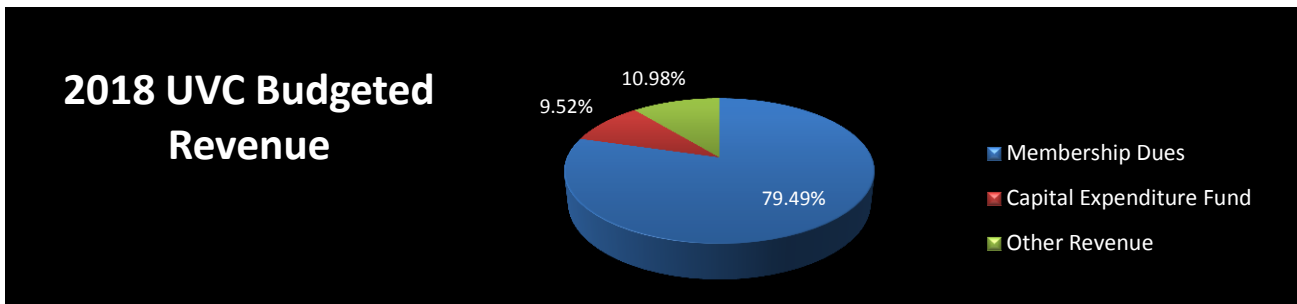


TREASURER'S REPORT UNIVERSAL VACATION CLUB

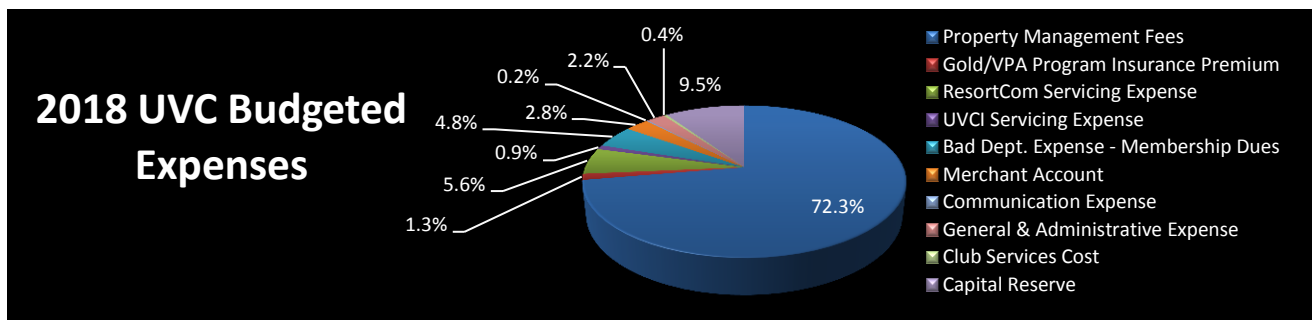
2018 BUDGET OVERVIEW

Revenues:		
Membership Dues	\$	25,931,000
Interest Income		14,000
Other Income		3,186,000
Total Revenue	\$	29,131,000
Direct Expenses:		
On-site Property Management		21,020,000
Off-site Operating Expenses		3,752,000
Bad Debt Expense		1,389,000
Provision for Taxes		127,000
Total Operating Expenses	\$	26,288,000
Operating Income before Reserve Contribution	\$	2,843,000
Capital Expenditures Expense	\$	2,774,000
Net Operating Profit	\$	69,000

We are pleased to report that the Universal Vacation Club continued to be financially stable and strong during this past year. Currently, the Club is effectively controlling expenses and collecting membership dues in line with budgeted expectations. The Club is completely self-sufficient and derives its revenues from three principal sources membership dues (maintenance assessments), other revenue (income derived from the various flexible vacation options and/or programs made available to the membership base), and capital expenditure fund:



The line item on your Membership Dues invoice designated as “2018 Maintenance Assessment” is used for the following expense activities:



Operating Fund

The Clubs operating fund provides the necessary source of revenue to fund the Club’s current annual operational expenses. As in the past, the largest expenditure of operating funds is the on-site management of the Club’s resorts. In addition to property management, your operating funds provide for on-site Club activities; further, they provide for the servicing of off-site operations that include reservations, reservation systems, hardware and software technologies, maintenance billing, customer service, member communications, general and administrative expenses, and legal and accounting fees.

Capital Expenditures

The Club delineates the funds that are needed for the maintenance and improvements to the resorts and puts these funds into a separate category. This helps make it clear to all members exactly what the Club is spending at the resorts each year to keep your units and the grounds in good condition. In 2018, the Capital Reserve amount will be \$80.00 per week for the Premier and Gold membership and for VPA points membership it is set at 10% of the Maintenance Fee. These funds will be used to maintain and improve all of the individual UVC properties that are a part of the Club. The resorts are in the process of finalizing all the improvements planned for 2018. The Club is pleased to report that a major room renovation at Villa del Palmar Cabo San Lucas is underway. The remodel project started in August 2017 and will span three years based on space availability. In general, reserve projects begin in the first quarter with the goal of completion by the end of third quarter.

