



## Americano Beach Lodge Resort Condominium Association, Inc.

PO Box 511 Daytona Beach, FL 32115  
(386) 255-7431 · www.americano beach.com

April 2, 2018

DearAmericano Owner,

You recently received a letter outlining the damage caused to theAmericano by hurricanes Matthew and Irma, the efforts underway to repair the damage and reopen the resort, and a notice that the Association has insufficient funds to complete all necessary repairs. Thus, in accordance with the Declaration of Condominium ofAmericano Beach Lodge Resort (the “Declaration”) and as provided for in Chapter 718 of Florida Statutes, the Association Board, at a duly-held meeting, passed the special assessment on March 20, 2018, and your invoice is enclosed. We wish to thank all of the owners who attended that meeting for their time and valuable input and suggestions.

As you are aware, the number of paying owners has dwindled over many years to less than 50% of paying owners versus non-paying owner. For that reason, this Special Assessment will not raise nearly enough money – estimated to be in excess of \$15 million - to complete all necessary repairs and replacement of damaged items for the entire building. If the paying timeshare owners were assessed to pay for all of the work required, the amount of an additional Special Assessment would be estimated to exceed \$6,000 per interval due to the level of defaulted owners.

### **Proposed Redevelopment Plan**

As a result of the significant amount of money needed to complete all necessary repairs, ARC Americano, LLC (ARC) the company that purchased timeshare weeks, the development and management rights from the resort’s prior developer in 2016, has proposed a redevelopment plan.

The redevelopment plan ARC has proposed to your Board is a plan to sell whole time units on a vacation use basis and to reduce the timeshare plan to the loyal owners of the property to meet the current financial needs of this timeshare plan.

The redevelopment plan is simply to reduce the size of the timeshare plan to the number of paying owners. Some of the existing units would stay committed to the timeshare plan, and the remainder of the units redeveloped as condominiums or for hotel use. For example, each unit accommodates 52 weekly owners and if 2,600 timeshare owners remain, approximately 50 units may be dedicated to the timeshare plan. The plan is to locate the timeshare plan in first floor patio units and units from floors 4, 5, and or 6, as are needed to support the number of owners staying in the timeshare program and their preferences.

It’s *possible*, but not guaranteed, that the annual assessments for the timeshare plan as redeveloped may be reduced. “Rightsizing” the timeshare program to the number of owners willing to support it should mean that you’re no longer having to pay additional assessments to make up for those who are not paying. Obviously, and here again, there is no guaranty in this regard because no one can control all owners and the weather or acts of god.

We hope you will review this redevelopment option carefully. It seems unfair for the paying timeshare owners to have to cover 50% or more of the delinquent owners, but under Florida law, that is the reality and the plan proposed by ARC will allow the loyal owners to basically re-set the timeshare plan and to allow ARC to have to opportunity to promote the redevelopment at their required costs needed to implement this plan.



Please complete and return the enclosed “Response Form” as soon as possible or fill it out online by clicking the link to “Response Form” on [www.americanobeach.com](http://www.americanobeach.com). Please understand at this juncture this is only a plan and will require owner participation, compliance with Florida law and, obviously, the ability of ARC to obtain the financial plans for the Resort. There is no guarantee that this plan will occur.

The timeshare “use plan” can be updated through the redevelopment plan to address issues that have arisen over the years. We have attached a proposed revised “use plan” from ARC attached as “Insert 2.”

**Assessment Payments** – Owners may elect to pay the Special Assessment in one or two installments, the first is payable on April 15, 2018, and the second is due on July 15, 2018. There will be a 30-day grace period on each payment with no interest or late fees charged. Payments may be made by mail or online, so read the invoice carefully for payment options. If you elect to pay half now and half later, simply pay the first half and you’ll receive a reminder notice for the second installment.

