weirs Beach in Laconia.



Our central location makes us as easy to get to as our websites—visit us online for complete directions.



steelehillresorts.com
1-800-284-6985



summitresortnh.com
1-800-563-7060

starts at
our websites:

steelehillresorts.com
summitresortnh.com

*Please call I can
do an estimate
ply.*

2008 Steele Hill South Deluxe Calendar

Category	1	2	3	4
2 Bedroom <i>#31,700</i>	144,000 Pts	116,000 Pts	86,000 Pts	58,000 <i>#14,640</i>
1 Bedroom <i>#20,700</i>	72,000 Pts	58,000 Pts	43,000 Pts	29,000 Pts <i>#10,700</i>
D A	Week 7 Feb 17-Feb 24	Week 1 Jan 6-Jan 13	Week 12 Mar 23-Mar 30	Week 17 April 27-May 4
	Week 8 Feb 24-Mar 2	Week 2 Jan 13-Jan 20	Week 13 Mar 30-Apr 6	Week 18 May 4- May 11
T E S	Week 9 Mar 2-Mar 9	Week 3 Jan 20-Jan 27	Week 14 Apr 6- Apr 13	Week 19 May 11-May 18
	Week 10 Mar 9-Mar 16	Week 4 Jan 27-Feb 3	Week 15 Apr 13-Apr 20	Week 45 Nov 9-Nov 16
	Week 11 Mar 16-Mar 23	Week 5 Feb 3-Feb 10	Week 16 Apr 20-Apr 27	Week 46 Nov 16-Nov 23
	Week 26 June 29-July 6	Week 6 Feb 10-Feb 17	Week 20 May 18-May 25	Week 48 Nov 30-Dec 7
	Week 27 July 6-July 13	Week 24 June 15-June 22	Week 21 May 25-June 1	Week 49 Dec 7-Dec 14
	Week 28 July 13-July 20	Week 25 June 22-June 29	Week 22 June 1- June 8	Week 50 Dec 14-Dec 21
	Week 29 July 20-July 27	Week 34 Aug 24-Aug 31	Week 23 June 8-June 15	
	Week 30 July 27-Aug 3	Week 35 Aug 31-Sept 7	Week 42 Oct 19-Oct 26	
	Week 31 Aug 3-Aug 10	Week 36 Sep 7-Sep 14	Week 43 Oct 26-Nov 2	
	Week 32 Aug 10-Aug 17	Week 37 Sep 14-Sep 21	Week 44 Nov 2-Nov 9	
Week 33 Aug 17-Aug 24	Week 38 Sep 21-Sep 28	Week 47 Nov 23-Nov 30		
Week 51 Dec 21-Dec 28	Week 39 Sep 28- Oct 5			
Week 52 Dec 28-Jan 4	Week 40 Oct 5-Oct 12			
	Week 41 Oct 12-Oct 19			

you can borrow pts, carry over pts, buy extra pts-

Points by Unit Number

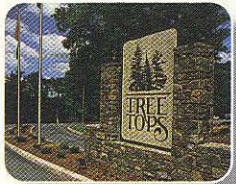
hotel room 4000 sq. ft.
studios 600 sq. ft.
full open kitchen 1,000 sq. feet
RCI
gold crown unit
2,000 sq. feet

Resort Name and ID #:	8859	STEELE HILL RESORTS - SOUTH				
Check-In Type		4/3 Split				
Housekeeping Fees						
Primary Check-In Day		Sunday (std calendar)				
DBL Unit Type		1 BR Lockoff		2 BR Lockoff		
Bedrooms	H	S	1	2		
Bathrooms	1	1	2	4		
Kitchen	N	F	F	F		
Max Occ	2	4	6	12		
Priv Occ.	2	2	4	8		
Square Footage:	216	784	1000	2000		
Weeks		Category		Weekly		
7-11, 26-33, 51 & 52		1	28,500	43,500	72,000	144,000
Daily Valuation		Fri-Sat	5,700	8,700	14,400	28,800
		Sun-Thur	3,420	5,220	8,640	17,280
1-6, 24 & 25, 34-41		2	23,000	35,000	58,000	116,000
Daily Valuation		Fri-Sat	4,600	7,000	11,600	23,200
		Sun-Thur	2,760	4,200	6,960	13,920
12-16, 20-23, 42-44, 47		3	17,000	26,000	43,000	86,000
Daily Valuation		Fri-Sat	3,400	5,200	8,600	17,200
		Sun-Thur	2,040	3,120	5,160	10,320
17-19, 45 & 46, 48-50		4	11,500	17,500	29,000	58,000
Daily Valuation		Fri-Sat	2,300	3,500	5,800	11,600
		Sun-Thur	1,380	2,100	3,480	6,960

Check-In Days: Sun/Thurs

on this chart the #'s are the weeks which are on the south calendar

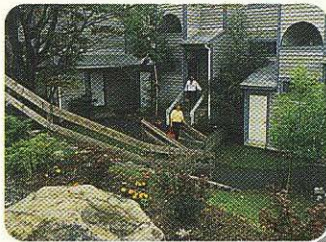
'Your Place In The Poconos' Awaits You At Tree Tops!



Enjoy a refreshing drink on your back deck and watch wild ducks paddle around Tree Tops' private lake.

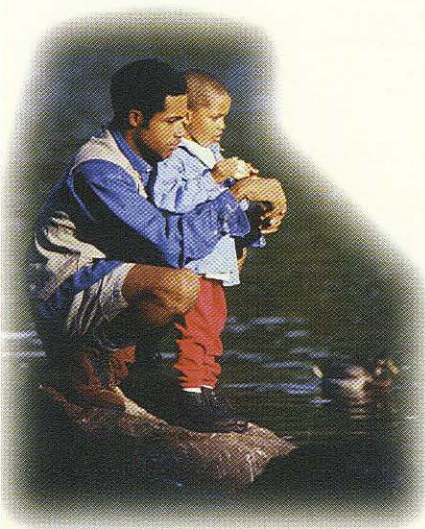


Or, enjoy a view of the woodlands or the lush greens

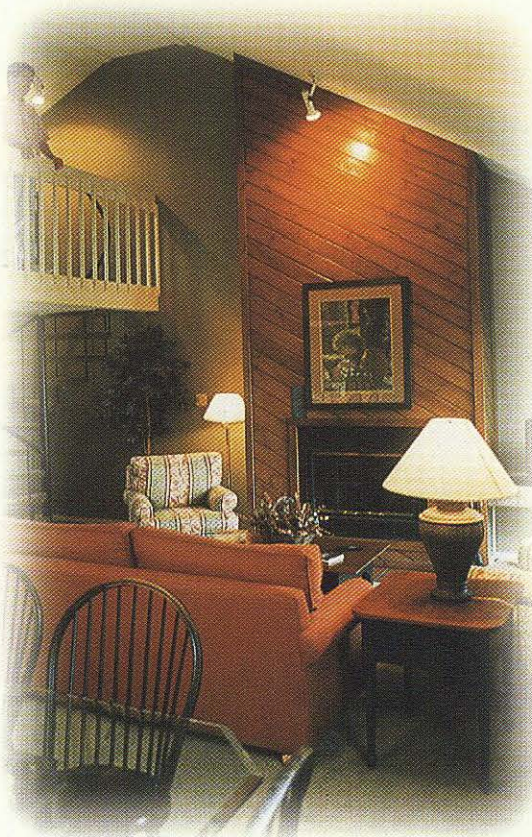


of the golf course. In the spring and autumn you might see Canadian geese stopping to rest here. Nearby, golfers are teeing it up on Tree Tops' 18-hole championship course.

Within earshot, the kids are having a ball in the swimming pool and playgrounds created just for them. After a rousing game of tennis, the game room or video arcade will also test your skill. Mom and Dad enjoy shuffle board, but the more energetic ones in the group may prefer basketball, jogging trails or a good workout in the exercise room. In the cool months there are indoor swimming and tennis. Any evening, enjoy great dining right at the resort, or close by at dozens of fine eateries. Throughout the day, our trolley service takes guests around the resort and to great dining nearby. Here at Tree Tops, it's another wonderful day of vacation fun on over 400 acres offering so many things to do. This is Tree Tops.—*Your Place In The Poconos*.



Stretch Out, Relax, And Enjoy Every Inch Of Your Luxurious, Private Villa Accommodations.



The moment you walk in the door you know you are *home*. Each Tree Tops villa is beautifully decorated and generously equipped to offer you the finest of vacation experiences. Here, luxurious yet comfortable surroundings provide plenty of room to spread out and make yourself at home – curl up on the sofa with a good book; sit by the cozy fire with a favorite drink; let the soothing Jacuzzi revitalize your spirits after an active day of fun; cook something special in your modern, fully-equipped kitchen; pop a new movie into the VCP; watch a brilliant sunset from your private deck; play a favorite board game until the wee hours with



family or friends; sleep until noon if you like. Whatever your mood, this is your place to relax, unwind and enjoy life to the fullest. For just beyond your front door, all the activity and fun that Tree Tops is so well known for is awaiting your discovery. This year.



Each luxury villa offers all the comforts of home and more! Tastefully decorated interiors create the perfect ambiance for complete vacation enjoyment and relaxation.

Next year. And for many years to come. This is vacation living at its best. This is Tree Tops – *'Your Place In the Poconos'!*

As Far As The Eye Can See, The Poconos Are Alive With Four Seasons Of Beauty, Fun And Adventure.

When is the best time to enjoy Tree Tops in the beautiful Pocono Mountains? It's hard to say. Each glorious season in The Poconos presents its own wonderful display of beauty and adventure.

For over a century, this majestic region has been the vacation playground for discerning families wishing to flee the hustle and bustle of the city for the tranquility and extraordinary scenery of these rolling peaks. Here, nature abounds with wildlife, pristine forest land, waterfalls, and the beautiful Delaware River as its focal point. Venture out to find quaint towns and villages offering opportunities for antique shopping, dining and exploring.

Winter offers a wonderland of snow sports to challenge skiing, snowmobiling and sledding enthusiasts. Spring brings an explosion of wildflowers to the forest while hikers, bikers and canoers take to the mountains, rivers and nearby lakes. Shopping is a year-round pastime throughout the Poconos and some of the finest outlet bargains can be found just minutes from Tree Tops. In the summer, the options are endless. Name the activity and you can probably find it. Hot-air ballooning, river rafting, water parks, golf, horseback riding, and dozens of unique attractions will satisfy your quest for adventure. And of course, in autumn, the mountains are ablaze with fall colors offering some of the most magnificent scenery in America. When is the best time to enjoy the Poconos and a Tree Tops vacation? 365 days a year!

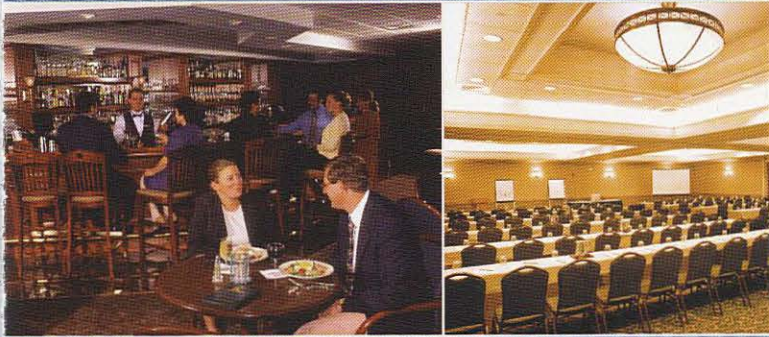




Water's Edge

- ~ Conveniently located off I-95
- ~ 2 hours from New York & Boston
- ~ Short notice meetings welcomed
- ~ Award-winning restaurant
- ~ Full service spa
- ~ Private beach

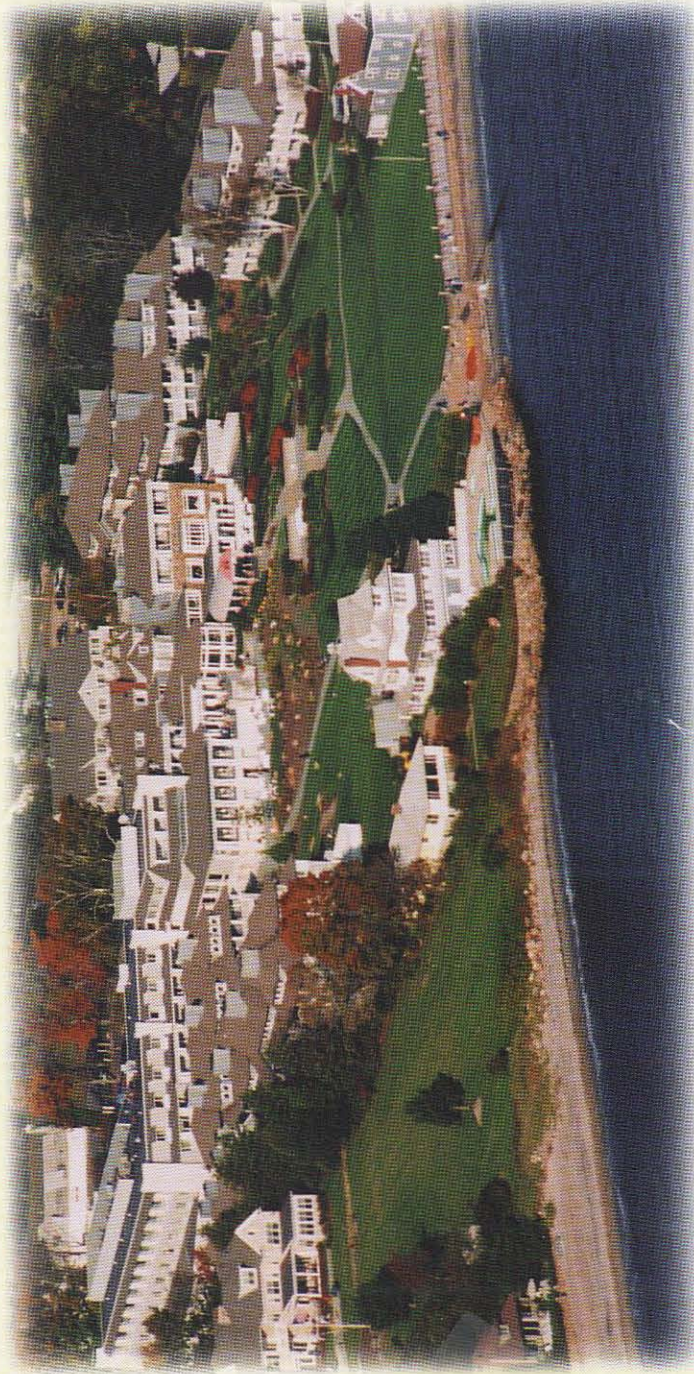
T 06498 860.399.5901 800.222.5901



*Water's Edge Resort & Spa
Westbrook, Connecticut
Exit 65 off I-95*



*The Place
You'll
Want
To Be!*





Vacation Membership Information

Water's Edge Resort is a classic turn of the century New England Shoreline Estate located on Long Island Sound in Connecticut. Water's Edge is within a two hours drive from New York City and Boston. Our vacation club members have year round use of all resort facilities in addition to a week's residence on property.

Villa Features

Each villa has a full living room with a sleeper sofa and a working fireplace (**Due to local fire regulations we allowed to only burn Duraflame Logs in our fireplaces; which may purchased from our Front Desk. Please burn only one log at a time**), Kitchen area with a microwave, refrigerator and two-burner stove, Dining area, Bedroom with a queen bed, Full bathroom, Outdoor deck, Touch tone phone with data port, Individual climate control, Color TV - VCR, Hairdryer, Iron and ironing board.

- There are three sleep 4 handicapped units. Two of the handicapped units are located in building 2 (252 and 253) and one is located in building 8 (811).
- The sleep 6 units have two twin beds in a loft area. Buildings 1 and 3 have a ½ bath in the loft area and building 2 has a second full bath in the loft area. Buildings 6, 7 and 8 have no additional second bathroom.

Water's Edge Offers the Following Amenities

Valet service - Room service - Laundry and dry cleaning service with same day pickup and return - Coin operated guest laundry - Game room with vending machines and a video library - Ice machines - Picnic area with picnic tables and charcoal grills - Gift Shop - Fitness Center - Full Service Spa - Indoor Pool - Outdoor Pool - Private Beach - Tennis courts - Restaurant - Lounge - Outdoor Bar and Grill - Activities Department - Banquet and Conference Facilities.

Maintenance Fee Dues & Week Usage

- The yearly maintenance fees are currently \$578.00 on a sleep 4 unit and \$693.00 on a sleep 6 unit.
- Week usage runs from Friday to Friday.
- Check in is at 5 p.m. and check out is at 10 a.m. the following Friday.
- For the safety of all guests, no pets, scooters, roller blades, skateboards and guest owned golf carts are not allowed on property.

Membership Cards

- You may pick up your new membership card(s) at the Front Desk here at Water's Edge in two weeks. Membership cards will not be mailed. When you go to pick up your new card you will be asked to present a valid ID and to sign for any and all cards that you pick up.
- Should you lose your membership card, please go to the Front Desk and fill out a form for a new card. The cost for replacement of a lost membership card is \$5.00 per card. You may pick up your new card in two weeks at the Front Desk.



Membership

Who is a member ~ a member is anyone listed on the recorded deed. If parents who have purchased a timeshare have children but do not list the children on the deed, then only the parents and not the children are members. The children then may only use the resort when accompanied by the deeded parents. **You may not give your membership card to your child, spouse, relative or friend to use the resort. The Board of Directors is requiring all members to bring a photo I.D. with them in addition to their membership card.**

Usage Requirements

- All fees and charges must be paid to date to access the property. Any member in arrears waives their right to utilize the resort amenities and obtain members discounts.
- Members must present their owners cards and a valid ID to gain access to the resort facilities.
- The number of guests that a member is allowed to bring is based on their unit size.
- Based on availability, guest passes may be purchased for an additional \$10.00 fee per person, per day, ages 3 and up, with a limit of 2 passes per day. Members must accompany their guests at all times. An adult must accompany children at all times.

Exchanging Your Week

Members may also join one of our exchange companies. You may deposit your week in the Space Bank of your choice and vacation in any of 3,000 plus resorts located worldwide. Water's Edge is a member of Resorts Condominium International and Interval International. Banking or depositing your week refers to giving up your week at Water's Edge to your exchange company. Once deposited you have up to two years to use your week. As a float owner you must be assigned a week before you can deposit your week with the exchange program. Members are responsible for completing their own deposits.

Resort Condominium International

Membership Telephone Number 1~800~338~7777 ~ Web Site www.rci.com

Interval International

Membership Telephone Number 1~305~666~1884 ~ Web Site www.intervalworld.com

Towel Card Policy

Management and staff would like to remind all timeshare members of our towel policy. If you would like to borrow a towel from the resort for the day (this does not apply while you are staying in house for your timeshare week) you must go to the Front Desk and purchase a "towel card". We require a \$25.00 deposit which will be returned to you when the card is returned to the Front Desk. This card is then given to the Spa or Gift Shop attendant to receive your towel. In order to keep overhead costs to a minimum, we would appreciate it if members would bring their own towels from home when using the resort for the day.



Member's Benefit Summary

NOT VALID ON: New Year's Day, February 14th, Easter Sunday, Mothers Day, Fathers Day, Water's Edge Fireworks Celebration, July 4th, Thanksgiving Day and Christmas Eve, Christmas Day and New Year's Eve.

The Restaurant at Water's Edge:

50% discount on lunch and dinner Monday thru Thursday. (Food Only)

10% discount Friday through Sunday.

Discount does not apply to Rooms Service, Special Promotions, Calendar Items, Holidays, or Sunday Brunch. Members owning a sleep 4 can discount up to 4 people & members owning a sleep 6, can discount up to 6 people. All other guests over the unit sleep size will be charged full price. Discounts apply to the lowest price.

Sunset Bar & Grill: (seasonal outdoor dining)

10% discount.

Sea View Lounge:

10% discount.

Discount does not apply to Happy Hour, Calendar Items or Special Promotions.

Water's Edge Gift Shop:

10% discount off of all Water's Edge Logo merchandise in our gift shop.

Excludes sale items and special promotions.

Guest Rooms:

10% discount off of rack rates on overnight accommodations. Water's Edge also offers bonus time: The rates range from \$69 to \$99. The rate is based on availability and is valid for a maximum of up to 3 nights. Bonus time can be requested no sooner than 21 days in advance and resort occupancy must be less than 80%. To qualify for bonus time rates, you must request bonus time at the time the reservation is made and you must supply the reservationists with your membership account number at time of reservation. **Bonus time is for members only and cannot be given to other people.** Rates are not valid on Holidays and weekends from Memorial Day through Labor Day. Members are entitled to one room per timeshare week owned. Members must present membership card and an additional form of ID at check-in to receive the bonus time room rate. Bonus time rates are non-commissionable to the member of the unit.

Banquets:

10% discount off of food and beverage (prior to tax and service charge). The function must be paid in full before the function date to receive the discount. Social events must be booked by the timeshare member. A corporate event for company's owned by timeshare members must be booked by the timeshare member.

X. CONCLUSIONS AND RECOMMENDATIONS

X. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

General Overview

Based on information contained in the nine preceding chapters and the consultant's 34 years of experience in the resort real estate industry, it is recommended that implementation of Belleayre Resort proceed *posthaste*. The proposed development has all the ingredients to be a very successful year-round destination resort. Sell-out should be rapid and resulting profit significant.

In accord with current plans, Belleayre Resort should be created with two distinct, but interrelated components. The upper component is referred to as **Highmount**. It should be positioned at the five-star level in terms of quality of products, consumer profile and prices. Four real estate products are recommended for Highmount:

1. fractional interests with two sizes of shares, including:
 - a. 16 units of 1/8 shares, providing six weeks of annual use
 - b. 24 units of 1/4 shares, providing 12 weeks of annual use
2. 40 "lodge units" in whole-ownership
3. 28 "hilltop units" in whole-ownership

The fractional interest units should be in extensions of, and attached to, the central lodge. The lodge units should be located in one building near the lodge. The hilltop units should be on the highest portions of Highmount on their own self-identified complexes. Sitings of these four products are described in Chapter II, as well as in following sections of this final chapter.

The second component of Belleayre Resort is referred to as **Wildacres**. It is on the lower portion of the overall development, and should be positioned at a more moderate four-star level in terms of quality of products, consumer profile and prices. Four real estate products are recommended for Wildacres:

1. 84 units of resort timeshare
2. fractional interests with two sizes of shares:
 - a. 28 units of 1/12 shares
 - b. 27 units of 1/6 shares
3. 42 units in whole-ownership

The various products each are in their own self-identified sitings. The resort timeshare units and the fractional interest units are integrated in lower density pods around the golf course. The 42 whole-ownership units are attached to the central hotel. Again, the individual sites are described in Chapter II and in following sections of this final chapter.

In addition to the eight real estate products, overall Belleayre Resort will contain an 18-hole championship golf course, two hotels, a full-service destination spa, ski-in/out access to Belleayre Ski Center, and a wide variety of additional amenities, activities and services, as described in Chapter II. Only the real estate products are addressed in this feasibility analysis. Complementary analyses are being conducted by other consulting firms for the hotels and golf course.

The eight real estate products will contain a total of 289 lodging units, including 84 resort timeshare units, 95 fractional interest units, and 110 whole-ownership units. These numbers are subject to change in accord with further site planning and design, effected consumer demand, goals of the final development entity, etc.

It is estimated that full sell-out of the eight products and 289 units will result in a gross sales volume of \$543.7 million. When subtracting product costs of \$275.4 million and operating costs of \$119.0 million, the before-tax profit is estimated at \$149.3 million. This figure increases to \$156.9 million if including net interest income from consumer receivable loans on the resort timeshare sales. These figures are summarized below.

<u>product</u>	<u>gross sales volume</u> ¹	<u>product costs</u> ¹	<u>operating costs</u> ¹	<u>remainder</u> ¹
Highmount				
• 16 units of 1/8 shares	\$34.8	\$15.1	\$6.7	\$13.1
• 24 units of 1/4 shares	\$53.7	\$25.1	\$8.3	\$20.3
• 40 lodge units	\$53.6	\$34.2	\$5.1	\$14.4
• 28 hilltop units	<u>\$107.5</u>	<u>\$60.1</u>	<u>\$10.2</u>	<u>\$37.3</u>
total	\$249.7	\$134.5	\$30.2	\$85.0
Wildacres				
• 84 units of timeshare	\$135.6	\$62.7	\$63.7	\$16.7 ²
• 28 units of 1/12 shares	\$60.8	\$24.8	\$11.8	\$24.3
• 27 units of 1/6 shares	\$51.6	\$24.1	\$8.5	\$19.0
• 42 whole-ownership units	<u>\$46.0</u>	<u>\$29.2</u>	<u>\$4.9</u>	<u>\$11.8</u>
total	\$294.0	\$140.9	\$88.8	\$71.8 ²
total	\$543.7	\$275.4	\$119.0	\$156.9 ²

¹In millions.

²Includes net interest income from the consumer receivables.

The preceding comments are expanded upon in the remainder of this chapter, following a listing of positive and negative issues that could impact the projections. There are separate sections for both Highmount and Wildacres. Each of these sections contain sub-sections for each of the contained products, including ones on number of units, bedroom configurations and floor areas, use plan, pricing and sales pace.

The final section describes the estimated financial performance of the eight individual real estate products as well as overall Belleayre Resort. Found at the end of the report are preliminary pro forma cash flows for each of the eight products.

Positive Influences

1. the site

- a. a wide variety of landscapes and vegetation
- b. wonderful views of the surrounding Catskill mountains and valleys
- c. sufficiently large to allow the always-desired economies of scale in the development, construction, marketing, sales and management processes. Also large enough to allow a variety of products with a

- wide range of prices, without harming the image of the higher-end products.
- d. distinct and autonomous parcels to allow for a good product mix in regard to uses and prices, thereby being able to broaden the market without overlapping confusion
 - e. the existing Turner Estates mansion, which can be converted to a very unique and attractive clubhouse
 - f. being on New York State Highway 28, providing easy access through the central Catskills to Kingston and on to the New York City metropolitan area
 - g. the attractive former U.S. Post Office building at the intersection of Highway 28 and the main road to Belleayre Mountain Ski Center, which could be used for an information center and/or sales center
 - h. good visibility from Highway 28

2. the environs

- a. the adjacent Belleayre Mountain Ski Center with the great attributes of:
 - i. being publicly owned, thus providing practically on-site a major amenity at no cost to Crossroads
 - ii. direct connection to Belleayre Resort
 - iii. furnishing ski-in/ski-away access to Belleayre Resort
 - iv. a reputation as stated in *Skiing Magazine* as being “the best place to learn to ski in the east”
 - v. the place where thousands of households have learned to ski, leading to immediate name recognition
 - vi. summer activities with the Belleayre Music Festival as sponsored by the well-known Belleayre Conservatory (10 weekend outdoor concerts)

- vii. 47 trails, 31 slopes, 1,404 vertical drop (highest in the region), almost 90 percent snowmaking capacity, with all items expanding
 - viii. reputation for the most stable and longest ski season in the region and best grooming
 - ix. 177,628 skier days in 2006-2007, an increase of 31 percent over the previous year
- b. the adjacent Catskill Preserve with thousands of acres in permanent public ownership for hiking, nature activities, hunting, fishing, etc.
 - c. the many nearby attractions, e.g., antiquing, attractive hamlets, museums, arts, summer theater, golf courses, you-pick farms, fishing, boating, the attractive and historic city of Kingston, etc., providing practically a year-round set of activities
 - d. a reputation for being the “pristine, unspoiled area of the Catskills”
 - e. an estimated annual tourist flow of about 2 1/2 million, and increasing
 - f. within 2 1/2 hours of over 22 million people with a concentration of wealth totaling more than most entire countries in the world
 - g. widespread recognition by both the public and private sectors that tourism is probably the long-term economic savior of the area, thus leading to increased monies for regional marketing
 - h. a very expensive publicly funded sewer plant with significant remaining capacity, into which Belleayre Resort will tap

3. the proposed development

- a. a variety of products and prices, thereby being attractive to a broad market
- b. a wide variety of amenities, ranging from skiing to golf, thereby creating a four-season destination with a sense of exclusivity, variety, security, etc.

