BLUEGREEN CORP
Form 10-K
March 16, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2005

OR

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

For the transition period from _________ to _________

Commission file number 0-19292

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

Massachusetts	03-0300793
(State or other jurisdiction of incorporation or organization)	(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, Archipelago Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes |_| No |X|

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes |_| No |X|

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 |X| 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Act).

Large Accelerated filer |_| Accelerated filer |X| Non-Accelerated filer |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes |_| No |X|

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant: $360,956,342 based upon the closing sale price of the Company's Common Stock on the New York Stock Exchange on June 30, 2005 ($17.41 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.

As of March 14, 2006, there were 30,512,651 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 2006 Annual Meeting of Shareholders (the "Proxy Statement") are incorporated by reference into Part III hereof.

BLUEGREEN CORPORATION
INDEX TO ANNUAL REPORT ON FORM 10-K
PART I

TRADEMARKS

The terms "Bluegreen(R)," "Bluegreen Communities(R)," and "Bluegreen Vacation Club(R)" are registered in the U.S. Patent and Trademark Office by Bluegreen Corporation.

The terms "The Hammocks at Marathon(TM)," "Orlando's Sunshine Resort(TM)," "Solara Surfside(TM)," "Mountain Run at Boyne(TM)," "The Falls Village(TM)," "Bluegreen Wilderness Club(TM) at Big Cedar(R)," "The Lodge Alley Inn(TM)," "Carolina Grande(TM)" "Harbour Lights(TM)," "SeaGlass Tower(TM)" "Shore Crest Vacation Villas(TM)," "Laurel Crest(TM)," "MountainLoft(TM)," "Daytona SeaBreeze(TM)," "Shenandoah Crossing(TM)," "Christmas Mountain Village(TM)," "Traditions of Braselton(TM)," "Sanctuary Cove at St. Andrews Sound(TM)," "Catawba Falls Preserve(TM)," "Mountain Lakes Ranch(TM)," "Silver Lakes Ranch(TM)," "Mystic Shores(TM)," "Lake Ridge at Joe Pool Lake(TM)," "Ridge Lake Shores(TM)," "Mountain Springs Ranch(TM)," "Saddle Creek Forest(TM)," "Settlement at Patriot Ranch(TM)," "Carolina National(TM)," "Brickshire(TM)," "Golf Club at Brickshire(TM)," and "Preserve at Jordan Lake(TM)" are trademarks or service marks of Bluegreen Corporation in the United States.

The term "Big Cedar(R)" is registered in the U.S. Patent and Trademark Office by Bass Pro Trademarks, LP.

The term "Bass Pro Shops(R)" is registered in the U.S. Patent and Trademark Office by Bass Pro Trademarks, LP.

The term "World Golf Village(R)" is registered in the U.S. Patent and

Trademark Office by World Golf Foundation, Inc.

All other marks are registered marks of their respective owners.

MARKET AND INDUSTRY DATA

Market and industry data used throughout this Annual Report were obtained from our internal 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"). 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. We have not independently verified such market data. Similarly, our internal surveys, while believed by us 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.

PART I

Item 1. BUSINESS.

Introduction

We are a leading provider of vacation and residential lifestyle choices through our resorts and residential community businesses. We are organized into two divisions: Bluegreen Resorts and Bluegreen Communities. Bluegreen Resorts acquires, develops and markets vacation ownership interests ("VOIs") in resorts generally located in popular high-volume, "drive-to" vacation destinations. Bluegreen Communities acquires, develops and subdivides property and markets residential land homesites, the majority of which are sold directly to retail customers who seek to build a home in a high quality residential setting, in some cases on properties featuring a golf course and related amenities. We also generate significant interest income through our financing of individual purchasers of VOIs and, to a nominal extent, homesites sold by Bluegreen Communities.

Bluegreen Resorts

Bluegreen Resorts was founded in 1994 to capitalize on the growth of the vacation ownership industry. As of December 31, 2005, we had approximately 153,000 VOI owners, including approximately 115,000 members in the Bluegreen Vacation Club, which was established in 1997. We sell VOIs in the Bluegreen Vacation Club through sales offices at all of our owned resorts and at our six off-site sales offices in Indiana, Michigan, Minnesota, Texas, Pennsylvania and Georgia. A VOI in any of our resorts entitles the buyer to an annual or biennial allotment of "points" in perpetuity in our Bluegreen Vacation Club. Club members may use their points to stay in one of 21 Bluegreen-owned resorts and 23 other resorts or for other vacation options, including cruises and stays at approximately 3,700 resorts offered through Resort Condominiums International, LLC ("RCI") an external exchange network. The following table sets forth the Bluegreen Vacation Club resorts:

Bluegreen-Owned Resorts (1)	Location
Daytona SeaBreeze (3)	Daytona Beach Shores, Florida
The Hammocks at Marathon (3)	Marathon, Florida
The Fountains (3)	Orlando, Florida

Orlando's Sunshine Resort (3)	Orlando, Florida
Casa Del Mar Beach Resort	Ormond Beach, Florida
Grande Villas at World Golf Village (3)	St. Augustine, Florida
Solara Surfside (3)	Surfside, Florida
Mountain Run at Boyne (3)	Boyne Falls, Michigan
The Falls Village (3)	Branson, Missouri
Bluegreen Wilderness Club at Big Cedar (3) (4)	Ridgedale, Missouri
The Suites at Hershey (3)	Hershey, Pennsylvania
The Lodge Alley Inn (3)	Charleston, South Carolina
Carolina Grande (2)	Myrtle Beach, South Carolina
Harbour Lights (3)	Myrtle Beach, South Carolina
SeaGlass Tower (2)	Myrtle Beach, South Carolina
Shore Crest Vacation Villas (3)	North Myrtle Beach, South Carolina
MountainLoft (3)	Gatlinburg, Tennessee
Laurel Crest (3)	Pigeon Forge, Tennessee
Shenandoah Crossing (3)	Gordonsville, Virginia
Christmas Mountain Village (3)	Wisconsin Dells, Wisconsin
La Cabana Beach and Racquet Club (5)	Oranjestad, Aruba

Other Resorts (1)	Location
Paradise Isle Resort	Gulf Shores, Alabama
Shoreline Towers Resort	Gulf Shores, Alabama
Via Roma Beach Resort (3)	Bradenton Beach, Florida
Dolphin Beach Club (3)	Daytona Beach Shores, Florida
Fantasy Island Resort II (3)	Daytona Beach Shores, Florida
Mariner's Boathouse and Beach Resort	Fort Myers Beach, Florida
Tropical Sands Resort	Fort Myers Beach, Florida
Windward Passage Resort	Fort Myers Beach, Florida
Gulfstream Manor (3)	Gulfstream, Florida
Resort Sixty-Six (3)	Holmes Beach, Florida
Outrigger Beach Club (3)	Ormond Beach, Florida
Landmark Holiday Beach Resort	Panama City Beach, Florida
Ocean Towers Beach Club	Panama City Beach, Florida
Panama City Resort & Club	Panama City Beach, Florida
Surfrider Beach Club	Sanibel Island, Florida
Tierra Verde Yacht & Tennis Resort	Tierra Verde, Florida
Petit Crest Villas at Big Canoe	Marble Hill, Georgia
Pono Kai Resort (3)	Kapaa (Kauai), Hawaii
Lake Condominiums at Big Sky	Big Sky, Montana
Foxrun Townhouses	Lake Lure, North Carolina
Sandcastle Village	New Bern, North Carolina
Waterwood Townhouses	New Bern, North Carolina
Players Club (3)	Hilton Head Island, South Carolina

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(1) Throughout this Annual Report on Form 10-K, any reference to resorts that we "own" refers to resorts where we acquired or developed a significant number of the VOIs associated with the resorts, even if substantially all of the VOIs in the property have been sold to consumers. "Other Resorts" refer to component sites within the Bluegreen Vacation Club where we did

not acquire or develop a significant number of the VOIs associated with the resorts.

(2) We acquired this resort in 2005. We will begin selling VOIs in this resort through the Bluegreen Vacation Club in 2006. The resort will be managed in 2006 by Bluegreen Resorts Management, Inc. one of our wholly-owned subsidiaries.

(3) These resorts are managed by Bluegreen Resorts Management, Inc.

(4) This resort is being developed, marketed and sold by Bluegreen/Big Cedar Vacations, LLC, a joint venture with Big Cedar, L.L.C. We own a 51% interest in this joint venture and the joint venture's results of operations, cash flows and financial position are included in our consolidated financial statements. See Note 1 of the Notes to Consolidated Financial Statements.

(5) As of December 2005, La Cabana Beach and Racquet Club is managed by Casa Grande Cooperative Association I, which has subcontracted with Bluegreen Resorts Management, Inc. to provide management consulting services to the resort.

Throughout this report, "estimated remaining life-of-project sales" assumes sales of the existing, currently under construction or development, and planned VOIs or homesites, as the case may be, at current retail prices. "Field Operating Profit" means the operating profit of one of our business segments prior to the allocation of corporate overhead, interest income, gain on sales of notes receivable, other income, provision for loan losses, interest expense, income taxes, minority interest and cumulative effect of change in accounting principle. See Note 19 of the Notes to Consolidated Financial Statements for further information and a reconciliation of Field Operating Profit for our business segments to consolidated income before income taxes.

Since our inception, we have generated over 178,000 VOI sales transactions. Bluegreen Resorts' estimated remaining life-of-project sales were approximately $2.0 billion at December 31, 2005. For the year ended December 31, 2005, Bluegreen Resorts had sales and Field Operating Profit of $358.2 million and $59.6 million, respectively.

Bluegreen Resorts uses a variety of techniques to attract prospective purchasers of VOIs, including telemarketing of mini-vacations, marketing kiosks in retail and hotel locations, targeted mailings, marketing to current owners of VOIs and referrals. To support our marketing and sales efforts, we have developed and continue to enhance our database to track our vacation ownership marketing and sales programs. We believe that as our vacation ownership operations grow, this database will position us to take advantage of, among other things, less costly marketing and referral opportunities.

While historical growth rates may not continue, based on ARDA and other industry data, we believe that vacation ownership has been one of the fastest growing segments of the hospitality industry with 10.6% compound annual growth for sales volume and 10.7% compound annual growth for number of VOI owners during the period from 1990 to 2002. According to ARDA, the primary reason cited by consumers for purchasing a VOI is the ability to exchange a VOI for accommodations at other resorts through worldwide exchange networks.

Our affiliation with RCI, the largest worldwide vacation ownership exchange company, entitles members of the Bluegreen Vacation Club to stay at approximately 3,700 participating RCI resorts located in over 100 countries worldwide. To further enhance the ability of our VOI owners to customize their vacation experience, we also have implemented our Bluegreen Vacation Club system, which permits our VOI owners to purchase a real estate timeshare interest which provides them with an equivalent annual allotment of points which can be redeemed for occupancy rights at the previously listed Bluegreen-owned and other participating resorts. We also have implemented the Sampler program, which allows Sampler package purchasers to enjoy substantially the same amenities, activities and services offered to Bluegreen Vacation Club members for a one-year trial period. We benefit from the Sampler program as it gives us the opportunity to market our VOIs to customers when they use their trial memberships at our resorts and to recapture some of the cost incurred relative to the initial marketing of prospective customers.

Prior to acquiring a property for a resort, Bluegreen Resorts undertakes a property review, which includes physical and environmental assessments. This review is presented for approval to our Management Investment Committee, which was established in 1990 and consists of certain key members of senior management. Once approved by this committee, the acquisition is submitted to the Investment Committee of our Board of Directors for final approval. During the review process, we consider 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 vacation ownership market in the area and the availability of a variety of recreational opportunities for prospective VOI 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 Bluegreen Vacation Club members. We periodically monitor this demand through surveys and other means. We generally seek to acquire real estate or interests in real estate for Bluegreen Resorts in markets that will provide incremental sales distribution opportunities and/or satisfy our existing Bluegreen Vacation Club members desires for alternate vacation destinations. We anticipate that our acquisition focus will be on expansion opportunities in the western United States, although we may pursue acquisitions in other areas. No assurance can be given that we will be able to acquire property in our current target areas or be successful in our acquisition strategy.

We have historically provided financing to approximately 95% of our vacation ownership customers. Customers are required to make a downpayment of at least 10% of the VOI sales price and typically finance the balance of the sales price over a period of ten years. As discussed in more detail in Note 1 of the Notes to Consolidated Financial Statements, the Company adopted the American Institute of Certified Public Accountants Statement of Position No. 04-2, "Accounting for Real Estate Time-Sharing Transactions" ("SOP 04-2"). SOP 04-2 will, amount other things, clarifies the 10% downpayment computation as it applies to revenue recognition. As of December 31, 2005, our vacation ownership receivables portfolio totaled approximately $131.1 million in principal amount, with a weighted-average contractual yield of approximately 14.8% per annum. During the year ended December 31, 2005, we maintained vacation ownership receivables warehouse facilities and separate vacation ownership receivables purchase facilities to maintain liquidity associated with our vacation ownership receivables. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" for a further discussion of our vacation ownership receivables facilities and certain risks relating to such facilities.

Bluegreen Communities

Bluegreen Communities focuses on developing residential homesites near major metropolitan centers or popular retirement areas. We believe that a majority of our Communities customers seek a quality lifestyle improvement that is generally unavailable in traditional, intensely subdivided suburban developments. As of December 31, 2005, Bluegreen Communities was actively developing and selling homesites directly to retail consumers in communities primarily located in Texas, Georgia, North Carolina and Virginia. We had $67.6 million of inventory for Bluegreen Communities on our balance sheet as of December 31, 2005 and Bluegreen Communities' estimated remaining life-of-project sales were approximately $302.9 million. For the year ended December 31, 2005 Bluegreen Communities had sales and Field Operating Profit of $192.1 million and $47.2 million, respectively.

The objective of our marketing and sales program is to generate on-site sales presentations to potential prospects through a combination of newspaper, direct mail, television, billboard, Internet and radio advertising. In addition, we believe Bluegreen Communities' customer relationship management computer software system enables us to compile, process and maintain information concerning future sales prospects within each of our operating regions with the goal of tracking the effectiveness of advertising and marketing programs relative to sales generated. We believe that we have been able to achieve an attractive conversion ratio of sales to prospects receiving on-site sales presentations, through these programs.

