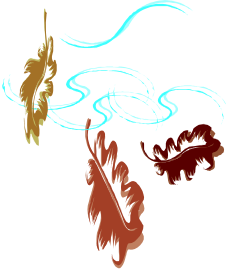


Montego News & Views

A Newsletter for the Homeowners of
The Beach Club at Montego Inn

October 2010

Myrtle Beach, SC



NOTICE OF ANNUAL MEETING THE BEACH CLUB AT MONTEGO INN NOVEMBER 06, 2010 1:00 PM

October 07, 2010

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Dear Homeowner:

Please be advised that the Annual Meeting of The Beach Club at Montego Inn will be held on **Saturday, November 06, 2010**, at the Beach House Golf & Racquet Club, 6800 N. Ocean Boulevard, Myrtle Beach, SC in the 4th floor activity room. The meeting will convene at 1:00 pm, prevailing local time.

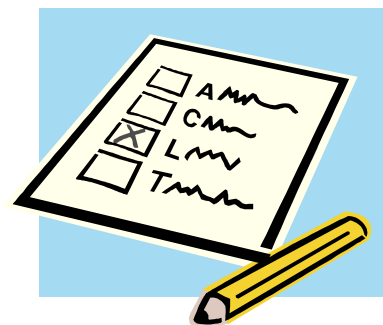
Enclosed you will find a self-addressed business reply proxy. Please fill this out and return it to us as soon as possible. In order to allow time for processing, all proxies must be received no later than close of business, 5:00 pm, prevailing local time, November 04, 2010. Don't let this date slip up on you. If you attend the meeting, your proxy will be rescinded and you may cast your vote in person. We would rather have you attend, but regardless, please return the proxy immediately. The return of your proxy gives you a voice and allows for the transaction of business during the meeting. We cannot express enough how important it is to return your proxy.

The purpose of the meeting will be to elect members to the Board of Directors and transact any other business that may come before the meeting.

Please participate.

Sincerely,

Mark Westbrook
President/COO
Defender Resorts, Inc.





President's Message

Summer came and went too quickly! Before we knew it, school was back in session and we are heading into fall.

Your Board of Directors met on Saturday, September 18, 2010 to review, revise, and approve the 2011 Operating and Reserve budgets. We strive to keep your fees as low as possible while at the same time providing excellent quality and service at the resort. For 2011, the Maintenance Fee will increase slightly by approximately 3% and will be \$389 for Studio and One Bedroom Units and \$583 for Two Bedroom Units. The Board of Directors and Management certainly understand that we all have faced economic challenges over the past year and worked very hard to maintain low maintenance fees for the Beach Club at Montego Owners, and this is the first increase since 2009.

While we are facing uncontrollable increases in several areas, such as Utilities and Flood Insurance, we have offset this by decreasing our controllable expenditures in other areas. The major increases are Utilities, Housekeeping, and Maintenance. We have increased the annual Reserve funding to \$110,000. As always, the complete breakdown of your 2011 budget may be found on page 3. The projects designated for 2011 may be found in the General Manager's report also included in this newsletter.

Our Annual Meeting is scheduled for Saturday, November 6, 2010 at 10:00 am, to be held at The Beach House (please see notice included). We hope you can attend but, if not, please send in your proxy card so that your voice will be heard at the meeting.

We also would like to take just a moment to commend Lisa, your General Manager, and her staff for the outstanding job they do for us. We are very fortunate to have such a caring, capable, and conscientious staff.

Your Board of Directors, Management, and Staff look forward to seeing each of you during your next vacation at The Beach Club at Montego.

Sincerely,

Burt NeSmith

President, Board of Directors

Regional Director of Operations Notes

It seems hard to believe that 2010 is nearing it's end already. This is the time of year when we reflect back on the current year and begin making preparations for the next. Although the summer season got off to a slow start, by mid-July traffic and visitors increased and our rental market remained strong through the end of August. Montego was at or near 100% occupancy throughout July and August! Occupancy levels such as this certainly keep our staff members busy and we are thankful for their hard work and attentiveness to detail.

Important Information:

- Be certain that you supply the Montego office with any address, telephone number, or e-mail address changes. This ensures that we are able to communicate to you as an owner and ensures that you receive the important information that you need (newsletters, maintenance fee billings, rental specials, etc. This information can be verified when you register at check-in or any other time throughout the year.

