

Dear Royal Palm Beach Owner,

We know you have been anxiously and patiently awaiting information on the maintenance fee for 2018. As recently communicated, based on the feedback from the expert assessment teams, the resort will be closed for repairs through 2018. For those owners who are members of The Club[®], a variety of alternative destinations and benefits await you for 2018, using your points. For those owners who are not members of The Club, by virtue of our exchange company affiliation with Destination Xchange[®], you will be given deposit credits for weeks affected by the resort closure to use in Destination Xchange[®], if you decide to enroll in their program.

Reduced Maintenance Fees for 2018

Your 2018 maintenance fee statement is enclosed, along with a copy of the Association's 2018 budget. Based on what we know today, the resort will have to pay the 2018 insurance premium and the deductible for storm related expenses, as there is insufficient cash flow to fund both. The maintenance fee statement also includes the loan repayment in the amount of \$50.00 per interval/week. The Board has approved a **reduction** in the maintenance fee of 56% - 58%, depending on ownership, as shown on the enclosed statement. We are anticipating most expenses to be covered by insurance. However, if the insurer denies coverage for any portion of the claim, actual costs will be billed back to the owners.

Payment Information and Payment Options

For information on paying the 2018 maintenance fee, please refer to the enclosed Assessment Billing and Collection Policy, and the Frequently Asked Questions on your statement. We would like to remind owners to pay their maintenance fees online with the electronic funds transfer (EFT) option. Payments may also be made by credit card. Please be aware that credit card usage costs your association merchant fees, which ultimately are passed back to owners through the association's operating costs.

2018 Reservations

Our Owner Services team is contacting all owners with reservations booked through 2018. For those owners who are not members of The Club, as reservations at the resort are not available, we have entered into an exchange company affiliation agreement with Destination Xchange. If you decide to participate, this program will provide you the option to exchange your week into a wide variety of resorts worldwide. Membership and exchange fees apply, but upon enrolling in Destination Xchange, you will receive deposit credits for your reserved week(s) affected by the resort closure.

To learn more about Destination Xchange, visit DestinationXchange.com or contact Owner Services at 1.800.463.7256 (toll free) or 1.407.226.9500 (international access).

We will continue to update you on the status of the resort as construction progresses. Please contact Owner Services with any questions.

Electronic Communications

As a reminder, owners can contribute to cost-saving efforts by opting in to receive various communications about their association and resort electronically. Mailing paper copies of all these communications costs your association thousands of dollars annually. Please help reduce these costs by opting in online at DiamondResorts.com and updating your account with your email address.

Sincerely,

Board of Directors
Royal Palm Beach Club Owners Association

**ROYAL PALM BEACH CLUB OWNERS ASSOCIATION
ASSESSMENT BILLING AND COLLECTION POLICY**

The following was adopted by the Board of Directors for 2018.

ASSESSMENT BILLING

Assessment invoices are included with this policy. Should you not receive an assessment notice, it does not relieve you of your responsibility for timely payment. It is up to the owner to request a notice if not received and/or notify the resort of any address change.

MARCH 1 – PAYMENT DUE

Note: A \$30.00 charge will be added to the owner's account for any payment that is not honored for any reason, not being the management company's fault or omission.

APRIL 1 – LATE FEE ASSESSMENT AND SUSPENSION OF USE RIGHTS

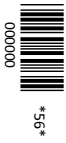
If the assessment is not paid in full by **April 1**, the account becomes delinquent, without prior written instrument.

On **April 2**, a monthly interest charge of 1.5% (18% per annum) shall be added to amounts outstanding on delinquent accounts.

1. Delinquency results in the following:
 - a. A reservation cannot be made and owner will suffer suspension of use rights. Exchange requests of any type will not be confirmed.
 - b. Previously confirmed owner reservations or use weeks are subject to cancellation. In addition, there is no guarantee that the owner will be able to receive a confirmed reservation or exchange if the account is brought current.
2. Delinquent weeks, as outlined above, are available for the administrative hold program. Net proceeds are used to offset collection costs, assessment liens, and other shortfalls in the resort operating account due to the resort's bad debt.

APRIL 15 – FINAL NOTICE

Management will send a final notice if the account balance is not paid in full by **April 15**. **If any outstanding amounts remain due on the account on April 30**, such outstanding amounts shall/may be forwarded for collection. The owner shall be responsible for reasonable collection costs thereof, and such costs shall be added to the owner's account.