Bluegreen 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, we consider market depth and attempt to forecast market absorption. In new market areas, we typically engage a third-party to perform a market study in the area to evaluate market response and price acceptance. Our sales and marketing efforts begin as soon as practicable after we enter into an agreement to acquire a parcel of land. Our ability to bond projects to completion generally allows us to sell a portion of our 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 the approval of both our Management Investment Committee and the Investment Committee of our Board of Directors.

In fiscal 1997, we began construction of our first daily-fee golf course. We believe that daily-fee golf courses are an attractive amenity that increases the marketability of adjacent homesites. We currently intend to expand our golf course community residential land offerings into markets with attractive demographics for such properties. There can be no assurance that our strategy for this expansion will be successful.

Industry Overview

Bluegreen Resorts

The Market. The resorts component of the leisure industry is serviced primarily by two separate alternatives for overnight accommodations: commercial lodging establishments and vacation ownership 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 availability is often uncertain. We believe that vacation ownership presents an attractive vacation alternative to commercial lodging.

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

- growing consumer awareness of the potential value and benefits of vacation ownership, including the cost savings relative to certain other lodging alternatives;
- increasing flexibility of vacation ownership due to the growth of international exchange organizations such as RCI and Interval International, and points-based vacation club systems (such as the Bluegreen Vacation Club);

- the improving quality of the vacation ownership resorts and their management; and
- growing consumer confidence resulting from enhanced consumer protection regulation of the vacation ownership industry and the entry of brand name national lodging companies to the vacation ownership industry.

Historically, the vacation ownership industry 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. We believe that one of the most significant factors contributing to the current success of the vacation ownership industry has been the entry into the market of some of the world's major lodging, hospitality and entertainment companies, such as Marriott International, Inc., the Walt Disney Company, Hilton Hotels Corporation, Hyatt Corporation, Four Seasons Hotels and Resorts, Starwood Hotels and Resorts Worldwide, Inc. and Cendant Corporation. Although vacation ownership operations currently comprise only a portion of these companies' overall operations, we believe that their involvement in the vacation ownership industry has enhanced the industry's image with the general public.

We do not believe that the ongoing hostilities in the Middle East and other world events that have decreased the amount of vacation air travel by Americans have had a material adverse impact on our sales in our domestic sales offices. We believe that this is due to the "drive-to" resort destinations in the Bluegreen Vacation Club. In addition, we believe that, in general, Americans still desire to take family vacations and that our vacation club is positioned to benefit from consumer demand for family vacations. However, international hostilities, economic conditions and the rising cost of gasoline may have an adverse effect on our operations in the future.

The Consumer. According to information compiled by industry sources, customers in our target demographic of 40 to 59 years old represented approximately 60% of all VOI owners in the United States in 2002. According to the U.S. Census, the 45 to 54 age group is expected to grow 18% from 2000 through 2010. Historically, the median age of a VOI buyer at the time of purchase was 51. The median annual household income of VOI owners in the United States in 2002 was approximately $85,000, with approximately 35% of all VOI owners having annual household incomes greater than $100,000. Despite the industry's growth, VOI ownership has achieved only an approximate 5% market penetration among United States households with incomes above $50,000 per year.

VOI Ownership. The purchase of a fixed-week VOI 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 system, such as our Bluegreen Vacation Club, members purchase a real estate interest in a specific VOI resort that is held in trust on the member's behalf and provides the member with an annual or biennial allotment of points 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 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. Members' unused points are typically automatically saved for one year beyond the year they were allotted, subject to certain usage restrictions. Members also typically may "borrow" points from the next year, subject to certain restrictions. Since January 2004, all of our sales offices have only sold VOIs within our Bluegreen Vacation Club system.

The owners of VOIs manage the property through a nonprofit homeowners' association, that is governed by a board of directors or trustees consisting of representatives of the developer (as long as the developer owns VOIs in the resort) and owners of VOIs 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, 2005, we managed 30 resorts, including 28 of the resorts in the Bluegreen Vacation Club.

Each VOI owner is required to pay the vacation club homeowners' association a share of all costs of maintaining the properties in the Bluegreen Vacation Club system. These charges generally consist of an annual maintenance fee plus applicable real estate taxes and special assessments, assessed on an as-needed basis. If the VOI owner does not pay such charges, such owner's use rights may be suspended and the homeowners' association may foreclose on the owner's VOI.

Participation in Independent VOI Exchange Networks. We believe that our VOIs are made more attractive by our affiliation with an international VOI exchange network such as RCI. All of our VOI resorts are currently affiliated with RCI, and most of our owned resorts have been awarded RCI's highest designation (Gold Crown). A VOI owner's participation in the RCI exchange network allows such owner to exchange his annual VOI for occupancy at approximately 3,700 participating resorts, based upon availability and the payment of a variable exchange fee. RCI's participating resorts are located throughout the world in over 100 countries. A Bluegreen Vacation Club owner may make a reservation for occupancy in a club VOI and then may attempt to exchange this occupancy right for one in another participating RCI resort. The owner lists his occupancy right as available with RCI and requests occupancy at another participating resort, indicating the particular resort or geographic area to which the owner 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 VOI, 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 VOI is available, and attempts to satisfy the exchange request by providing an occupancy right in another VOI 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 assurance can be given that our resorts will continue to qualify for participation in international exchange networks, or that our customers will continue to be satisfied with these networks. Our failure or the failure of any of our resorts to participate in qualified exchange networks or the failure of such networks to operate effectively could have a material adverse effect on us.

Bluegreen Communities

Bluegreen Communities operates within a specialized niche of the real estate industry, which focuses on the sale of residential homesites to retail customers who typically intend to build a home on such homesites 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.

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 us are significantly less capital intensive than those generally undertaken by commercial homebuilders. We believe that our market is also the beneficiary of a number of trends, including the large number of people entering into the 40-59 year age bracket and the economic and population growth in certain of our primary markets.

Bluegreen Communities also focuses on the development of daily-fee golf courses and related amenities as the centerpieces of certain of our residential land communities. As of December 31, 2005, we were marketing homesites in seven communities that include golf courses developed either by us or third parties. We currently intend to acquire and develop additional golf communities, as we believe that the demographics and marketability of such properties are consistent with our overall residential land strategy. Golf communities typically are larger, multi-phase properties that require a greater capital commitment than our single-phase residential land projects, but which also typically realize higher gross margins. There can be no assurance that we will be able to successfully implement our golf community strategy.

Bluegreen Communities also undertakes the development of large lakes in certain of our projects as the centerpiece amenity. We believe that while these development activities require a greater capital commitment than certain other amenities that we may provide in our communities, we benefit from the anticipated increased marketability and pricing of lakefront homesites.

Company Products

Bluegreen Resorts

Set forth below is a description of each of our owned vacation ownership resorts. We consider resorts "owned" if we acquired or developed a significant number of the VOIs associated with the resorts, even if we no longer own substantial VOIs in the resorts. Units at most of the properties have certain standard amenities, including a full kitchen, at least two televisions, a VCR and a CD player. Some units have additional amenities, such as big screen televisions, DVD players, fireplaces, whirlpool tubs and video game systems.

Most properties offer guests a clubhouse (with an indoor or outdoor pool, a game room, exercise facilities and a lounge) and a hotel-type staff. We manage all of our owned resorts, either directly or through a subcontract, with the exception of the Casa del Mar Beach Resort. The Casa del Mar Beach Resort is managed by The Amber Group, Inc., an unaffiliated third party that managed the resort prior to our acquisition of Casa Del Mar's unsold VOI inventory in 2003.

Florida

Daytona SeaBreeze-- Daytona Beach Shores, Florida. This 7-story 79-unit resort is located on the "World's Most Famous Beach." Amenities include private ocean-front balconies, a heated outdoor swimming pool, a children's pool, a hot tub, a fitness center, barbeque grill area and a game room. The resort is on a barrier island less than six miles long and is located near the world-famous Daytona International Speedway and DAYTONA USA(R).

The Hammocks at Marathon-- Marathon, Florida. The Hammocks at Marathon is located in the Florida Keys within easy reach of both Miami and Key West, Florida. This beachfront resort offers such amenities as a pool, boat slips, an outside tiki bar and a variety of water sport recreational vehicle rentals.

The Fountains-- Orlando, Florida. This 54-acre resort is located on Lake Eve and is minutes away from Central Florida's family attractions, including Walt Disney World(R), SeaWorld(R) and Universal Studios(R). Amenities include a clubhouse with a heated indoor/outdoor swimming pool, a pool bar, a massage room, steam and sauna rooms, a family activity room and tennis and a basketball court.

Orlando's Sunshine Resort-- 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.

Casa del Mar Beach Resort-- Ormond Beach, Florida. Casa del Mar is located directly on the ocean and includes an outdoor pool and miniature golf. In nearby Daytona Beach, guests can drive on the beach or visit the Daytona International Speedway.

Grande Villas at World Golf Village-- St. Augustine, Florida. Grande Villas, which is located minutes away from the Atlantic Ocean and next to the World Golf Hall of Fame(R), features an extensive array of amenities, including, among others, a golf course (separately owned and operated; separate fee required), outdoor and indoor pools, a hot tub, a sauna and a playground.

Solara Surfside -- Surfside, Florida. This oceanfront resort is located in Surfside, Florida, near Miami Beach. Solara Surfside captures the art deco style of its surrounding area and features one and two bedroom vacation homes, a swimming pool, sun deck and hot tub.

Michigan

Mountain Run at Boyne-- Boyne Falls, Michigan. Boyne Mountain is known for skiing, snowboarding and tubing on more than 50 runs with convenient lift and trail systems. In the summer, Boyne Mountain offers golf on near by world-class courses designed by some of the game's masters, including Robert Trent Jones, Arthur Hills, Donald Ross and others.

Missouri

The Falls Village-- 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 guests come from areas within an eight to ten hour drive of Branson.

Bluegreen Wilderness Club at Big Cedar-- Ridgedale, Missouri. The Bluegreen Wilderness Club at Big Cedar is a wilderness-themed resort adjacent to the world famous Big Cedar Lodge luxury hotel resort. This vacation ownership resort is being developed, marketed and sold by Bluegreen/Big Cedar Vacations LLC, a joint venture between Big Cedar, L.L.C. and us, in which we own a 51% interest. The resort 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 enjoy fireplaces, private balconies, full kitchens and Internet access. Amenities include, or are expected to include indoor and outdoor swimming pools and hot tubs, a lazy river, hiking trails, a campfire area, a 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 courts and a spa.

Pennsylvania

The Suites at Hershey-- Hershey, Pennsylvania. This 3.2-acre resort is located near HersheyPark(R) and Hershey's(R) Chocolate World. Amenities include an outdoor swimming pool, hot tub, playground, a picnic area with barbeque grills, a game room, fitness center and indoor basketball courts.

South Carolina

The Lodge Alley Inn-- 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, a living room with fireplace, a dining room, a whirlpool bath, 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.

Carolina Grande-- Myrtle Beach, South Carolina. This 118-room, 20-story tower is located across the street from the beach. An arrangement with The Carolinian Beach Resort offers guests an accessible breezeway directly to the beach and other amenities, including indoor and outdoor swimming pools, hot tubs, full kitchens, washers and dryers, and views of the ocean and city from each room. The resort is located near the Pavilion Amusement Park, NASCAR(R) SpeedPark, Broadway at the BeachSM (a 350-acre complex featuring approximately 100 specialty shops, 20 restaurants, 15 attractions and 10 nightclubs), Myrtle Waves Water Park, Carolina Opry, Dixie Stampede and the Convention Center. The Carolina Grande opened for occupancy in February 2006.

Harbour Lights-- 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 courses and restaurants. The resort's activities center overlooks the Intracoastal Waterway.

SeaGlass Tower-- Myrtle Beach, South Carolina. The SeaGlass Tower is a 19-story, 142 unit mirrored tower located directly on the beach in Myrtle Beach. Amenities include ocean views from its balconies, fully equipped kitchens, whirlpool baths and other amenities, including an indoor and two outdoor swimming pools, a hot tub, and two saunas. SeaGlass Tower is located near the Pavilion Amusement Park, Broadway at the BeachSM, Myrtle Beach Convention Center, and the Myrtle Beach International Airport. The resort is scheduled to open for occupancy in the second quarter of 2006.

Shore Crest 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.

Tennessee

MountainLoft-- Gatlinburg, Tennessee. MountainLoft 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-- 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 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.

Virginia

Shenandoah Crossing-- Gordonsville, Virginia. Shenandoah Crossing features an 18-hole golf course (which is owned and operated by an unaffiliated third party), indoor and outdoor swimming pools, tennis courts, horseback riding trails and a lake for fishing and boating.

Wisconsin

Christmas Mountain Village-- 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.

Aruba

La Cabana Beach Resort & Racquet Club-- Aruba. La Cabana is a 449-suite ocean front resort that offers one, two and three-bedroom suites, garden suites and penthouse accommodations. On-site amenities include racquetball, squash, a casino, two pools and private beach cabanas, none of which are owned by us.

The following table describes the relative size, stage of development and amount of remaining inventory at each of our owned resorts. Although all inventory is sold as VOIs, we disclose the size and inventory information in terms of number of vacation homes for ease of comparability between our resorts and those of other companies in the industry. "Vacation homes" are individual lodging units (e.g., condominium-style apartments, town homes, cabins, etc.).

