



Neptune House

Block Island, RI



September 2020

UPDATE FROM THE BOARD OF DIRECTORS

Introduction

In this article, we discuss the impacts of the COVID-19 pandemic on the physical and financial condition of the resort, our plans for the future, and how it all affects you as an owner.

Delayed Opening

The pandemic caused by the novel coronavirus (COVID-19) delayed opening of the resort this year by ten (10) weeks and disrupted work on remedial and improvement projects at the resort. The closed weeks represent one-third of our season. We were able to reschedule many owners for later in the year or early next year. However, many others were not able to be accommodated.

For owners for whom a replacement week was not able to be arranged, a partial credit reflecting cost savings while the resort was closed was provided, for use in offsetting future charges. The amount of the credit was \$125 for each float week, \$200 for each studio fixed week, \$225 for each 1-bedroom fixed week, and \$250 for each 2-bedroom fixed week.

In addition to the credit, a vacation certificate offered by Trading Places, VRI's sister company, was made available to owners who were unable to use their weeks because the resort was closed. The certificate can be used for a week at a wide selection of resorts any time through December 16, 2021 (there is a \$99 redemption fee if and when the certificate is used).

The Board felt that it was important to provide some consideration to owners who were unable to use their time at the Neptune House this year. This is not normally done in the timeshare industry. Standard industry practice when owners are unable to use their

weeks is to try to reschedule (as we did), but not to give refunds of maintenance fees (in whole or in part) or to provide any other compensatory benefit.

Calculation of Credit Amount

The amount of the credit given to owners unable to use their time this year was based on a financial analysis of the savings when the resort was closed. The vast majority of the costs of running the resort (over 80%) are fixed. These include the salaries of permanent staff, VRI's management fee, property taxes, insurance, and the costs of reserve projects and routine upkeep. These costs would be incurred even if the resort were closed for the entire year. The credit was calculated from variable expenses which were not incurred while the resort was closed. These expenses include utilities, supplies, cleaning services, laundry services, and seasonal labor.

Although some owners would have liked larger credits, the Board cannot responsibly provide credits totaling more than the savings, as the resort still needs to meet all its financial obligations for the year.

Revenue Shortfall

While variable expenses were lower during the time period when the resort was closed, budgeted revenues also were lower. Three important components of our revenue stream are rentals of Association-owned inventory, licenses, and bad debt recovery. We had budgeted \$26,137 in rental revenue, \$1,450 in license income, and \$11,886 in bad debt recovery – for a total of \$39,473. However, we now expect that the total realized will fall about \$30,000 short of the budgeted amount.

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Most of the weeks owned by the Owners Association that are available for renting or licensing are in the spring and fall. Because of our delayed opening, the spring season yielded no rental or license revenue. Furthermore, since we moved many owners in the spring to fall weeks, we are expecting little rental or license income for the year.

Bad debt recovery is lagging expectations because court activities were severely curtailed, especially during the first few months of the pandemic when courtrooms were closed.

Increased Costs

New equipment and special supplies were needed to operate the resort safely after it was allowed to open. The resort purchased an expensive electrostatic sprayer and disinfectant solution along with hand sanitizer, disinfectant wipes, masks, and gloves in order to comply with state guidelines and to provide enhanced sanitation.

Labor costs also increased when the pool opened because pool regulations from the RI Department of Health dealing with COVID-19 require an attendant on duty whenever the pool is open. The pool opened seven weeks after the resort opened because of the time needed to get the pool chemicals in balance, to obtain a replacement for a faulty battery in the handicap chair lift, and to complete a new bacterial test required by the Department of Health.

Paycheck Protection Program

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March included a program from the Small Business Administration called the Paycheck Protection Program (PPP). In May, the Owners Association received a \$34,835 loan at 1% annual interest under this program. The loan allowed the resort to continue the employment of permanent staff until the resort opened, enabling the resort to continue with routine maintenance and some work on reserve projects. The loan also helped to pay utility costs while the resort was closed.