Unit Type	Seabreeze Studio	Atlantic One Bedroom	Floridian One Bedroom	Halifax One Bedroom	Tomoka Lock-off
Amount of Assessment if paid in 1 payment	\$955.25	\$1,087.14	\$1,336.35	\$1,291.62	\$1,834.63
Each payment if paid in 2 payments	\$477.63	\$543.57	\$668.18	\$645.81	\$917.32

Owners who pay the Special Assessment in Full and are current in assessments will receive a vacation week for 2018. As the resort is unlikely to reopen until late in the year, ARC has offered to provide up to 1,000 weeks of vacation time from their inventory at other properties to be used byAmericano owners who don’t chose Option 1 as follows. Options for this vacation week include: 1) an additional week in the future at theAmericano; 2) a week to be deposited into RCI or Dial-An-Exchange (see [www.daelive.com](http://www.daelive.com)) on your behalf; or 3) the use of a week in 2019 or 2020 at Magic Tree Resort in Kissimmee, FL or at Marina Bay Resort in Ft. Walton Beach, FL. Space is limited at theses resorts, especially during the highest-demand times. You will pay no additional fee for this vacation week, except an exchange fee to RCI or DAE if you select that option. See the enclosed Response Form for additional details.

Additionally, we have enclosed from your Board a Question and Answer “Insert 1” to address common questions raised at the last meeting.

There can be a bright future for theAmericano, with dedicated owners and the implementation of a revised business plan to help meet demands for this Resort, in a city that is seeing a revival of its past days as a premier Florida destination. For those of you who remain owners, it is felt this Resort will be back on its feet, potentially becoming a nice upgraded facility for loyal owners’ enjoyment with lower operating costs. For those of you who must depart, we are sorry to see you go, and will try to give you some options for the future, and hopefully with many fond memories of vacations at theAmericano.

Respectfully Submitted

TheAmericano Beach Lodge Resort Condominium Association Board of Directors

Ruth DeGaglia, Secretary-Treasurer

Gerald Midman, Vice President

R. Scott MacGregor, President



## INSERT 1

### **From Your Board: A couple notes, questions and answers...**

An “Owners Only” page is being added to your Association’s website [www.americanobeach.com](http://www.americanobeach.com). To access it, click the link on the home page labeled “Owners Only” and use the password “beaches1”. We are putting Association documents, financial statements, insurance policies, construction bids and plans here.

It is important that you take the time to read your Association’s governing documents, which include the Declaration, Bylaws, Articles of Incorporation, and Management Agreement. These can all be found and downloaded from the “Owners Only” page at [www.americanobeach.com](http://www.americanobeach.com) understanding that these documents may need to be amended to meet the requirements of any proposed plan for the Resort in accordance with Florida law.

***What if we can’t or won’t pay the Special Assessment?*** All owners are obligated to pay the Special Assessment. However, the Board recognizes that for some, particularly multi-week owners, it’s a hardship that can’t be overcome. The Board and management will seek an equitable and reasonable solution including payment plans for each Owner’s individual needs understanding that the Resort must be kept operational. To make alternative payment arrangements please call the resort toll free at (800) 874-1824 or (preferably) send an email to [info@arcresorts.com](mailto:info@arcresorts.com) including your telephone number and a customer service agent will follow up with you. Please be patient as call volume will be very high at certain times.

***What happens when the timeshare plan terminates in the year 2032?*** (See Declaration, Article 19 B.) This “termination clause” was put in many timeshare Declarations to allow the owners of the timeshare to have an opportunity, 40 years after the plan started, to determine if they want the timeshare to continue. In 2032, if a majority of owners participate in a special meeting and vote to extend the timeshare plan, it will be extended for another 10 years, and then the process begins again. If the plan does not continue, the building is sold and the proceeds, if any, are divided proportionally among the owners, provided the condominium plan can be terminated also.

***How can the SBA loan be repaid over 30 years if the Americano Timeshare Plan is planned to expire in 2032?*** As described above, if the plan terminates and the building is sold, any costs of clearing title to the property and completing the sale, including the payment of debts, will come out of the sale proceeds. It’s like selling a home and paying off the balance of the mortgage at closing.

***Why is this happening to the Americano?*** There are many “Americanos” across the country. There are 1,558 timeshare resorts in the U.S, and approximately 70% of those - more than 1,100 resorts - are more than 30 years old. Many of these buildings are nearing the end of their useful lives, requiring substantial repairs and replacements to major components like roofs, windows, pools, plumbing and electrical systems. Although the resort’s capital plans anticipated many of the repairs and upgrades in the future, the hurricanes hastened this process at the Americano. At the same time, many owners have become unable to meet their annual maintenance fee obligations, heaping the responsibilities for the rising costs of operating, maintaining and repairing the properties, on the remaining owners.