Resort	Daytona SeaBreeze	The Hammocks At Marathon	The Fountains	Orlando's Sunshine Resort	C M
Location	Daytona Beach Shores, FL	Marathon, FL	Orlando, FL	Orlando, FL	B
Year acquired (1)	2005	2003	2003	1997	
Number of vacation homes completed	79	58	288	90	
Number of vacation homes under construction	--	--	168	--	
Number of future vacation homes (2)	--	--	266	--	
Total current and future vacation homes	79	58	722	90	
Percentage of total current and future vacation homes sold (3)	64%	86%	36%	93%	
Estimated remaining life-of-project sales (in millions) (4)	$26.7	$10.7	$551.0	$4.9	

Resort	Grande Villas at World Golf Village	Solara Surfside Resort	Mountain Run at Boyne	The Falls Village Resort	B Wi Cl
Location	St. Augustine, FL	Surfside, FL	Boyne Falls, MI	Branson, MO	Ri
Year acquired (1)	2003	2001	2002	1997	
Number of vacation homes completed	102	58	104	132	
Number of vacation homes under construction	60	--	--	--	
Number of future vacation homes (2)	65	--	--	114	
Total current and future vacation homes	227	58	104	246	
Percentage of total current and future vacation homes sold (3)	40%	86%	30%	49%	
Estimated remaining life-of-project sales (in millions) (4)	$141.8	$7.4	$36.0	$103.0	

Resort	The Suites at Hershey	The Lodge Alley Inn	Carolina Grande	Harbour Lights	S
Location	Hershey, PA	Charleston, SC	Myrtle Beach, SC	Myrtle Beach, SC	Myr
Year acquired (1)	2004	1998	2005	1997	
Number of vacation homes completed	78	90	118	240	
Number of vacation homes under construction	--	--	--	--	
Number of future vacation homes (2)	--	--	--	12	
Total current and future vacation homes	78	90	118	252	
Percentage of total current and future vacation homes sold (3)	30%	96%	0%	87%	
Estimated remaining life-of-project sales (in millions) (4)	$41.4	$2.6	$82.7	$15.2	

Resort	Shore Crest Vacation Villas	MountainLoft	Laurel Crest	Shenandoah Crossing	C M
Location	North Myrtle Beach, SC	Gatlinburg, TN	Pigeon Forge, TN	Gordonsville, VA	W D
Year acquired (1)	1996	1994	1995	1997	
Number of vacation homes completed	240	164	152	162	
Number of vacation homes under construction	--	--	--	--	
Number of future vacation homes (2)	--	--	50	100	
Total current and future vacation homes	240	164	202	262	
Percentage of total current and future vacation homes sold (3)	95%	95%	65%	61%	
Estimated remaining life-of-project sales (in millions) (4)	$8.9	$20.5	$65.1	$114.8	$

Resort	La Cabana Beach and Racquet Club
Location	Oranjestad, Aruba

Year acquired (1)	1997
Number of vacation homes completed	449
Number of vacation homes under construction	--
Number of future vacation homes (2)	--
Total current and future vacation homes	449
Percentage of total current and future vacation homes sold (3)	92%
Estimated remaining life-of-project sales (in millions) (4)	$23.4

(1) Year that we first acquired the land to develop each resort or the year we first acquired existing VOIs at each resort, as applicable.

(2) Number of vacation homes that can be developed at each resort in the future. We cannot provide any assurance that we will have the resources, or will decide to commence or complete the development of any of these future vacation homes or that the resulting VOIs will be sold at favorable prices.

(3) This is the portion of each resort that has been sold through December 31, 2005, including sales made by prior owners of the resorts, if applicable. The unsold portion includes vacation homes that are either completed, under construction or subject to future development.

(4) Estimated remaining life-of-project sales as of December 31, 2005. This table excludes VOI inventory that we own at several non-owned resorts ("Miscellaneous Inventory"). The aggregate estimated remaining life-of-project sales for our Miscellaneous Inventory as of December 31, 2005 was $7.1 million or less than 1% of Bluegreen Resorts' estimated remaining life-of-project sales. There is no assurance that we will realize the estimated remaining life of project sales.

The table also excludes planned VOI inventory to be developed on two parcels of land in Eastern Tennessee (the "Future Tennessee Inventory") and one parcel in Big Sky, Montana (the "Future Montana Inventory"), all of which was acquired in 2004. The aggregate estimated life-of-project sales for the Future Tennessee Inventory and the Future Montana Inventory as of December 31, 2004 was $232.4 million and $85.9 million, respectively.

While there may be limits on the amount of insurance available and some policies have significant deductibles, we believe that each of our resorts is adequately covered by property and casualty insurance, in the case of our completed resorts, or builder's risk insurance, in the case of resorts that are under construction. In addition, we, or general contractors hired by us, purchase performance bonds if required by the local jurisdictions in which we develop our resorts.

Bluegreen Communities

Described below are the communities with the most significant estimated remaining life-of-project sales marketed by Bluegreen Communities as of December 31, 2005.

Georgia

Sanctuary Cove at St. Andrew's Sound-- Waverly, Georgia. In November 2003, we acquired 564 acres of land near St. Simons Island in Brunswick County, Georgia for $11.3 million. Amenities at this golf community will include an 18-hole Fred Couples Signature Golf Course to be designed by Love Golf Design, clubhouse and swimming and tennis facilities. The golf course and clubhouse will be owned by us and operated on a daily-fee basis. Sanctuary Cove adjoins approximately 1,000 acres of preserved saltwater marshes and coastal wetlands. General improvements relative to the homesites at Sanctuary Cove being performed by us included, in most cases, water, sewer, electric, telephone and cable television utilities as well as selective homesite clearing. We began selling homesites at Sanctuary Cove in December 2003.

North Carolina

Chapel Ridge-- Chatham County, North Carolina. In July 2004, we acquired approximately 800 acres of land centrally located between Chapel Hill/Durham, Cary/Apex, Sanford/Siler City and the Triad areas in Chatham County, North Carolina for $5.5 million. Amenities at this golf community will include an 18-hole Fred Couples Signature Golf Course, a clubhouse and conservation areas. The golf course and clubhouse will be owned by us and operated on a daily-fee basis. General improvements relative to the homesites at Chapel Ridge being performed by us included in most cases, water, sewer, electric, telephone and cable television utilities as well as selective homesite clearing. We began selling homesites at Chapel Ridge in July 2004.

Texas

Mystic Shores-- Canyon Lake, Texas. We acquired 6,966 acres located 25 miles north of San Antonio, Texas in October 1999 for $14.9 million. On May 5, 2000, we purchased an additional 435 acres for $2.7 million. The community includes approximately 2,400 homesites, ranging in size from one to twenty acres. Mystic Shores is situated on Canyon Lake and is in close proximity to the Guadeloupe River, which is well known for fishing, rafting and water sports. The property also features a junior Olympic swimming pool, bathhouse, open-air pavilion and picnic area. General improvements on homesites at Mystic Shores performed by us included, in most cases, water and selective homesite clearing, while some sections of the community also include electric and telephone utilities. We began selling homesites at Mystic Shores in March 2000.

Lake Ridge at Joe Pool Lake-- Cedar Hill, Texas. We 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, we 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 by us, include a 154-acre park with baseball, football and soccer fields, camping areas and an 18-hole golf course. The existing acreage will yield approximately 2,530 homesites, with most homesites ranging in size from 1/4 to five acres. General improvements on the homesites at Lake Ridge performed by us included, in most cases, water, sewer, electric, telephone and cable television utilities as well as selective homesite clearing. We began selling homesites at this community in April 1994.

Saddle Creek Forest-- Magnolia, Texas. In January 2005, we acquired approximately 1,053 acres of land located near Houston, Texas in Montgomery County for $2.7 million. Saddle Creek Forest features 464 heavily wooded, private lake and creekside homesites, ranging in size from one to five acres. General improvements on the homesites at Saddle Creek Forest being performed by us include, in most cases, water and sewer utilities and selective homesite clearing. We began sales of homesites at Saddle Creek Forest in August 2005.

Havenwood at Hunters Crossing-- New Braunfels, Texas. In July 2005 we acquired approximately 1,263 acres of land with convenient access to Austin and San Antonio, Texas in Comal County, Texas for $7.5 million. This gated community offers premium hilltop homesites on one to three acres of land. Havenwood at Hunters Crossing features

dense oaks and stunning views of the surrounding Hill Country. General improvements on the homesites at Havenwood at Hunters Crossing being performed by us included, in most cases, water, sewer, electric, telephone and cable television utilities as well as selective homesite clearing. We began sales of homesites at Havenwood at Hunters Crossing in January 2006.

SugarTree on the Brazos-- Parker County, Texas. In November 2004, we acquired approximately 429 acres of land located near Fort Worth, Texas in Parker County, Texas for $4.3 million. SugarTree is surrounded by a championship golf course and is nestled along the shores of the Brazos River. Amenities at this community will include a swimming center and clubhouse. General improvements on the homesites at SugarTree being performed by us include, in most cases, water and sewer utilities and selective homesite clearing. We began sales of homesites at SugarTree in March 2005.

Mountain Springs Ranch-- Smithson Valley, Texas. In April 2003, we acquired 1,125 acres located approximately 15 miles north of San Antonio, Texas for $4.8 million. This master planned community offers wooded and acreage homesites with views of the scenic Texas Hill Country. General improvements to the homesites in Mountain Springs Ranch performed by us included, in most cases, water, selective homesite clearing, electric and telephone. We began selling homesites at this community in December 2003.

The following table provides additional information about the significant Bluegreen Communities projects listed above:

Community	Sanctuary Cove at St. Andrews Sound	Chapel Ridge	Mystic Shores	Lake Ridge at Joe Pool Lake
Location	Waverly, GA	Chatham County, NC	Canyon Lake, TX	Cedar Hill, TX
Year acquired (1)	2003	2004	1999	1994
Total acreage	500	800	7,401	3,166
Number of homesites anticipated (2)	700	698	2,400	2,530

Percentage of anticipated homesites sold (3)	95%	62%	68%	83%
Estimated remaining life-of-project sales (in millions) (4)	$14.4	$30.8	$62.7	$51.3

Community	Saddle Creek Forest	Havenwood at Hunters Crossing	SugarTree on the Brazos	Mountain Springs Ranch
Location	Magnolia, TX	Cedar Hill, TX	Parker County, TX	Smithson Valley, TX
Year acquired (1)	2005	2005	2004	2003
Total acreage	1,053	1,263	429	1,125
Number of homesites anticipated (2)	464	238	463	625
Percentage of anticipated homesites sold (3)	45%	0%	22%	59%
Estimated remaining life-of-project sales (in millions) (4)	$19.3	$44.4	$20.3	$16.2

(1) Year that we first acquired the land to commence development of each community. Certain communities were acquired in phases.

(2) Number of homesites anticipated within each community. We cannot provide any assurance that we will have the resources, or will decide, to develop such homesites at each community, that required platting and other approvals will be obtained to develop such homesites or that such homesites will be sold at favorable prices.

(3) This is the percentage of anticipated homesites sold through December 31, 2005.

(4) Estimated remaining life-of-project sales as of December 31, 2005. This table excludes certain projects currently being marketed by Bluegreen Communities with an aggregate estimated remaining life-of-project sales as of December 31, 2005 $43.5 million, or approximately 14% of Bluegreen Communities total estimated remaining life-of-project sales. There is no assurance that we will realize the estimated remaining life of project sales.

While there may be limits on the amount of insurance available and some policies have significant deductibles, we believe that each of our Bluegreen Communities properties is adequately covered by builder's risk insurance during the construction period or property and casualty insurance for our owned golf amenities and homesites that are held in our inventory prior to sale to consumers. Once a homesite is sold, the consumer assumes the risk of loss on such homesite. In

addition, the applicable property owners' association bears the risk of loss on any common amenities at each project and carries its own insurance on such property.

We also purchase performance bonds in connection with the development of most of our communities, in order to provide assurance to homesite buyers that construction of the community will be completed. We believe that our ability to obtain such performance bonds assists us in our pre-construction sales efforts.

Acquisition of Bluegreen Resorts and Bluegreen Communities Inventory

Bluegreen Resorts

We intend to continue to pursue growth by expanding or supplementing our existing resorts operations through acquisitions in destinations that we believe will complement such operations. We may consider acquiring additional VOI inventory, operating companies, management contracts, VOI mortgage portfolios and properties or other vacation ownership-related assets that may be integrated into our operations.

We obtain information with respect to resort acquisition opportunities through interaction by our management team with resort operators, lodging companies and financial institutions with which we have established business relationships. We evaluate the following factors, among others, to determine the viability of a potential new vacation ownership resort:

- attractiveness of the market as a source of incremental sales;
- anticipated supply/demand ratio for VOIs in the relevant market;
- the market's potential growth as a vacation destination;
- competitive accommodation alternatives in the market;
- the uniqueness of location and demand for the location by existing Bluegreen Vacation Club members;
- barriers to entry that would limit competition; and
- we believe will result in an acceptable profit margin and cash flow to us based upon anticipated retail value.

Bluegreen Communities

Bluegreen Communities seeks to acquire property that:

- is located near a major population center but outside the perimeter of intense subdivision development or in popular retirement areas;
- is suitable for subdivision;
- has attractive topographical features;
- for certain projects, could accommodate a golf course and related amenities; and
- we believe will result in an acceptable profit margin and cash flow to us based upon anticipated retail value.

Communities are generally subdivided for sale into homesites typically ranging in size from 1/4 acre to 5 acres.

In connection with our review of potential Bluegreen Communities inventory, we consider economic conditions in the area in which the parcel is located, environmental sensitivity, availability of financing, whether the property is consistent with our general policies and the anticipated ability of that property to produce acceptable profit margins and cash flow. As part of our long-term strategy for Bluegreen Communities, in recent years we have focused on fewer, more capital-

intensive communities. We intend to continue to focus Bluegreen Communities on those regions where we believe the market for our products is strongest, such as the southeast and southwest regions of the United States and to replenish and increase our residential land inventory in such regions as existing projects are sold-out.

Bluegreen Communities has established contacts with numerous land owners and real estate brokers in many of our market areas, and because of such contacts and our long history of acquiring properties, we believe that we are generally in a favorable position to learn of available properties, sometimes before the availability of such properties is publicly known. In order to ensure such access, we attempt to develop and maintain strong relationships with major property owners and brokers in our markets.

Prior to acquiring property in new areas, we will generally conduct test marketing for a prospective community to determine whether sufficient customer demand exists for the community.

By requiring, in most cases, that regulatory approvals be obtained prior to closing and by limiting the amount of the downpayment upon signing a purchase agreement, we are typically able to place a number of properties under contract without expending significant amounts of cash. This strategy helps Bluegreen Communities to reduce:

- the time during which it actually owns specific communities between initial acquisition and the ultimate sale;
- the market risk associated with holding such communities; and
- the risk of acquiring properties that may not be suitable for sale.

