

ROYAL RESORT VACATION OWNERS ASSOCIATION, INC.

FREQUENTLY ASKED QUESTIONS ABOUT THE TRANSITION PLAN AND VACATION INTERNATIONALE

The following questions and answers will help you understand the recommendation of the Board of Directors and the benefits of transferring your ownership into the Vacation Internationale timeshare program.

Why does the Board believe it is best to close our timeshare ownership at the Royal Resort and move to a new timeshare program?

We are concerned that our timeshare ownership is going to become too expensive, and we will lose even more of our good paying Members. We recently did a foreclosure of delinquent Members and took back 45 intervals. No one pays fees on those anymore. We are a small timeshare group. There are only 650 total owners, but only 350 of them are good paying Members at this time. Yet, paying for housekeeping, reservations, maintenance, insurance, taxes, etc., is very expensive, and we don't get to share those costs with the right-to-use timeshare association (which has already transitioned out of the Royal Resort).

Is the Association bankrupt?

No, the Association is not bankrupt. However, the ability of the Association to remain financially viable is doubtful due to an inadequate number of good paying Members and the increasing number of Members who are delinquent in paying maintenance fees. We believe that, with the right-to-use timeshare association leaving the Royal Resort, it will be almost impossible for our Members to support our timeshare program financially.

Do I have to give up my Royal timeshare ownership if I don't want to?

No, you hold title to a timeshare ownership at the Royal and have the right to continue to use it. However, it is very important that you understand things have changed. The exchange companies won't accept our deposits any longer and, more importantly, the cost to each Member is going to skyrocket. We don't know by how much, but it will be substantial.

What are my options if I am current on my loan payments and maintenance fees?

Option #1: You can elect to join Vacation Internationale ("VI"). If you have already paid your annual maintenance fees and already used or exchanged your Royal Resort week(s) before the migration to VI, you will not receive a refund of your paid maintenance fees, and your maintenance fees will not transfer to VI. You will, however, have the option to pay VI's maintenance fees as of July 2016 if you want your first year of use with VI to begin at that time. If you do not pay VI's maintenance fees as of July 2016, you will not have use rights with VI until July 1, 2017. However, you will still have access to bonus time and other use programs at VI upon migration to VI.

If you have already paid your annual Royal Resort maintenance fees for 2016 but have not used or exchanged your Royal Resort week before the migration to VI, then you will be required to schedule your use week at the Royal Resort prior to December 31, 2016. There are also some banked week credits your association has with the RCI Exchange that you could choose to utilize instead of using your week at the Royal Resort. There will be no refunds of maintenance fees.

Option #2: *You can elect NOT to join VI.* If you elect not to join VI you have two options:

- A. You can stay at the Royal and use your week there according to your deeded ownership rights. However, there will be increased costs in the immediate future.
- B. You may elect to end your Royal timeshare ownership by deeding back your ownership to the Hotel Owner and not migrate into VI. This will be a total cessation of your timeshare ownership. You will **not** receive a refund of any maintenance fees or purchase price paid.

What are my options if I am delinquent on my loan payments and maintenance fees?

Option #1: You can pay any delinquent amounts, and upon bringing your account current, you will have the same options available to a Member that is current on their loan payments and maintenance fees.

Option #2: If you do not bring your maintenance fee account current, *you may still elect to join VI.* You will be required to deed your Royal ownership to the Hotel Owner. Any mortgage or loan payments will not be forgiven and you must complete your payments. Also, you will not be provided with an exchange week to supplement the payment of your annual maintenance fees.

How will the termination of my membership in the Royal Resort Vacation Owners Association program work?

You may choose to terminate your Royal Resort Vacation Owners Association ownership and not migrate to the VI program. If you choose this, you will be contacted by a title company who will assist you in deeding your timeshare ownership to the Hotel Owner at no cost to you.

Will this migration affect my RCI membership?

No, your RCI membership will not be affected. You will continue to pay your annual membership fee to RCI.

Are my current week deposits that I have in my RCI account lost?

All RCI week deposits will be in your RCI weeks account for you to use (subject to their expiration). All reservations confirmed through RCI using your Royal Resorts weeks deposit will still be valid.

What is Vacation Internationale?

VI was founded in 1974 as the concept of timeshare was introduced in North America. The underlying theme was a desire to make vacationing convenient and available in desirable locations. With that goal always remaining a top priority, VI has become the largest owner-controlled timeshare program in North America and continues to innovate and create a progressive, flexible, and welcoming program that fits the vacation needs of more than 40,000 members with 44 unique vacation resorts. As a member of VI, you will be able to make reservations at any of the VI resorts.