ROYAL PALM BEACH CLUB OWNERS ASSOCIATION

Units*	140		2018
Intervals	7,280		Budget
 REVENUES			
Maintenance Fees		\$	1,667,855
Loan Repayment			304,200
Reserve Fees			2,712,274
Other income			3,600
TOTAL REVENUES		\$	4,687,929
 EXPENSES			
OPERATING EXPENSES			
Administration		\$	66,532
TOTAL OPERATING EXPENSES		\$	66,532
 TOTAL EXPENSES		 \$	 66,532
 NET OPERATING SURPLUS (DEFICIT)		 \$	 4,621,397
 OTHER OPERATING EXPENSES			
Allowance for Bad Debt			315,148
Insurance Expense			1,289,775
Reserve Capital Funding			2,712,274
TOTAL OTHER OPERATING EXPENSES		\$	4,317,197
 EXCESS OF REVENUE OVER EXPENSES		 \$	 304,200
 Loan Repayment Plan		 \$	 (304,200)
 NET SURPLUS/(DEFICIT)		 \$	 -

	Loan			
2018 Maintenance Fees	Operating	Reserve	Repayment	Total
1 Bedroom	\$ 242.00	\$ 420.00	\$ 50.00	\$ 712.00
1 Bedroom - Biennial	\$ 121.00	\$ 210.00	\$ 25.00	\$ 356.00
2 Bedroom	\$ 266.00	\$ 428.00	\$ 50.00	\$ 744.00
2 Bedroom - Biennial	\$ 133.00	\$ 214.00	\$ 25.00	\$ 372.00
3 Bedroom	\$ 274.00	\$ 433.00	\$ 50.00	\$ 757.00
3 Bedroom - Biennial	\$ 137.00	\$ 216.50	\$ 25.00	\$ 378.50

*Includes whole owners

IMPORTANT OWNER INFORMATION
FREQUENTLY ASKED MAINTENANCE FEE QUESTIONS

Q.1. What are maintenance fees and who determines them?

A.1. Maintenance fees are funds collected by your Association to cover the cost of operating and maintaining the resort. They are determined by your Association Board of Directors and are collected at the end of the current year for the upcoming year, and include:

Operating Fees: Funds that cover the cost of all resort expenses incurred on an annual basis, i.e. electricity, phone, maintenance, housekeeping, etc.

Reserve Fees: Planned funding for capital expenditures for the replacement of long-lived items, i.e. roof repairs, furnishings, air conditioning, etc.

Q.2. How do I pay my maintenance fees?

A.2. Although payments cannot be made at the resort, there are a number of options to pay your fees:

1. Log in to your account at DiamondResorts.com, choose “Make Payment” from the “My Account” menu, and choose “Checking” to pay by electronic debit making a one-time electronic funds transfer (EFT).
2. Mail your check and payment coupon in the enclosed envelope. **Please note:** When you provide a check as payment, you authorize us either to use information from your check to make a one-time EFT from your account or to process the payment as a check transaction.
3. Log in to your account at DiamondResorts.com and choose “Make Payment” from the “My Account” menu to pay by credit card.
4. Refer to the phone number listed on the front of your statement to pay by credit card using our fully automated payment services available 24 hours a day:
 - Member of The Club[®]: If you are enrolled in The Club[®] points based exchange program, please contact the phone number referenced for assistance with payments, reservations, member benefits and a variety of other services.
 - Traditional Owners: If the week(s) you own are not exchanged through The Club[®], please contact Owner Services at the phone number referenced for assistance with payments, reservations, exchange services, and a variety of other services.

Q.3. Can I pay my maintenance fees in installments?

A.3. Yes, you can prepay your fees in any number of installments as long as the entire balance is paid by your due date. Log on at DiamondResorts.com to schedule EFTs for the amounts and the withdrawal dates of your choice. You can also utilize this option using your credit card.

Q.4. If I have a question regarding my maintenance fees or I want to change my contact information, who should I contact?

A.4. Please refer to the phone number listed on the front of your statement or log in to your account at DiamondResorts.com and choose “Preferences” to update your contact information. You may also send your maintenance fee inquiry via email at BillingHelp@DiamondResorts.com.

Q.5. Where can I obtain information about my association?

A.5. Log in to the Member Area at DiamondResorts.com and choose “Association Information” in the “My Community” section. There you will find information on your resort, pictures of projects, details of board meetings, and other valuable information.