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BLUEGREEN CORP
Form 10-KT
March 31, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KT

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the nine months ended December 31, 2002

Commission file number 0-19292

BLUEGREEN CORPORATION
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of
incorporation or organization)

03-0300793
(I.R.S. Employer
Identification No.)

4960 Conference Way North, Suite 100, Boca Raton, Florida 33431
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (561) 912-8000

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.01 par value	New York Stock Exchange, Pacific Stock Exchange
8.25% Convertible Subordinated Debentures due 2012	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy statement incorporated by reference into Part III of this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting common equity held by non-affiliates of the registrant: \$45,624,703 based upon the closing sale price

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of the Company's Common Stock on the New York Stock Exchange on September 30, 2002 (\$3.10 per share). For this purpose, "affiliates" include members of the Board of Directors of the Company, members of executive management and all persons known to be the beneficial owners of more than 5% of the Company's outstanding common stock. The market value of voting stock held by non-affiliates excludes any shares issuable upon conversion of any 8.25% Convertible Subordinated Debentures which are convertible at a current conversion price of \$8.24 per share.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of March 24, 2003, there were 24,588,128 shares of the registrant's common stock, \$.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Specifically identified portions of the Company's definitive proxy statement to be filed for its Annual Meeting of Shareholders to be held on May 29, 2003 (the "Proxy Statement") are incorporated by reference into Part III hereof.

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Note: The term "Bluegreen(R)" is registered in the U.S. Patent and Trademark office by Bluegreen Corporation.
The term "Bluegreen Vacation Club(R)" is registered in the U. S. Patent and Trademark office by Bluegreen Corporation.
The term "Big Cedar(R)" is registered in the U.S. Patent and Trademark office by Big Cedar L.L.C.
The term "Bass Pro Shops(R)" is registered in the U.S. Patent and Trademark office by Bass Pro, Inc.

PART I

Item 1. BUSINESS.

Introduction

Bluegreen(R) Corporation (the "Company") is a leading marketer of vacation and residential lifestyle choices through its resorts and residential land and golf businesses. The Company's resorts business ("Bluegreen Resorts") acquires, develops and markets timeshare interests in resorts generally located in popular high-volume, "drive-to" vacation destinations. "Timeshare Interests" are of two types: one which entitles the buyer of the Company's points-based Bluegreen Vacation Club(R) (the "Club") product to an annual allotment of "points" in perpetuity (supported by an underlying deeded fixed timeshare week being held in trust for the buyer) and the second which entitles the fixed-week buyer to a fully-furnished vacation residence for an annual one-week period in perpetuity. "Points" may be exchanged by the buyer in various increments for lodging for varying lengths of time in fully-furnished vacation residences at any of the Company's participating resorts. A Timeshare Interest also entitles the buyer to access approximately 3,700 resorts worldwide through the Company's participation in timeshare exchange networks. The Company currently develops, markets and sells Timeshare Interests in 12 resorts located in the United States and one resort located in the Caribbean. In addition, the Company also markets and sells Timeshare Interests at four off-site sales offices. Prior to investing in new timeshare projects, the Company performs market research and testing and, prior to completion of development, seeks to pre-sell a significant portion of its Timeshare Interests inventory. The Company's residential land and golf business ("Bluegreen Communities", formerly referred to as the Residential Land & Golf Division) acquires, develops and subdivides property and markets the subdivided residential lots (hereinafter referred to as "home sites") to retail customers seeking to build a home in a high quality residential setting, in some cases on properties featuring a golf course and related amenities. Bluegreen Communities' strategy is to locate its projects (i) near major metropolitan centers but outside the perimeter of intense subdivision development or (ii) in popular retirement areas. The Company has focused Bluegreen Communities' activities in certain core markets in which the Company believes it has substantial marketing expertise and a strong track record of success. Prior to acquiring properties, Bluegreen Communities typically utilizes market research, conducts due diligence

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and, in the case of new project locations, engages in pre-marketing techniques to evaluate market response and price acceptance. Once a parcel of property is acquired, the Company seeks to pre-sell a significant portion of its planned home sites on such property prior to extensive capital investment, which has been possible by the Company's ability to bond its projects to completion. The Company also generates significant interest income through its financing of individual purchasers of Timeshare Interests and, to a lesser extent, home sites sold by Bluegreen Communities.

For the purposes of this discussion, "estimated remaining life-of-project sales" assumes sales of the existing, currently under construction or development, and planned Timeshare Interests or home sites, as the case may be, at current retail prices. No assurances can be given that actual sales will meet expectations.

Market and industry data used throughout this Form 10-KT were obtained from internal Company surveys, industry publications, unpublished industry data and estimates, discussions with industry sources and currently available information. The sources for this data include, without limitation, the American Resort Development Association ("ARDA"), a non-profit industry organization. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurances as to the accuracy and completeness of such information. The Company has not independently verified such market data. Similarly, internal Company surveys, while believed by the Company to be reliable, have not been verified by any independent sources. Accordingly, no assurance can be given that any such data will prove to be accurate.

Bluegreen Resorts. Bluegreen Resorts was founded in 1994 to capitalize on the growth of the timeshare industry. While historical growth rates may not continue, according to ARDA and other industry sources, timeshare industry sales grew at growth rates ranging from 14% to 17% annually during the period from 1992 through 2001. The Company currently markets and sells Timeshare Interests in 13 resorts located in the Smoky Mountains of Tennessee (two resorts); Myrtle Beach (two resorts) and Charleston, South Carolina; Orlando and Surfside, Florida; Branson and Ridgedale, Missouri; Gordonsville, Virginia; Wisconsin Dells, Wisconsin; Boyne Mountain, Michigan and Aruba. The Company also markets and sells Timeshare Interests at four off-site sales locations serving the Indianapolis, Indiana; Detroit, Michigan; Minneapolis, Minnesota; and Daytona Beach, Florida markets. Through December 31, 2002, the Company has generated approximately 83,000 Timeshare Interests sales transactions at its resorts. As of December 31, 2002, the Company had 76,134 completed Timeshare Interests at its resorts, 10,816 Timeshare Interests under construction or development and plans to develop approximately 72,996 additional Timeshare Interests at existing resorts. Based on the foregoing, Bluegreen Resorts' estimated remaining life-of-project sales were approximately \$841 million as of December 31, 2002, based on retail prices at that date. The Company also manages 20 timeshare resorts (including 11 of its own resorts) with an aggregate of approximately 97,000 members.

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Bluegreen(R) Resorts uses a variety of techniques to attract prospective purchasers of Timeshare Interests, including telemarketing mini-vacations, marketing kiosks in retail and hotel locations, targeted mailings, marketing to current owners of Timeshare Interests and referrals. To support its marketing and sales efforts, the Company has developed and continues to enhance its database to track its timeshare marketing and sales programs. Management believes that, as the Company's timeshare operations grow, this database will become an increasingly significant asset, enabling it to take advantage of,

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among other things, less costly marketing and referral opportunities.

According to ARDA, the primary reason cited by consumers for purchasing a Timeshare Interest is the ability to exchange a Timeshare Interest for accommodations at other resorts through worldwide exchange networks. Each of the Company's timeshare resorts is affiliated with either Resort Condominium International(R), Inc. ("RCI") or Interval International(R) ("II"), the two largest worldwide timeshare exchange companies. Participation in an exchange network entitles owners to exchange their annual Timeshare Interests for occupancy at approximately 3,700 participating RCI resorts or approximately 1,900 participating II resorts located in over 100 countries worldwide. To further enhance the ability of its Timeshare Interest owners to customize their vacation experience, the Company has also implemented the Club system which permits its Timeshare Interest owners to purchase an annual allotment of points which can be redeemed for occupancy rights at most Company-owned and certain participating managed resorts. At December 31, 2002, the Company's approximately 61,000 Club members could choose to use their points at 32 resorts in the Bluegreen system. The Company also has implemented the Sampler program, which allows Sampler package purchasers to enjoy substantially the same amenities, activities and services offered to the regular Club members for a one-year trial period. The Company also has the Sampler Plus program, which provides Sampler Plus package purchasers with the same benefits of the Sampler package, plus a three-year travel discount program with exclusive website access to purchasing hotel and resort condo stays, cruises, rental cars, etc. The Company benefits from the Sampler and Sampler Plus programs by recapturing some of the costs incurred in initially marketing to prospective customers through the price of the Sampler and Sampler Plus packages and having the opportunity to remarket the Company's Timeshare Interests to these customers when they use their trial memberships at the Company's resorts.

Prior to acquiring property for resorts, Bluegreen Resorts undertakes a full property review, including physical and environmental assessments, which is presented for approval to the Company's Investment Committee, which was established in 1990 and consists of certain key members of senior management. During the review process, acquisition specialists analyze market, tourism and demographic data as well as the quality and diversity of the location's existing amenities and attractions to determine the potential strength of the timeshare market in such area and the availability of a variety of recreational opportunities for prospective Timeshare Interest purchasers. Another important consideration when Bluegreen Resorts is reviewing a resort location for potential acquisition is the demand for resorts in specific geographic areas by existing Club members, which the Company periodically monitors through surveys and other means. The geographic areas in which the Company currently intends to pursue the acquisition of real estate or interests in real estate for Bluegreen Resorts are the areas in which Bluegreen Resorts currently operates, as noted above (with a current emphasis on beachfront resorts), the northeastern and western United States, although the Company may pursue acquisitions in other areas. No assurances can be given that the Company will be able to acquire property in its current target areas or be successful in its acquisitions strategy.

The Company has historically provided financing to approximately 95% of its timeshare customers. Customers are required to make a downpayment of at least 10% of the Timeshare Interest sales price and typically finance the balance of the sales price over a period of seven or ten years. As of December 31, 2002, the Company had a timeshare receivables portfolio totaling approximately \$53.0 million in principal amount, with a weighted-average contractual yield of approximately 15.3% per annum. During the nine months ended December 31, 2002, the Company maintained a timeshare receivables warehouse facility and a separate timeshare receivables purchase facility to accelerate cash flows from the Company's timeshare receivables. See "Liquidity and Capital Resources" for further discussion of the Company's timeshare receivable

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facilities and certain risks relating to such facilities.

Bluegreen Communities. Bluegreen Communities is focused primarily on land and golf community projects located in states in which the Company has developed marketing expertise and has a track record of success, such as Texas, North Carolina and Virginia. The aggregate carrying amount of Bluegreen Communities' inventory at December 31, 2002, was \$102.0 million. Bluegreen Communities' estimated remaining life-of-project sales were approximately \$335.2 million at December 31, 2002, based on retail prices at that date. The Company believes no other company in the United States of comparable size or financial resources markets and sells residential home sites directly to retail customers.

Bluegreen Communities targets customers seeking a quality lifestyle improvement, which is generally unavailable in traditional, intensely subdivided suburban developments. Through its experience in marketing and selling home sites to its target customers, the Company has developed a marketing and sales program that generates a significant number of on-site sales presentations to potential prospects through low-cost, high-yield newspaper advertising. In addition, Bluegreen Communities' customer relationship management computer software system

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enables the Company to compile, process and maintain information concerning future sales prospects within each of its operating regions with the goal of tracking the effectiveness of advertising and marketing programs relative to sales generated. Through the Company's targeted sales and marketing program, the Company believes that it has been able to achieve an attractive conversion ratio of sales to prospects receiving on-site sales presentations.

Bluegreen(R) Communities acquires and develops land in two markets: (i) near major metropolitan centers but outside the perimeter of intense subdivision development; and (ii) popular retirement areas. Prior to acquiring undeveloped land, the Company researches market depth and forecasts market absorption. In new market areas, the Company typically supplements its research with a structured classified advertisement test marketing system that evaluates market response and price acceptance. The Company's sales and marketing efforts begin as soon as practicable after the Company enters into an agreement to acquire a parcel of land. The Company's ability to bond projects to completion generally allows it to sell a significant portion of its residential land inventory on a pre-development basis, thereby reducing the amount of external capital needed to complete improvements. As is the case with Bluegreen Resorts, all acquisitions of properties by Bluegreen Communities are subject to Investment Committee approval.

In fiscal 1997, the Company began construction of its first daily-fee golf course as part of its long-term plan to participate in the growing daily-fee golf market. The Company believes that daily-fee golf courses are an attractive amenity that increases the marketability of the Company's adjacent home sites in certain projects. The Company's first golf course, the Carolina National(TM) Golf Club ("Carolina National"), is located near Southport, North Carolina, just 30 miles north of Myrtle Beach, South Carolina, one of the nation's most popular golf destinations, and was designed by Masters Champion Fred Couples. The Company opened the first 18 holes of Carolina National for play in July 1998. In fiscal 2000, the Company opened an additional nine holes at Carolina National along with a new clubhouse, featuring food and beverage operations and an expanded pro shop. In fiscal 2000, the Company began construction at Brickshire(TM), a new residential land and golf course community in New Kent County, Virginia. Brickshire opened its 18-hole golf course, designed by two-time U.S. Open Champion Curtis Strange, in March 2002. In the year ended

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April 1, 2001, the Company began construction of an 18-hole golf course designed by PGA Champion Davis Love III adjacent to its residential land project near Chapel Hill, North Carolina, known as The Preserve at Jordan Lake(TM) ("the Preserve"). The Preserve opened for play in August 2002. The Company currently intends to expand its golf course community residential land offerings into markets with attractive demographics for such properties. There can be no assurances that the Company's strategy for this expansion will be successful.

The Company's business involves certain risks and uncertainties and this Annual Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1999. Please see Item 7 "Management's Discussion and Analysis of Results of Operations and Financial Condition" ("MD&A") for further discussion of these risks and uncertainties and factors that could cause the Company's actual results to differ materially from those suggested in the forward-looking statements. Securities and Exchange Commission ("SEC") rules require certain disclosure from real estate investment trusts and other companies whose business is primarily that of acquiring, and holding for investment, real estate. Because the Company is not a real estate investment trust and its business is not primarily acquiring and holding real estate for investment, the Company believes that these disclosure rules do not apply to it. Nonetheless, the SEC is now encouraging the Company to provide certain information called for by this disclosure, and the Company has done so throughout this report as applicable. Part of this disclosure relates to whether the Company has policies with respect to the issuing of senior securities, investing in the securities of other companies for the purpose of exercising control, underwriting securities of other companies, or offering securities in exchange for property. The Company does not have policies covering these matters and believes that such policies, while common and important for real estate investment trusts, are not customary for companies in its industry. Any decisions related to these or similar matters would likely be addressed on a case-by-case basis by the Company's Board of Directors. To the extent the Board does act on any of these matters in the future, the Board would, as with all matters, make decisions based on what it believes to be the best interests of the Company's shareholders and would not submit these matters to shareholders for approval unless required to do so by applicable law or exchange rules.

The Company's executive offices are located at 4960 Conference Way North, Suite 100, Boca Raton, Florida 33431. The Company's telephone number at such address is (561) 912-8000. The Company's web site address is www.bluegreenonline.com.

See also MD&A and Note 19 of Notes to Consolidated Financial Statements for additional financial information on the Company's business segments.

Industry Overviews

Bluegreen(R) Resorts

The Market. The resorts component of the leisure industry is serviced primarily by two separate alternatives for overnight accommodations: commercial lodging establishments and timeshare resorts. Commercial lodging consists principally of hotels and motels in which a room is rented on a nightly, weekly or monthly basis for the duration of the visit or rentals of privately-owned condominium units or homes. For many vacationers, particularly those with families, a lengthy stay at a quality commercial lodging establishment can be expensive, and the space provided to such vacationers by these establishments relative to the cost is often not economical. In addition, room rates at commercial lodging establishments are subject to change periodically and

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availability is often uncertain. The Company believes that Timeshare Interest ownership presents an attractive vacation alternative to commercial lodging.

First introduced in Europe in the mid-1960's, Timeshare Interest ownership has been one of the fastest growing segments of the hospitality industry over the past two decades. The Company believes that, based on ARDA reports and other industry data, the following factors have contributed to the increased acceptance of the timeshare concept among the general public and the substantial growth of the timeshare industry:

- o Consumer awareness of the value and benefits of Timeshare Interest ownership, including the cost savings relative to certain other lodging alternatives;
- o Flexibility of Timeshare Interest ownership due to the growth of international exchange organizations such as RCI and II and points-based vacation club systems;
- o The quality of the timeshare resorts and their management;
- o Consumer confidence resulting from consumer protection regulation of the timeshare industry and an influx of brand name national lodging companies to the timeshare industry; and
- o Availability of consumer financing for purchasers of Timeshare Interests.

The timeshare industry historically was highly fragmented and dominated by a large number of local and regional resort developers and operators, each with small resort portfolios generally of differing quality. The Company believes that one of the most significant factors contributing to the current success of the timeshare industry has been the entry into the market of some of the world's major lodging, hospitality and entertainment companies, such as Marriott(R) International, Inc. ("Marriott"); the Walt Disney(R) Company ("Disney"); Hilton(R) Hotels Corporation ("Hilton"); Hyatt(R) Corporation ("Hyatt"); Four Seasons(R) Hotels and Resorts ("Four Seasons"); Starwood(R) Hotels and Resorts Worldwide, Inc. ("Starwood"); Carlson(R) Hotels Worldwide ("Carlson"); and Cendant(R) Corporation ("Cendant"). Although timeshare operations currently comprise only a portion of these companies' overall operations, the Company believes that their involvement in the timeshare industry has enhanced the industry's image with the general public.

Since the September 11th terrorist attacks, the leisure and travel industries, including the timeshare industry, have been adversely impacted by a reduction in air travel by Americans. The Company believes that it has been somewhat less affected by this adverse economic impact due to the 12 "drive-to" resort destinations in its portfolio of 13 timeshare properties. The Company believes that, in general, Americans still desire to take family vacations and that the Club, which consists entirely of "drive-to" resorts, is positioned to benefit from consumer demand for family vacations in the post-September 11th environment. However, international hostilities, economic conditions and the rising cost of gasoline may have an adverse effect on our operations.

The Consumer. According to information compiled by industry sources, customers in the 40-49 year age range represented approximately 25% of all Timeshare Interest owners in the United States in 2000. Historically, the median age of a Timeshare Interest buyer at the time of purchase was 48. The median annual household income of Timeshare Interest owners in the United States in 2000 was approximately \$79,000, with approximately 29% of all Timeshare Interest owners having annual household incomes greater than \$100,000. The Company believes that, despite the industry's growth, Timeshare Interest ownership has achieved only an approximate 5% market penetration among United States

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households with incomes above \$50,000 per year.

Timeshare Interest Ownership. The purchase of a Timeshare Interest typically entitles the buyer to use a fully-furnished vacation residence, generally for a one-week period each year in perpetuity. Typically, the buyer acquires an ownership interest in the vacation residence, which is often held as tenant-in-common with other buyers of interests in the property. Under a points-based vacation club system, members purchase an annual allotment of points

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that can be redeemed for occupancy rights at participating resorts. Compared to other vacation ownership arrangements, the points-based system offers members greater flexibility in planning their vacations. The number of points that are required for a stay at any one resort varies, depending on a variety of factors, including the resort location, the size of a unit, the vacation season and the days of the week used. Under this system, members can select vacations according to their schedules, space needs and available points. Subject to certain restrictions, members are typically allowed to carry over for one year any unused points and to "borrow" points from the next year. In addition, members are required to pay annual fees for certain maintenance and management costs associated with the operation of the resorts based on the number of points to which they are entitled. As of December 31, 2002, all of the Company's sales offices, with the exception of its La Cabana Beach and Racquet Club(TM) ("La Cabana") sales office in Aruba, were only selling Timeshare Interests within the Club system.

The owners of Timeshare Interests manage the property through a nonprofit homeowners' association, which is governed by a board of directors or trustees consisting of representatives of the developer and owners of Timeshare Interests at the resort. The board hires a management company to which it delegates many of the rights and responsibilities of the homeowners' association, including grounds landscaping, security, housekeeping and operating supplies, garbage collection, utilities, insurance, laundry and repairs and maintenance. As of December 31, 2002, the Company managed 20 resorts (including 11 of the Company's resorts) and served an owner base of approximately 97,000.

Each Timeshare Interest owner is required to pay the homeowners' association a share of all costs of maintaining the property. These charges can consist of an annual maintenance fee plus applicable real estate taxes and special assessments, assessed on an as-needed basis. If the Timeshare Interest owner does not pay such charges, such owner's use rights may be suspended and the homeowners' association may foreclose on the owner's Timeshare Interest.

Participation in Independent Timeshare Interest Exchange Networks. The Company believes that its Timeshare Interests are made more attractive by the Company's affiliation with Timeshare Interest exchange networks operated by RCI and II, the two largest timeshare exchange companies worldwide. Eleven of the Company's timeshare resorts are affiliated with RCI. Eight of the Company's timeshare resorts have been awarded RCI's highest designation (Gold Crown) and three have been awarded the second highest designation (Resort of International Distinction). Mountain Run at Boyne(TM), once constructed, will be affiliated with RCI. La Cabana is affiliated with II. A Timeshare Interest owner's participation in the RCI or II exchange network allows such owner to exchange their annual Timeshare Interest for occupancy at approximately 3,700 participating resorts in the case of RCI and approximately 1,900 participating resorts in the case of II, based upon availability and the payment of a variable exchange fee. RCI and II's participating resorts are located throughout the world in over 100 countries. A member may exchange their Timeshare Interest for

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an occupancy right in another participating resort by listing his Timeshare Interest as available with the exchange organization and by requesting occupancy at another participating resort, indicating the particular resort or geographic area to which the member desires to travel, the size of the unit desired and the period during which occupancy is desired. The exchange network assigns ratings to each listed Timeshare Interest, based upon a number of factors, including the location and size of the unit, the quality of the resort and the period during which the Timeshare Interest is available, and attempts to satisfy the exchange request by providing an occupancy right in another Timeshare Interest with a similar rating. If the exchange network is unable to meet the member's initial request, it suggests alternative resorts based on availability. No assurances can be given that the Company's resorts will continue to qualify for participation in RCI or II, or that the Company's customers will continue to be satisfied with these networks. The failure of the Company or any of its resorts to participate in qualified exchange networks or the failure of such networks to operate effectively could have a material adverse effect on the Company.

Bluegreen(R) Communities

Bluegreen Communities operates within a specialized niche of the real estate industry, which focuses on the sale of residential home sites to retail customers who intend to build a home on such home sites at some point in the future. The participants in this market are generally individual landowners who are selling specific parcels of property and small developers who focus primarily on projects in their region. Although no specific data is available regarding this market niche, the Company believes that no other company in the United States of comparable size or financial resources currently markets and sells residential land directly to retail customers.

Unlike commercial homebuilders who focus on vertical development, such as the construction of single and multi-family housing structures, Bluegreen Communities focuses primarily on horizontal development activities, such as grading, roads and utilities. As a result, the projects undertaken by the Company are significantly less capital intensive than those undertaken by the commercial homebuilders. See "MD&A" for a discussion of risks the Company has as a result of holding real estate inventory. The Company believes that its market is also the beneficiary of a

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number of trends, including the large number of people entering into the 45 to 60 year age bracket and the economic and population growth in certain of its primary markets.

Bluegreen(R) Communities is also focused on the development of golf courses and related amenities as the centerpieces of certain of its residential land properties. As of December 31, 2002, the Company was marketing home sites in six projects that include golf courses developed either by the Company or a third party. The Company currently intends to acquire and develop additional golf communities, as management believes that the demographics and marketability of such properties are consistent with the Company's overall residential land strategy. Golf communities typically are larger, multi-phase properties, which require a greater capital commitment than the Company's single-phase residential land projects. There can be no assurances that the Company will be able to successfully implement its golf community strategy.

Bluegreen Communities also has undertaken the development of large lakes in certain of its projects as the centerpiece amenity. The Company believes that while such development activities require a greater capital commitment than certain other amenities that Bluegreen Communities may provide in its projects,

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the Company benefits from the anticipated increased marketability and pricing of lakefront home sites.

Company Products

Timeshare Interests

All of the Company's resorts, with the exception of La Cabana, are part of the Club. Buyers of Timeshare Interests in the Club receive an annual allotment of "points" in perpetuity (supported by an underlying deeded fixed timeshare week held in trust for the buyer). "Points" may be exchanged by the buyer in various increments for lodging for varying lengths of time in fully-furnished vacation residences at the Company's participating resorts. In addition to 11 of the Company's resorts (all except La Cabana, which is not part of the Club and Mountain Run at Boyne(TM), for which construction of any units had not yet been completed as of December 31, 2002), Club owners can use their points to stay at 21 additional resorts not owned by the Company, primarily located in Florida. By selling points in the Club, the Company has the flexibility to deed Timeshare Interests in its resorts at any of its sales locations, both on-site (i.e., located on a resort property) and off-site.

Buyers of Timeshare Interests in La Cabana receive an ownership interest in La Cabana, which provides them the use of a vacation residence at La Cabana for a one-week period each year in perpetuity. Ownership of a Timeshare Interest in La Cabana is not interchangeable with ownership of a Timeshare Interest at one of the Company's other resorts which are part of the Club, or vice versa.

Real estate taxes at the Company's timeshare resorts are the responsibility of the applicable property owners' association for each resort. Other than to the extent that the Company pays the resort property owners' associations annual developer subsidies or maintenance fees for the Timeshare Interests that the Company holds in inventory, the Company has no direct obligation for real estate taxes on its resorts.

Set forth below is a description of each of the Company's timeshare resorts. Units at most of the properties have certain standard amenities, including a full kitchen, at least two televisions, a VCR player and a CD player. Some units have additional amenities, such as big screen televisions, fireplaces, Jacuzzi(R) tubs and video game systems. Most properties offer guests a clubhouse (with an indoor and/or outdoor pool, a game room, exercise facilities and a lounge) and a hotel-type staff. The Company manages all of its resorts with the exception of La Cabana and Mountain Run at Boyne(TM). La Cabana is managed by Optima Hotel Exploitiemaatschappij N.V., an unaffiliated third party that managed the resort prior to the Company's acquisition of La Cabana's unsold Timeshare Inventory in 1997. The first vacation home at the Mountain Run at Boyne resort is currently under construction.

Please see page 8 below for additional disclosure about the individual resorts, including the number of Timeshare Interests completed, under construction and sold at each of the Company's resorts.

MountainLoft(TM)--Gatlinburg, Tennessee. The MountainLoft Resort in Gatlinburg, Tennessee is located near the Great Smoky Mountains National Park and is minutes from the family attractions of Pigeon Forge, Tennessee. Units are located in individual chalets or mid-rise villa buildings. Each unit is fully furnished with a whirlpool bath and private balconies, and certain units include gas fireplaces.

Laurel Crest(TM)--Pigeon Forge, Tennessee. Laurel Crest is located in proximity to the Great Smoky Mountains National Park and the Dollywood theme park. In addition, visitors to Pigeon Forge can enjoy over 200

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factory outlet stores and music shows featuring renowned country music stars as well as partake in a variety of outdoor activities, such as horseback riding, trout fishing, boating, golfing and white water rafting.

Shore Crest(TM) Vacation Villas--North Myrtle Beach, South Carolina. Shore Crest Vacation Villas is located on the beach in the Windy Hill section of North Myrtle Beach a mile from the famous Barefoot Landing, with its restaurants, theaters, shops and outlet stores.

Harbour Lights(TM)--Myrtle Beach, South Carolina. Harbour Lights is located in the Fantasy Harbour Complex in the center of Myrtle Beach. Nearby are Theater Row, shopping, golf and restaurants. The resort's Activities Center overlooks the Intracoastal Waterway.

The Falls Village(TM)--Branson, Missouri. The Falls Village is located in the Ozark Mountains. Fishing, boating and swimming are available at nearby Table Rock Lake and Lake Taneycomo, and area theaters feature shows by renowned country music stars. Most resort customers come from areas within an eight to ten hour drive of Branson.

Christmas Mountain Village(TM)--Wisconsin Dells, Wisconsin. Christmas Mountain Village offers a 27-hole golf course and seven ski trails served by two chair lifts. Other on-site amenities include horseback riding, tennis courts, a five-acre lake with paddleboats and rowboats and four outdoor swimming pools. Christmas Mountain Village attracts customers primarily from the greater Chicago area and other locations within an eight to ten hour drive of Wisconsin Dells.

Orlando's Sunshine(TM)--Orlando, Florida. Orlando's Sunshine Resort is located on International Drive, near Wet'n'Wild(R) water park and Universal Studios Florida(R). This property features an outdoor swimming pool, hot tub and tennis courts.

La Cabana Beach Resort & Racquet Club(TM)--Aruba. Bluegreen Properties N.V. ("BPNV") acquired the unsold Timeshare Interest inventory of La Cabana (approximately 8,000 Timeshare Interests) in December 1997 and additional Timeshare Interests from time to time thereafter. Established in 1989, La Cabana is a 449-suite ocean front property, which offers one-, two- and three-bedroom suites, garden suites and penthouse accommodations. On-site amenities include tennis, racquetball, squash, a casino, two pools and private beach cabanas, none of which are owned or managed by the Company.

Shenandoah Crossing(TM)--Gordonsville, Virginia. Shenandoah Crossing features an 18-hole golf course, indoor and outdoor pools, tennis courts, horseback riding trails and a lake for swimming, fishing and boating.

The Lodge Alley Inn(TM)--Charleston, South Carolina. Located in Charleston's historic district, the Lodge Alley Inn includes one- and two-bedroom suites, many furnished with an equipped kitchen, living room with fireplace, dining room, Jacuzzi(R), pine wood floors, and 18th century-style furniture reproductions. The resort, which features the on-site High Cotton restaurant, is within walking distance of many of Charleston's historical sites, open-air markets and art galleries.

The Big Cedar Wilderness Club(TM)--Ridgedale, Missouri. In the year ended April 1, 2001, Bluegreen/Big Cedar Vacations(TM) LLC, a joint venture between a wholly-owned subsidiary of the Company and Big Cedar(R), L.L.C., with 51% and 49% ownership, respectively, began developing the Big Cedar Wilderness Club, a 300-unit, wilderness-themed resort adjacent to the world famous Big Cedar Lodge

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luxury hotel resort. (The Big Cedar Lodge is owned and operated by Big Cedar, L.L.C., an affiliate of Bass Pro Shops(R), a privately-held retailer of fishing, marine, hunting, camping and sports gear.) The Big Cedar Wilderness Club is located on Table Rock Lake, and is near Dogwood Canyon. Guests staying in the two bedroom cabins or one and two bedroom lodge villas will enjoy fireplaces, private balconies, full kitchens and Internet access. Amenities include or are expected to include indoor and outdoor swimming pools and hot tubs, lazy river, hiking trails, campfire area, beach and playground. Guests also have access to certain of the luxury amenities at the Big Cedar Lodge, including the Jack Nicklaus Signature Top of the Rock Par Three Golf Course, a marina, horseback riding, tennis and spa.

Solara Surfside(TM)--Surfside, Florida. In June 2001, the Company acquired the unsold Timeshare Interest inventory (approximately 6,001 Timeshare Interests, as further described in the table below) at an existing vacation ownership property located in Surfside, Florida, near Miami Beach. Solara Surfside is located directly on the beach and features one and two bedroom vacation homes. Sales of Timeshare Interests in this resort commenced in May 2002. The Company completed renovations of the resort's units, common areas and amenities in November 2002.

Mountain Run at Boyne(TM)--Boyne Mountain, Michigan. In October 2002, the Company acquired approximately 11 acres of land to build and develop 64 vacation homes at Boyne Mountain in northern Michigan. In connection with this acquisition, the Company also acquired an option to purchase land contiguous to the 11 acres on which it could, at its discretion, build approximately an additional 100 timeshare units. Boyne Mountain is known for

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skiing, snowboarding and tubing on 62 runs with convenient lift and trail systems. In the summer, Boyne Mountain offers 162 holes on world-class golf courses designed by some of the game's masters, including Robert Trent Jones, Arthur Hills, Donald Ross and, soon, Pete Dye. Sales commenced at Mountain Run at Boyne(TM) in November 2002. The Company expects to complete construction of the first 16 vacation homes at Mountain Run at Boyne during the year ending December 31, 2003, although there can be no assurances that construction will be completed as anticipated.

The following table sets forth additional data with respect to each of the Company's resorts:

Location	Mountain- Loft (TM) Gatlinburg, TN	Laurel Crest (TM) Pigeon Forge, TN	Shore Crest (TM) Myrtle Beach, SC	Harbour Lights (TM) Myrtle Beach, SC	The Falls Village (TM) Branson, MO
Date sales commenced	7/94	8/95	4/96	6/97	7/97
Number of Timeshare Interests completed as of December 31, 2002 (1)	14,248	12,064	12,480	4,992	3,979
Number of Timeshare Interests under					

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Construction as of December 31, 2002 (1) (2)	--	3,640	--	--	312
Number of additional Timeshare Interests Planned (1) (2)	4,680	5,200	--	8,736	8,944
Number of Timeshare Interests in inventory at December 31, 2002 (3)	790	921	1,894	513	362
Average sales price Per transaction (4) (5)	\$10,830	\$12,287	\$12,317	\$10,604	\$13,750
Number of Timeshare Sales transactions (5) Through December 31, 2002	13,965	10,898	15,887	6,987	5,032
	Shenandoah Crossing Farm & Club(TM) Gordonsville, VA	Orlando's Sunshine(TM) Orlando, FL	The Lodge Alley Inn(TM) Charleston, SC	Big Cedar Wilderness Club(TM) (6) Ridgedale, MO	Solara Surfside(TM) Surfside, FL
Date sales commenced	4/98	12/98	2/99	11/00	5/02
Number of Timeshare Interests completed as of December 31, 2002 (1)	2,123	3,120	4,680	728	6,001
Number of Timeshare Interests under Construction as of December 31, 2002 (1) (2)	--	--	--	5,824	--
Number of additional Timeshare Interests Planned (1) (2)	10,400	--	--	20,384	--
Number of Timeshare Interests in inventory at December 31, 2002 (3)	364	507	434	5,448	1,373
Average sales price Per transaction (4) (5)	\$10,744	\$13,083	\$12,347	\$12,567	\$11,634
Number of Timeshare Sales transactions (5)					

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Through December 31, 2002	2,621	5,388	5,467	1,983	3,017
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- (1) The number of Timeshare Interests completed, under construction or planned are intended to be sold in 52 weekly intervals per vacation home for the Company's Shore Crest, Harbour Lights, Orlando's Sunshine, La Cabana and Lodge Alley Inn resorts. The amounts for the remaining resorts include some vacation homes that can be subdivided and sold either as two smaller vacation homes ("lock-out units") or, as in the case of the Solara Surfside resort, as two Timeshare Interests per week (Monday through Thursday and Friday through Sunday), each of which consists of 104 Timeshare Interests per vacation home.

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- (2) There can be no assurances that the Company will have the resources, or will decide, to complete all such planned Timeshare Interests or that such Timeshare Interests will be sold at favorable prices.
- (3) The number of Timeshare Interests in inventory at December 31, 2002, reflects the number of Timeshare Interests completed or under construction that are currently available for sale. In addition to full Timeshare Interests, as defined elsewhere herein, the Company also sells biennial Timeshare Interests, which entitle the buyer of points in the Club with the use of those points every other year. Biennial Timeshare Interests held in the Company's inventory are counted as 1/2 of a Timeshare Interest for the purposes of this disclosure.
- (4) The average sales price per transaction is for sales during the nine months ended December 31, 2002.
- (5) The Company reacquires previously-sold Timeshare Interests in its resorts in various transactions including foreclosures, deedback in lieu of foreclosure and equity trade-ins of one Timeshare Interest towards the purchase of a higher priced Timeshare Interest, subject to the Company's policies and applicable laws and regulations. The Company sells reacquired Timeshare Interests through its sales outlets at then-current retail prices. For the purposes of this disclosure, each sale, including the sale of a reacquired or a biennial Timeshare Interest, is counted as one timeshare sales transaction. The sales price on a transaction with an equity trade-in, however is not presented net of the equity trade-in allowance granted the customer.
- (6) Bluegreen/Big Cedar(TM) LLC, in which the Company owns a 51% interest, is developing The Big Cedar Wilderness Club(TM).
- (7) Sales of Timeshare Interests in the Mountain Run at Boyne(TM) resort had not commenced as of March 24, 2003. Sales of Timeshare Interests in the Company's other Club resorts began at the Mountain Run at Boyne location in November 2002.

The Company believes that each of its resorts is adequately covered by property and casualty insurance, in the case of the Company's completed resorts, and builder's risk insurance, in the case of resorts that are under construction. In addition, the Company, or general contractors hired by the Company, as applicable, purchase performance bonds if required by the local jurisdictions in which the Company develops its resorts.

Certain Bluegreen(R) Communities Projects

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Set forth below is a description of the seven largest projects currently marketed by Bluegreen Communities, which are representative of the types of projects that the Company has been focusing on since 1993. These properties represented approximately 82% of Bluegreen Communities' estimated remaining life-of-project sales at December 31, 2002.

Mystic Shores(TM)--Canyon Lake, Texas. The Company acquired 6,966 acres located 25 miles north of San Antonio, Texas in October 1999 for \$14.9 million. On May 5, 2000, the Company purchased an additional 435 acres for \$2.7 million. The project includes approximately 2,400 home sites, ranging in size from one to twenty acres. Mystic Shores is situated on Canyon Lake and is in close proximity to the Guadalupe River, which is well known for fishing, rafting and water sports. The property will also feature a junior Olympic swimming pool, bathhouse, open-air pavilion, picnic area and boat ramps. General improvements on home sites at Mystic Shores performed by the Company include, in most cases, water and lot clearing, while some sections of the project also include underground electric and telephone utilities. Aggregate development costs through December 31, 2002, were \$21.5 million, with projected remaining expenditures to complete development at the project of \$20.2 million. The Company began selling home sites in March 2000, with aggregate sales of approximately \$45.9 million through December 31, 2002. Estimated remaining life-of-project sales were approximately \$84.9 million as of December 31, 2002, based on retail selling prices as of that date. As of December 31, 2002, the Company had sold 655 home sites at this project and had a total of 1,718 home sites remaining available for sale.

Lake Ridge(TM) at Joe Pool Lake -- Cedar Hill, Texas. The Company acquired 1,400 acres located approximately 19 miles outside of Dallas, Texas and 30 miles outside of Fort Worth, Texas in April 1994 for \$6.1 million. In fiscal 2000, the Company acquired an additional 1,766 acres for \$14.9 million. The property is located at Joe Pool Lake and is atop the highest elevation within 100 miles. The lake has in excess of 7,500 acres of water for boating, fishing, windsurfing and other water activities. Adjacent amenities (not owned or managed by the Company) include a 154-acre park with baseball, football and soccer fields, a fishing pool with a pier, camping areas and an 18-hole golf course. The existing acreage will yield approximately 2,530 home sites, with most home sites ranging in size from 1/4 to five acres. General improvements on the home sites at Lake Ridge performed by the Company include, in most cases, water, sewer, electric, telephone and cable television utilities as well as lot clearing. The Company began selling home sites in April 1994 and aggregate sales through December 31, 2002 were \$105.2 million. Aggregate development costs through December 31, 2002 were \$34.9 million, and the Company anticipates that the remaining capital expenditures to complete development at the project will be \$16.4 million. Estimated remaining life-of-project sales for this project were approximately \$72.1 million as of December 31, 2002, based on retail selling prices as of that date. As of December 31, 2002, the Company had sold 1,583 home sites at this project and had a total of 947 home sites remaining available for sale.