How much will it cost to join VI?

There will be no charge to join the VI program, although your VI maintenance fees will on average be about \$70 more annually than Royal Resort Vacation Owners Association charges.

You will receive a number of VI Points, based upon what you own at Royal Resort, allocated as of July 1, 2016, and on July 1 each year thereafter in perpetuity. The annual maintenance fee for Royal Members who migrate to VI will be \$7.65 per point for the VI fiscal year that runs from July 1, 2016, until June 30, 2017. Thereafter, maintenance fees are set on an annual basis. However, the actual maintenance fee component (to be distinguished from the component dedicated to refurbishing VI units) has not changed

in eight years. The schedule below shows the number of VI Points and the 2016-17 VI maintenance fee that corresponds to interests in the Royal Resort Vacation Owners Association ownership program.

		CONVERSION	
RRVO Association Unit	RRVO Association Maintenance Fee	VI Conversion Points	VI Maintenance Fee
Studio	\$497.00	77	\$589.05
Studio eoy	\$298.00	77 O/E*	\$294.68
1 Bedroom	\$664.00	91	\$696.15
1 Bedroom eoy	\$398.00	91 O/E*	\$348.08

*Although example is annualized, the maintenance fee is billed on the year points are received.

What if I have an outstanding loan?

You are obligated to the lender for your loan payments, regardless of whether or not you join VI. If you decide to migrate to the VI program, your lender will be notified of the change in collateral from a Royal Resort Vacation Owners Association membership program to a VI membership.

How will the migration to the VI program work?

You will receive a contract and paperwork from VI within 45 days after returning your Owner Response Form. VI will have an exclusive phone number for Royal Resort Members to call with questions, 1.800.871.6357 or email questions to inforequest@viresorts.com.

How can I be assured that my new timeshare is secure?

Title to all VI units is held in a debt-free trust for the benefit of all VI members, which ensures the security of a VI membership. As new VI contracts are sold, additional units will be added at new or existing resort locations to maintain a balance between VI contracts and units in the VI program. Having title to all VI units in the VI trust protects against any encumbrance, sale, or attachment of the units by creditors of VI or VI’s developer.

Does VI have a home resort?

No, you can vacation at any of the 44 resort locations in the VI program, in any unit size, for any length of time. The beauty of the VI program is the built-in flexibility. You choose what works for you.

Travel to VI locations in Mexico, Hawaii, California, Florida, and Canada. VI has options for beaches, golf, hiking, fishing, skiing, or an entertaining visit to Disney World.

What is the advantage of VI’s points program?

- The VI program is based on points. You will be given a number of points equivalent to your Royal Resort Vacation Owners Association ownership. You can then use these points to make a reservation at any VI resort.
- With the VI points system as your vacation currency, you’re not locked into a specific resort location or time of year. Each year, you choose where to vacation, how long you’d like to stay, and what size unit fits your needs.

- All of VI's resorts offer comfortable units, most with full kitchens, separate living and dining areas, and private balconies.
- The VI Bonus Time Program offers last minute vacations if you book within 15 days of arrival with rates as low as \$55 per night.
- The VI Exchange Program brings in 2,000 weeks at new locations to expand VI's members' vacation options. VI Travel searches the travel world to bring you special offers for cruises, tours, car rentals and more.
- Planning that family reunion or anniversary? VI offers the ability to use up to four years' worth of points for that special vacation.
- VI Owner Services Representatives are available to help ensure the best use of your VI points.
- The VI website, at www.vioresorts.com, allows you to book your reservations, check your account, or make payments online. All the information you need is at your fingertips.

What are some other benefits of VI?

- There are no housekeeping or maid fees charged at VI resorts. Only a \$20 booking fee is charged at the time a reservation is confirmed.
- Saving points with VI is automatic and has no associated charge.
- Book your reservation at VI resorts up to one year in advance.

How can I see which VI resorts are available?

As a VI member, you are able to book a reservation up to 1 year in advance of your stay. In addition, you are able to view availability online at all 44 VI resort locations, VI's Instant Exchange locations, and VI's Nightly Exchange locations. You are also able to book your reservation online and speak to our experienced VI Owner Services Representative who can answer any questions or book your reservations.

Can I just join VI on my own?

Yes. However, VI is not an exchange company like RCI, so the initial investment to purchase a new VI membership is thousands of dollars. With this proposed transition arrangement, you are receiving credit for your membership at Royal Resort, and you will receive a VI membership without additional charge.

How long does the VI membership last?

You will receive a perpetual (forever) membership in the VI program. You may also transfer your VI membership to family or friends, who will then have the rights and obligations associated with the VI membership.