



A Newsletter for the Homeowners of The Quarters



Ramblings and Writings

I was saddened by the death of J.B. and I will try to keep doing a newsletter with some degree of regularity as he so desired. I want to thank the Board for having the confidence in me to carry on as President.

Our May 20th budget meeting was held in Ocean City. The board struggled with the budget to keep it at its lowest level to cover all upcoming expenses. We will have a lot more to discuss with all the owners at the Annual Meeting on November 11, 2006.

The restoration is coming along fine and work is progressing nicely. Work will cease during the months of June, July, and August and begin again in September.

The drapes and bedspreads in the guest bedrooms have been completed and installed in all the units. I want to thank my wife, Joyce, for her time and effort in the selection of the material; she has been a great help to me.

I have planted the flowers around the pool as I have done the past couple years, this, I hope, will enhance the pool area. I would like to thank Joe Bordine (305A) for his help with weeding and planting this year; it was greatly appreciated.

Thanks for all the support!
William Novak, President



Manager's Corner

The winter months have passed by so quickly and summer will be upon us before we know it. We are happy to report that the bedspreads and drapes were replaced in the second bedrooms.

The preventive maintenance has been completed in all the units. Fred has checked all the appliances, plumbing, electrical and furniture. We will continue with the removal of wallpaper and continue with painting the bathrooms as well as entry doors and storage locker doors. Should you find any maintenance issues in your unit, please let us know so we can continue to improve the quality of your ownership at The Quarters. Please remember that capital replacement items are being replaced on an "as needed" basis due to do the exterior capital project and extra demand on the reserve cash flow.

Tina and Walter Belong continue with the cleaning of your units. We have received many compliments on the cleanliness of the units.

Please remember the work on the exterior of the building will start again in September.

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From The Director of Operations

Memorial Day weekend has once again signaled the beginning of the summer season. The Quarters had an 85% occupancy level for the holiday.

All States Construction has begun to wind down their work in order to move off the property for the summer season. Many noticeable improvements have been made and much more is still to come when they return in September. The gutter system on the east side of the building has been replaced to eliminate the drenching of owners and guests using the walkways on that side. The deteriorated steel clips connecting the walkways to the building have been replaced and the leak from the roof which affected the 05 units has been corrected. The carpet has been removed from the north balconies and interior corridors between rooms. A urethane coating will replace the carpet to avoid holding the moisture from damp weather and expediting the deterioration of the concrete flooring.

The pool is officially open for the summer and Mr. William Novak, along with the assistance from Mr. Joe Bordine, have planted flowers around the pool area for your enjoyment. We look forward to seeing each of you as you come to Ocean City this summer. Our Ocean City Defender Office is just up the street from The Quarters and we are only a phone call away from providing any service that you might request. Enjoy your stay!

Johnny Tramel, Director of Operations in Ocean City, MD

Manager's Corner Continued

We apologize for the appearance of the exterior of the resort along with not being able to use the patio during the working hours.

The elevator is scheduled for some maintenance in September, which will require the elevator to be placed out of service for at least one week.

Toni Vetra is Guest Service Representative and is doing a great job. She is still learning the resort along with Defender policy and procedures.

Please stop by The Quarters office or the Defender office located on 137th street and introduce yourself.

"Standard" Onsite Office Hours:

Friday 9:00AM - 7:00PM

Saturday 9:00AM - 12:00PM

Sunday 9:00AM - 12:00PM

I would like to thank Mr. & Mrs. Novak for their assistance with the drapes/bedspread selection along with planting the lovely flowers.

I hope everyone has a wonderful summer.

Babbi Slack, Senior General Manager

EXTERIOR PROJECT UPDATE & NOTICE OF ADDITIONAL ASSESSMENT

As we began the process of taking bids over a year ago, repairs and improvements were anxiously anticipated for The Quarters.

