

The Economics of Club Membership vs. Home Ownership

This basic cash-flow model has been developed to help you understand the operating cost per day and the overall cost of ownership over 10 years, for Club Membership versus private ownership of a comparable luxury log home in the mountains.

Cost Analysis Comparison	Cabins Club Membership	Owning a Luxury Home
Purchase Price	\$250,000	\$1,500,000
Down Payment (20% of purchase price)	\$0	\$300,000
Cost to Furnish the Home	\$0	\$145,000
Total Cash Paid at Closing	\$250,000	\$445,000
Total Mortgage Carried on the Property	\$0	\$1,200,000
Annual Operational/Carrying Expenses Maintenance, utilities, telephone, taxes, cleaning, insurance, trash, water & sanitation, snow removal, cable, internet (See page 2)	\$0	\$19,320
Ongoing Improvements to the Home (1% of purchase price spent annually)	\$0	\$15,000
Annual Club Membership Dues	\$13,200	\$0
Annual Mortgage Payments (20% down and 30 year <u>interest</u> <u>only</u> at 6.5%)	\$0	\$78,000
Annual "Opportunity Cost" of Your Cash Used at Closing (Assuming 5% interest income before taxes)	\$12,500	\$22,250
Annual Costs (including operating costs)	\$25,700	\$134,570
Operating Cost per Day* -		
Average Based on 42 Days/Year Usage	\$612/day	\$3204/day
10-Year Liquidation Analysis		
Original Investment	\$250,000	\$1,645,000
Pre-Tax Appreciation on Real Estate (based on 5% appreciation each year)	\$0	\$943,342
Proceeds From Sale at End of 10 -Year Term	\$250,000	\$2,588,342
Less Real Estate Commissions (6%)	\$0	(\$155,300)
Cash at End of Term	\$250,000	\$2,433,042
(Less Original Investment)	(\$250,000)	(\$1,645,000)
Pre-Tax Gain on Investment before adjustment for Annual Costs	\$0	\$788,042
Total Overall Cost per Day		
Annual Costs over 10 Years	\$257,000	\$1,345,700
(Less Pre-Tax Gain)	\$0	(\$788,042)
Net Costs over 10 Years	\$257,000	\$557,658
Total Overall Cost per Day** - Based on 42 Days/Year x 10 Years Usage	\$612/day	\$1327/day

Assumptions used on formula

* **Operating Cost Per Day based on annual costs divided by 42 days used per year.** (42 days based on use of 4 Priority Weeks + 2 Club Bonus Weeks)

** **Total Overall Cost Per Day based on annual costs over 10 years less Pre-Tax Gain, divided by 420 days (42 days/yr. x 10 years)**

These figures represent good faith estimates and are subject to change. Figures do not take into account tax treatment on expenses or gains.

These figures represent no increase in annual operating expenses for private home ownership and no increase in annual dues for Club Membership . Membership purchase price and annual dues figures are estimates used for illustrative purposes. Final rates will be contracted at closing.

*** **Important Consideration: The ideal location, additional services and quality free time available to members of The Cabins Club at Winter Park.**

Annual Operational/Carrying Expenses: Included with Ownership of a Luxury Vacation Home (from page 1)

Real Estate Taxes	\$6,840
Natural Gas	\$3,000
Insurance	\$2,000
Electricity	\$1,800
Telephone	\$1,200
Snow Removal	\$1,000
Cleaning/housekeeper	\$1,200
Water & Sanitation	\$600
Cable TV	\$720
High Speed Internet	\$600
Trash Removal	\$360
Total Operating Expenses*	\$19,320

* These are projected annual operating expenses are based on expenses for a comparable single-family home.

These Annual Operational/Carrying Expenses are paid completely by the homeowner if owned privately.
(these expenses are illustrated in upper section of the Cost Analysis Comparison on the previous page).

The Cabins Club member portion of these expenses are included in their Annual Membership Dues.