(Continued on page 4)

2011 APPROVED OPERATING BUDGET

	Approved 2011 Budget
OPERATING REVENUE	
Maintenance Fees - Current	\$ 735,765
Maintenance Fees - Prior	\$ 5,000
Late Charges	\$ 8,000
Delinquent Fees	\$ 3,000
Telephone	\$ 250
Vending	\$ 1,400
Merchandise Sales	\$ 50
Activities Revenue/Theatre	\$ 7,900
Housekeeping Fees	\$ 1,600
Rental of HOA-owned Weeks	\$ 10,500
Resale of HOA-owned Weeks	\$ 2,000
Flex Fee Income	\$ 1,700
In House Exchange Fees	\$ 2,650
Bank Interest	\$ 1,800
Miscellaneous Income	\$ 500
Total Operating Revenue	\$ 782,115
COST OF SALES	
Activities and Theatre Tickets	\$ 6,900
Gross Operating Revenue	\$ 775,215
Reserve for Replacement	\$ 110,000
Operating Deficit Reduction	\$ -
Total Deductions from Revenue	\$ 110,000
Net Operating Revenue	\$ 665,215
UTILITY EXPENSE	
Electricity - Units	\$ 50,289
Natural Gas	\$ 6,811
Telephone	\$ 5,906
Water and Sewer	\$ 11,039
Cable TV	\$ 6,889
Landfill Fees	\$ 1,038
Total Utility Expense	\$ 81,972
HOUSEKEEPING EXPENSE	
Cleaning Supplies	\$ 10,000
Room Purchases	\$ 8,500
Contract Labor	\$ 500
Total Housekeeping	\$ 19,000
MAINTENANCE EXPENSE	
Telephone Equipment Repair	\$ 1,100
Pool Supplies	\$ 3,200
Building Maintenance - Exterior	\$ 16,000
Maintenance - Interiors	\$ 14,000
Carpet Cleaning	\$ 1,000
Maintenance - Recreation	\$ 1,000
Maintenance Agreement - Otis Elevator	\$ 8,904
Contract Maintenance	\$ 2,100
Grounds and Landscaping	\$ 1,500
Total Maintenance	\$ 48,804

	Approved 2011 Budget
OPERATING EXPENSES (Continued)	
ADMINISTRATION & GENERAL	
Management Fees	\$ 70,390
Accounting Fees	\$ 18,736
Data Processing Fees	\$ 10,202
Outside Accountant/Audit	\$ 3,700
Night Administration	\$ 3,554
Legal Fees	\$ 2,000
Taxes and Licenses	\$ 1,100
Dues and Subscriptions (ARDA)	\$ 2,300
Board of Directors Expense	\$ 3,200
Breakfast Meeting	\$ 1,400
Newsletter Cost	\$ 1,200
Printing	\$ 2,500
Postage	\$ 2,650
Bank Charges	\$ 700
Lockbox Bank Charges	\$ 1,000
Vehicle Expense	\$ 550
Mileage and Training	\$ 500
Office Supplies	\$ 2,800
Security	\$ 1,900
Administrative Miscellaneous	\$ 500
Courier/DocStar	\$ 3,600
Computer Equipment/Software	\$ 150
Total Administrative & General	\$ 134,632
SALARIES & WAGES	
Administrative	\$ 73,425
Housekeeping	\$ 80,166
Maintenance	\$ 53,529
Employee/Resort Incentives	\$ 1,000
Total Salaries & Wages	\$ 208,120
PAYROLL TAXES & BENEFITS	
Payroll Taxes	\$ 17,338
Workers Compensation Insurance	\$ 8,656
Employee Group Insurance	\$ 30,614
Payroll Processing/Human Resources	\$ 6,753
Total Payroll Taxes & Benefits	\$ 63,361
LEASES & CONTRACTS	
Exterminating	\$ 2,458
Equipment Maintenance Agreement	\$ 2,000
Refuse Collection/Liners	\$ 2,900
Income Taxes	\$ 1,000
Property Taxes	\$ 50,923
General Insurance	\$ 50,045
Total Leases & Contracts	\$ 109,326
Total Operating Expenses	\$ 665,215
Net Operating Income	\$ -

2011 MAINTENANCE FEES PER UNIT WEEK

Studio or One Bedroom	\$ 389
Two Bedroom	\$ 583



General Manager's Corner

Greetings from The Beach Club at Montego. Hope all of you had a wonderful summer. I would like to begin by telling you about some staff changes at the resort. After seventeen years of dedicated service Tom Osborne, Maintenance Supervisor, has decided to pursue other endeavors. We wish him the best and he will be greatly missed. We have some new staff members that I would like to introduce. Jill Farwell is our new Guest Service Representative. Jill is from the west coast and her background is in customer service. Melvin Milligan has been hired for the Maintenance Supervisor position. Melvin started his career with Defender Resorts at our sister property The Links Golf & Racquet. Melvin has extensive experience in maintenance and construction. James Plante is our new maintenance assistant. He is originally from Pennsylvania and also has a lot of maintenance experience. We think that all of our new staff members will contribute greatly to the property. Julie Cooper continues to oversee the housekeeping department with the help of her assistant Betty Lawrence. As many of you know, Julie and Betty always do their jobs with a smile and go out of their way to make our owners/guests happy.