Brickshire(TM) -- New Kent, Virginia. The Company acquired 1,135 acres located 20 miles from Williamsburg and Richmond, Virginia, in September 1999 for \$4.4 million. The property will consist of approximately 1,065 home sites, ranging in size from 1/4 to 2.5 acres, and features an 18-hole golf course designed by U.S. Open champion Curtis Strange. The property will also offer residents a community club and pool, tennis courts and scenic walking trails. General improvements on the home sites at Brickshire performed by the Company

include, in most cases, water and sewer utilities. Aggregate development costs

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through December 31, 2002 were \$19.6 million, with projected remaining expenditures of \$12.7 million. The Company began selling home sites in December 1999, with aggregate sales of \$27.1 million through December 31, 2002. Estimated remaining life-of-project sales were approximately \$42.2 million as of December 31, 2002, based on retail selling prices as of that date. As of December 31, 2002, the Company had sold 432 home sites at this project and had a total of 633 home sites remaining available for sale.

Silver Lakes Ranch(TM)--Bowie, Texas. The Company acquired 2,463 acres located approximately 35 miles northwest of Fort Worth, Texas, in October 2002 for \$3.7 million. The property will feature a swimming pool, picnic area, park, lakes, ponds and a recreational vehicle park for use by the purchasers of home sites in the community. The existing acreage will yield approximately 661 home sites, with most home sites ranging in size from 1 to 10 acres. General improvements on the home sites at Silver Lakes Ranch that may be performed by the Company include, in most cases, water, electric and telephone as well as lot clearing. The Company began selling home sites at Silver Lakes Ranch during March 2003. Aggregate development costs through December 31, 2002 were \$255,000 and the Company anticipates that the remaining capital expenditures to complete development at the project will be \$6.1 million. Estimated remaining life-of-project sales for this project were approximately \$21.8 million as of December 31, 2002, based on retail selling prices as of that date.

Catawba Falls Preserve(TM)--Black Mountain, North Carolina. The Company acquired approximately 785 acres located in Black Mountain, North Carolina (approximately 18 miles from Asheville, North Carolina) for \$2.6 million in June 2002. The project will include horse and hiking trails, a swimming hole, picnic area, playground area and trail access to Pisgah National Forest and Catawba Falls. The Company anticipates that the project will consist of a total of approximately 238 home sites, which range in size from approximately 1 acre to 16 acres. The Company began selling home sites at Catawba Falls Preserve in January 2003. Aggregate development costs through December 31, 2002 were \$1.3 million and the Company anticipates that the aggregate capital expenditures to complete development at the project will be \$4.2 million. Estimated remaining life-of-project sales for this project were approximately \$18.6 million as of December 31, 2002, based on retail selling prices as of that date.

Ridge Lake Shores(TM) -- Magnolia, Texas. In February 2001, the Company acquired 1,152 acres located approximately 25 minutes drive from Houston, Texas for \$3.2 million. This property is anticipated to include approximately 700 home sites, ranging in size from one to four acres, and will feature two private fishing lakes, boat ramps, open-air pavilions, bathhouses, playgrounds and a beach area. General improvements to the home sites in Ridge Lake Shores performed by the Company include, in most cases, water and lot clearing, while some sections of the project have electric, cable, telephone and/or gas utilities. The Company began selling home sites in May 2001, with aggregate sales of \$9.9 million through December 31, 2002. Aggregate development costs through December 31, 2002 were \$5.2 million and the Company anticipates that future capital expenditures to complete development at the project will be \$5.7 million. Estimated remaining life-of-project sales for Ridge Lake Shores were \$17.3 million as of December 31, 2002, based on retail prices at that date. As of December 31, 2002, the Company had sold 300 home sites at this project and had a total of 402 home sites remaining available for sale.

Mountain Lakes Ranch(TM) -- Bluffdale, Texas. The Company acquired 4,100 acres located approximately 45 miles from Fort Worth, Texas in October 1998 for \$3.1 million. The property features rolling terrain with hilltop views, tree coverage and ample area to create private lakes. The Company anticipates that the property will yield approximately 1,290 home sites ranging in size from one to five acres, including both lakefront and waterview parcels. General improvements on the home sites at Mountain Lakes Ranch performed by the Company include, in most cases, water, electric and telephone utilities. The Company

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began selling home sites in March 2000, with aggregate sales of \$24.7 million through December 31, 2002. Aggregate development costs through December 31, 2002 were \$20.3 million and the Company anticipates that future capital expenditures to complete development at the project will be \$2.2 million. Estimated remaining life-of-project sales for Mountain Lakes Ranch were \$16.4 million as of December 31, 2002, based on retail prices at that date. As of December 31, 2002, the Company had sold 766 home sites at this project and had a total of 523 home sites remaining available for sale.

The Company believes that each of its Bluegreen(R) Communities projects are adequately covered by builder's risk insurance during the construction period and property and casualty insurance for home sites that are held in the Company's inventory prior to sale to consumers. Once a home site is sold, the consumer assumes the risk of loss on such home site. In addition, the applicable property owners' association bears the risk of loss on any common amenities at each project.

The Company also purchases performance bonds on most of its projects, to provide assurance to home site buyers that construction of the project will be completed. The Company believes that its ability to obtain such performance bonds assists the Company in its pre-construction sales efforts.

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Acquisition of Bluegreen(R) Resorts and Bluegreen Communities Inventory

In order to provide centralized and uniform controls on the type, location and amount of timeshare and residential land and golf inventory that the Company acquires, all such inventory acquisitions have required the approval of the Investment Committee since 1990. The Investment Committee currently consists of George F. Donovan, President and Chief Executive Officer; John F. Chiste, Senior Vice President, Treasurer and Chief Financial Officer; Daniel C. Koscher, Senior Vice President--President, Bluegreen Communities; John M. Maloney, Jr., Senior Vice President--President, Bluegreen Resorts; and Randi S. Tompkins, Vice President, Director of Corporate Legal Affairs and Clerk. The Investment Committee reviews each proposed inventory acquisition to determine whether the property meets certain criteria, including estimated cash flows and anticipated gross profit margins. In addition to being subject to Investment Committee review, all significant potential inventory acquisitions are subject to approval by the Company's Board of Directors.

Please see "Liquidity and Capital Resources", below, for discussion of the Company's methods and available resources for financing acquisition and development efforts for its timeshare and land projects.

Bluegreen Resorts

The Company obtains information with respect to resort acquisition opportunities through interaction by the Company's management team with resort operators, lodging companies and financial institutions with which the Company has established business relationships. Prior to acquiring property for future resorts, Bluegreen Resorts undertakes a full property review, including an environmental assessment, which is presented to the Investment Committee for approval. During the review process, acquisition specialists analyze market, tourism and demographic data as well as the quality and diversity of the location's existing amenities and attractions to determine the potential strength of the timeshare market in such area and the availability of a variety of recreational opportunities for prospective Timeshare Interest purchasers. Specifically, the Company evaluates the following factors, among others, to determine the viability of a potential new timeshare resort: (i) anticipated

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supply/demand ratio for Timeshare Interests in the relevant market, (ii) the market's potential growth as a vacation destination, (iii) competitive accommodation alternatives in the market, (iv) the uniqueness of location and demand for the location by existing Club owners and (v) barriers to entry that would limit competition.

The Company intends to continue to pursue growth by expanding or supplementing the Company's existing resorts operations through acquisitions in destinations that the Company believes will complement such existing operations. Acquisitions the Company may consider include acquiring additional Timeshare Interest inventory, operating companies, management contracts, Timeshare Interest mortgage portfolios and properties or other timeshare-related assets that may be integrated into the Company's operations. The geographic areas in which the Company currently intends to pursue the acquisition of real estate or interests in real estate for Bluegreen Resorts are the areas in which Bluegreen Resorts currently operates, as noted above with a current emphasis on beachfront resorts, the northeastern and western United States, although the Company may pursue acquisitions in other areas. No assurances can be given that the Company will be successful in its acquisition strategy.

Bluegreen Communities

Bluegreen Communities, through the Company's regional offices, and subject to Investment Committee review and approval, typically acquires inventory that (i) is located near a major population center but outside the perimeter of intense subdivision development or in popular retirement areas, (ii) is suitable for subdivision, (iii) has attractive topographical features, (iv) for certain projects, could accommodate a golf course and related amenities and (v) the Company believes will result in an acceptable profit margin and cash flow to the Company based upon anticipated retail value. Properties are generally subdivided for resale into home sites typically ranging in size from 1/4 acre to twenty acres. During the nine months ended December 31, 2002, the Company acquired 3,740 acres in three transactions for a total purchase price of approximately \$6.7 million or \$1,800 per acre. During the year ended March 31, 2002, the Company acquired 1,280 acres in one transaction for a total purchase price of approximately \$1.2 million or \$938 per acre. During the year ended April 1, 2001, the Company acquired 4,879 acres in five separate transactions for a total purchase price of \$15.2 million, or \$3,114 per acre.

In connection with its review of potential Bluegreen Communities inventory, the Investment Committee considers such established criteria as the economic conditions in the area in which the parcel is located, environmental sensitivity, availability of financing, whether the property is consistent with the Company's general policies and the anticipated ability of that property to produce acceptable profit margins and cash flow. As part of its long-term strategy for Bluegreen Communities, the Company in recent years has focused on fewer, more capital-intensive projects. The Company intends to continue to focus Bluegreen Communities on those regions where the Company believes the

market for its products is strongest, such as the Southeast and Southwest regions of the United States and to replenish its residential land inventory in such regions as existing projects are sold-out.

Bluegreen(R) Communities has established contacts with numerous land owners and real estate brokers in many of its market areas, and because of such contacts and its long history of acquiring properties, the Company believes that it is generally in a favorable position to learn of available properties, sometimes before the availability of such properties is publicly known. In order

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to ensure such access, the Company attempts to develop and maintain strong relationships with major property owners and brokers. Regional offices regularly contact property owners, such as timber companies, financial institutions and real estate brokers, by a combination of telephone, mail and personal visits. To date, the Company's regional offices generally have been able to locate and acquire adequate quantities of inventory that meet the criteria established by the Investment Committee to support their operational activities. In certain cases, however, the Company has experienced short-term shortages of ready-for-sale inventory due to either difficulties in acquiring property or delays in the approval and/or development process. Shortfalls in ready-for-sale inventory may materially adversely affect the Company's business, operating results and financial position. See "MD&A".

Prior to acquiring property in new areas, the Company will generally conduct test marketing for a prospective project before entering into an acquisition agreement to determine whether sufficient customer demand exists for the project. Once a desirable property is identified, the Company completes its initial due diligence procedures and enters into a purchase agreement with the seller to acquire the property. It is generally the Company's policy to advance only a small downpayment of 1%-3% of the purchase price upon signing the purchase agreement and to limit the liquidated damages associated with such purchase agreement to the amount of its downpayment and any preliminary development costs. In most cases, the Company is not required to advance the full purchase price or enter into a note payable obligation until regulatory approvals for the subdivision and sale of at least the initial phase of the project have been obtained. While local approvals are being sought, the Company typically engages in pre-marketing techniques and, with the consent of the seller and the knowledge of prospective purchasers, occasionally attempts to pre-sell parcels, subject to closing its purchase of the property. When the necessary regulatory approvals have been received, the closing on the property occurs and the Company obtains title to the property. The time between execution of a purchase agreement and closing on a property has generally been six to 12 months. Although the Company generally retains the right to cancel purchase agreements without any loss beyond forfeiture of the downpayment and preliminary development costs, few purchase agreements have been canceled historically.

By requiring, in most cases, that regulatory approvals be obtained prior to closing and by limiting the amount of downpayments upon signing purchase agreements, the Company is typically able to place a number of properties under contract without expending significant amounts of cash. This strategy helps Bluegreen Communities to reduce (i) the time during which it actually owns specific properties, (ii) the market risk associated with holding such properties and (iii) the risk of acquiring properties that may not be suitable for sale. In certain circumstances, however, the Company has acquired properties and strategically held such projects until their prime marketing seasons. Please see MD&A and the discussion of risks related to holding real estate inventory.

Prior to closing on a purchase of property for Bluegreen Communities, the Company's policy is to complete its own environmental assessment of the property. The purpose of the Company's assessment is to evaluate the impact the proposed subdivision will have on such items as flora and fauna, wetlands, endangered species, open space, scenic vistas, recreation, transportation and community growth and character. If the Company's environmental assessment indicates that the proposed subdivision meets environmental criteria and complies with zoning, building, health and other laws, the Company will develop a formal land use plan, which will form a basis for determining an appropriate acquisition price. The Company attempts, where possible, to accommodate the existing topographical features of the land, such as streams, hills, wooded areas, stone walls, farm buildings and roads. Prior to closing on an acquisition, the Company will typically have the property surveyed by a professional surveyor and have soil analyses conducted to determine the suitability of the site for septic systems. At closing, the Company obtains

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title insurance on the property.

Marketing and Sale of Inventory

Bluegreen Resorts

Bluegreen Resorts uses a variety of methods to attract prospective purchasers of Timeshare Interests, including selling discount mini-vacations through telemarketing methods or at Bass Pro Shop(R) locations (see further discussion of the Company's relationship with Bass Pro Shops, below), placing marketing kiosks in retail locations, acquiring the right to market to prospective purchasers from third-party vendors, marketing to current owners of Timeshare Interests and encouraging referrals. Bluegreen Resorts provides hotel accommodations to prospective purchasers at reduced rates in exchange for their touring one of the Company's timeshare resorts. To support its marketing and sales efforts, the Company has developed and works to continue to enhance its customer

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relationship management methods, techniques and computer software tools to track its timeshare marketing and sales programs. Management believes that, as Bluegreen(R) Resorts' operations grow, this database will become an increasingly significant asset, enabling the Company to focus its marketing and sales efforts to take advantage of, among other things, less costly marketing and referral opportunities.

In recent years, the Company has been focusing on increasing Bluegreen Resorts use of "permission" marketing and branding programs. "Permission" marketing methods involve obtaining the prospective purchasers' permission, directly or indirectly, to contact them in the future regarding an offer to purchase a product or service. Branding involves forming alliances with third-party entities that possess what the Company believes to be a nationally or regionally known brand name, a good reputation and a customer base with a similar demographic qualities to the Company's target market.

In June 2000, the Company entered into an exclusive marketing agreement with Big Cedar(R) Lodge and Bass Pro(R), Inc. ("Bass Pro") of Springfield, Missouri. Under the terms of the 10-year agreement, which expires in June 2010, the Company will market the Club product to Bass Pro's estimated 30 million annual retail customers and 34 million catalog subscribers. The Company now markets discounted three-day, two-night mini-vacation packages at most of Bass Pro's national retail locations. Each mini-vacation package requires the buyer to participate in a sales presentation at either a Club sales office or the Big Cedar Wilderness Club(TM) sales office, which is a "permission" marketing technique. The Company also has an exclusive timeshare marketing presence on Bass Pro's web site, which is linked to the Company's web site. The Company believes that this arrangement will result in more effective and cost-efficient marketing for Bluegreen Resorts, although there can be no assurances that such effectiveness and efficiency will be achieved. Pursuant to the marketing agreement with Bass Pro, the Company has the right to market its Timeshare Interests at each of Bass Pro's national retail locations (currently 15 stores, of which the Company actively markets in 11), in Bass Pro's catalogs and on its web site. The Company also has access to Bass Pro's customer mailing lists. The Company believes that the branding aspects of this alliance are consistent with its overall marketing strategy for Bluegreen Resorts. In exchange for these services, the Company agreed to pay Bass Pro a commission of either 7.0% or 3.5%, depending on certain circumstances, on each sale of a Timeshare Interest, net of cancellations and defaults, that is made as a result of one of the Bass Pro marketing channels described above (the "Commission"). The amount of the

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Commission is dependent on the level of additional marketing efforts required by the Company to convert the prospect into a sale and a defined time frame for such marketing efforts. There is no Commission paid to Bass Pro on sales made by the Big Cedar Wilderness Club sales office, as this sales office is part of a joint venture between an affiliate of Bass Pro, Big Cedar L.L.C., and the Company (the "Joint Venture").

On June 16, 2000, the Company prepaid \$9 million to Bass Pro (the "Prepayment") in connection with the aforementioned marketing agreement. The Prepayment is amortized from future Commissions earned by Bass Pro and future member distributions otherwise payable to Big Cedar, L.L.C. from the earnings of the Joint Venture as a member thereof. No additional Commissions or member distributions will be paid in cash to Bass Pro or Big Cedar, L.L.C., respectively, until the Prepayment has been fully utilized. As of December 31, 2002, the unamortized balance of the Prepayment was approximately \$8.5 million.

The marketing agreement expires on the earlier of: (i) June 16, 2010 or (ii) such time as ninety percent (90%) of the Joint Venture's proposed Timeshare Interests have been sold and conveyed.

On October 2, 2002, Leisure Plan(TM), Inc., a wholly-owned subsidiary (the "Subsidiary") of the Company, acquired substantially all of the assets and assumed certain liabilities (the "Acquisition") of TakeMeOnVacation(TM), LLC; RVM Promotions, LLC; and RVM Vacations, LLC (collectively, "TMOV"). TMOV generates "permission" marketing sales leads for Timeshare Interest sales utilizing various marketing strategies. Through the application of a proprietary, computer software system, these leads are then contacted and given the opportunity to purchase mini-vacation packages. These packages sometimes combine hotel stays, cruises and gift premiums. Buyers of these mini-vacation packages are then usually required to participate in a timeshare sales presentation. The Subsidiary intends to use the assets acquired to generate sales prospects for the Company's timeshare sales business and for sales prospects that will be sold to other timeshare developers. The Company believes that TMOV's "permission" marketing lead generation programs and the perceived benefits of tracking and controlling the subsequent marketing efforts are consistent with Bluegreen Resorts overall marketing strategy.

Also in October 2002, in connection with the acquisition of land and completed Timeshare Interests from Boyne USA Resorts ("BUR"), the Company obtained the right to market the Club at two of BUR's resort properties: Boyne Mountain and Boyne Highlands. In addition, Bluegreen Resorts entered into an exclusive marketing agreement with an affiliate of BUR, Boyne Country Sports ("BCS"). BCS owns and operates eight ski, snowboard

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and golf equipment retail stores throughout Michigan. Bluegreen(R) Resorts intends to market the Club through a variety of programs directed to BCS's customer base. The Company believes that these agreements will allow Bluegreen Resorts to benefit from marketing to customers which it believes are within its target demographic through an affiliation with a known regional brand.

Timeshare resorts are staffed with sales representatives, sales managers and an on-site manager who oversees the day-to-day operations, all of whom are employees of the Company. Sales personnel are generally experienced in resort sales and undergo ongoing Company-sponsored training. During the nine months ended December 31, 2002, total marketing expense for Bluegreen Resorts was \$41.6 million or 28.9% of the division's \$144.0 million in sales. During the year ended March 31, 2002, total marketing expense for Bluegreen Resorts was \$42.6 million or 29.6% of the division's \$144.2 million in sales. During the year

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ended April 1, 2001, total marketing expense for Bluegreen Resorts was \$46.0 million or approximately 32.7% of the division's \$141.0 million in sales. See "MD&A" for a discussion of the Company's sales, general and administrative expenses.

The Company requires its sales staff to provide each timeshare customer with a written disclosure statement regarding the Timeshare Interest to be sold prior to the time the customer signs a purchase agreement. This disclosure statement sets forth relevant information regarding timeshare ownership at the resort and must be signed by every purchaser. The Company believes that this information statement contains all material and relevant information a customer requires to make an informed decision as to whether or not to purchase a Timeshare Interest at one of its resorts.

After deciding to purchase a Timeshare Interest, a purchaser enters into a purchase agreement and is required to pay the Company a deposit of at least 10% of the purchase price. Purchasers are entitled to cancel purchase agreements within specified rescission periods after execution in accordance with statutory requirements. Substantially all timeshare purchasers visit one of the Company's resorts or one of the Company's off-site sales offices prior to purchasing.

In addition to sales offices located at its resorts, the Company also operates four off-site sales offices serving the Indianapolis, Indiana; Detroit, Michigan; Minneapolis, Minnesota; and Daytona Beach, Florida markets. The Company closed its off-site sales offices serving the Cleveland, Ohio and Louisville, Kentucky markets during the years ended March 31, 2002 and April 1, 2001, respectively, due to low operating margins being generated by the sites. These off-site sales offices market and sell Timeshare Interests in the Club, and allow the Company to bring its products to markets with favorable demographics and low competition for prospective buyers. The Daytona Beach sales office opened in June 2002. The Minneapolis office, which is located near the Mall of America, opened for sales in November 2002. During the nine months ended December 31, 2002, the Indianapolis, Detroit, Daytona and Minneapolis sales offices generated an aggregate \$12.7 million and \$1.6 million in sales and field operating profit, respectively. During the year ended March 31, 2002, the Indianapolis and Detroit sales offices generated an aggregate \$16.7 million and \$2.9 million in sales and field operating profit, respectively. The Company continues to evaluate its ongoing utilization of off-site sales operations and may elect to open new locations and/or close existing locations in the future.

The Company believes that the attractiveness of Timeshare Interest ownership has been enhanced significantly by the Club program and the availability of exchange networks that allow Timeshare Interest owners to exchange the occupancy right in their Timeshare Interests in a particular year, for an occupancy right at another participating network resort at either the same or a different time. La Cabana is affiliated with the timeshare exchange network operated by II, while the Company's twelve other resorts are affiliated with RCI's timeshare exchange network. If the Company's resorts cease to qualify for the exchange networks or such networks cease to operate effectively, the Company's sales of Timeshare Interests and the performance of its timeshare receivables could be materially adversely affected.

For further information on sales and other financial information (including segment information) attributable to Bluegreen Resorts, see "MD&A" and the Company's consolidated financial statements and the related Notes.

Bluegreen Communities

In general, as soon as practicable after agreeing to acquire a property and during the time period that appropriate improvements are being completed, the Company establishes selling prices for the individual home sites taking into account such matters as regional economic conditions, quality as a building

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site, scenic views, road frontage, golf course views (if applicable) and natural features such as lakes, mountains, streams, ponds and wooded areas. The Company also considers recent sales of comparable parcels in the area. Initial decisions on pricing of home sites in a given area are made by the Company's regional managers and, in all cases, are subject to approval by the Investment Committee. Once such selling prices are established the Company commences its marketing efforts.

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The marketing method most widely used by Bluegreen(R) Communities is advertising in local newspapers and in major newspapers in metropolitan areas located within a one to three hour drive from the property. In addition, the Company uses its customer relationship management system, which enables the Company to identify prospects who the Company believes are most likely to be interested in a particular project. Bluegreen Communities also conducts direct mail campaigns to market property through the use of brochures describing available home sites, as well as television and radio advertising. Through this sales and marketing program, the Company believes that it has been able to achieve a high conversion ratio of sales to prospects receiving on-site sales presentations. The Company estimates that the conversion ratio of sales to prospects receiving on-site sales presentations has historically been approximately 20%. A sales representative who is knowledgeable about the property answers inquiries generated by the Company's marketing efforts, discusses the property with the prospective purchaser, attempts to ascertain the purchaser's needs and determines whether the parcel would be suitable for that person, and arranges an appointment for the purchaser to visit the property. Substantially all prospective purchasers inspect a property before purchasing. During the nine months ended December 31, 2002, Bluegreen Communities incurred \$6.3 million in advertising expense, or 8.0% of such division's \$78.6 million in sales. During the year ended March 31, 2002, Bluegreen Communities incurred \$8.0 million in advertising expense, or 8.3% of such division's \$96.4 million in sales. During the year ended April 1, 2001, Bluegreen Communities incurred \$8.6 million in advertising expense, or approximately 9.6% of such division's \$88.9 million in sales.

The success of the Company's marketing efforts depends heavily on the knowledge and experience of its sales personnel. The Company requires that, prior to initiating the marketing effort for a property, all sales representatives walk the property and become knowledgeable about each parcel and applicable zoning, subdivision and building code requirements. Continued training programs are conducted, including training with regional office sales managers, weekly sales meetings and frequent site visits by an executive officer of the Company. The Company enhances its sales and marketing organization through the Bluegreen Institute, a mandatory training program, which is designed to instill the Company's marketing and customer service philosophy in middle and lower-level management. Additionally, the sales staff is evaluated against performance standards established by the executive officers of the Company. Substantially all of a sales representative's compensation is commission-based.

The Company requires its sales staff to provide each prospective purchaser with a written disclosure statement regarding the property to be sold prior to the time such purchaser signs a purchase agreement. This information statement, which is either in the form of a U.S. Department of Housing and Urban Development ("HUD") lot information statement, where required, or a Company generated "Vital Information Statement," sets forth relevant information with respect to, and risks associated with, the property and must be signed by each purchaser. The Company believes that these information statements contain all material and relevant information necessary for a prospective purchaser to make an informed decision as to whether or not to purchase such property, including

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the availability and estimated cost of utilities, restrictions regarding property usage, status of access roads and information regarding rescission rights.

After deciding to purchase a home site, a purchaser enters into a purchase agreement and is required to pay the Company a deposit of at least 10% of the purchase price. Purchasers are entitled to cancel purchase agreements within specified periods after execution in accordance with statutory requirements. The closing of a home site sale usually occurs two to eight weeks after payment of the deposit. Upon closing of a home site sale, the Company typically delivers a warranty deed and a recent survey of the property to the purchaser. Title insurance is available at the purchaser's expense.

For further information on sales and other financial information (including industry segment information) attributable to Bluegreen Communities, please see "MD&A" and the Company's consolidated financial statements and the related Notes.

Customer Financing

General

During the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, the Company financed 67%, 62% and 62%, respectively, of the aggregate purchase price of its sales of Timeshare Interests and home sites to customers that closed during these periods and received cash for the remaining balance of the purchase price. The increase in the percentage of sales financed by the Company since the year ended April 1, 2001 is primarily attributable to an increase in the sales of Timeshare Interests over the same period. Sales of Timeshare Interests accounted for 65%, 60% and 61% of consolidated sales during the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, respectively. Approximately 95% of all purchasers of Timeshare Interests financed with the Company (compared to approximately 6% of home site

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purchasers) during the nine months ended December 31, 2002. In recent years, the percentage of Bluegreen(R) Communities customers who utilized the Company's financing has declined materially due to, among other things, an increased willingness on the part of banks to extend direct lot financing to purchasers.

The Company believes that its financing is attractive to purchasers who find it convenient to handle all facets of the purchase of home sites and Timeshare Interests through a single source and because the downpayments required by the Company are similar to those required by banks and mortgage companies which offer this type of credit.

The Company offers financing of up to 90% of the purchase price of its Timeshare Interests. The typical financing extended by the Company on a Timeshare Interest during the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, provided for terms of seven or ten years and a fixed interest rate. In connection with the Company's Timeshare Interest sales within the Club system, the Company delivers the deed on behalf of the purchasers to the trustee of the Club and secures repayment of the purchaser's obligation by obtaining a mortgage on the purchaser's Timeshare Interest. Prior to the Company converting its sales operations to sell the Club, the Company and the purchaser of a fixed-week Timeshare Interest executed a contract for deed agreement. After the contract for deed obligation is paid in full, the Company delivers a deed to the purchaser.

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The Company also offers financing of up to 90% of the purchase price of all home sites sold by Bluegreen Communities to all purchasers who qualify for such financing. The term of repayment on such financing has historically ranged from five to 20 years although the Company, by offering reduced interest rates, has been successful in encouraging customers during recent years to finance their purchases over shorter terms with increased downpayments. An average note receivable underwritten by the Company during the nine months ended December 31, 2002, and the two years ended March 31, 2002, had a term of ten years. Most Bluegreen Communities notes receivable bear interest at a variable interest rate and are secured by a first lien on the land.

The weighted-average interest rate on the Company's notes receivable by division was as follows:

Division	As of	
	December 31, 2002	March 31, 2002
Bluegreen Resorts	15.3%	15.4%
Bluegreen Communities	10.2%	11.1%
Consolidated	14.4%	14.7%

Please see 'Sale of Receivables/Pledging of Receivables', below, for information regarding the Company's receivable financing activities.

Loan Underwriting

Bluegreen Resorts. Consistent with industry practice, the Company's Timeshare Interest financing is not subject to extensive loan underwriting criteria. Currently, customer financing on sales of Timeshare Interests typically requires (i) receipt of a minimum downpayment of 10% of the purchase price, (ii) a note and mortgage and (iii) other closing documents between the Company and the purchaser. The Company encourages purchasers to make increased downpayments by offering a lower interest rate. In addition, purchasers who do not elect to participate in the Company's pre-authorized payment plan are charged interest at a rate which is one percent greater than the otherwise prevailing rate. As of December 31, 2002, approximately 71% of the Company's timeshare notes receivable serviced were on the Company's pre-authorized payment plan.

Bluegreen Communities. The Company has established loan underwriting criteria and procedures designed to reduce credit losses on its Bluegreen Communities loan portfolio. The loan underwriting process undertaken by the Company's credit department includes reviewing the applicant's credit history, verifying employment and income as well as calculating certain debt-to-income ratios. The primary focus of the Company's underwriting review is to determine the applicant's ability to repay the loan in accordance with its terms. This assessment is based on a number of factors, including the relationship of the applicant's required monthly payment to disposable income. The Company also examines the applicant's credit history through one or more credit reporting agencies. In order to verify an applicant's employment status, the Company generally contacts the applicant's employer. The Company also obtains current pay stubs, recent tax returns and other tax forms from the applicant, as applicable.

In order to obtain financing from Bluegreen Communities, a prospective purchaser must submit a completed and signed credit application, purchase and sale agreement and pre-authorized checking agreement accompanied by a voided check, if applicable, to the Company's credit department. All credit decisions are made at the Company's corporate headquarters. Loan amounts under \$50,000 are

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approved by designated personnel located in the Company's

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corporate headquarters, while loan amounts of \$50,000 or more require approval from a senior executive officer. In addition, rejected applications and any material exceptions to the underwriting policy are also reviewed by a senior executive officer. Customers are notified of the reasons for credit denial by mail.

The Company encourages customers to increase their downpayment and reduce the loan term through the structure of its loan programs. Customers receive a lower rate of interest as their downpayment increases and the loan term shortens. Additionally, the Company encourages its customers to make timely payments through a pre-authorized payment arrangement. Customers who do not choose a pre-authorized payment plan are charged interest at a rate that is one percent greater than the prevailing rate.

After the credit decision has been made, the credit department categorizes the file as either approved, pending or declined. Upon receipt of a credit approval, the regional office schedules the closing with the customer. Closings are typically conducted at the office of the Company's local attorney or settlement agent, although in some cases the closing may take place at the sales site or by mail.

When the original closing documents are received from the closing agent, the Company verifies that the loan closed under terms approved by the Company's credit department. A quality control audit is performed to verify that required documents have been received and that they have been prepared and executed correctly. If any revisions are required, notification is sent to the regional office.

A loan file typically includes a copy of the signed security instrument, the mortgage note, a copy of the deed, Truth-in-Lending disclosure, purchase and sale agreement, credit application, local counsel opinion, Vital Information Statement or purchaser's acknowledgment of receipt of HUD lot information statement, HUD settlement statement and a copy of the assignment of mortgage and an original note endorsement from the Company's subsidiary originating the sale and the loan to the Company (if applicable). After the initial closing documents are received, the recorded mortgage and assignment and original title insurance policy are obtained in order to complete the loan file.

Collection Policies

Bluegreen(R) Resorts. Prior to fiscal 1999, the Company's timeshare receivables were documented by contracts for deed, which allows the Company to retain title to the Timeshare Interest until the obligation is paid in full, thereby eliminating the need to foreclose in the event of a default. Collection efforts and delinquency information concerning Bluegreen Resorts are managed at the Company's corporate headquarters. Servicing of the division's receivables is handled by a staff of experienced collectors, assisted by a mortgage collection computer system. Unless circumstances otherwise dictate, collection efforts are generally made by mail and telephone. If a contract for deed becomes delinquent for ten days, telephone contact commences with the customer. If the customer fails to bring the account current, a late notice is mailed when the account is 16 days delinquent. After an account is 30 days delinquent, the Company typically sends a second letter advising the customer that such customer has 30 days within which to bring the account current. Under the terms of the contract for deed, the borrower is in default when the account becomes 60 days delinquent. At this time a default letter is sent advising the customer that he

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or she has 30 days to bring the account current or lose his or her contractual interest in the timeshare unit. When the account becomes 90 days delinquent, the Company forwards a final letter informing the customer that the contract for deed has been terminated. At such time, the Timeshare Interest can be resold to a new purchaser.

In fiscal 1999, in connection with the implementation of the Club system, the Company converted to a note and mortgage arrangement. In addition to the 16 and 30-day collection correspondence outlined above, at 60 days delinquent, a lock-out letter is sent to the Club customer prohibiting such customer from making a reservation for lodging at a resort property. If the default continues, at 90 days delinquent, a Notice of Intent to Cancel Membership is mailed and the accrual of interest on the note receivable is stopped. This informs the customer that unless the default is cured within 30 days, membership in the Club will be terminated. If the default is not cured, a Termination Letter is sent, typically at 120 days. At such time, the Timeshare Interest can be resold to a new purchaser.

Bluegreen Communities. Collection efforts and delinquency information concerning Bluegreen Communities are also managed at the Company's corporate headquarters. A staff of experienced collectors, handles servicing of the division's receivables. Unless circumstances otherwise dictate, collection efforts are generally made by mail and telephone. Collection efforts begin when an account is ten days past due, at which time the Company contacts the customer by telephone. Attempts are then made to contact the customer via telephone to determine the reason for the delinquency and to bring the account current. The determination of how to handle a delinquent loan is based upon many factors, including the customer's payment history and the reason for the current inability to make timely payments. If no agreement is reached or the customer does not abide by the agreement, collection efforts continue until the account is either brought current or legal action is commenced. If not accelerated sooner, the Company typically declares the loan in default when the loan becomes 60 days delinquent. When the loan is 90 days past due, the accrual

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of interest is stopped (unless the loan is considered an in-substance foreclosure loan, in which case all accrued interest is reversed since the Company's means of recovery is determined through the resale of the underlying collateral and not through collection on the note) and the Credit/Collection Manager determines the action to be taken.

Loan Loss Reserves. The reserve for loan losses as a percentage of outstanding notes receivable was approximately 7% at both December 31, 2002 and March 31, 2002. The adequacy of the Company's reserve for loan losses is determined by management and reviewed on a regular basis considering, among other factors, historical frequency of default, loss experience, estimated value of the underlying collateral, present and expected economic conditions as well as the quality of the receivables. (See "MD&A" for further discussion of the Company's provision for loan losses.) During the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, the default rates on Bluegreen(R) Resorts' and Bluegreen Communities' receivables owned or serviced by the Company were as follows:

Division	Nine Months	Year Ended	
	Ended	March 31,	April 1,
-----	December 31,	March 31,	April 1,
-----	2002	2002	2001
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Bluegreen Resorts	4.4%	8.1%	7.1%
Bluegreen Communities	2.2%	2.0%	2.6%

The default rate for Bluegreen Resorts was lower during the nine months ended December 31, 2002 as compared to the years ended March 31, 2002 and April 1, 2001, as the months of January through March each year historically have had higher default rates than other months during the year.

Sales of Receivables/Pledging of Receivables

During the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, all of the Company's notes receivable sold and the majority of the Company's notes receivable pledged consisted of notes receivable generated by Bluegreen Resorts.

Since 1986, the Company has sold or pledged a significant amount of its receivables, generally retaining the right and obligation to service such receivables. In the case of Bluegreen Communities' receivables, the Company historically transferred the receivables to a special purpose finance subsidiary once a sufficient pool of receivables was generated, and the subsidiary in turn entered into a receivables securitization. The receivables were typically sold by such subsidiary with limited or no recourse. In the case of receivables pledged to a financial institution, the Company generally must maintain a debt to eligible collateral rate (based on the outstanding principal balance of the pledged loans) of 90%. The Company is obligated to pledge additional eligible receivables or make additional principal payments in order to maintain this collateralization rate. Repurchases and additional principal payments have not been material to date.

Although private placement Real Estate Mortgage Investment Conduit ("REMIC") financings of Bluegreen Communities receivables provided substantial capital resources to the Company during the early to mid-1990's, the Company has not completed a REMIC financing since December 1996, due to the decrease in land sales financed by the Company. Under the terms of these transactions, the receivables are sold to a REMIC trust and the Company has no obligation to repurchase the receivables due to default by the borrowers. The Company does, however, have the obligation to repurchase the receivables in the event that there was any material defect in the loan documentation and related representations and warranties as of the time of sale.

Since fiscal 1999, the Company has maintained timeshare receivables purchase facilities with financial institutions. Under the current purchase facility (the "Purchase Facility"), a special purpose finance subsidiary of the Company, Bluegreen Receivables Finance Corporation V, had sold approximately \$83.2 million aggregate principal amount of timeshare receivables in securitization transactions to Credit Suisse First Boston ("CSFB") and approximately \$84.6 million to ING Capital, LLC ("ING"), an affiliate of ING Bank NV, through December 31, 2002. ING acquired the Purchase Facility from CSFB in April 2002. Receivables are sold under the Purchase Facility without recourse to the Company or its special purpose finance subsidiary except for breaches of representations and warranties made at the time of sale. The Company acts as servicer under the Purchase Facility for a fee. On December 13, 2002, ING Financial Markets, LLC ("IFM"), an affiliate of ING, consummated a \$170.2 million private offering and sale of timeshare loan-backed securities on behalf of the Company (the "2002 Term Securitization"). As a result of the 2002 Term Securitization, the Subsidiary may sell up to an additional \$57.0 million aggregate principal amount of timeshare receivables, on a revolving basis, through April 16, 2003. The Company did not guarantee the

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payment of any amounts by obligors on the receivables or otherwise enter into any payment guarantees in connection with the Purchase Facility. See "Liquidity and Capital Resources" for further discussion of the Purchase Facility. The Company is currently negotiating an extended term and increased availability under the Purchase Facility. There can be no assurances that the Company's negotiations will result in the Company obtaining the desired extension and increase on acceptable terms to the Company, if at all. The Company is also currently negotiating another timeshare receivables purchase facility with another financial institution, although there can be no assurances that the Company will obtain such a facility on acceptable terms, if at all. The Company's liquidity and financial condition could be materially adversely affected if it is not able to sell a material portion of the receivables it generates under its current or one or more future facilities. In obtaining such facilities, the Company is subject to factors impacting the securitization markets generally and to factors affecting the sale of timeshare receivables in particular, including the performance of the Company's receivables.

For a further discussion of the terms of the Purchase Facility and the Company's existing receivables warehouse and hypothecation facilities please see "Liquidity and Capital Resources" under Item 7, below.