An assessment was approved by the owners during the June 9, 2005 special meeting and assessed in order to cover the projected renovation cost. This \$4,600.00 assessment, as approved, was based on a quote with the possibility of other deterioration being discovered after work was begun. In that case, if the original assessment would not meet the financial requirements of the renovation, an additional amount would be levied in order to complete the required work.

As of this letter, we have now completed approximately 40% of the project, with most of the forensic review and unknown areas uncovered. As a result of several additional areas that were uncovered and a change of contractor, it is necessary to amend the original assessment amount.

One primary factor for this amended assessment is due to the determination that the rear concrete stairwell riser must be replaced as a result of severe deterioration incurred over the years since the building was built. In an effort to reduce this financial impact, your Board and Management have asked that the stairwell be replaced with a less expensive metal alloy, in lieu of concrete. This change reduced the initial cost impact by over \$150,000.00 in estimated additional contractor expenses that the owners would have had to bear.

The other primary area leading to the additional assessment pertains to the change in contractors that was necessary last fall, as a result of the

original contractor's inability to perform the project. This change immediately cost the Association \$118,000.00 in the base bid amount between the several bids and the approved original bidder.

Overall, the two above changes and a few thousand dollars in additional unforeseen repairs, have brought the cost from an estimated \$450,000.00 upwards to \$778,000.00, or an additional "estimated" \$328,000.00 in associated cost, i.e., \$3,000.00 per quarter share owner. [We are awaiting final bid costs for the stairwell tower.]

*For those owners who are currently on a payment plan, the additional and "estimated" \$3,000.00 will be spread over the remaining quarters beginning with the January 1, 2007 through April 2008 billing period. The "amended" quarterly amount for those owners will increase from the current \$300.00/quarter to an "estimated" \$800.00/quarter (6-quarters remaining).

*For those owners who paid the original assessment in full, they will be billed in two payment installments with the first installment estimated at \$1,500.00 due on January 1, 2007 and the second due on April 1, 2007 for \$1,500.00.

Once all work is completed, The Quarters will be structurally sound for many years to come; and, with proper maintenance to the interior and exterior on a regular basis, will be a place of pride and beauty for all. The project will be suspended through the summer months for the safety of our owners and guests. The job will recommence after Labor Day and should be completed by early to mid spring (2007).

Your Board and Management would like to thank each of you for your continued patience and understanding during this period. We would also like to thank owner Jeff Coffren, for taking the time to monitor the onsite construction progress to support both Association and Management efforts.

If you would like additional information on the project, please call, write or e-mail your inquiries to the contact information below. Either a Management or Board member will be happy to contact you regarding the status of the project. We will notify all owners once the quotes are in hand and the true cost is known.

Sincerely,

Your Board of Directors and Defender Resorts
Defender local office address: PO Box 878, Ocean City, MD 21843
E-mail: info@defenderresorts.com Attn: Quarters
Phone: 410-250-3766 Fax: 410-250-8389

THE QUARTERS TIMESHARE OWNERS ASSOCIATION

2006 - 2007 APPROVED OPERATING BUDGET

[Approved: May 20, 2006]

