

FREQUENTLY ASKED QUESTIONS

REGARDING TERMINATION OF LEASE AGREEMENTS

1. What happens if I do nothing?

If you do nothing, your Universal Lease Contract will terminate on April 6, 2012 and your Management Agreement will terminate automatically after 90 days from the date of the letter.

2. Why do I have to pay the annual fees to keep my Universal Lease?

Section 3.03 of the Universal Lease contract requires a payment of annual operations and maintenance fees in order to maintain your lease. As such, the failure to make such payment is cause for termination of the lease.

3. What is the annual fee for?

The annual fee covers the costs associated with operating and maintaining the common areas and vacation units, property taxes, and the Developer's insurance.

4. Is the annual fee due now for 2011 or 2012?

The annual fee we are requesting at this point is for the 2011 fees. The 2012 annual fee is also due as of February 28, 2012 and will be requested later from those who desire to maintain their leases.

5. How much is the 2011 annual fee?

The 2011 annual fee depends on the unit you purchased:

- a. 1 Bedroom hotel - \$553.03
 - b. 1 Bedroom studio - \$567.59
 - c. 1 Bedroom condo - \$698.57
 - d. 2 Bedroom condo - \$654.91
 - e. 3 Bedroom condo - \$654.91(at Baccara Hotel); and \$844.10 (at all other hotels)
 - f. Penthouse Jr. Suite - \$698.57
 - g. Penthouse Presidential condo - \$945.98 (at Baccara Hotel); and \$938.70 (at all other hotels)
6. If I pay the annual fee, what happens to my restitution amount under the Michael E. Kelly matter?

If you elect to maintain your lease by paying the annual fee, your restitution in the Michael E. Kelly matter will be reduced by the **weekly value** of the Universal Lease you elect to keep. An estimate of the reduction would be as follows:

- a. Studio - \$12,495
- b. 1 Bedroom - \$17,343
- c. 2 Bedroom - \$23,664
- d. 3 Bedroom/penthouse - \$30,150

Thus to calculate the amount of the reduction for a victim who chooses to pay his/her fee, the corresponding amount in the above chart will be **multiplied by the number of weeks in the victim's Universal Lease**. Furthermore, victims who choose to pay their fees and use their Universal Leases will be asked to sign a new Vacation Club contract for the remaining time period left under their Universal Leases.

7. If I pay the annual fee to maintain my lease, am I entitled to the additional rental compensation and interest as originally promised?

No. As the management agreements are being terminated according to the terms of the contract upon 90 days' notice, you will not be entitled to any other benefits under the management agreement. The payment of the annual fee will only entitle you to the use of one of the hotels, but will **not** entitle you to any additional investment income or rental compensation.

8. What is the deadline to make the payment for the 2011 annual fee?

April 6, 2012

9. If I let my lease terminate and do not pay the annual fee, what happens to my restitution under the Michael E. Kelly matter?

Your Total Restitution Amount ("TRA") will not be affected if you choose to terminate your lease. In fact, by allowing your lease to terminate, this will allow the Special Master to obtain a higher price for the properties by eliminating potential claims to the property which will in turn provide more money for restitution to the victims.