

# Coylumbridge Highland Lodges Club



[www.coylumbridge.info](http://www.coylumbridge.info)

24 April 2020

## **RE: COVID-19 Update**

Dear Owner,

It has been several weeks since I wrote regarding restrictions to visit our resort due to COVID-19. My last communication came at a time when swift action was required after the United Kingdom's Ministry of Housing, Communities & Local Government published guidance on 22 March asking people to avoid travelling unless essential. The next day the 'Stay at Home' guidance was made clear in terms of only leaving the house for limited purposes and on the 24 March, the government published additional guidance specifically advising all businesses providing holiday accommodation to 'take steps to close for commercial use as quickly as is safely possible'.

This communication is sent to you as we approach the end of five weeks of lockdown. As I write this, there is no indication of when these restrictions will be lifted. Therefore, it would be inappropriate for me to make any promises about when Owners may travel to the resort. I, like every single household in the United Kingdom, look forward to the day when some normality can be resumed.

During this time, I have been communicating with the management team at Hilton Grand Vacations, the company with whom your Club has a factorial contract to maintain the resort on our behalf. A skeleton team has been present at the resort over this period ensuring the safety and security of our Club assets. The HGV team is also drawing together plans to be ready to re-open the resort and is, for example, considering the likelihood that provisions for social distancing may be a requirement of the government but also a concern for Owners.

Through EUROC we have also been in contact with other Clubs and shared information on how we are all handling the situation, and sharing best practice. We are satisfied that our approach aligns with that of many other clubs in the UK. As this is something that none of us envisaged, it is important that we keep this line of dialogue open and continue to share knowledge and advice between clubs and resorts.

A question that was raised in the early stages of this crisis was whether Owners would still have to pay their maintenance fee if they were unable to visit the resort. In some cases, due to a misunderstanding of how your Club operates, there have been calls for HGV to refund the maintenance fee in full. I would like to take this opportunity to provide clarity of your lodge ownership, management structure and lines of responsibility in relation to Coylumbridge Highland Lodges Club.

The Coylumbridge Highland Lodges Club was formed in 1980 when the developer, the Reo Stakis Organisation constructed the timeshare properties. As the Founder Member, the developer established the Club, created the Club Constitution and transferred the ownership of the buildings into a trust company to be held on behalf of the members of the Club.

At this stage, the only member of the Club was the Founder, which later changed as they sold their 3,009 rights of access to units for fixed periods of time to new members (referred to as 'Lodge Owners'). It is this process that resulted in the existing membership structure, whereby the Founder Member now holds a minority interest in the Club, with Lodge Owners holding the balance.

As membership levels grew, a committee was formed. Once more, the majority interest consists of Lodge Owners, with a minority represented by the Founder Member. The purpose of your committee is to ensure your Club is being governed in accordance with the Club Constitution, which permits the committee to enter into contracts, set maintenance fees and establish Club policies and procedures.

**Continued overleaf.**

As mentioned, HGV acts as our contracted management company. The Reo Stakis Organisation was sold in the 1990's and through a number of subsequent changes, HGV is now the Founder Member. The role of the Founder Member should be viewed independently from that of the management company due to the contractual relationships that exist. The Founder Member, is also an Owner in the Club and as such, pays the same maintenance fee as all other Owners for weeks owned and enjoys the same rights under the Club Constitution as other Owners. The management company is obliged to deliver services based on a detailed contract agreed by your committee that is subject to annual review.

The management contract covers administrative, housekeeping, grounds and maintenance services relating to Owner occupation of timeshare units, the billing and collection of maintenance fees as instructed by the committee, and the maintenance of the Club's financial books and records.

Hopefully, the foregoing has clarified the difference between your Club and HGV. I thought it might also be useful to present the 2020 Club budget (this can be found on the last page of this communication) along with a detailed allocation of each fee. I have split this between fixed and variable costs to demonstrate that the maintenance fee paid by Owners is not impacted as strongly by the property's occupation as Owners may presume.

As you can see, on average, 22.8% of the maintenance fee is variable, and your committee will need to consider how your Club might be able to reimburse Owners who have been affected by the lockdown. In addition to the numbers above, the committee also needs to consider payroll costs the government is funding that can be reimbursed. I'm sure you will now understand that until the crisis is over, it will not be possible to quantify how much this equals.