Based on features of the PPP, it is anticipated that the loan will be completely forgiven this year. This unbudgeted income will help offset some of the losses and extra costs that the resort is experiencing as a result of the pandemic.

Changes in the Way that the Resort Operates

When the resort opened on June 20, changes were put in place to control the spread of COVID-19. Also,

restrictions were imposed on the use of amenities and common areas in order to comply with guidelines for social distancing and social gatherings and to facilitate cleanliness. Some of the key points are:

- All employees are tested for fever every day.
- All employees are required to wear face masks when contact of less than 6 feet with another employee, owner, or guest is possible.
- Everyone staying at the resort is screened for symptoms and risk factors associated with COVID-19, as required by the State of Rhode Island.
- Everyone staying at the resort is asked to provide names and contact information for all individuals staying in the unit, as required by the Rhode Island Department of Health for contact tracing.
- Check-in and check-out are done in a touchless manner to the extent possible.
- The front desk has had a plexiglass guard installed to keep owners, guests, and our front desk personnel safe.
- Owners and guests are expected to maintain 6 feet between people and to wear face masks when contact of less than 6 feet with another owner, guest or an employee is possible.
- Owners and guests are expected to limit social gatherings to no more than 15 people.
- High-touch surfaces in common areas are disinfected frequently during the day.
- All units undergo enhanced sanitation procedures to prepare for the next occupant.
- Occupants of units are encouraged to use their own kitchenware. If using something provided by the resort, occupants are advised to wash carefully before use.
- Highchairs, pack and plays, air mattresses, irons/ironing boards, blenders, etc. are provided upon request.
- Use of amenities is restricted in order to maintain social distancing and minimize the amount of cleaning required:
 - An attendant is on duty at the pool and capacity restrictions are in place.
 - Pool/beach towels are not provided.
 - The fire pits are closed.
 - The tennis courts are open with required social distancing.
 - The computer, coffee machine, water cooler, and soda machine in the lobby of Building B are not in use.
 - Videos, books, puzzles, etc. are not available for borrowing.

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- The pool table is not available for use.
- The children's play area in the lobby of Building B is closed off.
- The guest laundry is open for use, with restrictions.

The resort is strictly complying with state and Town requirements as changes occur throughout the season.

Status of Reserve Projects

We had expected to get several projects on our reserve plan done in the spring. The restrictions imposed by the state of Rhode Island and the Town of New Shoreham made it impossible to get all of them done. We are trying to get commitments from contractors to do various projects in the fall, but it is possible that not everything will get done. Depending on what work actually does get done, we may need to revise our reserve plan by pushing work out to next year. This could have a domino effect on work already planned for next year.

One area that could be affected is Recreational Amenities Phase 3. This encompasses demolition of one tennis court, resurfacing of the other tennis court, installation of new fencing, development of a new irrigated grass play area, and landscaping. This work was originally planned for completion by June 2021, but that timetable could be in jeopardy.

Financial Impact

The pluses and minuses in revenues and operating expenses due to COVID-19 (including provisions for credits for owners unable to use their weeks when the resort was closed) are essentially balancing out for the year.

While the resort season has weeks to go, so that finances are still in flux, the resort is expected to end the year

with a modest operating surplus due primarily to lower labor costs in the first three months of the year – prior to the impact of COVID-19. This resulted from a delay in replacing permanent staff who had left the resort at the end of 2019. Any surplus at the end of the year will help stabilize 2021 maintenance fees.

On the negative side, inflation and lower ownership due to deedbacks and defaults during 2020 will put upward pressure on 2021 maintenance fees.

The net result is that maintenance fees for 2021 are expected to be 1.5%-2% higher than in 2020. The new maintenance fees will be communicated when bills are sent out in October.