- c. a low density plan, allowing for peace and quiet, a place for family, etc., thereby offering a change in ambience from the lifestyle of New York City
- d. a self-contained sense of community
- e. an excellent design and planning team
- f. a solid reputation in the local area, thereby facilitating the public approval process
- g. a different ambience than the more dense commercial destination resorts in New England
- h. the opportunity to create anew, thus breaking away from the worn-out images of the Borscht Belt region of the Catskills as well as the Poconos

4. the competition

- a. basically, no competition in the Catskills or elsewhere in the northeast (especially in such close proximity to the New York City metropolitan area) in terms of a large, mixed-use year-round destination resort
- b. positive trends in the local vacation home market, including increased sales and prices
- c. positive trends in the overnight accommodations market in terms of both room rates and occupancy rates
- d. few hotel resorts with real estate for sale and/or in close proximity to golf and/or skiing
- e. few golf and/or ski resorts with on-site overnight accommodations and/or real estate for sale
- f. re-discovery of the Catskills by the large and wealthy Baby Boom generation as well as by the nouveau-riche Wall Street populace
- g. considerable new investment in the Catskills by hoteliers and developers with resulting publicity and market recognition of the area
- h. a diminishing supply of available, quality housing for seasonal-recreational purposes

5. miscellaneous

- a. The concepts of shared-ownership of resort real estate, including both resort timeshare and fractional interests. The products are becoming increasingly popular around the country among middle- and upper-income consumers of resort property. Obvious benefits are derived from being able to purchase the correct amount of time (share of a unit) that you can afford and have leisure time to occupy. Quality of the product and level of service typically surpass those in comparably priced wholly owned accommodations.
- b. The intended primary market is easy to target, both from a consumer profile basis and a locational basis. Such knowledge will save extensive marketing monies and time.
- c. It appears that the offering will be sufficiently capitalized at the outset. All too frequently, resorts of all sizes are initiated without adequate funds, thus creating a start-and-stop situation and resultant negative publicity and image.
- d. The project will offer more than brick-and-mortar amenities – privacy, activity, a social setting, extensive services, outdoors, family opportunities, etc.
- e. The necessary homework for the project is being undertaken via the completion of thorough feasibility analyses. All too often, a resort is developed without first finding its most appropriate position in the marketplace and who and where the consumers are with the greatest propensity to purchase. Such uneducated approaches frequently result in over-building, inappropriate pricing structures, non-target marketing, an incorrect concept and product, etc. The development team has extensive experience and positive exposure in the local area.

- f. A related critical factor is that Belleayre Resort is being master-planned as a singular entity. This allows most appropriate design control, circulation patterns, interesting social settings, etc. Many resorts, even major destination types, have been spoiled by unplanned, hodge-podge development.
- g. Opportunities will exist for proper phasing and market testing. While a series of recommendations in this chapter suggest specific product mixes, the final and most appropriate mix will not be known until the products are actually placed on the market. In other words, nothing has to be converted or forced to work.
- h. There are now over 2.5 million households in the country who own resort timesharing, and it has become a major worldwide industry. The public image of the concept has improved considerably as major companies participate in the business, such as Marriott, Hyatt, Four Seasons, Hilton, Disney, etc.
- i. Demographic and psychographic trends in the U.S., e.g., the Baby Boom phenomenon (the age of greatest propensity to use and purchase resort property), greater concerns with family, outdoor recreation, activity, health, value, etc.
- j. The closer proximity to the primary market area than the traditional ski areas of New England and the Rockies, with Belleayre Resort being easier and faster to reach and also providing an almost virgin environment as opposed to heavy commercialism in the other two destinations.
- k. Ever-increasing gas prices speak in favor of destination resorts that are in close proximity to the marketplace, such as Belleayre Resort is to the New York metropolitan area. Ever-increasing economic concerns and related decreases in discretionary income speak in favor of shared-

ownership of resort real estate, such as resort timeshare and fractional interests.

Concerns

1. In some people's minds, there is no separation of the various sections of the overall Catskills region. Many will not know the difference between the central Catskills where Belleayre Resort is located (and its relatively pristine environment) and the old Borscht Belt along Highway 17 to the south (and its image of worn-out, no-longer-successful resorts and tacky-tacky development).
2. Even though Belleayre Mountain Ski Center is improving/expanding and is well known in the northeast, skiing conditions are less impressive than at many ski mountains in New England.
3. While the central Catskills have many attractions, amenities and activities, there is still a limited resort-type infrastructure of fine restaurants, quality shopping, night-life, etc. This is especially true when compared with some New England resorts.
4. Due to its current undeveloped status, a considerable amount of expense will be required at Belleayre Resort in terms of building the infrastructure of roads, utilities, etc.
5. As noted frequently in this feasibility analysis, there are no close comparables anywhere in the surrounding region. Thus, it is impossible to compare projections for sales pace, pricing, etc., in this report against effected market forces.
6. The resort timeshare concept currently has a negative image among much of the public due to high-pressure sales techniques employed at mediocre projects. As noted previously, however, this image continues to improve as major corporations such as Disney, Four Seasons, Hyatt, Hilton, Marriott, etc.,

participate in the industry, as the product improves, and as marketing and sales programs become more professional.

7. There are a few months (April and mid-October through November) when tourism in the area drops significantly.
8. While the fractional interest concept has been strongly endorsed in our previous market research via focus groups and consumer surveys and has encountered good success in many developments, it still is not a widespread product throughout the country. Thus, the concept is still a little untested, and will require a good educational program in the marketing and sales processes. However, sales have increased tremendously in the past few years and are now over \$2 billion annually in North America.
9. Several other negative influences have to do with private and/or shared-ownership of recreational real estate in general, and not just with Belleayre Resort, e.g., uncertainty of future resort management, hassles of home owners associations, preference for greater flexibility and variety available from travel, not liking to reserve times if an owner, not liking to pay annual maintenance fees, possible overcrowding on weekends and peak seasons, unknown resale market, etc. These concerns always have been directed at private/shared-ownership of recreational real estate. However, such ownership remains part of the American dream and is annually effected by thousands of U.S. families.
10. There is uncertainty in the U.S. concerning the immediate and long-term economy of the country and implications for personal amounts of available discretionary income for such expensive items as resort real estate, as well as ever-increasing gas prices.
11. Recent downward trends in the country's housing market have created an over-supply and falling prices in many parts of the country. However, this negative situation appears to apply more to the speculative market for primary

housing and to middle-income consumers than to resort real estate which is more targeted at the high-income market (although all markets and products currently are being affected – at least for the short-term).

In summary, it is felt that the positive factors outweigh the negative factors, and that Belleayre Resort will meet with very significant long-term success, both in terms of consumer demand and financial performance.

B. HIGHMOUNT

1. INTRODUCTION

The Highmount component of overall Belleayre Resort is to be positioned at the five-star level in terms of quality of products, consumer profile, prices, etc. Such positioning is possible due to the site's wonderful views, sense of autonomy and exclusivity, direct ski-in/out access to Belleayre Mountain Ski Center, etc. Such attributes were described in Chapter II.

A centerpiece of Highmount will be a five-star lodge and large world-class destination spa. Within the lodge will be several restaurants, extensive retail and boutique shops, and a wide variety of amenities, activities and services. In other words, the facility is intended to be a very high-end, full-service, self-contained destination.

The top floor of the lodge is recommended for fractional interest units. Adjacent to, and extending outward from, the central lodge building will be two attached wings. These extensions also are recommended for fractional interest units. Near the lodge will be another building. This building is recommended for the whole-ownership "lodge units." Above the lodge, with direct ski-in/out access both to the lodge and Belleayre Mountain Ski Center, is a site with tremendous views and an ambience of exclusivity and privacy. This site is recommended for the "hilltop units." Other hilltop units also will be located along the access road to the top.

2. FRACTIONAL INTERESTS

Introduction

As noted in Chapters V, VI and VII, the fractional interest concept is at the cutting edge of the resort real estate industry throughout North America. Sales volume in 2007 exceeded \$2 billion, with rapid growth being especially realized in the past three years. It is unnecessary to repeat the many positive attributes of this unique concept, and the unacquainted reader simply is referred to the extensive material in Chapters V through VII.

Before proceeding, however, it is important to summarize reasons why fractional interests are highly recommended for Belleayre Resort. Some reasons separate the concept from resort timeshare and whole-ownership, while some accrue to the consumer and some to the developer.

advantages for the **consumer**

versus resort timeshare

- more of the price goes into the real estate itself rather than to marketing and sales costs – about 50 percent versus 25 percent
- more probable appreciation since is more akin to a real estate purchase than a vacation purchase
- more time
- more services
- higher quality product
- better image and more exclusivity
- higher documented satisfaction rates

versus whole-ownership

- higher quality resort home for less cost
- more services
- better management and hassle-free
- able to purchase the proper amount of time that have vacations to use and discretionary income to spend on, and not having the vacation home sit idle the vast majority of the year
- more flexibility of use and experiences due to exchange

advantages for the **developer**

versus resort timeshare

- better image
- fewer sales to make
- much lower marketing and sales costs – about 20 percent compared to 50 percent or more

versus whole-ownership

- broadening of the market due to lower income-eligibility
- much higher profit margin
- more ancillary income due to much higher year-round occupancy rates

- able to use more traditional and less disruptive marketing and sales approaches
- less need for a joint venture partner since positioned more as traditional real estate
- higher profit margin
- easier sale if properly positioned
- current darling of the public media with wide and positive attention

The concept also brings some disadvantages to the consumer and developer:

- for the consumer versus resort timeshare
 - higher price
- for the consumer versus whole-ownership
 - not always being able to use when want to
- for the developer versus resort timeshare
 - narrower market due to higher income-eligibility
 - no interest-income from consumer receivables
- for the developer versus whole-ownership
 - more sales to make
 - possible confusion with resort timeshare if not properly positioned
 - requires more marketing costs
 - requires more sophisticated marketing and sales programs

Number of Units, Bedroom Configurations, Floor Areas, and Size of Shares

The number of units intended for fractional interests in Highmount have been preliminarily suggested by the client in accord with public regulations and the site design. The suggested number is 40, and the consultant fully endorses this amount. This includes 16 on the top floor of the lodge and 12 in each of the two extensions from the lodge. As expanded upon in a following section, it is suggested that units over the lodge be sold as 1/8 shares and units in the hotel extensions be sold as 1/4 shares.

While the number of units has been preliminarily established, the bedroom configurations and floor areas are to be established in this feasibility analysis. Let us start by looking at some national averages as described in our most recent survey (Chapter V).

The average fractional interest project contains 20 built units. However, if all under-construction and planned units are implemented, the average will increase to 43

units. In many cases, the number of units is limited due to the size or cost of the site and local zoning regulations, rather than due to lack of consumer demand.

About 46.0 percent of the existing projects contain less than 25 units, 32.4 percent contain between 25 and 49 units, 13.6 percent contain between 50 and 99 units, and 8.0 percent contain 100 units or more.

In regard to bedroom configuration, the average fractional interest project contains 2.5 percent studios, 15.3 percent one-bedroom units, 38.6 percent two-bedroom units, 35.4 percent three-bedroom units, and 8.2 percent four-bedroom units. In regard to floor areas of the units, averages include 500 square feet for a studio, 800 square feet for a one-bedroom unit, 1,375 square feet for a two-bedroom unit, 2,115 square feet for a three-bedroom unit, and 3,325 square feet for a four-bedroom unit.

In the Northeast (Chapter VI), the average fractional interest project contains 49 built units and 27 under-construction and planned units, for a total of 76 upon completion. Some 35.5 percent are one-bedrooms, 35.2 percent are two-bedrooms, 24.5 percent are three-bedrooms, and 4.7 percent are four-bedrooms. Average floor areas are 417 square feet in a studio, 821 square feet in a one-bedroom, 1,202 square feet in a two-bedroom, 1,954 square feet in a three-bedroom, and 2,647 square feet in a four-bedroom. The overall average unit contains 1,414 square feet.

Studio units and one-bedroom units are not recommended at Highmount, even though quite frequent in the Northeast. Such sizes are intended primarily for more moderate income consumers than anticipated at Highmount, and have proven to be fairly limited in terms of consumer demand on a national level. They tend to be found in more moderate quality projects and/or in ones very confined in terms of available building area. These situations do not apply to Highmount. Four-bedroom units also are not recommended because of seemingly limited national demand, resulting high prices, and large amounts of required space.

At this point in the planning process, it is recommended that emphasis be placed equally on two- and three-bedroom units with considerable (but not wasteful) amounts of floor areas. It also is recommended that the 1/8 share units on the top floor of the lodge be smaller than the 1/4 share units in the extensions. This is because: (1) units over the hotel will require smaller kitchens since being in close access to the restaurants in the

lodge; and (2) the 1/4 shares should be more positioned as traditional whole-ownership real estate.

There are at least eight sizes of shares being offered in the fractional interest industry. They range from a 1/20 to a 1/4. Final profitability should not vary significantly regardless of the size of share chosen. Larger shares typically require lower marketing and sales costs, although generating lower prices per square foot. Smaller shares typically require higher marketing and sales costs, although generating higher per square foot prices.

One normal variable in determining the proper size of share is seasonality of vacationing and tourism patterns in the area. This is because the size of the share must be large enough to ensure that owners have access to enough high demand weeks in order to perceive value with the product.

In looking at previous tourism information for the Catskills in Chapter III, there appears to be two high seasons, including a summer season from June through August and a winter ski season from December through March. There also are attractive shoulder seasons of May and September to early October. April and mid-October through November tend to be the lowest seasons.

Other important variables are pricing, the intended consumer profile, positioning of the product relative to resort timeshare and whole-ownership, and a desire to have distinct offerings. In applying these variables to Highmount, it appears:

1. relatively large and high price fractions should be implemented due to the intended five-star ambience of Highmount
2. the size should be distinct from resort timeshare, again suggesting larger fractions
3. the prices should be higher than at Wildacres, again suggesting larger fractions
4. two sizes of fractions should be sold in order to broaden the market
5. the sizes of fractions should be in line with documented demand in the industry

When incorporating the previous bits and pieces of information, two sizes of fractions are recommended for Highmount – 1/8 shares and 1/4 shares. The first size provides six weeks of annual use, while the second provides 12 weeks of annual use. Both sizes allow additional space-available use.

It also is preliminarily recommended that an equal number of two- and three-bedroom units be planned for each size of fraction. This may change over time, and the recommendation is used as a starting point.

The preceding comments result in the following configuration, when incorporating the previous recommendations that: (1) the 1/8 shares be placed on the top floor of the lodge and the 1/4 shares be placed in the two extensions; and (2) the 1/8 shares contain smaller floor areas than the 1/4 shares. The configuration also is impacted by design constraints with the lodge and site constraints with the extensions.

	two-bedrooms		three-bedrooms		total	
	units	square feet	units	square feet	units	average square feet
1/8 share units (on top floor of lodge)	8	1,350	8	1,700	16	1,525
1/4 share units (in extensions of the lodge)	12	1,600	12	2,000	24	1,800
total/average	20	1,500	20	1,880	40	1,690

The 40 fractional interest units would contain 16 1/8 share units on the top floor of the lodge, and 24 1/4 share units with 12 each in two extensions from the lodge. The 1/8 share units would contain eight two-bedrooms with 1,350 square feet and eight three-bedrooms with 1,700 square feet. The average unit would contain 1,525 square feet. The 1/4 share units would contain 12 two-bedrooms with 1,600 square feet and 12 three-bedrooms with 2,000 square feet. The average unit would contain 1,800 square feet.

The total 40 units would contain 20 two-bedrooms with an average of 1,500 square feet and 20 three-bedrooms with an average of 1,880 square feet, for 67,600 net square feet. The average unit would contain 1,690 square feet.

Advantages of the two sizes of shares include:

1. the 1/8 shares
 - a. a broader market due to lower price points

- b. not having as many sales to make as with smaller shares
 - c. less concern about being imaged by potential consumers as resort timeshare than smaller shares
 - d. allowing owners two weeks in prime season, two weeks in shoulder season and two weeks in low season
2. the 1/4 shares
- a. having a different, more expensive product that can be positioned more as whole-ownership real estate
 - b. requiring fewer sales to make than all 1/8 shares
 - c. allowing owners four weeks in prime season, four weeks in shoulder season and four weeks in low season

The Use Plan

Here again, we are faced with an issue of importance – how purchasers of: (1) a 1/8 share/six week/42 night product; and (2) a 1/4 share/12 week/84 night product can use their amounts of time on an annual basis.

The challenge becomes creating a use plan that will balance: (1) certainty of access with flexibility; (2) quick getaway vacations; (3) short stays of one to three nights versus one-week stays; and (4) stays of longer than one week. All balancing acts will be necessary if the consumer is to perceive value and attractiveness. And, all will be important due to the site's close proximity to the primary market in the New York metropolitan area.

Some options that have been applied in the industry include:

1. a fixed-rotating use plan. Here, for example, in Year 1, owners of a 1/8 share would have access to the first week of every other month (plus space available time). In Year 2, their use-calendar would rotate forward one week, and continue to do so until all owners had access to all 52 weeks. It would then start over. A 1/4 share owner would have access to every fourth week.

2. a fixed time use plan. This would be the most restrictive option. It would offer 100 percent certainty, but no flexibility. Owners would have access to the same weeks or months every year, e.g., always having the first week of every other month, the first three weeks of every semester, etc. Prices would vary in accord with desirability of the time period.
3. a float with season use plan. Here owners would have the right to choose their weeks within specifically defined seasons, e.g., one week in every eight or every four. The choosing would occur the year prior to choice, and would be done on a priority space-available basis. This would ensure the same owner did not always receive Christmas week, for example.

Other issues relating to the chosen use plan (some of which are alluded to in the preceding paragraphs) are:

1. should split week usage be allowed? And if so, should there be a surcharge?
2. should an internal exchange system be created to allow for lengths-of-stay of more or less than one week?
3. should prices vary by desirability of the weeks, or remain the same for all 1/8 shares and 1/4 shares?
4. should bonus time be allowed, whereby owners could use more than 42/84 nights per year, on a space available basis, for a nominal cleaning/reservation fee?
5. should the offering be affiliated with an external exchange entity?
6. should owners of the smaller units be allowed to upgrade to larger units on a space available basis?

Based upon our previous research findings and the success of other fractional interest projects, it appears one appropriate use plan would be a combination fixed-

rotating system and pre-reservation system. For example, 1/8 share owners would receive two fixed-rotating weeks in each of a four-month “winter” season, and a four-month “summer” season. The other two weeks would “float” in the four-month shoulder/low season, with reservations for the most preferred weeks being made six months in advance. The 1/4 share owners would receive four fixed-rotating weeks in each of the winter and summer seasons, and four in shoulder/low season.

Another appropriate arrangement would be a “float within a season,” as described on the previous page as option 3. This would allow owners the right to reserve their preferred time in advance, with duplicate requests being taken care of by a priority-pecking-order system. In Year 1, Owner 1 would receive the duplicate request, if any. In Year 2, they would drop to the bottom of the pecking order and thereafter work their way back up. In Year 2, Owner 2 would receive the duplicate request, if any, and so forth.

Perhaps some consumer research via focus groups or a survey could be undertaken as sales approach in order to determine the most appropriate system.

It also is recommended that a “floating unit” use plan be employed. This means owners will be conveyed deeded ownership in a specific unit for legal/security purposes. But, they would not always be using the same specific unit. This is common in the fractional interest industry, and is done in order to ensure maximum flexibility of access throughout the year. This will greatly simplify the sales process as there would only be **two** price points for the 1/8 shares and **two** for the 1/4 shares, i.e., one price point for each size of unit. In total, there would be only **four** price points as listed in a following section.

Other refinement-type recommendations include:

1. Allow split time use, with a nominal surcharge for cleaning/reservation costs.
2. Offer bonus time, on a space-available basis.
3. Offer discounts to owners’ friends in space available time in unused inventory when owners are occupying their unit.

4. Do affiliate with an external exchange company. The most appropriate options are Elite Exchange, Resort-to-Resort, Preferred Residences and The Registry Collection.
5. In a tangentially related recommendation, establish a viable resale program at the outset, with perhaps every nth sale being a resale if the amount of resale inventory warrants it.
6. Do not allow owners of the smaller units to upgrade to larger units, even if a surcharge is implemented and space is available, since this benefit might diminish the motivation for purchasing a more expensive unit.

Pricing

Setting proper prices for fractional interests at Highmount is difficult due to the uniqueness of the subject property and the lack of many direct comparables in the Catskills and overall Northeast. In the consultant's experience, however, certain principles of pricing have been found advisable to follow. These are:

- The initial price should be low to attract first buyers, thereby providing opportunity for referral sales, which are relatively inexpensive.
- The price of the product must never drop during the sales period. This is especially important because there is virtually no other means of generating buyer urgency. If the price ever drops, the project probably is doomed.
- In general, the price should increase significantly over the life of the project. This level of increase is needed to generate the sense of urgency.
- Pricing and project quality go hand-in-hand. The higher the price, the narrower the market, but of course the higher the possible quality. The higher the quality, the better will be consumer perceptions, but of course the higher the price. Therefore, the need beforehand is to determine the optimum quality-price level.

It is found that the above principles apply not only to a \$20,000 resort timeshare week but also to million dollar wholly-owned resort homes and, of course, fractional interests.

In proceeding, let us simply assume that the primary products at Highmount will be 1/8 and 1/4 shares. We also will assume the intended high quality of construction and furnishings, a high level of service, an extensive amenity package in the lodge, and special privileges for the owners elsewhere in the overall resort.

Several different approaches can be used in setting prices, as follow:

1. Comparables

There are now over 150 fractional interest projects in active sales in North America, and many more are being planned. We also know that the concept is at the cutting edge of the resort real estate industry. Our most recent national survey of the overall fractional interest industry in North America describes industry performance statistics for 2007. Shown below are average per week and per square foot prices for all 153 projects in active sales, for two- and three-bedroom units.

- average per week price
 - two-bedrooms: \$38,985
 - three-bedrooms: \$51,505
- average per square foot price
 - two-bedrooms: \$1,245
 - three-bedrooms: \$1,100

These averages can be applied to the various sizes of units and shares suggested for Highmount, as shown below.

- on a per week basis
 - 1/8 shares (six weeks)
 - two-bedrooms: \$233,910
 - three-bedrooms: \$309,030

- 1/4 shares (12 weeks)
 - two-bedrooms: \$467,820
 - three-bedrooms: \$618,060

- on a per square foot basis
 - 1/8 shares
 - two-bedrooms (1,350 sq. ft.): \$210,000
 - three-bedrooms (1,700 sq. ft.): \$233,750
 - 1/4 shares
 - two-bedrooms (1,600 sq. ft.): \$498,000
 - three-bedrooms (2,000 sq. ft.): \$550,000

If concentrating only on fractional interest projects in the Northeast, we find the following averages.

- average per week price
 - two-bedrooms: \$35,000
 - three-bedrooms: \$41,885
- average per square foot price
 - two-bedrooms: \$1,400
 - three-bedrooms: \$1,050

These averages can again be applied to Highmount, as follow.

- on a per week basis
 - 1/8 shares
 - two-bedrooms: \$210,000
 - three-bedrooms: \$251,300
 - 1/4 shares
 - two-bedrooms: \$420,000
 - three-bedrooms: \$502,625

- on a per square foot basis
 - 1/8 shares
 - two-bedrooms: \$236,250
 - three-bedrooms: \$223,125
 - 1/4 shares
 - two-bedrooms: \$560,000
 - three-bedrooms: \$525,000

2. **Mark-up of whole-ownership prices**

A second approach in setting prices is to mark-up prices that would be attained if the units were sold in whole ownership. We know that considerable mark-up of prices (both total and per square foot) occurs when selling fractional interest units as opposed to whole ownership. This mark-up compensation is for higher marketing, sales and administrative costs, for the greater risk involved, and for the desired additional amount of profit. Such mark-up seems to range from 1.4 to 2.0.

The ratio more closely approaches 2.0 for developments with:

- a brand name, such as Ritz Carlton, St. Regis, Fairmont, etc.
- smaller shares, such as 1/10s or 1/12s
- smaller units, such as a two-bedroom with 1,500 square feet
- a very prime site
- very high whole-ownership prices and a scarcity of inventory
- very high level of services
- little competition

The ratio more closely approaches 1.4 (and perhaps lower) for developments with:

- no brand name
- larger shares, such as 1/6s and 1/4s
- larger units, such as three-bedrooms with over 2,000 square feet

- modest quality sites
- relatively low whole-ownership prices (since purchasers would not perceive value in buying shared-ownership)
- a desire for a rapid sell-out in order to generate more on-site activity

Before applying the appropriate mark-up ratio for the subject property, let us look at current per square foot average prices for whole-ownership developments in active sales in the Catskills region. At this time there are very few, as shown in Chapter IV. Average per square foot prices are about \$550 at the Enclave Club in Windham Mountain Ski Resort, \$400 at The Pinnacle at Hunter Mountain and \$250 at Trailside at Hunter. It is emphasized that none of these three developments are good direct comparables to Belleayre Resort, as all are much more moderate in regard to quality, extent of on-site amenities and activities, not fully integrated into a “complete resort ambience,” etc.

Let us somewhat arbitrarily assume that if sold in whole-ownership, the average price per square foot might be \$800 for the fractional interest units at Highmount. This price assumes fully furnished units, high quality construction, the intended extensive amenities and services, etc.

Now let us see what an \$800 average per square foot price results in when applied to the suggested sizes of units and shares at the subject property at 1.5 and 2.0 mark-ups. Such prices are shown below.

	mark-up*	
	<u>1.5</u>	<u>2.0</u>
1/8 shares		
two-bedrooms	\$202,500	\$270,000
three-bedrooms	\$255,000	\$340,000
1/4 shares		
two-bedrooms	\$480,000	\$640,000
three-bedrooms	\$600,000	\$800,000

*At \$800 per square foot

3. Suggested starting prices

In reviewing results of the different approaches, it is obvious that resulting prices vary greatly. So, which, if any, of these approaches is most applicable? Or should it be “whatever the market will bear, once the offering is brought forth?”

Suggested starting prices are:

- 1/8 shares:
 - two-bedrooms: **\$232,500**
 - three-bedrooms: **\$272,500**
- 1/4 shares:
 - two-bedrooms: **\$480,000**
 - three-bedrooms: **\$560,000**

Suggested starting prices would range from \$232,500 for a 1/8 share in a two-bedroom unit to \$560,000 for a 1/4 share in a three-bedroom unit. Thus, a nice range would be offered consumers. In accord with recent industry averages, such prices should be expected to increase about 5.0 percent annually.

The suggested prices represent:

- on a per week basis
 - 1/8 shares
 - two-bedrooms: \$38,750
 - three-bedrooms: \$45,415
 - 1/4 shares
 - two-bedrooms: \$40,000
 - three-bedrooms: \$46,665
- on a per square foot basis
 - 1/8 shares
 - two-bedrooms: \$1,375

- three-bedrooms: \$1,280
- 1/4 shares
 - two-bedrooms: \$1,200
 - three-bedrooms: \$1,120
- mark-up ratio over whole-ownership (at \$800 per square foot)
 - 1/8 shares
 - two-bedrooms: 1.7
 - three-bedrooms: 1.6
 - 1/4 shares
 - two-bedrooms: 1.5
 - three-bedrooms: 1.4

It is felt:

- a. all prices should represent good value for the consumer
- b. relative to industry averages, the per square foot and per week prices are modest, especially given the golf course, the ski-in/out opportunity, the overall quality of Highmount, etc.
- c. mark-up ratios are modest, especially for the 1/4 shares
- d. such prices should nicely expand the market in regard to income-eligibility
- e. as shown in the final section of this chapter, the prices result in significant before-tax profits
- f. in accord with industry standards, mark-ups are higher for the smaller shares and smaller units

4. **Implications for the consumer**

Let us see what the recommended prices suggest in terms of possible perceived value in the purchase by the consumer, i.e., the rationality of such a purchase versus simply renting overnight accommodations. It is recognized that most such fractional interest owners at Highmount will be sufficiently

wealthy to not have to belabor over the decision to allocate discretionary dollars to the purchase of real estate in a good location. However, at some time even for the wealthiest, rationality and value probably enter the decision-making process.

