

**MVC TRUST OWNERS ASSOCIATION, INC.**  
**Estimated Association Common Expense Budget**  
**For the Period Beginning January 1, 2024 and Ending December 31, 2024**

	2024 Annual Total	2023 Per Beneficial Interest	2024 Per Beneficial Interest	2023 BUDGET VS 2024 BUDGET INCREASE/(DECREASE)	
<b>Revenues</b>					
Assessments to Beneficiaries (excluding Exchange Company Dues)	\$568,069,172	\$170.98	\$196.87	\$25.89	15.1%
Acquisition Revenue	2,182,987	0.74	0.76	0.01	1.3%
Assessments to Beneficiaries (Exchange Company Dues) <sup>(1)</sup>	47,611,642	16.78	16.50	(0.28)	-1.7%
Bank/Investment Interest	9,000	0.01	0.00	(0.00)	0.0%
Late Fees	1,209,150	0.48	0.42	(0.06)	-12.6%
Maintenance Fee Interest Income	2,867,031	1.06	0.99	(0.06)	-5.7%
Surplus Return (Property Tax)	500,000	0.00	0.17	0.17	100.0%
<b>Total Revenue</b>	<b>\$622,448,982</b>	<b>\$190.04</b>	<b>\$215.72</b>	<b>\$25.68</b>	<b>13.5%</b>
<b>Component Expenses</b>					
Component Expenses <sup>(2)</sup>	528,696,801	160.12	183.23	23.11	14.4%
<b>Total Component Expenses</b>	<b>528,696,801</b>	<b>160.12</b>	<b>183.23</b>	<b>23.11</b>	<b>14.4%</b>
<b>Trust Association Administration</b>					
Administration	749,117	0.34	0.26	(0.08)	-23.8%
Audit Fee	19,476	0.01	0.01	(0.00)	0.0%
Bad Debt Expense	12,321,102	4.14	4.27	0.13	3.1%
Billing and Collections	1,722,500	0.56	0.60	0.04	7.1%
Board of Directors	23,030	0.01	0.01	(0.00)	0.0%
Component Services <sup>(3)</sup>	2,562,603	0.89	0.89	(0.00)	0.0%
Credit Card Fee	8,651,608	2.65	3.00	0.35	13.2%
Deficit Recovery	4,286,408	0.00	1.49	1.49	100.0%
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	147,442	0.05	0.05	0.00	0.0%
Exchange Company Dues <sup>(4)</sup>	47,611,642	16.78	16.50	(0.28)	-1.7%
Income Tax	2,841	0.00	0.00	(0.00)	0.0%
Insurance	698,170	0.26	0.24	(0.01)	-3.9%
Legal	100,000	0.02	0.03	0.02	127.3%
Management Fee <sup>(5)</sup>	7,907,638	2.51	2.74	0.23	9.2%
Operating Capital	2,500,000	0.00	0.87	0.87	100.0%
Postage and Printing	530,594	0.19	0.18	(0.01)	-5.2%
Property Taxes <sup>(6)</sup>	3,780,010	1.48	1.31	(0.17)	-11.5%
Trustee Fees	138,000	0.04	0.05	0.01	24.6%
<b>Total Administration Expenses</b>	<b>\$93,752,181</b>	<b>\$29.92</b>	<b>\$32.49</b>	<b>\$2.57</b>	<b>8.6%</b>
<b>Total Expenses</b>	<b>\$622,448,982</b>	<b>\$190.04</b>	<b>\$215.72</b>	<b>\$25.68</b>	<b>13.5%</b>

Exchange Company Dues - per Beneficiary <sup>(7)</sup>

**\$240 or \$280 or \$295**

The following table is shown for illustrative purposes only:

Ownership Recognition Levels	Interests Purchased	Per Interest	Maintenance Fee	Exchange Company Dues	Total
Owner	6	\$196.87	1,181	\$240	1,421
Select	16	\$196.87	3,150	\$240	3,390
Executive	28	\$196.87	5,512	\$280	5,792
Presidential	40	\$196.87	7,875	\$280	8,155
Chairman's Club	60	\$196.87	11,812	\$295	12,107