Marketing and Sale of Inventory

Bluegreen Resorts

Bluegreen Resorts uses a variety of methods to attract prospective purchasers of VOIs, including selling discount mini-vacations through telemarketing methods or at Bass Pro Shop locations (see further discussion of our relationship with Bass Pro Shops, below), placing marketing kiosks in retail locations and acquiring the right to market to prospective purchasers from third-party vendors. In addition to attracting new customers, we seek additional sales to existing VOI owners, such sales being called "upgrades", and referrals of prospective purchasers from existing VOI owners and others. Upgrades involve relatively less marketing expense and typically result in relative higher operating margins than sales through other marketing channels. Bluegreen Resorts sometimes provides hotel accommodations to prospective purchasers at reduced rates in exchange for their touring one of our resorts. To support our marketing and sales efforts, we have developed and work to continue to enhance our customer relationship management methods, techniques and computer software tools to track our VOI marketing and sales programs. We believe that as Bluegreen Resorts' operations grow, this database will become an increasingly significant asset, positioning us to focus our marketing and sales efforts to take advantage of, among other things, less costly marketing and referral opportunities.

In recent years, we have 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 we believe to be a nationally or regionally known brand name, a good reputation and a customer base with similar demographic characteristics to our target market.

In June 2000, we entered into an exclusive marketing agreement with Bass Pro, Inc. and a joint venture with Big Cedar, L.L.C., a Bass Pro affiliate. Under the terms of the ten-year agreement, we have the right to market our VOIs at each of Bass Pro's retail locations, in Bass Pro's catalogs and on Bass Pro's website. We believe that the branding aspects of this alliance are consistent with our overall marketing strategy for Bluegreen Resorts. We compensate Bass Pro Inc. for its successful marketing efforts. No compensation is paid to Bass Pro on sales made by the Bluegreen Wilderness Club at Big Cedar sales office, as this sales office is part of a joint venture between Big Cedar, L.L.C. and us. We currently market discounted three-day, two-night mini-vacation packages at most of Bass Pro's national retail locations. Most of these mini-vacation packages require the buyer to participate in a sales presentation at either a Bluegreen Vacation Club sales office or the Bluegreen Wilderness Club at Big Cedar sales office. We also have an exclusive VOI marketing

presence on Bass Pro's website, which is linked to our website. We believe that this arrangement results in effective and cost-efficient marketing for Bluegreen Resorts.

On June 16, 2000, we prepaid $9.0 million to Bass Pro in connection with the above marketing agreement. The prepayment was amortized from compensation earned by Bass Pro and member distributions otherwise payable to Big Cedar, L.L.C. as a member of the joint venture from the earnings of the joint venture. As of December 31, 2005, the prepayment had been fully utilized. The marketing agreement expires on the earlier of: (i) June 16, 2010 or (ii) such time as 90% of the joint venture's proposed VOIs have been sold and conveyed.

On October 2, 2002, through our wholly-owned subsidiary, Great Vacation Destinations, Inc. ("GVD"), we acquired substantially all of the assets and assumed certain liabilities of TakeMeOnVacation, LLC and certain of its affiliates ("TMOV"). Utilizing the assets acquired from TMOV, GVD generates "permission" marketing sales leads for VOI sales utilizing various marketing strategies. These leads are then contacted and given the opportunity to purchase discount 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 VOI sales presentation. GVD seeks to generate sales prospects for our VOI sales business and for sales prospects that will be sold to other VOI developers. We believe that GVD's "permission" marketing lead generation programs and the potential 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 certain land and completed VOIs from Boyne USA Resorts ("Boyne"), we obtained the right to market the Bluegreen Vacation Club at two of Boyne's resort properties: Boyne Mountain and Boyne Highlands. In addition, Bluegreen Resorts entered into an exclusive marketing arrangement with an affiliate of Boyne, Boyne Country Sports ("BCS").

BCS owns and operates six ski, snowboard and golf equipment retail stores throughout Michigan. Bluegreen Resorts markets our vacation club through a variety of programs directed to BCS's customer base, including lead generation operations in four of BCS's locations and tour generation operations in two of BCS's locations. We believe that these arrangements will allow Bluegreen Resorts to benefit from marketing to customers that it believes are within our target demographic through an affiliation with a known regional brand.

Our VOI resorts are staffed with sales representatives, sales managers and an on-site manager who oversees the day-to-day operations, all of whom are our employees. We sponsor ongoing training for our personnel. During the year ended December 31, 2005, total selling and marketing expense for Bluegreen Resorts was $195.4 million or 55% of the division's $358.2 million in sales.

We require our sales staff to provide each VOI customer with a written disclosure statement regarding the VOI to be sold prior to the time the customer signs a purchase agreement. This disclosure statement explains relevant information regarding VOI ownership at the resort and must be signed by every purchaser. After deciding to purchase a VOI, a purchaser enters into a purchase agreement and is required to pay us a deposit of at least 10% of the purchase price (see Note 1 of the Notes to Consolidated Financial Statements for a discussion of the impact of SOP 04-2 on the calculations of the amount of the downpayment for purposes of generally accepted accounting principles). Purchasers are entitled to cancel purchase agreements within required legal rescission periods after execution in accordance with statutory requirements. Substantially all VOI purchasers visit one of our resorts or one of our off-site sales offices prior to purchasing.

In addition to sales offices located at our resorts, we also operate six off-site sales offices serving the Indianapolis, Indiana; Detroit, Michigan; Minneapolis, Minnesota; Dallas, Texas; King of Prussia, Pennsylvania and Atlanta, Georgia markets. In March 2006, we opened a seventh off-site sales office in Chicago, Illinois. Our off-site sales offices market and sell VOIs in the Bluegreen Vacation Club, and allow us to bring our products to markets with favorable demographics and low competition for prospective buyers. We continue to evaluate our ongoing utilization of off-site sales operations and may elect to open new locations or close existing locations in the future.

Bluegreen Communities

In general, as soon as practicable after agreeing to acquire a property and during the time period that improvements are being completed, we establish selling prices for the individual homesites. In pricing the homesites, we attempt to into account such matters as regional economic conditions, quality as a building site, scenic views, road frontage, golf course

views (if applicable) and natural features such as lakes, mountains, streams, ponds and wooded areas. We also consider recent sales of comparable parcels in the area. Once selling prices are established, we commence our marketing efforts.

The marketing method most widely used by Bluegreen Communities is advertising in local newspapers and in major newspapers in metropolitan areas located within a one to three hour drive from the community. In addition, we use our customer relationship management system, which we believe enables us to identify prospects that are most likely to be interested in a particular community. Bluegreen Communities also conducts direct mail campaigns to market communities through the use of brochures describing available homesites, as well as television, billboard, Internet and radio advertising. A sales representative, who is knowledgeable about the community, answers inquiries generated by our marketing efforts, discusses the community with the prospective purchaser, attempts to ascertain the purchaser's needs and arranges an appointment for the purchaser to visit the community. Substantially all prospective purchasers inspect a property before purchasing.

The success of our marketing efforts depends heavily on the knowledge and experience of our sales personnel. We require that, prior to initiating the marketing effort for a community, all sales representatives walk the community and become knowledgeable about each homesite 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 our executive officers. We believe we enhance our sales and marketing organization through the Bluegreen Institute, a mandatory training program that is designed to instill our marketing and customer service philosophy in middle and lower-level management. Additionally, the sales staff is evaluated against performance standards established by our executive officers. Substantially all of a sales representative's compensation is commission-based.

We require our sales staff to provide each prospective homesite 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 "Vital Information Statement" that we generate, states relevant information with respect to, and risks associated with, the property , a receipt for which must be signed by each purchaser.

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

Customer Financing

General

Approximately 95% of our VOI customers utilized our financing during the year ended December 31, 2005. Sales of VOIs accounted for 65% of consolidated sales during the year ended December 31, 2005. In recent years, the percentage of Bluegreen Communities customers who utilized our financing has been less than 2% of all homesite purchasers due to, among other things, an increased willingness on the part of banks to extend direct homesite financing to purchasers.

We offer financing of up to 90% of the purchase price of our VOIs. The typical financing extended by us on a VOI during the year ended December 31, 2005, provided for a term of ten years and a fixed interest rate. In connection with our VOI sales within our vacation club system, we deliver the deed on behalf of the purchasers to the trustee of our vacation club and secure repayment of the purchaser's obligation by obtaining a mortgage on the purchaser's VOI.

The weighted-average interest rate on our owned notes receivable by division was as follows:

	As of

Division	December 31, 2004	December 31, 2005
	(As restated)	
Bluegreen Resorts..............	14.8%	14.8%
Bluegreen Communities..........	9.2%	10.7%
Consolidated...................	14.4%	14.6%

See "Sale of Receivables/Pledging of Receivables," below, for information regarding our receivable financing activities.

Loan Underwriting

Bluegreen Resorts

Our VOI financing is not subject to any significant loan underwriting criteria. Currently, customer financing on sales of VOIs 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 purchaser and ourselves. We encourage purchasers to make higher (or deed of trust) downpayments by offering a lower interest rate. In addition, purchasers who do not elect to participate in our pre-authorized payment plan are charged interest at a rate which is 1% greater than the otherwise prevailing rate, where allowed by applicable laws and regulations. As of December 31, 2005, approximately 80% of our VOI notes receivable serviced were on our pre-authorized payment plan.

Bluegreen Communities

At Bluegreen Communities, we have established loan underwriting criteria and procedures designed to reduce credit losses. The loan underwriting process undertaken by our credit department may include reviewing the applicant's credit history, verifying employment and income as well as calculating certain debt-to-income ratios. The primary focus of our underwriting review is to determine the applicant's ability to repay the loan in accordance with our terms.

Collection Policies

Bluegreen Resorts

Financed sales of VOIs through the Bluegreen Vacation Club are effected using a note and mortgage arrangement. Collection efforts in substantially all cases and delinquency information concerning Bluegreen Resorts' notes receivables are managed at our corporate headquarters. A staff of experienced collectors, assisted by a mortgage collection computer system, handles servicing of the division's receivables. We generally make collection efforts by mail and telephone. In addition to telephone contact commencing at sixteen days past due, a 30-day collection letter is sent, advising the customer that such customer has 30 days within which to bring the account current. At sixty days delinquent, we send a lockout letter to the customer advising them that they cannot make any future reservations for lodging at a Resort. At ninety days past due, we stop the accrual of interest on the note receivable and mail a Notice of Intent to Cancel Membership, which informs the customer that unless the delinquency is cured within 30 days, we will terminate the customer's VOI ownership. At this point the account may be reviewed by the Collection Manager to determine if, in certain limited circumstances, additional correspondence should be sent offering repayment options. At approximately 120 days delinquent, we send a Termination Letter, return receipt requested. If the customer fails to respond to the correspondence with the given timeframe the loan will be defaulted and the customers VOI terminated. The VOI is placed back into our inventory generally by the calendar month following the return of the delivery receipt. We can then resell the VOI to a new purchaser.

Bluegreen Communities

Collection efforts and delinquency information concerning Bluegreen Communities' notes receivable are also managed at our corporate headquarters. A staff of experienced collectors handles servicing of the division's receivables. We generally make collection efforts by mail and telephone. Collection efforts begin when an account is sixteen days past due, at which time we contact the customer by telephone and attempt 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, we typically declare the loan in default when the loan becomes 60 days delinquent. When the loan is 90 days past due, we stop the accrual of interest (unless the loan is deemed to be an in-substance foreclosure loan, in which case all accrued interest is reversed since our means of recovery is determined through the resale of the underlying collateral and not through collection on the note) and the Collection Manager determines the action to be taken.

Loan Loss Reserves

The allowance for loan losses as a percentage of our outstanding notes receivable was approximately 8% at both December 31, 2004 and 2005. We determine the adequacy of our reserve for loan losses and review it on a regular basis considering, among other factors, historical frequency of default, loss experience, static pool analyses, estimated value of the underlying collateral, present and expected economic conditions as well as other factors. During the years ended December 31, 2003, 2004, and 2005, the average annual default rates on Bluegreen Resorts' and Bluegreen Communities' receivables owned or serviced by us were as follows:

Division	Year Ended December 31, 2003	Year Ended December 31, 2004	Year Ended December 31, 2005
Bluegreen Resorts..............	7.9%	8.5%	8.5%
Bluegreen Communities..........	2.0%	1.9%	1.9%

Sales of Receivables/Pledging of Receivables

During the years ended December 31, 2003, 2004 and 2005, all of our notes receivable sold and the majority of our notes receivable pledged consisted of notes receivable generated by Bluegreen Resorts.

Since 1986, we have sold or pledged a significant amount of our receivables, generally retaining the right and obligation to service such receivables. In the case of Bluegreen Communities' receivables pledged to a financial institution, we generally must maintain a debt to eligible collateral rate (based on the outstanding principal balance of the pledged loans) of 90%. We are obligated to pledge additional eligible receivables or make additional principal payments in order to maintain this collateralization rate.

Since fiscal 1999, we have maintained various vacation ownership receivables purchase facilities with financial institutions. Our ability to sell and/or borrow against our notes receivable from VOI buyers is a critical factor in our continued liquidity. The vacation ownership business involves making sales of a product pursuant to which a financed buyer is only required to pay a minimum of 10% of the purchase price up front, yet selling, marketing and administrative expenses are primarily cash expenses, which, in our case for the year ended December 31, 2005, approximated 61% of sales. Accordingly, having facilities for the sale and hypothecation of these vacation ownership receivables is a critical factor to our meeting our short- and long-term cash needs.

The vacation ownership receivables purchase facilities that we have historically maintained have typically utilized an owner's trust structure, pursuant to which we sell receivables to one of our wholly-owned, special purpose finance subsidiaries. These subsidiaries then sell the receivables to an owners' trust (a qualified special purpose entity) without recourse to us or our subsidiaries except for breaches of certain representations and warranties at the time of sale. We

historically have not entered into any guarantees in connection with our vacation ownership receivables purchase facilities. These facilities usually have detailed requirements with respect to the eligibility of receivables for purchase and fundings under these facilities are typically subject to certain conditions precedent. Under such purchase facilities, a variable purchase price of a portion 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 is deferred until such time as the purchaser of our vacation ownership receivables has received a specified return and all servicing, custodial, agent and similar fees and expenses have been paid. We have historically acted as servicer of the vacation ownership receivables we have sold under these purchase facilities for a fee.

Our vacation ownership receivables purchase facilities typically include various conditions to purchase, covenants, trigger events and other provisions customary for these types of transactions.