Summary

The COVID-19 pandemic is having a significant effect on the operation of the Neptune House. Some owners are unable to use their time at the resort this year, some remedial and improvement projects have been delayed, and owners who have been able to get to the resort have had to make significant adjustments to the way they interact and how they use the amenities.

Nevertheless, the financial condition of the resort remains sound. We have a workable plan to maintain a balanced budget in future years by controlling increases in maintenance fees coupled with dynamic marketing to augment revenues from rentals and licensing of Association-owned inventory.

We regret that some owners are not able to use their time at the resort this year. Next year and for years afterwards, we hope that all owners will be able to enjoy the full benefits of the Neptune House. We will continue working to make the resort enjoyable for everyone while positioning it for sustained viability long into the future.

CHANGE TO SMOKING POLICY

Prior to the start of the 2020 resort season, the Board of Directors voted to restrict smoking and vaping to designated areas only. Smoking has been prohibited inside the living units for several years. The new policy extends the prohibition to the unit decks and all other areas of the property except the designated areas. The policy also now covers vaping. Wording of the revised policy is at the bottom of page 7 of the [Rules and Regulations](#) document.

Many owners had requested that we bring our smoking policy in line with smoking policies widely in place in the United States including in the hospitality industry. While we acknowledge the right of people to smoke or vape, our desire is to provide a healthy environment to the majority of our owners and guests. The situation with COVID-19 has given us all a heightened sensitivity to the need to cooperate to ensure the health and safety of us all. We hope that this heightened sensitivity will guide the behaviors of both smokers and non-smokers as we go forward.

Important Information for Late Payers

All owners jointly own the Neptune House, and all are responsible for keeping the resort financially viable. Unfortunately, not all owners pay their maintenance fees on time each year (by December 31), even though the bills are sent in early October.

Our [Assessment Billing and Collection Policy](#) states that late payers are subject to interest and fees if they have not paid by February 1.

Furthermore, the policy states that a delinquent owner will not be able to occupy his/her unit, or make a float week reservation, until the account is brought current. Additionally, on February 1 the unit becomes available for rental, with rental proceeds used to reduce the amount owed. If the unit is rented before the owner pays in full, occupancy and exchange privileges cannot be reinstated when the owner ultimately brings the account current.

That has been the policy as written. In practice however, in the past, the units of delinquent owners were not put

into the rental program until April 1. Instead, Samantha contacted delinquent owners during February and March urging them to pay so that they would not lose the use of their units that year.

The Board believes that the extra work to contact owners who do not pay by February 1 is not warranted, as owners have over three months to pay between the time that bills are sent out and the end of January. Therefore, the Board has revised the Assessment, Billing and Collection Policy to address more specifically what will happen if payment is not made before February 1, and the Board has directed Samantha to strictly enforce the payment policy.

In the future, any owner who has not paid by February 1 will have his/her unit(s) placed in the rental program at that time. If a unit is rented before the owner brings his/her account current, occupancy of the unit by the owner will be denied (the net rental amount will be credited to the owner's account).

Deedback Program

If you have decided that it is time to move on from the Neptune House due to age, health, changing family circumstances, or any other reason, this program could be for you. It provides a simple, fool-proof way to exit your timeshare obligation.

The **Deedback Program** describes the process for owners to deed their shares back to the Owners Association if certain conditions are met. One of the key conditions is that the owner must pay two years of maintenance fees in advance and relinquish ownership rights so that the Owners Association has time to sell, rent, or license the share without suffering a loss of revenue in the interim.

Details about the **Deedback Program** are contained in the **Reseller's Handbook** which is packed with helpful information to assist owners in moving on from the Neptune House. Much of the Handbook is concerned with providing information intended to guide owners in reselling their shares. It contains sections on Sales Channels, Lead Time, Setting Your Asking Price, Ad Copy, and Legal Matters – ideas that can help you sell your share. Additionally, there is a section about Interval International's Club Interval Gold program for consideration as an alternative to selling. The last section, **Deedback Program**, explains the mechanism for turning shares back over to the Owners Association.