Notes to the 2024 Estimated Operating Budget

- 1) Exchange Company Dues are assessed on a "per owner" basis rather than a "per Beneficial Interest" basis. Accordingly, revenues and expenses associated with Exchange Company Dues are shown on the budget on a "per Beneficial Interest" basis for reference only. Exchange Company Dues may sometimes be referred to as Club Dues.
- 2) Component Expenses includes the Assessments paid by the Association to the owners associations which govern the resorts in which the Trust owns timeshare interests or units. Such Assessments may include fees payable to on-site operators other than Trust Manager who are engaged to manage resorts in which the Trust owns timeshare interests or units. Certain budgeted Common Expenses have been included in the Component Expenses section of the budget based on the assumption that a condominium structure will apply to the Trust Property(ies) from which such Common Expenses arise. In the event that such a condominium structure is not realized for one or more such Trust Properties, the applicable Common Expenses may be removed from Component Expenses and included in one or more separate line items in future Association budgets. For most Trust Properties, the Association is responsible for paying a portion of the amounts necessary for reserves under the Component Association's budget, and the Association's budget includes these reserve items in the Component Expenses. However, for some Trust Properties, the Association may budget for, and separately accrue, funds for reserve expenses which are not reflected in Component Expenses. The Association may be specially assessed from time to time by one or more Component Associations relative to common expenses in excess of the Component Associations' operating budget(s). This Association budget may include certain estimated Component Expenses which are subject to proposed Component Association budgets that have not yet been approved by the applicable Component Association board of directors.
- 3) Component Services include the incremental costs of services provided in connection with Beneficiaries' nightly use of Accommodations which are not otherwise included in the Component Expenses. These services may include, but are not limited to, housekeeping, engineering, loss prevention and front desk services necessitated by nightly use of Accommodations.
- 4) Exchange Company Dues includes costs and expenses related to owner education, reservation services, owner communications and other programs and services provided by the Exchange Company. Exchange Company Dues may be increased from time to time as provided in the Trust Plan Documents. Pursuant to the Marriott Vacation Club Destinations Exchange Program MVC Trust Affiliation Agreement, Exchange Company has been delegated the authority by the Association to provide all services incidental to the reservation and use of the Trust Property. Exchange Company Dues charged to and paid by the Association to Exchange Company may include expenses incurred through affiliates of Exchange Company. Certain of the expenses included in the Exchange Company Dues charged to and paid by the Association to Exchange Company, including expenses for Owner Services, may reflect economies of scale associated with the number of projects or affiliated programs managed by Exchange Company and the affiliated relationship between Exchange Company and Trust Manager. Therefore the amounts charged for such expenses may reflect pricing that is different than what equivalent services would cost if charged on an independent case-by-case basis.
- 5) In accordance with the MVC Trust Management Agreement, this Management Fee is equal to 10% of all money that Trust Manager is required to collect pursuant to the Association's annual budget (exclusive of the Management Fee itself and Component Expenses), but inclusive of any ad valorem taxes assessed directly to the Association or Beneficiaries, and for special assessments not part of the Association's annual budget.
- 6) The estimated real estate taxes for the Association are projected to be \$3,780,010. The real estate taxes are for the Marriott's Newport Coast Villas, Marriott's Timber Lodge at Lake Tahoe, Marriott's Desert Springs Villas, Marriott's Desert Springs Villas II, Marriott's Shadow Ridge, Marriott's Frenchman's Cove, The Ritz-Carlton Club, St. Thomas - Suites, Marriott's Grand Residence Club Lake Tahoe Accommodations, and The Westin Mission Hill Resort Villas because the Component Expenses for California and U.S. Virgin Islands properties do not include real estate taxes. The Association will pay these property taxes to the appropriate taxing authority for the jurisdiction in which the California and U.S. Virgin Islands Accommodations are located.
- 7) Exchange Company Dues are billed at a rate of either \$240, \$280 or \$295 per Beneficiary, depending on the Beneficiary's ownership recognition level.