Receivables Servicing

Receivables servicing includes collecting payments from borrowers and remitting such funds to the owners, lenders or investors in such receivables, accounting for receivables principal and interest, making advances when required, contacting delinquent borrowers, foreclosing, or terminating a contract for deed or membership in the Club in the event that defaults are not remedied and performing other administrative duties. The Company's obligation to provide receivables servicing and its rights to collect fees for a given pool of receivables are set forth in a servicing agreement. The Company has the obligation and right to service all of the receivables it originates and retains the obligation and right with respect to the receivables it sells through REMICs and all of the receivables sold under any of the Company's timeshare receivable purchase facilities to date, although in certain circumstances the purchasers may elect to appoint a new servicer. The Company typically receives an annual servicing fee ranging from approximately .5% to 2.0% of the principal balance of the loans serviced on behalf of others. During the nine months ended December 31, 2002, and the years ended March 31, 2002 and April 1, 2001, the Company recognized aggregate servicing fee income of \$2.5 million, \$2.7 million and \$1.9 million, respectively.

Regulation

The timeshare and real estate industries are subject to extensive and complex regulation. The Company is subject to compliance with various federal, state, local and foreign environmental, zoning, consumer protection and other statutes and regulations regarding the acquisition, subdivision and sale of real estate and Timeshare Interests and various aspects of its financing operations. On a federal level, the Federal Trade Commission has taken an active regulatory role through the Federal Trade Commission Act, which prohibits unfair or deceptive acts or competition in interstate commerce. In addition to the laws applicable to the Company's customer financing and other operations discussed below, the Company is or may be subject to the Fair Housing Act and various other federal statutes and regulations. The Company is also subject to various foreign laws with respect to La Cabana. In addition, there can be no assurance that in the future, Timeshare Interests will not be deemed to be securities subject to regulation as such, which could have a material adverse effect on the Company. The Company believes that it is in compliance in all material respects with applicable regulations. However, no assurance can be given that the cost of

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complying with applicable laws and regulations will not be significant or that the Company is in fact in compliance with all applicable laws, including those discussed below in this section. Any failure to comply with current or future applicable laws or regulations could have a material adverse effect on the Company.

The Company's sales and marketing of home sites are subject to various consumer protection laws and to the Interstate Land Sales Full Disclosure Act, which establishes strict guidelines with respect to the marketing and sale of land in interstate commerce. HUD has enforcement powers with respect to this statute. In some instances, the Company has been exempt from HUD registration requirements because of the size or number of the subdivided parcels and the limited nature of its offerings. The Company, at its discretion, may formally request an exemption advisory opinion from HUD to confirm the exempt status of any particular offering. Several such exemption requests have been submitted to, and approved by, HUD. In those cases where the Company and its legal counsel determine parcels must be registered to be sold, the Company files registration materials disclosing financial information concerning the property, evidence of title and a description of the intended manner of offering and advertising such property. The Company bears the cost of such registration, which includes legal and filing fees. Many states also have statutes and regulations governing the sale of real estate. Consequently, the Company regularly consults with counsel for assistance in complying with federal, state and local law. The Company must obtain the approval of numerous governmental authorities for its acquisition and marketing activities and changes in local circumstances or applicable laws may necessitate the application for, or the modification of, existing approvals.

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The Company's timeshare resorts are subject to various regulatory requirements including state and local approvals. The laws of most states require the Company to file with a designated state authority for its approval a detailed offering statement describing the Company and all material aspects of the project and sale of Timeshare Interests. Laws in each state where the Company sells Timeshare Interests generally grant the purchaser of a Timeshare Interest the right to cancel a contract of purchase at any time within a specified period following the earlier of the date the contract was signed or the date the purchaser has received the last of the documents required to be provided by the Company. Most states have other laws which regulate the Company's activities, including: real estate licensure; seller's of travel licensure; anti-fraud laws; telemarketing laws; prize, gift and sweepstakes laws; and labor laws. In addition, certain state and local laws may impose liability on property developers with respect to construction defects discovered or repairs made by future owners of such property. Pursuant to such laws, future owners may recover from the Company amounts in connection with the repairs made to the developed property. As required by state laws, the Company provides its timeshare purchasers with a public disclosure statement that contains, among other items, detailed information about the surrounding vicinity, the resort and the purchaser's rights and obligations as a Timeshare Interests owner.

Under various federal, state and local laws, ordinances and regulations, the owner of real property generally is liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in, or emanating from, such property, as well as related costs of investigation and property damage. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or lease a property or to borrow using such real property as collateral. Other federal and state laws require the removal or encapsulation of

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asbestos-containing material when such material is in poor condition or in the event of construction, demolition, remodeling or renovation. Other statutes may require the removal of underground storage tanks. Noncompliance with these and other environmental, health or safety requirements may result in the need to cease or alter operations at a property.

The Company's customer financing activities are also subject to extensive regulation, which may include, the Truth-in-Lending Act and Regulation Z, the Fair Housing Act, the Fair Debt Collection Practices Act, the Equal Credit Opportunity Act and Regulation B, the Electronic Funds Transfer Act and Regulation E, the Home Mortgage Disclosure Act and Regulation C, Unfair or Deceptive Acts or Practices and Regulation AA and the Right to Financial Privacy Act.

During the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, approximately 11%, 17% and 22%, respectively, of the Company's timeshare sales were generated by marketing to prospective purchasers obtained through internal and affiliated telemarketing efforts. In addition, approximately 18%, 21% and 15% of the Company's timeshare sales during the nine months ended December 31, 2002 and the years ended March 31, 2002 and April 1, 2001, respectively, were generated by marketing to prospective purchasers obtained from third-party timeshare prospect vendors, many of whom use telemarketing operations to generate these prospects. In recent years, state regulators have increased legislation and enforcement regarding telemarketing operations including requiring the adherence to state "do not call" lists. In addition, the Federal Trade Commission has implemented national "do not call" legislation. The Company believes that its exposure to adverse impacts from this heightened telemarketing legislation and enforcement has been and will continue to be mitigated in some instances by the use of "permission marketing" techniques, whereby prospective purchasers have directly or indirectly granted the Company permission to contact them in the future, and through its exclusive marketing agreement with Bass Pro(R). The Company has implemented procedures which it believes will help ensure that individuals who have formally requested to their state regulators that they be placed on a "do not call" list are not contacted through one of its inhouse or third-party contracted telemarketing operations, although there can be no assurances that such procedures are 100% effective in ensuring regulatory compliance. Through December 31, 2002, the Company has not been subject to any material fines or penalties as a result of its telemarketing operations. There can be no assurances that the Company will be able to efficiently or effectively market to prospective purchasers through telemarketing operations in the future or that the Company will be able to develop alternative sources of prospective purchasers of its timeshare products at acceptable costs.

Other than as described above, management is not aware of any pending regulatory contingencies that are expected to have a material adverse impact on the Company.

Competition

The real estate industry is highly competitive. In each of its markets, the Company competes against numerous developers and others in the real estate business. Bluegreen(R) Resorts competes with various high profile and well-established operators. Many of the world's most recognized lodging, hospitality and entertainment companies develop and sell Timeshare Interests in resort properties. Major companies that now operate or are developing or

planning to develop timeshare resorts include Marriott, Disney, Hilton, Hyatt,

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Four Seasons, Starwood, Carlson and Cendant. The Company also competes with numerous other smaller owners and operators of timeshare resorts. In addition to competing for sales leads and prospects, the Company competes with other timeshare developers for sales personnel. The Company believes that each of its timeshare resorts face the same general competitive conditions. Although, as noted above, Bluegreen(R) Resorts competes with various high profile and well-established operators, the Company believes that it can compete on the basis of its general reputation and the price, location and quality of its timeshare resorts. The development and operation of additional timeshare resorts in the Company's markets could have a material adverse impact on the demand for the Company's Timeshare Interests and its results of operations.

Bluegreen Communities competes with builders, developers and others for the acquisition of property and with local, regional and national developers, housebuilders and others with respect to the sale of home sites. Competition may be generally smaller with respect to the Company's home site sales in the more rural markets in which it operates. The Company believes that each of its Bluegreen Communities projects faces the same general competitive conditions. The Company believes that it can compete on the basis of its reputation and the price, location and quality of the products it offers for sale, as well as on the basis of its experience in land acquisition, development and sale.

The Company's golf courses face competition for business from other operators of daily fee and, to a lesser extent, private golf courses within the local markets where the Company operates. Competition in these markets affects the rates that the Company charges per round of golf, the level of maintenance on the golf courses and the types of additional amenities available to golfers, such as food and beverage operations. The Company does not believe that such competitive factors have a material adverse impact on its results of operations or financial position.

In its customer financing activities, the Company competes with banks, mortgage companies, other financial institutions and government agencies offering financing of real estate. In recent years, the Company has experienced increased competition with respect to the financing of Bluegreen Communities sales as evidenced by the low percentage of home site sales internally financed since 1995. The Company believes that, based on its interest rates and repayment schedules, the financing packages it offers are convenient for customers and competitive with those of other institutions which offer such financing.

Website Access to Exchange Act Reports

It is the Company's policy to post publicly available reports required to be filed with the SEC ("Exchange Act Reports") on the Company's website, www.bluegreenonline.com, as soon as reasonably practicable after filing such reports with the SEC. During the nine months ended December 31, 2002, a one-time technical error occurred regarding the investor relations portion of the Company's website which prevented Exchange Act Reports from being posted on the Company's website. This technical error has now been corrected.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The website address for this site is www.sec.gov.

Personnel

As of December 31, 2002, the Company had 2,632 employees. Of the 2,632 employees, 311 were located at the Company's headquarters in Boca Raton, Florida, and 2,321 in regional field offices throughout the United States and Aruba (the field personnel include 306 field employees supporting Bluegreen Communities and 2,015 field employees supporting Bluegreen Resorts). Only the Company's employees in Aruba are represented by a collective bargaining unit,

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and the Company believes that relations with its employees generally are good.

Item 2. PROPERTIES.

The Company's principal executive office is located in Boca Raton, Florida in approximately 74,000 square feet of leased space. On December 31, 2002, the Company also maintained regional sales offices in the Northeastern, Mid-Atlantic, Southeastern, Midwestern, Southwestern and Western regions of the United States as well as the Province of Ontario, Canada and the island of Aruba. For a further description of the Company's resort and land properties please see "Item 1. Business--Company Products."

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Item 3. LEGAL PROCEEDINGS.

In the ordinary course of its business, the Company from time to time becomes subject to claims or proceedings relating to the purchase, subdivision, sale and/or financing of real estate. Additionally, from time to time, the Company becomes involved in disputes with existing and former employees. The Company believes that substantially all of the above are incidental to its business.

The Company became a defendant in an action that was filed in Colorado state court against the Company on December 15, 1998 (the Company has removed the action to the Federal District Court in Denver). The plaintiff had asserted that the Company was in breach of its obligations under, and had made certain misrepresentations in connection with, a contract under which the Company acted as marketing agent for the sale of undeveloped property owned by the plaintiff. The plaintiff also alleged fraud, negligence and violation by the Company of an alleged fiduciary duty owed to plaintiff. Among other things, the plaintiff alleged that the Company failed to meet certain minimum sales requirements under the marketing contract and failed to commit sufficient resources to the sale of the property. The original complaint sought damages in excess of \$18 million and certain other remedies, including punitive damages. In December 2002, the Company settled all claims with the plaintiffs for \$300,000.

On August 21, 2000, the Company received a Notice of Field Audit Action (the "Notice") from the State of Wisconsin Department of Revenue (the "DOR") alleging that two corporations now owned by the Company failed to collect and remit sales and use taxes to the State of Wisconsin during the period from January 1, 1994 through September 30, 1997 totaling \$1.9 million. The majority of the assessment is based on the subsidiaries not charging sales tax to purchasers of Timeshare Interests at the Company's Christmas Mountain Village(TM) resort. In addition to the assessment, the Notice indicated that interest would be charged, but no penalties would be assessed. As of December 31, 2002, aggregate interest was approximately \$1.8 million. The Company filed a Petition for Redetermination (the "Petition") on October 19, 2000, and, if the Petition is unsuccessful, the Company intends to vigorously appeal the assessment. The Company acquired the subsidiaries that were the subject of the Notice in connection with the acquisition of RDI Group, Inc.(TM) ("RDI") on September 30, 1997. Under the RDI purchase agreement, the Company has the right to set off payments owed by the Company to RDI's former stockholders pursuant to a \$1.0 million outstanding note payable balance and to make a claim against such stockholders for \$500,000 previously paid to them for any breach of representations and warranties (one of the former RDI stockholders is currently employed by the Company as the Senior Vice President of Sales for Bluegreen(R) Resorts.). The Company has notified the former stockholders that it intends to exercise these rights to mitigate any settlement with the DOR in this matter. In addition, the Company believes that, if necessary, amounts paid to the State of

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Wisconsin pursuant to the Notice, if any, may be further funded through collections of sales tax from the consumers who effected the assessed timeshare sales with RDI without paying sales tax on their purchases. Based on management's assessment of the Company's position in the Petition, the Company's right of set off with the former RDI stockholders and other factors discussed above, management does not believe that the possible sales tax pursuant to the Notice will have a material adverse impact on the Company's results of operations or financial position, and therefore no amounts have been accrued related to this matter.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is traded on the New York Stock Exchange ("NYSE") and the Pacific Stock Exchange under the symbol "BXG". The following table sets forth, for the periods indicated, the high and low closing price of the common stock as reported on the NYSE:

	Price Range			Price Range	
	High	Low		High	Low
The Nine Months Ended December 31, 2002			The Year Ended March 31, 2002		
First Quarter	\$5.38	\$3.38	First Quarter	\$2.29	\$1.60
Second Quarter	3.53	2.75	Second Quarter	2.20	1.71
Third Quarter	3.90	3.08	Third Quarter	2.20	1.75
			Fourth Quarter	4.99	2.00

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There were approximately 1,302 record holders of the Company's common stock as of March 24, 2003. The number of record holders does not reflect the number of persons or entities holding their stock in "street" name through brokerage firms or other entities.

The Company did not pay any cash or stock dividends during the nine months ended December 31, 2002, or the year ended March 31, 2002. The Board of Directors of the Company has discussed the possibility of paying cash dividends during the year ending December 31, 2004, subject to the Company's cash position and operating needs at that time, the Company's results of operations for the year ending December 31, 2003, and limitations on the payment of dividends discussed below. If cash dividends are paid, the Company does not anticipate that they would be significant in relation to the Company's stock price. There can be no assurances that the Company will pay cash dividends in the foreseeable future. Restrictions contained in the Indenture related to the Company's \$110 million 10 1/2% Senior Secured Notes due 2008 issued in April 1998 restrict, and the terms of certain of the Company's credit facilities may, in certain instances, limit the payment of cash dividends on its common stock and restrict the Company's ability to repurchase shares.

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On April 10, 2002, Levitt Companies, LLC ("Levitt"), a subsidiary of BankAtlantic Bancorp, Inc. (NYSE: BBX), acquired an aggregate of approximately 8 million shares of the Company's outstanding common stock from certain real estate funds affiliated with Morgan Stanley Dean Witter & Company, Inc. and Grace Brothers, Ltd. in private transactions. As a result of these purchases, combined with prior holdings in the Company, Levitt and BankAtlantic Bancorp, Inc. now own approximately 40% of the Company's outstanding common stock.

From time to time, the Company's Board of Directors has adopted and publicly announced a share repurchase program. Repurchases under such programs are subject to the price of the Company's stock, prevailing market conditions, the Company's financial condition and available resources, other investment alternatives and other factors. The Company is not required to seek shareholder approval of share repurchase programs, has not done so in the past, and does not anticipate doing so in the future, except to the extent it may be required to do so under applicable law. The Company did not repurchase any shares during the nine months ended December 31, 2002, or the year ended March 31, 2002. During the year ended April 1, 2001, the Company repurchased 198,000 shares under share repurchase programs at an aggregate cost of \$572,000. As of December 31, 2002 there were 694,500 shares remaining for purchase under the Company's current repurchase program, although the Company has no present intention of acquiring these remaining shares in the foreseeable future.

The shareholders of the Company have approved all of the Company's equity compensation plans, which consist of the 1985 Employee Stock Option Plan, the 1995 Stock Incentive Plan, the 1988 Outside Directors' Stock Option Plan and the 1998 Non-Employee Director Stock Option Plan. Information about securities authorized for issuance under the Company's equity compensation plans as of December 31, 2002, is as follows (in thousands, except per option data):

Number of Securities to be Issued Upon Exercise of Outstanding Stock Options	Weighted-Average Exercise Price of Outstanding Stock Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Outstanding Stock Options)
2,309	\$5.62	1,734

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Item 6. SELECTED FINANCIAL DATA.

The selected consolidated financial data set forth below should be read in conjunction with the Consolidated Financial Statements, related notes, and other financial information appearing elsewhere in this Annual Report.

(dollars in thousands, except per share data)	As of or for the Nine Months Ended December 31,	As of or for the Year End		
	December 31, 2002 ----	March 31, 2002 ----	April 1, 2001 ----	April 2, 2000 ----

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INCOME STATEMENT DATA:

Sales	\$222,655	\$240,628	\$229,874	\$214,488
Other resort and golf operations revenues	27,048	25,470	24,649	21,745
Interest income	12,235	15,447	17,317	15,652
Gain on sales of notes receivable	10,035	6,280	3,281	2,063
Other income	--	--	--	192
	-----	-----	-----	-----
Total revenues	271,973	287,825	275,121	254,140
Income before income taxes, minority interest and cumulative effect of change in accounting principle (2)	24,671	19,482	3,002	10,565
Income before cumulative effect of change in accounting principle (2)	15,376	11,732	2,717	6,777
Net income	9,797	11,732	2,717	6,777
Earnings per share before cumulative effect of change in accounting principle (2):				
Basic	0.63	0.48	0.11	0.29
Diluted	0.58	0.46	0.11	0.28
Earnings per common share:				
Basic	0.40	0.48	0.11	0.29
Diluted	0.39	0.46	0.11	0.28

BALANCE SHEET DATA:

Notes receivable, net	\$ 61,795	\$ 55,648	\$ 74,796	\$ 70,114
Inventory, net	173,131	187,688	193,634	197,093
Total assets	433,992	435,161	419,681	413,983
Shareholders' equity	158,283	149,656	136,790	134,044
Book value per common share	6.44	6.16	5.65	5.50

OTHER DATA:

Weighted-average interest rate on notes receivable at period end	14.4%	14.7%	15.2%	15.1%
Bluegreen(R) Resorts statistics:				
Resort sales	\$144,026	\$144,226	\$140,975	\$117,271
Number of resorts at period end	13	12	11	10
Gross margin on resort sales	75%	77%	78%	77%
Number of timeshare sale transactions (1)	16,347	16,414	16,240	13,518
Bluegreen Communities statistics:				
Home site sales	\$ 78,629	\$ 96,402	\$ 88,899	\$ 97,217
Gross margin on sales of home sites	46%	45%	46%	51%
Number of home sites sold (1)	1,242	1,640	1,614	1,846

- (1) Unit sales data includes those sales made during the applicable period where recognition of revenue is deferred under the percentage-of-completion method of accounting (see "Contracts Receivable and Revenue Recognition" under Note 1 of Notes to Consolidated Financial Statements.)
- (2) Effective April 1, 2002, the Company elected to change its accounting policy to expense previously deferred costs of generating timeshare tours through telemarketing programs. See "Critical Accounting Policies and Estimates" under MD&A and Note 1 of Notes to Consolidated Financial Statements for further information.

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FINANCIAL CONDITION.

Certain Definitions, Cautionary Statement Regarding Forward-Looking Statements and Risk Factors

The following discussion of the results of operations and financial condition of the Company should be read in conjunction with the Company's Consolidated Financial Statements and related Notes and other financial information included elsewhere in this Annual Report. Unless otherwise indicated in this discussion (and throughout this Annual Report), references to "real estate" and to "inventories" collectively encompass the Company's inventories held for sale by Bluegreen(R) Resorts and Bluegreen Communities. "Timeshare Interests" are of two types: one which entitles the buyer of the Club product with an annual allotment of "points" in perpetuity (supported by an underlying deeded fixed timeshare week being held in trust for the buyer) and the second which entitles the fixed-week buyer to a fully-furnished vacation residence for an annual one-week period in perpetuity. "Points" may be exchanged by the buyer in various increments for lodging for varying lengths of time in fully-furnished vacation residences at the Company's participating resorts. "Estimated remaining life-of-project sales" assumes sales of the existing, currently under construction or development, and planned Timeshare Interests or home sites, as the case may be, at current retail prices.

Market and industry data used throughout this Annual Report were obtained from internal Company surveys, industry publications, unpublished industry data and estimates, discussions with industry sources and currently available information. The sources for this data include, without limitation, ARDA, a non-profit industry organization. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. The Company has not independently verified such market data. Similarly, internal Company surveys, while believed by the Company to be reliable, have not been verified by any independent sources. Accordingly, no assurance can be given that any such data will prove to be accurate.

The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Reform Act of 1995 (the "Act") and is making the following statements pursuant to the Act to do so. Certain statements herein and elsewhere in this report and the Company's other filings with the Securities and Exchange Commission constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company may also make written or oral forward-looking statements in its annual report to stockholders, in press releases and in other written materials, and in oral statements made by its officers, directors and employees. Such statements may be identified by forward-looking words such as "may", "intend", "expect", "anticipate," "believe," "will," "should," "project," "estimate," "plan" or other comparable terminology or by other statements that do not relate to historical facts. All statements, trend analyses and other information relative to the market for the Company's products, the Company's expected future sales, financial position, operating results and liquidity and capital resources and its business strategy, financial plan and expected capital requirements and trends in the Company's operations or results are forward-looking statements. Such forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond the Company's control, that could cause the actual results, performance or achievements of the Company, or industry trends, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and

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no assurance can be given that the plans, estimates and expectations reflected in such statements will be achieved. Factors that could adversely affect the Company's future results can also be considered general "risk factors" with respect to the Company's business, whether or not they relate to a forward-looking statement. The Company wishes to caution readers that the following important factors, among other risk factors, in some cases have affected, and in the future could affect, the Company's actual results and could cause the Company's actual consolidated results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company:

- a) Changes in national, international or regional economic conditions that can adversely affect the real estate market, which is cyclical in nature and highly sensitive to such changes, including, among other factors, levels of employment and discretionary disposable income, consumer confidence, available financing and interest rates.
- b) The imposition of additional compliance costs on the Company as the result of changes in or the interpretation of any environmental, zoning or other laws and regulations that govern the acquisition, subdivision and sale of real estate and various aspects of the Company's financing operation or the failure of the Company to comply with any

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law or regulation. Also the risks that changes in or the failure of the Company to comply with laws and regulations governing the marketing (including telemarketing) of the Company's inventories and services will adversely impact the Company's ability to make sales in any of its current or future markets at its current relative marketing cost.

- c) Risks associated with a large investment in real estate inventory at any given time (including risks that real estate inventories will decline in value due to changing market and economic conditions and that the development, financing and carrying costs of inventories may exceed those anticipated).
- d) Risks associated with an inability to locate suitable inventory for acquisition, or with a shortage of available inventory in the Company's principal markets.
- e) Risks associated with delays in bringing the Company's inventories to market due to, among other things, changes in regulations governing the Company's operations, adverse weather conditions, natural disasters or changes in the availability of development financing on terms acceptable to the Company.
- f) Changes in applicable usury laws or the availability of interest deductions or other provisions of federal or state tax law, which may limit the effective interest rates that the Company may charge on its notes receivable.
- g) A decreased willingness on the part of banks to extend direct customer home site financing, which could result in the Company receiving less cash in connection with the sales of real estate and/or lower sales.
- h) The fact that the Company requires external sources of liquidity to support its operations, acquire, carry, develop and sell real estate and satisfy its debt and other obligations, and the Company may not be able to locate external sources of liquidity on favorable terms or at all.

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- i) The inability of the Company to locate sources of capital on favorable terms for the pledge and/or sale of land and timeshare notes receivable, including the inability to consummate or fund securitization transactions or to consummate fundings under facilities.
 - j) An increase in prepayment rates, delinquency rates or defaults with respect to Company-originated loans or an increase in the costs related to reacquiring, carrying and disposing of properties reacquired through foreclosure or deeds in lieu of foreclosure, which could, among other things, reduce the Company's interest income, increase loan losses and make it more difficult and expensive for the Company to sell and/or pledge receivables and reduce cash flow on and the fair value of retained interests on notes receivable sold.
 - k) Costs to develop inventory for sale and/or selling, general and administrative expenses materially exceed (i) those anticipated or (ii) levels necessary in order for the Company to achieve anticipated profit and operating margins or be profitable.
 - l) An increase or decrease in the number of land or resort properties subject to percentage-of-completion accounting, which requires deferral of profit recognition on such projects until development is substantially complete. Such increases or decreases could cause material fluctuations in period-to-period results of operations.
 - m) The failure of the Company to satisfy the covenants contained in the indentures governing certain of its debt instruments, and/or other credit agreements, which, among other things, place certain restrictions on the Company's ability to incur debt, incur liens, make investments, pay dividends or repurchase debt or equity. In addition, the failure to satisfy certain covenants contained in the Company's receivable purchase facilities could materially defer or reduce future cash receipts on the Company's retained interests in notes receivable sold. Any such failure could impair the fair value of the retained interests in notes receivable sold and materially, adversely impact the Company's liquidity position and its results of operations.
 - n) The risk of the Company incurring an unfavorable judgment in any litigation, and the impact of any related monetary or equity damages.
 - o) Risks associated with selling Timeshare Interests in foreign countries including, but not limited to, compliance with legal regulations, labor relations and vendor relationships.
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- p) The risk that the Company's sales and marketing techniques are not successful, and the risk that the Club is not accepted by consumers or imposes limitations on the Company's operations, or is adversely impacted by legal or other requirements.
 - q) The risk that any contemplated transactions currently under negotiation will not close or conditions to funding under existing or future facilities will not be satisfied.
 - r) Risks relating to any joint venture that the Company is a party to, including risks that a dispute may arise with a joint venture partner, that the Company's joint ventures will not be as successful as anticipated and that the Company will be required to make capital contributions to

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such ventures in amounts greater than anticipated.

- s) Risks that any currently proposed or future changes in accounting principles will have an adverse impact on the Company.
- t) Risks that a short-term or long-term decrease in the amount of vacation travel (whether as a result of economic, political or other factors), including, but not limited to, air travel, by American consumers will have an adverse impact on the Company's timeshare sales.
- u) Risks that the acquisition of a business by the Company will result in unforeseen liabilities, decreases of net income and/or cash flows of the Company, or otherwise prove to be less successful than anticipated.

The Company does not undertake and expressly disclaims any duty to update or revise forward-looking statements, even if the Company's situation may change in the future.

General

The Company's real estate operations are managed under two business segments. Bluegreen(R) Resorts develops, markets and sells Timeshare Interests in the Company's resorts, primarily through the Club, and provides resort management services to resort property owners associations and Bluegreen Communities acquires large tracts of real estate, which are subdivided, improved (in some cases to include a golf course on the property) and sold, typically on a retail basis as home sites.

The Company has historically experienced and expects to continue to experience seasonal fluctuations in its gross revenues and net earnings. This seasonality may cause significant fluctuations in the quarterly operating results of the Company, with the majority of the Company's gross revenues and net earnings historically occurring in the quarters ending in June and September each fiscal year. As the Company's timeshare revenues grow as a percentage of total revenues, the Company believes that the fluctuations in revenues due to seasonality may be mitigated in part. In addition, other material fluctuations in operating results may occur due to the timing of development and the Company's use of the percentage-of-completion method of accounting. Management expects that the Company will continue to invest in projects that will require substantial development (with significant capital requirements).

The Company believes that inflation and changing prices have not had a material impact on its revenues and results of operations during the nine months ended December 31, 2002, other than to the extent that the Company continually reviews and has historically increased the sales prices of its Timeshare Interests annually. Based on prior history, the Company does not expect that inflation will have a material impact on the Company's revenues or results of operations in the foreseeable future, although there is no assurance that the Company will be able to continue to increase prices. To the extent inflationary trends affect short-term interest rates, a portion of the Company's debt service costs may be affected as well as the interest rate the Company charges on its new receivables from its customers.

The Company believes that the terrorist attacks on September 11, 2001 in the United States, the recent hostilities in the Middle East and other world events that have decreased the amount of vacation air travel by Americans have not, to date, had a material adverse impact on the Company's sales in its domestic sales offices. With the exception of La Cabana, guests at the Company's Club destination resorts more typically drive, rather than fly, to these resorts due to the accessibility of the resorts. There can be no assurances, however, that a long-term decrease in air travel or increase in anxiety regarding actual or possible future terrorist attacks or other world events will not have a

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material adverse impact on the Company's results of operations in future periods.

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The Company recognizes revenue on home site and Timeshare Interest sales when a minimum of 10% of the sales price has been received in cash, the refund or rescission period has expired, collectibility of the receivable representing the remainder of the sales price is reasonably assured and the Company has completed substantially all of its obligations with respect to any development relating to the real estate sold. In cases where all development has not been completed, the Company recognizes income in accordance with the percentage-of-completion method of accounting. Under this method of income recognition, income is recognized as work progresses. Measures of progress are based on the relationship of costs incurred to date to expected total costs.

Costs associated with the acquisition and development of timeshare resorts and residential communities, including carrying costs such as interest and taxes, are capitalized as inventory and are allocated to cost of real estate sold as the respective revenues are recognized.

A portion of the Company's revenues historically has been and, although no assurances can be given, is expected to continue to be comprised of gains on sales of notes receivable. The gains are recorded on the Company's Consolidated Income Statement and the related retained interests in the portfolios are recorded on its Consolidated Balance Sheet at the time of sale. The amount of gains and the fair value of the retained interests recorded are based in part on management's estimates of future prepayment, default and loss severity rates and other considerations in light of then-current conditions. If actual prepayments with respect to loans occur more quickly than was projected at the time such loans were sold, as can occur when interest rates decline, interest would be less than expected and may cause a decline in the fair value of the retained interests and a charge to earnings currently. If actual defaults or other factors discussed above with respect to loans sold are greater than estimated, charge-offs would exceed previously estimated amounts and cash flow from the retained interests in notes receivable sold will decrease. This may cause a decline in the fair value of the retained interests and a charge to earnings currently. There can be no assurances that the carrying value of the Company's retained interests in notes receivable sold will be fully realized or that future loan sales will be consummated or, if consummated, result in gains. See "Credit and Purchase Facilities for Bluegreen(R) Resorts' Receivables and Inventories" below.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of its results of operations and financial condition are based upon its condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of commitments and contingencies. On an ongoing basis, management evaluates its estimates, including those that relate to the recognition of revenue, including recognition under the percentage-of-completion method of accounting; the Company's reserve for loan losses; the valuation of retained interests in notes receivable sold and the related gains on sales of notes receivable; the recovery of the carrying value of real estate inventories, intangible assets and other assets; and the estimate of contingent liabilities related to litigation and other claims and assessments. Management bases its estimates on historical experience and on various other assumptions that are

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believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions and conditions. If actual results significantly differ from management's estimates, the Company's results of operations and financial condition could be materially adversely impacted.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

- o In accordance with the requirements of Statement of Financial Accounting Standards ("SFAS") No. 66 "Accounting for Sales of Real Estate," the Company recognizes revenue on retail land sales and sales of Timeshare Interests when a minimum of 10% of the sales price has been received in cash, the legal rescission period has expired, collectibility of the receivable representing the remainder of the sales price is reasonably assured and the Company has completed substantially all of its obligations with respect to any development related to the real estate sold. In cases where all development has not been completed, the Company recognizes revenue in accordance with the percentage-of-completion method of accounting. Should the Company's estimates regarding the collectibility of its receivables change adversely or the Company's estimates of the total anticipated cost of its timeshare and Bluegreen Communities projects increase, the Company's results of operations could be adversely impacted.
- o The Company considers many factors when establishing and evaluating the adequacy of its reserve for loan losses. These factors include recent and historical default rates, static pool

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analyses, current delinquency rates, contractual payment terms, loss severity rates along with present and expected economic conditions. The Company examines these factors and adjusts its reserve for loan losses on at least a quarterly basis. Should the Company's estimates of these and other pertinent factors change, the Company's results of operations, financial condition and liquidity position could be adversely affected.

- o When the Company sells notes receivables either pursuant to its timeshare receivables purchase facilities or, in the case of land mortgages receivable, private-placement REMICs, it retains a residual interest, subordinated tranches, rights to excess interest spread and servicing, all of which are retained interests in the sold notes receivable. Gain or loss on sale of the receivables depends in part on the allocation of the previous carrying amount of the financial assets involved in the transfer between the assets sold and the retained interests based on their relative fair value at the date of transfer. The Company initially and periodically estimates fair value based on the present value of future expected cash flows using management's best estimates of the key assumptions - prepayment rates, loss severity rates, default rates and discount rates commensurate with the risks involved. Should the Company's estimates of these key assumptions change there would be a reduction in the fair value of the retained interests and the Company's results of operations and financial condition could be adversely

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impacted.

- o The Company periodically evaluates the recovery of the carrying amount of individual resort and residential land properties under the guidelines of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Factors that the Company considers in making this evaluation include the estimated remaining life-of-project sales for each project based on current retail prices and the estimated costs to complete each project. Should the Company's estimates of these factors change, the Company's results of operations and financial condition could be adversely impacted.

- o In June 2001, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets", effective April 1, 2002 for the Company. Under the new rules, goodwill and intangible assets deemed to have indefinite lives are no longer amortized but will be subject to annual impairment tests in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their useful lives. The Company applied the new rules on accounting for goodwill and other intangible assets during the nine months ended December 31, 2002. The adoption of SFAS No. 142 did not have a material impact on the Company's results of operations or financial condition.

- o During the years ended March 31, 2002 and April 1, 2001, the Company deferred the cost of generating timeshare tours through telemarketing programs until such time as these tours were conducted, based on an accepted industry accounting principle. Effective April 1, 2002, the Company elected to change its accounting policy to expense such costs as incurred. The Company believes that the new method of accounting for these costs is preferable over the Company's previous method and has been applied prospectively. The Company believes accounting for these costs as period expenses results in improved financial reporting and consistency with the proposed timeshare Statement of Position ("SOP"), "Accounting for Real Estate Time-Sharing Transactions", that was exposed for public comment by the FASB in February 2002. The cumulative effect of this change in accounting principle was additional expenses of \$5.9 million, net of tax.

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Results of Operations

(in thousands)	Bluegreen Resorts		Bluegreen (R) Communities
	-----		-----
Nine Months Ended December 31, 2002			
Sales	\$ 144,026	100%	\$ 78,629
Cost of sales	(35,560)	(25)	(42,363)
	-----		-----
Gross profit	108,466	75	36,266
Other resort and golf operations revenues	23,520	16	3,528
Cost of resort and golf operations	(22,921)	(16)	(3,974)
Selling and marketing expenses	(82,946)	(58)	(15,698)
Field general and administrative expenses (1)	(8,901)	(6)	(6,552)
	-----		-----

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Field operating profit	\$ 17,218	12%	\$ 13,570
	=====		=====
Nine Months Ended December 30, 2001			
Sales	\$ 110,846	100%	\$ 73,857
Cost of sales	(25,726)	(23)	(38,407)
	-----		-----
Gross profit	85,120	77	35,450
Other resort and golf operations revenues	17,475	16	1,709
Cost of resort and golf operations	(15,646)	(14)	(2,198)
Selling and marketing expenses	(64,021)	(58)	(14,572)
Field general and administrative expenses (1)	(7,958)	(7)	(6,180)
	-----		-----
Field operating profit	\$ 14,970	14%	\$ 14,209
	=====		=====
Year Ended March 31, 2002			
Sales	\$ 144,226	100%	\$ 96,402
Cost of sales	(33,588)	(23)	(52,937)
	-----		-----
Gross profit	110,638	77	43,465
Other resort and golf operations revenues	23,149	16	2,321
Cost of resort and golf operations	(20,506)	(14)	(3,038)
Selling and marketing expenses	(83,251)	(58)	(19,208)
Field general and administrative expenses (1)	(10,301)	(7)	(8,125)
	-----		-----
Field operating profit	\$ 19,729	14%	\$ 15,415
	=====		=====
Year Ended April 1, 2001			
Sales	\$ 140,975	100%	\$ 88,899
Cost of sales	(31,049)	(22)	(47,746)
	-----		-----
Gross profit	109,926	78	41,153
Other resort and golf operations revenues	22,762	16	1,887
Cost of resort and golf operations	(22,068)	(16)	(2,883)
Selling and marketing expenses	(89,028)	(63)	(18,756)
Field general and administrative expenses (1)	(11,868)	(8)	(8,410)
	-----		-----
Field operating profit	\$ 9,724	7%	\$ 12,991
	=====		=====

(1) General and administrative expenses attributable to corporate overhead have been excluded from the tables. Corporate general and administrative expenses totaled \$14.2 million, \$13.6 million, \$19.4 million and \$19.5 million for the nine months ended December 31, 2002, the nine months ended December 30, 2001, the year ended March 31, 2002 and the year ended April 1, 2001, respectively.

Sales and Field Operations

Consolidated sales were \$222.7 million for the nine months ended December 31, 2002, \$184.7 million for the nine months ended December 30, 2001, \$240.6 million for the year ended March 31, 2002 and \$229.9 million for the year ended April 1, 2001. Consolidated sales increased 21% from the nine months ended December 30, 2001 to the nine months ended December 31, 2002 and 5% from the year ended April 1, 2001 to the year ended March 31, 2002.

Bluegreen Resorts

During the nine months ended December 31, 2002 and the nine months ended

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December 30, 2001, sales of Timeshare Interests contributed \$144.0 million or 65% and \$110.8 million or 60%, respectively, of the Company's total consolidated sales. During the year ended March 31, 2002 and the year ended April 1, 2001, sales of Timeshare Interests contributed \$144.2 million or 60% and \$141.0 million or 61%, respectively, of the Company's total consolidated sales.

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The following table sets forth certain information for sales of Timeshare Interests for the periods indicated, before giving effect to the percentage-of-completion method of accounting.

	Nine Months Ended		Year Ended	
	December 31, 2002	December 30, 2001	March 31, 2002	April 2001
Number of timeshare sale transactions	16,347	12,846	16,414	16,
Average sales price per transaction	\$ 9,311	\$ 8,966	\$ 8,989	\$ 8,
Gross margin	75%	77%	77%	

The \$33.2 million increase in Bluegreen(R) Resorts' sales during the nine months ended December 31, 2002, as compared to the nine months ended December 30, 2001, was primarily due to an increased focus on marketing to the Company's growing Club owner base and to sales prospects referred to the Company by existing Club owners or other prospects. Sales to owner and referral prospects increased by 62% and represented 25% and 20% of sales during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. This combined with a 22% overall increase in the number of sales prospects seen by Bluegreen Resorts to approximately 145,000 prospects during the nine months ended December 31, 2002 from approximately 119,000 prospects during the nine months ended December 30, 2001, a 9% increase in the sale-to-tour conversion ratio and the increase in average sales price reflected in the above table resulted in the increase in sales during the nine months ended December 31, 2002, as compared to the nine months ended December 30, 2001. During the nine months ended December 31, 2002, the Company only opened three new sales sites, one in June 2002 and two in November 2002. The new sales sites, a sales office at the newly acquired Mountain Run at Boyne(TM) resort at Boyne Mountain, Michigan, and two offsite sales operations in Minneapolis, Minnesota and Daytona Beach, Florida, generated a combined \$2.5 million of sales during the nine months ended December 31, 2002. Accordingly, the majority of Bluegreen Resorts sales growth during the nine months ended December 31, 2002, was due to same-site sales increases.

