

MVC TRUST OWNERS ASSOCIATION, INC.
Estimated Association Common Expense Budget
For the Period Beginning January 1, 2025 and Ending December 31, 2025

**Alternative
Budget**

	2025 Annual Total	2024 Per Beneficial Interest	2025 Per Beneficial Interest	2024 BUDGET VS 2025 BUDGET INCREASE/(DECREASE)	
Revenues					
Assessments to Beneficiaries (excluding Exchange Company Dues)	\$647,779,039	\$196.87	\$203.70	\$6.83	3.5%
Acquisition Revenue	4,471,326	0.76	1.41	0.65	85.9%
Assessments to Beneficiaries (Exchange Company Dues) ⁽¹⁾	50,529,392	16.50	15.89	(0.61)	-3.7%
Bank/Investment Interest	300,000	0.00	0.09	0.09	2885.5%
Late Fees	1,340,457	0.42	0.42	0.00	0.0%
Maintenance Fee Interest Income	3,180,064	0.99	1.00	0.01	1.0%
Surplus Return (Property Tax)	0	0.17	0.00	(0.17)	-98.1%
Total Revenue	\$707,600,278	\$215.72	\$222.51	\$6.80	3.2%
Component Expenses					
Component Expenses ⁽²⁾	608,131,620	183.23	191.23	8.01	4.4%
Total Component Expenses	608,131,620	183.23	191.23	8.01	4.4%
Trust Association Administration					
Administration	1,054,358	0.26	0.33	0.07	27.0%
Audit Fee	20,396	0.01	0.01	(0.00)	0.0%
Bad Debt Expense	16,474,732	4.27	5.18	0.91	21.3%
Billing and Collections	1,716,847	0.60	0.54	(0.06)	-10.1%
Board of Directors	33,557	0.01	0.01	0.00	0.0%
Component Services ⁽³⁾	3,990,417	0.89	1.25	0.37	41.7%
Credit Card Fee	11,611,911	3.00	3.65	0.65	21.7%
Deficit Recovery	0	1.49	0.00	(1.49)	-100.0%
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	175,118	0.05	0.06	0.00	0.0%
Exchange Company Dues ⁽⁴⁾	50,529,392	16.50	15.89	(0.61)	-3.7%
Income Tax	96,000	0.00	0.03	0.03	3047.0%
Insurance	458,074	0.24	0.14	(0.10)	-41.3%
Legal	150,000	0.03	0.05	0.01	28.9%
Management Fee ⁽⁵⁾	8,197,892	2.74	2.58	(0.16)	-5.8%
Operating Capital	0	0.87	0.00	(0.87)	-100.0%
Postage and Printing	557,021	0.18	0.18	(0.01)	-5.4%
Property Taxes ⁽⁶⁾	4,263,443	1.31	1.34	0.03	2.3%
Trustee Fees	139,500	0.05	0.04	(0.00)	0.0%
Total Administration Expenses	\$99,468,658	\$32.49	\$31.28	(\$1.21)	-3.7%
Total Expenses	\$707,600,278	\$215.72	\$222.51	\$6.80	3.2%

Exchange Company Dues - per Beneficiary ⁽⁷⁾ **\$250 or \$290 or \$305**

The following table is shown for illustrative purposes only:

Ownership Recognition Levels	Interests Purchased	Per Interest	Maintenance Fee	Exchange Company Dues	Total
Owner	6	\$203.70	1,222	\$250	1,472
Select	16	\$203.70	3,259	\$250	3,509
Executive	28	\$203.70	5,704	\$290	5,994
Presidential	40	\$203.70	8,148	\$290	8,438
Chairman's Club	60	\$203.70	12,222	\$305	12,527

MVC TRUST OWNERS ASSOCIATION, INC.
2025 Estimated Association Common Expense Budget Notes
For The Period Beginning January 1, 2025 And Ending December 31, 2025