Although sales of our receivables pursuant to vacation ownership receivables purchase facilities have historically been deemed "true sales" from a legal perspective, the accounting for such transactions could be either as off-balance sheet sales or as on-balance sheet borrowings, depending on the application of the requirements of Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 140"). In our disclosures relative to each vacation ownership receivables purchase facility, we indicate how these transactions are accounted for under each facility.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Vacation Ownership Receivables Purchase Facilities - Off-Balance Sheet Arrangements" for information about our current VOI receivables purchase facilities.

Receivables Servicing

Receivables servicing includes collecting payments from borrowers and remitting such funds to the owners, lenders or investors in such receivables, accounting for principal and interest on such receivables, making advances when required, contacting delinquent borrowers, foreclosing or terminating a membership in our vacation club in the event that defaults are not remedied, and performing other administrative duties. Our obligation to service the receivables and our right to collect fees for a given pool of receivables are set forth in a servicing agreement. We have the obligation and right to service all of the receivables we originate and have retained the obligation and right with respect to the receivables we have sold under any of our vacation ownership receivable purchase facilities to date, although in certain circumstances the purchasers may elect to appoint a new servicer. We typically receive an annual servicing fee ranging from approximately 1.5% to 2.0% of the principal balance of the loans serviced on behalf of others. During the years ended December 31, 2003, 2004 and 2005, we recognized aggregate servicing fee income of $2.4 million, $2.9 million and $5.0 million, respectively.

Regulation

The vacation ownership and real estate industries are subject to extensive and complex regulation. We are 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 VOIs and various aspects of our 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 unfair competition in interstate commerce. In addition to the laws applicable to our customer financing and other operations discussed below, we are or may be subject to the Fair Housing Act and various other federal statutes and regulations. We are also subject to various foreign laws with respect to La Cabana. In addition, there can be no assurance that in the future, VOIs will not be deemed to be securities subject to regulation as such, which could have a material adverse effect on us. There is no assurance that the cost of complying with applicable laws and regulations will not be significant or that we are in compliance at all times with all applicable laws, including those discussed below. Any failure to comply with current or future applicable laws or regulations could have a material adverse effect on us.

Our sales and marketing of homesites are subject to various consumer protection laws and to the Federal 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, we have been exempt from HUD registration requirements because of the size or number of the subdivided parcels and the limited nature of our

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offerings. In those cases where we and our legal counsel determine parcels must be registered to be sold, we file registration materials disclosing financial information concerning the property, evidence of title and a description of the intended manner of offering and advertising such property. We bear 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, we regularly consult with counsel for assistance in complying with federal, state and local law. We must obtain the approval of numerous governmental authorities for our acquisition and marketing activities; and, changes in local circumstances or applicable laws may necessitate the application for, or the modification of, existing approvals.

Our vacation ownership resorts are subject to various regulatory requirements including state and local approvals. The laws of most states require us to file with a designated state authority a detailed offering statement describing our business and all material aspects of the project and sale of VOIs. Laws in each state where we sell VOIs generally grant the purchaser of a VOI the right to cancel a contract of purchase at any time within a specified rescission 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 us. Most states have other laws that regulate our activities, including: real estate licensure; sellers 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. Under these laws, future owners may recover from us amounts in connection with the repairs made to the developed property. As required by state laws, we seek to provide our VOI 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 VOI owner. The development and management of our resorts is subject to various Federal, state and local laws and regulations, including the Americans with Disabilities Act.

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, the property, as well as related costs of investigation and property damage. These laws often impose such liability without regard to whether the owner knew of the presence of such hazardous or toxic substances. The presence of these substances, or the failure to properly remediate these substances, may adversely affect the owner's ability to sell or lease a property or to borrow using the real property as collateral. Other federal and state laws require the removal or encapsulation of asbestos-containing material when this 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.

Our 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, the Patriot Act, the Right to Financial Privacy Act, the Gramm-Leach-Bliley Act and anti-money laundering laws.

During the year ended December 31, 2005, approximately 12% of our VOI sales were generated by marketing to prospective purchasers obtained through internal and affiliated telemarketing efforts. In addition, approximately 14% of our VOI sales during the year ended December 31, 2005, were generated by marketing to prospective purchasers obtained from third-party VOI 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. While we continue to be subject to telemarketing risks and potential liability, we believe that our 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 and branding, whereby prospective purchasers have granted us permission to contact them in the future, and through our exclusive marketing agreement with Bass Pro. We have implemented procedures which we believe will help reduce the possibility that individuals who have formally requested to the applicable federal or state regulators that they be placed on a "do not call" list are not contacted through one of our in-house or third-party contracted telemarketing operations, although there can be no assurance that such procedures will be effective in ensuring regulatory compliance. These measures have increased and are expected to continue to increase our marketing costs.

Through December 31, 2005, we have not been subject to any material fines or penalties as a result of our telemarketing operations but from time to time

we have been the subject of proceedings for violation of the do-not-call laws.. There is no assurance that we will be able to efficiently or effectively market to prospective purchasers through telemarketing operations in the future or that we will be able to develop alternative sources of prospective purchasers of our VOI products at acceptable costs.

Competition

Bluegreen 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 VOIs in resort properties. Major companies that now operate or are developing or planning to develop vacation ownership resorts include Marriott International, Inc., the Walt Disney Company, Hilton Hotels Corporation, Hyatt Corporation, Four Seasons Hotels and Resorts, Starwood Hotels and Resorts Worldwide, Inc. and Cendant Corporation. We also compete with numerous other smaller owners and operators of vacation ownership resorts. In addition to competing for sales leads and prospects, we compete with other VOI developers for sales personnel. We believe that each of our vacation ownership resorts faces the same general competitive conditions. Although, as noted above, Bluegreen Resorts competes with various high profile and well-established operators, we believe that we can compete on the basis of our general reputation; the price, location and quality of our vacation ownership resorts and the flexibility of our points-based Bluegreen Vacation Club product. However. the development and operation of additional vacation ownership resorts by competitors in our markets could have a material adverse impact on the demand for our VOIs and our results of operations.

Bluegreen Communities competes with builders, developers and others for the acquisition of property and with local, regional and national developers, homebuilders and others with respect to the sale of homesites. We believe that each of our Bluegreen Communities projects faces the same general competitive conditions. We believe that we can compete on the basis of our reputation and the price, location and quality of the products we offer for sale, as well as on the basis of our experience in land acquisition, development and sale.

Our 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 we operate. Competition in these markets affects the rates that we charge 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. We do not believe that such competitive factors have a material adverse impact on our results of operations or financial position.

In our customer financing activities, we compete with banks, mortgage companies, other financial institutions and government agencies offering financing of real estate. In recent years, we have experienced increased competition with respect to the financing of Bluegreen Communities sales as evidenced by the low percentage of homesite sales internally financed since 1995.

Website Access to Exchange Act Reports

We post publicly available reports required to be filed with the SEC ("Exchange Act Reports") on our website, www.bluegreencorp.com, as soon as reasonably practicable after filing such reports with the SEC. We also make available on our website the beneficial ownership reports (Forms 3, 4 and 5) filed by our officers, directors and other reporting persons under Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act"). Our website and the information contained therein or connected thereto are not incorporated into this Annual Report on Form 10-K.

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, 2005, we had 4,789 employees of which 588 were located at our headquarters in Boca Raton, Florida, and 4,201 in regional field offices throughout the United States and Aruba (the field personnel include 317 field employees supporting Bluegreen Communities and 3,884 field employees supporting Bluegreen Resorts). Only our employees in Aruba are represented by a collective bargaining unit. We believe that our relations with our employees are generally good.

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Executive Officers

The following table sets forth certain information regarding our executive officers as of March 11, 2006.

Name	Age	Position
George F. Donovan	67	President and Chief Executive Officer
John M. Maloney, Jr	44	Executive Vice President and Chief Operating Officer
Daniel C. Koscher	48	Senior Vice President and Chief Executive Officer - Bluegreen Communities
Anthony M. Puleo	38	Senior Vice President, Chief Financial Officer and Treasurer
Sheila B. Donahoe	41	Senior Vice President and Chief Information Officer
Allan J. Herz	46	Senior Vice President, Mortgage Operations
Douglas O. Kinsey	47	Senior Vice President, Acquisitions and Development
Laurel M. Liber	52	Senior Vice President, Owner Relations
James R. Martin	58	Senior Vice President, General Counsel and Clerk
Susan J. Saturday	46	Senior Vice President and Chief Human Resources Officer
Raymond S. Lopez	30	Vice President and Chief Accounting Officer

George F. Donovan joined us 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 M. Maloney, Jr. joined us in 2001 as Senior Vice President of Operations and Business Development for Bluegreen Resorts. In May 2002, Mr. Maloney was named our Senior Vice President of the Company and President of Bluegreen Resorts and he was elected Executive Vice President and Chief Operating Officer in November 2005. 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.

Anthony M. Puleo joined us in 1997 as Chief Accounting Officer. In 1998, Mr. Puleo was elected Vice President and he was elected Senior Vice President in 2004. Mr. Puleo served as Interim Chief Financial Officer from April through August 2005. In August 2005, he was elected Chief Financial Officer and Treasurer. 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.

Daniel C. Koscher joined us 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 of the Company and President of Bluegreen Communities. In November 2005, Mr. Koscher was elected Chief Executive Officer of Bluegreen Communities. Prior to his employment with us, 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.

Sheila B. Donahoe joined us in 2004 as Senior Vice President and Chief Information Officer. From 1997 to 1999, Mrs. Donahoe served as Vice President of Information Technology for the North American Rental Group of AutoNation, Inc., a publicly held automobile retailer. From 1999 to 2003, Mrs. Donahoe was the Senior Vice President and Chief Information Officer of Martha Stewart Living Omnimedia, Inc., a publicly held, integrated content and commerce company that creates "how-to" content and domestic merchandise for homemakers and other consumers. Mrs. Donahoe holds a B.S. in Computer Science.

Allan J. Herz joined us in 1992 and was named Director of Mortgage Operations in September 1992. Mr. Herz was elected Vice President in 1993 and Senior Vice President in 2004. 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. in Finance and Management and an M.B.A.

Douglas O. Kinsey joined us in 2003 as Senior Vice President, Acquisitions and Development. From 1997 to 2003, Mr. Kinsey served as Senior Vice President of Real Estate Acquisitions for Fairfield Resorts, a vacation ownership resort developer that was publicly-traded until its acquisition by another publicly held company, Cendant Corporation. Mr. Kinsey holds a B.S.B.A. in finance.

Laurel M. Liber joined us in 2000 as Director of Bluegreen Vacation Rentals and was elected Vice President of Resort Services in 2001. In 2004, Ms. Liber was elected Senior Vice President of Owner Relations for Bluegreen Resorts and in 2005, she was named Senior Vice President of the Company. From 1997 to 2000, Ms. Liber served as a Director at Sunterra Corporation where she was responsible for the implementation of their points-based vacation club product and new resort operating system.

James R. Martin joined us in 2004 as Senior Vice President, General Counsel and Clerk. Prior to joining us, Mr. Martin was a partner with the law firm of Baker & Hostetler LLP since 1985, focusing his practice on real estate, resort development, vacation ownership, federal and state regulatory matters and commercial and consumer law. Mr. Martin holds a B.A. and a Juris Doctorate.

Susan J. Saturday joined us in 1988. During her tenure, she has held various management positions with us 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. In 2004, Mrs. Saturday was elected Senior Vice President and Chief Human Resources Officer. From 1983 to 1988, Mrs. Saturday was employed by General Electric Company in various financial management positions including the corporate audit staff. Mrs. Saturday holds a Masters of Science in Human Resource Management and a B.B.A. in Accounting.

Raymond S. Lopez joined us in 2004 as Controller. In August 2005, he was elected Vice President and Chief Accounting Officer (Principal Accounting Officer). Prior to joining us, Mr. Lopez served as Manager of External Reporting for Office Depot, Inc., and as a Senior Auditor with Arthur Andersen LLP, respectively. Mr. Lopez is a Certified Public Accountant and holds a B.S. in Accounting.

Our by-laws provide that, except as otherwise provided by law or our charter and by-laws, 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.

Item 1A. RISK FACTORS

We are subject to various risks and uncertainties relating to or arising out of the nature of our business and general business, economic, financing, legal and other factors or conditions that may affect us. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to either predict all risk factors, or assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors may affect our business. Investors should also refer to our quarterly reports on Form 10-Q and current reports on Form 8-K for future periods for updates to these risk factors. These risks and uncertainties include but are not limited to those referred to under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the following:

Our continued liquidity depends on our ability to sell or borrow against our notes receivable.

We offer financing of up to 90% of the purchase price to purchasers of VOIs and homesites. Approximately 95% of our VOI customers and less than 1% of our homesite customers utilized our in-house financing during the year ended December 31, 2005. However, we incur selling, marketing and administrative cash expenditures prior to and concurrent with the sale. These costs generally exceed the downpayment we receive at the time of the sale. Accordingly, our ability to borrow against or sell the notes receivable we receive from our customers is a critical factor in our continued liquidity. We generally pledge the receivables arising from our sales of VOIs to institutional lenders. We are also a party to a number of customary securitization-type transactions under which we sell 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. If our pledged receivables facilities terminate or expire and we are unable to replace them with comparable facilities, or if we are unable to continue in our participation in securitizations on the terms currently available to us, our liquidity and cash flow would be materially and adversely affected. If any of our current facilities terminate or expire, there is no assurance that we will be able to negotiate the pledge or sale of such customer notes at favorable rates, or at all.

We depend on additional funding to finance our operations.

We anticipate that we will finance our future business activities, in whole or in part, with indebtedness that we obtain pursuant to additional borrowings under our existing credit facilities, under credit facilities that we may obtain in the future, under securitizations in which we may participate in the future or pursuant to other borrowing arrangements. However, we cannot assure you that we will be able to obtain sufficient external sources of liquidity on attractive terms, or at all. Moreover, we are, and will be, required to seek external sources of liquidity to:

- support our operations;
- finance the acquisition and development of VOI inventory and residential land;
- finance a substantial percentage of our sales; and
- satisfy our debt and other obligations.

Our ability to service or to refinance our indebtedness or to obtain additional financing (including our ability to consummate future notes receivable securitizations) depends on our future performance, which is subject to a number of factors, including our business, results of operations, leverage, financial condition and business prospects, prevailing interest rates, general economic conditions and perceptions about the residential land and vacation ownership industries.

Our success depends on our ability to market our products efficiently.