	<u>Total Budget</u>	<u>Quarterly Budget</u>		<u>Total Budget</u>	<u>Quarterly Budget</u>
Revenue			Administrative and General Expense		
Owner Fees - Current Year	\$ 367,200	\$ 3,400	Management Fee	\$ 23,586	\$ 218
Late Charges & Past Due Fees	\$ 2,500	\$ 23	Accounting	\$ 1,860	\$ 17
Delinquent Interest	\$ 525	\$ 5	Information Technology	\$ 1,272	\$ 12
Housekeeping Fees	\$ 8,500	\$ 79	Audit and Legal Fees	\$ 4,000	\$ 37
Pet Fees	\$ 1,800	\$ 17	Office Supplies	\$ 775	\$ 7
Bank Interest	\$ 150	\$ 1	Board/ Homeowners' Meetings	\$ 3,500	\$ 32
Miscellaneous	\$ 150	\$ 1	Printing and Postage	\$ 2,650	\$ 25
			Bank Charges	\$ 100	\$ 1
			Miscellaneous	\$ 700	\$ 6
Gross Operating Revenue	\$ 380,825	\$ 3,526	Total Administrative Expense	\$ 38,443	\$ 356
Transfer to Reserves	\$ (29,544)	\$ (274)			
Net Operating Revenue	\$ 351,281	\$ 3,253	Payroll and Associated Costs		
			Salaries - Property Supervisor	\$ 4,070	\$ 38
			Salaries - Guest Service Rep	\$ 13,227	\$ 122
			Salaries - Maintenance	\$ 28,427	\$ 263
			Payroll Taxes	\$ 4,077	\$ 38
			Workers Compensation	\$ 815	\$ 8
			Employee Insurance	\$ 6,990	\$ 65
			Human Resources/ Payroll Processing	\$ 1,132	\$ 10
			Total Payroll and Associated Costs	\$ 58,739	\$ 544
Utilities Expense			Leases, Contracts and Fixed Expenses		
Electricity	\$ 50,266	\$ 465	Building Insurance	\$ 25,461	\$ 236
Telephone	\$ 8,800	\$ 81	Pest Control	\$ 1,666	\$ 15
Answering Service	\$ 1,000	\$ 9	Flood Insurance	\$ 2,986	\$ 28
Water and Sewer	\$ 12,910	\$ 120	Elevator Maintenance Contract	\$ 2,670	\$ 25
Cable TV	\$ 8,698	\$ 81	Federal and State Corporate Taxes	\$ 400	\$ 4
			Property Taxes	\$ 54,563	\$ 505
Total Utilities Expense	\$ 81,674	\$ 756	Total Leases, Contracts and Fixed	\$ 87,746	\$ 812
Housekeeping Supplies and Materials			Total Operating Expenses		
Maid Service Contract	\$ 34,825	\$ 322		\$ 351,281	\$ 3,253
Cleaning Supplies	\$ 4,500	\$ 42	Net Operating Income (Loss)	\$ 0	\$ 0
Room Purchases	\$ 2,300	\$ 21			
Linen Inventory	\$ 3,950	\$ 37			
Laundry Expenses	\$ 13,615	\$ 126			
Carpet Cleaning	\$ 3,640	\$ 34			
Total	\$ 62,830	\$ 582			
Maintenance Supplies and Materials					
Pool Supplies	\$ 4,300	\$ 40			
Pool Maintenance and Repair	\$ 900	\$ 8			
Building Maintenance & Supplies	\$ 5,500	\$ 51			
Unit Maintenance & Supplies	\$ 5,900	\$ 55			
HVAC Repair	\$ 4,000	\$ 37			
Grounds and Landscaping	\$ 1,250	\$ 12			
Total Maintenance Supplies	\$ 21,850	\$ 202			

Maintenance Fee Per Unit	\$ 3,400
Maintenance Fee Per Quarter	\$ 850

Defender Realty Resale Corner

We hope each of you are having a good year and looking forward to the summer months. Our sales so far this year at The Quarters have been excellent. When you want to sell, we make every effort to sell the quarter share as soon as possible. We try and bring that listing to the other owners attention as well as the general public. With that being said, we have a quarter share for sale and don't expect to keep it long with the price that it is listed at.

If you or your friends have any interest in obtaining information on this listing, please contact Don Stickle at (410) 524-8452 and he will be happy to assist you. Enjoy the summer and I look forward to see you at the resort.