TREASURER'S REPORT UNIVERSAL VACATION CLUB

The Universal Vacation Club Board is proud to announce that the membership dues will remain the same. Historically, increases are driven by economic impact related to inflation in Mexico, employee wages, utilities and taxes or the benefit or impact of currency devaluation between Mexican peso and United States dollar. This impact in 2017 was minimal, so we were able to maintain resort operating costs nearly in line with the prior year. The Club continues to closely manage and control the operating expenses.

OPTIONAL PROGRAMS

There are two optional programs included on your 2018 Maintenance Fee Assessment that members may contribute to: **Eagle's Wings Foundation and the On Call Travel Assistance Program.**

- Eagle's Wings Foundation was created over fifteen years ago by the Villa Group and former UVC Board member Jim McCarthy. The Foundation distributes funds to charities in the cities of Villa Group resorts, and helps thousands of children, adults and the elderly by supporting orphanages, food banks, assisted living facilities, special needs, education, physical therapy, and more. Thanks to the members' generous contributions, the Foundation has collected and donated over \$2,500,000 since its inception. The Foundation thanks you and asks for your continued support with a minimal voluntary donation of \$10.00. Added together, these funds make a significant difference in the lives of the needy. Donating to Eagle's Wings Foundation is a great way to give back to your home away from home in Mexico.
- The On Call Travel Assistance Program provides emergency air evacuation services from Mexico or any other foreign destination to the United States in case of catastrophic injury to either you or your family, while on your vacation or exchange, and other very valuable medical travel and other travel services. You have the ability to earn a 10% discount by purchasing the insurance program at the time of your maintenance fee payment. **For Gold and Villa Preferred Access members only:** the standard version of this program is already included as part of your membership. Gold and Villa Preferred Access members may upgrade to the full insurance program for only \$15 additional at the time you pay your maintenance fee.

PAYMENT OPTIONS: Members will have three payment options for their 2018 assessments:

- I. Members may pay their annual 2018 maintenance fee assessment on a **monthly basis. This option is only offered on-line at your member website or by contacting our Member Services Department.** If you select this option, you will not receive an additional monthly invoice, which represents a savings on paper and supports our green efforts. This option will be offered with a monthly credit card auto charge, which will be billed monthly to your credit card of choice or by auto debit of your bank account, which can **ONLY** be set-up by calling us at the phone number provided on your statement. A nominal monthly installment fee of **\$5.35** will be added to each monthly payment.
- II. Also, you may continue to choose to pay your 2018 maintenance assessments in four equal installments. For members who opt for the Installment Plan, assessments will be due November 30th, February 28th, May 31st and August 31st. There will be a nominal **\$9.70** installment fee for those owners who own one week. For members who own multiple weeks, one **\$12.70** processing fee will be added for each installment payment.
- III. Finally, you may always pay your entire annual maintenance assessment in one payment, via credit card (on-line or by phone) or by check, if so desired.

Assessments are delinquent if either the full payment or any of the monthly or quarterly payments are not received by the stated due dates. Late charges and assessments will apply to all outstanding balances. **This means that vacations may be used, confirmed or deposited, as long as members are current with their monthly or quarterly billing payments. If members are not using the Payment Billing Option, assessments must be paid in full before using, confirming or depositing their week.**

ON-LINE PAYMENT OPTION:

Provided as a convenience to its members, the Universal Vacation Club offers the ability to make all maintenance fee payments via the Internet, using our online payment option. Simply go to www.resortcom.com click on the "login" button to enter the on-line application. Current registered on-line users only need to enter their username and password to gain access to this application. All "first-time" users will need to 1) click on the "Create an Account" area within the login page 2) fill out the required information and 3) click the "register" button. Your on-line account is immediately ready for use upon the completion of these simple steps. In addition, please take the time to 'Go Green!' with our new paperless billing option. Be on the lookout for an email from us that reviews the simple steps to follow in order to be set up with paperless maintenance fee statements. It is simple to do, good for the environment and keeps your Club costs down!

In conclusion, the Universal Vacation Club is recognized as one of the top associations within the timeshare industry. The Club and its management team have received numerous awards from the American Resort Development Association, Resort Condominiums International, and Interval International and continue to provide top quality care and service to its members. You can truly be proud to be part of this organization and know that your Club is the standard by which other clubs gauge their success.