Shown below are what the recommended 1/8 and 1/4 share prices would translate into on a nightly rental basis for the first 20 years of ownership in a **two-bedroom** unit. Prices are given for two scenarios, including if the consumer: (1) financed their purchase at 20 percent down, 7.5 percent interest, and a 20-year term; or (2) paid cash. On average, only about 40 percent of consumers finance their purchase, while about 60 percent pay cash. Due to the anticipated high socio-economic profile of consumers at the subject property, the proportion of cash purchases will probably be higher than 60 percent. But, it is still interesting to consider the implications of nightly costs if financing.

The following examples also assume: (1) annual dues of \$8,500 for the 1/8 shares and \$15,000 for the 1/4 shares (best guesses); and (2) 840 nights of use over a 20-year period, at the full 42 nights per year for the 1/8 shares and 1,680 nights for the 1/4 shares. The examples are obviously overly simplified in that they do not account for loss on investment, escalation in annual dues, paying off the loan sooner, using more or less time, etc. But, some interesting results do appear.

	two-bedroom unit	
	<u>1/8 share</u>	<u>1/4 share</u>
purchase price	\$232,500	\$480,000
down payment at 20 percent	\$46,500	\$96,000
total monthly payments	\$350,000	\$725,000
total annual dues	<u>\$170,000</u>	<u>\$300,000</u>
total paid	\$566,500	\$1,121,000
nightly rate, if finance	\$675	\$665
nightly rate, if pay cash	\$480	\$465
nightly rate after 20 years	\$190	\$180

As shown above: (1) if a purchaser paid \$232,500 for a 1/8 share in a two-bedroom unit; (2) used the purchase the fully available 840 nights over a 20 year period; and (3) financed the purchase at 20 percent down and 7.5 percent interest, and did not pay off the loan early, the nightly charge for the 840 nights would be \$675. Such nightly rates for 20 years might raise the eyebrows of potential consumers despite the quality of the units, the services provided, and the location.

On the other hand, if a consumer paid cash at the outset, the average nightly rate over a 20 year period would be reduced dramatically to \$480. After the first 20 years (i.e., after the 20-year note was paid off and only annual dues had to be paid thereafter) the average nightly rate would be only \$190. This of course assumes no escalation in annual dues.

For the 1/4 shares, these nightly rates would be \$665, \$465 and \$180, respectively.

In summary, the recommended price may suggest questionable value to some consumers who finance their purchase. However, such value is significant for consumers who pay cash. And of course, the real estate is still owned at the end of the 20 years for resale, if desired, and rental income could be realized along the way.

Sales Pace

Anticipating a sales pace for any relatively new product or service is obviously difficult. The average number of monthly sales for fractional interests in our most recent survey is about seven shares.

So, what to expect at Highmount? The 16 units of 1/8 shares and the 24 units of 1/4 shares would generate 224 shares/sales. If applying the industry average of seven shares per month to this total, sell-out would occur in 30 months or about 2 1/2 years. Let us be a little more conservative and assume that the monthly sales pace in year one would be only four, increasing to five in year two, six in year three and eight in year four. We also will arbitrarily assume that the number of sales is divided among the two sizes of

shares in proportion with the total number of shares that each represent. Such assumptions result in about a 3 1/2-year sell-out for the 224 total shares.

This pace assumes:

1. inclusion of the recommended on-site amenities and services
2. the suggested starting prices
3. no long-term major decline in the U.S. and global economies
4. a properly prepared and consistently well-funded marketing program, including extensive marketing presence of the development in overall Belleayre Resort
5. an experienced and well trained sales manager and staff

3. WHOLE-OWNERSHIP UNITS

Introduction

The other two real estate products at Highmount are recommended to be sold in whole-ownership. In accord with public regulations, these units can only be sold on a whole-ownership basis if the land is not included in the conveyance. In other words, ownership will only be in the structures themselves with a long-term renewable lease on the land, as is common in most condominium-type forms of real estate throughout the country.

Two whole-ownership products are recommended at Highmount, including 40 units around the central lodge (the so-called “lodge units”) and 28 on sites above the lodge (the so-called “hilltop units”).

Number of Units, Bedroom Configurations and Floor Areas

As with the 40 fractional interest units, existing public regulations and site plans/architectural designs have preliminarily determined the number of units for these two products. Such determination suggests roughly 40 units in a building near the lodge and 19 detached units on the site above the lodge, along with approximately nine units on the

access road to the top. The exact number in each category is subject to final site planning and design, however. The 28 detached units are restricted to building pods of 2,800 square feet and two stories, for a total of 5,600 square feet each.

As with the fractional interest units, criteria for the product mix should include satisfying consumer demand, rational pricing, the intended high quality ambience of Highmount, recognition of the uniqueness of the hilltop site, etc.

In regard to the 40 lodge units, considerably more variation in unit sizes can be available than with the fractional interest units since there need be less commonality in the sales prices (since fewer presentations need be made, thus less complexity in the process). In recognition of market trends in the country's resort real estate industry, let us again assume that the vast majority of demand will be for two- and three-bedroom units, however. There may be some limited demand for smaller and larger units, but probably less.

It is also assumed the square footages of the lodge units can be less than for the fractional interest units. This is because the latter units will be priced higher on a per square foot basis, will be used more by their owners, will be positioned more as a high-end "club" product, etc.

The following recommendations are made for the 40 lodge units – again subject to final site design, effected consumer demand, etc.

<u>bedrooms</u>	<u>units</u>	<u>square feet</u>
two	20	1,500
three	<u>20</u>	1,900
total/average	40	1,700

There would be 20 two-bedroom units with 1,500 square feet and 20 three-bedroom units with 1,900 square feet. The 40 units generate 68,000 square feet of net interior space, and the average unit contains 1,700 square feet.

Due to the uniqueness of the sites with its panoramic views, direct ski-in/out access, ambience of seclusion and exclusivity, it is recommended that the 19 hilltop units and the nine access-road units be viewed as the prime products at overall Belleayre Resort in regard to both size and price. Most likely, a variety of units will be built on the

sites, but minimum square footages should be imposed in the covenants. Perhaps the minimum should be at least 4,000 square feet.

For purposes of simplifying the pro forma at the end of this chapter, we assume the average unit will contain four bedrooms and 5,000 square feet.

Pricing

Starting prices for the hilltop and access-road units can be based on about \$725 per square foot (less than for the fractional interest units because unfurnished). This price should be higher for the 40 units in the singular building because they have fewer square feet, in accord with typical real estate pricing practices. Also, the square foot price should be a little higher for the smaller two-bedroom lodge units than for the larger three-bedroom lodge units.

These assumptions result in the following prices for the whole-ownership products at Highmount.

<u>bedrooms</u>	<u>product</u>	<u>price per square foot</u>	<u>square feet</u>	<u>price</u>
2	lodge units	\$735	1,500	\$1,100,000
3	lodge units	\$710	1,900	\$1,350,000
4	hilltop units	\$700	5,000	\$3,500,000

Sales Pace

Due to the lack of any significant nearby comparables, it is practically impossible to anticipate a sales pace for the whole-ownership products. A significant pent-up demand probably exists, however, in the New York metropolitan area due to its close proximity and the lack of any nearby master-planned year-round destination resorts.

We again should be conservative, however. For the 40 lodge units, let us assume a monthly sales pace of 0.5 units in year one, increasing to 0.75 in year two and to one in year three and thereafter. This results in about a four-year sell-out period for the 40 units.

Due to the much higher price and a narrower market for the hilltop and access-road units, we will assume an average monthly sales pace of 0.5 units throughout the sales period. This results in about a 4 1/2-year sell-out for the 28 units.

C. WILDACRES

1. INTRODUCTION

Overview

The Wildacres component of overall Belleayre Resort is to be positioned at the four-star level in terms of type and quality of products, consumer profile, prices, etc. It will still be a very attractive development due to the 18-hole championship golf course, proximity to skiing, easy accessibility, wide array of on-site amenities and activities, etc., but at a slightly lesser level than Highmount. Such differentiation will allow lower price points and the always desired broadening of the market.

As with Highmount, a centerpiece of Wildacres will be a hotel – but at a four-star rather than five-star level. As such, it will have a “traditional hotel” ambience with more rooms than a “boutique lodge” ambience with fewer rooms.

Also at Wildacres will be conference facilities, several restaurants, the golf course clubhouse, the aforementioned Marlowe Mansion, and a wide variety of other amenities, activities and services.

Real estate products recommended for Wildacres include resort timeshare, fractional interests and whole-ownership. They are described in the remainder of this section.

2. RESORT TIMESHARE

Introduction

An ideal product for Wildacres is resort timeshare, as it nicely fits the intended four-star ambience (if implemented in a professional approach in regard to quality of product, and marketing and sales).

Current trends in the resort timeshare industry were described in Chapter VIII (on a generic basis) and in Chapter IX (in the Northeast). This material need not be repeated, but some highlights include:

- remains a rapid growing industry, even after more than three decades of existence in the U.S.
- over \$10 billion of sales volume in the U.S. in 2007
- participated in by almost every major four and five star hotel company in the country
- some 15 active projects in marketing and sales in the Northeast at this time
- very little direct nearby competition anywhere in the New York metropolitan area
- a wonderful complementary product for fractional interests and whole-ownership (if properly implemented) due to much lower price points and broadening of the market

Number of Units, Bedroom Configuration and Floor Areas

Existing public regulations and site design have preliminarily suggested 139 shared-ownership units be planned for at Wildacres. All units would be found in a variety of building pods scattered in and around the golf course. All will have direct views of the golf course, while some also will have views of the surrounding mountains.

In order to broaden the market, and recognizing the fractional interest concept is greatly expanding, it is recommended that some of the 139 shared-ownership units be sold as resort timeshare and some as fractional interests. The majority should be in the former use, however, in order to expand the market and in recognition that two fractional interest products have been recommended for Highmount.

In a somewhat arbitrary decision, it is recommended that 84 of the 139 units be planned for as resort timeshare, and the remaining 55 as fractional interests. This mix also nicely fits into autonomous building pods in the site plan.

The resort timeshare units should be smaller than the fractional interest units in terms of floor areas due to the desire to have as low price points as possible (but still with an attractive product). It is again recommended that emphasis be on two- and three-bedroom units, however, rather than smaller or larger units. This is especially true for four-bedroom units. Some studio and one-bedroom units may be in demand at Wildacres, but probably not enough to include in the pro formas.

In accord with long-standing industry trends, the majority of the units should contain two-bedrooms while a lesser number should contain three-bedrooms. Justification of this recommendation is found in Chapters VIII and IX.

The following product mix is recommended for the 84 resort timeshare units at Wildacres.

<u>bedrooms</u>	<u>number</u>	<u>square feet</u>
two	63	1,300
three	<u>21</u>	1,700
total/average	84	1,417

There would be 63 two-bedroom units with 1,300 square feet and 21 three-bedroom units with 1,700 square feet. The 84 units would generate 117,600 total net square feet of interior space and an average unit size of 1,400 square feet. It is noted: (1) the recommended product mix is open to change over time in accord with final site design and effected consumer demand; and (2) the recommended floor areas are about 50 to 100 square feet larger than industry averages.

Pricing

The current average price of all resort timeshare intervals being sold in the U.S. is about \$19,500. However, this includes all types of products, regardless of unit size, season, quality, location of resort, extent of amenities and age. The range of prices on the national level is extreme – from less than \$2,000 per interval for a studio unit in some poorer-quality projects to over \$50,000 per interval for a three-bedroom unit in some higher-quality projects.

The same pricing principles apply for resort timeshare at Wildacres as for fractional interests at Highmount. Due to the frequently mentioned positive attributes of Wildacres and overall Belleayre Resort, prices should be significantly higher than current industry averages.

The following starting pricing schedule is recommended.

<u>season (weeks)*</u>	<u>bedrooms</u>		<u>weighted average (99)</u>
	<u>two (70)</u>	<u>three (29)</u>	
low (21)	\$22,500	\$30,000	\$24,700
high (29)	\$30,000	\$37,000	\$32,200
peak (2)	\$40,000	\$47,500	\$42,200
weighted average (52)	\$27,350	\$34,850	\$29,550

*Low season defined as mid-March through May and October through mid-December; high season as January through mid-March and June through September; and peak season as the two Christmas weeks. These seasons vary somewhat from the fractional interest calendar, but better fit the two products and their respective use plans.

The starting pricing schedule results in an overall average of about \$29,550 for the 52 weeks when integrating seasonal and unit size variations. The range is from \$22,500 for a two-bedroom unit in low season to \$47,500 for a three-bedroom unit at Christmas. Unit-type averages are \$27,350 for a two-bedroom and \$34,850 for a three-bedroom. Seasonal averages are \$24,700 in low season, \$32,200 in high and \$42,200 in peak.

Prices should increase about three percent annually in accord with trends over the past 30 years.

Use Plan

The use plan should be quite flexible in accord with long-standing industry trends. This includes:

1. floating units (as with the fractional interests)
2. float-within-seasons, allowing owners to choose different weeks every year in the season of their purchase rather than being restricted to the same week every year. Prices will be the same for each unit-type within the various seasons.
3. bonus time, whereby owners can stay additional nights beyond their seven, on a space available discounted rate
4. split time, whereby owners can use their interval on a three-night/four-night basis rather than all seven days at once, at an additional nominal fee
5. a rental program

Sales Pace

The average resort timeshare project in the U.S. sells about 75 intervals per month or 900 annually. The range is wide, however, from perhaps less than 100 annually at some small remote projects to over 2,500 at some prime-located projects operated by branded hotel companies.

The sales pace at Wildacres will greatly benefit from being able to generate sales prospects at the on-site hotel and golf course and the nearby ski mountain, the lack of competition, the close proximity to New York, etc. Let us again be conservative, however, and assume an average monthly sales pace of 50 intervals in year one (600 sales), increasing to 75 in year two (900 sales), to 100 in year three (1,200), and to 150 in year four (1,800). These assumptions result in about a 4 1/2 year sell-out period for the 84 units and 4,368 intervals.

3. FRACTIONAL INTERESTS

Introduction

The rationale for including a significant number of fractional interest units at Belleayre Resort has already been described. The same rationale applies to Wildacres as to Highmount, and need not be repeated.

Number of Units, Bedroom Configuration and Floor Areas

As noted, it is recommended that 55 of the 139 units previously earmarked for shared-ownership at Wildacres be planned for fractional interests. They should be located in their own pods in and around the golf course with separate identity and autonomy from the resort timeshare units.

In keeping with the objective to have lower price points for all real estate products at Wildacres than at Highmount, the units should be more modest in terms of quality of construction, furnishings and fixtures (as addressed in a following section on product costs). Emphasis again should be on two- and three-bedroom units.

The following product mix is recommended for the 55 units.

<u>bedrooms</u>	<u>number</u>	<u>square feet</u>
two	28	1,450
three	<u>27</u>	1,850
total/average	55	1,650

There would be 28 two-bedroom units with 1,450 square feet and 27 three-bedroom units with 1,850 square feet. The 55 units generate 90,550 square feet of net interior space and an average unit size of about 1,645 square feet.

Size of Share

Another way to provide lower price points at Wildacres is to have smaller shares. This would substitute a 1/12 share with four weeks of annual use for the 1/8 shares, and a 1/6 share with eight weeks of annual use for the 1/4 shares. This means there would be four sizes of fractional interest shares, resort timeshare and whole-ownership at overall Belleayre Resort. Care must be taken not to create confusion among potential consumers, but the variety nicely separates Wildacres from Highmount as well as greatly broadening the market.

At this time, let us simply assume an equal demand for both sizes of shares as well as both sizes of units. These assumptions result in the following product mix for the 55 fractional interest units at Wildacres.

<u>size of share</u>	<u>bedrooms</u>		<u>total</u>	<u>shares</u>
	<u>two</u>	<u>three</u>		
1/12	14	14	28	336
1/6	<u>14</u>	<u>13</u>	<u>27</u>	<u>162</u>
total	28	27	55	498

The 55 units would generate 498 shares, including 336 1/12 shares and 162 1/6 shares. It again is acknowledged that the suggested mix may shift over time.

Pricing

The smaller shares, and more moderate ambience of Wildacres, assist in creating lower price points than at Highmount. Here, let us assume that if sold in whole-

ownership, the fractional interest units would attain a per square foot price of about \$650 rather than the assumed \$800 at Highmount.

Shown below are what a \$650 per square foot whole-ownership price suggests for fractional interest prices at Wildacres with 1.5 and 2.0 mark-ups.

	mark-up*	
	<u>1.5</u>	<u>2.0</u>
1/12 shares		
two-bedrooms	\$117,800	\$157,100
three-bedrooms	\$150,300	\$200,400
1/6 shares		
two-bedrooms	\$235,625	\$314,165
three-bedrooms	\$300,625	\$400,835

*At \$650 per square foot

When incorporating the preceding information in this section with the more extensive information on pricing practices in the Highmount section, as well as a desire to have very distinct price points between Wildacres and Highmount, the following starting pricing schedule is suggested for the 55 fractional interest units at Wildacres.

- 1/12 shares
 - two-bedrooms: **\$140,000**
 - three-bedrooms: **\$170,000**
- 1/6 shares
 - two-bedrooms: **\$250,000**
 - three-bedrooms: **\$300,000**

Suggested starting prices range from \$140,000 for a 1/12 share in a two-bedroom unit to \$300,000 for a 1/6 share in a three-bedroom unit.

The suggested prices represent:

- on a per week basis
 - 1/12 shares
 - two-bedrooms: \$35,000

- three-bedrooms: \$42,500
- 1/6 shares
 - two-bedrooms: \$31,250
 - three-bedrooms: \$37,500
- on a per square foot basis
 - 1/12 shares
 - two-bedrooms: \$1,160
 - three-bedrooms: \$1,100
 - 1/6 shares
 - two-bedrooms: \$1,035
 - three-bedrooms: \$970
- mark-up over whole-ownership (at \$650 per square foot)
 - 1/12 shares
 - two-bedrooms: 1.8
 - three-bedrooms: 1.7
 - 1/6 shares
 - two-bedrooms: 1.6
 - three-bedrooms: 1.5

Implications for the Consumer

Shown below are what the suggested prices for a two-bedroom unit result in on a nightly basis for the first 20 years of ownership. The same financing assumptions are used as with the examples at Highmount. Differences include: (1) annual maintenance fees of \$5,000 for a 1/12 share and \$9,000 for a 1/6 share; and (2) 600 nights of use for a 1/12 share and 1,200 nights for a 1/6 share.

	two-bedroom unit	
	<u>1/12 share</u>	<u>1/6 share</u>
purchase price	\$140,000	\$250,000
down payment at 20 percent	\$28,000	\$50,000
total monthly payments	\$210,000	\$375,000
total annual dues	<u>\$100,000</u>	<u>\$180,000</u>
total paid	\$338,000	\$605,000
nightly rate, if finance	\$565	\$500
nightly rate, if pay cash	\$400	\$360
nightly rate after 20 years	\$165	\$150

Sales Pace

At this point there is no justification to assume a faster or slower sales pace for the fractional interest units at Wildacres than at Highmount. This suggests an anticipated sell-out period of about six years for the 55 units and 498 shares.

4. WHOLE-OWNERSHIP UNITS

Introduction

The final real estate product recommended for Wildacres are whole-ownership units. As at Highmount, deeded ownership is to be conveyed in the structures themselves but not the underlying land.

Number of Units, Bedroom Configuration and Floor Areas

The existing site plan for Wildacres calls for the top three floors of the hotel to be sold in some form of real estate. The consultant recommends whole-ownership due to the possible rental income owners could receive from placing their unit in the contiguous hotel inventory. It is also advantageous to have a third form of real estate in Wildacres besides the already described resort timeshare and fractional interest products.

The top three floors of the currently designed hotel contain about 65,000 net square feet. The preliminary design as prepared prior to the conduct of this feasibility

analysis called for four types of units, ranging in size from 1,500 square feet to 1,800 square feet. These floor areas resulted in an average size of 1,757 square feet.

It is felt that the sizes of the units as currently suggested are unnecessarily large – especially for high density construction over the top of a hotel. It also seems a few one-bedroom units should be included. While the latter suggestion argues against prior comments that emphasize two- and three-bedroom units, one-bedroom units seem appropriate in a hotel situation due to their greater demand as rental inventory.

The following product mix is suggested for the top three floors of the hotel building.

<u>bedrooms</u>	<u>units</u>	<u>square feet</u>	<u>total square feet</u>
one	8	900	7,200
two	17	1,500	25,500
three	<u>17</u>	1,900	<u>32,300</u>
total/average	42	1,550	65,000

There would be eight one-bedroom units with 900 square feet, 17 two-bedroom units with 1,500 square feet and 17 three-bedroom units with 1,900 square feet. The 42 units generate 65,000 square feet of net interior space, for an average unit size of about 1,550 square feet.

Pricing

If applying the formerly assumed \$650 per square foot figure to the 42 units, the following pricing schedule results.

<u>bedrooms</u>	<u>price per square foot</u>	<u>square feet</u>	<u>approximate price</u>
one	\$660	900	\$600,000
two	\$650	1,500	\$975,000
three	\$640	1,900	\$1,200,000

Prices range from \$600,000 for a one-bedroom unit to \$975,000 for a two-bedroom unit, to \$1,200,000 for a three-bedroom unit.

Sales Pace

For purposes of simplicity, let us assume the same sales pace as with the 40 lodge units at Highmount: 0.5 sales per month in year one, 0.75 in year two, and 1.0 in year three and thereafter. This pace results in a four year sell-out period for the 42 units at Wildacres.

D. SUMMARY OF THE EIGHT REAL ESTATE PRODUCTS

The following bullet points summarize the eight real estate products recommended for Belleayre Resort.

- 289 total units
- 108 at Highmount and 181 at Wildacres
- 84 resort timeshare units, 95 fractional interest units and 110 whole-ownership units
- eight one-bedroom units (2.8 percent), 144 two-bedroom units (49.8 percent), 109 three-bedroom units (37.7 percent), and 28 four-bedroom units (9.7 percent)
- range in unit size from 900 square feet to 5,000 square feet, with an overall average of 1,810 square feet
- range in price from \$22,500 for a two-bedroom resort timeshare unit in low season in Wildacres, to \$3.5 million for a 5,000 square foot four-bedroom unit in Highmount
- roughly 25 percent higher per square foot prices at Highmount than at Wildacres

E. ESTIMATED FINANCIAL PERFORMANCE

Introduction

Preparation of the estimated financial performance component of the feasibility analysis for Belleayre Resort involves many variables and assumptions as described in the preceding sections of this final chapter as well as in this final section itself. The need for using assumptions is especially exacerbated for the subject property due to its unique characteristics and the lack of many direct comparables in the surrounding area.

The remainder of this section is divided into three parts. The first one describes assumptions used in determining “product costs,” i.e., costs required in creating the physical products. Most of these assumptions depend on information provided by the client, while some were generated by the consultant. As such, they are subject to review and refinement. The second part describes assumptions used in determining “operating costs,” i.e., marketing, sales and administration costs. Most are derived from current industry averages. The final part summarizes results in terms of the estimated financial performances of eight different products at Belleayre Resort. Preliminary pro forma cash flows are found at the end of the chapter for each product.

Listed under each variable are the assumptions used for the various products. The eight products for which preliminary pro forma cash flows are prepared include:

1. Highmount

- 16 units of 1/8 shares
- 24 units of 1/4 shares
- 40 lodge units
- 28 hilltop units

2. Wildacres

- 84 units of resort timeshare
- 28 units of 1/12 shares
- 27 units of 1/6 shares
- 42 whole-ownership units

As noted in the preceding text, the exact number of units in each of the products may change over time in accord with effected market demand and the business plan of the final development entity. But, we at least have a starting point.

