

**Cypress Pointe Resort at Lake Buena Vista
 Replacement Reserve Budget
 For the Year: January 1 - December 31, 2006**

	Estimated Useful Life	Estimated Replacement Cost	Estimated Remaining Life	Estimated Funds Existing	2005 Funding Calculation
RESERVE CALCULATIONS					
Painting	3-6	300,000	3	200,000	33,333
Furniture & Fixtures	2-26	3,300,000	3-15	-	369,492
Pavement	16	464,000	13	261,831	15,551
Roof	30	800,000	15	200,000	40,000
Building & Equipment	6-21	<u>2,000,000</u>	13	<u>273,089</u>	<u>132,839</u>
Reserve Funding		6,864,000		934,920	591,216
Addition from Operating Overage					
TOTAL RESERVE FUNDING					

It is the policy of your Board of Directors and a requirement of Florida Statute 718.113(2)(f)2 to set aside funds each year for the future replacement of major items that are part of the project and that will wear out during the useful life of the facilities. These funds are commonly referred to as 'replacement reserves'. Major items include all tangible property that will be replaced during the project's estimated useful life. Therefore, replacement reserves do not provide for tearing down and rebuilding structures, but do provide, for example, for recovering roofs as many times as may be necessary while the buildings last.

Funds to be set aside each year are included in each owners annual assessment. Therefore, your full and prompt payment of assessments each year will help to insure the future condition and value of your property.

Each year, the Board must determine the amount of replacement reserves to be assessed for the following year. In order to make this estimate, a calculation of the current replacement cost of the reserved items is made. Then, using a formula based on these figures, the estimated useful life, the estimated remaining life, and the amount currently set aside, a calculation is made to determine the amount which should be added to reserves annually based on the facts and assumptions at the time the calculations are made. Interest is assumed to equal inflation and will therefore remain in the reserve account as earned.

Recommendations made by Vacation Resorts International have been incorporated into the calculations so as to make them a useful management tool as well. The above summarizes those calculations.

