

TO: Woods Manor Timeshare & Whole Owners

RE: Conversion Plan Status Update

DATE: October 18, 2019

Short Review

- Two of the six Woods Manor (WM) timeshare units (204B and 304B) have been converted to whole ownership in accordance with the Conversion Plan.
- The HOA owns 62 of the 200 remaining timeshare weeks in Units 101B, 102B, 203B and 303B.
- Of the 138 timeshare owner weeks in these four units, 122 ballots were returned supporting:
 - Removing some timeshare provisions from the WM Declaration.
 - Filing partition suits to allow these units to be sold and closing proceeds distributed according to the Conversion Plan.
- None of the returned ballots voted “No”. Of the 16 ballots not returned, four ballots voting “Yes” on both questions arrived after the voting deadline. Two did not vote because they want the WM Board to settle disputes to avoid filing partition suits. Two owners of seven weeks did not vote -- they do not support converting timeshare units to whole ownership. For the remaining three ballots of these 16, we do not know why they did not return their ballots.
- Many delinquent timeshare owners decided to pay their arrears in order to be able to participate in the timeshare Conversion Plan. Without the Conversion Plan, delinquencies could, and most likely would be a significant issue year after year.
- A contract on Unit 203B was finalized but the closing could not take place because the owner of one week in that unit refused to relinquish ownership of their week.

Legal Issues

- The WM Board’s efforts to settle with the two owners who do not desire to sell their 7 weeks have not been successful. The Board will continue efforts to avoid additional legal expenses and potential court fees. It is the Board’s ongoing goal to take advantage of the strong seller’s market in Breckenridge

in order to obtain the highest possible sale price for the timeshare owners' benefit.

- WM has filed partition suits on units 203B and 303B. Owners in these units received mail from Michael Connelly, WM attorney. All timeshare owners in these two units are named defendants. Having these timeshare owners agree to not be served in person (**Waiver of Service**) will result in cost savings. Signing the "**Stipulation and Confession of Judgment**" means support for selling the units to whole ownership in accordance with the Conversion Plan.
- The two owners who desire to continue ownership of their 7 timeshare weeks (owner A with three weeks in two units, and owner B with one week in each of the remaining four timeshare units) are engaged in active litigation against WM in Summit County courts.

A Few Areas of Disagreement with Owners A & B

- Who owns the HOA timeshare weeks: Timeshare owners or all owners (timeshare and whole owners)?
 - Owners A & B claim it is all the owners. WM claims only the timeshare owners. If it is all owners, whole owners would be entitled to $\frac{3}{4}$ of the proceeds of the sale of the units to whole ownership from HOA-owned weeks. Timeshare owners would be entitled to $\frac{1}{4}$ of these proceeds. WM claims that all the proceeds from these HOA-owned timeshare weeks should be distributed to timeshare owners that had their weeks converted to whole ownership, according to the Conversion Plan, after all units have been converted.
- Who pays for Conversion Plan legal fees – Timeshare owners or all owners (timeshare and whole owners)?
 - Owners A&B claim it is all owners. WM claims timeshare owners. It was the spiking number of timeshare dues delinquencies that resulted in the creation of the Conversion Plan and its implementation. In May of 2016 only 119 weeks out of 300 were current in dues payments. The WM Board has a fiduciary responsibility to all owners. Timeshare owners must pay fees that are related to timeshare expenses just as whole owners must pay fees that are related just to whole owners.
- The vote on the two ballot questions was conducted illegally.
 - Owners A & B claim the Declaration was violated because the Board did not call for a special meeting of the homeowners to vote on the Declaration changes. WM claims it did better than calling for a special

meeting, at which few timeshare owners would likely attend, by mailing the ballot questions to all. Thus, all timeshare owners were given the opportunity to vote on the two questions presented.

What's Next?

At the Oct. 13, 2019 WM Board meeting, the Board authorized WM lawyer Michael Connelly to identify possible litigators that would be hired by the Board if the law suits go forward to be heard in Summit County court.

Many timeshare owners have expressed great concern and frustration that the four units cannot be listed for sale at this time. The Board shares in your frustration and continues to push forward to reach a resolution as soon as possible, whether by settlement or court order.

The WMA 10-Year Capital Reserve Plan continues to show that aging buildings have capital needs that must be planned for and addressed – back of buildings' window and siding replacement, asphalt drive and parking lot replacement, roof replacement, resurface concrete sections in the Bldg. A garage, paint interior and exterior siding of all buildings, elevators replacement, interior carpet and tile replacements, and others.

Also, the timeshare units need interior capital improvements. The WMI 10-Year Capital Reserve Plan shows an estimate of \$356,533 improvement costs through 2027. Based upon RCI requirements, some of these improvements may need to be performed sooner than currently planned.

It is in the best interests of all of us to settle differences and market the units for sale as soon as possible. That can be achieved if the interests of all timeshare owners are respected and agreed upon.

Breckenridge Real Estate Market

The market in Breckenridge is still a strong seller's market. On July 31, 2019, realtor Luke Paffrath submitted fair market value listing prices for the four remaining timeshare units:

Unit 101B - \$510,000

Unit 102B - \$695,000

Unit 203B - \$565,000

Unit 303B - \$592,000

What is the value of a single timeshare week on the open market?

How many timeshare weeks can be purchased from proceeds of the units' sale to whole ownership in Breckinridge, Summit County and elsewhere that are affiliated with RCI?

How many weeks can timeshare owners rent at WM, and elsewhere, from the proceeds of converted units, annual dues savings and capital improvement savings?

We believe the answers to these questions make the conversion effort a good idea for WM timeshare owners.

Timeshare Plans for 2020?

If the WM Board can't negotiate a settlement with owners A & B and the conversion decision is eventually heard in Summit County court, it is likely this process will take many months. Therefore, at this time, we must plan on continuing timeshare operations into 2020.

The WM Board has prepared a 2020 timeshare budget and calculated the dues for each of the four remaining timeshare units. There were 38 HOA-owned weeks, within the two converted to whole ownership units, which are no longer needed to be accounted for in the WMI operating budget. As a result, the board was able to reduce the 2020 dues from what they were in 2019.

Whole owners will have a special assessment in 2020 for roof repairs. The timeshare current reserve funds will pay for their share of those expenses.

The 2020 dues letter will be distributed to owners after mid-November. As in the past, if a timeshare unit is sold in 2020 before an owner's week has occurred, that owner's 2020 dues will be refunded.

Because of anticipated delays in completing the conversion plan, the WM Board is opening up weeks for owner use and RCI deposits through April 2020. The Availability Chart will be updated on the Woods Manor website and at Wildernest Property Management on the date of this status update.

For questions and or comments, email or call:

Jay Rust, President WM HOA, rustkj@aol.com, 720.280.5759

Len Vest, Conversion Plan Coordinator, lenvest@comcast.net, 720.291.5678