A. Product Costs

1. Number of units, as discussed in preceding sections:

a. Highmount

- 16 units of 1/8 shares
- 24 units of 1/4 shares
- 40 lodge units
- 28 hilltop units
- 108 total units

b. Wildacres

- 84 units of resort timeshare
- 28 units of 1/12 shares
- 27 units of 1/6 shares
- 42 whole-ownership units
- 181 total units

c. 289 total units

2. Bedroom configurations, as discussed in preceding sections:

a. Highmount

- 16 units of 1/8 shares
 - eight two-bedroom units with 1,350 square feet
 - eight three-bedroom units with 1,700 square feet
 - 16 total units with 24,400 square feet of net interior space and an average unit size of 1,525 square feet
- 24 units of 1/4 shares
 - 12 two-bedroom units with 1,600 square feet
 - 12 three-bedroom units with 2,000 square feet

- 24 total units with 43,200 square feet of net interior space and an average unit size of 1,800 square feet
- 40 lodge units
 - 20 two-bedroom units with 1,500 square feet
 - 20 three-bedroom units with 1,900 square feet
 - 40 total units with 68,000 square feet of net interior space and an average unit size of 1,700 square feet
- 28 hilltop units
 - 28 total units with an average of 5,000 square feet for 140,000 square feet of net interior space
- 108 total units with 285,600 square feet of net interior space and an average size of about 2,645 square feet

b. Wildacres

- 84 units of resort timeshare
 - 63 two-bedroom units with 1,300 square feet
 - 21 three-bedroom units with 1,700 square feet
 - 84 total units with 117,600 square feet of net interior space and an average unit size of about 1,400 square feet
- 28 units of 1/12 shares
 - 14 two-bedroom units with 1,450 square feet
 - 14 three-bedroom units with 1,850 square feet
 - 28 total units with 46,200 square feet of net interior space and an average unit size of 1,650 square feet
- 27 units of 1/6 shares
 - 14 two-bedroom units with 1,450 square feet
 - 13 three-bedroom units with 1,850 square feet
 - 27 total units with 44,350 square feet of net interior space and an average unit size of about 1,640 square feet

- 42 whole-ownership units
 - eight one-bedroom units with 900 square feet
 - 17 two-bedroom units with 1,500 square feet
 - 17 three-bedroom units with 1,900 square feet
 - 42 total units with 65,000 square feet of net interior space and an average unit size of 1,550 square feet
 - 181 total units with 273,150 square feet of net interior space and an average size of about 1,510 square feet
- c. 289 total units with 558,750 square feet of net interior space and an average size of about 1,935 square feet
3. Number of sales:
- a. Highmount
- 1/8 shares: 126
 - 1/4 shares: 96
 - lodge units: 40
 - hilltop units: 28
 - 290 total sales from all 108 units
- b. Wildacres
- resort timeshare: 4,368
 - 1/12 shares: 336
 - 1/6 shares: 162
 - whole-ownership units: 42
 - 4,908 total sales from all 181 units
- c. 5,190 total sales from all 289 units
4. Land: assumed at \$75,000 per unit for all eight products. This assumption is subject to change and refinement pending further conversation with the client. The assumption is overly simplified in that

per unit costs would vary greatly if more scientifically assigned to the highest density resort timeshare units versus, for example, the lowest density hilltop units, and points in between. The assumption is simply a combination of the consultant's recent experience in the resort industry in various areas around the country. The client may decide to exclude this line item from the pro formas and/or include it elsewhere. At any rate, the assumption results in the following land costs for the various products.

a. Highmount

- 16 units of 1/8 shares: \$1,200,000
- 24 units of 1/4 shares: \$1,800,000
- 40 lodge units: \$3,000,000
- 28 hilltop units: \$2,100,000
- total land costs of \$8,100,000

b. Wildacres

- 84 units of resort timeshare: \$6,300,000
- 28 units of 1/12 shares: \$2,100,000
- 27 units of 1/6 shares: \$2,025,000
- 42 units: \$3,150,000
- total land costs of \$13,575,000

c. overall land costs of \$21,675,000 for all 289 units

5. Infrastructure: assumed at \$75,000 per unit at Highmount and \$71,500 per unit at Wildacres, as per information from the client. It also is assumed that such costs include grading, landfill, roads and circulation, utilities, street lighting, etc., i.e., all costs required to prepare the land for actual construction of the units. Such costs do **not** include infrastructure costs for the hotels or the golf course. As with land costs, actual per unit infrastructure costs would vary greatly in accord with density of the

products, e.g., lowest for the highest density resort timeshare units and highest for the lowest density hilltop units. Results in:

a. Highmount

- 16 units of 1/8 shares: \$1,200,000
- 24 units of 1/4 shares: \$1,800,000
- 40 lodge units: \$3,000,000
- 28 hilltop units: \$2,100,000
- total infrastructure costs of \$8,100,000

b. Wildacres

- 84 units of resort timeshare: \$6,006,000
- 28 units of 1/12 shares: \$2,002,000
- 27 units of 1/6 shares: \$1,930,000
- 42 units: \$3,003,000
- total infrastructure costs of \$12,941,000

c. overall infrastructure costs of \$21,041,000 for all 289 units

6. Additional amenities:

a. Highmount

- 16 units of 1/8 shares: not applicable, since assumed that owners will share amenities found in the adjacent lodge and that no separate amenities are required
- 24 units of 1/4 shares: same assumptions
- 40 lodge units: assumed that a separate amenities package will be built for the exclusive use of these owners at a cost of \$500,000, to include a small clubhouse with swimming pool, restrooms, changing rooms, and socializing area
- 28 hilltop units: not applicable, since assumed that owners will use amenities at the 40 lodge units or at the lodge
- total additional amenities cost of \$500,000

b. Wildacres

- 84 units of resort timeshare: assumed that a separate amenities package will be built for the exclusive use of these owners at a cost of \$1.0 million, to include a large swimming pool/deck area, restrooms, changing rooms, socializing areas, meeting rooms, small workout facility, etc.
- 28 units of 1/12 shares: assumed that a small separate amenities package will be shared with the 27 1/6 share units at a total cost of \$500,000 and that such costs will be shared equally between the two products
- 27 units of 1/6 shares: as per the 28 1/12 share units
- 42 units: not applicable, since assumed that owners will share amenities in the adjacent hotel and that no separate amenities are required
- total amenities cost of \$1,500,000

c. overall additional amenities costs of \$2,000,000 for all 289 units

7. Sales centers: simply assumed at this point that two separate and large sales center facilities will be built at overall Belleayre Resort. One will be for the resort timeshare product, and one will be for the other seven products (including the fractional interest and whole-ownership products). In actuality, one very large integrative facility could be built for all eight products; smaller separate ones could be built at Highmount and Wildacres, etc. Such decisions will be made by the final development entity. It also is assumed that the sales center for the resort timeshare product will cost \$1.0 million, that the other one will cost \$1.75 million, and that the costs for the latter one are divided roughly equally among the seven products. Results in:

a. Highmount

- 16 units of 1/8 shares: \$250,000
- 24 units of 1/4 shares: \$250,000
- 40 lodge units: \$250,000
- 28 hilltop units: \$250,000
- total sales center costs of \$1.0 million

b. Wildacres

- 84 units of resort timeshare: \$1.0 million
- 28 units of 1/12 shares: \$250,000
- 27 units of 1/6 shares: \$250,000
- 42 units: \$250,000
- total sales center costs of \$1,750,000

c. overall sales center costs of \$2,750,000 for all 289 units

8. Construction: assumed at \$270 per square foot for all four products at Highmount and \$225 per square foot for all four products at Wildacres, for an overall integrated average of about \$250, as per information from the client. Also assumed that such costs increase 5.0 percent annually.

Results in:

a. Highmount

- 16 units of 1/8 shares: initial costs of \$364,500 for a two-bedroom unit with 1,350 square feet and \$459,000 for a three-bedroom unit with 1,700 square feet. Total construction costs of \$6,588,000.
- 24 units of 1/4 shares: \$11,664,000
- 40 lodge units: initial costs of \$405,000 for a two-bedroom unit with 1,500 square feet and \$513,000 for a three-bedroom unit with 1,900 square feet. Total construction costs of \$19,926,969.

- 28 hilltop units: initial costs of \$1,350,000 for a four-bedroom unit with 5,000 square feet. Total construction costs of \$41,475,746.
- total construction costs of \$79,654,715

b. Wildacres

- 84 units of resort timeshare: initial costs of \$292,500 for a two-bedroom unit with 1,300 square feet and \$382,500 for a three-bedroom unit with 1,700 square feet. Total construction costs of \$28,773,833.
- 28 units of 1/12 shares: initial costs of \$326,250 for a two-bedroom unit with 1,450 square feet and \$416,250 for a three-bedroom unit with 1,850 square feet. Total construction costs of \$12,090,883.
- 27 units of 1/6 shares: \$11,337,942
- 42 units: initial costs of \$202,500 for a one-bedroom unit with 900 square feet, \$337,500 for a two-bedroom unit with 1,500 square feet, and \$427,500 for a three-bedroom unit with 1,900 square feet. Total construction costs of \$14,625,000.
- total construction costs of \$66,827,658

c. overall construction costs of \$146,482,373 for all 289 units

9. Furniture and fixtures: assumed at \$50 per square foot for the fractional interest units at Highmount; \$30 per square foot for the resort timeshare units at Wildacres; and \$40 per square foot for the fractional interest units at Wildacres, as per estimates by the consultant. Results in:

a. Highmount

- 16 units of 1/8 shares: initial costs of \$67,500 for a two-bedroom unit and \$85,000 for a three-bedroom unit. Total FF and E costs of \$1,220,000.
- 24 units of 1/4 shares: \$2,160,000
- 40 lodge units: not applicable since assumed that units are sold unfurnished
- 28 hilltop units: not applicable since assumed that units are sold unfurnished
- total FF and E costs of \$3,380,000

b. Wildacres

- 84 units of resort timeshare: initial costs of \$39,000 for a two-bedroom unit and \$51,000 for a three-bedroom unit. Total FF and E costs of \$3,836,511.
- 28 units of 1/12 shares: initial costs of \$58,000 for a two-bedroom unit and \$74,000 for a three-bedroom unit. Total FF and E costs of \$2,149,490.
- 27 units of 1/6 shares: \$2,015,634
- 42 units: not applicable since assumed that the units are sold unfurnished
- total FF and E costs of \$8,001,635

c. overall FF and E cost of \$11,381,635 for the furnished units

10. Contingency: assumed at 7.5 percent of appropriate hard costs for all eight products, as per communications with the client. Results in:

a. Highmount

- 16 units of 1/8 shares: \$746,618
- 24 units of 1/4 shares: \$1,271,136
- 40 lodge units: \$1,856,231

- 28 hilltop units: \$3,485,726
- total contingency of \$7,359,711

b. Wildacres

- 84 units of resort timeshare: \$3,046,226
- 28 units of 1/12 shares: \$1,346,968
- 27 units of 1/6 shares: \$1,261,210
- 42 units: \$1,409,806
- total contingency of \$7,064,484

c. overall contingency of \$14,424,195 for all 289 units

11. Soft costs: assumed at 5.0 percent of all appropriate hard costs for all eight products, and that such costs include legal, permits, design, accounting, etc. The 5.0 percent is less than the current norm in the development industry since most permits already have been attained after a 10-year effort. Results in:

a. Highmount

- 16 units of 1/8 shares: \$497,745
- 24 units of 1/4 shares: \$847,424
- 40 lodge units: \$1,237,488
- 28 hilltop units: \$2,323,817
- total soft costs of \$4,906,474

b. Wildacres

- 84 units of resort timeshare: \$2,030,817
- 28 units of 1/12 shares: \$897,979
- 27 units of 1/6 shares: \$840,807
- 42 units: \$939,870
- total soft costs of \$4,709,473

c. overall soft costs of \$9,615,947 for all 289 units

12. Finance costs: assumed at 35 percent equity, 8.5 percent interest rate and 1.5 percent points for all eight products, as per conversations with the client and current industry trends. Results in:

a. Highmount

- 16 units of 1/8 shares: \$1,649,930
- 24 units of 1/4 shares: \$2,660,693
- 40 lodge units: \$1,755,600
- 28 hilltop units: \$2,464,821
- total finance costs of \$8,531,044

b. Wildacres

- 84 units of resort timeshare: \$3,941,500
- 28 units of 1/12 shares: \$630,000
- 27 units of 1/6 shares: \$1,657,778
- 42 units: \$3,592,143
- total finance costs of \$9,821,421

c. overall finance costs of \$18,352,465 for all 289 units

13. Licensing fee: assumed that such a fee will be required by a hotel company for use of the brand name in the marketing and selling of all eight products, and that such a fee will be 2.0 percent of the anticipated gross sales volume. This assumption is open to refinement as implementation draws nearer. Results in:

a. Highmount

- 16 units of 1/8 shares: \$696,904
- 24 units of 1/4 shares: \$1,074,473
- 40 lodge units: \$1,072,782
- 28 hilltop units: \$2,150,594

- total licensing fee of \$4,994,753

b. Wildacres

- 84 units of resort timeshare: \$2,711,499
- 28 units of 1/12 shares: \$1,217,199
- 27 units of 1/6 shares: \$1,032,063
- 42 units: \$919,408
- total licensing fee of \$5,880,169

c. overall licensing fee of \$10,874,922 for all 289 units

14. Developer's fee and past investment: assumed at 3.0 percent of the anticipated gross sales volumes for all eight products. Results in:

a. Highmount

- 16 units of 1/8 shares: \$1,045,356
- 24 units of 1/4 shares: \$1,611,710
- 40 lodge units: \$1,609,172
- 28 hilltop units: \$3,225,891
- total developer's fee of \$7,492,129

b. Wildacres

- 84 units of resort timeshare: \$4,067,249
- 28 units of 1/12 shares: \$1,217,199
- 27 units of 1/6 shares: \$1,548,095
- 42 units: \$1,379,113
- total developer's fee of \$8,820,255

c. overall developer's fee of \$16,312,384 for all 289 units

15. Phasing: assumed that units in each of the eight products will be built in proper phases in accord with effected demand. Most likely, unsold inventory will be available for nightly rentals during the sell-out periods.

For purposes of simplicity, no insertions are made to the eight pro formas in regard to revenues and expenses from such rentals. Obviously, this approach underestimates the financial performances. It is noted that such revenues and expenses are found in the feasibility analysis being conducted by another consulting firm for the overnight lodging components of Belleayre Resort.

The many preceding assumptions result in the following **product** costs for the eight products.

a. Highmount: 16 units of 1/8 shares

<u>item</u>	<u>amount</u>
land	\$1,200,000
infrastructure	\$1,200,000
amenities and landscaping	n.a.
sales center	\$250,000
construction	\$6,588,000
FF and E	\$1,220,000
soft costs	\$497,745
contingency	\$746,618
finance costs	\$1,649,930
developer's fee	\$1,045,356
licensing fee	<u>\$696,904</u>
total	\$15,094,553
cost per unit	\$943,410
\$ of gross sales	43.3%

b. Highmount: 24 units of 1/4 shares

<u>item</u>	<u>amount</u>
land	\$1,800,000
infrastructure	\$1,800,000
amenities and landscaping	n.a.
sales center	\$250,000
construction	\$11,664,000
FF and E	\$2,160,000
soft costs	\$847,424
contingency	\$1,271,136
finance costs	\$2,660,693
developer's fee	\$1,611,710

licensing fee	\$1,074,473
total	\$25,139,436
cost per unit	\$1,047,477
\$ of gross sales	46.8%

c. Highmount: 40 lodge units

<u>item</u>	<u>amount</u>
land	\$3,000,000
infrastructure	\$3,000,000
amenities and landscaping	\$500,000
sales center	\$250,000
construction	\$19,926,969
FF and E	n.a.
soft costs	\$1,237,488
contingency	\$1,856,231
finance costs	\$1,755,600
developer's fee	\$1,609,172
licensing fee	<u>\$1,072,782</u>
total	\$34,208,242
cost per unit	\$855,205
\$ of gross sales	63.8%

d. Highmount: 28 hilltop units

<u>item</u>	<u>amount</u>
land	\$2,100,000
infrastructure	\$2,100,000
amenities and landscaping	n.a.
sales center	\$250,000
construction	\$41,475,746
FF and E	n.a.
soft costs	\$2,323,817
contingency	\$3,485,726
finance costs	\$2,464,821
developer's fee	\$3,225,891
licensing fee	<u>\$2,150,594</u>
total	\$60,076,595
cost per unit	\$2,145,593
\$ of gross sales	55.9%

e. Highmount

<u>item</u>	<u>16 units of 1/8s</u>	<u>24 units of 1/4s</u>	<u>40 lodge units</u>	<u>28 hilltop units</u>	<u>all 108 units</u>
land	\$1,200,000	\$1,800,000	\$3,000,000	\$2,100,000	\$8,100,000
infrastructure	\$1,200,000	\$1,800,000	\$3,000,000	\$2,100,000	\$8,100,000
amenities and landscaping	n.a.	n.a.	\$500,000	n.a.	\$500,000
sales center	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
construction	\$6,588,000	\$11,664,000	\$19,926,969	\$41,475,746	\$79,654,715
FF and E	\$1,220,000	\$2,160,000	n.a.	n.a.	\$3,380,000
soft costs	\$497,745	\$847,424	\$1,237,488	\$2,323,817	\$4,906,474
contingency	\$746,618	\$1,271,136	\$1,856,231	\$3,485,726	\$7,359,711
finance costs	\$1,649,930	\$2,660,693	\$1,755,600	\$2,464,821	\$8,531,044
developer's fee	\$1,045,356	\$1,611,710	\$1,609,172	\$3,225,891	\$7,492,129
licensing fee	<u>\$696,904</u>	<u>\$1,074,473</u>	<u>\$1,072,782</u>	<u>\$2,150,594</u>	<u>\$4,994,753</u>
total	\$15,094,553	\$25,139,436	\$34,208,242	\$60,076,595	\$134,518,826
cost per unit	\$943,410	\$1,047,477	\$855,205	\$2,145,593	\$1,245,545
\$ of gross sales	43.3%	46.8%	63.8%	55.9%	53.9%

f. Wildacres: 84 units of resort timeshare

<u>item</u>	<u>amount</u>
land	\$6,300,000
infrastructure	\$6,006,000
amenities and landscaping	\$1,000,000
sales center	\$1,000,000
construction	\$28,773,833
FF and E	\$3,836,511
soft costs	\$2,030,817
contingency	\$3,046,226
finance costs	\$3,941,500
developer's fee	\$4,067,249
licensing fee	<u>\$2,711,499</u>
total	\$62,713,634
cost per unit	\$746,596
\$ of gross sales	46.3%

g. Wildacres: 28 units of 1/12 shares

<u>item</u>	<u>amount</u>
land	\$2,100,000
infrastructure	\$2,002,000
amenities and landscaping	\$250,000
sales center	\$250,000

construction	\$12,090,883
FF and E	\$2,149,490
soft costs	\$897,979
contingency	\$1,346,968
finance costs	\$630,000
developer's fee	\$1,825,798
licensing fee	<u>\$1,217,199</u>
total	\$24,760,316
cost per unit	\$884,300
\$ of gross sales	40.7%

h. Wildacres: 27 units of 1/6 shares

<u>item</u>	<u>amount</u>
land	\$2,025,000
infrastructure	\$1,930,500
amenities and landscaping	\$250,000
sales center	\$250,000
construction	\$11,337,942
FF and E	\$2,015,634
soft costs	\$840,807
contingency	\$1,261,210
finance costs	\$1,657,778
developer's fee	\$1,548,095
licensing fee	<u>\$1,032,063</u>
total	\$24,149,029
cost per unit	\$894,408
\$ of gross sales	46.8%

i. Wildacres: 42 whole-ownership units

<u>item</u>	<u>amount</u>
land	\$3,150,000
infrastructure	\$3,003,000
amenities and landscaping	n.a.
sales center	\$250,000
construction	\$14,625,000
FF and E	n.a.
soft costs	\$939,870
contingency	\$1,409,806
finance costs	\$3,592,143
developer's fee	\$1,379,113
licensing fee	<u>\$919,408</u>
total	\$29,268,340
cost per unit	\$696,865
\$ of gross sales	63.7%

j. Wildacres

<u>item</u>	<u>84 units of timeshare</u>	<u>28 units of 1/12s</u>	<u>27 units of 1/6s</u>	<u>42 units</u>	<u>all 181 units</u>
land	\$6,300,000	\$2,100,000	\$2,025,000	\$3,150,000	\$13,575,000
infrastructure	\$6,006,000	\$2,002,000	\$1,930,500	\$3,003,000	\$12,941,000
amenities and landscaping	\$1,000,000	\$250,000	\$250,000	n.a.	\$1,500,000
sales center	\$1,000,000	\$250,000	\$250,000	\$250,000	\$1,750,000
construction	\$28,773,833	\$12,090,883	\$11,337,942	\$14,625,000	\$66,827,658
FF and E	\$3,836,511	\$2,149,490	\$2,015,634	n.a.	\$8,001,635
soft costs	\$2,030,817	\$897,979	\$840,807	\$939,870	\$4,709,473
contingency	\$3,046,226	\$1,346,968	\$1,261,210	\$1,409,806	\$7,064,484
finance costs	\$3,941,500	\$630,000	\$1,657,778	\$3,592,143	\$9,821,421
developer's fee	\$4,067,249	\$1,825,798	\$1,548,095	\$1,379,113	\$8,820,255
licensing fee	<u>\$2,711,499</u>	<u>\$1,217,199</u>	<u>\$1,032,063</u>	<u>\$919,408</u>	<u>\$5,880,169</u>
total	\$62,713,634	\$24,760,316	\$24,149,029	\$29,268,340	\$140,891,319
cost per unit	\$746,596	\$884,300	\$894,408	\$696,865	\$778,405
\$ of gross sales	46.3%	40.7%	46.8%	63.7%	47.9%

k. Highmount: all 108 units

<u>item</u>	<u>amount</u>
land	\$8,100,000
infrastructure	\$8,100,000
amenities and landscaping	\$500,000
sales center	\$1,000,000
construction	\$79,654,715
FF and E	\$3,380,000
soft costs	\$4,906,474
contingency	\$7,359,711
finance costs	\$8,531,044
developer's fee	\$7,492,129
licensing fee	<u>\$4,994,753</u>
total	\$134,518,826
cost per unit	\$1,245,545
\$ of gross sales	53.9%

l. Wildacres: all 181 units

<u>item</u>	<u>amount</u>
land	\$13,575,000
infrastructure	\$12,941,000
amenities and landscaping	\$1,500,000

sales center	\$1,750,000
construction	\$66,827,658
FF and E	\$8,001,635
soft costs	\$4,709,473
contingency	\$7,064,484
finance costs	\$9,821,421
developer's fee	\$8,820,255
licensing fee	<u>\$5,880,169</u>
total	\$140,891,319
cost per unit	\$778,405
\$ of gross sales	47.9%

m. Belleayre Resort

<u>item</u>	<u>Highmount (108)</u>	<u>Wildacres (181)</u>	<u>total (289)</u>
land	\$8,100,000	\$13,575,000	\$21,675,000
infrastructure	\$8,100,000	\$12,941,000	\$21,041,000
amenities and landscaping	\$500,000	\$1,500,000	\$2,000,000
sales center	\$1,000,000	\$1,750,000	\$2,750,000
construction	\$79,654,715	\$66,827,658	\$146,482,373
FF and E	\$3,380,000	\$8,001,635	\$11,381,635
soft costs	\$4,906,474	\$4,709,473	\$9,615,947
contingency	\$7,359,711	\$7,064,484	\$14,424,195
finance costs	\$8,531,044	\$9,821,421	\$18,352,465
developer's fee	\$7,492,129	\$8,820,255	\$16,312,384
licensing fee	<u>\$4,994,753</u>	<u>\$5,880,169</u>	<u>\$10,874,922</u>
total	\$134,518,826	\$140,891,319	\$275,410,145
cost per unit	\$1,245,545	\$778,405	\$952,976
\$ of gross sales	53.9%	47.9%	50.7%

In summary, **product** costs for the eight products are estimated at:

a. Highmount

- 16 units of 1/8 shares: \$15,094,552, for \$943,410 per unit and 43.3 percent of the estimated gross sales volume
- 24 units of 1/4 shares: \$25,139,435, for \$1,047,477 per unit and 46.8 percent of the estimated gross sales volume
- 40 lodge units: \$34,208,242, for \$855,205 per unit and 55.9 percent of the estimated gross sales volume
- 28 hilltop units: \$60,076,596, for \$2,145,593 per unit and 55.9 percent of the estimated gross sales volume

- total **product** costs of \$134,518,826 for an average of \$1,245,545 per unit and 53.9 percent of the estimated gross sales volume
- b. Wildacres
- 84 units of resort timeshare: \$62,713,634, for \$746,590 per unit and 46.3 percent of the estimated gross sales volume
 - 28 units of 1/12 shares: \$24,760,316, for \$884,300 per unit and 40.7 percent of the estimated gross sales volume
 - 27 units of 1/6 shares: \$24,149,029, for \$894,408 per unit and 46.8 percent of the estimated gross sales volume
 - 42 whole-ownership units: \$29,268,340, for \$696,865 per unit and 63.7 percent of the estimated gross sales volume
 - total **product** costs of \$140,891,319, for an average of \$778,405 per unit and 47.9 percent of the estimated gross sales volume
- c. overall **product** costs of \$275,410,145 for all 289 units, for an average of \$952,976 per unit and 50.7 percent of the estimated gross sales volume

B. Operating Costs

1. Starting prices as previously discussed:
 - a. Highmount
 - 16 1/8 share units
 - \$232,500 for a two-bedroom unit
 - \$272,500 for a three-bedroom unit
 - 24 1/4 share units
 - \$480,000 for a two-bedroom unit
 - \$560,000 for a three-bedroom unit

- 40 lodge units
 - \$1,100,000 for a two-bedroom unit
 - \$1,350,000 for a three-bedroom unit
- 28 hilltop units
 - \$3.5 million for an average four-bedroom unit

b. Wildacres

- 84 resort timeshare units

season	bedrooms		weighted average (84)
	two (63)	three (21)	
low (21)	\$22,500	\$30,000	\$24,700
high (29)	\$30,000	\$37,000	\$32,200
peak (2)	\$40,000	\$47,500	\$42,200
weighted average (52)	\$27,350	\$34,850	\$29,550

- 28 1/12 share units
 - \$140,000 for a two-bedroom unit
 - \$170,000 for a three-bedroom unit
- 27 1/6 share units
 - \$250,000 for a two-bedroom unit
 - \$300,000 for a three-bedroom unit
- 42 units
 - \$600,000 for a one-bedroom unit
 - \$975,000 for a two-bedroom unit
 - \$1,200,000 for a three-bedroom unit

2. Marketing: assumed at the following rates as percentages of the estimated gross sales volumes, and in accord with current industry averages for developments with on-site hotels to assist in lower, more cost-effective lead generation programs.

a. Highmount

- 16 1/8 share units: 7.0 percent for a total of \$2,439,163

- 24 1/4 share units: 5.0 percent for a total of \$2,686,184
 - 40 lodge units: 2.0 percent for a total of \$1,072,782
 - 28 hilltop units: 2.0 percent for a total of \$2,150,594
 - total marketing costs of \$8,348,723
- b. Wildacres
- 84 resort timeshare units: 23.0 percent for a total of \$31,182,239
 - 28 1/12 share units: 8.0 percent for a total of \$4,868,794
 - 27 1/6 share units: 6.0 percent for a total of \$3,096,189
 - 42 units: 2.0 percent for a total of \$919,408
 - total marketing costs of \$40,066,630
- c. overall marketing costs of \$48,415,353 for all 289 units
3. Sales: assumed at 7.0 percent for the fractional interest products, 15.0 percent for the resort timeshare product, and 6.0 percent for the whole-ownership products. Results in:
- a. Highmount
- 16 1/8 share units: \$2,439,163
 - 24 1/4 share units: \$3,760,657
 - 40 lodge units: \$3,218,345
 - 28 hilltop units: \$6,451,783
 - total sales costs of \$15,869,948
- b. Wildacres
- 84 resort timeshare units: \$20,336,243
 - 28 1/12 share units: \$4,260,195
 - 27 1/6 share units: \$3,612,221
 - 42 units: \$2,758,225
 - total sales costs of \$30,966,884

- c. overall sales costs of \$46,836,832 for all 289 units
4. General and administrative: assumed at the following in accord with current industry averages
- a. Highmount
 - 16 1/8 share units: 3.0 percent for a total of \$1,045,356
 - 24 1/4 share units: 2.0 percent for a total of \$1,074,473
 - 40 lodge units: 0.5 percent for a total of \$268,195
 - 28 hilltop units: 0.5 percent for a total of \$1,075,297
 - total G and A costs of \$3,463,321
 - b. Wildacres
 - 84 resort timeshare units: 7.5 percent for a total of \$10,168,122
 - 28 1/12 share units: 3.5 percent for a total of \$2,130,098
 - 27 1/6 share units: 2.5 percent for a total of \$1,290,079
 - 42 units: 0.5 percent for a total of \$459,704
 - total G and A costs of \$14,048,003
 - c. overall G and A costs of \$17,511,324 for all 289 units
5. Start-up costs: assumed at the following, as per current industry averages
- a. Highmount
 - 16 1/8 share units: \$250,000, representing one-half of total when combined with the 24 1/4 share units
 - 24 1/4 share units: \$250,000
 - 40 lodge units: \$250,000
 - 28 hilltop units: \$250,000
 - total start-up costs of \$1.0 million

b. Wildacres

- 84 resort timeshare units: \$1.0 million
- 28 1/12 share units: \$250,000, representing one-half of total when combined with the 27 1/6 share units
- 27 1/6 share units: \$250,000
- 42 units: \$250,000
- total start-up costs of \$1,750,000

c. overall start-up costs of \$2,750,000 for all 289 units

6. HOA shortfall costs: assumed at the following, as per current industry averages

a. Highmount

- 16 1/8 share units: \$500,000
- 24 1/4 share units: \$500,000
- 40 lodge units: \$250,000
- 28 hilltop units: \$250,000
- total HOA shortfall costs of \$1,500,000

b. Wildacres

- 84 resort timeshare units: \$1,000,000
- 28 1/12 share units: \$250,000
- 27 1/6 share units: \$250,000
- 42 units: \$500,000
- total HOA shortfall costs of \$2,000,000

c. overall HOA shortfall costs of \$3,500,000 for all 289 units

The preceding assumptions result in the following **operating** costs for the eight products.