The day to day operation of the property continues to run smoothly. Management is doing its best to listen to your feedback. As a result of this feedback being received, the following upgrade will be done in 2011: wireless will be added to the entire building. We will also continue the ongoing replacement of major appliances, air conditioner units and televisions on an as needed basis. As the televisions are replaced, they will be upgraded to flat panel screens.

We will continue the replacement of interior furnishings also. This process is being done in phases. Last year six units were entirely refurbished. The decision was made to begin doing a total interior (furniture) refurbishment as recommended by our interior decorator. For many years, furniture replacements were done on a piece meal basis. This limited a change in décor and recognition that changes were being made. As such, in 2011, we will do a total refurbishment in approximately five units and make other furniture replacements on an as needed basis. The refurbishment is being done this way due to budget constraints and the fact that it would take a special assessment to refurbish all of the units.

The following projects are being done primarily out of necessity: the replacement of stairwell penthouse roof, an engineering study of the concrete railing on the side of the building, and the replacement of the exterior carpet in the oceanfront building.

For owners looking to book additional days or weeks at the resort we offer you, your family and friends the maximum discount available. This means that you receive a discount greater than any advertised special we are promoting. Restrictions do apply to homeowner rentals. A homeowner rental is a unit that one of our owners has put into the rental pool in hopes of generating revenue or to offset their maintenance fee.

Lisa Casteel, General Manager

(continued from page 2)

- Please provide us with your e-mail address. We do not give or sell e-mail addresses; we simply use them as a tool to communicate with you. As we move forward into the technological age, it is becoming a more popular method of communication, and is certainly more economically friendly.
- While staying at the resort, please be sure to provide any housekeeping or maintenance concerns to the Front Desk so that they may be addressed. "If we don't know about it, we can't fix it!"

Rentals are available year round both at Montego and our other Defender managed properties throughout Myrtle Beach as well as Ocean City, MD; Massachusetts, and Florida. Remember to keep us in mind when booking your vacations and be sure to tell your friends as well. Be sure to ask about your owner discount!

As always, we welcome your comments and look forward to seeing you at the beach very soon.

Best Regards,

Pamela Cordell, Regional Director of Operations

2011	Week	Sunday to Sunday	
W	1	01/02/11	01/09/11
BLUE	2	01/09/11	01/16/11
	3	01/16/11	01/23/11
WHITE	4	01/23/11	01/30/11
	5	01/30/11	02/06/11
WHITE	6	02/06/11	02/13/11
	7	02/13/11	02/20/11
RED	8	02/20/11	02/27/11
	9	02/27/11	03/06/11
RED	10	03/06/11	03/13/11
	11	03/13/11	03/20/11
RED	12	03/20/11	03/27/11
	13	03/27/11	04/03/11
RED	14	04/03/11	04/10/11
	15	04/10/11	04/17/11
RED	16	04/17/11	04/24/11
	17	04/24/11	05/01/11
RED	18	05/01/11	05/08/11
	19	05/08/11	05/15/11
RED	20	05/15/11	05/22/11
	21	05/22/11	05/29/11
RED	22	05/29/11	06/05/11
	23	06/05/11	06/12/11
RED	24	06/12/11	06/19/11
	25	06/19/11	06/26/11
RED	26	06/26/11	07/03/11
	27	07/03/11	07/10/11
RED	28	07/10/11	07/17/11
	29	07/17/11	07/24/11
RED	30	07/24/11	07/31/11
	31	07/31/11	08/07/11
RED	32	08/07/11	08/14/11
	33	08/14/11	08/21/11
RED	34	08/21/11	08/28/11
	35	08/28/11	09/04/11
RED	36	09/04/11	09/11/11
	37	09/11/11	09/18/11
RED	38	09/18/11	09/25/11
	39	09/25/11	10/02/11
RED	40	10/02/11	10/09/11
	41	10/09/11	10/16/11
RED	42	10/16/11	10/23/11
	43	10/23/11	10/30/11
RED	44	10/30/11	11/06/11
	45	11/06/11	11/13/11
W	46	11/13/11	11/20/11
R	47	11/20/11	11/27/11
W	48	11/27/11	12/04/11
	49	12/04/11	12/11/11
B	50	12/11/11	12/18/11
RED	51	12/18/11	12/25/11
	52	12/25/11	01/01/12
	53		

DEFENDER REALTY'S RESALE CORNER...