The \$3.2 million increase in Bluegreen Resorts sales during the year ended March 31, 2002 as compared to the year ended April 1, 2001 was primarily due to a \$9.7 million increase in sales at the Company's 51%-owned Big Cedar Wilderness Club(TM), as this resort had just commenced sales in the year ended April 1, 2001 and was in the start-up phase. This increase was partially offset by the closure of the offsite sales office serving the Cleveland, Ohio market in May 2001, due to low profitability. The Cleveland sales office generated \$1.2 million in sales prior to its closure in the year ended March 31, 2002, as compared to \$8.4 million in the year ended April 1, 2001.

Gross margin percentages vary between periods based on the relative costs of the specific Timeshare Interests sold in each respective period. During the

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nine months ended December 31, 2002, a higher percentage of Bluegreen Resorts' sales were of lower gross margin inventory, primarily the Lodge Alley Inn(TM) and Solara Surfside(TM) resorts, than during the nine months ended December 30, 2001.

Other resort service revenues increased 35% to \$23.5 million from 17.5 million during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. On October 2, 2002, LPI, a wholly-owned subsidiary of the Company, acquired substantially all of the assets and assumed certain liabilities of TMOV. LPI was a newly-formed entity with no prior operations. Utilizing the assets acquired from TMOV, LPI generates sales leads for timeshare interest sales utilizing various marketing strategies. Through the application of a proprietary computer software system, these leads are then contacted and given the opportunity to purchase mini-vacation packages. These packages sometimes combine hotel stays, cruises and gift premiums. Buyers of these mini-vacation packages are then usually required to participate in a timeshare sales presentation. LPI generates sales prospects for the Company's timeshare sales business and for sales prospects that will be sold to other timeshare developers. Since October 2, 2002, LPI generated \$6.3 million of revenues, all included in other resort service revenues on the consolidated income statement, resulting in the overall increase in other resort service revenues during the nine months ended December 31, 2002.

Cost of other resort services increased 46% to \$22.9 million from \$15.6 million during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively, primarily as a result of operating expenses of \$7.3 million incurred by LPI since October 2, 2002. LPI's approximately \$1.0 million loss is primarily due to the impact of applying fair market valuations to TMOV's assets based on purchase accounting required by SFAS No. 141, "Business Combinations".

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Gross profit from other resort services increased \$1.9 million or 281% to \$2.6 million from \$694,000 during the year ended March 31, 2002 as compared to the year ended April 1, 2001, respectively. The increase was primarily due to \$2.6 million in increased profits related to management and other fee income earned for services provided to Club members, due to an increase in members from 38,000 to 51,000 members at April 1, 2001 and March 31, 2002, respectively. This increase was partially offset by additional costs incurred in connection with the expansion of Bluegreen(R) Resorts's customer service area. As the Club member base increases, the Company anticipates increased gross profits from the related management fees, although there can be no assurances that the member base will continue to increase or that such increased management fees will be realized.

Selling and marketing expenses for Bluegreen Resorts, which are primarily variable with sales, remained constant as a percentage of sales at 58% during the nine months ended December 31, 2002 and the nine months ended December 30, 2001. Selling and marketing expenses as a percentage of sales is an important indicator of the performance of Bluegreen Resorts and the Company as a whole. No assurances can be given that selling and marketing expenses will not increase as a percentage of sales in future periods.

The reduction in selling and marketing expenses as a percentage of Bluegreen Resorts' sales to 58% from 63% during the year ended March 31, 2002 as compared to the year ended April 1, 2001, respectively, was primarily due to the Company's focused efforts on increasing tour flow from Bluegreen Resorts' inhouse, referral and owner marketing programs as well as a new compensation plan which tied the Company's regional sales and marketing directors'

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compensation to profitability. Another factor believed to have resulted in the decrease of selling and marketing expenses was a new, standardized commissions plan for Bluegreen Resorts sales personnel implemented in the year ended March 31, 2002 as well as the centralization of commission processing and monitoring at the Company's corporate headquarters.

Field general and administrative expenses for Bluegreen Resorts increased 12% to \$8.9 million from \$8.0 million during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. This increase was due to the addition of the Minneapolis and Daytona Beach offsite sales offices and the Mountain Run at Boyne(TM) sales offices, and due to the expenses associated with potential acquisitions during the nine months ended December 31, 2002, which were not pursued.

Field general and administrative expenses for Bluegreen Resorts decreased 13% to \$10.3 million from \$11.9 million during the year ended March 31, 2002 and the year ended April 1, 2001, respectively. This decrease was primarily due to the closure of the Cleveland offsite sales office in May 2001 and other overhead reductions effected during the year ended March 31, 2002.

Bluegreen Communities

During the nine months ended December 31, 2002 and the nine months ended December 30, 2001, Bluegreen Communities contributed \$78.6 million or 35% and \$73.9 million or 40%, respectively, of the Company's total consolidated sales. During the year ended March 31, 2002 and the year ended April 1, 2001, Bluegreen Communities contributed \$96.4 million or 40% and \$88.9 million or 39%, respectively, of the Company's total consolidated sales.

The table set forth below outlines the number of home sites sold and the average sales price per home site for Bluegreen Communities for the periods indicated, before giving effect to the percentage-of-completion method of accounting and excluding sales of bulk parcels.

	Nine Months Ended		Year Ended	
	December 31, 2002	December 30, 2001	March 31, 2002	April 1, 2001
	----	----	----	----
Number of home sites sold	1,242	1,092	1,640	1,614
Average sales price per home site	\$57,096	\$60,028	\$58,287	\$57,191
Gross margin	46%	48%	45%	46%

Bluegreen Communities' sales increased \$4.7 million or 6% during the nine months ended December 31, 2002 as compared to the nine months ended December 30, 2001 due to increased sales at Ridge Lake Shores(TM), a 1,152 acre property acquired in February 2001 in Magnolia, Texas, and Mountain Lakes Ranch(TM), a 4,100 acre property acquired in October 1998 in Bluffdale, Texas. Ridge Lake Shores had just opened for sale during the nine months ended December 30, 2001 and started achieving a post-start-up sales pace during the nine months ended December 31, 2002. Mountain Lakes Ranch benefited from a more mature marketing program and continued development.

Bluegreen(R) Communities' sales increased \$7.5 million in the year ended

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March 31, 2002 as compared to the year ended April 1, 2001 due primarily to \$17.5 million of increased sales at The Preserve at Jordan Lake(TM), a golf course community located near the Raleigh-Durham area of North Carolina. The Preserve at Jordan Lake had just commenced sales and development during the year ended April 1, 2001, and therefore had a significant portion of its sales during this start-up year deferred under percentage-of-completion accounting. This increase was partially offset by an \$8.5 million decrease in sales in the Company's Arizona region due to the two main projects in this region being substantially sold out in the year ended April 1, 2001. The remaining offsetting decrease was due to a \$1.4 million sale of a bulk tract of land in the year ended April 1, 2001 by the Company, with no such corresponding sale in the year ended March 31, 2002.

Bluegreen Communities intends to primarily focus its resources on developing new golf communities and continuing to support its successful regions in Texas. Bluegreen Communities is currently negotiating the acquisition of properties for the development of two new golf course communities in the Southeastern United States. There can be no assurances that these properties will be acquired at acceptable pricing or at all. During the nine months ended December 31, 2002, the Company's golf communities and Texas regions comprised approximately 41% and 46%, respectively, of Bluegreen Communities' sales.

The decrease in gross margin during the nine months ended December 31, 2002 as compared to the nine months ended December 30, 2001 was due in part to the lower average sales price per home site as the types of properties sold during each respective period varied. Also, the cost basis of the Company's Preserve at Jordan Lake increased during the nine months ended December 31, 2002 due to cost overruns. Finally, the Company recognized a \$750,000 impairment charge on the Bluegreen Communities Crystal Cove(TM) project in Tennessee. Additional development expenditures required for road and utility work at the project exceeded the Company's original estimates. The Company believes that this charge is adequate to reduce the carrying value of this project to its fair value less estimated selling costs.

The decrease in gross margin during the year ended March 31, 2002 as compared to the year ended April 1, 2001, was primarily due to \$4.1 million in impairment charges taken on the Crystal Cove project.

Golf operations revenue increased 106% to \$3.5 million from \$1.7 million and the cost of golf operations increased 81% to \$4.0 million from \$2.2 million during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. These increases are due to the opening of the golf courses at Brickshire(TM), located in New Kent, Virginia, and The Preserve at Jordan Lake in March 2002 and August 2002, respectively.

The gross loss from golf operations decreased \$279,000 or 28% during the year ended March 31, 2002 as compared to the year ended April 1, 2001, due to decreased losses from the operations at Carolina National(TM), as the operation continues to mature.

Selling and marketing expenses for Bluegreen Communities remained relatively constant at approximately 20% of sales during all periods presented.

Interest Income

Interest income was \$12.2 million and \$11.9 million for the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. Interest income was \$15.4 million and \$17.3 million for the year ended March 31, 2002 and the year ended April 1, 2001, respectively. The Company's interest income is earned from its notes receivable, retained interests in notes receivable sold (including REMIC transactions) and cash and cash equivalents.

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The decrease in interest income during the year ended March 31, 2002 was due to due to lower average cash balances on hand, lower interest rates on cash balances and Bluegreen Communities mortgages held and lower timeshare notes receivables held due to increased sales of timeshare notes receivable during the year ended March 31, 2002 as compared to the year ended April 1, 2001.

Gain on Sale of Notes Receivable

During the nine months ended December 31, 2002 and the nine months ended December 30, 2001, the Company recognized gains on the sale of notes receivable totaling \$10.0 million and \$4.2 million, respectively. In the

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year ended March 31, 2002 and the year ended April 1, 2001, the Company recognized \$6.3 million and \$3.3 million in such gains, respectively. The sale of timeshare notes receivable was pursuant to timeshare receivables purchase facilities in place during the respective periods (the current timeshare receivables purchase facility is more fully described below under "Credit Facilities for Bluegreen(R) Resorts' Receivables and Inventories").

The 138% increase in gain on sale of notes receivable during the nine months ended December 31, 2002, as compared to the nine months ended December 30, 2001, was primarily due to a \$4.7 million gain recorded in connection with the December 13, 2002 private offering and sale (as a term securitization) of \$170.2 million in aggregate purchase price of timeshare receivables, including receivables previously sold to ING, General Electric Capital Real Estate/Heller Financial, Inc. ("GE") and Barclays Bank, PLC ("Barclays") and receivables previously pledged to GE. Please see "Credit Facilities for Bluegreen Resorts' Receivables and Inventories," below, for further details on the December 13, 2002 term securitization. The remaining increase in the gain on sale of notes receivable was due to the sale of timeshare receivables in the normal course of business with aggregate principal balances of \$84.6 million and \$67.4 million during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively.

The amount of gain increased in the year ended March 31, 2002, as compared to the year ended April 1, 2001, commensurate with the increase in the principal amount of notes receivable sold (\$100.9 million and \$77.8 in the year ended March 31, 2002 and the year ended April 1, 2001, respectively). Another factor that increased the gain on sale of these receivables during the year ended March 31, 2002 as compared to the year ended April 1, 2001 was the decrease in commercial paper rates during the respective periods. The return earned by the parties who purchased these fixed rate (approximately 15%) receivables is based on variable commercial paper rates, so as interest rates decrease the available interest spread increases which in turn increases the value of the Company's retained interest in the receivable pools sold and hence increases the Company's gain on sale.

Corporate General and Administrative Expenses

For a discussion of field selling, general and administrative expenses, please see "Sales and Field Operations", above.

The Company's corporate general and administrative ("G&A") expenses consist primarily of expenses incurred to administer the various support functions at the Company's corporate headquarters, including accounting, human resources, information technology, mergers and acquisitions, mortgage servicing, treasury and legal. Corporate G&A increased 4% to \$14.2 million from \$13.6

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million during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. Corporate G&A remained relatively constant at \$19.4 million and \$19.5 million during the year ended March 31, 2002 and the year ended April 1, 2001, respectively.

Interest Expense

Interest expense was \$9.8 million and \$10.1 million for the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. Interest expense totaled \$13.0 million and \$15.5 million for the year ended March 31, 2002 and the year ended April 1, 2001, respectively. The 16.0% decrease in the year ended March 31, 2002 was due to lower outstanding balances on the Company's acquisition and development loans borrowed in prior years and lower interest rates on variable-rate facilities.

The effective cost of borrowing (when adding back capitalized interest) was 9.1%, 9.1% and 9.5% for the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, respectively.

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Provision for Loan Losses

The allowance for loan losses by division as of December 31, 2002 and March 31, 2002 was (amounts in thousands):

	Bluegreen(R) Resorts	Bluegreen Communities	Other	
December 31, 2002				
Notes receivable	\$ 53,029	\$ 11,559	\$ 1,896	\$
Less: allowance for loan losses	(4,081)	(496)	(112)	
	-----	-----	-----	
Notes receivable, net	\$ 48,948	\$ 11,063	\$ 1,784	\$
	=====	=====	=====	=
Allowance as a % of gross notes receivable	8%	4%	6%	
	=====	=====	=====	=
March 31, 2002				
Notes receivable	\$ 50,892	\$ 7,079	\$ 1,884	\$
Less: allowance for loan losses	(3,782)	(313)	(112)	
	-----	-----	-----	
Notes receivable, net	\$ 47,110	\$ 6,766	\$ 1,772	\$
	=====	=====	=====	=
Allowance as a % of gross notes receivable	7%	4%	6%	
	=====	=====	=====	=

The Company recorded provisions for loan losses totaling \$2.8 million and \$3.7 million during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. The provisions of loan losses were \$4.9 million each year for both the year ended March 31, 2002 and the year ended April 1, 2001. The 23% decrease in the provision during the nine months ended December 31, 2002 as compared to the nine months ended December 30, 2001, was due to increased, non-recourse sales of notes receivable pursuant to the Company's timeshare receivables purchase facility during the nine months ended December 31, 2002 (see "Liquidity and Capital Resources"). Despite the lower provision for loan losses during the nine months ended December 31, 2002, the

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allowance for loan losses for the Company's Bluegreen Resorts notes receivable as of December 31, 2002 increased as a percentage of related gross notes receivable as compared to this same ratio at March 31, 2002. The Company believes that its allowance for loan losses as of December 31, 2002 is an adequate reserve for future losses on the Company's notes receivable portfolio as of December 31, 2002, although there can be no assurances that such future losses will not exceed the allowance for loan losses.

Other notes receivable at December 31, 2002 and March 31, 2002, primarily consists of a loan to the property owners' association that is responsible for the maintenance of La Cabana, Casa Grande Cooperative Association I (see Note 5 of Notes to Consolidated Financial Statements).

Other Expense, Net

Other expense, net of other income, totaled \$1.5 million and \$277,000 for the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. Other expense, net of other income, totaled \$162,000 and \$400,000 for the year ended March 31, 2002 and the year ended April 1, 2001, respectively. The increase in other expense, net, during the nine months ended December 31, 2002 was primarily due to the write-off of accumulated foreign currency translation adjustments related to the substantive cessation of the Company's operations in Canada.

Provision for Income Taxes

The provision for income taxes was 35.6% and 38.5% of income before taxes for the nine months ended December 31, 2002 and the nine months ended December 30, 2001. The provision for income taxes was 38.5% of income before taxes for both the year ended March 31, 2002 and the year ended April 1, 2001. The lower effective income tax rate for the nine months ended December 31, 2002 was due to the application of state net operating losses.

Cumulative Effect of Change in Accounting Principle, Net of Tax

During the years ended March 31, 2002 and April 1, 2001, the Company deferred the costs of generating timeshare tours through telemarketing programs until the earlier of such time as the tours were conducted or the related mini-vacation packages expired, based on an accepted industry accounting principle. Effective April 1, 2002, the Company elected to change its accounting policy to expense such costs as incurred. The Company believes that the new method of accounting for these costs is preferable over the Company's previous method and

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has been applied prospectively. The Company believes accounting for these costs as period expenses results in improved financial reporting and consistency with the proposed timeshare SOP, "Accounting for Real Estate Time-Sharing Transactions", that was exposed for public comment by the FASB in February 2003. The cumulative effect of this change in accounting principle was additional expense of \$5.9 million, net of tax.

Summary

Based on the factors discussed above, the Company's net income decreased to \$9.8 million for the nine months ended December 31, 2002 from \$10.7 million for the nine months ended December 30, 2001. Net income increased to \$11.7 million in the year ended March 31, 2002 from \$2.7 million in the year ended April 1, 2001.

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Changes in Financial Condition

Cash Flows From Operating Activities

Cash flows from operating activities decreased \$12.6 million to net cash inflows of \$7.0 million from \$19.6 million in the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. The Company's notes receivable increased \$99.9 million as compared to an increase of \$76.5 million during the nine months ended December 31, 2002 and December 30, 2001, respectively, primarily due to increased sales of Timeshare Interests. Also, proceeds from the sale of and borrowings collateralized by notes receivable, net of payments on such borrowings, decreased to \$63.5 million from \$65.7 million during the nine months ended December 31, 2002 and December 30, 2001, respectively. In addition, the gain on sale of notes receivable increased to \$10.0 million from \$4.2 million, during the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. These decreases to net cash provided by operations were partially offset by the excess of the \$22.4 million net inventory decrease in the nine months ended December 31, 2002 over the \$4.0 million net inventory decrease in the nine months ended December 30, 2001.

Cash flows from operating activities increased \$29.6 million to net cash inflows of \$31.7 million from \$2.1 million in the year ended March 31, 2002 and the year ended April 1, 2001, respectively. The increase was primarily due to a \$9.0 million increase in net income. The increase in operating cash flows was also due to a \$12.7 million increase in net cash provided from the sale of timeshare notes receivable. The Company sold \$100.9 million and \$77.8 million of timeshare notes receivable at advance rates of 85% and 95% under various timeshare receivable purchase facilities in the year ended March 31, 2002 and the year ended April 1, 2001, respectively. See "Liquidity and Capital Resources" for further discussion of the Company's note receivable purchase facilities. Also, the year ended April 1, 2001 cash flows were impacted by a \$9 million prepayment of commissions and joint venture distributions to Bass Pro(R) (see Note 4 of Notes to Consolidated Financial Statements), which is anticipated to be a one-time event.

The Company reports cash flows from borrowings collateralized by notes receivable and sales of notes receivable as operating activities in the consolidated statements of cash flows. The majority of the Company's sales for Bluegreen(R) Resorts result in the origination of notes receivable from its customers. Management believes that accelerating the conversion of such notes receivable into cash, either through the pledge or sale of the Company's notes receivable, on a regular basis is an integral function of the Company's operations, and has therefore classified such activities as operating activities.

Cash Flows From Investing Activities

Cash flows from investing activities increased \$11.8 million to net cash inflows of \$7.9 million from net cash outflows of \$3.9 million in the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. The increase was primarily due to more cash received from the Company's retained interests in notes receivable sold, as the amount of these retained interests grew during the nine months ended December 31, 2002. The Company received \$14.6 million and \$3.6 million of cash from its retained interest in notes receivable sold during the nine months ended December 31, 2002 and nine months ended December 30, 2001, respectively.

Cash flows from investing activities increased \$5.4 million to net cash outflows of \$2.1 million from \$7.5 million in the year ended March 31, 2002 and the year ended April 1, 2001, respectively. The increase was primarily due to a

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\$4.7 million loan made to Napa Partners, LLC during the year ended April 1, 2001 that was collected by the Company in the year ended March 31, 2002 (see Note 5 of Notes to Consolidated Financial Statements). This increase was partially offset by a \$3.4 million increase in purchases of property and equipment.

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Cash Flows from Financing Activities

Cash flows from financing activities increased \$480,000 to net cash outflows of \$16.8 million from \$17.3 million in the nine months ended December 31, 2002 and the nine months ended December 30, 2001, respectively. The increase is due to an increase in proceeds from the exercise of employee and director stock options during the nine months ended December 31, 2002 as compared to the nine months ended December 30, 2001. Net cash outflows from the Company's other financing activities, primarily related to borrowings under and payments made on lines-of-credit facilities and other notes payable, were approximately the same during both the nine months ended December 31, 2002 and the nine months ended December 30, 2001.

Cash flows from financing activities decreased \$760,000 to net cash outflows of \$20.9 million from \$20.1 million in the year ended March 31, 2002 and the year ended April 1, 2001, respectively. The decrease is due to payments in excess of borrowings under acquisition and development line-of-credit facilities and notes payable of \$19.5 million as compared to \$18.0 million in the year ended March 31, 2002 and the year ended April 1, 2001, respectively. This decrease was partially offset by the fact that the Company did not repurchase any common stock in the year ended March 31, 2002 as compared to common stock repurchases of \$572,000 in the year ended April 1, 2001.

Liquidity and Capital Resources

The Company's capital resources are provided from both internal and external sources. The Company's primary capital resources from internal operations are: (i) cash sales, (ii) down payments on home site and timeshare sales which are financed, (iii) proceeds from the sale of, or borrowings collateralized by, notes receivable including cash received from the Company's retained interests in notes receivable sold, (iv) principal and interest payments on the purchase money mortgage loans and contracts for deed owned arising from sales of Timeshare Interests and home sites and (v) net cash generated from other resort services and golf operations. Historically, external sources of liquidity have included non-recourse sales of notes receivable, borrowings under secured and unsecured lines-of-credit, seller and bank financing of inventory acquisitions and the issuance of debt securities. The Company's capital resources are used to support the Company's operations, including (i) acquiring and developing inventory, (ii) providing financing for customer purchases, (iii) meeting operating expenses and (iv) satisfying the Company's debt, and other obligations. The Company anticipates that it will continue to require external sources of liquidity to support its operations, satisfy its debt and other obligations and to provide funds for future acquisitions.

Note Offering

On April 1, 1998, the Company consummated a Rule 144A private placement offering (the "Offering") of \$110.0 million in aggregate principal amount of 10.5% senior secured notes due April 1, 2008 (the "Notes"). The net proceeds of the Offering were approximately \$106.3 million. In the Offering, the Company initially sold the Notes to NatWest Capital Markets Limited and McDonald & Company Securities, Inc. (the "Initial Purchasers") in a private transaction

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exempt from the registration requirements of the Securities Act of 1933 by virtue of the exemption from registration contained in Section 4(2) thereof, and the Initial Purchasers resold the Notes in compliance with the exemption from registration contained in Rule 144A under the Securities Act. In the Purchase Agreement executed with the Initial Purchasers, the Initial Purchasers made investment representations which are customary for private placement transactions with institutional investors and agreed to comply with Rule 144A in connection with any resales. The Company subsequently exchanged the privately placed Notes for registered Notes. The net proceeds of the Offering were used to repay certain outstanding debt obligations of the Company and for working capital purposes (see Note 12 of Notes to Consolidated Financial Statements).

Credit Facilities for Bluegreen(R) Resorts' Receivables and Inventories

The Company maintains various credit and purchase facilities with financial institutions that provide for receivable financing for its timeshare projects.

The Company's ability to sell and/or borrow against its notes receivable from timeshare buyers is a critical factor in the Company's continued liquidity. The timeshare business involves making sales of a product pursuant to which a financed buyer is only required to pay 10% of the purchase in cash up front, yet selling, marketing and administrative expenses are primarily cash expenses and which, in the Company's case for the nine months ended December 31, 2002, approximated 64% of sales. Accordingly, having facilities for the sale and hypothecation of these timeshare receivables is a critical factor to the Company meeting its short and long-term cash needs.

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In June 2001, the Company executed agreements for a timeshare receivables purchase facility (the "Purchase Facility") with CSFB acting as the initial purchaser. In April 2002, ING acquired and assumed CSFB's rights, obligations and commitments as initial purchaser in the Purchase Facility by purchasing the outstanding principal balance under the facility of \$64.9 million from CSFB. In connection with its assumption of the Purchase Facility, ING expanded and extended the Purchase Facility's size and term. The Purchase Facility utilizes an owner's trust structure, pursuant to which the Company sells receivables to Bluegreen(R) Receivables Finance Corporation V, a wholly-owned, special purpose finance subsidiary of the Company (the "Subsidiary"), and the Subsidiary sells the receivables to an owners' trust without recourse to the Company or the Subsidiary except for breaches of customary representations and warranties at the time of sale. The Company did not enter into any guarantees in connection with the Purchase Facility. Pursuant to the agreements that constitute the Purchase Facility (collectively, the "Purchase Facility Agreements"), the Subsidiary could receive \$125.0 million of cumulative purchase price (as more fully described below) on sales of timeshare receivables to the owner's trust on a revolving basis, as the principal balance of receivables sold amortizes, in transactions through April 16, 2003 (subject to certain conditions as more fully described in the Purchase Facility Agreements). The Purchase Facility has detailed requirements with respect to the eligibility of receivables for purchase and fundings under the Purchase Facility are subject to certain conditions precedent. Under the Purchase Facility, a variable purchase price of 85.00% of the principal balance of the receivables sold, subject to certain terms and conditions, is paid at closing in cash. The balance of the purchase price will be deferred until such time as ING has received a specified return and all servicing, custodial, agent and similar fees and expenses have been paid. ING shall earn a return equal to the London Interbank Offered Rate ("LIBOR") plus 1.00%, subject to use of alternate return rates in certain circumstances. In addition, ING will receive a 0.25% facility fee during the

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term of the facility. The Purchase Facility also provides for the sale of land notes receivable, under modified terms.

The Company acts as servicer under the Purchase Facility for a fee. The Purchase Facility Agreements include various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type. ING's obligation to purchase under the Purchase Facility may terminate upon the occurrence of specified events. These specified events, some of which are subject to materiality qualifiers and cure periods, include, without limitation, (1) a breach by the Company of the representations or warranties in the Purchase Facility Agreements, (2) a failure by the Company to perform its covenants in the Purchase Facility Agreements, including, without limitation, a failure to pay principal or interest due to ING, (3) the commencement of a bankruptcy proceeding or the like with respect to the Company, (4) a material adverse change to the Company since December 31, 2001, (5) the amount borrowed under the Purchase Facility exceeding the borrowing base, (6) significant delinquencies or defaults on the receivables sold, (7) a payment default by the Company under any other borrowing arrangement of \$5 million or more (a "Significant Arrangement"), or an event of default under any indenture, facility or agreement that results in a default under any Significant Arrangement, (8) a default or breach under any other agreement beyond the applicable grace period if such default or breach (a) involves the failure to make a payment in excess of 5% of the Company's tangible net worth or (b) causes, or permits the holder of indebtedness to cause, an amount in excess of 5% of the Company's tangible net worth to become due, (9) the Company's tangible net worth not equaling at least \$110 million plus 50% of net income and 100% of the proceeds from new equity financing following the first closing under the Purchase Facility, (10) the ratio of the Company's debt to tangible net worth exceeding 6 to 1, or (11) the failure of the Company to perform its servicing obligations.

Through November 25, 2002, the Company sold \$145.7 million of aggregate principal balance of notes receivable under the Purchase Facility for a cumulative purchase price of \$123.9 million.

On December 13, 2002, IFM, an affiliate of ING, consummated a \$170.2 million private offering and sale of timeshare loan-backed securities on behalf of the Company (the "2002 Term Securitization"). The \$181.0 million in aggregate principal of timeshare receivables included in the 2002 Term Securitization included qualified receivables from three sources: 1) \$119.2 million in aggregate principal of receivables that were previously sold to ING under the Purchase Facility; 2) \$54.2 million in aggregate principal of receivables that were previously sold to GE and Barclays under a previous timeshare receivables purchase facility (the "GE/Barclays Facility"); and 3) \$7.6 million in aggregate principal of receivables that were previously hypothecated with GE under a timeshare receivables warehouse facility (the "GE Warehouse Facility"). The proceeds from the 2002 Term Securitization were used to pay ING, GE and Barclays all amounts outstanding under the Purchase Facility, the GE/Barclays Facility and the GE Warehouse Facility. The Company received net cash proceeds of \$2.1 million, Timeshare Interests with a carrying value of \$1.4 million, timeshare notes receivable with an estimated net realizable value of \$3.1 million and recorded a retained interest in the future cash flows from the 2002 Term Securitization of \$36.1 million. The Company also recognized a gain of \$4.7 million in connection with the 2002 Term Securitization.

As a result of the 2002 Term Securitization, the Subsidiary may sell additional notes receivable for a cumulative purchase price of up to \$75.0 million under the Purchase Facility, on a revolving basis, prior to April 16, 2003, at 85% of the principal balance, subject to the eligibility requirements

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and certain conditions precedent. On December 23, 2002, the Company sold \$22.1 million of aggregate principal balance of notes receivable under the Purchase Facility for a purchase price of \$18.7 million. On March 19, 2003, the Company sold \$28.7 million of aggregate principal balance of notes receivable under the Purchase Facility for a purchase price of \$24.4 million. As of March 24, 2003, the Subsidiary could sell an additional \$32.6 million under the Purchase Facility. The Company is currently negotiating an increase and extension of the Purchase Facility to \$125.0 million cumulative purchase price, on a revolving basis, through April 16, 2004. There can be no assurances that such an increase and extension will be obtained on attractive terms if at all.

In addition to the Purchase Facility, the Company is a party to a number of securitization transactions, all of which in the Company's opinion utilize customary structures and terms for transactions of this type. (The ING Purchase Facility discussed above is the only timeshare receivables purchase facility in which the Company currently has the ability to sell receivables, with the Company's ability to sell receivables under prior facilities having expired.) In each securitization, the Company sells receivables to a wholly-owned special purpose entity which, in turn, sells the receivables either directly to third parties or to a trust established for the transaction. In each transaction, the receivables are sold on a non-recourse basis (except for breaches of customary representations and warranties) and the special purpose entity has a retained interest in the receivables sold. The Company has acted as servicer of the receivables pools in each transaction for a fee, with the servicing obligations specified under the applicable transaction documents. Under the terms of the applicable securitization transaction, the cash payments received from obligors on the receivables sold are distributed to the investors (which, depending on the transaction, may acquire the receivables directly or purchase an interest in, or make loans secured by the receivables to, a trust that owns the receivables), parties providing services in connection with the facility, and the Company's special purpose subsidiary as the holder of the retained interest in the receivables according to one of two specified formulas. In general, available funds are applied monthly to pay fees to service providers, interest and principal payments to investors, and distributions in respect of the retained interest in the receivables. Pursuant to the terms of the transaction documents, however, to the extent the portfolio of receivables fails to satisfy specified performance criteria (as may occur due to an increase in default rates or loan loss severity) or there are other trigger events, the funds received from obligors are distributed on an accelerated basis to investors. In effect, during a period in which the accelerated payment formula is applicable, funds go to outside investors until they receive the full amount owed to them and only then are payments made to the Company's subsidiary in its capacity as the holder of the retained interest. Depending on the circumstances and the transaction, the application of the accelerated payment formula may be permanent or temporary until the trigger event is cured. If the accelerated payment formula were to become applicable, the cash flow on the retained interest in the receivables would be reduced until the outside investors were paid or the regular payment formula was resumed. Such a reduction in cash flow could cause a decline in the fair value of the Company's retained interest in the receivables sold. Declines in fair value that are determined to be other than temporary are charged to operations in the current period. In each facility, the failure of the pool of receivables to comply with specified portfolio covenants can create a trigger event, which results in the use of the accelerated payment formula (in certain circumstances until the trigger event is cured and in other circumstances permanently) and, to the extent there was any remaining commitment to purchase receivables from the Company's special purpose subsidiary, the suspension or termination of that commitment. In addition, in each securitization facility certain breaches by the Company of its obligations as servicer or other events allow the investor to cause the servicing to be transferred to a substitute third party servicer. In that case, the Company's obligation to service the receivables would terminate and it would cease to receive a servicing fee.

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The Company is seeking new timeshare receivable purchase facilities to replace expiring facilities. As indicated above, the Purchase Facility will expire on April 16, 2003. The Company is currently discussing terms for a potential new timeshare receivable purchase facility with an unaffiliated financial institution and is negotiating an extension and increase to the Purchase Facility. Factors which could adversely impact the Company's ability to obtain new or additional timeshare receivable purchase facilities include, but are not limited to, a downturn in general economic conditions; negative trends in the commercial paper or LIBOR markets; increases in interest rates; a decrease in the number of financial institutions willing to engage in such facilities in the timeshare area; a deterioration in the performance of the Company's timeshare notes receivable or in the performance of portfolios sold in prior transactions, specifically increased delinquency, default and loss severity rates; and a deterioration in the Company's performance generally. There can be no assurances that the Company will obtain a new purchase facility to replace the Purchase Facility when it is completed or expires. As indicated above, the Company's inability to sell timeshare receivables under a current or future facility could have a material adverse impact on the Company's liquidity and operations.

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In February 2003, the Company entered into a \$50.0 million revolving timeshare receivables credit facility (the "GMAC Receivables Facility") with Residential Funding Corporation ("RFC"), an affiliate of General Motors Acceptance Corporation. The borrowing period on the GMAC Receivables Facility expires on March 10, 2005, and outstanding borrowings mature no later than March 10, 2012. The GMAC Receivables Facility has detailed requirements with respect to the eligibility of receivables for inclusion and other conditions to funding. The borrowing base under the GMAC Receivables Facility is 90% of the outstanding principal balance of eligible notes arising from the sale of Timeshare Interests. The GMAC Receivables Facility includes affirmative, negative and financial covenants and events of default. All principal and interest payments received on pledged receivables are applied to principal and interest due under the GMAC Receivables Facility. Indebtedness under the facility will bear interest at LIBOR plus 4%. The Company was required to pay an upfront loan fee of \$375,000 in connection with the GMAC Receivables Facility. On March 10, 2003, the Company pledged \$10.3 million in aggregate principal balance of timeshare receivables under the GMAC Receivables Facility and received \$9.3 million in cash borrowings.

RFC has also provided the Company with a \$15.0 million acquisition, development and construction revolving credit facility for Bluegreen(R) Resorts (the "GMAC AD&C Facility"). The borrowing period on the GMAC AD&C Facility expires on February 10, 2005 and outstanding borrowings mature no later than February 10, 2009. Principal will be repaid through agreed-upon release prices as Timeshare Interests are sold at the financed resort, subject to minimum required amortization. Indebtedness under the facility will bear interest at LIBOR plus 4.75%. Interest payments are due monthly. The Company was required to pay an upfront loan fee of \$112,500 in connection with the GMAC AD&C Facility. As of March 24, 2003, the Company had not borrowed under the GMAC AD&C Facility.

GE has provided the Company with a \$28.0 million acquisition and development facility for its timeshare inventories (the "GE A&D Facility"). The borrowing period on the GE A&D Facility has expired and outstanding borrowings mature no later than January 2006. Principal will be repaid through agreed-upon release prices as Timeshare Interests are sold at the financed resort, subject to minimum required amortization. The indebtedness under the facility bears interest at LIBOR plus 3%. On September 14, 1999, the Company borrowed approximately \$14.0 million under the GE A&D facility. This borrowing was

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collateralized by the Company's Lodge Alley Inn(TM) resort and has since been paid in full. On December 20, 1999, the Company borrowed approximately \$13.9 million under the acquisition and development facility. The principal of this loan must be repaid by January 1, 2006, through agreed-upon release prices as Timeshare Interests in phase two of the Company's Shore Crest(TM) resort are sold, subject to minimum required amortization. The outstanding balance under the GE A&D Facility at December 31, 2002 was \$1.2 million, which was completely repaid by March 24, 2003. The Company is currently negotiating a new acquisition and development credit facility with GE. There can be no assurances that the Company's negotiations will be successful.

On April 8, 2002, the Company entered into a \$9.8 million, acquisition and development line-of-credit with Marshall, Miller and Schroeder Investments Corporation ("MM&S"). Borrowings under the line are collateralized by Timeshare Interests in the Company's Solara Surfside(TM) resort in Surfside, Florida (near Miami Beach). Borrowings occur as MM&S directly pays third-party contractors, vendors and suppliers who have been engaged by the Company to perform renovation work on Solara Surfside. The final draw on the loan was released after the completion of all renovation work, in December 2002. Principal is repaid through agreed-upon release prices as Timeshare Interests in Solara Surfside are sold, subject to minimum required amortization. The indebtedness under the facility bears interest at the prime lending rate plus 1.25%, subject to a minimum interest rate of 7.50%, and all amounts borrowed are due no later than April 1, 2004. As of December 31, 2002, \$1.5 million was outstanding under the MM&S line-of-credit. As of March 24, 2003, approximately \$55,000 was outstanding under the MM&S line-of-credit.

Under an existing, \$30.0 million revolving credit facility with Foothill Capital Corporation ("Foothill") primarily for the use of borrowing against Bluegreen Communities receivables, the Company can use up to \$10.0 million of the facility for the pledge of timeshare receivables. During the nine months ended December 31, 2002, the Company borrowed \$1.7 million under this facility by pledging approximately \$1.9 million in aggregate principal of timeshare receivables at a 90% advance rate. See the next paragraph for further details on this facility.

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Credit Facilities for Bluegreen(R) Communities' Receivables and Inventories

The Company has a \$30.0 million revolving credit facility with Foothill for the pledge of Bluegreen Communities' receivables, with up to \$10.0 million of the total facility available for Bluegreen Communities' inventory borrowings and up to \$10.0 million of the total facility available for the pledge of Bluegreen Resorts' receivables. The interest rate charged on outstanding borrowings ranges from the prime interest rate plus 0.5% to 1.0%, with 7.0% being the minimum interest rate. At December 31, 2002, the outstanding principal balance under this facility was approximately \$5.0 million, \$1.4 million of which related to Bluegreen Resorts' receivables borrowings, as discussed above, and \$3.6 million of which related to Bluegreen Communities' receivables borrowings. All principal and interest payments received on pledged receivables are applied to principal and interest due under the facility. In March 2003, Foothill extended the Company's ability to borrow under the facility through December 31, 2005, and extended the maturity date to December 31, 2007.