**2024 Reserve Analysis and Notes:**

(a) Florida Law requires the Association to maintain reserves for deferred maintenance and capital expenditures, based on the estimated life and replacement cost of each reserve item. Actual expenditures may vary from the estimated replacement costs.

The estimated lives and estimated replacement costs for each of the components are as follows:

- \* Roof Replacement – includes both unit roof replacement and common area.
- \* Furniture and Fixtures – includes replacement of unit furnishings, equipment, and appliances.
- \* Building Painting – includes unit building painting.
- \* External Building Maintenance – includes unit building-related equipment items.
- \* Pavement Resurfacing – includes pavement resurfacing and striping.
- \* Common Area Rehabilitation – provides for site lighting, irrigation systems, and common area maintenance.

Components	Estimated Useful Life in Yrs	Estimated Replacement Cost (c)	Estimated Remaining Useful Years	Anticipated Beginning Fund Balance As Of January 1, 2024	Contribution For 2024 (d)
Roof Replacement	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-
Building Painting	-	-	-	-	-
External Building Maintenance	-	-	-	-	-
Pavement Resurfacing	-	-	-	-	-
Common Area Rehabilitation	-	-	-	-	-
<b>TOTAL</b>		-		-	-

(b) Under Section 721.13(3)(c)2, Florida Statutes, reserve funds may be reallocated among the reserve accounts by the Board without the consent of Beneficiaries.

(c) The components' actual replacement costs and useful lives may vary from the estimated amounts. If additional funds are needed, the Board may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

(d) The Association is responsible for paying a portion of the amounts necessary for reserves under each Component Association's budget. The Association's budget includes these reserve items in the Component Expenses; provided, however, that some Component Associations may determine to provide less than full funding of reserves to the extent permitted under applicable law. Please refer to Exhibit A for a listing of Non-Florida Component sites.

(e) On September 07, 2023, at a duly called meeting of the Association, a majority of the Beneficiaries voting in person or by limited proxy voted, in accordance with Article VI, Section 2(n), of the Association's Bylaws, to approve lower reserve funding than would otherwise be required by applicable law for the Florida Component sites.

Notes from 2022 Audit: Certain services, including accounting and administration, are provided by MRHC and allocated to the Association based on the number of unit weeks (based on points conversion), as a percentage of total unit weeks (based on points conversion). In addition, Marriott Vacations Worldwide Corporation pays all invoices on behalf of the association for which the Association reimburses Marriott Vacations Worldwide Corporation. The amount due to Marriott Vacations Worldwide Corporation as of December 31, 2022 and 2021 was \$2,075,021 and \$131,965, respectively. The amount due from (to) from the Developer as of December 31, 2022 and 2021 was \$32,533 and \$(11,871), respectively.

MRHC collects annual assessment fees on behalf of the Association. The amount of assessment fees receivable due from MRHC at December 31, 2022 and 2021 was \$6,608,359 and \$4,813,964, respectively.

Certain expenses incurred by the Management Company and its affiliates in connection with the operation and management of the Association, including but not limited to expenses associated with utilization of its corporate or administrative infrastructure, have been allocated to the Association and other resort properties operated by the Management Company and its affiliates on a basis determined by the Management Company in a commercially reasonable manner. This may include an allocation of certain costs and expenses on a fixed-rate basis, and actual costs and expenses incurred may be higher or lower than the amount allocated to the Association and reflected in this budget for the referenced fiscal year.

Pursuant to the Bylaws, each Beneficiary is responsible for a share of the Common Expenses based, in part, on the number of Points associated with such Beneficiary's Interest(s) divided by the total Points for Sale attributed to Trust Property for which a Notice of Use Rights has been issued. As of September 7, 2023, there were 705,769,750 such Points for Sale and 723,395,082 Points for Use. An additional 15,606,254 Points for Use are included in the 2024 budget to account for additional timeshare interests which were acquired by the MVC Trust in 2023 and available for occupancy in 2024.

