

14 November 2011

Dear Spicebushers:

On October 23-24, the Spicebush Board of Directors met for its regular fall meeting, followed by the Annual Meeting for the owners. Several key issues were discussed and decided, including the approval of the 2012 budget and the election of a new director, so *please read this letter carefully*, as it contains some important news for all of us.

E-mail: If you have not already done so, please let us know your e-mail address by contacting Bob Long (bob@cglhhi.com). Currently we have less than half of the owners' e-mails on file. If you do not have an e-mail address, it would be helpful to know this as well. Using e-mail will help us get the word out quickly and at much lower cost than conventional mail.

Web site: Director David Shay is in the process of upgrading the web site, which we think can be used much more effectively for things like the internal exchange program, information about local activities and restaurants on Hilton Head, and promoting Spicebush to prospective new owners and renters. If you have any suggestions you'd like to pass along, please feel free to e-mail David at dshay@carolina.rr.com. Visit www.spicebushatseapines.com to view the current website.

Interior Upgrades: There has been lots of positive feedback about the new paint, carpeting, and furnishings on the first floor, the new pool furniture, and improvements to the landscaping. The next phase of interior upgrades will take place over the coming months, which include new paint and furnishings for the second floor bedrooms, so the units will look even better this year. In order to control the budget, the Board has decided to defer a few items, such as new artwork, until a later date.

Annual budget: The Board reviewed the annual budgets for both operations and the reserve fund on a line-by-line basis. Despite the slow economic recovery, we continue to experience upward pressure on expenses. After much discussion and with the help of the Club Group management, a break-even budget was adopted that will enable Spicebush to maintain the property in top condition. Over the coming year, we will take a closer look at long-term planning for deferred maintenance items.

Annual assessment: After much discussion and in order to maintain the balanced budget noted above, the Board felt it prudent to increase the annual assessment from \$745 to \$760, effective for 2012. Please be mindful that we have not experienced an increase for the past four years. Of this amount, \$610 is for operational expenses and \$150 is for the long-term reserve fund that covers deferred maintenance and capital replacement items. At the same time, we will continue to offer a \$15 discount for those who elect the early payment plan, which offsets the increased cost for those who wish to take advantage of it. Even with the modest price increase, we still feel that Spicebush represents an excellent value on Hilton Head. For comparison, the annual assessments are \$1082 at Monarch, \$1136 at Harbour Club, \$1084 at Grand Ocean, and \$1350 at Heritage Club.

Recovery Program: Mark King from the Club Group briefed the Board and the Annual Meeting about the ongoing efforts to repay the funds that were misappropriated by Dennis Gerwing several years ago. Progress on this front has been slower than expected, but steady. Theresa Thomas is representing Spicebush on the Recovery Committee, which includes several other regimes on the Island and meets as needed to monitor progress. While a substantial portion of the principal has been repaid, it will likely take several years before this issue can finally be put to rest. While this is of great concern to the Board, to put things in perspective, the impact on our overall financial condition amounts to less than \$100 per unit/week, and so this has not had a significant impact on operations. We appreciate everyone's patience and will continue to work with Mark King and the Club Group to monitor the situation.

HOA Units: An "HOA unit" is a unit/week that has gone through foreclosure or bankruptcy and has been legally returned to the Spicebush Homeowners Association. Currently about 7% of the unit/weeks fall into this category. Please understand that each individual owner is responsible for the disposition of his or her unit/week by sale or other legal ownership transfer. The Spicebush Board is concerned with management and operations, but except for the HOA units, it does not actually own the unit/weeks. Because HOA unit/weeks are empty and thus do not generate revenue through the annual assessment, they effectively raise the cost of ownership for everyone else (by about 7%, or about \$53 per year). With this in mind, we try to sell or rent each HOA unit/week as soon as possible. Recently, we've become aware of certain timeshare "wholesalers" who offer to take control of unit/weeks for a fee. These are often LLCs (limited liability companies) which can effectively put the ownership of a unit/week in legal limbo, so that it is very difficult to sell or rent it. If you are contacted by such a company, we urge extreme caution.

Spicebush Internal Exchange Program: We realize that vacation plans can change and that everyone appreciates a little flexibility in scheduling. One of the features of the upgraded web site will be to make it easier for Spicebush Owners to swap unit/weeks internally, without large fees. This program was instituted last year with good success. For further information, contact Mindy Burroughs at mindy@harbourtownyachtclub.com / (843)671-1400 or Donna Lewis at dlewis@cglhhi.com / (843)363-5699.

Winter Week Specials: We are pleased to continue the “Winter Week Special” program, which covers the weeks from December through February when spare units are available. The price is very low (just \$395 per week) and so this is a great opportunity to enjoy Hilton Head in the quieter months. It may even inspire you to purchase a winter week or two, which can be had at very attractive prices (and also include one free year’s maintenance fee at no charge). If you are interested, please contact Theresa Thomas at Theresa@villashares.com/800-785-3070.

Satisfaction Ratings: The Board pays extremely close attention to the comment cards that are collected each week. *Please make sure to fill out your cards after your visit.* This year, the ratings showed “Excellent” or “Good” ratings in 11 of 12 categories. The overall rating from Interval International was 92, and from RCI the aggregate rating was 4.6 out of 5.0. This numbers are good evidence the effort being put forth by the Club Group to keep the property in top shape. As always, we appreciate hearing from owners at any time during the year, so if you have comments or suggestions, please let us know (and better yet, use e-mail!).

Election of new Director: Our thanks go to Theresa Thomas, who has served on the Spicebush Board with distinction for two full terms, and will continue to serve in an *ex officio* capacity on the Recovery Committee. By virtue of the election results announced at the annual meeting, Cheryl Disque will take Theresa’s place on the Board. Cheryl is a resident of Colorado Springs and has been an owner since 1997. She is a retired Special Agent for the FBI and currently serves on the Dean’s Council for the College of Arts & Sciences at the University of Georgia. We are delighted to welcome Cheryl to the Board and are extremely grateful that Theresa has agreed to extend her service as well. Following the Annual Meeting, the Board elected officers for the coming year as follows: President: Scott Simpson; Vice President/Secretary: Peter McElroy, Esq.; Treasurer: David Shay.

That’s a lot to digest, but it’s all important stuff. Please know that your Board of Directors is working hard to make sure that Spicebush will retain its special quality for years to come. If you have friends, family, or colleagues at work who might enjoy the property, please encourage them to come, perhaps for a Winter Week Special. We are actively engaged in marketing the HOA weeks and satisfied owners are the best possible sales people!

With best wishes to one and all for the holiday season and the new year to come,

The Spicebush Board of Directors

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