We compete for customers with other hotel and resort properties and vacation ownership resorts. Accordingly, the identification of sales prospects and leads, and the marketing of our products to them are essential to our success. We have expended and expect to continue to expend significant amounts of our resources to identify and capitalize on future customers and upgrade opportunities. Among our marketing initiatives, we utilize our proprietary computer software system to identify and target leads. The leads we identify are then contacted and given the opportunity to purchase mini-vacation packages which may sometimes combine hotel stays, cruises and gift premiums. Buyers of these mini-vacation packages are then usually required to participate in a vacation ownership sales presentation. We have incurred and will incur the expenses associated with these and our other marketing programs in advance of closing sales to the leads that we identify. If our lead identification and marketing efforts do not yield enough leads that we are able successfully to convert to a sufficient number of sales, we may be unable to recover the expense of our marketing programs and systems and our business may be adversely affected.

We would incur substantial losses if the customers we finance default on their obligations to pay the balance of the purchase price.

Under the terms of our pledged receivables facilities, we may be required, under certain circumstances, to replace receivables or to pay down the loan to within permitted loan to value ratios if our pledged receivables reach certain levels of delinquency. Additionally, the terms of our securitization-type transactions require us to repurchase or replace loans if we breach any of the representations and warranties we made at the time we sold the receivables, and include provisions that would require substantially all of our cash flows from the receivable portfolios sold to be diverted to the parties who purchased the receivables from us should defaults exceed certain thresholds. Further, if defaults and other performance criteria adversely differ from estimates used to value our retained interests in notes receivable sold in the securitization transactions, we may be required to write down these assets, which could have a material adverse effect on our results of operations. As servicer of the notes, we may also be required to advance delinquent payments to the extent we deem them recoverable. Accordingly, we bear some risks of delinquencies and defaults by buyers who finance the purchase of their VOIs or residential land through us, regardless of whether or not we sell or pledge the customer's loan to a third party.

As of December 31, 2005, approximately 6% of our vacation ownership receivables and approximately 12% of residential land receivables which we held or which third parties held under sales transactions which are serviced by us were more than 30 days past due. The delinquency percentage for the overall portfolio serviced was 6% as of December 31, 2005. Although in many cases we may have recourse against a buyer for the unpaid purchase price, certain states have laws that limit our ability to recover personal judgments against customers who have defaulted on their loans or the cost of doing so may not be justified. Historically, we have generally not exercised such recourse against our customers. If we are unable to collect the defaulted amount or to obtain a voluntary quitclaim to the interest, if applicable, we traditionally have terminated the customer's interest in Bluegreen Vacation Club and then remarket the recovered VOI. Irrespective of our remedy in the event of a default we cannot recover the marketing, selling, and administrative costs associated with the original sale, and we would have to incur such costs again to resell the VOI or homesite.

Our results of operations and financial condition could be adversely impacted if our estimates concerning our notes receivable are incorrect.

A portion of our revenues historically has been and is expected to continue to be comprised of gains on sales of notes receivable. The amount of any gains recognized and the fair value of the retained interests recorded are based in part on management's best estimates of future prepayment, default and loss severity rates, discount rates and other considerations in light of then-current conditions. Our results of operations and financial condition could be adversely affected if:

- actual prepayments with respect to loans sold occur more quickly than was projected;

- actual defaults and/or loss severity rates with respect to loans sold are greater than estimated; or

- the portfolio of receivables sold fails to satisfy specified performance criteria or in certain other circumstances.

In any of these events, the cash flow on the retained interests in notes receivable sold could be reduced until the outside investors were paid or the regular payment formula was resumed. If these situations were to occur, it could cause a decline in the fair value of the retained interests and a charge to earnings currently.

We are subject to the risks of the real estate market and the risks associated with real estate development, including the risks and uncertainties relating to the cost and availability of land and construction materials.

Real estate markets are cyclical in nature and highly sensitive to changes in national and regional economic conditions, including:

- levels of unemployment;

- levels of discretionary disposable income;

- levels of consumer confidence;

- the availability of financing;

- overbuilding or decreases in demand; and

- interest rates;

A downturn in the economy in general or in the market for residential land or VOIs could have a material adverse effect on our business.

In addition, the availability of land at favorable prices for the development of our Bluegreen Resorts and Bluegreen Communities real estate projects is critical to having adequate inventory to sustain our sales volume and maintain an adequate gross profit on our sales to cover our significant selling, general and administrative expenses, cost of capital and other expenses in order to generate favorable results of operations. Land prices increased significantly in 2005. If we were unable to acquire such land or, in the case of Bluegreen Resorts, resort properties at a favorable cost, it could have an adverse impact on our results of operations.

Another factor impacting the profitability of our real estate development activities is the cost of construction materials and services. Should the cost of construction materials and services rise, as recent trends have indicated, the ultimate cost of our Bluegreen Resorts and Bluegreen Communities inventories under development could increase and have a material, adverse impact on our results of operations.

We may not successfully execute our growth strategy.

A principal component of our growth strategy is to acquire additional real estate for the development of VOIs or completed VOIs, preferably in markets that also provide us with incremental sales distribution opportunities. We seek to acquire properties in destinations that we believe will complement our existing operations. In addition, we have to continually acquire additional real estate for Bluegreen Communities to develop and sell. Our ability to execute this growth strategy will depend upon a number of factors, including the following:

- the availability of attractive real estate opportunities;
- our ability to acquire properties for such development opportunities on economically feasible terms;
- our ability to market and sell VOIs at newly developed or acquired resorts;
- our ability to manage newly developed or acquired resorts in a manner that results in customer satisfaction;
- our ability to develop, market and sell acquired real estate for Bluegreen Communities in a manner that results in customer satisfaction; and.
- our capital structure.

In particular, the success of our Bluegreen Vacation Club will depend upon our ability to continue to acquire and develop a sufficient number of participating resorts to make membership interests attractive to consumers and to permit the continued growth of our vacation club's membership. There is no assurance that we will be successful with respect to any or all of these factors.

We may face a variety of risks when we expand our operations.

Our growth strategy includes the expansion of the number of our resorts. Risks associated with such expansion include the following:

- construction costs may exceed original estimates;
- we may be unable to complete construction, conversion or required legal registrations and approvals as scheduled;
- we may be unable to control the timing, quality and completion of any construction activity;
- our quarterly results may fluctuate due to an increase or decrease in the number of residential land or VOI projects subject to "percentage of completion accounting," which requires that we recognize profit on projects on a pro rata basis as development is completed;
- market demand may not be present;
- the value of our inventories may decline; and

- increased regulation where initiating operations in new states.

Any of the foregoing could adversely affect profitability in a material way. There is no assurance that we will complete all of our planned expansion of our properties or, if completed, that such expansion will be profitable.

Moreover, to successfully implement our growth strategy, we must integrate the newly acquired or developed properties into our existing sales and marketing programs. During the start-up phase of a new resort or residential community project, we could experience lower operating margins at that project until its operations mature. The lower margins could be substantial and could negatively impact our cash flow. We cannot provide assurance that we will maintain or improve our operating margins as our projects achieve maturity and our new resorts and communities may reduce our overall operating margins.

Claims for development-related defects could adversely affect our financial condition and operating results.

We engage third-party contractors to construct our resorts and to develop our communities. However, our customers may assert claims against us for construction defects or other perceived development defects, including structural integrity, the presence of mold as a result of leaks or other defects, water intrusion, asbestos, electrical issues, plumbing issues, road construction, water and sewer defects, etc. In addition, certain state and local laws may impose liability on property developers with respect to development defects discovered in the future. A significant number of claims for development-related defects could adversely affect our liquidity, financial condition, and operating results.

We may face additional risks as we expand into new markets.

We currently intend to acquire real estate for the development of VOIs or completed VOIs for Bluegreen Resorts both in the geographic areas where Bluegreen Resorts currently operates and in other areas. Bluegreen Communities intends to acquire real estate in the geographic areas where it currently operates as well as other areas where we anticipate successful sales of homesites in residential communities. Our prior success in the markets in which we currently operate does not ensure our continued success as we acquire, develop or operate future projects in new markets. Accordingly, in

connection with expansion into new markets, we may be exposed to a number of additional risks, including the following:

- our lack of familiarity and understanding of regional or local consumer preferences;

- our inability to attract, hire, train, and retain additional sales, marketing, and resort staff at competitive costs;

- our inability to obtain, or to obtain in a timely manner, necessary permits and approvals from state and local government agencies and qualified construction services at acceptable costs;

- our inability to capitalize on new marketing relationships and development agreements; and

- the uncertainty involved in, and additional costs associated with, marketing VOIs and homesites prior to completion of marketed units.

Bluegreen Communities primarily depends on third party lenders to finance the purchase of homesites as the majority of our residential land sales are currently financed by customers through local banks and finance companies. A decrease in the willingness of such lenders to extend financing to our customers could cause a decline in our sales or require material additional credit facilities in order to enable us to provide financing to our customers.

The limited resale market for VOIs could adversely affect our business.

Based on our experience at our resorts and at destination resorts owned by third parties, we believe that resales of VOIs generally are made at net sales prices below their original customer purchase price. The relatively lower sales price is partly attributable to the high marketing and sales costs associated with the initial sales of such VOIs. Accordingly, the initial purchase of a VOI may be less attractive to prospective buyers. Also, buyers who seek to resell their VOIs compete with our efforts to sell our VOIs. While VOI resale clearing houses or brokers currently do not have a material impact on our business, if a secondary market for VOIs were to become more organized and liquid, the resulting availability of resale VOIs at lower prices could adversely affect our prices and the number of sales we can close, which in turn would adversely affect our business and results of operations.

Extensive federal, state and local laws and regulations affect the way we conduct our business.

The federal government and the states and local jurisdictions in which we conduct business have enacted extensive regulations that affect the manner in which we market and sell VOIs and homesites and conduct our other business operations. In addition, many states have adopted specific laws and regulations regarding the sale of VOIs and homesites. Many states including the states of Florida and South Carolina, where some of the resorts are located, extensively regulate the creation and management of timeshare resorts, the marketing and sale of timeshare properties, the escrow of purchaser funds and other property prior to the completion of construction and closing, the content and use of advertising materials and promotional offers, the delivery of an offering memorandum and the creation and operation of exchange programs and multi-site timeshare plan reservation systems. Moreover, the South Carolina Supreme Court has, through a series of cases, ruled that the closing of real estate and mortgage loan transactions in the State of South Carolina must be conducted under the supervision of an attorney licensed in that state. In March 2005, a class action lawsuit was brought in the Court of Common Pleas for the 15th Judicial Circuit in South Carolina against an unaffiliated South Carolina timeshare developer alleging, among other things, that such timeshare developer did not comply with the requirements of the South Carolina Supreme Court decisions. That case remains pending and additional cases may be brought against other timeshare developers in South Carolina, including us. If such a case were to be brought against us and it is determined that we are in violation of South Carolina law, we may be subject to fines and purchasers of timeshare properties in South Carolina may have the right to rescind their respective transactions and seek the satisfaction of their related timeshare loan, all of which could have a material adverse effect on Bluegreen's results of operations and financial position.

Most states also have other laws that regulate our activities, such as:

- timeshare project registration laws;

- real estate licensure laws;
- sellers of travel licensure laws;
- anti-fraud laws;
- consumer protection laws;
- telemarketing laws;
- prize, gift, and sweepstakes laws and
- consumer credit laws.

We currently are authorized to market and sell VOIs and homesites in all states in which our operations are currently conducted. If our agents or employees violate applicable regulations or licensing requirements, their acts or omissions could cause the states where the violations occurred to revoke or refuse to renew our licenses, which could materially and adversely affect our business.

In addition, the federal government and the states and local jurisdictions in which we conduct business have enacted extensive regulations relating to direct marketing and telemarketing generally, including the federal government's national "Do Not Call" list. The regulations have impacted our marketing of VOIs and we have taken steps in an attempt to decrease our dependence on restricted calls. However, these steps have increased and are expected to continue to increase our marketing costs. We cannot predict the impact that these legislative initiatives or any other legislative measures that may be proposed or enacted now or in the future may have on our marketing strategies and results. Further, from time to time complaints are filed against the Company by individuals claiming that they received calls in violation of the regulation.

Currently, most states have taxed VOIs as real estate, imposing property taxes that are billed to the respective property owners' associations that maintain the related resorts and have not sought to impose sales tax upon the sale of the VOI or accommodations tax upon the use of the VOI. From time to time, however, various states have attempted to promulgate new laws or applying existing laws impacting the taxation of vacation ownership interests, to require that sales tax or accommodations be collected. Should new state or local laws be implemented or interpreted to impose sales or accommodations taxes on VOIs, our Resorts business could be materially adversely affected.

We believe we are in material compliance with applicable federal, state, and local laws and regulations relating to the sale and marketing of VOIs and homesites. From time to time, however, consumers file complaints against us in the ordinary course of our business. We could be required to incur significant costs to resolve these complaints. There is no assurance that we will remain in material compliance with applicable federal, state and local laws and regulations, or that violations of applicable laws will not have adverse implications for us, including, negative public relations, potential litigation, and regulatory sanctions. The expense, negative publicity, and potential sanctions associated with any failure to comply with applicable laws or regulations could have a material adverse effect on our results of operations, liquidity or financial position.

Environmental liabilities, including claims with respect to mold or hazardous or toxic substances, could have a material adverse impact on our business.

Under various federal, state and local laws, ordinances and regulations, as well as common law, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances, including mold, located on, in, or emanating from property that we own, lease, or operate, as well as related costs of investigation and property damage at such property. These laws often impose liability without regard to whether we knew of, or were responsible for, the presence of the hazardous or toxic substances. The presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or lease our property or to borrow money using such real property as collateral. Noncompliance with environmental, health or safety requirements may require us to cease or alter operations at one or more of our properties. Further, we may be subject to common law claims by third parties based on damages

and costs resulting from violations of environmental regulations or from contamination associated with one or more of our properties.

We could incur costs to comply with laws governing accessibility of facilities by disabled persons.

A number of state and federal laws, including the Fair Housing Act and the Americans with Disabilities Act, impose requirements related to access and use by disabled persons of a variety of public accommodations and facilities. Although we believe our resorts are substantially in compliance with laws governing accessibility by disabled persons, we may incur additional costs to comply with such laws at our existing or subsequently acquired resorts. Additional federal, state, and local legislation with respect to access by disabled persons may impose further burdens or restrictions on us. We cannot forecast the ultimate cost of compliance with such legislation, but such costs could be substantial and, as a result, could have a material adverse effect on our results of operations, liquidity or capital resources.

