



August 28th 2009

Dear Owners and Members:

It has been just over four months since the Reynolds and Noble teams assumed responsibilities for the management and daily operations of Hammock Beach Club and Resort including The Conservatory, Yacht Harbor Village and Marina, The Gardens and various other land holdings within the Hammock Beach region . During that time we have been working to develop programs that help ensure the long term stability of the community. We have been evaluating ways to offset the slowdown in real estate while looking to maintain the level of services that all of our property owners, members, and guests have grown to enjoy. Our primary focus has been on how to find additional sources of revenue without having to substantially increase dues. We have also been doing a complete review of the Membership Plan and Rules and Regulations. The purpose of this letter is to outline certain changes that we will be implementing effective as indicated below.

As you read through the letter that follows, we hope you will understand that it is absolutely necessary that during these difficult economic times we take decisive action in order to keep the Club on a solid foundation. The operations and ownership team has carefully considered a broad range of cost-cutting and revenue-generating ideas to strengthen the Club's position. The decisions outlined below have been made after review with the Club's Advisory Board of Governors (ABOG) and with the long term best interests of our owners and members in mind.

Moreover, we have focused our efforts on generating temporary solutions to what we believe are temporary circumstances rather than creating permanent policy changes with lasting effects. We are excited and optimistic about the bright future for the Club at Hammock Beach and remain dedicated to protecting the value of your membership.

Membership Exchange Program

There are a significant number of owners who own multiple properties within Hammock Beach and are therefore supporting multiple memberships. In an effort to offer some relief to persons who have made these types of investments, we are amending the membership plan to include a new class of membership entitled "Exchange Member." This program is designed to allow holders of multiple memberships who are paying full membership dues to "lend" their secondary memberships to a third party while continuing to keep their primary membership in good standing. The program is recallable and will be reviewed on an annual basis. For example, Mr. Smith owns 3 properties and pays 3X membership dues. During the period that the Exchange Program is in effect, Mr. Smith can designate Mr. Jones (or the Club can sell to Mr. Jones), who may or may not live within the community, to pay a refundable initiation deposit of \$5,000 for one of those memberships, assume responsibility for dues payment, and thenceforth be entitled to the associated membership privileges. Mr. Smith could likewise do this with one additional membership so long as he maintained his primary membership in good standing. The current administrative charges to create the new club cards and documents will apply.

We believe this increase in flexibility will be helpful to a significant portion of our membership and will have the desirable effects of increasing the number of active members and increasing overall usage of the Club. Additionally, it will allow owners of property on which memberships have lapsed to be able to, at least temporarily, for as long as the Exchange Program is offered, participate in the membership program.

The Member with multiple memberships (the “Lender”) must maintain his primary membership at the Golf level and his other memberships at the Beach Club level at a minimum; however, for the present time, only golf memberships will be available to be sold under the Exchange Program to the “Borrowers”.

If you are interested in participating in this program please email your request to hbmembership@hammockbeach.com . Please contact the Membership Office at 888-252-6294 with any questions.

Invitational Membership Program

As a result of the implementation of the Exchange Program, the trial Invitational Membership program will be discontinued immediately. Existing Invitational Members will be permitted to participate in the Club under the terms and conditions they were offered.

Beach Club to Golf Membership Upgrade Program

In working through the difficult economic challenges we face it was asked (by the Advisory Board of Governors) if there was a way to address Beach Club Members who wished to upgrade to a full Golf Membership. This would increase our Golf member dues revenue while opening up our golf experience. After careful review we propose to offer this upgrade under the following conditions:

- ✧ Beach Club Members in good standing may apply
- ✧ Applications must be accepted by December 31st 2009
- ✧ \$20,000.00 initiation deposit (refundable)
 - Payable \$10,000 at sign up
 - The remaining \$10,000 paid over 2 years
- ✧ 3 year minimum commitment to receive a refund (according to the terms outlined in the existing membership plan) should you resign or downgrade your golf membership.

Contact the Membership office for more details.