An updated version of the **Reseller's Handbook** that reflects sales data from 2019 is available through the Owners Portal of the VRI website by clicking on **Policy Reseller's Handbook** in the Documents & Forms section. You must log into your account to view it. Owners without internet access can call the resort to have a copy mailed to them.

Owners Meeting – Save the Date

The next Owners Meeting is planned for March 27, 2021. If public health considerations allow, the meeting will take place in person in Mystic Connecticut. Otherwise, the meeting will be held virtually using video conferencing technology. Owners without computer access will be able to participate via telephone.

After canceling this year's Owners Meeting due to the sudden, unexpected outbreak of COVID-19, the Board and management team look forward to interacting with owners once again to provide updates, gather feedback, and answer questions.

Public Online Presence

Website

The Neptune House website has been completely redesigned and updated with current information, pictures, and a video. In line with our marketing strategy, it is geared towards the rental market. Check it out on your computer, tablet, or handheld device at [NeptuneHouse.com](https://www.NeptuneHouse.com).

Facebook

The Neptune House Facebook page can be accessed by establishing a Facebook profile (<https://www.facebook.com/r.php>) and searching for Neptune House or at @NeptuneHouseResort, or by going to <https://www.facebook.com/NeptuneHouseResort/> and then “following” the page.



If you're reading this online, please click on the Facebook logo to be directed to our page or search for Neptune House Resort on Facebook.

Instagram

The Neptune House Instagram account can be accessed by establishing an Instagram account (<https://www.instagram.com>) and searching for Neptune House BI, or by going to <https://www.instagram.com/neptunehousebi/> and then “following” the page.



If you're reading this online, please click on the Instagram logo to be directed to our page or search for Neptune House BI on Instagram.

Photo Opportunity

You may have a chance to have your photos of Block Island or the Neptune House featured on the Neptune House social media sites! Please email photos to photos@neptunehouse.com. If your photos are chosen, the consultant who manages our social media accounts will contact you with a request to provide a release that allows the Neptune House use for marketing and advertising purposes.

Communications

Create an Owner Account

Having an owner account allows you to see your account balance, your last payment, and your upcoming reservations. You can also make payments by credit card. Additionally, you have access to policy documents, newsletters, financial reports, budgets, plans, minutes of Board meetings, and other documents pertaining to the resort.

Creating an account is something that you can do yourself on the VRI website (www.vriresorts.com). Before doing so, your email address must be on file with VRI and associated with each of your shares (unit/weeks).

If you have not previously provided your email address, please call 1 (866) 469-8222 or email memberservices@vriamericas.com and ask to have it associated with all your shares.

To create an account, go to “Owners Portal” and click on “New Users.” Enter your Email Address and select from the Property Code drop down, enter your Account Number which is of the form UUU-WW where UUU is the unit number padded with leading zeroes and WW is the week number, and then click on “Register” and create a password.

Access Minutes of Board Meetings

If you want to keep abreast of the activities of the Board of Directors on a monthly basis, please access the minutes of Board meetings on the VRI website (www.vriresorts.com). Click on “Owners Portal,” and then log in to your account. The minutes are in the “Documents & Forms” section.

Receive Email Updates

Even if you don't feel the need to check the website periodically to read minutes of Board meetings, having your email address on file will allow you to receive timely notices from the Board. Email communications not only assure timeliness, but

they cost the Owners Association nothing. If everyone were on email, it would be much cheaper and easier for the Board to share information.

Join the Private Facebook Group

In response to suggestions at the 2019 Owners Meeting, a Facebook group restricted to owners was established to facilitate communication among owners. Members of the group can share information about renting, selling, exchanging, participating in social activities, etc.

To join this group, search for **Neptune House Owners** on Facebook, or, if you're reading this online, click on this link: [Neptune House Owners Private Group](#). Then submit a request to join the group. After your owner status has been verified, you will receive a notification of acceptance to the group.