Frank Baker
Defender Realty, Inc



THE QUARTERS FOUR-YEAR INTERVAL CALENDAR

2006			
	WK	DATES	
B	1	01/06/06	01/13/06
C	2	01/13/06	01/20/06
D	3	01/20/06	01/27/06
A	4	01/27/06	02/03/06
C	5	02/03/06	02/10/06
C	6	02/10/06	02/17/06
D	7	02/17/06	02/24/06
D	8	02/24/06	03/03/06
A	9	03/03/06	03/10/06
A	10	03/10/06	03/17/06
B	11	03/17/06	03/24/06
B	12	03/24/06	03/31/06
C	13	03/31/06	04/07/06
C	14	04/07/06	04/14/06
D	15	04/14/06	04/21/06
D	16	04/21/06	04/28/06
A	17	04/28/06	05/05/06
A	18	05/05/06	05/12/06
B	19	05/12/06	05/19/06
B	20	05/19/06	05/26/06
C	21	05/26/06	06/02/06
C	22	06/02/06	06/09/06
D	23	06/09/06	06/16/06
D	24	06/16/06	06/23/06
A	25	06/23/06	06/30/06
A	26	06/30/06	07/07/06
B	27	07/07/06	07/14/06
B	28	07/14/06	07/21/06
C	29	07/21/06	07/28/06
C	30	07/28/06	08/04/06
D	31	08/04/06	08/11/06
D	32	08/11/06	08/18/06
A	33	08/18/06	08/25/06
A	34	08/25/06	09/01/06
B	35	09/01/06	09/08/06
B	36	09/08/06	09/15/06
C	37	09/15/06	09/22/06
C	38	09/22/06	09/29/06
D	39	09/29/06	10/06/06
D	40	10/06/06	10/13/06
A	41	10/13/06	10/20/06
A	42	10/20/06	10/27/06
B	43	10/27/06	11/03/06
B	44	11/03/06	11/10/06
C	45	11/10/06	11/17/06
C	46	11/17/06	11/24/06
D	47	11/24/06	12/01/06
D	48	12/01/06	12/08/06
A	49	Maintenance Week	
A	50	Maintenance Week	
B	51	12/22/06	12/29/06
B	52	12/29/06	01/05/07

2007			
	WK	DATES	
C	1	01/05/07	01/12/07
D	2	01/12/07	01/19/07
A	3	01/19/07	01/26/07
B	4	01/26/07	02/02/07
D	5	02/02/07	02/09/07
D	6	02/09/07	02/16/07
A	7	02/16/07	02/23/07
A	8	02/23/07	03/02/07
B	9	03/02/07	03/09/07
B	10	03/09/07	03/16/07
C	11	03/16/07	03/23/07
C	12	03/23/07	03/30/07
D	13	03/30/07	04/06/07
D	14	04/06/07	04/13/07
A	15	04/13/07	04/20/07
A	16	04/20/07	04/27/07
B	17	04/27/07	05/04/07
B	18	05/04/07	05/11/07
C	19	05/11/07	05/18/07
C	20	05/18/07	05/25/07
D	21	05/25/07	06/01/07
D	22	06/01/07	06/08/07
A	23	06/08/07	06/15/07
A	24	06/15/07	06/22/07
B	25	06/22/07	06/29/07
B	26	06/29/07	07/06/07
C	27	07/06/07	07/13/07
C	28	07/13/07	07/20/07
D	29	07/20/07	07/27/07
D	30	07/27/07	08/03/07
A	31	08/03/07	08/10/07
A	32	08/10/07	08/17/07
B	33	08/17/07	08/24/07
B	34	08/24/07	08/31/07
C	35	08/31/07	09/07/07
C	36	09/07/07	09/14/07
D	37	09/14/07	09/21/07
D	38	09/21/07	09/28/07
A	39	09/28/07	10/05/07
A	40	10/05/07	10/12/07
B	41	10/12/07	10/19/07
B	42	10/19/07	10/26/07
C	43	10/26/07	11/02/07
C	44	11/02/07	11/09/07
D	45	11/09/07	11/16/07
D	46	11/16/07	11/23/07
A	47	11/23/07	11/30/07
A	48	11/30/07	12/07/07
B	49	Maintenance Week	
B	50	Maintenance Week	
C	51	12/21/07	12/28/07
C	52	12/28/07	01/04/08