Reciprocal Use

We have had several inquiries regarding the status of reciprocal use of various clubs. Reciprocal use will continue to be honored at the following properties – Reunion, Hammock Beach, Bella Collina, Rivertowne, Cobblestone, and Patriots Point. Additions and deletions to this program can be made without notice. Please check with the Membership Office if you are planning on utilizing any of these facilities.

The membership and golf staff will also be looking to coordinate specific trips to other properties (such as Reynolds Plantation) and certain interclub events/tournaments over the course of the next several months. At that time we should be able to address the questions of rates and procedures that will allow you to plan and enjoy your visit to the other properties.

Credit Card Usage

There is a significant underutilization of the Club facilities and driving additional activity to the Club is a key priority. Disallowing credit card payments at the club or resort facilities in the past, although well-intended, created an impediment to incremental revenues. Beginning this week, credit cards will be accepted at all on-property outlets including restaurants, gift shops, and the golf shop.

This added convenience will afford members not only additional payment options, but also their accompanied guests the flexibility to pay for their own golf rounds, clothing, accessories, and food and beverages. Additionally, houseguests will be able to pay for their own charges using credit cards.

Dining and Spa

Expanding our efforts to generate additional revenue at the club and resort, effective on September 1st, In addition to our Members and Resort Guests, the Atlantic Grille and the Spa will begin accepting outside reservations. This action is being undertaken in order to maintain the levels of quality to which we all ascribe by providing additional activity from which to support these facilities. Additionally:

- ✧ Members will have 1st priority for seating and reservations at the Atlantic Grille, outside guests will receive Preferred Seating.
 - A reservation system is being developed and will be released to all members.
 - Resort casual dress code will be enforced at the Atlantic Grille and Seaside Grille.
- ✧ Loggerheads has introduced a new casual dining food service for Members and Resort Guests each Friday & Saturday evening starting at 5:00 PM.
- ✧ The Seaside Grille will change its name to “Delfinos” which translates in Italian to Dolphins and will remain available to Members and Resort Guests only.
- ✧ All food and beverage outlets are currently undergoing a comprehensive food concept and service overhaul, we will keep you posted on the progress of those changes as they are made.

Fantasy Pool Complex

In order to ensure that only authorized users of the water park are at this facility, effective immediately enforcement mechanisms will be put in place to verify that anyone using this facility is a member, guest of a member, or a registered resort guest.

Members and their guests will need to have their current membership charge card or houseguest card with them in order to gain admission to this facility. Resort guests will be required to show a guest key that is active. This is being done to ensure we prioritize only those who are entitled to the use of this facility. We appreciate your assistance in helping make this a better experience for all of our members.

Members Only Area

In response to feedback received from our members the following changes will go in effect:

- ✧ A Fantasy Pool private deck area will become a “*Members Only*” area. This area will be provided with signage and specially designated F&B servers to ensure an appropriate member experience.
- ✧ The Lodge Pool building office areas will become a “*Members Only*” social meeting area. (excluding the spinning class room and bathroom areas)

Rental Program

In an effort to allow only those members who are current on their Club bill the ability to arrange for a guest to use the Club facilities, effective immediately, any owner whose Club charges remain unpaid for more than ninety days will have their property removed from the rental program.

The six week annual limit on houseguests will remain in effect at Hammock Beach. This policy will preserve the value of your membership and alleviate congestion at some of the most popular amenities.

The entire rental program is being comprehensively reviewed and the results of that review will be released to the ABOG as soon as they are available.