a. Highmount: 16 units of 1/8 shares

<u>item</u>	<u>amount</u>
marketing	\$2,439,163
sales	\$2,439,163
G and A	\$1,045,356
start-up	\$250,000
HOA shortfall	<u>\$500,000</u>
total	\$6,673,682
\$ of gross sales	19.2%

b. Highmount: 24 units of 1/4 shares

<u>item</u>	<u>amount</u>
marketing	\$2,686,184
sales	\$3,760,657
G and A	\$1,074,473
start-up	\$250,000
HOA shortfall	<u>\$500,000</u>
total	\$8,271,314
\$ of gross sales	15.4%

c. Highmount: 40 lodge units

<u>item</u>	<u>amount</u>
marketing	\$1,072,782
sales	\$3,218,345
G and A	\$268,195
start-up	\$250,000
HOA shortfall	<u>\$250,000</u>
total	\$5,059,322
\$ of gross sales	9.4%

d. Highmount: 28 hilltop units

<u>item</u>	<u>amount</u>
marketing	\$2,150,594
sales	\$6,451,783
G and A	\$1,075,297
start-up	\$250,000
HOA shortfall	<u>\$250,000</u>
total	\$10,177,674
\$ of gross sales	9.5%

e. Highmount

<u>item</u>	<u>16 units of 1/8s</u>	<u>24 units of 1/4s</u>	<u>40 lodge units</u>	<u>28 hilltop units</u>	<u>all 108 units</u>
marketing	\$2,439,163	\$2,686,184	\$1,072,782	\$2,150,594	\$8,348,723
sales	\$2,439,163	\$3,760,657	\$3,218,345	\$6,451,783	\$15,869,948
G and A	\$1,045,356	\$1,074,473	\$268,195	\$1,075,297	\$3,463,321
start-up	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
HOA shortfall	\$500,000	\$500,000	\$250,000	\$250,000	\$1,500,000
total	\$6,673,682	\$8,271,314	\$5,059,322	\$10,177,674	\$30,181,992
\$ of gross sales	19.2%	15.4%	9.4%	9.5%	12.1%

f. Wildacres: 84 units of resort timeshare

<u>item</u>	<u>amount</u>
marketing	\$31,182,239
sales	\$20,336,243
G and A	\$10,168,122
start-up	\$1,000,000
HOA shortfall	\$1,000,000
total	\$63,686,604
\$ of gross sales	47.0%

g. Wildacres: 28 units of 1/12 shares

<u>item</u>	<u>amount</u>
marketing	\$4,868,794
sales	\$4,260,195
G and A	\$2,130,098
start-up	\$250,000
HOA shortfall	\$250,000
total	\$11,759,087
\$ of gross sales	19.3%

h. Wildacres: 27 units of 1/6 shares

<u>item</u>	<u>amount</u>
marketing	\$3,096,189
sales	\$3,612,221
G and A	\$1,290,079
start-up	\$250,000

HOA shortfall	<u>\$250,000</u>
total	\$8,498,489
\$ of gross sales	16.5%

i. Wildacres: 42 whole-ownership units

<u>item</u>	<u>amount</u>
marketing	\$919,408
sales	\$2,758,225
G and A	\$459,704
start-up	\$250,000
HOA shortfall	<u>\$500,000</u>
total	\$4,887,338
\$ of gross sales	10.6%

j. Wildacres

<u>item</u>	<u>84 units of timeshare</u>	<u>28 units of 1/12s</u>	<u>27 units of 1/6s</u>	<u>42 units</u>	<u>all 181 units</u>
marketing	\$31,182,239	\$4,868,794	\$3,096,189	\$919,408	\$40,066,630
sales	\$20,336,243	\$4,260,195	\$3,612,221	\$2,758,225	\$30,966,884
G and A	\$10,168,122	\$2,130,098	\$1,290,079	\$459,704	\$14,048,003
start-up	\$1,000,000	\$250,000	\$250,000	\$250,000	\$1,750,000
HOA shortfall	<u>\$1,000,000</u>	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$500,000</u>	<u>\$2,000,000</u>
total	\$63,686,604	\$11,759,087	\$8,498,489	\$4,887,338	\$88,831,517
\$ of gross sales	47.0%	19.3%	16.5%	10.6%	30.2%

k. Highmount: all 108 units/homes

<u>item</u>	<u>amount</u>
marketing	\$8,348,723
sales	\$15,869,948
G and A	\$3,463,321
start-up	\$1,000,000
HOA shortfall	<u>\$1,500,000</u>
total	\$30,181,992
\$ of gross sales	12.1%

I. Wildacres: all 181 units

<u>item</u>	<u>amount</u>
marketing	\$40,066,630
sales	\$30,966,884
G and A	\$14,048,003
start-up	\$1,750,000
HOA shortfall	<u>\$2,000,000</u>
total	\$88,831,517
\$ of gross sales	30.2%

m. Belleayre Resort

<u>item</u>	<u>Highmount (108)</u>	<u>Wildacres (181)</u>	<u>all 289</u>
marketing	\$8,348,723	\$40,066,630	\$48,415,353
sales	\$15,869,948	\$30,966,884	\$46,836,832
G and A	\$3,463,321	\$14,048,003	\$17,511,324
start-up	\$1,000,000	\$1,750,000	\$2,750,000
HOA shortfall	<u>\$1,500,000</u>	<u>\$2,000,000</u>	<u>\$3,500,000</u>
total	\$30,181,992	\$88,831,517	\$119,013,509
\$ of gross sales	12.1%	30.2%	21.9%

a. Highmount

- 16 1/8 share units: \$6,673,682, for 19.2 percent of the estimated gross sales volume
- 24 1/4 share units: \$8,271,314, for 15.4 percent of the estimated gross sales volume
- 40 lodge units: \$5,059,322, for 9.4 percent of the estimated gross sales volume
- 28 hilltop units: \$10,177,674, for 9.5 percent of the estimated gross sales volume
- total **operating** costs of \$30,181,992, for 12.1 percent of the estimated gross sales volume

b. Wildacres

- 84 resort timeshare units: \$63,686,604, for 47.0 percent of the estimated gross sales volume

- 28 1/2 share units: \$11,759,087, for 19.3 percent of the estimated gross sales volume
 - 27 1/6 share units: \$8,498,489, for 16.5 percent of the estimated gross sales volume
 - 42 units: \$4,887,338, for 10.6 percent of the estimated gross sales volume
 - total **operating** costs of \$88,831,518, for 30.2 percent of the estimated gross sales volume
- c. overall **operating** costs of \$119,013,510 for all 289 units, for 21.9 percent of the estimated gross sales volume

C. Estimated Financial Performance

The total **gross sales volume** from complete sell-out of all 289 units at Belleayre Resort is estimated at **\$543,746,118**. When subtracting product costs of \$275,410,145 and operating costs of \$119,013,510, the resulting **before-tax profit** is estimated at **\$149,322,463**. When adding net interest income from the resort timeshare consumer receivables, the total before-tax profit is estimated at **\$156,865,274**.

These very positive estimates are detailed in the remainder of this chapter in tabular form for each of the eight products, and then summarized in brief narrative form. The chapter concludes with preliminary pro forma cash flows for the eight individual products.

1. Estimated gross sales volumes:

a. Highmount

- 16 1/8 share units: \$34,845,189
- 24 1/4 share units: \$53,723,670
- 40 lodge units: \$53,639,083
- 28 hilltop units: \$107,529,713
- total gross sales volume of \$249,737,655

b. Wildacres

- 84 resort timeshare units: \$135,574,954
- 28 1/12 share units: \$60,859,931
- 27 1/6 share units: \$51,603,156
- 42 units: \$45,970,422
- total gross sales volume of \$294,008,463

c. overall gross sales volume of \$543,746,118

2. Estimated before-tax profits:

a. Highmount

- 16 1/8 share units: \$13,076,955
- 24 1/4 share units: \$20,312,921
- 40 lodge units: \$14,371,519
- 28 hilltop units: \$37,275,442
- total before-tax profit of \$85,036,837

b. Wildacres

- 84 resort timeshare units: \$9,174,716, plus \$7,542,811 from the net interest income, as calculated from the following assumptions:
 - 80 percent of consumers finance their purchase
 - an average down payment of 15 percent
 - an interest rate of 12 percent
 - an annual default ratio of five percent
 - an annual prepay rate of 12 percent
 - an average term of 84 months
 - an advance rate on the hypothecation loan of 85 percent
 - 1.5 points paid on the hypothecation loan
 - 8.5 percent interest rate on the hypothecation loan

- 28 1/12 share units: \$24,340,528
 - 27 1/6 share units: \$18,955,638
 - 42 units: \$11,814,744
 - total before-tax profit of \$64,285,626, increasing to \$71,828,437 when including net interest income from resort timeshare
- c. overall before-tax profit of \$149,322,463, increasing to \$156,865,274 when including net interest income from resort timeshare
3. Before-tax profits as a percentage of the gross sales volumes:
- a. Highmount
- 16 1/8 share units: 37.5 percent
 - 24 1/4 share units: 37.8 percent
 - 40 lodge units: 26.8 percent
 - 28 hilltop units: 34.7 percent
 - overall percentage of 34.0
- b. Wildacres
- 84 resort timeshare units: 6.8 percent, excluding net interest income
 - 28 1/12 share units: 40.0 percent
 - 27 1/6 share units: 36.7 percent
 - 42 units: 25.7 percent
 - overall percentage of 21.9 percent, excluding net interest income from resort timeshare
- c. overall before-tax profit as a percentage of the gross sales volume is 27.4, excluding net interest income from resort timeshare

The preceding figures for the two individual components of Belleayre Resort would be:

1. Highmount. The **gross sales volume** from all 108 units is estimated at **\$249,737,655**. When subtracting product costs of \$134,518,826 and operating costs of \$30,181,992, the estimated **before-tax profit** is **\$85,036,837**, or 34.0 percent of the gross sales volume.

2. Wildacres. The **gross sales volume** from all 181 units is estimated at **\$294,008,463**. When subtracting product costs of \$140,801,319 and operating costs of \$88,831,518, the estimated **before-tax profit** is **\$64,285,626**, or 21.9 percent of the gross sales volume. The total increases to **\$71,828,437** when including net interest income from resort timeshare.

a. Highmount: 16 units of 1/8 shares

gross sales volume	\$34,845,189
product costs	<\$15,094,552>
cost per unit	\$943,410
% of gross sales	43.3%
operating costs	<\$6,673,682>
% of gross sales	19.2%
remainder	\$13,076,955
% of gross sales	37.5%
net receivable income	n.a.
total	\$13,076,955

b. Highmount: 24 units of 1/4 shares

gross sales volume	\$53,723,670
product costs	<\$25,139,436>
cost per unit	\$1,047.477
% of gross sales	46.8%
operating costs	<\$8,271,314>
% of gross sales	15.4%
remainder	\$20,312,921
% of gross sales	37.8%
net receivable income	n.a.
total	\$20,312,921

c. Highmount: 40 lodge units

gross sales volume	\$53,639,083
product costs	<\$34,208,242>
cost per unit	\$855,205
% of gross sales	63.8%
operating costs	<\$5,059,322
% of gross sales	9.4%
remainder	\$14,371,519
% of gross sales	26.8%
net receivable income	n.a.
total	\$14,371,519

d. Highmount: 28 hilltop units

gross sales volume	\$107,529,713
product costs	<\$60,076,595>
cost per unit	\$2,145,593
% of gross sales	55.9%
operating costs	<\$10,177,674>
% of gross sales	9.5%
remainder	\$37,275,442
% of gross sales	34.7%
net receivable income	n.a.
total	\$37,275,442

e. Highmount

	16 units of 1/8s	24 units of 1/4s	40 lodge units	28 hilltop units	all 108 units
gross sales volume	\$34,845,189	\$53,723,670	\$53,639,083	\$107,529,713	\$249,737,655
product costs	<\$15,094,553>	<\$25,139,436>	<\$34,208,242>	<\$60,076,595>	<\$134,518,826>
cost per unit	\$943,410	\$1,047,477	\$855,205	\$2,145,593	\$1,240,915
% of gross sales	43.3%	46.8%	63.8%	55.9%	53.9%
operating costs	<\$6,673,682>	<\$8,271,314>	<\$5,059,322>	<\$10,177,674>	<\$30,181,922>
% of gross sales	19.2%	15.4%	9.4%	9.5%	12.1%
remainder	\$13,076,955	\$20,312,921	\$14,371,519	\$37,275,442	\$85,036,837
% of gross sales	37.5%	37.8%	26.8%	34.7%	34.0%
net receivable income	n.a.	n.a.	n.a.	n.a.	n.a.
total	\$13,076,955	\$20,312,921	\$14,371,519	\$37,275,442	\$85,036,837

f. Wildacres: 84 units of resort timeshare

gross sales volume	\$135,574,954
product costs	<\$62,713,634>
cost per unit	\$746,590
% of gross sales	46.3%
operating costs	<\$63,686,604>
% of gross sales	47.0%
remainder	\$9,174,716
% of gross sales	6.8%
net receivable income	\$7,542,811
total	\$16,717,526

g. Wildacres: 28 units of 1/12 shares

gross sales volume	\$60,859,931
product costs	<\$24,760,316>
cost per unit	\$884,300
% of gross sales	40.7%
operating costs	<\$11,759,087>
% of gross sales	19.3%
remainder	\$24,340,528
% of gross sales	40.0%
net receivable income	n.a.
total	\$24,340,528

h. Wildacres: 27 units of 1/6 shares

gross sales volume	\$51,603,156
product costs	<\$24,149,029>
cost per unit	\$894,408
% of gross sales	46.8%
operating costs	<\$8,498,489>
% of gross sales	16.5%
remainder	\$18,955,638
% of gross sales	36.7%
net receivable income	n.a.
total	\$18,955,638

i. Wildacres: 42 whole-ownership units

gross sales volume	\$45,970,422
product costs	<\$29,268,340>
cost per unit	\$696,865
% of gross sales	63.7%

operating costs	<\$4,887,338>
% of gross sales	10.6%
remainder	\$11,814,744
% of gross sales	25.7%
net receivable income	n.a.
total	\$11,814,744

j. Wildacres

	84 units of timeshare	28 units of 1/12s	27 units of 1/6s	42 units	all 181 units
gross sales volume	\$135,574,954	\$60,859,931	\$51,603,156	\$45,970,422	\$294,008,463
product costs	<\$62,713,634>	<\$24,760,316>	<\$29,149,029>	<\$29,268,340>	<\$140,891,319>
cost per unit	\$746,590	\$884,300	\$894,408	\$696,865	\$952,976
% of gross sales	46.3%	40.7%	46.8%	63.9%	47.9%
operating costs	<\$63,686,604>	<\$11,759,087>	<\$8,498,489>	<\$4,887,338>	<\$88,831,518>
% of gross sales	47.0%	19.3%	16.5%	10.6%	30.2%
remainder	\$9,174,716	\$24,340,528	\$18,955,638	\$11,814,744	\$64,285,626
% of gross sales	6.8%	40.0%	36.7%	25.7%	21.9%
net receivable income	\$7,542,811	n.a.	n.a.	n.a.	\$7,542,811
total	\$16,717,526	\$24,340,528	\$18,955,638	\$11,814,744	\$71,828,437

k. Highmount: all 108 units

gross sales volume	\$249,737,655
product costs	<\$134,518,820>
cost per unit	\$1,240,915
% of gross sales	53.9%
operating costs	<\$30,181,992>
% of gross sales	12.1%
remainder	\$85,036,837
% of gross sales	34.07%
net receivable income	n.a.
total	\$85,036,837

l. Wildacres: all 181 units

gross sales volume	\$294,008,463
product costs	<\$140,891,319>
cost per unit	\$778,405
% of gross sales	47.9%
operating costs	<\$88,831,518>
% of gross sales	30.2%
remainder	\$64,285,626

% of gross sales	21.9%
net receivable income	<u>\$7,542,811</u>
total	\$71,828,437

m. Belleayre Resort

	<u>Highmount (108)</u>	<u>Wildacres (181)</u>	<u>all 289</u>
gross sales volume	\$249,737,655	\$294,008,463	\$543,746,118
product costs	<\$134,518,826>	<\$140,891,319>	<\$275,410,145>
cost per unit	\$1,240,915	\$778,405	\$952,976
% of gross sales	53.9%	47.9%	50.7%
operating costs	<\$30,181,992>	<\$88,831,518>	<\$119,013,510>
% of gross sales	<u>12.1%</u>	<u>30.2%</u>	<u>21.9%</u>
remainder	\$85,036,837	\$64,285,626	\$149,322,463
% of gross sales	34.0%	21.9%	27.4%
net receivable income	<u>n.a.</u>	<u>\$7,542,811</u>	<u>\$7,542,811</u>
total	\$85,036,837	\$71,828,437	\$156,865,274

**PRELIMINARY PRO FORMA CASH FLOW FOR
16 1/8 SHARE UNITS AT HIGHMOUNT**

6/13/2008

**BELLEAYRE RESORT: HIGHMOUNT
1/8 FRACTIONAL SHARES - 16 UNITS
PROFORMA INCOME STATEMENT**

	<u>Total</u>	<u>% of Gross Sales</u>		<u>Cumulative Contribution & Distribution</u>	<u>Annual Contribution & Distribution</u>	<u>IRR</u>
			<u>Year</u>			
Revenues						
Gross Fractional Interest Sales	\$34,845,189	100.0%				
Gross Sales	\$34,845,189	100.0%	0		(3,570,000)	
Cost of Goods Sold			1	(3,541,419)	2008	28,581
Infrastructure, Soft Costs,			2	4,136,088	2009	7,677,507
Finance Costs	3,347,675	9.6%	3	9,328,034	2010	5,191,946
Land Cost	1,200,000	3.4%	4	13,076,955	2011	3,748,921
Total Construction/Conversion,			5	13,076,955	2012	0
Contingency Costs	7,584,618	21.8%	6	13,076,955	2013	0
Developer's fee and investment	1,045,356	3.0%	7	13,076,955	2014	0
Licensing fee	696,904	2.0%	8	13,076,955	2015	0
Amenities and Landscaping	0	0.0%	9	13,076,955	2016	0
Total FF&E Costs	1,220,000	3.5%	10	13,076,955	2017	0
			11	13,076,955	2018	0
Total Cost of Goods Sold	\$15,094,552	43.3%	12	13,076,955	2019	0
			13	13,076,955	2020	0
Gross Profit	\$19,750,637	56.7%	14	13,076,955	2021	0
			15	13,076,955	2022	0
Operating Expenses						
Total Marketing Costs	2,439,163	7.0%				
Total Sales Costs	2,439,163	7.0%				
Total Administration	1,045,356	3.0%				
Other	750,000	2.2%				
Total Operating Expenses	\$6,673,682	19.2%				
Net Profit	\$13,076,955	37.5%				

**BELLEAYRE RESORT: HIGHMOUNT
1/8 FRACTIONAL SHARES - 16 UNITS
ASSUMPTIONS**

SALES ASSUMPTIONS

Beginning Sales Price:	\$252,500
Two-Bedroom Units	\$232,500
Three-Bedroom Units	\$272,500

Number of available shares for sale per unit		8
Sales Price - Yearly Increase:	5.0%	

Total Shares		128
--------------	--	-----

Sales Pace - Net Shares Sold	Units Developed	Units Sold	Shares Sold
2008	16.0	3.4	27
2009	0.0	4.3	34
2010	0.0	5.1	41
2011	0.0	3.3	26
2012	0.0	0.0	0
2013	0.0	0.0	0
2014	0.0	0.0	0
2015	0.0	0.0	0
2016	0.0	0.0	0
2017	0.0	0.0	0
2018	0.0	0.0	0
2019	0.0	0.0	0
2020	0.0	0.0	0
2021	0.0	0.0	0
Total	16	16	128

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	100.00%
Financed Sales Percentage:	0.00%

OPERATING COSTS

Marketing/Lead Generation	7.0%
Commissions	7.0%
Administration	3.0%
Developer Equity:	35.0%

CONSTRUCTION ASSUMPTIONS

Total Fractional Interest Units	16	
Unit Mix		
Two-Bedroom Units	8	50.0%
Three-Bedroom Units	8	50.0%
Total	16	100.0%
Acres:	620.0	

Beginning Unit Construction Cost:

Two-Bedroom Units	1,350 sq. ft.	\$270 sq. ft.	\$364,500
Three-Bedroom Units	1,700 sq. ft.	\$270 sq. ft.	\$459,000

Beginning Unit F.F.&E. Cost:

Two-Bedroom Units	1,350 sq. ft.	\$50 sq. ft.	\$67,500
Three-Bedroom Units	1,700 sq. ft.	\$50 sq. ft.	\$85,000

Infrastructure Costs:	\$1,200,000	\$75,000 per unit
Amenities and Landscaping:	N/A	\$0
Construction Contingency:		7.5%
Start Up Costs:	\$250,000	
Soft Costs:		5.0%
Sales Center:	\$250,000	
Developer's fee and investment:		3.0% of gross sales
Licensing fee:		2.0% of gross sales
Land:	\$1,200,000	\$75,000 per unit

Construction/FF&E Cost - Yearly Increase:

N.A

Construction Loan	\$10,200,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%

BELLEAYRE RESORT: HIGHMOUNT
1/8 FRACTIONAL SHARES - 16 UNITS
Weighted Average Beginning Pricing

<u>PRODUCT MIX</u>		<u>Shares</u>	<u>Sale Price</u> <u>Two-Bedroom Units</u>	<u>Sale Price</u> <u>Three-Bedroom Units</u>		
Two-Bedroom Units	50.0%	1	\$232,500	\$272,500		
Three-Bedroom Units	50.0%	2	\$232,500	\$272,500		
		3	\$232,500	\$272,500		
		4	\$232,500	\$272,500		
		5	\$232,500	\$272,500		
		6	\$232,500	\$272,500		
		7	\$232,500	\$272,500		
<u>Sales Price Per Unit</u>		8	\$232,500	\$272,500		
Two-Bedroom Units	8	\$1,860,000	8	\$232,500	\$272,500	
Three-Bedroom Units	8	\$2,180,000	-----	-----	-----	
			\$1,860,000	\$232,500	\$2,180,000	\$272,500

Total Project Sales Value at Current Prices

Two-Bedroom Units \$14,880,000
Three-Bedroom Units \$17,440,000

Total \$32,320,000

Beginning Weighted Average Sales Price \$252,500

**BELLEAYRE RESORT: HIGHMOUNT
1/8 FRACTIONAL SHARES - 16 UNITS
Definitions to Model**

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Sales | The number of shares sold in a given period. All sales proceeds will be escrowed and unavailable to developer until second year (Cert. Of Occup.) |
| (3) | Price | Generally subject to an annual escalation factor. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|-------------------------------|---|
| (8) | Hypothecation Loan | The amount of cash generated from the initial fundings of the |
| (9) | Acquisition/Construction Loan | Loan for the purpose of acquiring land/improvements and constructing improvements |
| (10) | Equity Capital | Developer or investor equity. Generally in the form of cash and/or |
| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|-----------------|---|
| (b) | Shares for Sale | The total number of shares for sale from completed units. |
| (c) | Shares Sold | Total shares sold in the reported period. |

CASH USES

(12)	Land	Property costs for vacation ownership units. Generally expressed as a cost per dwelling unit
(12a)	Construction Loan Release Fees	Portion of share sales price applied to repay the construction loan (may be higher in order to rapidly repay construction loan)
(12b)	Construction Loan Interest	Amount of interest not covered through the interest reserve
(12c)	Construction Loan Points	Lender fee charged for issuing construction loan
(12d)	Infrastructure	Roads, utilities, etc., prior to unit/amenity construction
(13)	Soft Costs	Consulting, architectural fees, etc.
(14)	Other Development Costs	Atypical costs
(15)	Unit Conv./Constr. Costs	Costs to construct units
(16)	Furnishings (FF&E)	Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated.
(17)	Sales Office	The cost of separate sales facilities on-site, which may be used on a long term basis
(18)	Amenities	Facilities for the exclusive use of owners/renters/guests to include the existing amenities plus improvements to be added but as yet indeterminate. Also include space for resort management and post sales functions.
(19)	Other Unique costs	To be determined, if any.
(21)	Unforeseen construction costs.	
(22)	Marketing	Direct and indirect costs of promotion and advertising to generate prospects
	Lead Generation	to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project.
(23)	Commissions	Sales commissions incurred in the selling of the shares to include all applicable management overrides and bonuses.
(24)	Administration	Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly and within marketing and sales budgets/allocations.
(25)	Start Up Costs	Legal and accounting work associated with structuring the offering and supporting documentation.
(26)	Resort Management (HOA) Shortfall	Operating costs for the resort management organiz. that require developer subsidy until maintenance fees from customers provides necessary funds.
(26a)	Overnight Room Rental Expense	Expense to rent the unsold units (as a percentage of room revenue)
(27)	Total Expenses	Total of all operational expenses less debt service and related interest.
(28)	Net Cash Flow	Net Cash flow after debt service.
(29)	Cumul. Net Cash Flow	Cumulative Cash Flows.
(30)	Receivables	Principal balance of receivables generated based on given cash sales/down payments.
(31)	Cumul Receivables	Cumulative gross principal balances of notes receivables.
(32)	Outstanding Receivables Balance	The Principle balance remaining on the outstanding Receivables
(33)	Outstanding Hypothecation Loan Balance	The amount of borrowed dollars under the hypothecation loan agreement of which the receivables have been pledged.
(34)	Net Portfolio Value	The amount of remaining principle balance less the hypothecation loan balance
(35)	Construction Loan Draw	Fundings for the purpose of acquiring land and constructing improvements
(35a)	Release fees	See 12a
(35b)	Construction Loan Balance	Balance of loan after application of release fees
(35c)	Construction Loan Interest	Total interest incurred on construction loan
(35d)	Construction Loan Interest Reserve	Established as part of construction loan to fund interest incurred on construction loan during early development phase

**PRELIMINARY PRO FORMA CASH FLOW FOR
24 1/4 SHARE UNITS AT HIGHMOUNT**

6/13/2008

**BELLEAYRE RESORT: HIGHMOUNT
1/4 FRACTIONAL SHARES - 24 UNITS
PROFORMA INCOME STATEMENT**

	<u>Total</u>	<u>% of Gross Sales</u>		<u>Cumulative Contribution & Distribution</u>	<u>Annual Contribution & Distribution</u>	<u>IRR</u>
			<u>Year</u>			
Revenues						
Gross Fractional Interest Sales	\$53,723,670	100.0%				

Gross Sales	\$53,723,670	100.0%	0		(5,845,000)	
Cost of Goods Sold			1	(5,756,200)	2008	88,800
Infrastructure, Soft Costs,			2	6,464,610	2009	12,220,810
Finance Costs	5,308,116	9.9%	3	14,827,688	2010	8,363,078
Land Cost	1,800,000	3.4%	4	20,312,921	2011	5,485,233
Total Construction/Conversion,			5	20,312,921	2012	0
Contingency Costs	13,185,136	24.5%	6	20,312,921	2013	0
Developer's fee and investment	1,611,710	3.0%	7	20,312,921	2014	0
Licensing fee	1,074,473	2.0%	8	20,312,921	2015	0
Amenities and Landscaping	0	0.0%	9	20,312,921	2016	0
Total FF&E Costs	2,160,000	4.0%	10	20,312,921	2017	0
	-----		11	20,312,921	2018	0
Total Cost of Goods Sold	\$25,139,435	46.8%	12	20,312,921	2019	0
	-----		13	20,312,921	2020	0
Gross Profit	\$28,584,235	53.2%	14	20,312,921	2021	0
	-----		15	20,312,921	2022	0
Operating Expenses						
Total Marketing Costs	2,686,184	5.0%				
Total Sales Costs	3,760,657	7.0%				
Total Administration	1,074,473	2.0%				
Other	750,000	1.4%				

Total Operating Expenses	\$8,271,314	15.4%				

Net Profit	\$20,312,921	37.8%				

**BELLEAYRE RESORT: HIGHMOUNT
1/4 FRACTIONAL SHARES - 24 UNITS
ASSUMPTIONS**

SALES ASSUMPTIONS

Beginning Sales Price:	\$520,000
Two-Bedroom Units	\$480,000
Three-Bedroom Units	\$560,000

Number of available shares for sale per unit		4
Sales Price - Yearly Increase:	5.0%	

Total Shares 96

Sales Pace - Net Shares Sold	Units Developed	Units Sold	Shares Sold
2008	24.0	5.3	21
2009	0.0	6.5	26
2010	0.0	7.8	31
2011	0.0	4.5	18
2012	0.0	0.0	0
2013	0.0	0.0	0
2014	0.0	0.0	0
2015	0.0	0.0	0
2016	0.0	0.0	0
2017	0.0	0.0	0
2018	0.0	0.0	0
2019	0.0	0.0	0
2020	0.0	0.0	0
2021	0.0	0.0	0
Total	24	24	96

