



March 16, 2007

Dear Fellow Owners,

As many of you know the owner vote to approve the Special Assessment to do a complete remodel in 2008 was not successful. While the Board learned a lot from that experience, the need to begin to shore up our financial future is immediate. Enclosed with this letter you will find a copy of the REVISED 2007 operating budget. You will notice that the 2007 maintenance fee, specifically the reserve portion has been increased by 12%.

The Board of Directors and many owners believe that a complete remodel must be done to address some significant challenges we all face with the current design and construction. Our reserve fund is our only source of existing funds to make some of the changes that need to be made. The balance of the required extensive remodel must be funded by the owners in the form of either increased assessments or special assessments. The Board chose to present a modest increase in the assessment at this time in an effort to begin the process of funding and planning for the eventual complete remodel as well as bolstering the reserves to help reach the State mandated levels. To that end the Board is taking the following steps:

- 1) Adding two additional owners to the existing Remodel Committee.
- 2) These two additional Remodel Committee members will report back to the Owner Communications Committee the business plan for moving forward with the future complete remodel as well as efficiently building the reserve fund. The charge of the Communications Committee will be to develop a plan to inform the owners of the direction the Association needs to take to fund and carry out the complete remodel as well as the time frame in which to do it in.
- 3) The Board will be approving in the very near future, the replacement of certain Furniture, Fixtures and Equipment that are now at the end of their useful life. This will be done with existing reserve monies. Knowing that it may be at least three years before a complete remodel can take place, it is imperative that the basic furnishings be replaced so that owners and guests can continue to enjoy our Resort. We simply cannot let certain things stay the way they are. Items that will be replaced will be able to be used in the complete remodel if and when that is done.

The Board of Directors, who are also fellow owners, are very appreciative of the many owners who have offered considerable and valuable input with our proposed remodel; we will be calling on them again. The Board is hopeful we can develop a plan we can all live with that will maintain our vacation value. For those owners that exchange their Tahoe Seasons week regularly, your input and participation is just as important as those owners that use our resort. If our exchange scores continue to drop you will be negatively impacted as your exchange value will continue to drop.

The Board of Directors wants to keep the resort viable and bring out the full potential it has. With the proposed development in the immediate South Lake Tahoe area, we think the best bet is to bring back the quality we all knew and enjoyed so that we can continue to experience the best Lake Tahoe has to offer.

Most Sincerely,
Chrys Van Eckhardt
President
Tahoe Seasons Resort Board of Directors