On September 25, 2002, certain direct and indirect wholly-owned subsidiaries of the Company entered into a \$50 million revolving credit facility (the "GMAC Communities Facility") with RFC. The Company is the guarantor on the GMAC Communities Facility. The GMAC Communities Facility is secured by the real property home sites (and personal property related thereto) at the following

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Bluegreen Communities projects of the Company, as well as any Bluegreen Communities projects acquired by the Company with funds borrowed under the GMAC Communities Facility (the "Secured Projects"): Brickshire(TM) (New Kent County, Virginia); Mountain Lakes Ranch(TM) (Bluffdale, Texas); Ridge Lake Shores(TM) (Magnolia, Texas); Riverwood Forest(TM) (Fulshear, Texas); Waterstone(TM) (Boerne, Texas) and Yellowstone Creek Ranch(TM) (Pueblo, Colorado). In addition, the GMAC Communities Facility is secured by the Company's Carolina National(TM) and The Preserve at Jordan Lake(TM) golf courses in Southport, North Carolina and Chapel Hill, North Carolina, respectively. Borrowings under the GMAC Communities Facility can be drawn through September 25, 2004. Principal payments are effected through agreed-upon release prices paid to RFC as home sites in the Secured Projects are sold. The outstanding principal balance of any borrowings under the GMAC Communities Facility must be repaid by September 25, 2006. The interest charged on outstanding borrowings is at the prime lending rate plus 1.00% and will be payable monthly. The Company is required to pay an annual commitment fee equal to 0.33% of the \$50 million GMAC Communities Facility amount. The GMAC Communities Facility includes customary conditions to funding, acceleration and event of default provisions and certain financial affirmative and negative covenants. On September 25, 2002, the Company borrowed \$11 million under the GMAC Communities Facility and received cash proceeds of approximately \$9 million. The \$2 million deducted from the cash proceeds related to the repayment of existing debt on the Secured Projects of approximately \$1.5 million and debt issuance costs totaling \$500,000 including the first annual commitment fee, as described above. The Company uses the proceeds from the GMAC Communities Facility to repay outstanding indebtedness on Bluegreen Communities projects, finance the acquisition and development of Bluegreen Communities projects and for general corporate purposes. As of December 31, 2002, there was \$7.5 million outstanding under the GMAC Communities Facility.

The Company is currently negotiating with an unaffiliated financial institution and has received a term sheet regarding a \$10 million, revolving line-of-credit that would be collateralized by Bluegreen Communities' receivables. There can be no assurances that this line-of-credit will be obtained on attractive terms or at all.

Over the past several years, the Company has received approximately 90% to 99% of its home site sales proceeds in cash. Accordingly, in recent years the Company has reduced the borrowing capacity under credit agreements secured by Bluegreen Communities' receivables. The Company attributes the significant volume of cash sales to an increased willingness on the part of banks to extend direct customer home site financing. No assurances can be given that local banks will continue to provide such customer financing.

Historically, the Company has funded development for road and utility construction, amenities, surveys and engineering fees from internal operations and has financed the acquisition of Bluegreen Communities properties through seller, bank or financial institution loans. Terms for repayment under these loans typically call for interest to be paid monthly and principal to be repaid through home site releases. The release price is usually defined as a pre-determined percentage of the gross selling price (typically 25% to 55%) of the home sites in the subdivision. In addition, the agreements generally call for minimum cumulative annual amortization. When the Company provides financing for its customers (and therefore the release price is not available in cash at closing to repay the lender), it is required to pay the creditor with cash derived from other operating activities, principally from cash sales or the pledge of receivables originated from earlier property sales.

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The Company has a \$12.5 million unsecured line-of-credit with Wachovia Bank, N.A. Amounts borrowed under the line bear interest at LIBOR plus 2%. Interest is due monthly and all principal amounts are due on December 31, 2003. The Company is only allowed to borrow under the line-of-credit in amounts less than the remaining availability under its current, active timeshare receivables purchase facility plus availability under certain receivable warehouse facilities, less any outstanding letters of credit. The line-of-credit agreement contains certain covenants and conditions typical of arrangements of this type. As of December 31, 2002, there was no amount outstanding under the line, nor have there been any borrowings under the line through March 24, 2003. This line-of-credit is an important source of short-term liquidity for the Company.

Summary

The Company requires external sources of liquidity in order to support its operations and satisfy its debt and other obligations. The Company's level of debt and debt service requirements have several important effects on its operations, including the following: (i) the Company has significant cash requirements to service debt, reducing funds available for operations and future business opportunities and increasing the Company's vulnerability to adverse economic and industry conditions; (ii) the Company's leveraged position increases its vulnerability to competitive pressures; (iii) the financial covenants and other restrictions contained in the indentures, the credit agreements and other agreements relating to the Company's indebtedness require the Company to meet certain financial tests and restrict its ability to, among other things, borrow additional funds, dispose of assets, make investments or pay cash dividends on, or repurchase, preferred or common stock; and (iv) funds available for working capital, capital expenditures, acquisitions and general corporate purposes may be limited. Certain of the Company's competitors operate on a less leveraged basis and have greater operating and financial flexibility than the Company.

The Company intends to continue to pursue a growth-oriented strategy, particularly with respect to its Bluegreen(R) Resorts business segment. In connection with this strategy, the Company may from time to time acquire, among other things, additional resort properties and completed but unsold Timeshare Interests; land upon which additional resorts may be built; management contracts; loan portfolios of Timeshare Interest mortgages; portfolios which include properties or assets which may be integrated into the Company's operations; interests in joint ventures; and operating companies providing or possessing management, sales, marketing, development, administration and/or other expertise with respect to the Company's operations in the timeshare industry. In addition, the Company intends to continue to focus Bluegreen Communities on larger, more capital intensive projects particularly in those regions where the Company believes the market for its products is strongest, such as new golf communities in the Southeast and other areas and continued growth in the Company's successful regions in Texas.

The Company's material commitments for capital resources as of December 31, 2002, included the required payments due on its receivable-backed debt, lines of credit and other notes and debentures payable, commitments to complete its timeshare and communities projects based on its sales contracts with customers and commitments under noncancelable operating leases.

The following table summarizes the contractual minimum principal payments required on all of the Company's outstanding debt (including its receivable-backed debt, lines-of-credit and other notes and debentures payable)

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and its noncancelable operating leases as of December 31, 2002 by period due (in thousands):

Contractual Obligations	Payments Due By Period				
	Total	Less than 1 year	1 - 3 Years	4 - 5 Years	A
Receivable-backed notes payable	\$ 5,360	\$ --	\$ 4,989	\$ --	\$
Lines-of-credit and notes payable	34,409	5,604	20,188	8,059	
10.50% senior secured notes payable	110,000	--	--	--	1
8.25% convertible subordinated debentures	34,371	--	6,371	8,000	
Noncancelable operating leases	15,101	3,444	4,625	2,436	
Total contractual obligations	\$199,241	\$ 9,048	\$ 36,173	\$ 18,495	\$1

The Company intends to use cash flow from operations, including cash received from the sale of timeshare notes receivable, and cash received from new borrowings under existing or future debt facilities in order to satisfy the above principal payments. While the Company believes that it will be able to meet all required debt payments when due, there can be no assurances that this will be the case.

The Company estimates that the total cash required to complete resort buildings in which sales have occurred and resort amenities and other common costs in projects in which sales have occurred is approximately \$6.2 million as of December 31, 2002. The Company estimates that the total cash required to complete its Bluegreen(R) Communities projects in which sales have occurred is approximately \$28.7 million as of December 31, 2002. These amounts assume that the Company is not obligated to develop any building, project or amenity in which a commitment has not been made through a sales contract to a customer; the Company anticipates that it will incur such obligations in the future. The Company plans to fund these expenditures over the next five years primarily with available capacity on existing or proposed credit facilities and cash generated from operations. There can be no assurances that the Company will be able to obtain the financing or generate the cash from operations necessary to complete the foregoing plans or that actual costs will not exceed those estimated.

The Company believes that its existing cash, anticipated cash generated from operations, anticipated future permitted borrowings under existing or proposed credit facilities and anticipated future sales of notes receivable under the Purchase Facility and one or more replacement facilities the Company will seek to put in place will be sufficient to meet the Company's anticipated working capital, capital expenditure and debt service requirements for the foreseeable future. The Company will be required to renew or replace credit facilities that have expired or that will expire during the next 26 months. The Company will also be required to renew or replace its existing timeshare receivables purchase facility on or before April 16, 2003. The Company will, in the future, also require additional credit facilities or issuances of other corporate debt or equity securities in connection with acquisitions or otherwise. Any debt incurred or issued by the Company may be secured or

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unsecured, bear fixed or variable rate interest and may be subject to such terms as the lender may require and management deems prudent. There can be no assurances that the credit facilities or receivables purchase facilities which have expired or which are scheduled to expire in the near term will be renewed or replaced or that sufficient funds will be available from operations or under existing, proposed or future revolving credit or other borrowing arrangements or receivables purchase facilities to meet the Company's cash needs, including, without limitation, its debt service obligations. To the extent the Company was not able to sell notes receivable or borrow under such facilities, the Company's ability to satisfy its obligations would be materially adversely affected.

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The Company has a large number of credit facilities, indentures, other outstanding debt instruments, and receivables purchase facilities which include customary conditions to funding, eligibility requirements for collateral, cross-default and other acceleration provisions, certain financial and other affirmative and negative covenants, including, among others, limits on the incurrence of indebtedness, limits on the repurchase of securities, payment of dividends, investments in joint ventures and other restricted payments, the incurrence of liens, transactions with affiliates, covenants concerning net worth, fixed charge coverage requirements, debt-to-equity ratios, portfolio performance requirements and events of default or termination. No assurances can be given that such covenants will not limit the Company's ability to raise funds, sell receivables, satisfy or refinance its obligations or otherwise adversely affect the Company's operations. In addition, the Company's future operating performance and ability to meet its financial obligations will be subject to future economic conditions and to financial, business and other factors, many of which will be beyond the Company's control.

The Company's ability to service or to refinance its indebtedness or to obtain additional financing (including its ability to consummate future notes receivable securitizations) depends, among other things, on its future performance, which is subject to a number of factors, including the Company's business, results of operations, leverage, financial condition and business prospects, the performance of its receivables, prevailing interest rates, general economic conditions and perceptions about the residential land and timeshare industries, some of which are beyond the Company's control. If the Company's cash flow and capital resources are insufficient to fund its debt service obligations and support its operations, the Company, among other consequences, may be forced to reduce or delay planned capital expenditures, reduce its financing of sales, sell assets, obtain additional equity capital or refinance or restructure its debt. The Company cannot provide any assurance that it will be able to obtain sufficient external sources of liquidity on attractive terms, or at all. In addition, many of the Company's obligations under our debt arrangements contain cross-default or cross-acceleration provisions. As a result, if the Company defaults under one debt arrangement, other lenders might be able to declare amounts due under their arrangements, which would have a material adverse effect on the Company's business.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Foreign Currency Risk

The Company's total revenues and net assets denominated in a currency other than U.S. dollars during the nine months ended December 31, 2002 were less than 1% of consolidated revenues and consolidated assets, respectively. Sales generated and long-term debt incurred to date by BPNV, the Company's subsidiary in Aruba, are transacted in U.S. dollars. The effects of changes in foreign currency exchange rates have not historically been significant to the Company's

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operations or net assets.

Interest Rate Risk

The Company sold \$125.6 million, \$100.9 million and \$77.8 million of fixed-rate timeshare notes receivable during the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, respectively, under the Purchase Facility, the 2002 Term Securitization and previous timeshare receivable purchase facilities (see "Credit Facilities for Bluegreen(R) Resorts' Receivables and Inventories" and Note 5 of Notes to Consolidated Financial Statements). The gain on sale recognized by the Company is generally based upon variable interest rates at the time of sale including the prevailing weighted-average term treasury rate, commercial paper rates or LIBOR rates (depending on the purchase facility in effect) and many other factors including, but not limited to the weighted-average coupon rate and remaining contractual life of the loans sold, and assumptions regarding the constant prepayment rate, loss severity, annual default and discount rates. The Company also retains residual interests in pools of fixed and variable rate Bluegreen Communities notes receivable sold in private placement REMIC transactions. The Company believes that it has used conservative assumptions in valuing the residual interests retained in the timeshare and land notes sold through the Purchase Facility and REMIC transactions, respectively, and that such assumptions should mitigate the impact of a hypothetical one-percentage point interest rate change on these valuations. There can be no assurances that the assumptions will prove to be correct.

As of December 31, 2002, the Company had fixed interest rate debt of approximately \$149.6 million and floating interest rate debt of approximately \$34.6 million. In addition, the Company's notes receivable from timeshare and home site customers were comprised of \$54.1 million of fixed rate loans and \$6.1 million of notes bearing floating interest rates. The floating interest rates are based either upon the prevailing prime or three-month LIBOR interest rates. For floating rate financial instruments, interest rate changes do not generally affect the market

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value of debt but do impact future earnings and cash flows, assuming other factors are held constant. Conversely, for fixed rate financial instruments, interest rate changes do affect the market value of debt but do not impact earnings or cash flows.

A hypothetical one-percentage point increase in the prevailing prime or LIBOR rates, as applicable, would decrease after-tax earnings of the Company by an immaterial amount per year, based on the impact of increased interest expense on variable rate debt, partially offset by the increased interest income on variable rate Bluegreen Communities notes receivable and cash and cash equivalents. A similar change in the interest rate would decrease the total fair value of the Company's fixed rate debt, excluding the Company's 8.25% convertible, subordinated debentures (the "Debentures") and the Notes, by an immaterial amount. The fact that the Debentures are publicly traded and convertible into the Company's common stock makes it impractical to estimate the effect of the hypothetical change in interest rates on the fair value of the Debentures. In addition, the fact that the Notes (see "Note Offering") are publicly traded in the over-the-counter market makes it impractical to estimate the effect of the hypothetical change in interest rates on the fair value of the Notes. Due to the non-interest related factors involved in determining the fair value of these publicly traded securities, their fair values have historically demonstrated increased, decreased or at times contrary relationships to changes in interest rates as compared to other types of fixed-rate debt securities.

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These analyses do not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of such a change, management may likely take actions to mitigate its exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in the Company's financial structure.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

BLUEGREEN(R) CORPORATION

CONSOLIDATED BALANCE SHEETS (in thousands, except per share data)

	December 2002 ----
ASSETS	
Cash and cash equivalents (including restricted cash of approximately \$20.6 million and \$27.7 million at December 31, 2002 and March 31, 2002, respectively)	\$ 46,905
Contracts receivable, net	16,230
Notes receivable, net	61,795
Prepaid expenses	11,630
Inventory, net	173,131
Retained interests in notes receivable sold	44,228
Property and equipment, net	51,787
Intangible assets	10,838
Goodwill	2,431
Other assets	15,017

Total assets	\$ 433,992 =====
LIABILITIES AND SHAREHOLDERS' EQUITY	
Liabilities	
Accounts payable	\$ 5,878
Accrued liabilities and other	31,537
Deferred income	19,704
Deferred income taxes	31,208
Receivable-backed notes payable	5,360
Lines-of-credit and notes payable	34,409
10.50% senior secured notes payable	110,000
8.00% convertible subordinated notes payable to related parties	--
8.25% convertible subordinated debentures	34,371

Total liabilities	272,467
Minority interest	3,242
Commitments and contingencies	
Shareholders' Equity	
Preferred stock, \$.01 par value, 1,000 shares authorized; none issued	--

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Common stock, \$.01 par value, 90,000 shares authorized; 27,343 and 27,059 shares issued at December 31, 2002 and March 31, 2002, respectively	273
Additional paid-in capital	123,535
Treasury stock, 2,756 common shares at both December 31, 2002 and March 31, 2002, at cost	(12,885)
Accumulated other comprehensive income, net of income taxes	460
Retained earnings	46,900
Total shareholders' equity	158,283
Total liabilities and shareholders' equity	\$ 433,992

See accompanying notes to consolidated financial statements.

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BLUEGREEN(R) CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Nine Months Ended		Year Ended	
	December 31, 2002	December 30, 2001	March 31, 2002	A
Revenues:		(Unaudited)		
Sales	\$ 222,655	\$ 184,703	\$ 240,628	\$
Other resort and golf operations	27,048	19,184	25,470	
Interest income	12,235	11,855	15,447	
Gain on sales of notes receivable	10,035	4,214	6,280	
	271,973	219,956	287,825	
Cost and expenses:				
Cost of sales	77,923	64,133	86,525	
Cost of other resort and golf operations	26,895	17,844	23,544	
Selling, general and administrative expenses	128,308	106,345	140,244	
Interest expense	9,824	10,129	13,017	
Provision for loan losses	2,832	3,683	4,851	
Other expense	1,520	277	162	
	247,302	202,411	268,343	
Income before provision for income taxes and minority interest	24,671	17,545	19,482	
Provision for income taxes	8,793	6,755	7,501	
Minority interest in income (loss) of consolidated subsidiary	502	107	249	
Income before cumulative effect of change in accounting principle	15,376	10,683	11,732	
Cumulative effect of change in accounting principle, net of income taxes (see Note 1)	(5,929)	--	--	
Minority interest in cumulative effect of change in accounting principle, net of income taxes ...	(350)	--	--	

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Net income	\$ 9,797	\$ 10,683	\$ 11,732	\$
	=====	=====	=====	=====
Earnings per common share:				
Basic:				
Income before cumulative effect of change in accounting principle	\$.63	\$.44	\$.48	\$
Cumulative effect of change in accounting principle, net of income taxes and minority interest	(.23)	--	--	--
	-----	-----	-----	-----
Net income	\$.40	\$.44	\$.48	\$
	=====	=====	=====	=====
Diluted:				
Income before cumulative effect of change in accounting principle	\$.58	\$.41	\$.46	\$
Cumulative effect of change in accounting principle, net of income taxes and minority interest	(.19)	--	--	--
	-----	-----	-----	-----
Net income	\$.39	\$.41	\$.46	\$
	=====	=====	=====	=====
Pro forma effects of retroactive application of change in accounting principle:				
Net income		\$ 7,571	\$ 7,484	\$
		=====	=====	=====
Basic earnings per share		\$.31	\$.31	\$
		=====	=====	=====
Diluted earnings per share		\$.30	\$.31	\$
		=====	=====	=====
Weighted-average number of common and common equivalent shares:				
Basic	24,472	24,240	24,256	--
	=====	=====	=====	=====
Diluted	28,783	29,968	29,993	--
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

BLUEGREEN(R) CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Shares Issued -----	Common Stock -----	Additional Paid-in Capital -----	Treasury Stock at Cost -----	Accu Compr Incom Inco -----
Balance at April 3, 2000	26,935	\$ 269	\$ 122,533	\$ (12,313)	\$

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Net income	--	--	--	--	--
Net unrealized gains on retained interests in notes receivable sold, net of income taxes	--	--	--	--	--
Comprehensive income					
Shares issued to employees and directors upon exercise of stock options	11	--	28	--	--
Income tax benefit from stock options exercised	--	--	3	--	--
Shares repurchased for treasury stock	--	--	--	(572)	--
	-----	-----	-----	-----	-----
Balance at April 1, 2001	26,946	269	122,564	(12,885)	--
Net income	--	--	--	--	--
Net unrealized gains on retained interests in notes receivable sold, net of income taxes	--	--	--	--	--
Comprehensive income					
Shares issued to employees and directors upon exercise of stock options	113	2	154	--	--
Income tax benefit from stock options exercised	--	--	16	--	--
	-----	-----	-----	-----	-----
Balance at March 31, 2002	27,059	271	122,734	(12,885)	--
Net income	--	--	--	--	--
Realization of net unrealized gains on retained interests in notes receivable sold, net of income taxes	--	--	--	--	--
Comprehensive income					
Shares issued to employees and directors upon exercise of stock options	284	2	681	--	--
Income tax benefit from stock options exercised	--	--	120	--	--
	-----	-----	-----	-----	-----
Balance at December 31, 2002	27,343	\$ 273	\$ 123,535	\$ (12,885)	\$ --
	=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

BLUEGREEN(R) CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Nine Months Ended			Y
December 31, 2002	December 30, 2001	March 2002	

(Unaudited)			

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Operating activities:			
Net income	\$ 9,797	\$ 10,683	\$ 11,730
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of change in accounting principle, net .	5,929	--	--
Minority interest in income (loss) of consolidated subsidiary	152	107	24
Depreciation	4,597	3,857	5,280
Amortization	5,741	2,225	3,000
Amortization of discount on note payable	40	310	37
Gain on sale of notes receivable	(10,035)	(4,214)	(6,280)
Loss on sale of property and equipment	218	127	160
Gain on exchange of REMIC certificates	(409)	--	--
Provision for loan losses	2,832	3,683	4,850
Provision for deferred income taxes	4,127	6,755	7,890
Interest accretion on investments in securities	(4,417)	(2,615)	(3,750)
Proceeds from sale of notes receivable	72,418	58,158	85,970
Proceeds from borrowings collateralized by notes receivable	2,746	22,734	23,160
Payments on borrowings collateralized by notes receivable	(11,681)	(15,227)	(16,600)
Changes in operating assets and liabilities, net of the effects of business acquisitions:			
Contracts receivable	5,655	6,681	(3,310)
Notes receivable	(99,868)	(76,520)	(97,790)
Prepaid expenses	322	1,576	95
Inventory	22,378	3,958	13,540
Other assets	(4,462)	(4,597)	(4,420)
Accounts payable, accrued liabilities and other	957	1,941	6,620
Net cash provided by operating activities	7,037	19,622	31,650
Investing activities:			
Cash received from retained interests in notes receivable sold	14,555	3,552	7,850
Investment in note receivable	--	(1,685)	(1,680)
Principal payments received on investment in note receivable	--	4,643	4,640
Business and minority interest acquisitions	(2,292)	--	--
Purchases of property and equipment	(4,379)	(10,446)	(12,940)
Proceeds from sales of property and equipment	48	34	40
Net cash provided (used) by investing activities	7,932	(3,902)	(2,080)
Financing activities:			
Proceeds from borrowings under line-of-credit facilities and notes payable	18,696	46,548	59,870
Payments under line-of-credit facilities and notes payable	(27,470)	(62,478)	(79,320)
Payment of 8% convertible, subordinated notes payable to related parties	(6,000)	--	--
Payment of debt issuance costs	(2,688)	(1,485)	(1,560)
Proceeds from exercise of employee and director stock options	683	156	150
Payments for treasury stock	--	--	--
Net cash used by financing activities	(16,779)	(17,259)	(20,860)
Net increase (decrease) in cash and cash equivalents	(1,810)	(1,539)	8,690
Cash and cash equivalents at beginning of period	48,715	40,016	40,010

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Cash and cash equivalents at end of period	46,905	38,477	48,711
Restricted cash and cash equivalents at end of period	(20,551)	(24,456)	(27,660)
	-----	-----	-----
Unrestricted cash and cash equivalents at end of period	\$ 26,354	\$ 14,021	\$ 21,041
	=====	=====	=====

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BLUEGREEN(R) CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS--(Continued)
(in thousands)

	Nine Months Ended		
	December 31, 2002	December 30, 2001	Ma

	(Unaudited)		
Supplemental schedule of non-cash operating, investing and financing activities			
Inventory acquired through foreclosure or deedback in lieu of foreclosure	\$ 3,951	\$ 4,349	\$
	=====	=====	=====
Inventory acquired through financing	\$ 2,336	\$ --	\$
	=====	=====	=====
Contribution of timeshare inventory (raw land) by minority interest	\$ --	\$ --	\$
	=====	=====	=====
Exchange of REMIC certificates for notes receivable and inventory in connection with termination of REMIC ...	\$ 2,047	\$ --	\$
	=====	=====	=====
Property and equipment acquired through financing	\$ 545	\$ 353	\$
	=====	=====	=====
Retained interests in notes receivable sold	\$ 18,085	\$ 13,694	\$
	=====	=====	=====
Net change in unrealized gains on investments	\$ 2,997	\$ --	\$
	=====	=====	=====
Supplemental schedule of operating cash flow information			
Interest paid, net of amounts capitalized	\$ (13,455)	\$ (13,676)	\$ (
	=====	=====	=====
Income taxes refunded (paid)	\$ (745)	\$ 2,261	\$
	=====	=====	=====

See accompanying notes to consolidated financial statements.

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BLUEGREEN(R) CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. Significant Accounting Policies

Organization

Bluegreen Corporation (the "Company") is a leading marketer of vacation and residential lifestyle choices through its resort and residential land and golf communities businesses, which are located predominantly in the Southeastern, Southwestern and Midwestern United States. The Company's resort business ("Bluegreen Resorts") acquires, develops and markets Timeshare Interests in resorts generally located in popular, high-volume, "drive-to" vacation destinations. "Timeshare Interests" are of two types: one which entitles the buyer of the points-based Bluegreen Vacation Club(R) (the "Club") product to an annual allotment of "points" in perpetuity (supported by an underlying deeded fixed timeshare week being held in trust for the buyer) and the second which entitles the fixed-week buyer to a fully-furnished vacation residence for an annual one-week period in perpetuity. "Points" may be exchanged by the buyer in various increments for lodging for varying lengths of time in fully-furnished vacation residences at the Company's participating resorts. The Company currently develops, markets and sells Timeshare Interests in 13 resorts located in the United States and Aruba. The Company also markets and sells Timeshare Interests in its resorts at four off-site sales locations. The Company's residential land and golf communities business ("Bluegreen Communities") acquires, develops and subdivides property and markets the subdivided residential home sites to retail customers seeking to build a home in a high quality residential setting, in some cases on properties featuring a golf course and related amenities. During the nine months ended December 31, 2002, sales generated by Bluegreen Resorts and Bluegreen Communities comprised approximately 65% and 35%, respectively, of the Company's total sales. The Company's other resort and golf operations revenues are generated from mini-vacation package sales, timeshare tour sales, resort property management services, resort title services, resort amenity operations, hotel operations and daily-fee golf course operations. The Company also generates significant interest income by providing financing to individual purchasers of Timeshare Interests and, to a nominal extent, home sites sold by Bluegreen Communities.

Principles of Consolidation

The consolidated financial statements include the accounts of Bluegreen Corporation, all of its wholly-owned subsidiaries and entities in which the Company holds a controlling financial interest. The only non-wholly owned subsidiary, Bluegreen/Big Cedar Vacations(TM) LLC (the "Joint Venture"), is consolidated as the Company holds a 51% equity interest in the Joint Venture, has an active role as the day-to-day manager of the Joint Venture's activities and has majority voting control of the Joint Venture's management committee. All significant intercompany balances and transactions are eliminated.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Fiscal Year

On October 14, 2002, the Company's Board of Directors approved a change in the Company's fiscal year from a 52- or 53-week period ending on the Sunday nearest the last day of March in each year to the calendar year ending on December 31, effective for the nine months ended December 31, 2002.

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The years ended March 31, 2002 and April 1, 2001 were each 52 weeks long.

Information for the nine months ended December 30, 2001, presented throughout these consolidated financial statements, including in the notes thereto, is unaudited.

Cash and Cash Equivalents

The Company invests cash in excess of immediate operating requirements in short-term time deposits and money market instruments generally with original maturities of three months or less. The Company maintains cash and cash

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equivalents with various financial institutions. These financial institutions are located throughout the United States, Canada and Aruba. The Company's policy is designed to limit exposure to any one institution. However, a significant portion of the Company's unrestricted cash is maintained with a single bank and, accordingly, the Company is subject to credit risk. Periodic evaluations of the relative credit standing of financial institutions maintaining Company deposits are performed to evaluate and mitigate, if necessary, credit risk.

Restricted cash consists of funds collected as servicer of notes receivable owned by other parties and customer deposits held in escrow accounts. As of December 31, 2002 and March 31, 2002, the Company held \$12.4 million and \$19.2 million, respectively, of funds collected as servicer of notes receivable owned by or pledged to other parties, primarily notes receivable previously sold to these other parties by the Company. All such funds are held in separate custodial bank accounts. In the case of notes receivable previously sold, funds collected and held in these accounts are periodically transferred to third-party cash administrators, who in turn make payments to the owners of the notes receivable and to the Company for servicing fees and payments on any retained interests in the notes receivable sold. The Company has recorded a corresponding liability, which is included in accrued liabilities on the consolidated balance sheet, for its restricted cash held in connection with its servicing activities for previously sold notes receivable. In the case of notes receivable previously pledged, funds collected and held in these accounts are periodically transferred to the lenders as payment on the Company's receivable-backed notes payable

Contracts Receivable and Revenue Recognition

In accordance with the requirements of Statement of Financial Accounting Standards ("SFAS") No. 66 "Accounting for Sales of Real Estate", the Company recognizes revenue on retail land sales and sales of Timeshare Interests when a minimum of 10% of the sales price has been received in cash, the legal rescission period has expired, collectibility of the receivable representing the remainder of the sales price is reasonably assured and the Company has completed substantially all of its obligations with respect to any development related to the real estate sold. In cases where all development has not been completed, the Company recognizes revenue in accordance with the percentage-of-completion method of accounting.

Sales which do not meet the criteria for revenue recognition described above are deferred using the deposit method. Under the deposit method, cash received from customers is classified as a refundable deposit in the liability section of the consolidated balance sheets and profit recognition is deferred until the requirements of SFAS No. 66 are met.

Contracts receivable is net of an allowance for cancellations of Bluegreen(R) Communities' sale contracts amounting to approximately \$286,000 and

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\$469,000 at December 31, 2002 and March 31, 2002, respectively.

Other resort and golf operations revenues consist primarily of sales and service fees from the activities listed below together with a brief description of the applicable revenue recognition policy:

Activity -----	Revenue is recognized as: -----
Mini-vacation package sales	Mini-vacation packages are fulfilled (i.e., guests complete stays at a hotel, etc.)
Timeshare tour sales	Timeshare tour sales commissions are earned upon completion of the tour.
Resort title fees	Escrow amounts are released and title documents are recorded.
Club and other resort management fees	Management services are performed.
Rental commissions	Rental services are provided.
Rental of Company-owned Timeshare Interests	Guests complete stays at the resorts.
Golf course and ski hill daily fees	Services are provided.
Retail merchandise, food and beverage sales	Sales are consummated.

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Notes Receivable

Notes receivable are carried at amortized cost. Interest income is suspended on all delinquent notes receivable when principal or interest payments are more than three months contractually past due and not resumed until such loans are less than three months past due. As of December 31, 2002 and March 31, 2002, \$9.1 million and \$4.5 million, respectively, of notes receivable were more than three months contractually past due and, hence, were not accruing interest income.

The Company typically defaults notes receivable for Club loans after such notes are delinquent for at least 120 days. Other notes receivable are typically defaulted after being delinquent for 60 or 90 days.

The Company considers many factors when establishing and evaluating the adequacy of its reserve for loan losses. These factors include recent and historical default rates, static pool analyses, current delinquency rates, contractual payment terms, loss severity rates along with present and expected economic conditions. The Company examines these factors and adjusts its reserve for loan losses on at least a quarterly basis.

Retained Interest in Notes Receivable Sold

When the Company sells notes receivables either pursuant to its timeshare receivables purchase facilities (more fully described in Note 5) or, in the case of land mortgages receivable, private-placement Real Estate Mortgage Investment Conduits ("REMICs"), it retains subordinated tranches, rights to excess interest spread, servicing rights and in some cases a cash reserve account, all of which

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are retained interests in the sold notes receivable. Gain or loss on sale of the receivables depends in part on the allocation of the previous carrying amount of the financial assets involved in the transfer between the assets sold and the retained interests based on their relative fair value at the date of transfer. The Company estimates fair value based on the present value of future expected cash flows using management's best estimates of the key assumptions - prepayment rates, loss severity rates, default rates and discount rates commensurate with the risks involved.

The Company's retained interests in notes receivable sold are considered available-for-sale securities and, accordingly, are carried at fair value in accordance with SFAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities". Accordingly, unrealized holding gains or losses on available-for-sale investments are included in shareholders' equity, net of income taxes. Declines in fair value that are determined to be other than temporary are charged to operations.

Fair value of these securities is initially and periodically measured based on the present value of future expected cash flows estimated using management's best estimates of the key assumptions - prepayment rates, loss severity rates, default rates and discount rates commensurate with the risks involved.

Interest on the Company's securities is accreted using the effective yield method.

Inventory

Inventory consists of completed Timeshare Interests, Timeshare Interests under construction, land held for future timeshare development and residential land acquired or developed for sale. Inventory is carried at the lower of cost, including costs of improvements and amenities incurred subsequent to acquisition, capitalized interest, real estate taxes and other costs incurred during construction, or estimated fair value, less costs to dispose. Home sites and Timeshare Interests reacquired through foreclosure or deedback in lieu of foreclosure are recorded at the lower of fair value, net of costs to dispose, or the original cost of the inventory. The Company periodically evaluates the recovery of the carrying amount of individual resort and residential land properties under the guidelines of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (see Note 7).

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line method based on the estimated useful lives of the related assets or, in the case of leasehold improvements, over the term of the related lease, if shorter. Depreciation expense includes the amortization of assets recorded under capital leases.

Goodwill and Intangible Assets

The Company adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" as of April 1, 2002. This statement requires that goodwill and other intangible assets with indefinite lives not be amortized, but rather be tested for impairment on an annual basis. Upon adoption of SFAS No. 142, the Company discontinued amortization of all goodwill. The adoption of SFAS No. 142 did not have a material impact on the Company's financial position or results of operations as of or for the nine months ended December 31, 2002. The Company's

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intangible assets relate to customer lists and were acquired in connection with the business combination discussed in Note 2. The customer lists are being amortized over approximately a one-year period as the Company directly markets to these customers. During the years ended March 31, 2002 and April 1, 2001, goodwill was amortized over periods ranging from 8 to 25 years using the straight-line method. See Note 9 for further discussion.

Treasury Stock

The Company accounts for repurchases of its common stock using the cost method with common stock in treasury classified in the consolidated balance sheets as a reduction of shareholders' equity.

Advertising Expense

The Company expenses advertising costs as incurred. Advertising expense was \$47.9 million and \$39.3 million for the nine months ended December 31, 2002 and December 30, 2001, respectively, and was \$50.6 million and \$54.6 million for the years ended March 31, 2002 and April 1, 2001, respectively. Advertising expense is included in selling, general and administrative expenses in the consolidated statements of income.

Stock-Based Compensation

SFAS No. 123, "Accounting for Stock-Based Compensation", encourages, but does not require companies to record compensation cost for employee stock options at fair value. The Company has elected to continue to account for stock options using the intrinsic value method pursuant to Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the exercise price of the option.

Pro forma information regarding net income and earnings per share as if the Company had accounted for its employee stock options under the fair value method of SFAS No. 123 is presented below. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for the years ended March 31, 2002 and April 1, 2001, respectively: risk free investment rates of 2.0% and 5.5%; dividend yields of 0% and 0%; a volatility factor of the expected market price of the Company's common stock of .698 and .532; and a weighted average life of the options of 5.0 years and 5.0 years, respectively. There were no stock option grants during the nine months ended December 31, 2002.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The effects of applying SFAS No. 123 for the purpose of providing pro forma disclosures are not likely to be representative of the effects on reported pro forma net income for future years, due to the impact of the staggered vesting periods of the Company's stock option grants. The Company's pro forma information is as follows (in thousands, except per share data).

Nine Months		
Ended		Years Ended

December 31,	March 31,	April 1,
2002	2002	2001
----	----	----

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Net income, as reported in the Consolidated Statements of Income	\$ 9,797	\$ 11,732	\$ 2,717
Pro forma stock-based employee compensation cost, net of tax	(189)	(26)	(844)
	-----	-----	-----
Pro forma net income	\$ 9,608	\$ 11,706	\$ 1,873
	=====	=====	=====

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	Nine Months Ended	Years Ended	
	December 31, 2002	March 31, 2002	December 31, 2002
	----	----	----
Earnings per share, as reported in the Consolidated Statements of Income:			
Basic	\$.40	\$.48	\$.11
Diluted	\$.39	\$.46	\$.11
Pro forma earnings per share:			
Basic	\$.39	\$.48	\$.08
Diluted	\$.38	\$.46	\$.08

Cumulative Effect of Change in Accounting Principle

During the years ended March 31, 2002 and April 1, 2001, the Company deferred the costs of generating timeshare tours through telemarketing programs until the earlier of such time as the tours were conducted or the related mini-vacation packages expired, based on an accepted industry accounting principle. Effective April 1, 2002, the Company elected to change its accounting policy to expense such costs as incurred. The Company believes that the new method of accounting for these costs is preferable over the Company's previous method and has been applied prospectively. The Company believes accounting for these costs as period expenses results in improved financial reporting and consistency with the proposed timeshare Statement of Position ("SOP"), "Accounting for Real Estate Time-Sharing Transactions", that was exposed for public comment by the Financial Accounting Standards Board (the "FASB") in February 2003.

The cumulative effect of this change in accounting principle was an additional expense of \$9.2 million, net of taxes of \$3.3 million and minority interest's share of the loss of \$350,000. The cumulative effect of this change in accounting principle reduced diluted earnings per share by \$0.19. The effect of adopting this new accounting principle on income before cumulative effect of change in accounting principle and net income for the nine months ended December 31, 2002 was additional expense of approximately \$1.2 million or \$0.04 per diluted share.

Earnings Per Common Share

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted

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earnings per common share is computed in the same manner as basic earnings per share, but also gives effect to all dilutive stock options using the treasury stock method and includes an adjustment, if dilutive, to both net income and weighted-average common shares outstanding as if the Company's 8.00% convertible subordinated notes payable (after-tax impact of \$295,000 on net income and 1.5 million shares) and 8.25% convertible subordinated debentures (after-tax impact of \$1.7 million on net income and 4.2 million shares) were converted into common stock at the beginning of the earliest period presented below, for periods during which these convertible debt issues were outstanding. The Company excluded approximately 1.6 million, 2.8 million, 2.5 million and 3.1 million anti-dilutive stock options from its computations of earnings per common share for the nine months ended December 31, 2002, the nine months ended December 30, 2001, the year ended March 31, 2002 and the year ended April 1, 2001, respectively.

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The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Nine Months Ended		Year End
	December 31, 2002	December 30, 2001	March 31, 2002
	(Unaudited)		
Basic earnings per share - numerators:			
Income before cumulative effect of change in accounting principle	\$ 15,376	\$ 10,683	\$ 11,732
Cumulative effect of change in accounting principle, net of income taxes and minority interest	(5,579)	--	--
Net income	\$ 9,797	\$ 10,683	\$ 11,732
Diluted earnings per share - numerators:			
Income before cumulative effect of change in accounting principle - basic	\$ 15,376	\$ 10,683	\$ 11,732
Effect of dilutive securities (net of income tax effects)	1,379	1,529	2,039
Income before cumulative effect of change in accounting principle - diluted	16,755	12,212	13,771
Cumulative effect of change in accounting principle, net of income taxes and minority interest	(5,579)	--	--
Net income - diluted	\$ 11,176	\$ 12,212	\$ 13,771
Denominator:			
Denominator for basic earnings per share-weighted-average shares	24,472	24,240	24,256
Effect of dilutive securities:			
Stock options	140	26	35
Convertible securities	4,171	5,702	5,702

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Dilutive potential common shares	4,311	5,728	5,737
Denominator for diluted earnings per share-adjusted weighted-average shares and assumed conversions	28,783	29,968	29,993
Basic earnings per common share:			
Income before cumulative effect of change in accounting principle	\$.63	\$.44	\$.48
Cumulative effect of change in accounting principle, net of income taxes and minority interest	(.23)	--	--
Net income	\$.40	\$.44	\$.48
Diluted earnings per common share:			
Income before cumulative effect of change in accounting principle	\$.58	\$.41	\$.46
Cumulative effect of change in accounting principle, net of income taxes and minority interest	(.19)	--	--
Net income	\$.39	\$.41	\$.46

Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income", requires unrealized gains or losses on the Company's available-for-sale securities to be included in other comprehensive income. Comprehensive income is shown as a subtotal within the consolidated statements of shareholders' equity in each year presented.