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	100.00%
Financed Sales Percentage:	0.00%

OPERATING COSTS

Marketing/Lead Generation	5.0%
Commissions	7.0%
Administration	2.0%
Developer Equity:	35.0%

CONSTRUCTION ASSUMPTIONS

Total Fractional Interest Units	24	
Unit Mix		
Two-Bedroom Units	12	50.0%
Three-Bedroom Units	12	50.0%
Total	24	100.0%
Acres:	620.0	

Beginning Unit Construction Cost:

Two-Bedroom Units	1,600 sq. ft.	\$270 sq. ft.	\$432,000
Three-Bedroom Units	2,000 sq. ft.	\$270 sq. ft.	\$540,000

Beginning Unit F.F.&E. Cost:

Two-Bedroom Units	1,600 sq. ft.	\$50 sq. ft.	\$80,000
Three-Bedroom Units	2,000 sq. ft.	\$50 sq. ft.	\$100,000

Infrastructure Costs:	\$1,800,000	\$75,000 per unit
Amenities and Landscaping:	N/A	\$0
Construction Contingency:		7.5%
Start Up Costs:	\$250,000	
Soft Costs:		5.0%
Sales Center:	\$250,000	
Developer's fee and investment:		3.0% of gross sales
Licensing fee:		2.0% of gross sales
Land:	\$1,800,000	\$75,000 per unit

Construction/FF&E Cost - Yearly Increase:

N.A

Construction Loan	\$16,700,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%

BELLEAYRE RESORT: HIGHMOUNT
1/4 FRACTIONAL SHARES - 24 UNITS
Weighted Average Beginning Pricing

<u>PRODUCT MIX</u>		<u>Shares</u>	<u>Sale Price</u>		<u>Sale Price</u>	
			<u>Two-Bedroom Units</u>		<u>Three-Bedroom Units</u>	
Two-Bedroom Units	50.0%	1	\$480,000		\$560,000	
Three-Bedroom Units	50.0%	2	\$480,000		\$560,000	
		3	\$480,000		\$560,000	
		4	\$480,000		\$560,000	
			-----		-----	
			\$1,920,000	\$480,000	\$2,240,000	\$560,000
<u>Sales Price Per Unit</u>						
Two-Bedroom Units	12		\$1,920,000			
Three-Bedroom Units	12		\$2,240,000			
<u>Total Project Sales Value at Current Prices</u>						
Two-Bedroom Units			\$23,040,000			
Three-Bedroom Units			\$26,880,000			
Total			\$49,920,000			
Beginning Weighted Average Sales Price			\$520,000			

**BELLEAYRE RESORT: HIGHMOUNT
1/4 FRACTIONAL SHARES - 24 UNITS
Definitions to Model**

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Sales | The number of shares sold in a given period. All sales proceeds will be escrowed and unavailable to developer until second year (Cert. Of Occup.) |
| (3) | Price | Generally subject to an annual escalation factor. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|-------------------------------|---|
| (8) | Hypothecation Loan | The amount of cash generated from the initial fundings of the |
| (9) | Acquisition/Construction Loan | Loan for the purpose of acquiring land/improvements and constructing improvements |
| (10) | Equity Capital | Developer or investor equity. Generally in the form of cash and/or |
| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|-----------------|---|
| (b) | Shares for Sale | The total number of shares for sale from completed units. |
| (c) | Shares Sold | Total shares sold in the reported period. |

CASH USES

(12)	Land	Property costs for vacation ownership units. Generally expressed as a cost per dwelling unit
(12a)	Construction Loan Release Fees	Portion of share sales price applied to repay the construction loan (may be higher in order to rapidly repay construction loan)
(12b)	Construction Loan Interest	Amount of interest not covered through the interest reserve
(12c)	Construction Loan Points	Lender fee charged for issuing construction loan
(12d)	Infrastructure	Roads, utilities, etc., prior to unit/amenity construction
(13)	Soft Costs	Consulting, architectural fees, etc.
(14)	Other Development Costs	Atypical costs
(15)	Unit Conv./Constr. Costs	Costs to construct units
(16)	Furnishings (FF&E)	Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated.
(17)	Sales Office	The cost of separate sales facilities on-site, which may be used on a long term basis
(18)	Amenities	Facilities for the exclusive use of owners/renters/guests to include the existing amenities plus improvements to be added but as yet indeterminate. Also include space for resort management and post sales functions.
(19)	Other Unique costs	To be determined, if any.
(21)	Unforeseen construction costs.	
(22)	Marketing	Direct and indirect costs of promotion and advertising to generate prospects
	Lead Generation	to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project.
(23)	Commissions	Sales commissions incurred in the selling of the shares to include all applicable management overrides and bonuses.
(24)	Administration	Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly and within marketing and sales budgets/allocations.
(25)	Start Up Costs	Legal and accounting work associated with structuring the offering and supporting documentation.
(26)	Resort Management (HOA) Shortfall	Operating costs for the resort management organiz. that require developer subsidy until maintenance fees from customers provides necessary funds.
(26a)	Overnight Room Rental Expense	Expense to rent the unsold units (as a percentage of room revenue)
(27)	Total Expenses	Total of all operational expenses less debt service and related interest.
(28)	Net Cash Flow	Net Cash flow after debt service.
(29)	Cumul. Net Cash Flow	Cumulative Cash Flows.
(30)	Receivables	Principal balance of receivables generated based on given cash sales/down payments.
(31)	Cumul Receivables	Cumulative gross principal balances of notes receivables.
(32)	Outstanding Receivables Balance	The Principle balance remaining on the outstanding Receivables
(33)	Outstanding Hypothecation Loan Balance	The amount of borrowed dollars under the hypothecation loan agreement of which the receivables have been pledged.
(34)	Net Portfolio Value	The amount of remaining principle balance less the hypothecation loan balance
(35)	Construction Loan Draw	Fundings for the purpose of acquiring land and constructing improvements
(35a)	Release fees	See 12a
(35b)	Construction Loan Balance	Balance of loan after application of release fees
(35c)	Construction Loan Interest	Total interest incurred on construction loan
(35d)	Construction Loan Interest Reserve	Established as part of construction loan to fund interest incurred on construction loan during early development phase

**PRELIMINARY PRO FORMA CASH FLOW FOR
40 LODGE UNITS AT HIGHMOUNT**

6/13/2008

**BELLEAYRE RESORT: HIGHMOUNT
HOMES - 40 UNITS
PROFORMA INCOME STATEMENT**

	<u>Total</u>	<u>% of Gross Sales</u>		<u>Cumulative Contribution & Distribution</u>	<u>Annual Contribution & Distribution</u>	<u>IRR</u>
			<u>Year</u>			
Revenues						
Gross Home Sales	\$53,639,083	100.0%				

Gross Sales	\$53,639,083	100.0%	0		(3,360,000)	
Cost of Goods Sold			1	(3,271,375)	2008	88,625
Infrastructure, Soft Costs,			2	4,404,397	2009	7,675,772
Finance Costs	5,993,088	11.2%	3	8,258,477	2010	3,854,081
Land Cost	3,000,000	5.6%	4	13,337,461	2011	5,078,983
Total Construction/Conversion,			5	14,371,519	2012	1,034,058
Contingency Costs	22,033,200	41.1%	6	14,371,519	2013	0
Developer's fee and investment	1,609,172	3.0%	7	14,371,519	2014	0
Licensing fee	1,072,782	2.0%	8	14,371,519	2015	0
Amenities and Landscaping	500,000	0.9%	9	14,371,519	2016	0
Total FF&E Costs	0	0.0%	10	14,371,519	2017	0
	-----		11	14,371,519	2018	0
Total Cost of Goods Sold	\$34,208,242	63.8%	12	14,371,519	2019	0
	-----		13	14,371,519	2020	0
Gross Profit	\$19,430,841	36.2%	14	14,371,519	2021	0
	-----		15	14,371,519	2022	0
Operating Expenses						
Total Marketing Costs	1,072,782	2.0%				
Total Sales Costs	3,218,345	6.0%				
Total Administration	268,195	0.5%				
Other	500,000	0.9%				

Total Operating Expenses	\$5,059,322	9.4%				

Net Profit	\$14,371,519	26.8%				

BELLEAYRE RESORT: HIGHMOUNT

HOMES - 40 UNITS

ASSUMPTIONS

SALES ASSUMPTIONS

Beginning Sales Price:	\$1,225,000
Two-Bedroom Units	\$1,100,000
Three-Bedroom Units	\$1,350,000

Number of available shares for sale per unit		1
Sales Price - Yearly Increase:	5.0%	

Total Homes 40

Sales Pace	Units Developed	Units Sold	Sales Pace
2008	8.0	6.0	6
2009	9.0	9.0	9
2010	12.0	12.0	12
2011	11.0	12.0	12
2012	0.0	1.0	1
2013	0.0	0.0	0
2014	0.0	0.0	0
2015	0.0	0.0	0
2016	0.0	0.0	0
2017	0.0	0.0	0
2018	0.0	0.0	0
2019	0.0	0.0	0
2020	0.0	0.0	0
2021	0.0	0.0	0
Total	40	40	40

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	100.00%
Financed Sales Percentage:	0.00%

OPERATING COSTS

Marketing/Lead Generation	2.0%
Commissions	6.0%
Administration	0.5%
Developer Equity:	35.0%

CONSTRUCTION ASSUMPTIONS

Total Fractional Interest Units	40	
Unit Mix		
Two-Bedroom Units	20	50.0%
Three-Bedroom Units	20	50.0%
Total	40	100.0%

Acres: 620.0

Infrastructure Costs:	\$3,000,000	\$75,000 per unit
Amenities and Landscaping:	\$500,000	
Construction Contingency:	7.5%	
Start Up Costs:	\$250,000	
Soft Costs:	5.0%	
Sales Center:	\$250,000	
Developer's fee and investment:	3.0%	of gross sales
Licensing fee:	2.0%	of gross sales
Land:	\$3,000,000	\$75,000 per unit

Beginning Unit Construction Cost:

Two-Bedroom Units	1,500 sq. ft.	\$270 sq. ft.	\$405,000
Three-Bedroom Units	1,900 sq. ft.	\$270 sq. ft.	\$513,000

Construction/FF&E Cost - Yearly Increase: 5.0%

Construction Loan	\$9,600,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%

**BELLEAYRE RESORT: HIGHMOUNT
HOMES - 40 UNITS
Weighted Average Beginning Pricing**

<u>PRODUCT MIX</u>		<u>Shares</u>	<u>Sale Price</u>		<u>Sale Price</u>	
			<u>Two-Bedroom Units</u>		<u>Three-Bedroom Units</u>	
Two-Bedroom Units	50.0%					
Three-Bedroom Units	50.0%	1		\$1,100,000		\$1,350,000
				-----		-----
			\$1,100,000	\$1,100,000	\$1,350,000	\$1,350,000

<u>Sales Price Per Unit</u>		
Two-Bedroom Units	20	\$1,100,000
Three-Bedroom Units	20	\$1,350,000

<u>Total Project Sales Value at Current Prices</u>		
Two-Bedroom Units		\$22,000,000
Three-Bedroom Units		\$27,000,000
Total		\$49,000,000

Beginning Weighted Average Sales Price	\$1,225,000
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**BELLEAYRE RESORT: HIGHMOUNT
HOMES - 40 UNITS
Definitions to Model**

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Sales | The number of shares sold in a given period. All sales proceeds will be escrowed and unavailable to developer until second year (Cert. Of Occup.) |
| (3) | Price | Generally subject to an annual escalation factor. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|-------------------------------|---|
| (8) | Hypothecation Loan | The amount of cash generated from the initial fundings of the |
| (9) | Acquisition/Construction Loan | Loan for the purpose of acquiring land/improvements and constructing improvements |
| (10) | Equity Capital | Developer or investor equity. Generally in the form of cash and/or |
| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|-----------------|---|
| (b) | Shares for Sale | The total number of shares for sale from completed units. |
| (c) | Shares Sold | Total shares sold in the reported period. |

CASH USES

(12)	Land	Property costs for vacation ownership units. Generally expressed as a cost per dwelling unit
(12a)	Construction Loan Release Fees	Portion of share sales price applied to repay the construction loan (may be higher in order to rapidly repay construction loan)
(12b)	Construction Loan Interest	Amount of interest not covered through the interest reserve
(12c)	Construction Loan Points	Lender fee charged for issuing construction loan
(12d)	Infrastructure	Roads, utilities, etc., prior to unit/amenity construction
(13)	Soft Costs	Consulting, architectural fees, etc.
(14)	Other Development Costs	Atypical costs
(15)	Unit Conv./Constr. Costs	Costs to construct units
(16)	Furnishings (FF&E)	Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated.
(17)	Sales Office	The cost of separate sales facilities on-site, which may be used on a long term basis
(18)	Amenities	Facilities for the exclusive use of owners/renters/guests to include the existing amenities plus improvements to be added but as yet indeterminate. Also include space for resort management and post sales functions.
(19)	Other Unique costs	To be determined, if any.
(21)	Unforeseen construction costs.	
(22)	Marketing	Direct and indirect costs of promotion and advertising to generate prospects
	Lead Generation	to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project.
(23)	Commissions	Sales commissions incurred in the selling of the shares to include all applicable management overrides and bonuses.
(24)	Administration	Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly and within marketing and sales budgets/allocations.
(25)	Start Up Costs	Legal and accounting work associated with structuring the offering and supporting documentation.
(26)	Resort Management (HOA) Shortfall	Operating costs for the resort management organiz. that require developer subsidy until maintenance fees from customers provides necessary funds.
(26a)	Overnight Room Rental Expense	Expense to rent the unsold units (as a percentage of room revenue)
(27)	Total Expenses	Total of all operational expenses less debt service and related interest.
(28)	Net Cash Flow	Net Cash flow after debt service.
(29)	Cumul. Net Cash Flow	Cumulative Cash Flows.
(30)	Receivables	Principal balance of receivables generated based on given cash sales/down payments.
(31)	Cumul Receivables	Cumulative gross principal balances of notes receivables.
(32)	Outstanding Receivables Balance	The Principle balance remaining on the outstanding Receivables
(33)	Outstanding Hypothecation Loan Balance	The amount of borrowed dollars under the hypothecation loan agreement of which the receivables have been pledged.
(34)	Net Portfolio Value	The amount of remaining principle balance less the hypothecation loan balance
(35)	Construction Loan Draw	Fundings for the purpose of acquiring land and constructing improvements
(35a)	Release fees	See 12a
(35b)	Construction Loan Balance	Balance of loan after application of release fees
(35c)	Construction Loan Interest	Total interest incurred on construction loan
(35d)	Construction Loan Interest Reserve	Established as part of construction loan to fund interest incurred on construction loan during early development phase

**PRELIMINARY PRO FORMA CASH FLOW FOR
28 HILLTOP UNITS AT HIGHMOUNT**

6/13/2008

**BELLEAYRE RESORT: HIGHMOUNT
HOMES - 28 UNITS
PROFORMA INCOME STATEMENT**

	<u>Total</u>	<u>% of Gross Sales</u>		<u>Cumulative Contribution & Distribution</u>	<u>Annual Contribution & Distribution</u>	<u>IRR</u>
			<u>Year</u>			
Revenues						
Gross Home Sales	\$107,529,713	100.0%				

Gross Sales	\$107,529,713	100.0%	0		(4,515,000)	
Cost of Goods Sold			1	(4,393,000)	2008	122,000
Infrastructure, Soft Costs,			2	18,221,643	2009	22,614,643
Finance Costs	6,888,638	6.4%	3	24,730,005	2010	6,508,363
Land Cost	2,100,000	2.0%	4	31,988,669	2011	7,258,664
Total Construction/Conversion,			5	37,275,442	2012	5,286,773
Contingency Costs	45,211,472	42.0%	6	37,275,442	2013	0
Developer's fee and investment	3,225,891	3.0%	7	37,275,442	2014	0
Licensing fee	2,150,594	2.0%	8	37,275,442	2015	0
Amenities and Landscaping	500,000	0.5%	9	37,275,442	2016	0
Total FF&E Costs	0	0.0%	10	37,275,442	2017	0
	-----		11	37,275,442	2018	0
Total Cost of Goods Sold	\$60,076,596	55.9%	12	37,275,442	2019	0
	-----		13	37,275,442	2020	0
Gross Profit	\$47,453,117	44.1%	14	37,275,442	2021	0
	-----		15	37,275,442	2022	0
Operating Expenses						
Total Marketing Costs	2,150,594	2.0%				
Total Sales Costs	6,451,783	6.0%				
Total Administration	1,075,297	1.0%				
Other	500,000	0.5%				

Total Operating Expenses	\$10,177,674	9.5%				

Net Profit	\$37,275,442	34.7%				

**BELLEAYRE RESORT: HIGHMOUNT
HOMES - 28 UNITS
ASSUMPTIONS**

SALES ASSUMPTIONS

Beginning Sales Price:	\$3,500,000
Four-Bedroom Units	\$3,500,000

Number of available shares for sale per unit		1
Sales Price - Yearly Increase:	5.0%	

Total Homes	28
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Sales Pace	Units Developed	Units Sold	Sales Pace
2008	6.0	6.0	6
2009	6.0	6.0	6
2010	6.0	6.0	6
2011	6.0	6.0	6
2012	4.0	4.0	4
2013	0.0	0.0	0
2014	0.0	0.0	0
2015	0.0	0.0	0
2016	0.0	0.0	0
2017	0.0	0.0	0
2018	0.0	0.0	0
2019	0.0	0.0	0
2020	0.0	0.0	0
2021	0.0	0.0	0
Total	28	28	28

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	100.00%
Financed Sales Percentage:	0.00%

OPERATING COSTS

Marketing/Lead Generation	2.0%
Commissions	6.0%
Administration	1.0%
Developer Equity:	35.0%

CONSTRUCTION ASSUMPTIONS

Total Fractional Interest Units	28	
Unit Mix		
Four-Bedroom Units	28	100.0%
Total	28	100.0%

Acres: 620.0

Infrastructure Costs:	\$2,100,000	\$75,000 per unit
Amenities and Landscaping:	\$500,000	
Construction Contingency:	7.5%	
Start Up Costs:	\$250,000	
Soft Costs:	5.0%	
Sales Center:	\$250,000	
Developer's fee and investment:	3.0%	of gross sales
Licensing fee:	2.0%	of gross sales
Land:	\$2,100,000	\$75,000 per unit

Beginning Unit Construction Cost:

Four-Bedroom Units	5,000 sq. ft.	\$270 sq. ft.	\$1,350,000
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Construction/FF&E Cost - Yearly Increase: 5.0%

Construction Loan	\$12,900,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%

**BELLEAYRE RESORT: HIGHMOUNT
HOMES - 28 UNITS
Weighted Average Beginning Pricing**

<u>PRODUCT MIX</u>		<u>Shares</u>	<u>Sale Price</u>	
Four-Bedroom Units	100.0%		<u>Four-Bedroom Units</u>	
		1	\$3,500,000	

			\$3,500,000	\$3,500,000
<u>Sales Price Per Unit</u>				
Four-Bedroom Units	28			\$3,500,000
<u>Total Project Sales Value at Current Prices</u>				
Four-Bedroom Units				\$98,000,000
Total				\$98,000,000
Beginning Weighted Average Sales Price				\$3,500,000

**BELLEAYRE RESORT: HIGHMOUNT
HOMES - 28 UNITS
Definitions to Model**

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Sales | The number of shares sold in a given period. All sales proceeds will be escrowed and unavailable to developer until second year (Cert. Of Occup.) |
| (3) | Price | Generally subject to an annual escalation factor. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|-------------------------------|---|
| (8) | Hypothecation Loan | The amount of cash generated from the initial fundings of the |
| (9) | Acquisition/Construction Loan | Loan for the purpose of acquiring land/improvements and constructing improvements |
| (10) | Equity Capital | Developer or investor equity. Generally in the form of cash and/or |
| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|-----------------|---|
| (b) | Shares for Sale | The total number of shares for sale from completed units. |
| (c) | Shares Sold | Total shares sold in the reported period. |

CASH USES

(12)	Land	Property costs for vacation ownership units. Generally expressed as a cost per dwelling unit
(12a)	Construction Loan Release Fees	Portion of share sales price applied to repay the construction loan (may be higher in order to rapidly repay construction loan)
(12b)	Construction Loan Interest	Amount of interest not covered through the interest reserve
(12c)	Construction Loan Points	Lender fee charged for issuing construction loan
(12d)	Infrastructure	Roads, utilities, etc., prior to unit/amenity construction
(13)	Soft Costs	Consulting, architectural fees, etc.
(14)	Other Development Costs	Atypical costs
(15)	Unit Conv./Constr. Costs	Costs to construct units
(16)	Furnishings (FF&E)	Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated.
(17)	Sales Office	The cost of separate sales facilities on-site, which may be used on a long term basis
(18)	Amenities	Facilities for the exclusive use of owners/renters/guests to include the existing amenities plus improvements to be added but as yet indeterminate. Also include space for resort management and post sales functions.
(19)	Other Unique costs	To be determined, if any.
(21)	Unforeseen construction costs.	
(22)	Marketing	Direct and indirect costs of promotion and advertising to generate prospects
	Lead Generation	to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project.
(23)	Commissions	Sales commissions incurred in the selling of the shares to include all applicable management overrides and bonuses.
(24)	Administration	Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly and within marketing and sales budgets/allocations.
(25)	Start Up Costs	Legal and accounting work associated with structuring the offering and supporting documentation.
(26)	Resort Management	Operating costs for the resort management organiz. that require developer
	(HOA) Shortfall	subsidy until maintenance fees from customers provides necessary funds.
(26a)	Overnight Room Rental Expense	Expense to rent the unsold units (as a percentage of room revenue)
(27)	Total Expenses	Total of all operational expenses less debt service and related interest.
(28)	Net Cash Flow	Net Cash flow after debt service.
(29)	Cumul. Net Cash Flow	Cumulative Cash Flows.
(30)	Receivables	Principal balance of receivables generated based on given cash sales/down payments.
(31)	Cumul Receivables	Cumulative gross principal balances of notes receivables.
(32)	Outstanding Receivables	The Principle balance remaining on the outstanding Receivables
	Balance	
(33)	Outstanding Hypothecation	The amount of borrowed dollars under the hypothecation loan agreement
	Loan Balance	of which the receivables have been pledged.
(34)	Net Portfolio Value	The amount of remaining principle balance less the hypothecation loan balance
(35)	Construction Loan Draw	Fundings for the purpose of acquiring land and constructing improvements
(35a)	Release fees	See 12a
(35b)	Construction Loan Balance	Balance of loan after application of release fees
(35c)	Construction Loan Interest	Total interest incurred on construction loan
(35d)	Construction Loan Interest Reserve	Established as part of construction loan to fund interest incurred on construction loan during early development phase

**PRELIMINARY PRO FORMA CASH FLOW FOR
84 RESORT TIMESHARE UNITS AT WILDACRES**

PROFORMA INCOME STATEMENT

6/13/2008

	Total	% of Total Revenue		Cumulative Contribution & Distribution	Annual Contribution & Distribution	IRR
REVENUES			Year			
Gross Timeshare Sales	\$135,574,954	100.0%				
Total Revenues	\$135,574,954	100.0%				
COST OF GOODS SOLD			0	(7,875,000)		
			1	(7,851,029)	2008	23,971
			2	(7,749,094)	2009	101,934
Construction/Conversion Costs, Soft Costs, Interest and Points	45,798,375	33.8%	3	(7,615,616)	2010	133,479
Developer's fee and investment	4,067,249	3.0%	4	(7,509,570)	2011	106,046
Licensing fee	2,711,499	2.0%	5	(5,518,220)	2012	1,991,350
Land	6,300,000	4.6%	6	(5,518,220)	2013	0
Total FF&E Costs	3,836,511	2.8%	7	(5,518,220)	2014	0
			8	3,786,603	2015	9,304,823
			9	10,332,275	2016	6,545,673
Total Cost of Goods Sold	\$62,713,634	46.3%	10	13,694,756	2017	3,362,481
			11	14,577,143	2018	882,386
GROSS PROFIT	\$72,861,320	53.7%	12	14,577,143	2019	0
			13	14,577,143	2020	0
OPERATING EXPENSES			14	14,577,143	2021	0
			15	14,577,143	2022	0
Total Marketing Costs	31,182,239	23.0%				
Total Sales Costs	20,336,243	15.0%				
Total Administration	10,168,122	7.5%				
Other (Start Up and HOA subsidy)	2,000,000	1.5%				
Total Operating Expenses	\$63,686,604	47.0%				
PROFIT BEFORE FINANCING ACTIVITIES	\$9,174,716	6.8%				
FINANCING ACTIVITIES						
Interest Income from Notes Carried Back	32,508,654	24.0%				
Less Hypothecation Loan Interest	(15,152,850)	-11.2%				
Less Hypothecation Loan Points	(259,500)	-0.2%				
Less Delinquencies	(11,239,404)	-8.3%				
Delinquencies Recovery	1,685,911	1.2%				
Net Interest Income or Expenses	\$7,542,811	5.6%				
TOTAL PROFIT	\$16,717,526	12.3%				

The accompanying notes and narrative are an integral part of this pro forma cash flow

BELLEAYRE RESORT: WILDACRES
84-UNIT TIMESHARE PROFORMA CASH FLOW
ASSUMPTION SHEET

SALES ASSUMPTIONS

Beginning Average Sales Price:	
Two-Bedroom Units	\$27,356
Three-Bedroom Units	\$34,856
Weighted Average Beginning Sales Price:	\$29,231
Number of Available Weeks for Sale per Unit	52
Sales Price - Yearly Increase:	3.0%
Total Intervals	4,368

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	15.00%
Financed Sales Percentage:	85.00%
Marketing Costs:	23.0%
Sales Costs:	15.0%
G&A Costs:	7.5%

Sales Pace - Net Intervals Sold	Units Developed	Units Sold	Intervals Sold	Number of years
2008	15	11.5	600	1
2009	20	17.3	900	2
2010	25	23.1	1200	3
2011	24	23.1	1200	4
2012	0	9.0	468	5
2013	0	0.0	0	
2014	0	0.0	0	
2015	0	0.0	0	
2016	0	0.0	0	
2017	0	0.0	0	
2018	0	0.0	0	
2019	0	0.0	0	
2020	0	0.0	0	
2021	0	0.0	0	
Total	84	84	4,368	

CONSTRUCTION/CONVERSION ASSUMPTIONS

Total Vacation Ownership Units		84	
Unit Mix:			
Two-Bedroom Units		63	75.0%
Three-Bedroom Units		21	25.0%
Total		84	100.0%
Acres:		620.0	
Land Cost:	\$75,000 per unit	\$6,300,000	
Infrastructure Costs:	\$71,500 per unit	\$6,006,000	
Amenities and Landscaping:		\$1,000,000	
Sales Center:		\$1,000,000	
Soft Costs:		5.0% of hard costs	
Start-Up Costs:		\$1,000,000	
Developer's fee and investment:		3.0% of gross sales	
Licensing fee:		2.0% of gross sales	
Paid-In Equity:	35.0% of first year construction costs		

Beginning Unit Construction Costs

Two-Bedroom Units	1,300 sq. ft.	\$225.00 sq. ft.	\$292,500
Three-Bedroom Units	1,700 sq. ft.	\$225.00 sq. ft.	\$382,500

Beginning FF&E Costs

Two-Bedroom Units	1,300 sq. ft.	\$30.00 sq. ft.	\$39,000
Three-Bedroom Units	1,700 sq. ft.	\$30.00 sq. ft.	\$51,000

Average Per Unit FF&E

\$45,673

Construction Contingency:	7.5% of hard costs
Construction/FF&E Cost - Yearly Increase:	5.0%