Other Changes

- ✧ The current member discount will remain at 20% for all food & beverage purchases. The golf pro shop and Lobby Logo shop clothing and incidental merchandise discount will be increased to 15% on selected items.
- ✧ The current Spa member menu of discounts will now be available Monday through Thursday. Seasonal changes may apply.
- ✧ Increase the Beach/Golf member discount on Kids Crew & Bike rental to 20%.
- ✧ There will be an annual golf cart program offered to all golf members in good standing. The charge will be \$1,762.00 for a single or \$2,660.00 for a couple. The program will be offered effective September 1st and the charge for the remainder of this membership year will be prorated for those interested. Please contact the Membership office if you are interested in signing up.
- ✧ We are going to enhance the use of the golf courses for your golf members extended family. Extended family is defined as the parents, adult children, grandparents and grandchildren of the member and spouse.
 - June 1st to January 31st \$32.00 per round
 - February 1st to May 30th 50% off Member Guest rate
- ✧ The bag storage program is to be revamped to include:
 - Fee of \$240.00 per year for the following:
 - Bag storage at the Ocean or Conservatory Course, member choice
 - Locker, at the Ocean or Conservatory Clubhouse, member choice
 - Free daily bag transfer between courses
 - Free re-gripping, one full set per calendar year. Regripping will begin January 1st 2010 and will consist of a standard Taylor Made grip. Other styles and types of grips will be available at a nominal upgrade charge. Please contact the Pro shop for more details.
 - Sign up by September 1st 2009 and pay no fee till January 1st 2010
- ✧ Twilight rates will be seven (7) days a week starting at 2:00 PM each day for the remainder of 2009 for all golf members at a rate of 50% off the cart rate.
- ✧ Effective September 1st 2009 and remain in effect through 2009. We will be adding two additional member guest days for golf members:
 - 1st Wednesday Conservatory Course Cart Fee
 - 2nd Sunday Conservatory Course \$45.00
 - 3rd Monday Ocean Course Cart Fee
 - 4th Sunday Ocean Course \$45.00
- ✧ Beach Club members shall be able to play 6 rounds of golf, September 1st 2009 through January 31st 2010 at the prevailing golf member guest rate.
 - Reminder, non-golf members are restricted to 6 rounds of golf in any calendar year, the example would be a Beach Club Member who played 2 rounds as the guest of a Golf Member, that would only leave 4 more rounds for the Beach Club member to use under this example.
- ✧ Resort Branding has been a question on many owners' minds, at the present time we are very optimistic about the future of the Club at Hammock Beach and have decided not to pursue any outside branding (flagging) opportunities. We feel strongly that the Club at Hammock Beach is strong enough to stand on its own name.

Conservatory Course

Effective on August 31st, 2009 the Conservatory Signature course will be closed to all play two days a week (Monday & Tuesday) for the remainder of the year. The course will continue to be maintained but overall days of labor and clubhouse overhead costs will be reduced. Rounds of play will be monitored, should play increase the course will be brought back into a full active rotation.

The Sundancer

Effective immediately the Sundancer will be open to public charters and group use, in addition:

- ✧ New lower hourly rates are in effect for use of the vessel by club members.
- ✧ Members may charter the Sundancer for private functions.
- ✧ The Sundancer may be chartered to go on the water for a cruise or onboard while staying at the dock.
- ✧ Friday and Saturday "Docktails" will again be offered with the near term plan to offer dockside bar and light food offerings. Contact the membership office for specific details.
- ✧ The Sundancer is a marvelous amenity for our club, the challenge for us going forward is to find ways to use the Sundancer and increase revenue.

As mentioned in the opening to this letter, the Reynolds and Noble teams have been carefully evaluating ways to maintain the level of services at the Club while experiencing a significant reduction in resort activity and revenues. We are making some decisive business decisions; some to reduce costs, and some to replace historical revenues with alternative sources, but all with the intent to preserve the long term value of your membership.

We would also like to thank the Advisory Board of Governors, throughout the past few months they have provided invaluable insight into helping us focus on issues that will enhance the membership experience here at the Club. All of our boards and committees are comprised of volunteers who give very freely of their time, the passion and commitment shown to date gives us great hope for the future.

We take very seriously our commitment to the owners, members, and their guests and are working diligently through this difficult economic period to protect and maintain the resort experience and lifestyle at Hammock Beach. In November, as is our custom, we will be releasing our annual member survey and hope that you will take a few minutes to participate and provide us with your feedback and comments. Your cooperation as we implement necessary changes is much appreciated.

Sincerely,

Tom Allhoff

Thomas Allhoff

VP & Regional Manager- Florida

Reynolds Management and Development Group

Gary Rosenberg

Gary Rosenberg

VP Resort Operations

Noble Investment Group