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Recent Accounting Pronouncements

The Company adopted SFAS No. 141, "Business Combinations," and SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets," during the nine months ended December 31, 2002. Under the new rules, goodwill and intangible assets deemed to have indefinite lives are no longer to be amortized but are instead subject to annual impairment tests in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their useful lives. The Company applied the new rules on accounting for goodwill and other intangible assets effective April 1, 2002. Application of the nonamortization provisions of SFAS No. 142 resulted in an increase to net income of approximately \$114,000 (less than \$0.01 per share) during the nine months ended December 31, 2002. The Company did not incur any impairment charges as a result of adopting SFAS No. 142 during the nine months ended December 31, 2002.

The Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," during the nine months ended December 31, 2002. The FASB's new rules on asset impairment supersede SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and provide a single accounting model for long-lived assets to be disposed of. The adoption of the new statement did not have an impact on the Company's financial position or results of operations as of and for the nine months ended

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December 31, 2002.

The Company adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 62, Amendment of FASB Statement No. 13, and Technical Corrections" during the nine months ended December 31, 2002. SFAS No. 145 requires gains and losses on extinguishments of debt to be classified as income or loss from continuing operations rather than as extraordinary items as previously required under SFAS No. 4. Extraordinary treatment will be required for certain extinguishments as provided in APB Opinion No. 30. SFAS No. 145 also amends SFAS No. 13 to require certain modifications to capital leases be treated as a sale-leaseback and modifies the accounting for sub-leases when the original lessee remains a secondary obligor (or guarantor). SFAS No. 145 was effective for transactions occurring after May 15, 2002, and did not have a material impact on the Company's financial position or results of operations as of and for the nine months ended December 31, 2002.

The Company adopted SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" during the nine months ended December 31, 2002. SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition to SFAS No. 123's fair value method of accounting for stock-based employee compensation. SFAS No. 148 also amends the disclosure provisions of SFAS No. 123 and APB Opinion No. 28, "Interim Financial Reporting," to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. SFAS No. 148 does not require companies to account for employee stock options using the fair value method proscribed by SFAS No. 123. The adoption of the new statement did not have an impact on the Company's financial position or results of operations as of and for the nine months ended December 31, 2002.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. This statement is effective for the Company's fiscal year ending December 31, 2003. The statement is not expected to have a material impact on the results of operations or financial position of the Company.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002, and is not expected to have a material impact on the results of operations or financial position of the Company.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires that certain guarantees be initially recorded at fair value, which is different from the general current practice of recording a liability only when a loss is probable and reasonably estimable. FIN 45 also requires a guarantor to make significant new disclosures for virtually all guarantees. The Company adopted the disclosure requirements

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under FIN 45 for the year ended December 31, 2002 and will adopt the initial recognition and initial measurement provisions for any guarantees issued or modified after December 31, 2002. The adoption of FIN 45 is not expected to have a material impact on the results of operations or financial position of the Company.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities - an interpretation of ARB No. 51" ("FIN 46"), which addresses consolidation of variable interest entities. FIN 46 expands the criteria for consideration in determining whether a variable interest entity should be consolidated by a business entity, and requires existing unconsolidated variable interest entities (which include, but are not limited to, Special Purpose Entities, or SPEs) to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. This interpretation applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The adoption of FIN 46 is not expected to have a material impact on the results of operations or financial position of the Company.

In February 2003, the FASB released for public comment an exposure draft of an American Institute of Certified Public Accountants ("AICPA") SOP, "Accounting for Real Estate Time-Sharing Transactions." The proposed SOP, if adopted by the FASB, would primarily impact the Company's recognition of certain sales of Timeshare Interests and the manner in which the Company accounts for the cost of sales of Timeshare Interests. Currently, it appears that a final pronouncement on timeshare transactions would not be effective for the Company until the year ending December 31, 2005. The Company has not as yet evaluated the impact of the proposed SOP on its results of operations or financial position.

Reclassifications

Certain reclassifications of prior period amounts have been made to conform to the current year presentation.

2. Acquisition

On October 2, 2002, Leisure Plan(TM), Inc., a wholly-owned subsidiary (the "Subsidiary") of the Company, acquired substantially all of the assets and assumed certain liabilities (the "Acquisition") of TakeMeOnVacation(TM), LLC; RVM Promotions, LLC; and RVM Vacations, LLC (collectively, "TMOV"). The Subsidiary was a newly-formed entity with no prior operations. As part of the Acquisition, the Subsidiary agreed to pay to TMOV:

- o \$2.3 million, which was paid in cash at the closing of the Acquisition on October 2, 2002 (including a \$292,000 payment for certain refundable deposits);
- o \$500,000 payable in cash on March 31, 2003; and
- o Additional contingent consideration up to a maximum amount of \$12.5 million through December 31, 2007, based on the Subsidiary's Net Operating Profit (as that term is defined in Section 1.49 of the Asset Purchase Agreement), as follows:

(i) 75% of the Subsidiary's Net Operating Profit, until the cumulative amount paid under this clause is \$2.5 million;

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(ii) with respect to additional Net Operating Profit not included in the calculation under clause (i), 50% of the Subsidiary's Net Operating Profit, until the cumulative amount paid under this clause (ii) is \$5.0 million; and

(iii) with respect to additional Net Operating Profit not included in the calculation under clauses (i) and (ii), 25% of the Subsidiary's Net Operating Profit, until the cumulative amount paid under this clause (iii) is \$5.0 million.

Applicable payments will be made after the end of each calendar year, commencing with the year ending December 31, 2003. Should any additional contingent consideration be paid (over the \$500,000 payable on March 31, 2003), the Company will recognize that amount as goodwill. In addition to the purchase price, the Subsidiary assumed certain liabilities of TMOV.

The \$2.3 million paid at the closing was funded from the Company's operations. The Company anticipates that the Subsidiary will pay the contingent consideration, if earned pursuant to the Asset Purchase Agreement, from operations. The Company has guaranteed the payment by the Subsidiary if earned by TMOV

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pursuant to the Asset Purchase Agreement. The Company, if made to pay the contingent consideration, expects that it would fund the additional consideration from operations or from borrowings under one or more of the Company's existing or future credit facilities or timeshare receivable purchase facilities or from a combination thereof.

TMOV generates sales leads for Timeshare Interest sales utilizing various marketing strategies. Through the application of a proprietary computer software system, these leads are then contacted and given the opportunity to purchase mini-vacation packages. These packages sometimes combine hotel stays, cruises and gift premiums. Buyers of these mini-vacation packages are then usually required to participate in a timeshare sales presentation. The Subsidiary intends to use the assets acquired to generate sales prospects for the Company's timeshare sales business and for sales prospects that will be sold to other timeshare developers.

The assets acquired include prospects that purchased mini-vacation packages from TMOV. These prospects will become sales leads for timeshare interest sales for pre-determined, third-party developers when these vacations are taken. Additional assets acquired include customer lists for future mini-vacation package sales, property and equipment (including the aforementioned computer software system), trademarks and servicemarks and accounts receivable. The liabilities assumed include trade accounts payable and commissions payable related to the assets acquired. As a result of the acquisition, the Company recognized a nominal amount of negative goodwill, which has been accrued as contingent consideration.

The effective date of the Acquisition is deemed to be September 30, 2002, in accordance with the Asset Purchase Agreement. The Acquisition was accounted for using the purchase method; therefore the results of operations of the Subsidiary have been included in the Company's consolidated results for the three months ended December 31, 2002.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed in the Acquisition as of September 30, 2002:

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As of September 30, 2002

(in thousands)

Prepaid expenses.....		\$
Property and equipment.....		
Intangible assets:		
Customer list - vacation packages sold (a)	13,654	
Customer list - telemarketing leads (b)	316	

Other assets.....		
Total assets acquired.....		
Accounts payable and accrued liabilities.....		
Deferred income (c).....		
Deferred income taxes.....		
Total liabilities assumed.....		
Net assets acquired.....		\$

- (a) - To be amortized as the vacation packages are fulfilled or expire. This amortization period is estimated to be approximately one year.
- (b) - To be amortized as the telemarketing leads are used. This amortization period is estimated to be approximately four months.
- (c) - To be recognized as other resort operations revenues as the vacation packages are fulfilled or expire. The recognition period is estimated to be approximately one year.

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Supplemental pro forma information presenting the results of operations for the nine months ended December 31, 2002 and the year ended March 31, 2002 as though the Acquisition had occurred at the beginning of each respective period is as follows (in thousands, except per share data):

	Nine Months Ended December 31, 2002	Ye M
(Unaudited)		
Total revenues	\$ 294,134	\$
Income before cumulative effect of change in accounting principle	15,719	
Net income	10,140	
Basic earnings per common share:		
Income before cumulative effect of change in accounting principle	\$.64	\$
Cumulative effect of change in accounting principle, net of income taxes	(.23)	

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Net income	\$.41	\$

Diluted earnings per common share:			
Income before cumulative effect of change in accounting principle	\$.59	\$
Cumulative effect of change in accounting principle, net of income taxes		(.19)	

Net income	\$.40	\$
=====			

3. Joint Ventures

On June 16, 2000, a wholly-owned subsidiary of the Company entered into an agreement with Big Cedar(R) L.L.C. ("Big Cedar"), an affiliate of Bass Pro(R), Inc. ("Bass Pro"), to form the Joint Venture, a timeshare development, marketing and sales company. The Joint Venture is developing, marketing and selling Timeshare Interests in a 300-unit, wilderness-themed resort adjacent to the Big Cedar Lodge, a luxury hotel resort owned by Big Cedar, on the shores of Table Rock Lake in Ridgedale, Missouri. During the year ended April 1, 2001, the Company made an initial cash capital contribution to the Joint Venture of approximately \$3.2 million, in exchange for a 51% ownership interest in the Joint Venture. In exchange for a 49% interest in the Joint Venture, Big Cedar has contributed approximately 46 acres of land with a fair market value of \$3.2 million to the Joint Venture. See Note 4 regarding payment of profit distributions to Big Cedar.

In addition to its 51% ownership interest, the Company also receives a quarterly management fee from the Joint Venture equal to 3% of the Joint Venture's net sales in exchange for the Company's involvement in the day-to-day operations of the Joint Venture. The Company also services the Joint Venture's note receivable in exchange for a servicing fee.

Based on the Company's role as the day-to-day manager of the Joint Venture, its majority control of the Joint Venture's Management Committee and its controlling financial interest in the Joint Venture, the accounts of the Joint Venture are included in the Company's consolidated financial statements.

During the nine months ended December 31, 2002 and the years ended March 31, 2002 and April 1, 2001, the Joint Venture paid approximately \$577,000, \$785,000 and \$354,000, respectively, to Bass Pro and affiliates for construction management services and furniture and fixtures in connection with the development of the Joint Venture's timeshare resort and sales office. In addition, the Joint Venture paid Big Cedar and affiliates approximately \$993,000, \$925,000 and \$51,000 for gift certificates and hotel lodging during the nine months ended December 31, 2002, and the years ended March 31, 2002 and April 1, 2001, respectively, in connection with the Joint Venture's timeshare marketing activities.

On December 15, 1997, the Company invested \$250,000 of capital in Bluegreen(R) Properties N.V. ("BPNV"), an entity organized in Aruba that previously had no operations, in exchange for a 50% ownership interest. Concurrently, the Company and an affiliate of the other 50% owner of BPNV (who is not an affiliate of the Company), each loaned BPNV \$3 million pursuant to promissory notes due on December 15, 2000 and bearing

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interest at the prime rate plus 1%. BPNV then acquired from a third party approximately 8,000 unsold timeshare intervals at the La Cabana Beach & Racquet Club(TM), a fully developed timeshare resort in Oranjestad, Aruba, in exchange for \$6 million cash and the assumption of approximately \$16.6 million of interest-free debt from a bank in Aruba. The debt was recorded by BPNV at approximately \$12.5 million, which reflects a discount based on an imputed interest rate of 12%. The debt was repaid by December 31, 2002, through release-prices as intervals were sold, subject to minimum monthly principal payments of approximately \$278,000.

On August 25, 2000, the Company acquired the 50% minority ownership interest in BPNV. The minority interest was acquired for \$250,000 in cash, which approximated the book value of the minority interest on the acquisition date. Subsequent to the acquisition, the Company also repaid the \$3.0 million loan to an affiliate of the former joint venture partner in BPNV and wrote off approximately \$368,000 of forgiven accrued interest. The Company now owns 100% of BPNV.

4. Marketing Agreement

On June 16, 2000, the Company entered into an exclusive, 10-year marketing agreement with Bass Pro(R), a privately-held retailer of fishing, marine, hunting, camping and sports gear. Bass Pro is an affiliate of Big Cedar(R) (see Note 3). Pursuant to the agreement, the Company has the right to market its Timeshare Interests at each of Bass Pro's national retail locations (currently consisting of 15 stores), in Bass Pro's catalogs and on its web site. The Company also has access to Bass Pro's customer lists. In exchange for these services, the Company agreed to pay Bass Pro a commission ranging from 3.5% to 7.0% on each sale of a Timeshare Interest, net of cancellations and defaults, that is made to a customer as a result of one of the Bass Pro marketing channels described above (the "Commission"). The amount of the Commission is dependent on the level of additional marketing efforts required by the Company to convert the prospect into a sale and a defined time frame for such marketing efforts. There is no Commission paid to Bass Pro on sales made by the Joint Venture.

On June 16, 2000, the Company prepaid \$9.0 million to Bass Pro (the "Prepayment"). The Prepayment is amortized from future Commissions earned by Bass Pro and future member distributions otherwise payable to Big Cedar from the earnings of the Joint Venture as a member thereof. No additional Commissions or member distributions will be paid in cash to Bass Pro or Big Cedar, respectively, until the Prepayment has been fully utilized. The Company periodically evaluates the Prepayment for any indications of impairment. The Prepayment is included in prepaid expenses on the Consolidated Balance Sheets. As of December 31, 2002 and March 31, 2002, the unamortized balance of the Prepayment was approximately \$8.5 million and \$8.9 million, respectively.

During the nine months ended December 31, 2002 and the years ended March 31, 2002 and April 1, 2001, the Company paid Bass Pro Trademarks L.L.C., an affiliate of Bass Pro, approximately \$19,000, \$333,000 and \$35,000, respectively, for advertising services.

5. Notes Receivable and Note Receivable Sale Facilities

The table below sets forth additional information relating to the Company's notes receivable (in thousands).

	December 31, 2002 ----	March 31, 2002 ----
Notes receivable secured by Timeshare Interests ..	\$ 53,029	\$ 50,892
Notes receivable secured by land	11,559	7,079

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Other notes receivable	1,896	1,884
	-----	-----
Notes receivable, gross	66,484	59,855
Reserve for loan losses	(4,689)	(4,207)
	-----	-----
Notes receivable, net	\$ 61,795	\$ 55,648
	=====	=====

The weighted-average interest rate on notes receivable from customers was 14.4% and 14.7% at December 31, 2002 and March 31, 2002, respectively. All of the Company's timeshare loans bear interest at fixed rates. The average interest rate charged on loans secured by Timeshare Interests was 15.3% and 15.4% at December 31, 2002 and March 31, 2002, respectively. Approximately 53.0% of the Company's notes receivable secured by land bear interest at variable rates, while approximately 47.0% bear interest at fixed rates. The average interest rate charged on loans secured by land was 10.2% and 11.1% at December 31, 2002 and March 31, 2002, respectively.

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The Company's timeshare receivables are generally secured by property located in Tennessee, Missouri, Wisconsin, Florida, Virginia and South Carolina. The majority of Bluegreen(R) Communities' notes receivable are secured by home sites in Texas.

The table below sets forth activity in the reserve for loan losses (in thousands).

Reserve for loan losses, April 2, 2001	\$ 3,586
Provision for loan losses	4,851
Charge-offs	(4,230)

Reserve for loan losses, March 31, 2002	4,207
Provision for loan losses	2,832
Charge-offs	(2,350)

Reserve for loan losses, December 31, 2002	\$ 4,689
	=====

Installments due on notes receivable held by the Company during each of the five fiscal years subsequent to December 31, 2002, and thereafter, are set forth below (in thousands).

2003	\$ 6,994
2004	5,890
2005	7,077
2006	5,868
2007	8,616
Thereafter	32,039

Total	\$66,484
	=====

The GE/Barclays Purchase Facility

In October 2000, the Company executed agreements for a timeshare receivables purchase facility (the "GE/Barclays Purchase Facility") with two financial institutions, including Barclays Bank, PLC (the "Senior Purchaser") and GE (the "Subordinated Purchaser") (collectively, the "Purchasers"). The GE/Barclays Purchase Facility utilized an owner's trust structure, pursuant to

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which the Company sold \$95.4 million aggregate principal amount of timeshare receivables to a special purpose finance subsidiary of the Company (the "Subsidiary") and the Subsidiary sold the receivables to an owner's trust, which fully utilized the GE/Barclays Purchase Facility. Receivables were sold without recourse except for breaches of customary representations and warranties at the time of sale. Under the GE/Barclays Purchase Facility, a purchase price equal to 95.00% (subject to adjustment in 0.50% increments down to 87.50% depending on the difference between the weighted-average interest rate on the notes receivable sold and the sum of the returns to the Purchasers plus the servicing fee, as more fully defined below) of the principal balance of the receivables sold was paid at closing in cash. For eligible notes generated by BPNV, the Company's subsidiary in Aruba, the purchase price paid in cash at closing was equal to 85.00% (subject to adjustment in 0.50% increments down to 77.00% depending on the difference between the weighted-average interest rate on the notes receivable sold and the sum of the returns to the Purchasers plus the servicing fee) of the principal balance of the receivables sold. The balance of the purchase price was to be deferred until such time as the Purchasers had received a specified return, all servicing, custodial and similar fees and expenses had been paid and a cash reserve account had been funded. The 95.00% purchase price was funded 71.58% by the Senior Purchaser and 28.42% by the Subordinated Purchaser. For the Aruba receivables, the 85.00% purchase price was funded 70.00% by the Senior Purchaser and 30.00% by the Subordinated Purchaser. The Senior Purchaser earned a return equal to the rate equivalent to its borrowing cost (based on then applicable commercial paper rates) plus 0.60%, subject to use of alternate return rates in certain circumstances. The Subordinated Purchaser earned a return equal to one-month LIBOR plus 4.00%, subject to use of alternate return rates in certain circumstances. The Company acted as servicer under the GE/Barclays Purchase Facility for a fee equal to 1.5% of the principal amount of the receivables serviced, and was required to make advances to the Purchasers to the extent it believed such advances were recoverable. The GE/Barclays Purchase Facility Agreement included various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type.

During the years ended March 31, 2002 and April 1, 2001, the Company sold approximately \$17.6 million and \$77.7 million, respectively, in aggregate principal amount of timeshare receivables under the GE/Barclays Purchase Facility for aggregate purchase prices of \$16.8 million and \$73.2 million, respectively, and recognized aggregate gains of \$978,000 and \$3.3 million, respectively. As a result of all receivables sold under the GE/Barclays

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Purchase Facility, the Company recorded aggregate retained interests in notes receivable sold of \$10.3 million and servicing assets totaling \$726,000.

See the discussion regarding the 2002 Term Securitization (as defined below), for further discussion of the GE/Barclays Purchase Facility.

The ING Purchase Facility

In June 2001, the Company executed agreements for a new timeshare receivables purchase facility (the "ING Purchase Facility") with Credit Suisse First Boston ("CSFB") acting as the initial purchaser. In April 2002, ING Capital, LLC ("ING"), an affiliate of ING Bank N.V., acquired and assumed CSFB's rights, obligations and commitments as initial purchaser in the ING Purchase Facility by purchasing the outstanding principal balance under the facility of \$64.9 million from CSFB. In connection with its assumption of the ING Purchase Facility, ING expanded and extended the ING Purchase Facility's size and term. The ING Purchase Facility utilizes an owner's trust structure, pursuant to which

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the Company sells receivables to a special purpose finance subsidiary of the Company (the "Finance Subsidiary") and the Finance Subsidiary sells the receivables to an owners' trust without recourse to the Company or the Finance Subsidiary except for breaches of customary representations and warranties at the time of sale. The Company did not enter into any guarantees in connection with the ING Purchase Facility. Pursuant to the agreements that constitute the ING Purchase Facility (collectively, the "Purchase Facility Agreements"), the Finance Subsidiary could receive \$125.0 million of cumulative purchase price (as more fully described below) on sales of timeshare receivables to the owner's trust on a revolving basis, as the principal balance of receivables sold amortizes, in transactions through April 16, 2003 (subject to certain conditions as more fully described in the Purchase Facility Agreements). The ING Purchase Facility has detailed requirements with respect to the eligibility of receivables for purchase and fundings under the ING Purchase Facility are subject to certain conditions precedent. Under the ING Purchase Facility, a variable purchase price expected to approximate 85.00% of the principal balance of the receivables sold, subject to certain terms and conditions, is paid at closing in cash. The balance of the purchase price will be deferred until such time as ING has received a specified return and all servicing, custodial, agent and similar fees and expenses have been paid. ING shall earn a return equal to the London Interbank Offered Rate ("LIBOR") plus 1.00%, subject to use of alternate return rates in certain circumstances. In addition, ING will receive a 0.25% facility fee during the term of the facility. The ING Purchase Facility also provides for the sale of land notes receivable, under modified terms.

ING's obligation to purchase under the ING Purchase Facility may terminate upon the occurrence of specified events. These specified events, some of which are subject to materiality qualifiers and cure periods, include, without limitation, (1) a breach by the Company of the representations or warranties in the Purchase Facility Agreements, (2) a failure by the Company to perform its covenants in the Purchase Facility Agreements, including, without limitation, a failure to pay principal or interest due to ING, (3) the commencement of a bankruptcy proceeding or the like with respect to the Company, (4) a material adverse change to the Company since December 31, 2001, (5) the amount borrowed under the ING Purchase Facility exceeding the borrowing base, (6) significant delinquencies or defaults on the receivables sold, (7) a payment default by the Company under any other borrowing arrangement of \$5 million or more (a "Significant Arrangement"), or an event of default under any indenture, facility or agreement that results in a default under any Significant Arrangement, (8) a default or breach under any other agreement beyond the applicable grace period if such default or breach (a) involves the failure to make a payment in excess of 5% of the Company's tangible net worth or (b) causes, or permits the holder of indebtedness to cause, an amount in excess of 5% of the Company's tangible net worth to become due, (9) the Company's tangible net worth not equaling at least \$110 million plus 50% of net income and 100% of the proceeds from new equity financing following the first closing under the ING Purchase Facility, or (10) the ratio of the Company's debt to tangible net worth exceeding 6 to 1, or (11) the failure of the Company to perform its servicing obligations.

The Company acts as servicer under the ING Purchase Facility for a fee. The Purchase Facility Agreement includes various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type.

During the year ended March 31, 2002, the Company sold \$83.2 million of aggregate principal balance of notes receivable under the ING Purchase Facility for a cumulative purchase price of \$70.7 million. In connection with these sales, the Company recognized an aggregate \$5.2 million gain and recorded retained interests in notes receivable sold of \$18.8 million and servicing assets totaling \$800,000.

From April 1, 2002 through November 25, 2002, the Company sold \$62.5 million of aggregate principal balance of notes receivable under the ING Purchase Facility for a cumulative purchase price of \$51.6 million.

On December 13, 2002, ING Financial Markets, LLC ("IFM"), an affiliate of ING, consummated a \$170.2 million private offering and sale of timeshare loan-backed securities on behalf of the Company (the "2002 Term Securitization"). The \$181.0 million in aggregate principal of timeshare receivables included in the 2002 Term Securitization included qualified receivables from three sources: 1) \$119.2 million in aggregate principal of receivables that were previously sold to ING under the ING Purchase Facility; 2) \$54.2 million in aggregate principal of receivables that were previously sold under the GE/Barclays Purchase Facility; and 3) \$7.6 million in aggregate principal of receivables that were previously hypothecated with GE under a timeshare receivables warehouse facility (the "GE Warehouse Facility"). The proceeds from the 2002 Term Securitization were used to pay ING, GE and Barclays all amounts then outstanding under the ING Purchase Facility, the GE/Barclays Purchase Facility and the GE Warehouse Facility. The Company received net cash proceeds of \$2.1 million, Timeshare Interests with a carrying value of \$1.4 million, timeshare notes receivable with an estimated net realizable value of \$3.1 million and recorded a retained interest in the future cash flows from the 2002 Term Securitization of \$36.1 million. The Company also recognized a gain of \$4.7 million in connection with the 2002 Term Securitization, which has been included in gain on sales of notes receivable on the consolidated income statement, and recorded a servicing asset of \$2.1 million, which has been included in other assets on the consolidated balance sheet.

As a result of the 2002 Term Securitization, the Finance Subsidiary may sell additional notes receivable for a cumulative purchase price of up to \$75.0 million under the ING Purchase Facility, on a revolving basis, prior to April 16, 2003, at 85% of the principal balance, subject to the eligibility requirements and certain conditions precedent. On December 23, 2002, the Company sold \$22.1 million of aggregate principal balance of notes receivable under the ING Purchase Facility for a purchase price of \$18.7 million. As a result of sales of notes receivable under the ING Purchase Facility during the nine months ended December 31, 2002, the Company recognized gains of \$5.3 million and recorded retained interests in notes receivable sold and servicing assets of \$18.1 million and \$864,000, respectively. As of December 31, 2002, the Finance Subsidiary could sell an additional \$56.3 million under the ING Purchase Facility.

The following assumptions were used to measure the initial fair value of the retained interests for the above sales under the ING Purchase Facility and the 2002 Term Securitization: Prepayment rates ranging from 17% to 11% per annum as the portfolios mature; loss severity rate of 45%; default rates ranging from 7% to 1% per annum as the portfolios mature; and discount rates ranging from 14% to 11%.

Other Notes Receivable

On June 26, 2001, the Company loaned \$1.7 million to the Casa Grande Resort Cooperative Association I (the "Association"), the property owners' association controlled by the timeshare owners at the La Cabana Beach and Racquet Club(TM) resort in Aruba. This unsecured loan bears interest at Prime plus 1%, payable in semi-annual installments and matures on June 26, 2003.

On December 15, 2000, the Company loaned \$4.7 million to Napa Partners, LLC ("Napa"), a real estate company in Napa, California (the "Napa Loan"). Napa used the proceeds to acquire approximately 32 acres of undeveloped land in Napa,

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California. On January 4, 2001, Napa repaid approximately \$68,000 in principal of the Napa Loan. In May 2001, Napa repaid the remaining outstanding principal balance on the Napa Loan and all accrued interest.

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6. Retained Interests in Notes Receivable Sold and Servicing Assets

Retained Interests in Notes Receivable Sold

The Company's retained interests in notes receivable sold, which are classified as available-for-sale investments, and associated unrealized gains and losses are set forth below (in thousands).

	Amortized Cost ----	Gross Unrealized Gain ----	Gross Unrealized Loss ----	Fair Value -----
December 31, 2002				
1996 REMIC retained interests	\$ 1,028	\$ 43	\$ --	\$ 1,071
GE/Wachovia Purchase Facility retained interest	1,231	705	--	1,936
ING Purchase Facility retained interest (see Note 5)	4,662	--	--	4,662
2002 Term Securitization retained interest (see Note 5)	36,559	--	--	36,559
	-----	-----	-----	-----
Total	\$43,480	\$ 748	\$ --	\$44,228
	=====	=====	=====	=====

	Amortized Cost ----	Gross Unrealized Gain ----	Gross Unrealized Loss ----	Fair Value -----
March 31, 2002				
1995 REMIC retained interest	\$ 2,066	\$ 442	\$ --	\$ 2,508
1996 REMIC retained interests	1,248	65	--	1,313
GE/Wachovia Purchase Facility retained interest	4,462	--	96	4,366
GE/Barclays Purchase Facility retained interest (see Note 5)	9,201	2,198	--	11,399
ING Purchase Facility retained interest (see Note 5)	17,602	1,372	--	18,974
	-----	-----	-----	-----
Total	\$34,579	\$ 4,077	\$ 96	\$38,560
	=====	=====	=====	=====

Contractual maturities as of December 31, 2002, are set forth below (in thousands), based on the final maturity dates of the underlying notes receivable sold:

Amortized

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	Cost ----	Fair Value -----
After one year but within five	\$ 2,259	\$ 3,007
After five years but within ten	41,221	41,221
	-----	-----
Total	\$43,480 =====	\$44,228 =====

The following assumptions were used to measure the fair value of the above retained interests: prepayment rates ranging from 23% to 11% per annum as the portfolios mature; loss severity rates of 25% to 45%; default rates ranging from 9% to 0.75% per annum as the portfolios mature; and discount rates ranging from 11% to 15%.

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The following table shows the hypothetical fair value of the Company's retained interests in notes receivable sold based on a 10% and a 20% adverse change in each of the assumptions used to measure the fair value of those retained interests (the impacts on the fair value of the 1996 REMIC retained interest were not material) (in thousands):

		Hypothetical Fair Value at December 31 -----	
Assumption		GE/Wachovia Purchase Facility Retained Interest -----	ING Purchase Facility Retained Interest -----
Prepayment rate:	10% adverse change	\$1,913	\$4,581
	20% adverse change	1,896	4,502
Loss severity rate:	10% adverse change	1,744	4,555
	20% adverse change	1,552	4,448
Default rate:	10% adverse change	1,727	4,486
	20% adverse change	1,520	4,310
Discount rate:	10% adverse change	1,924	4,487
	20% adverse change	1,910	4,321

The table below summarizes certain cash flows received from and (paid to) special purpose finance subsidiaries of the Company (in thousands):

	Nine Months Ended December 31, 2002 ----	Year Ended March 31, 2002 ----
Proceeds from new sales of receivables	\$ 72,418	\$ 85,975
Collections on previously sold receivables	(55,253)	(61,862)
Servicing fees received	2,498	2,693
Purchases of foreclosed assets	(614)	(632)
Resales of foreclosed assets	(13,298)	(4,403)

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Remarketing fees received	5,723	1,812
Cash received on investment in securities	14,555	7,856
Cash paid to fund required reserve accounts	(1,865)	--

Quantitative information about the portfolios of notes receivable previously sold without recourse in which the Company holds the above retained interests as investments in securities is as follows (in thousands):

	As of December 31, 2002	
	Total Principal Amount of Loans	Principal Amount of Loans More Than 60 Days Past Due
1996 REMIC - land mortgages	2,043	112
GE/Wachovia Purchase Facility - timeshare receivables	29,002	1,912
ING Purchase Facility - timeshare receivables	21,797	--
2002 Term Securitization - timeshare receivables	176,094	4,413

The net unrealized gain on available-for-sale securities, presented as a separate component of shareholders' equity, is net of income taxes of approximately \$288,000, \$1.6 million and \$953,000 as of December 31, 2002, March 31, 2002 and April 1, 2001, respectively.

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In connection with the 2002 Term Securitization (see Note 5), the Company recognized a \$4.7 million gain and reversed previously recorded unrealized gains related to the GE/Barclays Purchase Facility and the ING Purchase Facility totaling \$3.6 million.

During the nine months ended December 31, 2002, the Company exchanged its retained interest in a 1995 REMIC transaction for the underlying mortgages. The 1995 REMIC retained interest was exchanged in connection with the termination of the REMIC, as all of the senior 1995 REMIC security holders had received all of the required cash flows pursuant to the terms of their REMIC certificates. The Company realized a \$409,000 gain on the exchange, based on the net realizable value of the mortgages received and the amortized cost of the retained interest. The Company had previously recorded an unrealized gain of \$244,000 on this available-for-sale security.

Servicing Assets

The changes in the Company's servicing assets, included in other assets in the Consolidated Balance Sheets, for the nine months ended December 31, 2002, and the year ended March 31, 2002, were as follows (in thousands):

Balance at April 2, 2001	\$ 562
Additions	932
Less: amortization	(305)
Balance at March 31, 2002	1,189
Additions	2,981
Less: Disposal in 2002 Term Securitization (see Note 5)	(1,504)

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Less: amortization (372)
 Balance at December 31, 2002 \$ 2,294

The estimated fair value of the servicing assets approximated their carrying amounts as of December 31, 2002 and March 31, 2002. Fair value is estimated by discounting estimated future cash flows from the servicing assets using discount rates and the other assumptions used to measure the fair value of the Company's retained interests for portfolios of notes receivable sold. A valuation allowance is recorded where the fair value of the servicing assets is below the related carrying amount. As of December 31, 2002 and March 31, 2002, no such valuation allowance was necessary.

7. Inventory

The Company's net inventory holdings, summarized by division, are set forth below (in thousands).

	December 31, 2002	March 31, 2002
Bluegreen (R) Resorts	\$ 71,097	\$ 86,288
Bluegreen Communities	102,034	101,400
	-----	-----
	\$173,131	\$187,688
	=====	=====

Bluegreen Resorts inventory as of December 31, 2002, consisted of land inventory of \$9.4 million, \$27.0 million of construction-in-progress and \$34.7 million of completed units. Bluegreen Resorts inventory as of March 31, 2002, consisted of land inventory of \$10.0 million, \$31.0 million of construction-in-progress and \$45.3 million of completed units.

Interest capitalized during the nine months ended December 31, 2002, the nine months ended December 30, 2001, the year ended March 31, 2002 and year ended April 1, 2001, totaled approximately \$4.7 million, \$6.1 million, \$8.0 million and \$7.5 million, respectively. Interest expense in the consolidated statements of income is net of capitalized interest.

During the nine months ended December 31, 2002, the year ended March 31, 2002 and year ended April 1, 2001, the Company recognized impairment charges of \$750,000, \$4.1 million and \$2.0 million, respectively, on the Company's Crystal Cove(TM) residential land project in Rockwood, Tennessee. These impairment charges are included in cost of sales in the consolidated statements of income. Certain aspects of the Crystal Cove project have required

changes in planned development methods, which are expected to be more costly than the Company's original estimates. The fair value of the Crystal Cove project was determined based on the estimated aggregate retail sales prices of the home sites in the project.

8. Property and Equipment

The table below sets forth the property and equipment held by the Company (in thousands).

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	Life ----	2002 ----	
Office equipment, furniture and fixtures.....	3-14 years	\$ 27,348	\$
Golf course land, land improvements, buildings and equipment.....	10-30 years	25,958	
Land, buildings and building improvements.....	10-30 years	12,119	
Leasehold improvements.....	3-14 years	5,152	
Aircraft.....	3-5 years	1,285	
Vehicles and equipment.....	3-5 years	694	

		72,556	
Accumulated depreciation and amortization of leasehold improvements.....		(20,769)	

Total		\$ 51,787	\$
		=====	==

9. Goodwill and Intangible Assets

The table below sets forth the intangible assets held by the Company as of or for the nine months ended December 31, 2002 (in thousands).

	Gross Carrying Amount -----	Accumulated Amortization -----
Amortized intangible assets:		
Customer list - vacation packages sold	\$ 13,654	\$ (2,883)
Customer list - telemarketing leads	316	(249)
	-----	-----
	\$ 13,970	\$ (3,132)
	=====	=====
Aggregate amortization expense	\$ 3,132	
	=====	
Estimated amortization expense:		
For the year ended December 31, 2003 ..	\$ 10,838	
	=====	

Goodwill was \$2.4 million at both December 31, 2002 and March 31, 2002. All goodwill relates to Bluegreen(R) Resorts.

See also Note 2, for further discussion of intangible assets acquired during the nine months ended December 31, 2002.

10. Receivable-Backed Notes Payable

In connection with the 2002 Term Securitization (see Note 5), the Company paid the \$7.1 million balance outstanding under the GE Warehouse Facility. The GE Warehouse Facility expired on April 16, 2002.

The Company has a \$30.0 million revolving credit facility with Foothill Capital Corporation ("Foothill") for the pledge of Bluegreen Communities' receivables, with up to \$10.0 million of the total facility available for Bluegreen Communities' inventory borrowings and up to \$10.0 million of the total facility available for the pledge of Bluegreen Resorts' receivables. The interest rate charged on outstanding borrowings ranges from prime plus 0.5% to 1.0%, with 7.0% being the minimum interest rate. At December 31, 2002, the

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outstanding principal balance under this facility was approximately \$5.0 million, \$1.4 million of which related to Bluegreen Resorts' receivables borrowings and \$3.6 million of which related to Bluegreen Communities' receivables borrowings. At March 31, 2002, the outstanding principal balance under this facility was approximately \$4.1 million, all of which related to Bluegreen Communities' receivables borrowings. All principal and interest payments received on pledged receivables are applied to principal

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and interest due under the facility. The ability to borrow under the facility expires on December 31, 2003. Any outstanding indebtedness is due on December 31, 2005.

The remaining \$370,000 of receivable-backed notes payable balances is related to notes receivable sold by RDI Group(TM), Inc. ("RDI") with recourse, prior to the acquisition of RDI by the Company in September 1997.

At December 31, 2002, \$7.1 million in notes receivable secured the Company's \$5.4 million in receivable-backed notes payable.

11. Lines-of-Credit and Notes Payable

The Company has outstanding borrowings with various financial institutions and other lenders, which have been used to finance the acquisition and development of inventory and to fund operations. Financial data related to the Company's borrowing facilities is set forth below (in thousands).

	December 31 2002 ----
Lines-of-credit secured by inventory and golf courses with a carrying value of \$97.2 million at December 31, 2002. Interest rates range from 4.38% to 7.50% at December 31, 2002 and from 4.88% to 6.00% at March 31, 2002. Maturities range from March 2003 to September 2006	\$24,522
Notes and mortgage notes secured by certain inventory, property and equipment and investments with an aggregate carrying value of \$13.5 million at December 31, 2002. Interest rates ranging from 4.25% to 10.00% at December 31, 2002 and from 4.75% to 12.00% at March 31, 2002. Maturities range from April 2003 to September 2015	8,600
Unsecured notes payable to former stockholders of RDI. Interest rate of 9.00%. Matured in October 1999 (see Note 16)	1,000
Lease obligations with imputed interest rates ranging from 2.89% to 5.75%. Maturities range from May 2003 to February 2005	287 -----
Total	\$34,409 =====

The table below sets forth the contractual minimum principal payments required on the Company's lines-of-credit and notes payable for each of the five fiscal years subsequent to December 31, 2002. Such minimum contractual payments may differ from actual payments due to the effect of principal payments required

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on a home site or timeshare interval release basis for certain of the above obligations (in thousands).