***Was there adequate insurance for the property and why doesn’t it cover all the required repairs?*** The insurance requirements for the resort are spelled out in the Declaration and Florida Law. Resort management has worked for years with Brown & Brown insurance agency to make sure the resort was properly insured and in 2016, the policies were substantially upgraded. To date, nearly \$4 million in insurance proceeds have been paid to the resort for Hurricanes Matthew and Irma, most paid directly to firms who performed cleanup and remedial repairs immediately after the storms. The total claims submitted on behalf of the Association exceed \$10.5 million and ultimately we may need to litigate against the insurance company to bring about what is due and owing under the policy.

***If I pay my 2018 assessment and my 2018 Special Assessment, what assurances do I have that I will not be responsible for ARC’s portion of their redevelopment plan?*** It is ARC’s intention, provided the redevelopment plan is supported by owner participation, to try to obtain the needed investment funds to implement the proposed plan. Again, there can be no guaranty that the plan will happen, but if it does, then ARC will be paying for their part of their proposed plan for the property, essentially picking up the responsibilities of the owners who are no longer supporting the resort.



## INSERT 2

**ARC Proposed Revised Timeshare Use Plan for theAmericano: Note any Proposed Revised Timeshare Use Plan is non-binding on any party until duly approved, including the Association and ARC. It is included to allow discussion from the Owners with the Association and ARC pertaining to a Proposed Revised Use Plan at theAmericano of whole time and a smaller “re-sized” timeshare plan. Subject also to requirements of Florida law, the plan will require participation of owners who desire to pay all current assessments, including the 2018 Special Assessment, to become a member of the following proposed use plan including changing their unit week designations:**

ARC has proposed the following: Owners would own in one of 3 seasons: Event, Prime, or Value.

Owners that purchased “fixed” weeks – previously 6, 9 and 26 that were to correspond to Race Week, Bike Week, and July 4<sup>th</sup> Race week, would be given “Event” weeks (one of: Pre-Race event Week, Race Day Week, Bike Week, July 4/Pepsi 400 Week, and Biketoberfest Week) assuring that they could come when the event was scheduled, regardless of what numbered calendar week it fell on. (Note: there’s limited number of these weeks available, so please fill out and return the enclosed “Response Form” so that the correct number of rooms needed can be calculated.) ARC will give priority to currently deeded 6, 9 & 26 owners to be accommodated before seeking any of these intervals for its own use, although it owns some 6, 9 and 26 weeks currently.

Owners that were deeded the “Prime Season” under the previous plan would be given Prime Season including weeks 1-8, summer weeks 26-34 that are not Event weeks, and weeks 51 & 52.

The remaining owners would be given “Value” season (to differentiate it from the current “Preferred” season which is often confused with Prime season) consisting of the remaining weeks.

Each owner would be able to reserve in their Season or a lower one 12 months in advance, within their unit type. 10 months in advance, all un-reserved weeks would be available to anyone wishing to book them. This gives the owner of each season a two-month head start to reserve their desired week and allows all owners to access more desirable weeks when they’re available, providing year-round access to the resort. Delinquent and Association-owned weeks, if any, would be made available for public rental 6 months in advance to permit for an owner-only six-month reservation window, though individual owners may rent their weeks out earlier.

Though it’s assumed that owners would stay in their existing unit type and season, it’s possible that there may be opportunities for owners to move into larger or smaller unit types or a different season to suit their future vacation needs. Owners will be required to deed their existing week back to ARC or to the Association so that title to the non-timeshare units can be cleared, and they will receive a new deed to the proper season and unit type within the new dedicated timeshare units. There will be no cost to the owner for this process.

ARC proposes that downgrades to a smaller unit type or lower season be at no cost to the owner, and that upgrades to a larger unit type or season be priced at \$500 per upgrade (for example, from a studio Prime Season to a One-Bedroom Event Season would be two upgrades, total cost \$1,000) with 100% of the upgrade fee going to the Association to offset costs of the title work required to complete this process.

The plan is to locate the timeshare plan in ground-floor patio units and units from floors 4, 5, and or 6 as are needed to support the number of owners staying in the timeshare program and their preferences. Unit interiors will be updated upon reopening of the resort, but some major upgrades like bathroom renovations may be completed over two to three years. The patio units were highly impacted by Hurricane Irma and will require more extensive renovation than other units in the building. Owner participation to change unit week designation is required understanding that if the owners do not participate to change unit weeks, there will be no restructuring plan.