HYPOTHECATION/CONSTRUCTION ASSUMPTIONS

Financed Sales - Average Down Payment	15.0%
Financed Sales - Average Interest Rate:	12.0%
Financed Sales - Average Term (Months):	84
Hypothecation Advance Rate:	85.0%
Hypothecation Loan	\$17,300,000
Hypothecation Financing Costs (Points):	1.5%
Hypothecation Interest Rate:	8.5%
Construction Loan	\$22,500,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%
Annual Pre-Payment Rate:	12.0%
Default Rate:	5.0%

BELLEAYRE RESORT: WILDACRES
84-UNIT TIMESHARE PROFORMA CASH FLOW

<u>SALES VOLUME</u>		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
(1) Interval Sales		600	900	1,200	1,200	468	0	0	0	0	0
(2) Avg Interval Price	3.00%	\$29,231	\$30,108	\$31,011	\$31,941	\$32,899	\$0	\$0	\$0	\$0	\$0
(3) Sales Volume		\$17,538,462	\$27,096,923	\$37,213,108	\$38,329,501	\$15,396,961	\$0	\$0	\$0	\$0	\$0
(4) Cumulative Sales Volume		\$17,538,462	\$44,635,385	\$81,848,492	\$120,177,993	\$135,574,954	\$135,574,954	\$135,574,954	\$135,574,954	\$135,574,954	\$135,574,954
<u>CASH SOURCES</u>											
(5) Cash Sales	15.00%	\$0	\$6,695,308	\$5,581,966	\$5,749,425	\$2,309,544	\$0	\$0	\$0	\$0	\$0
(6) Down Payments	15.00%	0	5,691,012	4,744,671	4,887,011	1,963,112	0	0	0	0	0
(7) Portfolio Cash Flow		0	0	0	0	0	0	0	9,304,823	6,545,673	3,362,481
(8) Hypothecation Loan Proceeds		0	27,411,706	22,853,500	23,539,105	9,455,658	0	0	0	0	0
(9) Construction Loan		22,500,000	0	0	0	0	0	0	0	0	0
(10) Paid-In Equity	35.0%	7,875,000									
(11) TOTAL CASH SOURCES		\$30,375,000	\$39,798,025	\$33,180,137	\$34,175,541	\$13,728,315	\$0	\$0	\$9,304,823	\$6,545,673	\$3,362,481
<u>CASH USES</u>											
(12) Land		\$6,300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12a) Construction Loan Release Fees		0	13,300,000	2,300,000	3,100,000	3,800,000	0	0	0	0	0
(12b) Construction Loan Interest		956,250	1,347,250	684,250	454,750	161,500	0	0	0	0	0
(12c) Construction Loan Points	1.5%	337,500	0	0	0	0	0	0	0	0	0
(13) Design/Profess. (soft costs)	5.0%	668,050	374,850	491,991	495,927	0	0	0	0	0	0
(14) Infrastructure		6,006,000	0	0	0	0	0	0	0	0	0
(15) Unit Construction/Conversion		4,725,000	6,615,000	8,682,188	8,751,645	0	0	0	0	0	0
(16) FF&E Package		630,000	882,000	1,157,625	1,166,886	0	0	0	0	0	0
(17) Sales Center		1,000,000	0	0	0	0	0	0	0	0	0
(18) Amenities, Landscaping		1,000,000	0	0	0	0	0	0	0	0	0
(19) Developer's fee and investment	3.0%	526,154	812,908	1,116,393	1,149,885	461,909	0	0	0	0	0
(19b) Licensing fee	2.0%	350,769	541,938	744,262	766,590	307,939	0	0	0	0	0
(21) Contingency	7.5%	1,002,075	562,275	737,986	743,890	0	0	0	0	0	0
(22) Marketing/Lead Generation	23.0%	4,033,846	6,232,292	8,559,015	8,815,785	3,541,301	0	0	0	0	0
(23) Sales Costs	15.0%	0	6,695,308	5,581,966	5,749,425	2,309,544	0	0	0	0	0
(24) Administration	7.5%	1,315,385	2,032,269	2,790,983	2,874,713	1,154,772	0	0	0	0	0
(25) Start-Up Costs		1,000,000	0	0	0	0	0	0	0	0	0
(26) HOA Shortfall		500,000	300,000	200,000	0	0	0	0	0	0	0
(27) TOTAL EXPENSES		\$30,351,029	\$39,696,090	\$33,046,658	\$34,069,495	\$11,736,965	\$0	\$0	\$0	\$0	\$0
(28) NET CASH FLOW		\$23,971	\$101,934	\$133,479	\$106,046	\$1,991,350	\$0	\$0	\$9,304,823	\$6,545,673	\$3,362,481
(29) CUMULATIVE CASH FLOW		\$23,971	\$125,906	\$259,384	\$365,430	\$2,356,780	\$2,356,780	\$2,356,780	\$11,661,603	\$18,207,275	\$21,569,756

BELLEAYRE RESORT: WILDACRES
Weighted Average Beginning Pricing

<u>PRODUCT MIX</u>			<u>Interval Week</u>	<u>Sale Price</u> <u>Two-Bedroom Units</u>	<u>Sale Price</u> <u>Three-Bedroom Units</u>
			1	\$30,000	\$37,500
Two-Bedroom Units	75.0%		2	\$30,000	\$37,500
Three-Bedroom Units	25.0%		3	\$30,000	\$37,500
			4	\$30,000	\$37,500
Total	100.0%		5	\$30,000	\$37,500
			6	\$30,000	\$37,500
			7	\$30,000	\$37,500
<u>Sales Price Per Unit</u>			8	\$30,000	\$37,500
			9	\$30,000	\$37,500
Two-Bedroom Units	63	\$1,422,500	10	\$30,000	\$37,500
Three-Bedroom Units	21	\$1,812,500	11	\$30,000	\$37,500
			12	\$22,500	\$30,000
Total	84		13	\$22,500	\$30,000
			14	\$22,500	\$30,000
			15	\$22,500	\$30,000
			16	\$22,500	\$30,000
			17	\$22,500	\$30,000
			18	\$22,500	\$30,000
			19	\$22,500	\$30,000
			20	\$22,500	\$30,000
			21	\$22,500	\$30,000
			22	\$22,500	\$30,000
<u>Total Project Sales Value at Current Prices</u>			23	\$30,000	\$37,500
			24	\$30,000	\$37,500
Two-Bedroom Units		\$89,617,500	25	\$30,000	\$37,500
Three-Bedroom Units		\$38,062,500	26	\$30,000	\$37,500
			27	\$30,000	\$37,500
			28	\$30,000	\$37,500
		\$127,680,000	29	\$30,000	\$37,500
		=====	30	\$30,000	\$37,500
			31	\$30,000	\$37,500
			32	\$30,000	\$37,500
			33	\$30,000	\$37,500
			34	\$30,000	\$37,500
			35	\$30,000	\$37,500
			36	\$30,000	\$37,500
			37	\$30,000	\$37,500
			38	\$30,000	\$37,500
Beginning Weighted Average Sales Price		\$29,231	39	\$30,000	\$37,500
		=====	40	\$30,000	\$37,500
			41	\$22,500	\$30,000
			42	\$22,500	\$30,000
			43	\$22,500	\$30,000
			44	\$22,500	\$30,000
			45	\$22,500	\$30,000
			46	\$22,500	\$30,000
			47	\$22,500	\$30,000
			48	\$22,500	\$30,000
			49	\$22,500	\$30,000
			50	\$22,500	\$30,000
			51	\$40,000	\$47,500
			52	\$40,000	\$47,500
				-----	-----
				\$1,422,500	\$27,356
				-----	-----
					\$1,812,500

					\$34,856

**BELLEAYRE RESORT: WILDACRES
PROFORMA CASH FLOW
DEFINITIONS TO MODEL**

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Interval Sales | The number of interval weeks sold in a given period. |
| (2) | Average Interval Price | The average price obtained on the basis of sales and inventory balance. Generally subject to an annual escalation factor. |
| (3) | Sales Volume | The product of the average interval price and number of interval sales. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|------------------------------|---|
| (5) | Cash Sales | Cash generated from a sales transaction of all cash. |
| (6) | Down Payments | The amount of cash from a financed sales transaction. |
| (7) | Portfolio Cash Flow | Income derived from principal and interest payments on notes receivable. |
| (8) | Hypothecation Loan Proceeds | The amount of cash generated from the initial fundings of the hypothecation and/or factoring of notes receivable. |
| (9) | Construction Loan | Loan for the purpose of acquiring land and constructing improvements |
| (10) | Equity Capital Loan Proceeds | Developer or investor equity. Generally in the form of cash and/or value of land/improvements exceeding loan amount |
| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|--------------------|--|
| (a) | Units Available | Constructed units available for sales. |
| (b) | Intervals for Sale | The total number of intervals for sale from completed units. |
| (c) | Intervals Sold | Total intervals sold in the reported period. |

CASH USES

- | | | |
|-------|-----------------------------------|---|
| (12) | Property Acquisition | Property costs for timeshare units. Generally expressed as a cost per d.u. (dwelling unit). Ideally, the land cost will be retired on a release fee with each interval sold and closed. |
| (12a) | Construction Loan Release Fees | Portion of interval sales price applied to repay the construction loan. Excess cashflow is generally included to accelerate construction loan paydown. |
| (12b) | Construction Loan Excess Interest | Amount of interest not covered through the interest reserve |
| (12c) | Construction Loan Points | Lender fee charged for issuing construction loan |
| (13) | Design/Profess. | Consulting, architectural fees, etc. |
| (14) | Infrastructure | Roads, utilities, etc. |
| (15) | Unit Construction | Cost to construct/convert units |
| (16) | Furnishings (FF&E) | Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated. |

- | | | |
|------|--|--|
| (17) | Sales Office | The cost of separate sales facilities on-site, which may be used on a long term basis |
| (18) | Amenities | Facilities for the exclusive use of owners/renters/guests to include the existing amenities plus improvements to be added but as yet indeterminate. also include space for resort management and post sales functions. |
| (19) | Other anticipated costs | To be determined, if any. |
| (20) | Contingency for unforeseen construction costs. | |
| (21) | Contingency for unforeseen construction costs. | |
| (22) | Marketing Lead Generation | Direct and indirect costs of promotion and advertising to generate prospects to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project. |
| (23) | Commissions | Sales commissions incurred in the selling of the interval weeks to include all applicable management overrides and bonuses. |
| (24) | Administration | Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly to and within marketing and sales budgets/allocations. |
| (25) | Start Up | Legal and accounting work associated with structuring the offering and supporting documentation. |
| (26) | Resort Management (HOA) Shortfall | Operating costs for the resort management organiz. that require developer subsidy until maintenance fees from customers provides necessary funds. |
| (27) | Total Expenses | Total of all operational expenses less debt service and related interest. |
| (28) | Net Cash Flow | Net Cash flow after debt service. |
| (29) | Cumul. Net Cash Flow | Cumulative Cash Flows. |

Annual Pre-
Payments 12.0%
Annual
Default Rate 5.0%

BELLEAYRE RESORT: WILDACRES
NOTE PORTFOLIO CASH FLOW

	Starting Gross Note Bal.	Starting Net Note Balance	2008 ----- 1	2009 ----- 2	2010 ----- 3	2011 ----- 4	2012 ----- 5	2013 ----- 6	2014 ----- 7	2015 ----- 8	2016 ----- 9	2017 ----- 10	2018 ----- 11	2019 ----- 12	2020 ----- 13
2008	17,538,462	17,538,462	3,962,226	4,808,735	3,841,512	3,041,843	2,381,802	1,838,068	1,391,161	0	0	0	0		
2009	14,710,604	14,710,604		3,323,367	4,033,386	3,222,116	2,551,383	1,997,766	1,541,702	1,166,854	0	0	0	0	
2010	26,886,470	26,886,470			6,074,094	7,371,793	5,889,039	4,663,146	3,651,304	2,817,758	2,132,651	0	0	0	0
2011	27,693,064	27,693,064				6,256,317	7,592,947	6,065,710	4,803,041	3,760,843	2,902,291	2,196,630	0	0	0
2012	11,124,304	11,124,304					2,513,163	3,050,087	2,436,596	1,929,381	1,510,731	1,165,850	882,386	0	0
2013	0	0						0	0	0	0	0	0	0	0
2014	0	0						0	0	0	0	0	0	0	0
2015	0	0							0	0	0	0	0	0	0
2016	0	0								0	0	0	0	0	0
2017	0	0									0	0	0	0	0
2018	0	0										0	0	0	0
2019	0	0											0	0	0
2020	0	0												0	0
2021	0	0													0
	97,952,904	97,952,904													
TOTAL PORTFOLIO CASH FLOW			3,962,226	8,132,101	13,948,993	19,892,069	20,928,334	17,614,777	13,823,804	9,674,837	6,545,673	3,362,481	882,386	0	0
Hypothecation Interest Expense		85.00%	(633,577)	(1,537,697)	(2,479,867)	(3,476,677)	(3,483,646)	(2,402,713)	(1,109,687)	(28,987)	0	0	0	0	0
Hypothecation Points		1.50%	(259,500)	0	0	0	0	0	0	0	0	0	0	0	0
NET PORTFOLIO CASH FLOW			3,069,149	6,594,405	11,469,126	16,415,392	17,444,689	15,212,065	12,714,117	9,645,850	6,545,673	3,362,481	882,386	0	0
BEGINNING HYPOTHECATION LOAN BALANCE:			0	11,838,543	17,748,152	29,132,526	36,256,238	28,267,208	13,055,144	341,027	0	0	0	0	0
New Borrowings			14,907,692	12,504,013	22,853,500	23,539,105	9,455,658	0	0	0	0	0	0	0	0
Net Paydowns on Loans			(3,069,149)	(6,594,405)	(11,469,126)	(16,415,392)	(17,444,689)	(15,212,065)	(12,714,117)	(341,027)	0	0	0	0	0
ENDING HYPOTHECATION LOAN BALANCE:			11,838,543	17,748,152	29,132,526	36,256,238	28,267,208	13,055,144	341,027	0	0	0	0	0	0
POSITIVE CASH FLOW FROM PORTFOLIO			0	0	0	0	0	0	0	9,304,823	6,545,673	3,362,481	882,386	0	0
Hypothecation Interest Expense			633,577	1,537,697	2,479,867	3,476,677	3,483,646	2,402,713	1,109,687	28,987	0	0	0	0	0

	Annual Pre-Payments	12.0%											
	Annual Default Rate	5.0%											
	Starting Gross Note Bal.	Starting Net Note Balance	2021	2022	2023	2024	2025	2026	2027	2028	2029	Totals	
			----	--	--	--	--	--	--	----	-----	-----	
			14	15	16	17	18	19	20	21	22		
2008	17,538,462	17,538,462										21,265,346	
2009	14,710,604	14,710,604										17,836,575	
2010	26,886,470	26,886,470										32,599,786	
2011	27,693,064	27,693,064	0									33,577,780	
2012	11,124,304	11,124,304	0	0								13,488,194	
2013	0	0	0	0	0							0	
2014	0	0	0	0	0	0						0	
2015	0	0	0	0	0	0	0					0	
2016	0	0	0	0	0	0	0	0				0	
2017	0	0	0	0	0	0	0	0	0			0	
2018	0	0	0	0	0	0	0	0	0	0		0	
2019	0	0	0	0	0	0	0	0	0	0	0	0	
2020	0	0	0	0	0	0	0	0	0			0	
2021	0	0	0	0	0	0	0	0	0			0	
	-----	-----										0	
	97,952,904	97,952,904										0	
TOTAL PORTFOLIO CASH FLOW			0	0	0	0	0	0	0	0	0	118,767,681	
Hypothecation Interest Expense	85.00%		0	0	0	0	0	0	0	0	0	(15,152,850)	
Hypothecation Points	1.50%		0	0	0	0	0	0	0	0	0	(259,500)	
NET PORTFOLIO CASH FLOW			0	0	0	0	0	0	0	0	0	103,355,331	
BEGINNING HYPOTHECATION LOAN BALANCE:			0	0	0	0	0	0	0	0	0		
New Borrowings			0	0	0	0	0	0	0	0	0		
Net Paydowns on Loans			0	0	0	0	0	0	0	0	0		
ENDING HYPOTHECATION LOAN BALANCE:			0	0	0	0	0	0	0	0	0		
POSITIVE CASH FLOW FROM PORTFOLIO			0	0	0	0	0	0	0	0	0	20,095,362	
Hypothecation Interest Expense			0	0	0	0	0	0	0	0	0	15,152,850	
												0	

												15,152,850	

**PRELIMINARY PRO FORMA CASH FLOW FOR
27 1/6 SHARE UNITS AT WILDACRES**

6/13/2008

**BELLEAYRE RESORT: WILDACRES
1/6 FRACTIONAL SHARES - 27 UNITS
PROFORMA INCOME STATEMENT**

Page 1

	<u>Total</u>	<u>% of Gross Sales</u>		<u>Cumulative</u>	<u>Annual</u>	
Revenues				<u>Contribution &</u>	<u>Contribution &</u>	<u>IRR</u>
			<u>Year</u>	<u>Distribution</u>	<u>Distribution</u>	
Gross Fractional Interest Sales	\$51,603,156	100.0%				
<hr/>						
Gross Sales	\$51,603,156	100.0%	0		(2,100,000)	
Cost of Goods Sold			1	(2,066,067)	2008	33,933
Infrastructure, Soft Costs,			2	2,655,035	2009	4,721,102
Finance Costs	4,429,085	8.6%	3	4,969,899	2010	2,314,864
Land Cost	2,025,000	3.9%	4	8,158,748	2011	3,188,849
Total Construction/Conversion,			5	11,680,576	2012	3,521,828
Contingency Costs	12,849,152	24.9%	6	17,421,973	2013	5,741,397
Developer's fee and investment	1,548,095	3.0%	7	18,955,638	2014	1,533,665
Licensing fee	1,032,063	2.0%	8	18,955,638	2015	0
Amenities and Landscaping	250,000	0.5%	9	18,955,638	2016	0
Total FF&E Costs	2,015,634	3.9%	10	18,955,638	2017	0
			11	18,955,638	2018	0
Total Cost of Goods Sold	\$24,149,029	46.8%	12	18,955,638	2019	0
			13	18,955,638	2020	0
Gross Profit	\$27,454,127	53.2%	14	18,955,638	2021	0
			15	18,955,638	2022	0
Operating Expenses						
Total Marketing Costs	3,096,189	6.0%				
Total Sales Costs	3,612,221	7.0%				
Total Administration	1,290,079	2.5%				
Other	500,000	1.0%				
Total Operating Expenses	\$8,498,489	16.5%				
Net Profit	\$18,955,638	36.7%				

**BELLEAYRE RESORT: WILDACRES
1/6 FRACTIONAL SHARES - 27 UNITS
ASSUMPTIONS**

SALES ASSUMPTIONS

Beginning Sales Price:	\$274,074
Two-Bedroom Units	\$250,000
Three-Bedroom Units	\$300,000

Number of available shares for sale per unit		6
Sales Price - Yearly Increase:	5.0%	

Total Shares 162

Sales Pace - Net Shares Sold	Units Developed	Units Sold	Shares Sold
2008	4.0	2.7	16
2009	4.0	3.3	20
2010	4.0	4.0	24
2011	6.0	5.3	32
2012	6.0	5.3	32
2013	3.0	5.3	32
2014	0.0	1.0	6
2015	0.0	0.0	0
2016	0.0	0.0	0
2017	0.0	0.0	0
2018	0.0	0.0	0
2019	0.0	0.0	0
2020	0.0	0.0	0
2021	0.0	0.0	0
Total	27	27	162

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	100.00%
Financed Sales Percentage:	0.00%

OPERATING COSTS

Marketing/Lead Generation	6.0%
Commissions	7.0%
Administration	2.5%
Developer Equity:	35.0%

CONSTRUCTION ASSUMPTIONS

Total Fractional Interest Units	27	
Unit Mix		
Two-Bedroom Units	14	51.9%
Three-Bedroom Units	13	48.1%
Total	27	100.0%
Acres:	620.0	

Beginning Unit Construction Cost:

Two-Bedroom Units	1,450 sq. ft.	\$225 sq. ft.	\$326,250
Three-Bedroom Units	1,850 sq. ft.	\$225 sq. ft.	\$416,250

Beginning Unit F.F.&E. Cost:

Two-Bedroom Units	1,450 sq. ft.	\$40 sq. ft.	\$58,000
Three-Bedroom Units	1,850 sq. ft.	\$40 sq. ft.	\$74,000

Infrastructure Costs:	\$1,930,500	\$71,500 per unit
Amenities and Landscaping:	\$250,000	
Construction Contingency:	7.5%	
Start Up Costs:	\$250,000	
Soft Costs:	5.0%	
Sales Center:	\$250,000	
Developer's fee and investment:	3.0%	of gross sales
Licensing fee:	2.0%	of gross sales
Land:	\$2,025,000	\$75,000 per unit

Construction/FF&E Cost - Yearly Increase: 5.0%

Construction Loan	\$6,000,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%

1/6 FRACTIONAL SHARES - 27 UNITS

<u>SALES VOLUME</u>		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
(1) Share Sales		16	20	24	32	32	32	6	0	0	0
(2) Avg Share Price	5.0%	\$274,074	\$287,778	\$302,167	\$317,275	\$333,139	\$349,796	\$367,285	\$0	\$0	\$0
(3) Sales Volume		\$4,385,185	\$5,755,556	\$7,252,000	\$10,152,800	\$10,660,440	\$11,193,462	\$2,203,713	\$0	\$0	\$0
(4) Cumulative Sales Volume		\$4,385,185	\$10,140,741	\$17,392,741	\$27,545,541	\$38,205,981	\$49,399,443	\$51,603,156	\$51,603,156	\$51,603,156	\$51,603,156
<u>CASH SOURCES</u> (all sales escrowed until year two)											
(5) Cash Sales	100.0%	\$0	\$10,140,741	\$7,252,000	\$10,152,800	\$10,660,440	\$11,193,462	\$2,203,713	\$0	\$0	\$0
(6) Down Payments	0.00%	0	0	0	0	0	0	0	0	0	0
(7) Portfolio Cash Flow		0	0	0	0	0	0	0	0	0	0
(8) Hypothecation Loan Proceeds		0	0	0	0	0	0	0	0	0	0
(9) Acquisition/Construction Loan		6,000,000	0	0	0	0	0	0	0	0	0
(10) Paid-In Equity Capital	35.0%	2,100,000	0	0	0	0	0	0	0	0	0
(11) TOTAL CASH SOURCES		\$8,100,000	\$10,140,741	\$7,252,000	\$10,152,800	\$10,660,440	\$11,193,462	\$2,203,713	\$0	\$0	\$0
<u>CASH USES</u>											
(12) Land		\$2,025,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12a) Construction Loan Release Fees		\$0	\$1,333,333	\$888,889	\$1,185,185	\$1,185,185	\$1,185,185	\$222,222	\$0	\$0	\$0
(12b) Construction Loan Interest		255,000	453,333	358,889	270,741	170,000	69,259	(9,444)	0	0	0
(12c) Construction Loan Points		90,000	0	0	0	0	0	0	0	0	0
(12d) Infrastructure Costs		1,930,500	0	0	0	0	0	0	0	0	0
(13) Soft costs	5.0%	212,968	97,166	103,233	161,323	169,389	94,526	2,204	0	0	0
(15) Unit Conv./Constr. Costs		1,478,333	1,552,250	1,629,863	2,567,033	2,695,385	1,415,077	0	0	0	0
(16) Unit FF&E Costs		262,815	275,956	289,753	456,362	479,180	251,569	0	0	0	0
(17) Sales Office		250,000	0	0	0	0	0	0	0	0	0
(18) Amenities and Landscaping		250,000	0	0	0	0	0	0	0	0	0
(18b) Developer's fees and investment	3.0%	131,556	172,667	217,560	304,584	319,813	335,804	66,111	0	0	0
(19b) Licensing fee	2.0%	87,704	115,111	145,040	203,056	213,209	223,869	44,074	0	0	0
(21) Contingency - Construction/FFE/Amenities/Other	7.5%	319,451	145,749	154,849	241,984	254,083	141,789	3,306	0	0	0
(22) Marketing/Lead Generation	6.0%	263,111	345,333	435,120	609,168	639,626	671,608	132,223	0	0	0
(23) Commissions	7.0%	0	709,852	507,640	710,696	746,231	783,542	154,260	0	0	0
(24) Administration	2.5%	109,630	143,889	181,300	253,820	266,511	279,837	55,093	0	0	0
(25) Start Up Costs		250,000	0	0	0	0	0	0	0	0	0
(26) HOA Shortfall		150,000	75,000	25,000	0	0	0	0	0	0	0
(27) TOTAL EXPENSES		\$8,066,067	\$5,419,639	\$4,937,136	\$6,963,951	\$7,138,612	\$5,452,065	\$670,048	\$0	\$0	\$0
(28) NET CASH FLOW		\$33,933	\$4,721,102	\$2,314,864	\$3,188,849	\$3,521,828	\$5,741,397	\$1,533,665	\$0	\$0	\$0
(29) CUMULATIVE CASH FLOW		\$33,933	\$4,755,035	\$7,069,899	\$10,258,748	\$13,780,576	\$19,521,973	\$21,055,638	\$21,055,638	\$21,055,638	\$21,055,638

BELLEAYRE RESORT: WILDACRES
1/6 FRACTIONAL SHARES - 27 UNITS
Weighted Average Beginning Pricing

<u>PRODUCT MIX</u>		<u>Shares</u>	<u>Sale Price</u> <u>Two-Bedroom Units</u>	<u>Sale Price</u> <u>Three-Bedroom Units</u>		
Two-Bedroom Units	51.9%	1	\$250,000	\$300,000		
Three-Bedroom Units	48.1%	2	\$250,000	\$300,000		
		3	\$250,000	\$300,000		
		4	\$250,000	\$300,000		
		5	\$250,000	\$300,000		
		6	\$250,000	\$300,000		
<u>Sales Price Per Unit</u>			-----	-----		
Two-Bedroom Units	14	\$1,500,000	\$1,500,000	\$250,000	\$1,800,000	\$300,000
Three-Bedroom Units	13	\$1,800,000				
 <u>Total Project Sales Value at Current Prices</u>						
Two-Bedroom Units		\$21,000,000				
Three-Bedroom Units		\$23,400,000				
Total		\$44,400,000				
 Beginning Weighted Average Sales Price		\$274,074				

BELLEAYRE RESORT: WILDACRES
1/6 FRACTIONAL SHARES - 27 UNITS
Definitions to Model

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Sales | The number of shares sold in a given period. All sales proceeds will be escrowed and unavailable to developer until second year (Cert. Of Occup.) |
| (3) | Price | Generally subject to an annual escalation factor. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|-------------------------------|---|
| (8) | Hypothecation Loan | The amount of cash generated from the initial fundings of the |
| (9) | Acquisition/Construction Loan | Loan for the purpose of acquiring land/improvements and constructing improvements |
| (10) | Equity Capital | Developer or investor equity. Generally in the form of cash and/or |
| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|-----------------|---|
| (b) | Shares for Sale | The total number of shares for sale from completed units. |
| (c) | Shares Sold | Total shares sold in the reported period. |