International owners (not residing in the U.S. or Canada) of Beneficial Interests may be assessed, at the Association's discretion, an annual fee (the "International Beneficiary's Surcharge") which relates to the added costs for postage, personal delivery, increased frequency of costs associated with long distance telephone calls, translation costs, additional costs for telefacsimile communications and labor costs for additional special support staff. The current International Beneficiary's Surcharge is \$0.00 annually. The International Beneficiary's Surcharge may, from time-to-time, be increased or decreased to reflect any of those additional costs.

**Exhibit A**

As required by Florida law, the table below provides the following information for the non-Florida sites in the MVC Trust: (i) the amount of reserve funding required by the law of the situs state, for the interests at such component owned by MVC Trust, and (ii) the amount of reserve funding actually provided (if any) in the MVC Trust Association's budget for such interests. The Association is responsible for paying a portion of the amounts necessary for reserves under the Component Association's budget and the Association's budget includes these reserve items in the Component Expenses.

The amounts in this disclosure have been estimated based on the timeshare interests anticipated to be held by the MVC Trust as of 9/7/2023:

<b>Properties</b>	<b>Reserve funding Required by Situs State (i)</b>	<b>2024 Budgeted Reserve Funding (ii)</b>	<b>Variance</b>
Barony Beach Club	\$ -	1,564,571	1,564,571
Birch	-	388,023	388,023
Canyon Villas	-	1,971,546	1,971,546
Desert Springs	6,156,946	5,972,149	(184,796)
Douglas	-	435,769	435,769
Evergreen	-	619,816	619,816
Fairway Villas	-	1,697,864	1,697,864
Frenchman's Cove	-	939,468	939,468
Grande Chateau	-	7,153,458	7,153,458
Grande Ocean	-	2,054,837	2,054,837
GRC Lake Tahoe	-	584,516	584,516
Harbour Club	-	762,776	762,776
Harbour Pointe	-	1,428,189	1,428,189
Heritage Club	-	715,006	715,006
Kauai Beach Club	1,030,679	1,087,598	56,919
Kauai Kalanipu'u	1,566,195	1,307,046	(259,149)
Ko Olina Beach Club	-	4,883,437	4,883,437
Manor	-	1,244,159	1,244,159
Maui	4,577,258	2,978,803	(1,598,455)
Mayflower	-	647,602	647,602
Monarch	-	1,227,983	1,227,983
MountainSide	-	1,025,315	1,025,315
Mountain Valley Lodge	-	642,709	642,709
Newport Coast	6,775,340	7,043,116	267,776
Ocean Watch	-	3,244,421	3,244,421
RCC Lake Tahoe	-	253,092	253,092
RCC San Francisco	-	683,745	683,745
RCC St. Thomas	-	770,615	770,615
RCC Vail	-	1,504,011	1,504,011
MVC San Diego	-	2,440,877	2,440,877
MVC San Francisco	-	2,523,053	2,523,053
Shadow Ridge	6,451,830	6,128,499	(323,331)
Summit Watch	-	1,027,504	1,027,504
Sunset Pointe	-	427,177	427,177
SurfWatch	-	1,202,464	1,202,464
Timber Lodge	3,339,239	3,157,659	(181,580)
MVC Waikoloa	-	1,701,326	1,701,326
Waiohai Beach Club	1,063,149	1,044,875	(18,274)
Willow Ridge	-	1,671,132	1,671,132
Lakeside Terrace-Lakeside Terrace	-	9,731	9,731
Sheraton Broadway Plantation-Palmetto	-	8,585	8,585
Sheraton Broadway Plantation-Plantation	-	41,997	41,997
Sheraton Desert Oasis	-	58,184	58,184
Sheraton Mountain Vista-Mountain Vista	-	24,879	24,879
Sheraton Steamboat Resort Villas	-	1,634	1,634
The Westin Desert Willow Villas-Desert Willow	136,969	136,128	(840)
The Westin Ka'anapali Ocean Resort Villas-KOR	37,058	35,230	(1,828)
The Westin Ka'anapali Ocean Resort Villas-KRN	28,271	35,165	6,894
The Westin Mission Hills Resort & Villas-Mission Hills	96,255	118,333	22,078
The Westin Princeville Ocean Resort Villas-Princeville	-	282,965	282,965
The Westin Riverfront Mountain Villas-Riverfront	-	27,581	27,581
<b>Total Reserves</b>	<b>\$31,259,189</b>	<b>\$76,936,621</b>	<b>\$45,677,433</b>