Item 1B. UNRESOLVED STAFF COMMENTS

Not Applicable

Item 2. PROPERTIES.

Our principal executive office is located in Boca Raton, Florida in approximately 125,000 square feet of leased space. On December 31, 2005, we also maintained regional sales offices in the Northeastern, Mid-Atlantic, Southeastern, Midwestern, Southwestern and Western regions of the United States as well as the island of Aruba. For a further description of our resort and communities properties, please see "Item 1. Business--Company Products."

Item 3. LEGAL PROCEEDINGS.

In the ordinary course of our business, we become subject to claims or proceedings from time to time relating to the purchase, subdivision, marketing, sale or financing of real estate. Additionally, from time to time, we become involved in disputes with existing and former employees. We believe that these claims are routine litigation incidental to our business and the resolution of these matters is not expected to have a material adverse effect on our financial position or results of operations.

On November 8, 2005, we received notice that the Tennessee Department of Revenue is considering imposing an assessment for sales, use and other miscellaneous business taxes for sales of timeshare interests in Bluegreen Vacation Club within the state of Tennessee during the periods from January 2001 through December 2004. We have been advised that the amounts that may be imposed by the

State of Tennessee may be as much as $28 million; however, no formal assessment has been approved or made by the Tennessee Department of Revenue. We believe that the assessments under consideration by the Tennessee Department of Revenue are based on a preliminary, but mistaken, interpretation of the tax laws of the state of Tennessee. We will be reviewing this matter further with representatives of the Tennessee Department of Revenue, and we intend to vigorously defend against any such claims or assessments.

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 AND ISSUER REPURCHASES OF EQUITY SECURITIES.

Our common stock is traded on the New York Stock Exchange ("NYSE") and the Archipelago Stock Exchange (formerly known as the Pacific Stock Exchange) under the symbol "BXG". The Chief Executive Officer of the

Company has filed a certification which certified to the NYSE that as of the date of the certification he was not aware of any violations by the Company of the Corporate Governance Listing Standards of the NYSE. The following table sets forth, for the periods indicated, the high and low closing price of our common stock as reported on the NYSE:

	Price Range			Price Range	
The Year Ended December 31, 2004	High	Low	The Year Ended December 31, 2005	High	Low
First Quarter	$12.96	$ 6.25	First Quarter	$24.68	$12.85
Second Quarter	13.99	10.28	Second Quarter	18.15	12.50
Third Quarter	13.77	9.61	Third Quarter	19.11	15.83
Fourth Quarter	20.07	10.48	Fourth Quarter	18.11	14.87

There were approximately 958 record holders of our common stock as of March 10, 2006. 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.

We did not pay any cash or stock dividends during the years ended December 31, 2004 and 2005. Our Board of Directors has discussed the possibility of paying cash dividends at some point in the future. However, any decision by our Board to pay dividends will be based on our cash position, operating and capital needs and the restrictions discussed below, and there is no assurance that we will pay cash dividends in the foreseeable future. Restrictions contained in the Indenture related to our $55.0 million 10 1/2% Senior Secured Notes due 2008 issued in April 1998 restrict, and the terms of certain of our credit facilities may, in certain instances, limit the payment of cash dividends on our common stock and restrict our ability to repurchase shares.

From time to time, our Board of Directors has adopted and publicly announced a share repurchase program. Repurchases under such programs are subject to the price of our stock, prevailing market conditions, our financial condition and available resources, other investment alternatives and other factors. We are not required to seek shareholder approval of share repurchase programs, have not done so in the past, and do not anticipate doing so in the future, except to the extent we may be required to do so under applicable law. We have not repurchased any shares since the fiscal year ended April 1, 2001. As of December 31, 2005, there were 694,500 shares remaining for purchase under our current repurchase program; however, we have no present intention of acquiring these remaining shares in the foreseeable future.

Our shareholders have approved all of our equity compensation plans, which consist of our 1995 Stock Incentive Plan, our 1988 Outside Directors' Stock Option Plan, our 1998 Non-Employee Director Stock Option Plan and our 2005 Stock Incentive Plan. Information about securities authorized for issuance under our equity compensation plans as of December 31, 2005, 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)
2,019	$10.62	1,191

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). Financial data for the year ended March 31, 2002, the nine months ended December 31, 2002 and the years ended December 31, 2003 and 2004 have been restated as discussed in Note 2 of Notes to Consolidated Financial Statements.

	As of or for the Year Ended	As of or for the Nine Months Ended	As of or for the Years Ended	
	March 31, 2002	December 31, 2002	2003	December 31, 2004
	(as restated)	(as restated)	(as restated)	(as restated)
Income Statement Data				
Sales of real estate	$242,657	$230,299	$359,344	$502,408
Other resort and communities operations revenues	25,470	27,048	55,394	66,409
Interest income	35,552	29,507	29,898	35,939
Gain on sales of notes				

receivable	--	20,026	--	25,972
Other income	--	--	457	--
Total revenues	303,679	306,880	445,093	630,728
Income before income taxes, minority interest and cumulative effect of change in accounting principle(1) ..	6,370	39,037	35,585	73,266
Income before cumulative effect of change in accounting principle(1)	3,668	24,783	19,837	42,559
Net income	3,668	19,204	19,837	42,559
Earnings per share before cumulative effect of change in accounting principle (1):				
Basic	0.15	1.01	0.80	1.62
Diluted	0.15	0.91	0.74	1.43
Earnings per common share:				
Basic	0.15	0.78	0.80	1.62
Diluted	0.15	0.72	0.74	1.43

	As of or for the Year Ended	As of or for the Nine Months Ended	As of or for the Years Ended	
	March 31, 2002	December 31, 2002	2003	December 31, 2004
	(as restated)	(as restated)	(as restated)	(as restated)
Balance Sheet Data				
Notes receivable, net	224,371	107,476	213,560	152,051
Inventory, net	189,853	173,646	220,182	205,352
Total assets	572,649	460,177	646,484	658,411
Shareholders' equity	130,224	154,369	174,125	261,066
Book value per common share	5.36	6.28	6.98	8.63
Selected Operating Data				
Weighted-average interest rate on notes receivable at period end	15%	14%	14%	14%
Bluegreen Resorts statistics:				
VOI sales	$146,255	$151,670	$254,971	$310,608
Gross margin on VOI sales ..	77%	74%	80%	76%
Selling, general and administrative expenses as a percentage of VOI sales (1)	64%	61%	59%	58%
Field Operating Profit (2) .	$ 20,884	$ 21,939	$ 50,110	$ 52,556
Number of resorts at period end	12	13	17	18
Number of VOI sale				

Transactions (3)	16,414	16,347	26,839	31,574
Bluegreen Communities Statistics:				
Homesite sales	$ 96,402	$ 78,629	$104,373	$191,800
Gross margin on homesite sales	45%	46%	45%	45%
Selling, general and administrative expenses as a percentage of homesite sales	28%	28%	32%	25%
Field Operating Profit (2)	$ 15,415	$ 13,570	$ 12,580	$ 37,722
Number of homesites sold (3)	1,640	1,242	1,962	2,765

(1) Effective April 1, 2002, we elected to change our accounting policy to expense previously deferred costs of generating VOI tours through telemarketing programs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(2) Field Operating Profit is operating profit prior to the allocation of corporate overhead, interest income, gain on sales of notes receivable, other income, provision for loan losses, interest expense, income taxes, minority interest and cumulative effect of change in accounting principles. See Note 19 of the Notes to Consolidated Financial Statements for further information.

(3) "Number of VOI sale transactions" and "number of homesites sold" include those sales made during the applicable period where recognition of revenue is deferred under the percentage-of-completion method of accounting. See "Revenue Recognition and Contracts Receivable" under Note 1 of the Notes to Consolidated Financial Statements.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Certain Definitions, Cautionary Statement Regarding Forward-Looking Statements

The following discussion of our results of operations and financial condition should be read in conjunction with our 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 inventories held for sale by Bluegreen Resorts and Bluegreen Communities.

We desire to take advantage of the "safe harbor" provisions of the Private Securities Reform Act of 1995 (the "Act") and are making the following statements pursuant to the Act to do so. Certain statements in this Annual Report and our other filings with the SEC constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. You may identify these statements 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 our products, remaining life of project sales, our expected future sales, financial position, operating results, liquidity and capital resources, our business strategy, financial plan and expected capital requirements as well as trends in our operations or results are forward-looking statements. These forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond our control, including changes in economic conditions, generally, in areas where we operate, or in the travel and tourism industry, increases in interest rates, changes in regulations and other factors discussed throughout our SEC filings, including the Risk Factor sction, all of which could cause our actual results, performance or achievements, or industry trends, to differ materially from any future results, performance, or achievements or trends expressed or implied herein. Given these uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements and no assurance can be given that the plans, estimates and expectations reflected herein will be achieved. Factors that could adversely affect our future results can also be considered general risk factors with respect to our business, whether or not they relate to a forward-looking statement. We wish to caution you that the important factors set forth below and elsewhere in this report in some cases have affected, and in the future could effect, our actual results and could cause our actual consolidated results to differ materially from those expressed in any forward-looking statements.

Executive Overview

We operate through two business segments. Bluegreen Resorts develops, markets and sells VOIs in our Bluegreen Vacation Club resorts, and provides resort management services to resort property owners associations. 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 homesites.

In connection with the securitization of certain of its receivables in December 2005, the Company undertook a review of the prior accounting treatment for certain of its existing and prior notes receivable purchase facilities (together the "Purchase Facilities"). As a result of that review, on December 15, 2005, the Company determined that it would restate its consolidated financial statements for the first three quarters of fiscal 2005 and the fiscal years ended December 31, 2003 and 2004 due to certain misapplications of GAAP in the accounting for sales of the Company's vacation ownership notes receivable and other related matters. The following sections describe the restatement matters in more detail. For a detailed discussion of the restatement see Note 2 of the Notes of the Consolidated Financial Statements.

We have historically experienced and expect to continue to experience seasonal fluctuations in our gross revenues and net earnings. This seasonality may cause significant fluctuations in our quarterly operating results, with the majority of our gross revenues and net earnings historically occurring in the quarters ending in June and September each year.

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However, as a result of the required adoption of Statement of Position 04-2, "Accounting for Real Estate Time-sharing Transactions" ("SOP 04-2") effective January 1, 2006, we anticipate that prospectively the majority of our gross revenues and net earnings will occur in the quarters ending in September and December each year, primarily due to the deferral and subsequent recognition of VOI sales revenue (See Note 1 of Notes to Consolidated Financial Statements for further discussion of SOP 04-2). Other material fluctuations in operating results may occur due to the timing of development and the requirement that we use 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. We expect that we will continue to invest in projects that will require substantial development (with significant capital requirements), and hence that our results of operations may fluctuate significantly between quarterly and annual periods as a result of the required use of the percentage-of-completion method of accounting.

We do not believe that inflation and changing prices have historically had a material impact on our revenues and results of operations. However, we continually review and have historically increased the sales prices of our VOIs periodically and construction costs have increased and are expected to increase. There is no assurance that we will be able to continue to increase our sales prices or that increased construction costs will not have a material adverse impact on our operating results. To the extent inflationary trends affect interest rates, a portion of our debt service costs may be adversely affected, including interest cost on our vacation ownership receivables purchase facilities.

We recognize revenue on homesite and VOI sales when, subject to applicable accounting rules, 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 we have completed substantially all of our obligations with respect to any development of the real estate sold. In cases where all development has not been completed, we recognize income in accordance with the percentage-of-completion method of accounting.

Costs associated with the acquisition and development of vacation ownership 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 our revenues historically has been and is expected to continue to be comprised of gains on sales of notes receivable. The gains are recorded on our consolidated statement of income and the related retained interests in the notes receivable sold are recorded on our consolidated balance sheet at the time of sale. The amount of gains recognized and the fair value of the retained interests recorded are based in part on management's best estimates of future prepayment, default rates, loss severity rates, discount rates and other considerations in light of then-current conditions. If actual prepayments with respect to loans occur more quickly than we 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 operations. 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 the cash flow from the retained interests in notes receivable sold would decrease. Also, to the extent the portfolio of receivables sold fails to satisfy specified performance criteria (as may occur due to, for example, an increase in default rates or loan loss severity) or certain other events occur, the funds received from obligors must be distributed on an accelerated basis to investors. If the accelerated payment formula were to become applicable, the cash flow to us from the retained interests in notes receivable sold would be reduced until the outside investors are paid or the regular payment formula is resumed. If these situations were to occur on a material basis, it could cause a decline in the fair value of the retained interests and a charge to earnings currently. There is no assurance that the carrying value of our 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 "Vacation Ownership Receivables Purchase Facilities -Off Balance Sheet Arrangements," below.

In addition, we have historically sold vacation ownership receivables to financial institutions through warehouse purchase facilities to monetize the receivables while accumulating enough receivables for a future term securitization transaction. We currently intend to structure future warehouse purchase facilities so that sales of vacation ownership receivables through these facilities will be accounted for as on-balance sheet borrowings rather than as off-balance sheet sales. Therefore, we will not recognize a gain on the sales of receivables sold through the warehouse purchase facilities until such receivables are included in a properly structured term securitization transaction. We expect this may impact future quarterly earnings patterns as compared to comparable prior periods.

We are spending a substantial amount of management time and resources to comply with changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new Securities and Exchange Commission regulations and New York Stock Exchange rules. In particular, Section 404 of the Sarbanes-Oxley Act of 2002 requires management's annual review and evaluation of our internal control systems, and attestations as to the effectiveness of these systems by our independent registered public accounting firm. We expect to continue to expend significant management time and resources documenting and testing our internal control systems and procedures. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be in a position to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Failure to maintain an effective internal control environment could have a material adverse effect on the market price of our stock.