Cypress Pointe Resort at Lake Buena Vista

Presentation Budget

For the Year: January 1 - December 31, 2006

	Annual	Monthly	Weekly	Bi-Annual Weeks
Maintenance Fees - Operating	4,322,728	360,227.35	504.52	252.26
Maintenance Fees - Reserve	591,216	49,267.98	69.00	34.50
Property Taxes	812,843	67,736.89	94.87	47.43
Member Interest	25,075	2,089.58	2.93	1.46
Bad Debt Recovery	40,000	3,333.33	4.67	2.33
Telephone Income	30,000	2,500.00	3.50	1.75
Cleaning Fees	7,700	641.67	0.90	0.45
Clubhouse Reimbursement	29,000	2,416.67	3.38	1.69
Movie Commission	1,700	141.67	0.20	0.10
Commercial Lease	-	-	-	-
Bonus/Vacation Time	20,000	1,666.67	2.33	1.17
Interest Income - Operating	32,000	2,666.67	3.73	1.87
Admin Hold Income	32,500	2,708.33	3.79	1.90
Split Week Fee	8,000	666.67	0.93	0.47
Game Income	40,000	3,333.33	4.67	2.33
Sale of Units	-	-	-	-
Upgrade Income	30,000	2,500.00	3.50	1.75
Miscellaneous	5,000	416.67	0.58	0.29
Safe Rental Revenue	12,000	1,000.00	1.40	0.70
	-	-	-	-
Total Revenue	6,039,762	503,313.48	704.90	352.45
PAYROLL				
Payroll	1,600,000	133,333.33	186.74	93.37
Payroll Taxes	142,105	11,842.08	16.59	8.29
Workers Comp	90,000	7,500.00	10.50	5.25
CGV Taxes/Benes. Reimb	(577,430)	(48,119.17)	(67.39)	(33.70)
Health Insurance	259,200	21,600.00	30.25	15.13
Other Benefits	16,000	1,333.33	1.87	0.93
Total Payroll	1,529,875	127,489.58	178.55	89.27
OPERATIONS				
Cable TV	33,000	2,750.00	3.85	1.93
Cleaning Supplies	19,000	1,583.33	2.22	1.11
Other Supplies	8,000	666.67	0.93	0.47
Electricity	190,000	15,833.33	22.18	11.09
Elevator Maintenance	1,514	126.17	0.18	0.09
Electrical Repairs	14,000	1,166.67	1.63	0.82
Repairs & Maintenance	85,000	7,083.33	9.92	4.96
Small Equipment	13,000	1,083.33	1.52	0.76
Replacements - Kitchen	21,000	1,750.00	2.45	1.23
TV Repairs	5,000	416.67	0.58	0.29
Telephone Repairs	23,000	1,916.67	2.68	1.34
Fire Alarm System	10,500	875.00	1.23	0.61
Appliance Maintenance	7,500	625.00	0.88	0.44
Painting	-	-	-	-
Bird/Aquarium Expense	1,500	125.00	0.18	0.09
Decorations	1,500	125.00	0.18	0.09
Gas	135,000	11,250.00	15.76	7.88
Amenities	67,500	5,625.00	7.88	3.94
Guest Relations	2,500	208.33	0.29	0.15
HVAC	27,000	2,250.00	3.15	1.58
Grounds Maintenance	125,000	10,416.67	14.59	7.29
Lighting	10,000	833.33	1.17	0.58
Linen Purchase	32,500	2,708.33	3.79	1.90
Chemicals-Laundry	16,000	1,333.33	1.87	0.93
Fuel Expense	4,000	333.33	0.47	0.23
Carpet/Upholstery	35,000	2,916.67	4.08	2.04
Contracted Cleaning	575,000	47,916.67	67.11	33.56
Pest Control	25,000	2,083.33	2.92	1.46
Plumbing	25,000	2,083.33	2.92	1.46
Pool Repairs & Maint	33,000	2,750.00	3.85	1.93
Refuse	27,000	2,250.00	3.15	1.58
Truck/Auto Repair	1,200	100.00	0.14	0.07
Water/Sewer	78,000	6,500.00	9.10	4.55
Telephone	51,300	4,275.00	5.99	2.99
Uniforms	18,000	1,500.00	2.10	1.05
Equipment - Rec	5,000	416.67	0.58	0.29
Equipment	20,000	1,666.67	2.33	1.17
Total Operations	1,746,514	145,543	203.81	101.91
ADMINISTRATIVE				
Payroll Processing Fees	12,700	1,058.33	1.48	0.74
Employee Recruitment	3,000	250.00	0.35	0.18
Credit Card Charges	55,000	4,583.33	6.42	3.21
Bank Charges	1,800	150.00	0.21	0.11
Audit Expense	7,500	625.00	0.88	0.44
Computer Fees	26,748	2,229.00	3.12	1.56
Assessment Billing	57,120	4,759.96	6.67	3.33
BOD Expense	28,000	2,333.33	3.27	1.63
Equipment Lease	9,000	750.00	1.05	0.53
Professional Services/Legal	50,000	4,166.67	5.84	2.92
Bad Debt Expense	302,429	25,202.42	35.30	17.65
Management Fees	266,082	22,173.49	31.06	15.53
Accounting Fees	46,800	3,900.00	5.46	2.73
Office Supplies	17,800	1,483.33	2.08	1.04
Travel	2,200	183.33	0.26	0.13
Master Assn. Dues	21,000	1,750.00	2.45	1.23
Income Taxes	10,000	833.33	1.17	0.58
Education & Training	2,000	166.67	0.23	0.12
Employee Relations	15,000	1,250.00	1.75	0.88
Postage	17,000	1,416.67	1.98	0.99
Newsletter	37,000	3,083.33	4.32	2.16
Printing - Admin	13,000	1,083.33	1.52	0.76
Total Administrative	1,001,178	83,432	116.82	58.41
FIXED COSTS				
Insurance	337,500	28,124.99	39.39	19.70
Movie License	3,500	291.67	0.41	0.20
Division Fees	17,136	1,428.00	2.00	1.00
	-	-	-	-
Total Fixed Costs	358,136	29,844.66	41.80	20.90
TOTAL OPERATING COSTS	4,635,703	386,309	541.05	270.52
LESS: OTHER INCOME	(312,975)	(93,818)	(36.53)	(18.26)
MAINTENANCE FEES-OPERATING	4,322,728	292,490.46	504.52	252.26
TAXES ON TIMESHARE PROPERTY*	812,843	67,736.89	94.87	47.43
RESERVES	591,216	49,267.98	69.00	34.50
TOTAL MAINTENANCE FEE	5,726,787	409,495.33	668.39	334.20
Total Number of Units	168			
Total Number of Weeks	8,568			

*Average Amount - actual amount billed as assessed

Records will be maintained at the resort and at the office of the management company