2008			
	WK	DATES	
D	1	01/04/08	01/11/08
A	2	01/11/08	01/18/08
B	3	01/18/08	01/25/08
C	4	01/25/08	02/01/08
A	5	02/01/08	02/08/08
A	6	02/08/08	02/15/08
B	7	02/15/08	02/22/08
B	8	02/22/08	02/29/08
C	9	02/29/08	03/07/08
C	10	03/07/08	03/14/08
D	11	03/14/08	03/21/08
D	12	03/21/08	03/28/08
A	13	03/28/08	04/04/08
A	14	04/04/08	04/11/08
B	15	04/11/08	04/18/08
B	16	04/18/08	04/25/08
C	17	04/25/08	05/02/08
C	18	05/02/08	05/09/08
D	19	05/09/08	05/16/08
D	20	05/16/08	05/23/08
A	21	05/23/08	05/30/08
A	22	05/30/08	06/06/08
B	23	06/06/08	06/13/08
B	24	06/13/08	06/20/08
C	25	06/20/08	06/27/08
C	26	06/27/08	07/04/08
D	27	07/04/08	07/11/08
D	28	07/11/08	07/18/08
A	29	07/18/08	07/25/08
A	30	07/25/08	08/01/08
B	31	08/01/08	08/08/08
B	32	08/08/08	08/15/08
C	33	08/15/08	08/22/08
C	34	08/22/08	08/29/08
D	35	08/29/08	09/05/08
D	36	09/05/08	09/12/08
A	37	09/12/08	09/19/08
A	38	09/19/08	09/26/08
B	39	09/26/08	10/03/08
B	40	10/03/08	10/10/08
C	41	10/10/08	10/17/08
C	42	10/17/08	10/24/08
D	43	10/24/08	10/31/08
D	44	10/31/08	11/07/08
A	45	11/07/08	11/14/08
A	46	11/14/08	11/21/08
B	47	11/21/08	11/28/08
B	48	11/28/08	12/05/08
C	49	Maintenance Week	
C	50	Maintenance Week	
D	51	12/19/08	12/26/08
D	52	12/26/08	01/02/09

2009			
	WK	DATES	
A	1	01/02/09	01/09/09
B	2	01/09/09	01/16/09
C	3	01/16/09	01/23/09
D	4	01/23/09	01/30/09
B	5	01/30/09	02/06/09
B	6	02/06/09	02/13/09
C	7	02/13/09	02/20/09
C	8	02/20/09	02/27/09
D	9	02/27/09	03/06/09
D	10	03/06/09	03/13/09
A	11	03/13/09	03/20/09
A	12	03/20/09	03/27/09
B	13	03/27/09	04/03/09
B	14	04/03/09	04/10/09
C	15	04/10/09	04/17/09
C	16	04/17/09	04/24/09
D	17	04/24/09	05/01/09
D	18	05/01/09	05/08/09
A	19	05/08/09	05/15/09
A	20	05/15/09	05/22/09
B	21	05/22/09	05/29/09
B	22	05/29/09	06/05/09
C	23	06/05/09	06/12/09
C	24	06/12/09	06/19/09
D	25	06/19/09	06/26/09
D	26	06/26/09	07/03/09
A	27	07/03/09	07/10/09
A	28	07/10/09	07/17/09
B	29	07/17/09	07/24/09
B	30	07/24/09	07/31/09
C	31	07/31/09	08/07/09
C	32	08/07/09	08/14/09
D	33	08/14/09	08/21/09
D	34	08/21/09	08/28/09
A	35	08/28/09	09/04/09
A	36	09/04/09	09/11/09
B	37	09/11/09	09/18/09
B	38	09/18/09	09/25/09
C	39	09/25/09	10/02/09
C	40	10/02/09	10/09/09
D	41	10/09/09	10/16/09
D	42	10/16/09	10/23/09
A	43	10/23/09	10/30/09
A	44	10/30/09	11/06/09
B	45	11/06/09	11/13/09
B	46	11/13/09	11/20/09
C	47	11/20/09	11/27/09
C	48	11/27/09	12/04/09
D	49	Maintenance Week	
D	50	Maintenance Week	
A	51	12/18/09	12/25/09
A	52	12/25/09	01/01/10