



**Blue Tree Resort at Lake Buena Vista
Condominium Association, Inc.**

September 29, 2006

Dear Owner:

Your management company, SPM Resorts, Inc., in conjunction with your Board of Directors, has been diligently working to keep expenditures low by identifying future requirements and executing proper planning in meeting those requirements. It is important to us, as the managing entity, that we continue to insure that your property is operated in a professional manner, as well as insuring that your property and assets are protected.

During the 2007 budget process, our management team carefully reviewed the current and projected operating and reserve expense funding requirements. Many of you may not be aware of the property insurance situation in the Gulf Coast region, including Florida. As a result of the hurricanes over the last couple of years, the insurance industry has sustained billions of dollars in losses, resulting in unprecedented increases in insurance premiums. These events have had a drastic effect on the budget process at Blue Tree Resort. SPM's management team expended many hours of research in order to obtain the necessary coverage to keep your assets protected at the lowest price. With a limited number of companies underwriting this type of insurance, our ability to minimize the insurance cost was hindered by the low number of reliable proposals. Through this process, the management team was able to limit the increase to \$389,309. In addition, we have planned for a future increase that may be forthcoming at the conclusion of this year's hurricane season. In order to preclude and offset future increases, we have included a provision for another anticipated increase that could take place during the 2007 budget period.

The first priority of the management staff has been to keep costs low. For the past four years, we were able to absorb some minor cost increases, without passing them on to you, the owners. Unfortunately, for the next budget cycle, this amount of money cannot be absorbed into the present budget structure, and as a result, the recommendation to the Board of Directors is to increase the maintenance fees by a sum of \$39.00 for the year 2007. We will continue to monitor these costs, and if in the future there is a decrease in insurance premiums, the savings will be passed back to the owners through the budget process.

We again thank you for the opportunity to serve you and encourage you to continue your support of the Board of Directors and, most importantly, support of your resort. We look forward to seeing as many of you as possible at the upcoming Budget Meeting.

Sincerely,

Bill Young

President / COO

SPM Resorts, Inc.

Enc. 2007 Budget Meeting Notice
2007 Budget Meeting Agenda
Presentation Budget