All maintenance fees are due on 1 January each year, and most Owners take advantage of the monthly direct debit system your Club operates. I would encourage all Owners to continue to make their payments for 2020 while your committee works through this challenge. This is your Club — failure to pay maintenance fees places it under financial pressure, which will result in higher fees in the future as fixed costs need to be covered by a smaller membership.

Some Owners have advised me that their travel insurance and in some cases their home insurance covers their fees since they were unable to occupy their holiday accommodation. I recommend those of you who have an annual policy to approach your insurance provider for clarity.

Please continue to stay safe and follow government guidance. I am hopeful that the next communication you receive from me is one that advises you the resort is open for you to visit.

As a closing point I would like to take this opportunity to advise you that the Club AGM, due to be held on Friday 6th June 2020, has been postponed. The meeting will be rescheduled as soon as practical and possible.

Yours sincerely,

**David Gray**

Chair – Coylumbridge Highland Lodges Club

**Coylumbridge Highland Lodges Club  
Component Split of 2020 Maintenance Fees**

		2020 Approved Budget	Intervals and Unit Types			
			794 Phase 1	1,823 Other 2 Beds	392 3 Beds	3,009 Average
<b>Gross Maintenance Fees</b>		<b>1,873,762</b>	<b>592.76</b>	<b>625.15</b>	<b>672.10</b>	<b>622.74</b>
<b>Fixed Elements</b>						
Management Company Payroll	426,262	22.7%	141.66	141.66	141.66	141.66
Management Company Operating Costs and Factorial Fee	130,244	7.0%	43.28	43.28	43.28	43.28
Insurances (B&C & D&O)	19,936	1.1%	6.63	6.63	6.63	6.63
Bank Interest & Charges	3,064	0.2%	1.02	1.02	1.02	1.02
Professional Fees	25,050	1.3%	8.33	8.33	8.33	8.33
Committee & AGM Costs	13,238	0.7%	4.40	4.40	4.40	4.40
Vehicle Expenses	5,774	0.3%	1.92	1.92	1.92	1.92
Office Rental	17,431	0.9%	5.79	5.79	5.79	5.79
Bad Debt Provision	8,788	0.5%	2.92	2.92	2.92	2.92
Corporation Tax Payable	172	0.0%	0.06	0.06	0.06	0.06
Reserve Fund Contribution	497,438	26.5%	149.15	167.82	186.42	165.32
Net Electricity Cost	19,222	1.0%	6.39	6.39	6.39	6.39
Net Miscellaneous Income	( 13,153)	-0.7%	(4.37)	(4.37)	(4.37)	(4.37)
Carpet Cleaning	8,969	0.5%	3.01	2.66	4.41	2.98
Water Charges	42,043	2.2%	13.97	13.97	13.97	13.97
VAT	240,895	12.9%	76.83	80.49	84.57	80.06
TV Licences	1,705	0.1%	0.57	0.57	0.57	0.57
<b>Total Fixed Element</b>	<b>1,447,076</b>	<b>77.2%</b>	<b>461.55</b>	<b>483.54</b>	<b>507.96</b>	<b>480.92</b>
<b>Variable Elements</b>						
Cleaning Materials	3,569	0.2%	1.19	1.19	1.19	1.19
Contract Cleaning	249,387	13.3%	74.17	83.47	97.78	82.88
Lodges Laundry	39,676	2.1%	13.35	12.40	16.52	13.19
Window Cleaning	17,530	0.9%	5.83	5.83	5.83	5.83
Refuse Collection	18,673	1.0%	6.21	6.21	6.21	6.21
Guest Supplies	10,886	0.6%	3.32	3.66	4.00	3.62
Stationery, Printing & Postage	10,623	0.6%	3.53	3.53	3.53	3.53
Lodge Welcome	5,228	0.3%	1.74	1.74	1.74	1.74
VAT	71,114	3.8%	21.87	23.60	27.36	23.63
<b>Total Variable Element</b>	<b>426,686</b>	<b>22.8%</b>	<b>131.20</b>	<b>141.62</b>	<b>164.14</b>	<b>141.80</b>

**Coylumbridge Highland Lodges Club**  
c/o Hilton Grand Vacations Club at Coylumbridge  
Aviemore, Inverness-shire PH22 1QN

**Finance Department**  
Braemar Road  
Ballater AB35 5XA  
Tel: +44 (0) 13397 55558 Fax: +44 (0) 13397 53492  
Email: hgvfinance@hgv.com