# MVC Trust Owners Association, Inc.

## 2024 Common Expense Budget

### Frequently Asked Questions

**Q. What are maintenance fees and who determines them?**

- A. Assessments (or “maintenance fees” as such term is often utilized instead of the term “Assessments”) are billed and collected to allow for the funding and payment of costs and expenses related to the operation and maintenance of the Trust plan property. These Assessments are based upon the operating budget prepared by the management company and approved by the Trust Association's board of directors.

The Board adopts a budget for the Common Expenses prior to each fiscal year in compliance with applicable law and the Trust Association's governing documents. The affirmative vote of majority of the directors is required to approve any budget.

**Q. When are Assessments due?**

- A. Please refer to your Assessment invoice for your exact due date and amount due. Please kindly remember to remit payments on time. According to Section 6 of Article VII of Bylaws of MVC Trust Owners Association, Inc., Assessments and any other outstanding obligations owed to the Trust Association, as well as any installments relating thereto, and special charges, if not paid within ten (10) calendar days after the date they become due, may bear interest at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, if that rate is less, until paid, and may also be subject to an administrative late fee per Interest as established by the Board in the Rules and Regulations from time to time. Currently, the administrative late fee is \$25 per Beneficiary.

**Q. What are my Assessment payment options?**

- A. **Option 1:** You may pay 24 hours a day, 7 days per week at [www.MarriottVacationClub.com](http://www.MarriottVacationClub.com).

**Option 2:** Mail your check payable to MVC Trust Owners Association, Inc. (with or without your Assessment coupon) to:

MVC Trust Owners Association, Inc.  
c/o: Marriott Resorts Hospitality Corporation  
P.O. Box 382056  
Pittsburgh, PA 15250-8056  
(Please include your customer number on your check)

Deliveries that require a signature (e.g. certified, registered, or overnight) should be mailed to:

Marriott Resorts Hospitality Corporation  
Attn: 382056  
500 Ross Street 154-0460  
Pittsburgh, PA 15250-8056

**Option 3:** Contact a Financial Services Representative at 1-800-845-4226 or 1-801-828-1046 (or your local service office).

**Q. Why are Assessments due in December when I don't occupy until later in year 2024?**

- A. Each Beneficiary is liable for all Assessments coming due while the person or entity is a Beneficiary. In order to pay for all component site expenses due at the beginning of the next fiscal year, the Trust Association must collect Assessments from its members to allow for the timely payment of all component expenses payable by the Trust Association.

**Q. What are Exchange Company Dues?**

- A. Exchange Company Dues includes costs and expenses related to owner education, reservation services, owner communications and other programs and services provided by the Exchange Company. Exchange Company Dues may be increased from time to time as provided in the Trust Plan Documents. Pursuant to the Marriott Vacation Club Destinations Exchange Program MVC Trust Affiliation Agreement, Exchange Company has been delegated the authority by the Association to provide all services incidental to the reservation and use of the Trust Property. Exchange Company Dues charged to and paid by the Association to Exchange Company may include expenses incurred through affiliates of Exchange Company. Certain of the expenses included in the Exchange Company Dues charged to and paid by the Association to Exchange Company, including expenses for Owner Services, may reflect economies of scale associated with the number of projects or affiliated programs managed by Exchange Company and the affiliated relationship between Exchange Company and Trust Manager. Therefore, the amounts charged for such expenses may reflect pricing that is different than what equivalent services would cost if charged on an independent case-by-case basis. Exchange Company Dues are assessed as a cost “per Owner” basis rather than a “per Beneficial Interest” basis. Accordingly, revenues and expenses associated with Exchange Company Dues are shown on the budget on a “per Beneficial Interest” basis for reference only. Starting

in 2016, Beneficial Interest ownership levels were enhanced to 5 ownership recognition levels as illustrated below:

<b>Ownership Recognition Levels</b>	<b>Interests Purchased</b>	<b>Per Interest</b>	<b>Maintenance Fee</b>	<b>Exchange Company Dues</b>	<b>Total</b>
Owner	6	\$196.87	1,181	\$240	1,421
Select	16	\$196.87	3,150	\$240	3,390
Executive	28	\$196.87	5,512	\$280	5,792
Presidential	40	\$196.87	7,875	\$280	8,155
Chairman's Club	60	\$196.87	11,812	\$295	12,107

**Q. Property Tax has been included in the budget. Why does the Trust Association have to pay Property Tax?**

- A. In some jurisdictions, such as California and U.S. Virgin Islands, the tax authority bills the owner property taxes directly, thus the property tax is not included in the annual Maintenance Fees levied by component associations. The Trust Association will pay these property taxes directly to the appropriate taxing authority. The Trust Association pays the property tax for accommodations directly for: Marriott's Newport Coast Villas, Marriott's Timber Lodge at Lake Tahoe, Marriott's Desert Springs Villas, Marriott's Desert Springs Villas II, Marriott's Shadow Ridge, Marriott's Frenchman's Cove, The Westin Mission Hill Resort Villas, The Ritz-Carlton Club, St. Thomas - Suites and Marriott's Grand Residence Club Lake Tahoe

**Q. Why has Assessment revenue increased from 2023 to 2024?**

- A. The increase in Assessment revenue is mainly due to a 13.4% increase in beneficial interests added to the Trust and an average rate increase of 15.1% per beneficial interest. The key driver of this increase is a projected 14.4% average increase to annual component site assessments.

**Q. What are Component Expenses?**

- A. Component Expenses includes the Assessments paid by the Association to the owners' associations which govern the resorts in which the Trust owns timeshare interests or units. Such Assessments may include fees payable to on-site operators other than Trust Manager who are engaged to manage resorts in which the Trust owns timeshare interests or units. Certain budgeted Common Expenses have been included in the Component Expenses section of the budget based on the assumption that a condominium structure will apply to the Trust Property(ies) from which such Common Expenses arise. In the event that such a condominium structure is not realized for one or more such Trust Properties, the applicable Common Expenses may be removed from Component Expenses and included in one or more separate line items in future Association budgets. For most Trust Properties, the Association is responsible for paying a portion of the amounts necessary for reserves under the Component Association's budget, and the Association's budget includes these reserve items in the Component Expenses. However, for some Trust Properties, the Association may budget for, and separately accrue, funds for reserve expenses which are not reflected in Component Expenses. The Association may be specially assessed from time to time by one or more Component Associations relative to common expenses in excess of the Component Associations' operating budget(s). The Component Expenses are expected to increase in 2024 vs. 2023 due to the 14.79% or 31.6K1 weeks increase in component site inventory added to the Trust. In addition, Component Expenses have increased an average of 14.4% due to increases in wages, insurance premiums and reserve related expenses.

**Q. Why is bad debt so high?**

- A. Each Beneficiary is liable for all Assessments coming due while the person or entity is a Beneficiary. Bad debt expense represents uncollectable Assessments billed to Beneficiaries (i.e., owners of beneficial interests in MVC Trust Owners Association, Inc.). The year-over-year change in the Trust Association's bad debt expense is due to both the projected growth in the MVC Trust Owners Association, Inc. Owner base and a projected increase in uncollected accounts attributed to the economic pressures resulting from the novel coronavirus pandemic. The number of Beneficial Interests is expected to increase 13.4% from 2023 to 2024. The uncollected percentage (uncollected receivables divided by the total Assessments billed) is expected to be 3.2% in 2024. For comparative purposes only, the industry average delinquency rate in 2022 was 11.0% (according to the American Resort Development Association).