2003	\$ 5,604
2004	15,799
2005	4,389
2006	7,772
2007	287
Thereafter	558

Total	\$34,409
	=====

The following is a discussion of the Company's significant credit facilities and material new borrowings during the year ended December 31, 2002:

The Company has a \$35.0 million revolving credit facility, the draw period for which ended in March 2002, with Finova Capital Corporation. The Company used this facility to finance the acquisition and development of Bluegreen(R) Communities projects. The facility is secured by the real property (and personal property related thereto) with respect to which borrowings are made. The interest charged on outstanding borrowings is prime plus 1.25%. On September 14, 1999, in connection with the acquisition of 1,550 acres adjacent to Bluegreen Communities' Lake Ridge(TM) at Joe Pool Lake project in Dallas, Texas ("Lake Ridge II"), the Company borrowed approximately \$12.0 million under the revolving credit facility. Principal payments are effected through agreed-upon release prices as home

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sites in Lake Ridge(TM) II and in another recently purchased section of Lake Ridge are sold. The principal of this loan must be repaid by September 14, 2004. On October 6, 1999, in connection with the acquisition of 6,966 acres for Bluegreen(R) Communities' Mystic Shores(TM) project in Canyon Lake, Texas, the Company borrowed \$11.9 million under the revolving credit facility. On May 5, 2000, the Company borrowed an additional \$2.1 million under this facility in order to purchase an additional 435 acres for the Mystic Shores project. Principal payments on these loans are effected through agreed-upon release prices as home sites in Mystic Shores are sold. The principal under the \$11.9 million and \$2.1 million loans for Mystic Shores must be repaid by October 6, 2004 and May 5, 2004, respectively. The aggregate outstanding balance on the revolving credit facility was \$14.4 million at December 31, 2002

On September 25, 2002, certain direct and indirect wholly-owned subsidiaries of the Company entered into a \$50 million revolving credit facility (the "GMAC Facility") with Residential Funding Corporation ("RFC"), an affiliate of General Motors Acceptance Corporation. The Company is the guarantor on the GMAC Facility. The GMAC Facility is secured by the real property home sites (and personal property related thereto) at the following residential land projects of the Company, as well as any residential land projects acquired by the Company with funds borrowed under the GMAC Facility (the "Secured Projects"):

Brickshire(TM) (New Kent County, Virginia); Mountain Lakes Ranch(TM) (Bluffdale, Texas); Ridge Lake Shores(TM) (Magnolia, Texas); Riverwood Forest(TM) (Fulshear, Texas); Waterstone(TM) (Boerne, Texas) and Yellowstone Creek Ranch(TM) (Pueblo, Colorado). In addition, the Facility is secured by the Company's Carolina National(TM) and The Preserve at Jordan Lake(TM) golf courses in Southport, North Carolina and Chapel Hill, North Carolina, respectively. Borrowings under the GMAC Facility, which are subject to certain conditions, can be made through September 25, 2004. Principal payments are effected through agreed-upon release prices paid to RFC as home sites in the Secured Projects are sold. The

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outstanding principal balance of any borrowings under the GMAC Facility must be repaid by September 25, 2006. The interest charged on outstanding borrowings is prime plus 1.00% and is payable monthly. The Company is required to pay an annual commitment fee equal to 0.33% of the \$50 million GMAC Facility amount. The GMAC Facility documents include customary conditions to funding, acceleration provisions and certain financial affirmative and negative covenants. On September 25, 2002, the Company borrowed \$11 million under the GMAC Facility and received cash proceeds of approximately \$9 million. The \$2 million deducted from the cash proceeds related to the repayment of existing debt on the Secured Projects of approximately \$1.5 million and debt issuance costs totaling \$500,000 including the first annual commitment fee, as described above. The Company intends to use the proceeds from the GMAC Facility to repay outstanding indebtedness on Bluegreen(R) Communities' projects, finance the acquisition and development of Bluegreen Communities' projects and for general corporate purposes. As of December 31, 2002, \$7.5 million was outstanding under the GMAC Facility.

On September 24, 1999, the Company obtained a \$4.2 million line-of-credit with Branch Banking and Trust Company for the purpose of developing a golf course on the Brickshire property (the "Golf Course Loan"). During the years ended March 31, 2002 and April 1, 2001, the Company borrowed \$1.4 million and \$2.6 million, respectively, under the Golf Course Loan. The outstanding balances under the Golf Course Loan bears interest at prime plus 0.5% and interest is due monthly. Principal payments are payable in equal monthly installments of \$35,000. The principal must be repaid by October 1, 2005. The loan is secured by the Brickshire golf course property. As of December 31, 2002, \$3.4 million was outstanding under the Golf Course Loan.

In October 2002, the Company borrowed \$2.3 million from Bank One, in connection with the acquisition of 2,463 acres of land for Bluegreen Communities. Bluegreen Communities is developing its Silver Lakes Ranch(TM) community on this land. Principal payments of approximately \$195,000 and interest at the prime lending rate are due quarterly. The final maturity of this note payable is October 2005. As of December 31, 2002, \$2.2 million was outstanding under this loan.

During the nine months ended September 29, 2002, the Company borrowed \$7.7 million under a \$9.8 million, acquisition and development line-of-credit with Marshall, Miller and Schroeder Investments Corporation ("MM&S"). Borrowings under the line are collateralized by Timeshare Interests in the Company's Solara Surfside(TM) resort in Surfside, Florida (near Miami Beach). Borrowings occurred as MM&S directly paid third-party contractors, vendors and suppliers who were engaged by the Company to perform renovation work on Solara Surfside. The final draw on the loan was released during December 2002. Principal is repaid through agreed-upon release prices as Timeshare Interests in Solara Surfside are sold, subject to minimum required amortization. The indebtedness under the facility bears interest at the prime lending rate plus 1.25%, subject to a minimum interest rate of 7.50%, and all amounts borrowed are due no later than April 1, 2004, however the loan will be paid in full on March 31, 2003, due to the minimum required amortization. The outstanding balance on the MM&S loan was \$1.5 million as of December 31, 2002.

In addition, GE has provided the Company with a \$28.0 million acquisition and development facility for its timeshare inventories (the "A&D Facility"). The draw down period on the A&D Facility has expired and outstanding borrowings under the A&D Facility mature no later than July 2006. Principal will be repaid through agreed-upon release prices as Timeshare Interests are sold at the financed resorts, subject to minimum required amortization. The indebtedness

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under the facility bears interest at LIBOR plus 3%. On September 14, 1999, the Company borrowed approximately \$14.0 million under the A&D facility. The outstanding principal of this loan was paid in full during the nine months ended December 31, 2002, through agreed-upon release prices as Timeshare Interests in the Company's Lodge Alley Inn(TM) resort in Charleston, South Carolina were sold, subject to minimum required amortization. On December 20, 1999, the Company borrowed approximately \$13.9 million under the acquisition and development facility. The principal of this loan must be repaid by January 1, 2006, through agreed-upon release prices as Timeshare Interests in the Company's Shore Crest(TM) II resort are sold, subject to minimum required amortization. The outstanding balance under the A&D Facility at December 31, 2002 was \$1.2 million.

On August 2, 2001, the Company obtained a revolving line-of-credit with IndyMac Bank F.S.B. ("IndyMac") for the purpose of developing the Company's golf course community in Chapel Hill, North Carolina known as The Preserve at Jordan Lake(TM). The draw down period on the IndyMac line-of-credit has expired. Through March 2002, the Company borrowed an aggregate \$7.9 million under the line-of-credit, on a revolving basis. The outstanding balances under the line-of-credit bore interest at prime plus 1.0%, which was due monthly. Principal payments were effected through agreed-upon release prices as home sites in The Preserve at Jordan Lake were sold. The outstanding balance under the IndyMac line-of-credit was paid in full during the nine months ended December 31, 2002.

The Company has a \$12.5 million unsecured line-of-credit with Wachovia Bank, N.A. Amounts borrowed under the line bear interest at LIBOR plus 2%. Interest is due monthly and all principal amounts are due on December 31, 2003. The Company is only allowed to borrow under the line-of-credit in amounts less than the remaining availability under its current, active timeshare receivables purchase facility plus availability under certain receivable warehouse facilities, less any outstanding letters of credit. The line-of-credit agreement contains certain covenants and conditions typical of arrangements of this type. As of December 31, 2002, there was no amount outstanding under the line.

12. Note Offering

On April 1, 1998, the Company consummated a private placement offering (the "Offering") of \$110 million in aggregate principal amount of 10.50% senior secured notes due April 1, 2008 (the "Notes"). Interest on the Notes is payable semiannually on April 1 and October 1 of each year. The Notes are redeemable at the option of the Company, in whole or in part, in cash, on or after April 1, 2003, together with accrued and unpaid interest, if any, to the date of redemption at the following redemption prices: 2003 - 105.25%; 2004 - 103.50%; 2005 - 101.75% and 2006 and thereafter - 100.00%. The Notes are senior obligations of the Company and rank pari passu in right of payment with all existing and future senior indebtedness of the Company and rank senior in right of payment to all existing and future subordinated obligations of the Company. None of the assets of Bluegreen(R) Corporation secure its obligations under the Notes, and the Notes are effectively subordinated to secured indebtedness of the Company to any third party to the extent of assets serving as security therefor.

The Notes are unconditionally guaranteed, jointly and severally, by each of the Company's existing and future subsidiaries (the "Subsidiary Guarantors"), with the exception of the Joint Venture, BPNV, Resort Title Agency(TM), Inc., any special purpose finance subsidiary, any subsidiary which is formed and continues to operate for the limited purpose of holding a real estate license and acting as a broker, and certain other subsidiaries which have individually less than \$50,000 of assets (collectively, "Non-Guarantor Subsidiaries").

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Each of the Note guarantees covers the full amount of the Notes and each of the Subsidiary Guarantors is 100% owned, directly or indirectly, by the Company. The Note guarantees are senior obligations of each Subsidiary Guarantor and rank pari passu in right of payment with all existing and future senior indebtedness of each such Subsidiary Guarantor and senior in right of payment to all existing and future subordinated indebtedness of each such Subsidiary Guarantor. The Note guarantees of certain Subsidiary Guarantors are secured by a first (subject to customary exceptions) mortgage or similar instrument (each, a "Mortgage") on certain Bluegreen(R) Communities properties of such Subsidiary Guarantors (the "Pledged Properties"). Absent the occurrence and the continuance of an event of default, the Notes trustee is required to release its lien on the Pledged Properties as property is sold and the Trustee does not have a lien on the proceeds of any such sale. As of December 31, 2002, the Pledged Properties had an aggregate carrying value of approximately \$9.7 million. The Notes' indenture includes certain negative covenants including restrictions on the incurrence of debt and liens and on payments of cash dividends.

Supplemental financial information for Bluegreen Corporation, its combined Non-Guarantor Subsidiaries and its combined Subsidiary Guarantors is presented below:

CONDENSED CONSOLIDATING BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31, 20		
	BLUEGREEN CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIARY GUARANTORS
ASSETS			
Cash and cash equivalents	\$ 22,373	\$ 17,951	\$ 6,581
Contracts receivable, net		1,457	14,773
Intercompany receivable	101,549		
Notes receivable, net	1,740	9,434	50,621
Inventory, net		19,440	153,691
Retained interests in notes receivable sold		44,228	
Investments in subsidiaries	7,730		3,230
Property and equipment, net	9,791	1,959	40,037
Other assets	6,576	1,792	31,548
	-----	-----	-----
Total assets	\$ 149,759	\$ 96,261	\$ 300,481
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	\$ 8,510	\$ 22,485	\$ 26,124
Intercompany payable		8,392	93,157
Deferred income taxes	(19,344)	24,706	25,846
Lines-of-credit and notes payable	3,384	3,000	33,385
10.50% senior secured notes payable	110,000	--	--
8.25% convertible subordinated debentures	34,371	--	--
	-----	-----	-----
Total liabilities	136,921	58,583	178,512

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Minority interest			
Total shareholders' equity	12,838	37,678	121,969
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 149,759	\$ 96,261	\$ 300,481
	=====	=====	=====

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	MARCH 31, 2002		
	BLUEGREEN (R) CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIARY GUARANTORS

ASSETS			
Cash and cash equivalents	\$ 18,611	\$ 21,575	\$ 8,529
Contracts receivable, net	--	605	21,213
Intercompany receivable	113,436	--	--
Notes receivable, net	1,749	6,367	47,532
Inventory, net	--	19,456	168,232
Retained interests in notes receivable sold	--	38,560	--
Investments in subsidiaries	7,730	--	3,230
Property and equipment, net	10,009	2,017	37,312
Other assets	6,968	2,663	23,763
	-----	-----	-----
Total assets	\$ 158,503	\$ 91,243	\$ 309,811
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	\$ 11,074	\$ 21,138	\$ 16,643
Intercompany payable	--	12,267	101,169
Deferred income taxes	(18,799)	23,173	23,925
Lines-of-credit and notes payable	3,476	5,649	45,765
10.50% senior secured notes payable	110,000	--	--
8.00% convertible subordinated notes payable to related parties	6,000	--	--
8.25% convertible subordinated debentures	34,371	--	--
	-----	-----	-----
Total liabilities	146,122	62,227	187,502
Minority interest	--	--	--
Total shareholders' equity	12,381	29,016	122,309
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 158,503	\$ 91,243	\$ 309,811
	=====	=====	=====

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CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (IN THOUSANDS)

	NINE MONTHS ENDED DECEMBER 31,			
	BLUEGREEN (R) CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIARY GUARANTORS	ELI
REVENUES				
Sales	\$ --	\$ 18,561	\$ 204,094	\$
Other resort and golf operations	--	1,901	25,147	
Management fees	24,148	--	--	
Interest income	239	5,652	6,344	
Gain on sales of notes receivable	--	10,035	--	
	24,387	36,149	235,585	
COSTS AND EXPENSES				
Cost of sales	--	5,103	72,820	
Cost of other resort and golf operations	--	782	26,113	
Management fees	--	589	23,559	
Selling, general and administrative expenses	17,518	11,204	99,586	
Interest expense	7,389	319	2,116	
Provision for loan losses	--	399	2,433	
Other expense (income)	(137)	1,156	501	
	24,770	19,552	227,128	
Income (loss) before income taxes and minority interest	(383)	16,597	8,457	
Provision (benefit) for income taxes .	(137)	5,348	3,582	
Minority interest in income of consolidated subsidiary	--	--	--	
	Income (loss) before cumulative effect of change in accounting principle ...	(246)	11,249	4,875
Cumulative effect of change in accounting principle, net of income taxes	--	(714)	(5,215)	
Minority interest in cumulative effect of change in accounting principle, net of income taxes	--	--	--	
	Net income (loss)	\$ (246)	\$ 10,535	\$ (340)
	=====	=====	=====	=====

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(UNAUDITED)	NINE MONTHS ENDED DECEMBER 30, 2010			
	BLUEGREEN (R) CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIARY GUARANTORS	ELIMINATION
REVENUES				
Sales	\$ --	\$ 14,540	\$ 170,163	\$ --
Management fees	20,293	--	--	(2,000)
Other resort and golf operations revenue	--	2,600	16,584	--
Interest income	477	3,446	7,932	--
Gain on sale of notes receivable ...	--	4,214	--	--
	20,770	24,800	194,679	(2,000)
COST AND EXPENSES				
Cost of sales	--	4,603	59,530	--
Cost of other resort and golf operations	--	1,152	16,692	--
Management fees	--	825	19,468	(2,000)
Selling, general and administrative expenses	18,461	8,620	79,264	--
Interest expense	6,252	460	3,417	--
Provision for loan losses	--	140	3,543	--
Other expense (income)	10	775	(508)	--
	24,723	16,575	181,406	(2,000)
Income (loss) before income taxes ..	(3,953)	8,225	13,273	--
Provision (benefit) for income taxes	(1,522)	3,226	5,051	--
Minority interest in income of consolidated subsidiary	--	--	--	--
Net income (loss)	\$ (2,431)	\$ 4,999	\$ 8,222	\$ --

	YEAR ENDED MARCH 31, 2010		
	BLUEGREEN CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIARY GUARANTORS
REVENUES			
Sales.....	\$ --	\$ 21,604	\$219,024
Other resort and golf operations.....	--	3,943	21,527
Management fees.....	26,133	--	--
Interest income.....	564	4,968	9,915
Gain on sales of notes receivable.....	--	6,280	--
	26,697	36,795	250,466
COSTS AND EXPENSES			
Cost of sales.....	--	6,606	79,919
Cost of other resort and golf operations.....	--	1,532	22,067
Management fees.....	--	1,086	25,047
Selling, general and administrative expenses.....	25,686	12,234	102,269

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Interest expense.....	8,371	578	4,068
Provision for loan losses.....	--	242	4,609
Other expense (income)	(239)	1,105	(704)
	-----	-----	-----
	33,818	23,383	237,275
	-----	-----	-----
Income (loss) before income taxes and minority interest	(7,121)	13,412	13,191
Provision (benefit) for income taxes...	(2,742)	4,846	5,397
Minority interest in income of consolidated subsidiary.....	--	--	--
	-----	-----	-----
Net income (loss).....	\$ (4,379)	\$ 8,566	\$ 7,794
	=====	=====	=====

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	YEAR ENDED APRIL 1, 20		
	BLUEGREEN (R) CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIARY GUARANTORS
	-----	-----	-----
REVENUES			
Sales.....	\$ 58	\$ 11,107	\$ 218,709
Other resort and golf operations.....	--	3,508	21,141
Management fees.....	25,163	--	--
Interest income.....	1,378	4,155	11,784
Gain on sales of notes receivable.....	--	3,281	--
	-----	-----	-----
	26,599	22,051	251,634
	-----	-----	-----
COSTS AND EXPENSES			
Cost of sales.....	--	3,270	75,525
Cost of other resort and golf operations	--	1,577	23,374
Management fees.....	--	--	25,163
Selling, general and administrative expenses.....	27,085	7,138	113,369
Interest expense.....	10,189	941	4,364
Provision for loan losses.....	--	69	4,818
Other expense (income)	44	885	(529)
	-----	-----	-----
	37,318	13,880	246,084
	-----	-----	-----
Income (loss) before income taxes and minority interest	(10,719)	8,171	5,550
Provision (benefit) for income taxes...	(4,127)	3,644	1,639
Minority interest in loss of consolidated subsidiary.....	--	--	--
	-----	-----	-----
Net income (loss).....	\$ (6,592)	\$ 4,527	\$ 3,911
	=====	=====	=====

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (IN THOUSANDS)

	NINE MONTHS ENDED DEC		
	BLUEGREEN (R) CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIARIES GUARANTOR
Operating activities:			
Net cash provided (used) by operating activities	\$ 10,471	\$ (14,917)	\$ 11,483
Investing activities:			
Cash received from retained interests in notes receivable sold	--	14,555	--
Investment in subsidiary	(100)	--	--
Business acquisition	--	--	(2,292)
Purchases of property and equipment	(1,285)	(315)	(2,779)
Proceeds from sales of property and equipment	--	--	48
Net cash provided (used) by investing activities	(1,385)	14,240	(5,023)
Financing activities:			
Proceeds from borrowings under line-of-credit facilities and notes payable	--	--	18,696
Payments under line-of-credit facilities and notes payable	(7)	(1,692)	(25,771)
Payment of 8% convertible, subordinated notes payable to related parties	(6,000)	--	--
Payment of debt issuance costs	--	(1,355)	(1,333)
Proceeds from capitalization of subsidiary	--	100	--
Proceeds from exercise of employee and director stock options	683	--	--
Net cash used by financing activities	(5,324)	(2,947)	(8,408)
Net (decrease) increase in cash and cash equivalents	3,762	(3,624)	(1,948)
Cash and cash equivalents at beginning of year	18,611	21,575	8,529
Cash and cash equivalents at end of year	22,373	17,951	6,581
Restricted cash and cash equivalents at end of year .	(173)	(13,797)	(6,581)
Unrestricted cash and cash equivalents at end of year	\$ 22,200	\$ 4,154	\$ --

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(UNAUDITED)

NINE MONTHS EN	
BLUEGREEN (R) CORPORATION	COMBINED NON-GUARAN SUBSIDIARI

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Operating activities:		
Net cash provided (used) by operating activities	\$ (3,095)	\$ 3,556
Investing activities:		
Purchases of property and equipment	(1,999)	(1,104)
Sales of property and equipment	3	--
Cash received from retained interests in notes receivable sold ..	--	3,552
Investment in note receivable	(1,685)	--
Principal payments received on investment in note receivable	4,643	--
Net cash provided (used) by investing activities	962	2,448
Financing activities:		
Proceeds from borrowings under line-of-credit facilities and other notes payable	40,375	--
Payments under line-of-credit facilities and other notes payable .	(40,626)	(2,979)
Payment of debt issuance costs	(93)	(1,114)
Proceeds from the exercise of employee and director stock options	156	--
Net cash used by financing activities	(188)	(4,093)
Net increase (decrease) in cash and cash equivalents	(2,321)	1,911
Cash and cash equivalents at beginning of period	13,290	17,125
Cash and cash equivalents at end of period	10,969	19,036
Restricted cash and cash equivalents at end of period	--	(17,459)
Unrestricted cash and cash equivalents at end of period	\$ 10,969	\$ 1,577

	YEAR ENDED	
	BLUEGREEN CORPORATION	COMBINED NON-GUARANTO SUBSIDIARIES
Operating activities:		
Net cash provided by operating activities	\$ 5,261	\$ 3,107
Investing activities:		
Cash received from retained interests in notes receivable sold	--	7,856
Investment in note receivable	(1,685)	--
Principal payments received on investment in note receivable .	4,643	--
Purchases of property and equipment	(2,722)	(1,472)
Proceeds from sales of property and equipment	4	--
Net cash (used) provided by investing activities	240	6,384
Financing activities:		
Proceeds from borrowings under line-of-credit facilities and notes payable	50,225	--
Payments under line-of-credit facilities and notes payable ...	(50,447)	(3,876)
Payment of debt issuance costs	(114)	(1,165)
Proceeds from exercise of employee and director stock options	156	--
Net cash used by financing activities	(180)	(5,041)

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Net increase (decrease) in cash and cash equivalents	5,321	4,450
Cash and cash equivalents at beginning of year	13,290	17,125
	-----	-----
Cash and cash equivalents at end of year	18,611	21,575
Restricted cash and cash equivalents at end of year	--	(20,199)
	-----	-----
Unrestricted cash and cash equivalents at end of year	\$ 18,611	\$ 1,376
	=====	=====

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	YEAR ENDED APRIL		
	BLUEGREEN (R) CORPORATION	COMBINED NON-GUARANTOR SUBSIDIARIES	COMBINED SUBSIDIAR GUARANTOR

Operating activities:			
Net cash provided (used) by operating activities	\$ (24,250)	\$ 2,312	\$ 24,010
	-----	-----	-----
Investing activities:			
Cash received from retained interests in notes receivable sold	--	6,890	--
Investment in note receivable	(4,711)	--	--
Principal payments received on investment in note receivable	68	--	--
Acquisition of minority interest	--	--	(250)
Investment in joint venture	--	--	(3,230)
Purchases of property and equipment	(1,539)	(739)	(7,271)
Proceeds from sales of property and equipment	--	--	79
	-----	-----	-----
Net cash (used) provided by investing activities	(6,182)	6,151	(10,672)
	-----	-----	-----
Financing activities:			
Proceeds from borrowings under line-of-credit facilities and notes payable	6,500	645	3,976
Payments under line-of-credit facilities and notes payable	(5,282)	(6,303)	(17,550)
Payment of debt issuance costs	(45)	(1,368)	(138)
Proceeds from capitalization of joint venture	--	3,230	--
Proceeds from exercise of employee and director stock options	28	--	--
Payments for treasury stock	(572)	--	--
	-----	-----	-----
Net cash (used) provided by financing activities	629	(3,796)	(13,712)
	-----	-----	-----
Net (decrease) increase in cash and cash equivalents	(29,803)	4,667	(374)
Cash and cash equivalents at beginning of year	43,093	12,458	9,975
	-----	-----	-----
Cash and cash equivalents at end of year	13,290	17,125	9,601
Restricted cash and cash equivalents at end of year .	--	(15,961)	(6,402)
	-----	-----	-----
Unrestricted cash and cash equivalents at end of year	\$ 13,290	\$ 1,164	\$ 3,199
	=====	=====	=====

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13. Convertible Subordinated Notes Payable and Debentures

Notes Payable

On September 11, 2002, the Company's 8% convertible subordinated promissory notes in the aggregate principal amount of \$6 million were paid in full to two former members of the Company's Board of Directors and an affiliate of a former member of the Board of Directors.

Debentures

The Company had \$34.4 million of its 8.25% Convertible Subordinated Debentures (the "Debentures") outstanding at both December 31, 2002 and March 31, 2002. The Debentures are convertible at any time prior to maturity (2012), unless previously redeemed, into common stock of the Company at a current conversion price of \$8.24 per share, subject to adjustment under certain conditions. The Debentures are redeemable at any time, at the Company's option, in whole or in part at 100% of the face amount. The Company is obligated to redeem annually 10% of the principal amount of the Debentures originally issued, commencing May 15, 2003, net of previous redemptions of approximately \$5.6 million (therefore the first actual redemptions will occur on May 15, 2004). Such redemptions are calculated to retire 90% of the principal amount of the Debentures prior to maturity. The Debentures are unsecured and subordinated to all senior indebtedness of the Company. Interest is payable semi-annually on May 15 and November 15.

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Under financial covenants of the Indenture pursuant to which the Debentures were issued, the Company is required to maintain net worth of not less than \$29.0 million. Should net worth fall below \$29.0 million for two consecutive quarters, the Company is required to make an offer to purchase 20% of the outstanding Debentures at par, plus accrued interest.

14. Fair Value of Financial Instruments

In estimating the fair values of its financial instruments, the Company used the following methods and assumptions:

Cash and cash equivalents: The amounts reported in the Consolidated Balance Sheets for cash and cash equivalents approximate fair value.

Contracts receivable: The amounts reported in the Consolidated Balance Sheets for contracts receivable approximate fair value. Contracts receivable are non-interest bearing and generally convert into cash or an interest-bearing mortgage note receivable within thirty days.

Notes receivable: The amounts reported in the Consolidated Balance Sheets for notes receivable approximate fair value based on discounted future cash flows using current rates at which similar loans with similar maturities would be made to borrowers with similar credit risk.

Retained interests in notes receivable sold: Retained interests in notes receivable sold are carried at fair value based on discounted cash flow analyses.

Lines-of-credit, notes payable and receivable-backed notes payable: The amounts reported in the Consolidated Balance Sheets approximate their fair value for indebtedness that provides for variable interest rates. The fair value of the Company's fixed-rate indebtedness was estimated using discounted cash flow

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analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

10.50% senior secured notes payable: The fair value of the Company's 10.50% senior secured notes is based on the quoted market price in the over-the-counter bond market.

8.00% convertible subordinated notes payable to related parties: The fair value of the Company's \$6 million notes was estimated using a discounted cash flow analysis, based on the Company's incremental borrowing rate at March 31, 2002, for similar types of borrowing arrangements.

8.25% convertible subordinated debentures: The fair value of the Company's 8.25% convertible subordinated debentures is based on the quoted market price as reported on the New York Stock Exchange.

(in thousands)	December 31, 2002		March 31, 2002	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Cash and cash equivalents	\$ 46,905	\$ 46,905	\$ 48,715	\$ 48,715
Contracts receivable, net	16,230	16,230	21,818	21,818
Notes receivable, net	61,795	61,795	55,648	55,648
Retained interests in notes receivable sold ...	44,228	44,228	38,560	38,560
Lines-of-credit, notes payable, and receivable- backed notes payable	39,769	39,837	54,890	54,890
10.50% senior secured notes payable	110,000	90,200	110,000	110,000
8.00% convertible subordinated notes payable to related parties	--	--	6,000	6,000
8.25% convertible subordinated debentures	34,371	29,215	34,371	34,371

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15. Common Stock and Stock Option Plans

Treasury Stock

During the year ended April 1, 2001, the Company repurchased approximately 198,000 common shares at an aggregate cost of \$572,000 under a repurchase plan approved by the Company's Board of Directors during the year ended March 28, 1999 and expanded during the year ended April 2, 2000. No common stock was repurchased during the nine months ended December 31, 2002 or the year ended March 31, 2002.

Stock Option Plans

Under the Company's employee stock option plans, options can be granted with various vesting periods. All options granted to employees prior to December 31, 2002, vest ratably over a five-year period and expire ten years from the date of grant. All options were granted at exercise prices that either equaled or exceeded fair market value at the respective dates of grant.

The stock option plan covering the Company's non-employee directors provides for the grant to the Company's non-employee directors (the "Outside Directors") of non-qualified stock options. All options granted to Outside

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Directors prior to December 31, 2002 vest ratably over a three-year period and expire ten years from the date of grant. Due to a "change in control" provision in the Outside Directors' stock option agreements, all outstanding Outside Directors options as of April 10, 2002 immediately vested when Levitt Companies, LLC ("Levitt"), a subsidiary of BankAtlantic Bancorp, Inc. (NYSE: BBX), acquired an aggregate of approximately 8 million shares of the Company's outstanding common stock from certain real estate funds associated with Morgan Stanley Dean Witter and Company and Grace Brothers, Ltd. in private transactions. As a result of these purchases, combined with prior holdings in the Company, Levitt and BankAtlantic Bancorp, Inc. now own approximately 40% of the Company's outstanding common stock.

A summary of stock option activity related to the Company's Employee and Outside Directors Plans is presented below (in thousands, except per share data).

	Number of Shares Reserved	Outstanding Options	Exercise Price Per Share	Number of Sh Exercisab
Employee Stock Option Plans				
Balance at April 3, 2000 ...	3,645	2,829	\$1.25-\$9.50	1,288
Granted	--	60	\$2.26-\$3.00	
Forfeited	(5)	(185)	\$3.13-\$8.50	
Exercised	(11)	(11)	\$3.13	
	-----	-----		
Balance at April 1, 2001 ...	3,629	2,693	\$1.25-\$9.50	1,637
Granted	--	50	\$2.29	
Forfeited	(81)	(654)	\$2.29-\$9.50	
Exercised	(78)	(78)	\$1.25-\$1.46	
	-----	-----		
Balance at March 31, 2002 ..	3,470	2,011	\$1.46-\$9.50	1,457
Forfeited	(10)	(145)	\$2.60-\$8.50	
Exercised	(72)	(72)	\$1.46-\$3.13	
	-----	-----		
Balance at December 31, 2002	3,388	1,794	\$2.26-\$9.50	1,489
	=====	=====		
Outside Directors Plans				
Balance at April 3, 2000 ..	903	613	\$1.46-\$9.31	408
Granted	--	105	\$2.88	
	-----	-----		
Balance at April 1, 2001 ...	903	718	\$1.46-\$9.31	503
Granted	--	120	\$2.11	
Forfeited	(2)	(30)	\$2.88	
Exercised	(36)	(36)	\$1.46	
	-----	-----		
Balance at March 31, 2002 ..	865	772	\$1.77-\$9.31	562
Forfeited	--	(45)	\$2.88-\$5.94	
Exercised	(212)	(212)	\$1.77-\$3.50	
	-----	-----		
Balance at December 31, 2002	653	515	\$2.11-\$9.31	515
	=====	=====		

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contractual lives of the Company's outstanding stock options at December 31, 2002 (grouped by range of exercise prices) were:

	Number of Options ----- (In 000's) -----	Number of Vested Options ----- (In 000's) -----	Weighted- Average Remaining Contractual Life (in years) -----	Weighted- Average Exercise Price -----	Weighted- Average Exercise Price (vested) -----
Employees:					
\$2.26-\$3.13	470	384	5	\$2.88	\$3.13
\$3.58-\$4.88	598	567	3	\$4.18	\$4.88
\$8.50-\$9.50	726	538	6	\$9.21	\$9.50
	-----	-----			
	1,794	1,489			
	=====	=====			

	Number of Options ----- (In 000's) -----	Number of Vested Options ----- (In 000's) -----	Weighted- Average Remaining Contractual Life (in years) -----	Weighted- Average Exercise Price -----	Weighted- Average Exercise Price (vested) -----
Directors:					
\$2.11	30	30	9	\$2.11	\$2.11
\$2.82-\$3.80	305	305	3	\$3.27	\$3.80
\$5.94	90	90	4	\$5.94	\$5.94
\$9.31	90	90	4	\$9.31	\$9.31
	---	---			
	515	515			
	===	===			

Common Stock Reserved For Future Issuance

As of December 31, 2002, common stock reserved for future issuance was comprised of shares issuable (in thousands):

Upon conversion of 8.25% debentures	4,171
Upon exercise of employee stock options	3,388
Upon exercise of outside director stock options	653

	8,212
	=====

16. Commitments and Contingencies

At December 31, 2002, the estimated cost to complete development work in subdivisions or resorts from which lots or Timeshare Interests have been sold totaled \$34.9 million. Development is estimated to be completed within the next three fiscal years and thereafter as follows: 2003--\$27.6 million, 2004--\$3.0 million, 2005--\$2.5 million, Thereafter--\$1.8 million.

The Company leases certain office space and equipment under various

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noncancelable operating leases. Certain of these leases contain stated escalation clauses while others contain renewal options.

Rent expense for the nine months ended December 31, 2002, the year ended March 31, 2002 and the year ended April 1, 2001, totaled approximately \$3.6 million, \$4.4 million and \$4.2 million, respectively.

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Lease commitments under these noncancelable operating leases for each of the five fiscal years subsequent to December 31, 2002, and thereafter are as follows (in thousands):

2003	\$ 3,444
2004	2,799
2005	1,826
2006	1,341
2007	1,095
Thereafter	4,596

Total future minimum lease payments	\$15,101
	=====

The Company has \$1.4 million in outstanding commitments under stand-by letters of credit with banks, primarily related to obtaining an insurance bond regarding the development of project expected to be acquired during the year ending December 31, 2003, by Bluegreen(R) Communities.

In the ordinary course of its business, the Company from time to time becomes subject to claims or proceedings relating to the purchase, subdivision, sale and/or financing of real estate. Additionally, from time to time, the Company becomes involved in disputes with existing and former employees. The Company believes that substantially all of the claims and proceedings are incidental to its business.

On August 21, 2000, the Company received a Notice of Field Audit Action (the "Notice") from the State of Wisconsin Department of Revenue (the "DOR") alleging that two subsidiaries now owned by the Company failed to collect and remit sales and use taxes to the State of Wisconsin during the period from January 1, 1994 through September 30, 1997 totaling \$1.9 million. The majority of the assessment is based on the subsidiaries not charging sales tax to purchasers of Timeshare Interests at the Company's Christmas Mountain Village(TM) resort. In addition to the assessment, the Notice indicated that interest would be charged, but no penalties would be assessed. As of December 31, 2002, aggregate interest was approximately \$1.8 million. The Company filed a Petition for Redetermination (the "Petition") on October 19, 2000, and, if the Petition is unsuccessful, the Company intends to vigorously appeal the assessment. The Company acquired the subsidiaries that were the subject of the Notice in connection with the acquisition of RDI on September 30, 1997. Under the RDI purchase agreement, the Company has the right to set off payments owed by the Company to RDI's former stockholders pursuant to a \$1.0 million outstanding note payable balance and to make a claim against such stockholders for \$500,000 previously paid for any breach of representations and warranties. (One of the former RDI stockholders is currently employed by the Company in a key management position.) The Company has notified the former RDI stockholders that it intends to exercise these rights to mitigate any settlement with the DOR in this matter. In addition, the Company believes that, if necessary, amounts paid to the State of Wisconsin pursuant to the Notice, if any, may be further funded through collections of sales tax from the consumers who effected the assessed timeshare sales with RDI without paying sales tax on their purchases.

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Based on management's assessment of the Company's position in the Petition, the Company's right of set off with the former RDI stockholders and other factors discussed above, management does not believe that the possible sales tax pursuant to the Notice will have a material adverse impact on the Company's results of operations or financial position, and therefore no amounts have been accrued related to this matter.

17. Income Taxes

The provision for income taxes consists of the following (in thousands):

	Nine Months Ended		Year Ended	
	December 31, 2002	December 30, 2001	March 31, 2002	April 1, 2001
	(Unaudited)			
Federal:				
Current	\$ 4,666	\$ --	\$ (394)	\$ (4,645)
Deferred	3,792	6,114	7,254	5,481
	8,458	6,114	6,860	836
State and other:				
Current	--	--	--	--
Deferred	335	641	641	320
	335	641	641	320
Total	\$ 8,793	\$ 6,755	\$ 7,501	\$ 1,156

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The reasons for the difference between the provision for income taxes and the amount that results from applying the federal statutory tax rate to income before provision for income taxes and minority interest are as follows (in thousands):

	December 31, 2002	December 30, 2001	March 31, 2002	April 1, 2001
	(Unaudited)			
Income tax expense at statutory rate	\$8,635	\$6,141	\$6,819	\$1,051
Effect of state taxes, net of federal tax benefit	158	614	682	105
	\$8,793	\$6,755	\$7,501	\$1,156

At December 31, 2002 and March 31, 2002, deferred income taxes consist of

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the following components (in thousands):

	December 31, 2002 ----	March 31, 2001 ---
Deferred federal and state tax liabilities (assets):		
Installment sales treatment of notes.....	\$ 68,500	\$ 53,000
Deferred federal and state loss carryforwards/AMT credits.....	(38,939)	(29,000)
Book over tax carrying value of retained interests in notes receivable sold.....	6,587	2,000
Book reserves for loan losses and inventory.....	(5,271)	(3,000)
Deferral of telemarketing costs incurred.....	--	2,000
Tax over book depreciation.....	1,411	1,000
Other.....	(1,080)	1,000
	-----	-----
Deferred income taxes	\$ 31,208	\$ 28,000
	=====	=====
Total deferred federal and state tax liabilities	\$ 81,385	\$ 62,000
Total deferred federal and state tax assets	(50,177)	(33,000)
	-----	-----
Deferred income taxes	\$ 31,208	\$ 28,000
	=====	=====

The Company has available net operating loss carryforwards of \$84.3 million, which expire in 2021, 2022 and 2023, and alternative minimum tax credit carryforwards of \$6.9 million, that never expire.

18. Employee Retirement Savings Plan

The Company's Employee Retirement Plan is a code section 401(k) Retirement Savings Plan (the "Plan"). All employees at least 21 years of age with one year of employment with the Company are eligible to participate in the Plan. During the nine months ended December 31, 2002, the Company did not make a matching contribution to the Plan, but has accrued approximately \$270,000 for a matching contribution to be determined and paid in April 2003 related to the Plan's fiscal year ended December 31, 2002. During the year ended March 31, 2002, the Plan was amended when the Company agreed to make a minimum matching contribution to the Plan of \$226,000, which was equivalent to 50% of the first 3% of each participating employee's contribution to the Plan. During the year ended April 1, 2001, employer contributions to the Plan were at the sole discretion of the Company and no such contributions were made.