Note that there are other Facebook groups with Neptune House in their names. Those groups have nothing to do with our resort. Be sure to request to join the group called **Neptune House Owners**.

Contact the Board of Directors

Questions, concerns, and comments may be sent to the Board via email addressed to board@neptunehouse.com. As fellow owners, we will strive to respond in a thoughtful and timely manner.



*ARDA-ROC Warns Consumers & Timeshare Owners to Beware of Timeshare Exit Scams During Coronavirus Pandemic

April 10, 2020 11:23 AM Eastern Daylight Time

WASHINGTON--(BUSINESS WIRE)--The ARDA-Resort Owners' Coalition (ARDA-ROC) today warned consumers and timeshare owners to beware of timeshare exit companies looking to take advantage of them during the COVID-19 pandemic.

“ARDA-ROC urges consumers and timeshare owners to be aware of timeshare exit companies that may use the COVID-19 pandemic as an opportunity to scam timeshare owners, including those experiencing financial hardships,” said Robert Clements, vice president of regulatory affairs and general counsel for ARDA. “It is unfortunate, but during this time of crisis, we are seeing an uptick in promotions by many timeshare exit companies making unfounded claims about future special assessments and increases in maintenance fees due to the coronavirus.”

ARDA-ROC warns consumers to never pay an upfront fee to an unregulated company that claims to be able to get consumers out of their timeshare. “We hope state attorneys general and law enforcement will crack down on these and all coronavirus-related scams, as they work to protect consumers across the country during this unprecedented time,” said Clements.

ARDA-ROC encourages timeshare owners who believe they have been unfairly taken advantage of or defrauded by an exit company to contact their state's attorney general (ConsumerResources.org), the attorney general in the state where the business is located, their local Better Business Bureau or local law enforcement. For additional help contacting these resources, consumers can reach out to the ASK ROC Consumer Support Team at 1-855-939-1515.

For timeshare owners who are contemplating exit, ARDA-ROC recommends owners always contact their timeshare developer, resort management company or HOA as their first source of information regarding exit options. For more information on how to safely explore exit options, visit ResponsibleExit.com.

ARDA-ROC is a 501(c)4 non-profit entity funded by over 1.5 million individual timeshare owner's voluntary contributions. ARDA-ROC is dedicated to preserving, protecting, and enhancing vacation ownership through smart policy and sensible regulation. ARDA-ROC advocates for local, state, and federal policies that enable the vacation ownership industry to thrive and provide consumers with an enriched vacation ownership experience. For more information, visit ARDAROC.org.

*ARDA is American Resort Development Association which is the trade association for the timeshare industry.

Neptune House

Block Island, RI



c/o VRI Americas
P.O. Box 399
Hyannis, MA 02601-0399

Contact Information

Neptune House

Resort Number (401) 466-2100
Fax (401) 466-5445
Website: www.neptunehouse.com

Still Need Assistance?

VRI Corporate Services (508) 771-3399
(800) 999-7140
VRI Fax (508) 775-6396

Resort Manager

Samantha Disotell (401) 466-2987
resortmanager@neptunehouse.com

Board of Directors

Email: board@neptunehouse.com

VRI Owner Services

Assessment Billing & Collection (949) 855-8004
(800) 999-7140
Monday - Friday 11:00 a.m. - 8:00 p.m. Eastern

Phil Totino, President
Cheryl Moore, Vice President of Facilities Planning
Mark Morrisette, Treasurer
Jeff Anliker
Doug Carnahan

VRI Reservations

General (800) 228-2968
Rentals, Vacation Tyme® (866) 469-8222
and Bonus Time
Website: www.vriresorts.com

Other Officers

Chris Lindgren, Secretary

Exchange Information

Interval International (800) 828-8200
Trading Places (800) 365-7617

Director of Resorts

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Managed by VRI Americas
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