Notes to the 2025 Estimated Operating Budget

- 1) Exchange Company Dues are assessed on a "per owner" basis rather than a "per Beneficial Interest" basis. Accordingly, revenues and expenses associated with Exchange Company Dues are shown on the budget on a "per Beneficial Interest" basis for reference only. Exchange Company Dues may sometimes be referred to as Club Dues.
- 2) Component Expenses includes the Assessments paid by the Association to the owners associations which govern the resorts in which the Trust owns timeshare interests or units. Such Assessments may include fees payable to on-site operators other than Trust Manager who are engaged to manage resorts in which the Trust owns timeshare interests or units. Certain budgeted Common Expenses have been included in the Component Expenses section of the budget based on the assumption that a condominium structure will apply to the Trust Property(ies) from which such Common Expenses arise. In the event that such a condominium structure is not realized for one or more such Trust Properties, the applicable Common Expenses may be removed from Component Expenses and included in one or more separate line items in future Association budgets. For most Trust Properties, the Association is responsible for paying a portion of the amounts necessary for reserves under the Component Association's budget, and the Association's budget includes these reserve items in the Component Expenses. However, for some Trust Properties, the Association may budget for, and separately accrue, funds for reserve expenses which are not reflected in Component Expenses. The Association may be specially assessed from time to time by one or more Component Associations relative to common expenses in excess of the Component Associations' operating budget(s). This Association budget may include certain estimated Component Expenses which are subject to proposed Component Association budgets that have not yet been approved by the applicable Component Association board of directors.
- 3) Component Services include the incremental costs of services provided in connection with Beneficiaries' nightly use of Accommodations which are not otherwise included in the Component Expenses. These services may include, but are not limited to, housekeeping, engineering, loss prevention and front desk services necessitated by nightly use of Accommodations.
- 4) Exchange Company Dues includes costs and expenses related to owner education, reservation services, owner communications and other programs and services provided by the Exchange Company. Exchange Company Dues may be increased from time to time as provided in the Trust Plan Documents. Pursuant to the Marriott Vacation Club Destinations Exchange Program MVC Trust Affiliation Agreement, Exchange Company has been delegated the authority by the Association to provide all services incidental to the reservation and use of the Trust Property. Exchange Company Dues charged to and paid by the Association to Exchange Company may include expenses incurred through affiliates of Exchange Company. Certain of the expenses included in the Exchange Company Dues charged to and paid by the Association to Exchange Company, including expenses for Owner Services, may reflect economies of scale associated with the number of projects or affiliated programs managed by Exchange Company and the affiliated relationship between Exchange Company and Trust Manager. Therefore the amounts charged for such expenses may reflect pricing that is different than what equivalent services would cost if charged on an independent case-by-case basis.
- 5) In accordance with the MVC Trust Management Agreement, this Management Fee is equal to 10% of all money that Trust Manager is required to collect pursuant to the Association's annual budget (exclusive of the Management Fee itself and Component Expenses), but inclusive of any ad valorem taxes assessed directly to the Association or Beneficiaries, and for special assessments not part of the Association's annual budget.
- 6) The estimated real estate taxes for the Association are projected to be \$4,263,443. The real estate taxes are for the Marriott's Newport Coast Villas, Marriott's Timber Lodge at Lake Tahoe, Marriott's Desert Springs Villas, Marriott's Desert Springs Villas II, Marriott's Shadow Ridge, Marriott's Frenchman's Cove, The Ritz-Carlton Club, St. Thomas - Suites, Marriott's Grand Residence Club Lake Tahoe Accommodations, and The Westin Mission Hill Resort Villas because the Component Expenses for California and U.S. Virgin Islands properties do not include real estate taxes. The Association will pay these property taxes to the appropriate taxing authority for the jurisdiction in which the California and U.S. Virgin Islands Accommodations are located.
- 7) Exchange Company Dues are billed at a rate of either \$250, \$290 or \$305 per Beneficiary, depending on the Beneficiary's ownership recognition level.

Notes from 2023 Audit: Certain services, including accounting and administration, are provided by MRHC and allocated to the Association based on the number of unit weeks (based on points conversion), as a percentage of total unit weeks (based on points conversion). In addition, Marriott Vacations Worldwide Corporation pays all invoices on behalf of the association for which the Association reimburses Marriott Vacations Worldwide Corporation. The amount due from (to) Marriott Vacations Worldwide Corporation as of December 31, 2023 and 2022 was \$58,803 and \$2,075,021, respectively. The amount due from (to) from the Developer as of December 31, 2023 and 2022 was \$0 and \$32,533, respectively.

MRHC collects annual assessment fees on behalf of the Association. The amount of assessment fees receivable due from MRHC at December 31, 2023 and 2022 was \$15,117,517 and \$6,608,359, respectively.

Certain expenses incurred by the Management Company and its affiliates in connection with the operation and management of the Association and property, including but not limited to expenses associated with utilization of its corporate or administrative infrastructure, have been allocated to the Association and other resort properties operated by the Management Company and its affiliates on a basis determined by the Management Company in a commercially reasonable manner. This may include an allocation of certain costs and expenses on a fixed-rate basis, and actual costs and expenses incurred may be higher or lower than the amount allocated to the Association and reflected in this budget for the referenced fiscal year.

The Management Company has been delegated the authority, and has subcontracted with certain of its affiliates, to provide services incidental to the management and operation of the Association and property, including Owner Services and all property operations. In connection with the performance of those services, all operating expenses will be included in the budget and paid by the Association to the Management Company, including some that may be incurred through affiliates of the Management Company. Certain of the operating expenses may reflect economies of scale associated with the number of projects managed by the Management Company and the affiliated relationship between the Management Company and its affiliates. The amounts charged for such operating expenses may reflect pricing that is lower than what equivalent services would cost if charged on an independent case-by-case basis.

Pursuant to the Bylaws, each Beneficiary is responsible for a share of the Common Expenses based, in part, on the number of Points associated with such Beneficiary's Interest(s) divided by the total Points for Sale attributed to Trust Property for which a Notice of Use Rights has been issued. As of August 05, 2024, there were 768,328,988 such Points for Sale and 785,980,322 Points for Use. An additional 26,661,014 Points for Use are included in the 2025 budget to account for additional timeshare interests which were acquired by the MVC Trust in 2024 and available for occupancy in 2025.

The Operating Fund balance of the MVC Trust Owners Association, Inc. anticipated at December 31, 2024 is \$10,464,487 representing approximately 1.7% of the 2024 Budget. The Association Board has designated that these anticipated surplus funds remain in the Operating Fund for use in emergencies to sustain financial operations in the event of significant unbudgeted Component Expense increases in 2025.