19. Business Segments

The Company has two reportable business segments. Bluegreen(R) Resorts develops, markets and sells Timeshare Interests in the Company's resorts, primarily through the Club, and provides resort management services to resort property owners associations and Bluegreen Communities acquires large tracts of real estate, which are subdivided, improved (in some cases to include a golf course on the property) and sold, typically on a retail basis as home sites. The Company's reportable segments are business units that offer different products. The reportable segments are each managed separately because they sell distinct products with different development, marketing and selling methods.

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The Company evaluates performance and allocates resources based on field operating profit. Field operating profit is operating profit prior to the allocation of corporate overhead, interest income, gain on sale of receivables, other income, provision for loan losses, interest expense, income taxes, minority interest and cumulative effect of change in accounting principle. Inventory is the only asset that the Company evaluates on a segment basis - all other assets are only evaluated on a consolidated basis. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies (see Note 1).

Required disclosures for the Company's business segments are as follows (in thousands):

As of and for the nine months ended December 31, 2002

	Bluegreen(R) Resorts -----	Bluegreen Communities -----	Total -----
Sales.....	\$144,026	\$ 78,629	\$222,
Other resort and golf operations revenues.....	23,520	3,528	27,
Depreciation expense.....	2,100	1,053	3,
Field operating profit.....	17,218	13,570	30,
Inventory.....	71,097	102,034	173,

As of and for the nine months ended December 30, 2001 (Unaudited)

Sales.....	\$110,846	\$ 73,857	\$184,
Other resort and golf operations revenues.....	17,475	1,709	19,
Depreciation expense.....	1,820	802	2,
Field operating profit.....	14,970	14,209	29,
Inventory.....	88,726	105,299	194,

As of and for the year ended March 31, 2002

Sales.....	\$144,226	\$96,402	\$240,
Other resort and golf operations revenues.....	23,149	2,321	25,
Depreciation expense.....	2,532	1,077	3,
Field operating profit.....	19,729	15,415	35,
Inventory.....	86,288	101,400	187,

As of and for the year ended April 1, 2001

Sales.....	\$140,975	\$ 88,899	\$229,
Other resort and golf operations revenues.....	22,762	1,887	24,
Depreciation expense.....	1,986	873	2,
Field operating profit.....	9,724	12,991	22,
Inventory.....	97,012	96,622	193,

Reconciliations to Consolidated Amounts

Field operating profit for reportable segments reconciled to consolidated income before provision for income taxes and minority interest (in thousands):

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	Nine Months Ended		
	December 31, 2002	December 30, 2001	March 31, 2002
	(Unaudited)		
Field operating profit for reportable segments	\$ 30,788	\$ 29,179	\$ 35,144
Interest income	12,235	11,855	15,447
Gain on sales of notes receivable	10,035	4,214	6,280
Other expense	(1,520)	(277)	(162)
Corporate general and administrative expenses .	(14,211)	(13,614)	(19,359)
Interest expense	(9,824)	(10,129)	(13,017)
Provision for loan losses	(2,832)	(3,683)	(4,851)
	-----	-----	-----
Consolidated income before provision for income taxes and minority interest	\$ 24,671	\$ 17,545	\$ 19,482
	=====	=====	=====

Depreciation expense for reportable segments reconciled to consolidated depreciation expense (in thousands):

	Nine Months Ended		Year Ended
	December 31, 2002	December 30, 2001	March 31, 2002
	(Unaudited)		
Depreciation expense for reportable segments ..	\$3,153	\$2,622	\$3,609
Depreciation expense for corporate fixed assets	1,444	1,235	1,671
	-----	-----	-----
Consolidated depreciation expense	\$4,597	\$3,857	\$5,280
	=====	=====	=====

Assets for reportable segments reconciled to consolidated assets (in thousands):

	December 31, 2002	December 30, 2001	March 31, 2002
		(Unaudited)	
Inventory for reportable segments	\$173,131	\$194,025	\$187,688
Assets not allocated to reportable segments	260,861	238,663	247,473
	-----	-----	-----
Total assets	\$433,992	\$432,688	\$435,161
	=====	=====	=====

Geographic Information

Sales by geographic area are as follows (in thousands):

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	Nine Months Ended		Year Ended	
	December 31, 2002	December 30, 2001	March 31, 2002	April 1, 2001
		(Unaudited)		
United States	\$216,973	\$176,846	\$230,179	\$219,885
Aruba	5,671	7,849	10,441	9,964
Canada	11	8	8	25
Consolidated totals	\$222,655	\$184,703	\$240,628	\$229,874

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Inventory by geographic area is as follows (in thousands):

	December 31, 2002	March 31, 2002
United States	\$163,606	\$177,575
Aruba	9,521	10,107
Canada	4	6
Consolidated totals	\$173,131	\$187,688

20. Quarterly Financial Information (Unaudited)

Summarized quarterly financial information for the nine months ended December 31, 2002 and the year ended March 31, 2002, is presented below (in thousands, except for per share information). Each quarter presented reflects the results of operations for a 13-week period.

	Three Months Ended		
	June 30, 2002	September 29, 2002	December 2002
	(Restated)	(Restated)	
Sales	\$ 71,113	\$ 83,386	\$ 68,1
Gross profit	46,146	54,377	44,2
Income before cumulative effect of change in accounting principle	4,159	5,080	6,1
Net income (loss)	(1,420)	5,080	6,1
Earnings per common share before cumulative effect of change in accounting principle:			
Basic	0.17	0.21	0.
Diluted	0.17	0.19	0.
Earnings (loss) per common share:			

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Basic	(0.06)	0.21	0.
Diluted	(0.06)	0.19	0.

	Three Months Ended			
	July 1, 2001 ----	September 30, 2001 ----	December 30, 2001 ----	March 31, 2002 ----
Sales	\$60,183	\$69,235	\$55,285	\$55,925
Gross profit	40,112	45,157	35,301	33,533
Net income	4,135	4,577	1,972	1,048
Earnings per common share:				
Basic	0.17	0.19	0.08	0.04
Diluted	0.16	0.17	0.08	0.04

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Income before cumulative effect of change in accounting principle and net income (loss) for the three months ended June 30, 2002 and September 29, 2002, as presented above, has been restated from the amounts previously disclosed in the Company's Quarterly Reports on Form 10-Q for those periods to reflect the impact of the change in accounting principle discussed in Note 1. Net income as previously disclosed in the Company's Quarterly Reports on Form 10-Q reconciled to the restated amounts above for the three month periods ended June 30, 2002 and September 29, 2002, is as follows (in thousands, except per share data):

	Three Months Ended	
	June 30, 2002 -----	September 29, 2002 -----
Net income, as previously reported	\$ 5,158	\$ 5,723
Impact of expensing telemarketing costs that were previously deferred in the computation of net income, as previously reported, net of income taxes and minority interest	(999)	(643)
Income before cumulative effect of change in accounting principle	4,159	5,080
Cumulative effect of change in accounting principle, net of income taxes and minority interest	(5,579)	--
Net income (loss), as restated	\$(1,420)	\$ 5,080
Earnings per common share, as previously reported:		
Basic	\$ 0.21	\$ 0.23
Diluted	0.19	0.21

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Earnings (loss) per common share, as restated:

Basic	(0.06)	0.21
Diluted	(0.06)	0.19

21. Subsequent Event

In February 10, 2003, the Company entered into a \$50.0 million revolving timeshare receivables credit facility (the "GMAC Receivables Facility") with RFC. The borrowing period on the GMAC Receivables Facility expires on March 10, 2005, and outstanding borrowings mature no later than March 10, 2012. The GMAC Receivables Facility has detailed requirements with respect to the eligibility of receivables for inclusion and other conditions to funding. The borrowing base under the GMAC Receivables Facility is 90% of the outstanding principal balance of eligible notes arising from the sale of Timeshare Interests. The GMAC Receivables Facility includes affirmative, negative and financial covenants and events of default. All principal and interest payments received on pledged receivables are applied to principal and interest due under the GMAC Receivables Facility. Indebtedness under the facility will bear interest at LIBOR plus 4%. The Company was required to pay an upfront loan fee of \$375,000 in connection with the GMAC Receivables Facility.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders
Bluegreen Corporation

We have audited the accompanying consolidated balance sheets of Bluegreen Corporation as of December 31, 2002 and March 31, 2002, and the related consolidated statements of income, shareholders' equity and cash flows for the nine-month period ended December 31, 2002 and each of the two years in the period ended March 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bluegreen Corporation at December 31, 2002 and March 31, 2002, and the consolidated results of its operations and its cash flows for the nine-month period ended December 31, 2002 and each of the two years in the period ended March 31, 2002, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, in the nine-month period ended December 31, 2002, the Company changed its method of accounting for the cost associated with generating timeshare tours.

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West Palm Beach, Florida

January 24, 2003, except for Note 21, as to which the date is February 10, 2003

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Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

For information with respect to the Company's Directors, see the information provided under the headings "Proposal 1 - Election of Nominees for Director" and "Certain Relationships and Other Transactions" in the Proxy Statement, which sections are incorporated herein by reference.

The following table sets forth certain information regarding the executive officers of the Company as of March 1, 2002.

Name	Age	Position
----	---	-----
George F. Donovan	64	President and Chief Executive Officer
John F. Chiste	46	Senior Vice President, Chief Financial Officer and Treasurer
Daniel C. Koscher	45	Senior Vice President - President, Bluegreen(R)Communities
John M. Maloney, Jr.	41	Senior Vice President - President, Bluegreen Resorts
Mark T. Ryall	43	Senior Vice President and Chief Information Officer
Allan J. Herz	43	Vice President and Director of Mortgage Operations
Susan J. Milanese	43	Vice President and Director of Human Resources and Administration
Anthony M. Puleo	34	Vice President and Chief Accounting Officer
Randi S. Tompkins	42	Vice President, Director of Corporate Legal Affairs and Clerk

George F. Donovan joined the Company as a Director in 1991 and was appointed President and Chief Operating Officer in October 1993. He became Chief Executive Officer in December 1993. Mr. Donovan has served as an officer of a number of other recreational real estate corporations, including Leisure Management International, of which he was President from 1991 to 1993, and Fairfield Communities, Inc., of which he was President from April 1979 to December 1985. Mr. Donovan holds a B.S. in Electrical Engineering and is a Registered Resort Professional.

John F. Chiste joined the Company in July 1997 as Treasurer and Chief Financial Officer. In 1998, Mr. Chiste was also named Senior Vice President. From January 1997 to June 1997, Mr. Chiste was the Chief Financial Officer of Compscript, Inc., an entity that provides institutional pharmacy services to long-term health care facilities. From December 1992 to January 1997, he served as the Chief Financial Officer, Secretary and Treasurer of Computer Integration Corporation, a publicly-held distribution company that provides information products and services to corporations nationwide. From 1983 through 1992, Mr. Chiste held various positions with Ernst & Young LLP, most recently serving as a Senior Manager. Mr. Chiste holds a B.B.A. in Accounting and is a Certified Public Accountant.

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Daniel C. Koscher joined the Company in 1986. During his tenure, he has served in various financial management positions including Chief Accounting Officer and Vice President and Director of Planning/Budgeting. In 1996, he became Senior Vice President - President, Bluegreen Communities. Prior to his employment with the Company, Mr. Koscher was employed by the William Carter Company, a manufacturing company located in Needham, Massachusetts. He has also been employed by Cipher Data Products, Inc., a computer peripheral manufacturer located in San Diego, California, as well as the State of Nevada as an audit agent. Mr. Koscher holds an M.B.A. along with a B.B.A. in Accounting and is a Registered Resort Professional.

John M. Maloney, Jr. joined the Company in May 2001 as Senior Vice President of Operations and Business Development for Bluegreen Resorts. In May 2002, Mr. Maloney was named Senior Vice President of the Company and President of Bluegreen Resorts. From 1997 to 2000 Mr. Maloney served in various positions with ClubCorp, most recently as the Senior Vice President of Sales and Marketing for the Owners Club by ClubCorp. From 1994 to 1997, Mr. Maloney held various positions with Hilton Grand Vacations Company, most recently as the Director of Sales and Marketing for the South Florida area. Mr. Maloney holds a bachelors degree in Economics.

Mark T. Ryall joined the Company in October 2000 as Chief Information Officer. In November 2000, Mr. Ryall was also named Senior Vice President. From 1997 through 2000, Mr. Ryall was Vice President and Chief Information Officer at AHL Services, Inc., a publicly held provider of outsourcing solutions based in Atlanta, Georgia. From 1990 to 1997, Mr. Ryall served as Group Project Manager, Management Information Systems, at Ryder System, Inc., a publicly held provider of logistics, supply chain and transportation management solutions worldwide, based in

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Miami, Florida. From 1983 through 1990, Mr. Ryall held various positions with Andersen Consulting, an international technology-consulting firm now known as Accenture. Mr. Ryall holds a B.S.B.A. in Financial Management and an M.B.A.

Allan J. Herz joined the Company in 1992 and was named Director of Mortgage Operations in September 1992. Mr. Herz was also elected Vice President in 1993. From 1982 to 1992, Mr. Herz worked for AmeriFirst Federal Savings Bank based in Miami, Florida. During his 10-year tenure with the bank, he held various lending positions, the most recent being Division Vice President in Consumer Lending. Mr. Herz holds a B.B.A. and an M.B.A.

Susan J. Milanese joined the Company in 1988. During her tenure, she has held various management positions in the Company including Assistant to the Chief Financial Officer, Divisional Controller and Director of Accounting. In 1995, she was elected Vice President and Director of Human Resources and Administration. From 1983 to 1988, Ms. Milanese was employed by General Electric Company in various financial management positions including the corporate audit staff. Ms. Milanese holds a B.B.A. in Accounting.

Anthony M. Puleo joined the Company in October 1997 as Chief Accounting Officer. In 1998, Mr. Puleo was also elected Vice President. From December 1990 through October 1997, Mr. Puleo held various positions with Ernst & Young LLP, most recently serving as a Senior Manager in the Assurance and Advisory Business Services group. Mr. Puleo holds a B.B.A. in Accounting and is a Certified Public Accountant.

Randi S. Tompkins joined the Company in 1998 as Assistant Director of Legal Affairs and was elected Vice President and Director of Corporate Legal

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Affairs and Clerk in 2002. From March 1995 to October 1998, Ms. Tompkins was a sole practitioner attorney, specializing in commercial transactions and commercial and residential real estate matters. Concurrent with her law practice, Ms. Tompkins owned and operated a real estate title insurance company. From 1989 to 1994, Ms. Tompkins was an attorney with the law firm of Michael S. Weiner and Associates. Ms. Tompkins holds a B.A. in American Studies along with a J.D.

The Company's By-Laws provide that, except as otherwise provided by law or the charter and by-laws of the Company, the President, Treasurer and the Clerk hold office until the first meeting of the Board of Directors following the next annual meeting of shareholders and until their respective successors are chosen and qualified and that all other officers hold office for the same period unless a shorter time is specified in the vote appointing such officer or officers.

Section 16 Compliance

The information provided under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION.

The information provided under the headings "Proposal 1- Election of Nominees for Director," "Board of Directors and its Committees," "Compensation Committee Report on Executive Compensation", "Compensation of Chief Executive Officer", "Executive Compensation" and "Certain Relationships and Other Transactions" in the Company's Proxy Statement is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information provided under the heading "Proposal 1 - Election of Nominees for Director" in the Proxy Statement is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information provided under the headings "Proposal 1 - Election of Nominees for Director," "Executive Compensation" and "Certain Relationships and Other Transactions" in the Proxy Statement is incorporated herein by reference.

Item 14. CONTROLS AND PROCEDURES.

In March 2003, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-14 and 15d-14(c). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that

our disclosure controls and procedures are effective to assure that the Company records, processes, summarizes and reports in a timely manner the material information that must be included in the Company's reports that are filed with or submitted to the Securities and Exchange Commission.

In addition, there have been no significant changes in the Company's internal controls or in other factors that could significantly affect these

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controls subsequent to the date of their evaluation.

Management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures and internal controls will prevent all error and all improper conduct. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of improper conduct, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

Further, the design of any system of controls also is based in part upon assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Chief Executive Officer and Chief Financial Officer Certifications

Appearing immediately following the "Signatures" section of this report, there are Certifications of the principal executive officer and the principal financial officer. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This Item of this report, which you are currently reading, is the information concerning the evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) (1) and (a) (2) List of Financial Statements and Schedules.

1. The following Consolidated Financial Statements and Notes thereto of the Company and its subsidiaries and the report of independent certified public accountants relating thereto, are included in Item 8.

Consolidated Balance Sheets as of December 31, 2002 and March 31, 2002

Consolidated Statements of Income for the nine months ended December 31, 2002, the nine months ended December 30, 2001 and each of the two years in the period ended March 31, 2002

Consolidated Statements of Shareholders' Equity for the nine months ended December 31, 2002 and each of the two years in the period ended March 31, 2002

Consolidated Statements of Cash Flows for the nine months ended December 31, 2002, the nine months ended December 30, 2001 and each of the two years in the period ended March 31, 2002

Notes to Consolidated Financial Statements

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Report of Independent Certified Public Accountants

2. All financial statement schedules are omitted because they are not applicable, are not present in amounts sufficient to require submission of the schedules or the required information is presented in the Consolidated Financial Statements or related notes.

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(a) (3) List of Exhibits.

The exhibits which are filed with this Annual Report on Form 10-KT or which are incorporated herein by reference are set forth in the Exhibit Index which appears at pages 92 through 98 hereof and are incorporated herein by reference.

(b) Reports on Form 8-K.

On October 17, 2002, the Company filed a Current Report on Form 8-K dated October 2, 2002, reporting the acquisition of substantially all of the assets and certain liabilities of TakeMeOnVacation(TM), LLC, RVM Promotions, LLC and RVM Vacations, LLC, discussed in Note 2 of Notes to Condensed Consolidated Financial Statements. This event was reported under Item 2, "Acquisition of Assets." This same Form 8-K also reported the Company's change in fiscal year end under Item 8, "Change in Fiscal Year" and discussed above under Item 5, "Other Information."

On December 16, 2002, the Company filed an amendment to the aforementioned Form 8-K, which included the following Combined Financial Statements and Notes thereto of TMOV and the report of independent certified public accountants relating thereto:

- o Combined Balance Sheet as of December 31, 2001
- o Combined Statement of Income for the year ended December 31, 2001
- o Combined Statement of Members' Deficit for the year ended December 31, 2001
- o Combined Statement of Cash Flows for the year ended December 31, 2001
- o Notes to Combined Financial Statements

The amendment also included pro forma financial information regarding the acquisition of TMOV, as required under Article 11 of Regulation S-X.

(c) Exhibits.

See (a) (3) above.

(d) Financial Statement Schedules.

All financial statement schedules are omitted because they are not applicable, are not present in amounts sufficient to require submission of the schedules or the required information is presented in the Consolidated Financial Statements or related notes.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLUEGREEN(R) CORPORATION
(Registrant)

Date: March 25, 2003 By: /S/ GEORGE F. DONOVAN

George F. Donovan,
President and Chief Executive Officer

Date: March 25, 2003 By: /S/ JOHN F. CHISTE

John F. Chiste,
Senior Vice President, Treasurer and
Chief Financial Officer
(Principal Financial Officer)

Date: March 25, 2003 By: /S/ ANTHONY M. PULEO

Anthony M. Puleo,
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 25th day of March, 2003.

Signature -----	Title -----
/S/ GEORGE F. DONOVAN ----- George F. Donovan	President, Chief Executive Officer and Director
/S/ JOHN F. CHISTE ----- John F. Chiste	Senior Vice President, Treasurer and Chief Financial (Principal Financial Officer)
/S/ ANTHONY M. PULEO ----- Anthony M. Puleo	Vice President and Chief Accounting Officer (Principal Accounting Officer)
/S/ ALAN B. LEVAN ----- Alan B. Levan	Chairman of the Board of Directors
/S/ JOHN E. ABDO ----- John E. Abdo	Vice Chairman of the Board of Directors
/S/ NORMAN H. BECKER ----- Norman H. Becker	Director

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/S/ JOHN LAGUARDIA Director

John Laguardia

/S/ J. LARRY RUTHERFORD Director

J. Larry Rutherford

/S/ ARNOLD SEVELL Director

Arnold Sevell

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I, George F. Donovan, certify that:

1. I have reviewed this transitional annual report on Form 10-KT of Bluegreen(R) Corporation;
2. Based on my knowledge, this transitional annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this transitional annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this transitional annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this transitional annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this transitional annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within ninety (90) days prior to the filing date of this transitional annual report (the "Evaluation Date"); and
 - c) presented in this transitional annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have

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identified for the registrant's auditors any material weaknesses in internal controls; and

- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this transitional annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

/S/ GEORGE F. DONOVAN

George F. Donovan
Chief Executive Officer

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I, John F. Chiste, certify that:

- 1. I have reviewed this transitional annual report on Form 10-KT of Bluegreen(R) Corporation;
- 2. Based on my knowledge, this transitional annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this transitional annual report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this transitional annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this transitional annual report;
- 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this transitional annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within ninety (90) days prior to the filing date of this transitional annual report (the "Evaluation Date"); and
 - c) presented in this transitional annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
- 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit

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committee of registrant's board of directors:

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this transitional annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 25, 2003

/S/ JOHN F. CHISTE

John F. Chiste
Chief Financial Officer

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EXHIBIT INDEX

Number	Description
3.1	- Restated Articles of Organization, as amended (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the year ended March 31, 1996).
3.2	- Restated and amended By-laws of the Registrant (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated September 29, 2002).
4.4	- Specimen of Common Stock Certificate (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the year ended April 2, 2000).
4.6	- Form of Indenture dated as of May 15, 1987 relating to the Company's 8.25% Convertible Subordinated Debentures Due 2012, including Form of Debenture (incorporated by reference to exhibit of same designation to Registration Statement on Form S-1, File No. 33-13753).
4.7	- Indenture dated as of April 1, 1998 by and among the Registrant, certain subsidiaries of the Registrant, and SunTrust Bank, Central Florida, National Association, as trustee, for the 10 1/2% Senior Secured Notes due 2008. (incorporated by reference to exhibit of same designation to Registration Statement on Form S-4, File No. 333-50717).
4.8	- First Supplemental Indenture dated as of March 15, 1999 by and among the Registrant, certain subsidiaries of the Registrant, and SunTrust Bank, Central Florida, National Association, as trustee, for the 10 1/2% Senior Secured Notes due 2008 (incorporated by reference to exhibit of same designation to

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Annual Report on Form 10-K for the fiscal year ended March 28, 1999).

- 4.9 - Second Supplemental Indenture dated as of December 31, 2000 by and among the Registrant, certain subsidiaries of the Registrant, and SunTrust Bank, Central Florida, National Association, as trustee, for the 10 1/2% Senior Secured Notes due 2008 (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 4.10 - Third Supplemental Indenture dated as of October 31, 2001 by and among the Registrant, certain subsidiaries of the Registrant, and SunTrust Bank, Central Florida, National Association, as trustee, for the 10 1/2% Senior Secured Notes due 2008 (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 4.11 - Fourth Supplemental Indenture dated as of December 31, 2001 to the Indenture Dated as of April 1, 1998 among the Registrant, certain of its subsidiaries and SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), as Notes Trustee, relating to the Company's \$110 million aggregate principal amount of 10 1/2% Senior Secured Notes due 2008 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated December 30, 2001).
- 4.12 - Fifth Supplemental Indenture dated as of July 31, 2002 to the Indenture Dated as of April 1, 1998 among the Registrant, certain of its subsidiaries and SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), as Notes Trustee, relating to the Company's \$110 million aggregate principal amount of 10 1/2% Senior Secured Notes due 2008.
- 10.24 - Form of Agreement dated June 27, 1989 between the Registrant and Peoples Heritage Savings Bank relating to sale of mortgage notes receivable (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended April 2, 1989).

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- 10.78 - Registrant's 1988 Amended Outside Director's Stock Option Plan (incorporated by reference to exhibit to Registration Statement on Form S-8, File No. 33-61687).
- 10.79 - Registrant's 1998 Non-Employee Director Stock Option Plan (incorporated by reference to exhibit 10.131 to Annual report on Form 10-K for the year ended March 29, 1998).
- 10.80 - Registrant's 1995 Stock Incentive Plan, as amended (incorporated by reference to exhibit 10.79 to Annual Report on Form 10-K for the fiscal year ended March 29, 1998).
- 10.81 - Registrant's Retirement Savings Plan (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 10.98 - Pooling and Servicing Agreement dated as of June 15, 1995,

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among Patten Receivables Finance Corporation X, the Registrant, Patten Corporation REMIC Trust, Series 1995-1 and First Trust National Association, as Trustee (incorporated by reference to exhibit to Current Report on Form 8-K dated July 12, 1995).

- 10.99 - Pooling and Servicing Agreement dated as of April 15, 1996, among Bluegreen Receivables Finance Corporation I, the Registrant, Bluegreen Corporation REMIC Trust, Series 1996-1 and First Trust National Association, as Trustee (incorporated by reference to exhibit to Current Report on Form 8-K dated May 15, 1996).
- 10.100 - Pooling and Servicing Agreement dated as of November 15, 1996, among Bluegreen Receivables Finance Corporation II, the Registrant, Bluegreen Corporation REMIC Trust, Series 1996-2 and First Trust National Association, as Trustee (incorporated by reference to exhibit to Current Report on Form 8-K dated December 11, 1996).
- 10.102 - Amended and Restated Sale and Contribution Agreement dated as of October 1, 1999 by and among Bluegreen Corporation Receivables Finance Corporation III and BRFC III Deed Corporation (incorporated by reference to exhibit 10.103 to Quarterly Report on Form 10-Q dated January 2, 2000).
- 10.104 - Amended and Restated Asset Purchase Agreement dated as of October 1, 1999 by and among Bluegreen Corporation, Bluegreen Receivables Finance Corporation III, BRFC III Deed Corporation, Heller Financial Inc., Vacation Trust, Inc. and U.S. Bank National Association, as cash administrator, including Definitions Annex (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated January 2, 2000).
- 10.105 - Sale and Contribution Agreement dated as of September 1, 2000, among the Registrant and Bluegreen Receivables Finance Corporation IV (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated October 1, 2000).
- 10.106 - Sale and Servicing Agreement dated as of September 1, 2000, among the Registrant, BXG Receivables Owner Trust 2000, Bluegreen Receivables Finance Corporation IV, Concord Servicing Corporation, Vacation Trust, Inc., U.S. Bank Trust National Association, Heller Financial, Inc. and Barclays Bank PLC (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated October 1, 2000).
- 10.107 - Indenture dated as of September 1, 2000, between BXG Receivables Owner Trust 2000 and U.S. Bank Trust National Association (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated October 1, 2000).
- 10.108 - BXG Receivables Owner Trust 2000 Definitions Annex dated as of September 1, 2000 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated October 1, 2000).

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- 10.109 - Class A Note dated as of October 16, 2000, among BXG Receivables Owner Trust 2000, U.S. Bank Trust National Association and Barclays Bank PLC (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated October 1, 2000).
- 10.110 - Class B Note dated as of October 16, 2000, among BXG Receivables Owner Trust 2000, U.S. Bank Trust National Association and Heller Financial, Inc. (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated October 1, 2000).
- 10.111 - Amended and Restated Sale and Servicing Agreement dated April 17, 2002, among the Registrant, Bluegreen Receivables Finance Corporation V, BXG Receivables Note Trust 2001-A, Concord Servicing Corporation, Vacation Trust, Inc. and U.S. Bank Trust National Association (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 10.112 - Amended and Restated Note Purchase Agreement dated April 17, 2002, among the Registrant, Bluegreen Receivables Finance Corporation V, BXG Receivables Note Trust 2001-A, the Purchasers Parties Hereto and ING Capital LLC (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 10.113 - Amended and Restated Indenture dated April 17, 2002, between BXG Receivables Note Trust 2001-A and U.S. Bank Trust National Association (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 10.114 - Amended and Restate Trust Agreement dated April 17, 2002, by and among Bluegreen Receivables Finance Corporation V, GSS Holdings, Inc. and Wilmington Trust Company (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 10.115 - Purchase and Contribution Agreement dated November 15, 2002, by and among the Registrant and Bluegreen Receivables Finance Corporation VI.
- 10.116 - Sale Agreement dated November 15, 2002, by and among Bluegreen Receivables Finance Corporation VI and BXG Receivables Note Trust 2002-A.
- 10.117 - Transfer Agreement dated November 15, 2002, by and among the Registrant, BXG Receivables Owner Trust 2000 and Bluegreen Receivables Finance Corporation VI.
- 10.118 - Transfer Agreement dated November 15, 2002, by and among the Registrant, BXG Receivables Note Trust 2001-A and Bluegreen Receivables Finance Corporation VI.
- 10.119 - Note Purchase Agreement dated December 3, 2002, between BXG Receivables Note Trust 2002-A and ING Financial Markets LLC.
- 10.120 - Trust Agreement dated November 15, 2002, by and among Bluegreen Receivables Finance Corporation VI, GSS Holdings, Inc. and Wilmington Trust Company.

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10.121 - Indenture dated November 15, 2002, between the Registrant, BXG Receivables Note Trust 2002-A, Vacation Trust, Inc., Concord Servicing Corporation and U.S. Bank National Association.

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10.122 - Exchange and Registration Rights Agreement dated April 1, 1998, by and among the Registrant and the persons named therein, relating to the 10 1/2% Senior Secured Notes due 2008 (incorporated by reference to exhibit 10.123 to Registration Statement on Form S-4, File No. 333-50717).

10.123 - Employment Agreement between George F. Donovan and the Company dated December 19, 2001 (incorporated by reference to exhibit 10.124 to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).

10.124 - Promissory Note dated July 1, 2002 between George F. Donovan and Bluegreen Corporation (incorporated by reference to exhibit 10.148 to Quarterly Report on Form 10-Q dated June 30, 2002).

10.125 - Employment Agreement between John F. Chiste and the Company dated December 27, 2001 (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).

10.126 - Employment Agreement between Daniel C. Koscher and the Company dated May 22, 2002 (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).

10.127 - Amended and Restated Credit Facility Agreement entered into as of April 16, 1998 between Finova Capital Corporation and the Registrant (incorporated by reference to exhibit 10.129 to Registration Statement on Form S-4, File No. 333-50717).

10.128 - Second Amended and Restated Credit Facility Agreement entered into as of September 14, 1999, between Finova Capital Corporation and the Registrant (incorporated by reference to exhibit 10.130 to Quarterly Report on Form 10-Q dated October 3, 1999).

10.129 - Amended and Restated Loan and Security Agreement dated as of September 23, 1997 between Foothill Capital Corporation and the Registrant (incorporated by reference to exhibit 10.130 to Registration Statement on Form S-4, File No. 333-50717).

10.130 - Amendment Number One to Loan and Security Agreement dated December 1, 2000, by and between the Registrant and Foothill Capital Corporation (incorporated by reference to exhibit 10.140 to Quarterly Report on Form 10-Q dated December 31, 2000).

10.131 - Amendment Number Two to Loan and Security Agreement dated as of November 9, 2001, by and between the Registrant and Foothill Capital Corporation (incorporated by reference to exhibit 10.133 to Quarterly Report on Form 10-Q dated December 31, 2001).

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- 10.132 - Amendment Number Three to Loan and Security Agreement dated August 28, 2002, by and between the Registrant and Foothill Capital Corporation (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated September 29, 2002).
- 10.133 - Loan and Security Agreement dated October 20, 1998, by the Registrant and Bluegreen Resorts, Inc. as Borrowers and Heller Financial, Inc. as Lender (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated December 27, 1998).
- 10.134 - Amended and Restated Loan and Security Agreement dated as of June 30, 1999, among the Registrant, Bluegreen Vacations Unlimited, Inc. and Heller Financial, Inc. (incorporated by reference to exhibit 10.138 to Quarterly Report on Form 10-Q dated July 2, 2000).

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- 10.135 - Amended and Restated Loan and Security Agreement dated as of June 29, 2000, among the Registrant, Bluegreen Vacations Unlimited, Inc. and Heller Financial, Inc. (incorporated by reference to exhibit 10.139 to Quarterly Report on Form 10-Q dated July 2, 2000).
- 10.136 - Third Amendment to Amended and Restated Loan and Security Agreement dated as of October 16, 2000, among the Registrant, Bluegreen Vacations Unlimited, Inc. and Heller Financial, Inc. (incorporated by reference to exhibit 10.140 to Quarterly Report on Form 10-Q dated October 1, 2000).
- 10.137 - Fourth Amendment to Amended and Restated Loan and Security Agreement dated as of October 16, 2001, among the Registrant, Bluegreen Vacations Unlimited, Inc. and Heller Financial, Inc. (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated September 30, 2001).
- 10.138 - Fifth Amendment to Amended and Restated Loan and Security Agreement dated as of February 16, 2002, among the Registrant, Bluegreen Vacations Unlimited, Inc. and Heller Financial, Inc. (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended March 31, 2002).
- 10.139 - Master Bluegreen Resort Loan Facility dated October 20, 1998, by and between the Registrant and Heller Financial, Inc. (incorporated by reference to exhibit 10.134 to Quarterly Report on Form 10-Q dated December 27, 1998).
- 10.140 - Acquisition Cost Reimbursement Loan Agreement dated as of September 14, 1999, by and between Bluegreen Vacations Unlimited, Inc. and Heller Financial, Inc. (incorporated by reference to exhibit 10.135 to Quarterly Report on Form 10-Q dated October 3, 1999).
- 10.141 - Acquisition and Construction Cost Reimbursement Loan Agreement dated as of December 1, 1999, by and between Bluegreen Vacations Unlimited, Inc. and Heller Financial, Inc. (incorporated by reference to exhibit 10.136 to Quarterly

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Report on Form 10-Q dated January 2, 2000).

- 10.142 - Letter dated December 1, 1999, amending the Master Bluegreen Resort Facility, dated as of October 20, 1998, between Bluegreen Corporation and Heller Financial, Inc. (incorporated by reference to exhibit 10.137 to Quarterly Report on Form 10-Q dated January 2, 2000).
- 10.145 - Loan Agreement dated as of September 24, 1999, between Bluegreen Properties of Virginia, Inc. and Branch Banking and Trust Company (incorporated by reference to exhibit 10.140 to Quarterly Report on Form 10-Q dated October 3, 1999).
- 10.146 - Construction Loan Agreement dated April 8, 2002, between Bluegreen Vacations Unlimited, Inc. and Marshall, Miller & Shroeder Investments Corporation (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2002).
- 10.147 - Promissory Note dated April 8, 2002, between Bluegreen Vacations Unlimited, Inc. and Marshall, Miller & Shroeder Investments Corporation (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2002).
- 10.149 - Loan Agreement dated as of September 25, 2002, between Bluegreen Corporation of the Rockies, Bluegreen Golf Clubs, Inc., Bluegreen Properties of Virginia, Inc., Bluegreen Southwest One, L.P. and Residential Funding Corporation (incorporated by reference to exhibit of same designation to Current Report on Form 8-K dated September 25, 2002).

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- 10.150 - Revolving Promissory Note dated as of September 25, 2002, between Bluegreen Corporation of the Rockies, Bluegreen Golf Clubs, Inc., Bluegreen Properties of Virginia, Inc., Bluegreen Southwest One, L.P. and Residential Funding Corporation (incorporated by reference to exhibit of same designation to Current Report on Form 8-K dated September 25, 2002).
- 10.153 - Second Amended and Restated Loan Agreement dated December 31, 2002 by and among the Registrant, certain subsidiaries of the Registrant and Wachovia Bank, National Association, for the \$12.5 million, unsecured, revolving line-of-credit due December 31, 2003.
- 10.154 - Second Amended and Restated Promissory Note dated December 31, 2002 by and among the Registrant, certain subsidiaries of the Registrant and Wachovia Bank, National Association, for the \$12.5 million, unsecured, revolving line-of-credit due December 31, 2003.
- 10.155 - Loan Agreement dated February 10, 2003, between Bluegreen Vacations Unlimited, Inc. and Residential Funding Corporation.
- 10.156 - Revolving Promissory Note (AD&C Loan) dated February 10, 2003, between Bluegreen Vacations Unlimited, Inc. and Residential Funding Corporation.

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- 10.157 - Loan and Security Agreement dated February 10, 2003, between the Registrant, Residential Funding Corporation, Bluegreen Vacations Unlimited, Inc. and Bluegreen/Big Cedar Vacations, LLC.
 - 10.158 - Revolving Promissory Note (Receivables Loan) dated February 10, 2003, between the Registrant, Residential Funding Corporation, Bluegreen Vacations Unlimited, Inc. and Bluegreen/Big Cedar Vacations, LLC.
 - 10.159 - Full Guaranty dated February 10, 2003, by the Registrant in favor of Residential Funding Corporation.
 - 10.200 - Marketing and Promotions Agreement dated as of June 16, 2000, by and between Big Cedar L.L.C., Bass Pro, Inc., Bluegreen Vacations Unlimited, Inc. and Bluegreen/Big Cedar Vacations, LLC. (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2, 2000).
 - 10.201 - Advertising Advance Loan dated as of June 16, 2000 by and between Big Cedar L.L.C., as Maker, and Bluegreen Vacations Unlimited, Inc., as Holder (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2, 2000).
 - 10.202 - Website Hyperlink License Agreement dated as of June 16, 2000 by and between Bluegreen Vacations Unlimited, Inc. (as User), Bass Pro, Inc. and Bass Pro Outdoors Online, L.L.C. (as Owners) (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2, 2000).
 - 10.203 - Website Hyperlink License Agreement dated as of June 16, 2000 by and between Bluegreen Vacations Unlimited, Inc. (as Owner), Bass Pro, Inc. and Bass Pro Outdoors Online, L.L.C. (as Users) (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2, 2000).
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- 10.204 - Contribution Agreement dated as of June 16, 2000 by and between Bluegreen Vacations Unlimited, Inc. and Big Cedar L.L.C. (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2, 2000).
 - 10.205 - Operating Agreement of Bluegreen/Big Cedar Vacations, LLC dated as of June 16, 2000 by and among Bluegreen Vacations Unlimited, Inc. and Big Cedar L.L.C. (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2, 2000).
 - 10.206 - Administrative Services Agreement dated as of June 16, 2000 by and among Bluegreen/Big Cedar Vacations, LLC and Bluegreen Vacations Unlimited, Inc. (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2, 2000).
 - 10.207 - Servicing Agreement dated as of June 16, 2000 by and among the Registrant, Bluegreen/Big Cedar Vacations, LLC and Big Cedar L.L.C. (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated July 2,

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2000).

- 10.208 - Asset Purchase Agreement dated as of September 30, 2002, by and among TakeMeOnVacation, LLC, RVM Promotions, LLC, RVM Vacations, LLC and Leisure Plan, Inc. (incorporated by reference to exhibit of same designation to Current Report on Form 8-K dated October 2, 2002).
- 18 - Letter re: Change in Accounting Principle.
- 21.1 - List of Subsidiaries.
- 23.1 - Consent of Ernst & Young LLP.
- 99.1 - Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002