CASH USES

(12)	Land	Property costs for vacation ownership units. Generally expressed as a cost per dwelling unit
(12a)	Construction Loan Release Fees	Portion of share sales price applied to repay the construction loan (may be higher in order to rapidly repay construction loan)
(12b)	Construction Loan Interest	Amount of interest not covered through the interest reserve
(12c)	Construction Loan Points	Lender fee charged for issuing construction loan
(12d)	Infrastructure	Roads, utilities, etc., prior to unit/amenity construction
(13)	Soft Costs	Consulting, architectural fees, etc.
(14)	Other Development Costs	Atypical costs
(15)	Unit Conv./Constr. Costs	Costs to construct units
(16)	Furnishings (FF&E)	Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated.
(17)	Sales Office	The cost of separate sales facilities on-site, which may be used on a long term basis
(18)	Amenities	Facilities for the exclusive use of owners/renters/guests to include the existing amenities plus improvements to be added but as yet indeterminate. Also include space for resort management and post sales functions.
(19)	Other Unique costs	To be determined, if any.
(21)	Unforeseen construction costs.	
(22)	Marketing	Direct and indirect costs of promotion and advertising to generate prospects
	Lead Generation	to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project.
(23)	Commissions	Sales commissions incurred in the selling of the shares to include all applicable management overrides and bonuses.
(24)	Administration	Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly and within marketing and sales budgets/allocations.
(25)	Start Up Costs	Legal and accounting work associated with structuring the offering and supporting documentation.
(26)	Resort Management (HOA) Shortfall	Operating costs for the resort management organiz. that require developer subsidy until maintenance fees from customers provides necessary funds.
(26a)	Overnight Room Rental Expense	Expense to rent the unsold units (as a percentage of room revenue)
(27)	Total Expenses	Total of all operational expenses less debt service and related interest.
(28)	Net Cash Flow	Net Cash flow after debt service.
(29)	Cumul. Net Cash Flow	Cumulative Cash Flows.
(30)	Receivables	Principal balance of receivables generated based on given cash sales/down payments.
(31)	Cumul Receivables	Cumulative gross principal balances of notes receivables.
(32)	Outstanding Receivables Balance	The Principle balance remaining on the outstanding Receivables
(33)	Outstanding Hypothecation Loan Balance	The amount of borrowed dollars under the hypothecation loan agreement of which the receivables have been pledged.
(34)	Net Portfolio Value	The amount of remaining principle balance less the hypothecation loan balance
(35)	Construction Loan Draw	Fundings for the purpose of acquiring land and constructing improvements
(35a)	Release fees	See 12a
(35b)	Construction Loan Balance	Balance of loan after application of release fees
(35c)	Construction Loan Interest	Total interest incurred on construction loan
(35d)	Construction Loan Interest Reserve	Established as part of construction loan to fund interest incurred on construction loan during early development phase

**PRELIMINARY PRO FORMA CASH FLOW FOR
28 1/12 SHARE UNITS AT WILDACRES**

6/14/2008

**BELLEAYRE RESORT: WILDACRES
1/12 FRACTIONAL SHARES - 28 UNITS
PROFORMA INCOME STATEMENT**

Page 1

	<u>Total</u>	<u>% of Gross Sales</u>		<u>Cumulative Contribution & Distribution</u>	<u>Annual Contribution & Distribution</u>	<u>IRR</u>
Revenues			<u>Year</u>			
Gross Fractional Interest Sales	\$60,859,931	100.0%				
Gross Sales	\$60,859,931	100.0%	0		(2,205,000)	
Cost of Goods Sold			1	(2,175,425)	2008	29,575
Infrastructure, Soft Costs,			2	(1,307,506)	2009	867,919
Finance Costs	3,529,979	5.8%	3	2,752,670	2010	4,060,176
Land Cost	2,100,000	3.5%	4	9,231,173	2011	6,478,504
Total Construction/Conversion, Contingency Costs	13,687,850	22.5%	5	16,033,602	2012	6,802,429
Developer's fee and investment	1,825,798	3.0%	6	23,176,152	2013	7,142,550
Licensing fee	1,217,199	2.0%	7	24,340,528	2014	1,164,376
Amenities and Landscaping	250,000	0.4%	8	24,340,528	2015	0
Total FF&E Costs	2,149,490	3.5%	9	24,340,528	2016	0
			10	24,340,528	2017	0
Total Cost of Goods Sold	\$24,760,316	40.7%	11	24,340,528	2018	0
			12	24,340,528	2019	0
Gross Profit	\$36,099,615	59.3%	13	24,340,528	2020	0
			14	24,340,528	2021	0
Operating Expenses			15	24,340,528	2022	0
Total Marketing Costs	4,868,794	8.0%				
Total Sales Costs	4,260,195	7.0%				
Total Administration	2,130,098	3.5%				
Other	500,000	0.8%				
Total Operating Expenses	\$11,759,087	19.3%				
Net Profit	\$24,340,528	40.0%				

**BELLEAYRE RESORT: WILDACRES
1/12 FRACTIONAL SHARES - 28 UNITS
ASSUMPTIONS**

SALES ASSUMPTIONS

Beginning Sales Price:	\$155,000
Two-Bedroom Units	\$140,000
Three-Bedroom Units	\$170,000

Number of available shares for sale per unit		12
Sales Price - Yearly Increase:	5.0%	

Total Shares		336
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Sales Pace - Net Shares Sold	Units Developed	Units Sold	Shares Sold
2008	4.0	2.7	32
2009	4.0	3.3	40
2010	4.0	4.0	48
2011	4.0	5.3	64
2012	4.0	5.3	64
2013	4.0	5.3	64
2014	4.0	2.0	24
2015	0.0	0.0	0
2016	0.0	0.0	0
2017	0.0	0.0	0
2018	0.0	0.0	0
2019	0.0	0.0	0
2020	0.0	0.0	0
2021	0.0	0.0	0
Total	28	28	336

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	100.00%
Financed Sales Percentage:	0.00%

OPERATING COSTS

Marketing/Lead Generation	8.0%
Commissions	7.0%
Administration	3.5%
Developer Equity:	35.0%

CONSTRUCTION ASSUMPTIONS

Total Fractional Interest Units	28	
Unit Mix		
Two-Bedroom Units	14	50.0%
Three-Bedroom Units	14	50.0%
Total	28	100.0%
Acres:	620.0	

Beginning Unit Construction Cost:

Two-Bedroom Units	1,450 sq. ft.	\$225 sq. ft.	\$326,250
Three-Bedroom Units	1,850 sq. ft.	\$225 sq. ft.	\$416,250

Beginning Unit F.F.&E. Cost:

Two-Bedroom Units	1,450 sq. ft.	\$40 sq. ft.	\$58,000
Three-Bedroom Units	1,850 sq. ft.	\$40 sq. ft.	\$74,000

Infrastructure Costs:	\$2,002,000	\$71,500 per unit
Amenities and Landscaping:	\$250,000	
Construction Contingency:	7.5%	
Start Up Costs:	\$250,000	
Soft Costs:	5.0%	
Sales Center:	\$250,000	
Developer's fee and investment:	3.0% of sales volume	
Licensing fee:	2.0% of sales volume	
Land:	\$2,100,000	\$75,000 per unit

Construction/FF&E Cost - Yearly Increase: 5.0%

Construction Loan	\$6,300,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%

1/12 FRACTIONAL SHARES - 28 UNITS

<u>SALES VOLUME</u>		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
(1) Share Sales		32	40	48	64	64	64	24	0	0	0
(2) Avg Share Price	5.0%	\$155,000	\$162,750	\$170,888	\$179,432	\$188,403	\$197,824	\$207,715	\$0	\$0	\$0
(3) Sales Volume		\$4,960,000	\$6,510,000	\$8,202,600	\$11,483,640	\$12,057,822	\$12,660,713	\$4,985,156	\$0	\$0	\$0
(4) Cumulative Sales Volume		\$4,960,000	\$11,470,000	\$19,672,600	\$31,156,240	\$43,214,062	\$55,874,775	\$60,859,931	\$60,859,931	\$60,859,931	\$60,859,931
<u>CASH SOURCES</u> (all sales escrowed until year two)											
(5) Cash Sales	100.0%	\$0	\$11,470,000	\$8,202,600	\$11,483,640	\$12,057,822	\$12,660,713	\$4,985,156	\$0	\$0	\$0
(6) Down Payments	0.00%	0	0	0	0	0	0	0	0	0	0
(7) Portfolio Cash Flow		0	0	0	0	0	0	0	0	0	0
(8) Hypothecation Loan Proceeds		0	0	0	0	0	0	0	0	0	0
(9) Acquisition/Construction Loan		6,300,000	0	0	0	0	0	0	0	0	0
(10) Paid-In Equity Capital	35.0%	2,205,000	0	0	0	0	0	0	0	0	0
(11) TOTAL CASH SOURCES		\$8,505,000	\$11,470,000	\$8,202,600	\$11,483,640	\$12,057,822	\$12,660,713	\$4,985,156	\$0	\$0	\$0
<u>CASH USES</u>											
(12) Land		\$2,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12a) Construction Loan Release Fees		\$0	\$6,300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12b) Construction Loan Interest		267,750	267,750	0	0	0	0	0	0	0	0
(12c) Construction Loan Points		94,500	0	0	0	0	0	0	0	0	0
(12d) Infrastructure Costs		2,002,000	0	0	0	0	0	0	0	0	0
(13) Soft costs	5.0%	217,510	98,333	104,616	112,718	118,354	124,272	122,177	0	0	0
(15) Unit Conv./Constr. Costs		1,485,000	1,559,250	1,637,213	1,719,073	1,805,027	1,895,278	1,990,042	0	0	0
(16) Unit FF&E Costs		264,000	277,200	291,060	305,613	320,894	336,938	353,785	0	0	0
(17) Sales Office		250,000	0	0	0	0	0	0	0	0	0
(18) Amenities and Landscaping		250,000	0	0	0	0	0	0	0	0	0
(18b) Developer's fees and investment	3.0%	148,800	195,300	246,078	344,509	361,735	379,821	149,555	0	0	0
(19b) Licensing fee	2.0%	99,200	130,200	164,052	229,673	241,156	253,214	99,703	0	0	0
(21) Contingency - Construction/FFE/Amenities/Other	7.5%	326,265	147,499	156,924	169,077	177,531	186,407	183,265	0	0	0
(22) Marketing/Lead Generation	8.0%	396,800	520,800	656,208	918,691	964,626	1,012,857	398,812	0	0	0
(23) Commissions	7.0%	0	802,900	574,182	803,855	844,048	886,250	348,961	0	0	0
(24) Administration	3.5%	173,600	227,850	287,091	401,927	422,024	443,125	174,480	0	0	0
(25) Start Up Costs		250,000	0	0	0	0	0	0	0	0	0
(26) HOA Shortfall		150,000	75,000	25,000	0	0	0	0	0	0	0
(27) TOTAL EXPENSES		\$8,475,425	\$10,602,081	\$4,142,424	\$5,005,136	\$5,255,393	\$5,518,163	\$3,820,780	\$0	\$0	\$0
(28) NET CASH FLOW		\$29,575	\$867,919	\$4,060,176	\$6,478,504	\$6,802,429	\$7,142,550	\$1,164,376	\$0	\$0	\$0
(29) CUMULATIVE CASH FLOW		\$29,575	\$897,494	\$4,957,670	\$11,436,173	\$18,238,602	\$25,381,152	\$26,545,528	\$26,545,528	\$26,545,528	\$26,545,528

BELLEAYRE RESORT: WILDACRES
1/12 FRACTIONAL SHARES - 28 UNITS
Weighted Average Beginning Pricing

<u>PRODUCT MIX</u>		<u>Shares</u>	<u>Sale Price</u>	<u>Sale Price</u>		
			<u>Two-Bedroom Units</u>	<u>Three-Bedroom Units</u>		
Two-Bedroom Units	50.0%					
Three-Bedroom Units	50.0%	1	\$140,000	\$170,000		
		2	\$140,000	\$170,000		
		3	\$140,000	\$170,000		
		4	\$140,000	\$170,000		
		5	\$140,000	\$170,000		
		6	\$140,000	\$170,000		
		7	\$140,000	\$170,000		
<u>Sales Price Per Unit</u>						
Two-Bedroom Units	14	\$1,680,000	\$140,000	\$170,000		
Three-Bedroom Units	14	\$2,040,000	\$140,000	\$170,000		
			10	\$140,000	\$170,000	
			11	\$140,000	\$170,000	
			12	\$140,000	\$170,000	
			-----	-----	-----	
			\$1,680,000	\$140,000	\$2,040,000	\$170,000
<u>Total Project Sales Value at Current Prices</u>						
Two-Bedroom Units		\$23,520,000				
Three-Bedroom Units		\$28,560,000				
Total		\$52,080,000				
Beginning Weighted Average Sales Price		\$155,000				

**BELLEAYRE RESORT: WILDACRES
1/12 FRACTIONAL SHARES - 28 UNITS
Definitions to Model**

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Sales | The number of shares sold in a given period. All sales proceeds will be escrowed and unavailable to developer until second year (Cert. Of Occup.) |
| (3) | Price | Generally subject to an annual escalation factor. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|-------------------------------|---|
| (8) | Hypothecation Loan | The amount of cash generated from the initial fundings of the |
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| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|-----------------|---|
| (b) | Shares for Sale | The total number of shares for sale from completed units. |
| (c) | Shares Sold | Total shares sold in the reported period. |

CASH USES

(12)	Land	Property costs for vacation ownership units. Generally expressed as a cost per dwelling unit
(12a)	Construction Loan Release Fees	Portion of share sales price applied to repay the construction loan (may be higher in order to rapidly repay construction loan)
(12b)	Construction Loan Interest	Amount of interest not covered through the interest reserve
(12c)	Construction Loan Points	Lender fee charged for issuing construction loan
(12d)	Infrastructure	Roads, utilities, etc., prior to unit/amenity construction
(13)	Soft Costs	Consulting, architectural fees, etc.
(14)	Other Development Costs	Atypical costs
(15)	Unit Conv./Constr. Costs	Costs to construct units
(16)	Furnishings (FF&E)	Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated.
(17)	Sales Office	The cost of separate sales facilities on-site, which may be used on a long term basis
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(19)	Other Unique costs	To be determined, if any.
(21)	Unforeseen construction costs.	
(22)	Marketing	Direct and indirect costs of promotion and advertising to generate prospects
	Lead Generation	to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project.
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(24)	Administration	Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly and within marketing and sales budgets/allocations.
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(28)	Net Cash Flow	Net Cash flow after debt service.
(29)	Cumul. Net Cash Flow	Cumulative Cash Flows.
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(34)	Net Portfolio Value	The amount of remaining principle balance less the hypothecation loan balance
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(35a)	Release fees	See 12a
(35b)	Construction Loan Balance	Balance of loan after application of release fees
(35c)	Construction Loan Interest	Total interest incurred on construction loan
(35d)	Construction Loan Interest Reserve	Established as part of construction loan to fund interest incurred on construction loan during early development phase

**PRELIMINARY PRO FORMA CASH FLOW FOR
42 WHOLE-OWNERSHIP UNITS AT WILDACRES**

6/14/2008

**BELLEAYRE RESORT: WILDACRES
HOMES - 42 UNITS
PROFORMA INCOME STATEMENT**

	<u>Total</u>	<u>% of Gross Sales</u>		<u>Cumulative</u>	<u>Annual</u>	
Revenues				Contribution &	Contribution &	
			<u>Year</u>	<u>Distribution</u>	<u>Distribution</u>	<u>IRR</u>
Gross Home Sales	\$45,970,422	100.0%				
Gross Sales	\$45,970,422	100.0%	0		(6,580,000)	
Cost of Goods Sold			1	(6,536,098)	2008	43,902
Infrastructure, Soft Costs,			2	(1,043,277)	2009	5,492,821
Finance Costs	7,535,013	16.4%	3	3,970,244	2010	5,013,521
Land Cost	3,150,000	6.9%	4	10,104,534	2011	6,134,290
Total Construction/Conversion,			5	11,814,744	2012	1,710,210
Contingency Costs	16,284,806	35.4%	6	11,814,744	2013	0
Developer's fee and investment	1,379,113	3.0%	7	11,814,744	2014	0
Licensing fee	919,408	2.0%	8	11,814,744	2015	0
Amenities and Landscaping	0	0.0%	9	11,814,744	2016	0
Total FF&E Costs	0	0.0%	10	11,814,744	2017	0
			11	11,814,744	2018	0
Total Cost of Goods Sold	\$29,268,340	63.7%	12	11,814,744	2019	0
			13	11,814,744	2020	0
Gross Profit	\$16,702,082	36.3%	14	11,814,744	2021	0
			15	11,814,744	2022	0
Operating Expenses						
Total Marketing Costs	919,408	2.0%				
Total Sales Costs	2,758,225	6.0%				
Total Administration	459,704	1.0%				
Other	750,000	1.6%				
Total Operating Expenses	\$4,887,338	10.6%				
Net Profit	\$11,814,744	25.7%				

**BELLEAYRE RESORT: WILDACRES
HOMES - 42 UNITS
ASSUMPTIONS**

SALES ASSUMPTIONS

Beginning Sales Price:	\$994,643
One-Bedroom Units	\$600,000
Two-Bedroom Units	\$975,000
Three-Bedroom Units	\$1,200,000

Number of available shares for sale per unit		1
Sales Price - Yearly Increase:	5.0%	

Total Homes		42
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Sales Pace	Units Developed	Units Sold	Sales Pace
2008	42.0	6.0	6
2009	0.0	9.0	9
2010	0.0	12.0	12
2011	0.0	12.0	12
2012	0.0	3.0	3
2013	0.0	0.0	0
2014	0.0	0.0	0
2015	0.0	0.0	0
2016	0.0	0.0	0
2017	0.0	0.0	0
2018	0.0	0.0	0
2019	0.0	0.0	0
2020	0.0	0.0	0
2021	0.0	0.0	0
Total	42	42	42

CASH FLOW ASSUMPTIONS

Total "Cash Sales" Percentage:	100.00%
Financed Sales Percentage:	0.00%

OPERATING COSTS

Marketing/Lead Generation	2.0%
Commissions	6.0%
Administration	1.0%
Developer Equity:	35.0%

CONSTRUCTION ASSUMPTIONS

Total Fractional Interest Units	42	
Unit Mix		
One-Bedroom Units	8	19.0%
Two-Bedroom Units	17	40.5%
Three-Bedroom Units	17	40.5%
 Total	 42	 100.0%

Acres: 620.0

Infrastructure Costs:	\$3,003,000	\$71,500 per unit
Amenities and Landscaping:	N/A	\$0
Construction Contingency:	7.5%	
Start Up Costs:	\$250,000	
Soft Costs:	5.0%	
Sales Center:	\$250,000	
Developer's fee and investment:	3.0%	of gross sales
Licensing fee:	2.0%	of gross sales
 Land:	 \$3,150,000	 \$75,000 per unit

Beginning Unit Construction Cost:

One-Bedroom Units	900 sq. ft.	\$225 sq. ft.	\$202,500
Two-Bedroom Units	1,500 sq. ft.	\$225 sq. ft.	\$337,500
Three-Bedroom Units	1,900 sq. ft.	\$225 sq. ft.	\$427,500

Construction/FF&E Cost - Yearly Increase: 5.0%

Construction Loan	\$18,800,000
Construction Loan Interest Rate:	8.5%
Construction Loan Financing Costs (Points)	1.5%

HOMES - 42 UNITS

SALES VOLUME		<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
(1) Sales		6	9	12	12	3	0	0	0	0	0
(2) Avg Price	5.0%	\$994,643	\$1,044,375	\$1,096,594	\$1,151,423	\$1,208,995	\$0	\$0	\$0	\$0	\$0
(3) Sales Volume		\$5,967,857	\$9,399,375	\$13,159,125	\$13,817,081	\$3,626,984	\$0	\$0	\$0	\$0	\$0
(4) Cumulative Sales Volume		\$5,967,857	\$15,367,232	\$28,526,357	\$42,343,438	\$45,970,422	\$45,970,422	\$45,970,422	\$45,970,422	\$45,970,422	\$45,970,422
CASH SOURCES (all sales escrowed until year two)											
(5) Cash Sales	100.0%	\$0	\$15,367,232	\$13,159,125	\$13,817,081	\$3,626,984	\$0	\$0	\$0	\$0	\$0
(6) Down Payments	0.00%	0	0	0	0	0	0	0	0	0	0
(7) Portfolio Cash Flow		0	0	0	0	0	0	0	0	0	0
(8) Hypothecation Loan Proceeds		0	0	0	0	0	0	0	0	0	0
(9) Acquisition/Construction Loan		18,800,000	0	0	0	0	0	0	0	0	0
(10) Paid-In Equity Capital	35.0%	6,580,000	0	0	0	0	0	0	0	0	0
(11) TOTAL CASH SOURCES		\$25,380,000	\$15,367,232	\$13,159,125	\$13,817,081	\$3,626,984	\$0	\$0	\$0	\$0	\$0
CASH USES											
(12) Land		\$3,150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12a) Construction Loan Release Fees		\$0	\$6,714,286	\$5,371,429	\$5,371,429	\$1,342,857	\$0	\$0	\$0	\$0	\$0
(12b) Construction Loan Interest		799,000	1,312,643	799,000	342,429	57,071	0	0	0	0	0
(12c) Construction Loan Points		282,000	0	0	0	0	0	0	0	0	0
(12d) Infrastructure Costs		3,003,000	0	0	0	0	0	0	0	0	0
(13) Soft costs	5.0%	899,868	9,399	13,159	13,817	3,627	0	0	0	0	0
(15) Unit Conv./Constr. Costs		14,625,000	0	0	0	0	0	0	0	0	0
(16) Unit FF&E Costs		0	0	0	0	0	0	0	0	0	0
(17) Sales Office		250,000	0	0	0	0	0	0	0	0	0
(18) Amenities and Landscaping		0	0	0	0	0	0	0	0	0	0
(18b) Developer's fees and investment	3.0%	179,036	281,981	394,774	414,512	108,810	0	0	0	0	0
(19b) Licensing fee	2.0%	119,357	187,988	263,183	276,342	72,540	0	0	0	0	0
(21) Contingency - Construction/FFE/Amenities/Other	7.5%	1,349,802	14,099	19,739	20,726	5,440	0	0	0	0	0
(22) Marketing/Lead Generation	2.0%	119,357	187,988	263,183	276,342	72,540	0	0	0	0	0
(23) Commissions	6.0%	0	922,034	789,548	829,025	217,619	0	0	0	0	0
(24) Administration	1.0%	59,679	93,994	131,591	138,171	36,270	0	0	0	0	0
(25) Start Up Costs		250,000	0	0	0	0	0	0	0	0	0
(26) HOA Shortfall		250,000	150,000	100,000	0	0	0	0	0	0	0
(27) TOTAL EXPENSES		\$25,336,098	\$9,874,411	\$8,145,604	\$7,682,791	\$1,916,774	\$0	\$0	\$0	\$0	\$0
(28) NET CASH FLOW		\$43,902	\$5,492,821	\$5,013,521	\$6,134,290	\$1,710,210	\$0	\$0	\$0	\$0	\$0
(29) CUMULATIVE CASH FLOW		\$43,902	\$5,536,723	\$10,550,244	\$16,684,534	\$18,394,744	\$18,394,744	\$18,394,744	\$18,394,744	\$18,394,744	\$18,394,744

**BELLEAYRE RESORT: WILDACRES
HOMES - 42 UNITS
Weighted Average Beginning Pricing**

<u>PRODUCT MIX</u>		<u>Shares</u>	<u>Sale Price</u>		<u>Sale Price</u>		<u>Sale Price</u>	
			<u>One-Bedroom Units</u>		<u>Two-Bedroom Units</u>		<u>Three-Bedroom Units</u>	
One-Bedroom Units	19.0%							
Two-Bedroom Units	40.5%	1	\$600,000		\$975,000		\$1,200,000	
Three-Bedroom Units	40.5%							
			-----		-----		-----	
			\$600,000	\$600,000	\$975,000	\$975,000	\$1,200,000	\$1,200,000
<u>Sales Price Per Unit</u>								
One-Bedroom Units		8	\$600,000					
Two-Bedroom Units		17	\$975,000					
Three-Bedroom Units		17	\$1,200,000					
<u>Total Project Sales Value at Current Prices</u>								
One-Bedroom Units			\$4,800,000					
Two-Bedroom Units			\$16,575,000					
Three-Bedroom Units			\$20,400,000					
Total			\$41,775,000					
Beginning Weighted Average Sales Price			\$994,643					

BELLEAYRE RESORT: WILDACRES
HOMES - 42 UNITS
Definitions to Model

SALES VOLUME

- | | | |
|-----|-------------------------|---|
| (1) | Sales | The number of shares sold in a given period. All sales proceeds will be escrowed and unavailable to developer until second year (Cert. Of Occup.) |
| (3) | Price | Generally subject to an annual escalation factor. |
| (4) | Cumulative Sales Volume | The total of all sales to date. |

CASH SOURCES

- | | | |
|------|-------------------------------|---|
| (8) | Hypothecation Loan | The amount of cash generated from the initial fundings of the |
| (9) | Acquisition/Construction Loan | Loan for the purpose of acquiring land/improvements and constructing improvements |
| (10) | Equity Capital | Developer or investor equity. Generally in the form of cash and/or |
| (11) | Total Cash Flow | Funds derived from all sources providing money for project costs. |

UNIT CONSTRUCTION/CONVERSION

- | | | |
|-----|-----------------|---|
| (b) | Shares for Sale | The total number of shares for sale from completed units. |
| (c) | Shares Sold | Total shares sold in the reported period. |

CASH USES

(12)	Land	Property costs for vacation ownership units. Generally expressed as a cost per dwelling unit
(12a)	Construction Loan Release Fees	Portion of share sales price applied to repay the construction loan (may be higher in order to rapidly repay construction loan)
(12b)	Construction Loan Interest	Amount of interest not covered through the interest reserve
(12c)	Construction Loan Points	Lender fee charged for issuing construction loan
(12d)	Infrastructure	Roads, utilities, etc., prior to unit/amenity construction
(13)	Soft Costs	Consulting, architectural fees, etc.
(14)	Other Development Costs	Atypical costs
(15)	Unit Conv./Constr. Costs	Costs to construct units
(16)	Furnishings (FF&E)	Costs for FF&E for dwelling units only. Amenity FF&E shown separately or cost included in construction figures as indicated.
(17)	Sales Office	The cost of separate sales facilities on-site, which may be used on a long term basis
(18)	Amenities	Facilities for the exclusive use of owners/renters/guests to include the existing amenities plus improvements to be added but as yet indeterminate. Also include space for resort management and post sales functions.
(19)	Other Unique costs	To be determined, if any.
(21)	Unforeseen construction costs.	
(22)	Marketing	Direct and indirect costs of promotion and advertising to generate prospects
	Lead Generation	to the sales function at any location. This cost is higher in the initial start-up period than toward the end of the project.
(23)	Commissions	Sales commissions incurred in the selling of the shares to include all applicable management overrides and bonuses.
(24)	Administration	Project overhead and administrative costs, i.e., telephone, contract admin. and management, executive travel, and support staff not related directly and within marketing and sales budgets/allocations.
(25)	Start Up Costs	Legal and accounting work associated with structuring the offering and supporting documentation.
(26)	Resort Management (HOA) Shortfall	Operating costs for the resort management organiz. that require developer subsidy until maintenance fees from customers provides necessary funds.
(26a)	Overnight Room Rental Expense	Expense to rent the unsold units (as a percentage of room revenue)
(27)	Total Expenses	Total of all operational expenses less debt service and related interest.
(28)	Net Cash Flow	Net Cash flow after debt service.
(29)	Cumul. Net Cash Flow	Cumulative Cash Flows.
(30)	Receivables	Principal balance of receivables generated based on given cash sales/down payments.
(31)	Cumul Receivables	Cumulative gross principal balances of notes receivables.
(32)	Outstanding Receivables Balance	The Principle balance remaining on the outstanding Receivables
(33)	Outstanding Hypothecation Loan Balance	The amount of borrowed dollars under the hypothecation loan agreement of which the receivables have been pledged.
(34)	Net Portfolio Value	The amount of remaining principle balance less the hypothecation loan balance
(35)	Construction Loan Draw	Fundings for the purpose of acquiring land and constructing improvements
(35a)	Release fees	See 12a
(35b)	Construction Loan Balance	Balance of loan after application of release fees
(35c)	Construction Loan Interest	Total interest incurred on construction loan
(35d)	Construction Loan Interest Reserve	Established as part of construction loan to fund interest incurred on construction loan during early development phase