If you have not investigated the RCI Points Program, now is a perfect time to do that. If you have tried to exchange through RCI in the weeks program, you probably have experienced times when you could not get what or where you wanted. So much emphasis is being placed on the points program, it is making it very difficult trading in the weeks program. The points program offers an exciting vacation program. It gives you the freedom to vacation virtually where, when, the size unit you desire and offers additional vacation time each year. The good news is you only pay one maintenance fee for your week and the additional vacation time. It truly offers much more flexibility than the weeks program. We are offering a special opportunity to convert your week to points at a rock bottom special discounted price. The regular price to convert your week to points is \$2,195, but for a limited time we are offering this special at only **\$ 1,695**. Don't miss this opportunity, contact George Osborne or Diane Carter-Wood at **(843) 497-6431**.

Did You Know?

We have added two additional bonus stays to the Defender Flex® Program starting January 2011. There are up to an additional 8 bonus nights in January and up to 8 additional nights in February. It offers the owners up to 28 bonus nights each year.

Did You Know?

Defender Realty has introduced a brand new Owner Referral Program. It is called "Let The Pyramid Pay Your Maintenance Fee". You can become a Platinum, Gold, Silver or Bronze partner and earn large sums of CASH for those referrals. Call us for your Pyramid brochure.

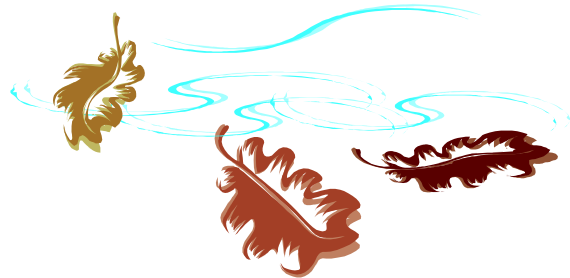
Note...We have clients that are interested in purchasing certain summer weeks at Montego. If you are not using your week, need the cash and have thought about selling, contact Bart Lambert at **(843) 449-7484 Ext. 3393** for complete details on this or the New Referral Program or the revised Defender Flex® Program.

Frank Baker

Defender Realty, Inc.

(843) 497-6431

fbaker@defenderresorts.com





Something You Should Know from Owner Services



Owner Services Deed Transfers

If you have sold your timeshare week, please make sure that we receive the new owner information we need to change the Homeowners' Association ownership records.

We require two items in order to change the records:

- A copy of the deed recorded (with a book/page and date stamp) at the Horry County Courthouse.
- A check for \$32.00 for a deed transfer fee.

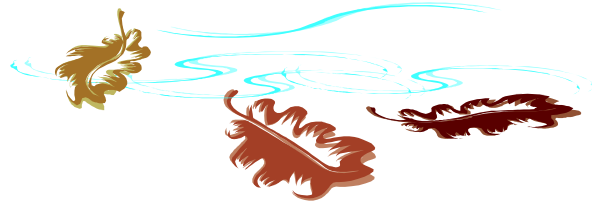
You may have an attorney prepare the deed or record the deed yourself, but we do not provide legal services. We also need the new owner's billing address, telephone number and usage year. You may contact the Register of Deeds at Horry County at 843-915-5000 or 1310 Second Ave., Conway, SC 29526 for more information or their website at www.horrycounty.org.

If You Have Moved:

Please make sure that we have your new information for the Homeowners' Association database, so you continue to receive mailings. Remember, it is your responsibility to notify us by the end of the year if you have not received a bill for the next year's maintenance fee. You may contact your resort and they can record your new address or there is a place on the main page at www.defenderresorts.com to "Email Us".

RCI

We receive many calls from owners regarding RCI banking or points. RCI is a separate organization that you may join as a timeshare owner. You may visit their website at www.rci.com or you may contact a Weeks Assistant at 800-338-7777 or a Points Assistant at 877-968-7476. Please do not call Defender Resorts for information on your membership with any exchange company.



ARDA ROC (American Resort Development Association/ Resort Owners Coalition)

is a coalition comprised of hundreds of thousands of timeshare owners across the country who voluntarily contribute \$3 per year to promote a legislative agenda at the local, state and federal levels beneficial to timeshare owners.

Here's what ROC is supporting presently:

South Carolina – South Carolina legislature has formed a track committee to review all exemptions. One of the most important exemptions to timeshare owners is the exemption from accommodations tax for a timeshare owner's stay. Many times, legislatures, both in Columbia and Horry County, have tried to take these exemptions away. Funds from ROC have supported our efforts in each of those cases to maintain this most important exemption. ROC continues to monitor the track committee of the South Carolina to see if we will have to press forward in an additional fight in South Carolina for this prevailing exemption.