Critical Accounting Policies and Estimates

Our discussion and analysis of results of operations and financial condition are based upon our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles. 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 revenue recognition under the percentage-of-completion method of accounting; our 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, golf courses, 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 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, our results of operations and financial condition could be materially adversely impacted.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements (see also Note 1 of the Notes to Consolidated Financial Statements):

- Revenue Recognition and Inventory Cost Allocation. In accordance with the requirements of Statement of Financial Accounting Standards ("SFAS") No. 66, "Accounting for Sales of Real Estate," we recognize revenue on VOI and homesite sales 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 we have completed substantially all of our obligations with respect to any development related to the real estate sold. We believe that we use a reasonably reliable methodology to estimate the collectibility of the receivables representing the remainder of the sales price of real estate sold. See the further discussion of our policies regarding the estimation of credit losses on our notes receivable, below. Should our estimates regarding the collectibility of our receivables change adversely, we may have to defer the recognition of sales and our results of operations could be negatively impacted.

In cases where all development has not been completed, we recognize revenue in accordance with the percentage-of-completion method of accounting. Should our estimates of the total anticipated cost of completing of our Bluegreen Resorts' or Bluegreen Communities' projects increase, we may be required to defer a greater amount of revenue or may be required to defer revenue for a longer period of time, and thus our results of operations could be materially, adversely impacted.

In accordance with SFAS No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects," the capitalized costs of our real estate projects are assigned to individual VOIs or homesites in the projects based on the relative estimated sales value of each VOI or homesite. Should our estimates of the sales values of our VOI and homesite inventories differ materially from their ultimate selling prices, our gross profit could be adversely impacted.

o Allowance For Loan Losses. We estimate credit losses on our notes receivable portfolios in accordance with SFAS No. 5, "Accounting for Contingencies," as our notes receivable portfolios consist of a large group of

smaller-balance, homogeneous loans. Consistent with Staff Accounting Bulletin No. 102, "Selected Loan Loss Allowance Methodology and Documentation Issues," we first segment our notes receivable by identifying risk characteristics that are common to groups of loans and then estimate credit losses based on the risks associated with these segments. We consider many factors when establishing and evaluating the adequacy of our 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. We review these factors and measure loan impairment by applying historical loss rates, adjusted for relevant environmental and collateral values, to the segments' aggregate loan balances. We review our reserve for loan losses on at least a quarterly basis. Should our estimates of these and other pertinent factors change, our results of operations, financial condition and liquidity position could be materially, adversely affected.

o Transfers of Financial Assets. When we transfer financial assets to third parties, such as when we sell notes receivable pursuant to our vacation ownership receivables purchase facilities, we evaluate whether or not such transfer should be accounted for as a sale pursuant to SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" and related interpretations. The evaluation of sale treatment under SFAS No. 140 involves legal assessments of the transactions, which include determining whether the transferred assets have been isolated from us (i.e. put presumptively beyond our reach or the reach of our creditors, even in bankruptcy or other receivership), determining whether each transferee has the right to pledge or exchange the assets it received, and ensuring that we do not maintain effective control over the transferred assets through either (1) an agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity or (2) the ability to unilaterally cause the holder to return specific assets (other than through a cleanup call). We believe that we have obtained appropriate legal opinions and other guidance deemed necessary to properly account for our transfers of financial assets as sales in accordance with SFAS No. 140.

In connection with the sales of notes receivable referred to above, we retain subordinated tranches, rights to excess interest spread and servicing rights, all of which are retained interests in the notes receivable sold. Gain or loss on the sale of the notes receivable 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. We initially and periodically estimate 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 our estimates of these key assumptions change or should the portfolios sold fail to satisfy specified performance criteria and therefore trigger provisions whereby outside investors in the portfolios are paid on an accelerated basis, there could be a reduction in the fair value of the retained interests and our results of operations and financial condition could be adversely impacted. During the year ended December 31, 2005, we recognized an other-than-temporary decrease of approximately $539,000 in the fair market value of our retained interest in a 2002 vacation ownership receivables securitization, based on higher than anticipated default rates in the portfolio sold.

o Asset Impairment. We periodically evaluate the recovery of the carrying amounts of our long-lived assets including our real estate properties under the guidelines of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Factors that we consider 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 our estimates of these factors change, our results of operations and financial condition could be adversely impacted.

o Goodwill and Intangible Assets. Goodwill is not amortized but is subject to an annual impairment test in accordance with SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets." Other intangible assets are amortized over their useful lives. Goodwill and other intangible assets are tested for impairment on an annual basis by estimating the fair value of the reporting unit to which the goodwill or intangible assets have been assigned. As of December

31, 2005, only our Bluegreen Resorts reporting unit had any recorded goodwill and intangible assets. Should our estimates of the fair value of our reporting units change, our results of operations and financial condition could be adversely impacted.

Results of Operations

We review financial information, allocate resources and manage our business as two segments, Bluegreen Resorts and Bluegreen Communities. The information reviewed is based on internal reports and excludes general and administrative expenses attributable to corporate overhead. The information provided is based on a management approach and is used by us for the purpose of tracking trends and changes in results. It does not egreen Bluegreen reflect the actual economic costs, sorts Communities a contributions or results of operations of the segments as stand alone businesses. If a different basis of presentation or allocation were utilized, the relative contributions of the segments might differ but the relative trends, in our view, would likely not be materially impacted. The table below sets forth net revenue and income from operations by segment.

	Bluegreen Resorts		Bluegreen Communities		Tot
	Amount	Percentage of Sales	Amount	Percentage of Sales	Amount
			(dollars in thousands)		
Year Ended December 31, 2003 (as restated)					
Sales of real estate	$ 254,971	100%	$ 104,373	100%	$ 359,344
Cost of real estate sales ..	(52,131)	(20)	(57,315)	(55)	(109,446)
Gross profit	202,840	80	47,058	45	249,898
Other resort and communities operations revenues	48,915	19	6,479	6	55,394
Cost of other resort and communities operations	(53,295)	(21)	(7,477)	(7)	(60,772)
Selling and marketing expenses	(132,050)	(52)	(23,223)	(22)	(155,273)
Field general and administrative expenses (1)	(16,051)	(6)	(10,257)	(10)	(26,308)
Field Operating Profit	$ 50,359	20%	$ 12,580	12%	$ 62,939
Year Ended December 31, 2004 (as restated)					
Sales of real estate	$ 310,608	100%	$ 191,800	100%	$ 502,408
Cost of real estate sales ..	(73,969)	(24)	(105,759)	(55)	(179,728)
Gross profit	236,639	76	86,041	45	322,680
Other resort and communities operations revenues	59,007	19	7,402	4	66,409
Cost of other resort and communities operations	(63,510)	(20)	(7,275)	(4)	(70,785)

Selling and marketing expenses	(165,162)	(53)	(36,766)	(19)	(201,928)
Field general and administrative expenses (1)	(16,098)	(5)	(11,680)	(6)	(27,778)
Field Operating Profit	$ 50,876,	16%	$ 37,722	20%	$ 88,598
Year Ended December 31, 2005					
Sales of real estate	$ 358,240	100%	$ 192,095	100%	$ 550,335
Cost of real estate sales ..	(77,455)	(22)	(100,345)	(52)	(177,800)
Gross profit	280,785	78	91,750	48	372,535
Other resort and communities operations revenues	64,276	18	9,521	5	73,797
Cost of other resort and communities operations	(68,633)	(19)	(8,684)	(5)	(77,317)
Selling and marketing expenses	(195,407)	(55)	(33,588)	(17)	(228,995)
Field general and administrative expenses (1)	(21,443)	(6)	(11,772)	(6)	(33,215)
Field Operating Profit	$ 59,578	17%	$ 47,227	25%	$ 106,805

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(1) General and administrative expenses attributable to corporate overhead have been excluded from the tables. Corporate general and administrative expenses totaled $22.2 million, $32.7 million and $38.0 million for the years ended December 31, 2003, 2004, and 2005, respectively. See "Corporate General and Administrative Expenses," below, for further discussion.

Sales and Field Operations. Consolidated sales were $359.3 million, $502.4 million and $550.3 million for 2003, 2004, and 2005, respectively. Consolidated sales increased 40% from 2003 to 2004 and 10% from 2004 to 2005.

Bluegreen Resorts. During 2003, 2004 and 2005, sales of VOIs contributed $255.0 million (71%), $310.6 million (62%) and $358.2 million (65%) of our total consolidated sales, respectively.

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

	Year Ended		
	December 31, 2003	December 31, 2004	December 31, 2005
Number of VOI sale transactions ...	26,839	31,574	37,605
Average sales price per transaction	$ 9,704	$10,025	$ 9,834

Gross margin	80%	76%	78%

The $47.6 million or 15% increase in Bluegreen Resorts' sales during the year ended December 31, 2005, as compared to the year ended December 31, 2004, was due primarily to same-site sales increases at our various sales offices. Same-site sales increases aggregated $42.2 million and were highlighted by the increase in sales at The Fountains sales office in Orlando, Florida ($18.0 million increase), our Dallas, Texas offsite sales office ($8.1 million increase), our Harbour Lights sales office in Myrtle Beach, South Carolina ($6.5 million increase) and our Bluegreen Wilderness Club at Big Cedar sales office ($5.7 million increase). We opened four new sales sites in 2005, which generated an aggregate $5.4 million in sales. Our new sales sites were our offsite sales office in King of Prussia, Pennsylvania (opened March 2005), our sales office at the Suites at Hershey resort (opened June 2005), our offsite sales office in Atlanta, Georgia (opened November 2005) and our sales office at the Daytona SeaBreeze resort (opened December 2005). The overall sales increase was also due to our continued focus on marketing to our growing Bluegreen Vacation Club owner base. Sales to owners increased to approximately 28% of Resorts' sales during 2005 as compared to 24% of Resorts' sales in 2004. This, combined with an 12% overall increase in the number of sales prospects seen by Bluegreen Resorts from approximately 257,000 prospects during 2004 to approximately 287,000 prospects during 2005 and a slightly higher sale-to-tour conversion ratio during 2005 (increasing to 12.9% in 2005 from 12.4% in 2004) significantly contributed to the overall sales increase during 2005 as compared to 2004.

The $55.6 million, or 22%, increase in Bluegreen Resorts' sales during 2004 as compared to 2003, was due in part to the opening of five sales sites either after or just prior to December 31, 2003: Grande Villas at World Golf Village (opened in November 2003), The Fountains in Orlando, Florida (opened in December 2003), an off-site sales office in Destin, Florida (opened in July 2004, but closed prior to December 31, 2004), the Hammocks at Marathon resort sales office in Marathon, Florida (opened August 2004) and an off-site sales office in Dallas, Texas (opened in October 2004). These new sales sites generated a combined $21.0 million of incremental sales during 2004. The remainder of the sales increase was due to same-store sales increases primarily as a result of greater focus on marketing to our growing Bluegreen Vacation Club owner base. Sales to owners increased to approximately 24% of Resorts' sales during 2004 as compared to 19% of Resorts' sales during 2003. This, combined with an 18.3% overall increase in the number of sales prospects seen by Bluegreen Resorts from approximately 218,000 prospects during 2003 to approximately 257,000 prospects during 2004 at a consistent sale-to-tour conversion ratio of 12.6% and 12.4% during 2003 and 2004, respectively, significantly contributed to the overall sales increase during 2004 as compared to 2003.

Bluegreen Resorts' gross margin percentages vary between periods based on the relative costs of the specific VOIs sold in each respective period. During the year ended December 31, 2005, our gross margin was favorably impacted by the sale of relatively lower cost VOIs acquired through opportunistic acquisitions in 2003. Approximately 144 condominium units in which are selling VOIs were constructed and became available for sale at the beginning of 2005 at The Fountains, which has a product cost of approximately 20% of sales price. We anticipate that our gross margin will remain within the historical range of 75% to 77% in 2006, despite rising construction costs and expected increases in the cost of real estate for acquisition, due to an increase in the sales prices of our VOIs effected in January 2006 and continued benefit from sales of higher margin inventory, such as The Fountains.

Other resort operations revenues increased $5.3 million or 9% during 2005 as compared to 2004. The increase was due to higher fees earned by our wholly-owned title company for providing title processing services on all of our VOI sales, commensurate with the increase in resort sales.

Other resort operations revenues increased $10.1 million or 21% during 2004 as compared to 2003. These increases were due to increases in revenues from our mini-vacation sales and vacation ownership tour generation business, our vacation ownership resort interior purchasing and design business, title agency fees, and fees earned for providing reservation services for the Bluegreen Vacation Club.

Cost of other resort operations increased $5.1 million or 8% during 2005 as compared to 2004. The increase in the cost of other resort operations was due primarily to increases in the related revenues discussed above as well as due to higher subsidies paid to the property owners' associations that maintain our resorts. These subsidies increased in the aggregate based on an increase in our VOI inventory.

Cost of other resort operations increased $10.2 million, or 19%, during 2004 as compared to 2003. These increases were due primarily to subsidies and maintenance fees paid to the property owners' associations that maintain our resorts. These subsidies and fees increased in the aggregate due to the increase in the number of our resorts since December 31, 2003 and due to increased maintenance fees incurred on our remaining VOI inventory at the La Cabana Beach and Racquet Club resort in Aruba. In addition, costs of other resort operations increased due to the 2003 opening and subsequent expansion of our owner contact center in Indianapolis, Indiana, which handles reservations and customer service for members of the Bluegreen Vacation Club.

Selling and marketing expenses for Bluegreen Resorts increased $30.2 million or 18% during 2005 as compared to 2004. As a percentage of sales, selling and marketing expenses increased to approximately 55% during the year ended December 31, 2005, as compared to 53% for the year ended December 31, 2004. The increase in selling and marketing expenses as a percentage of sales was primarily a result of start-up marketing costs incurred at our new sales offices, partially offset by the favorable impact on selling and marketing cost of the increase in sales to existing owners during 2005 as compared to 2004.

Selling and marketing expenses for Bluegreen Resorts increased $33.1 million or 25% during 2004 as compared to the 2003. As a percentage of sales, selling and marketing expenses increased from 52% during 2003 to 53% during 2004. This increase was primarily due to a decrease in the marketing efficiency of our off-premises contact ("OPC") marketing programs. OPC marketing programs involve making contact with individuals at tourist and other high-traffic locations in the vacation destinations in proximity to our resorts and soliciting them to take sales tours at one of our resort properties. OPC costs as a percentage of related sales increased to 37% during 2004 from 30% during 2003, due to increased competition for OPC locations and a decrease in the sale-to-tour conversion ratio for our OPC tours.

We believe that selling and marketing expenses as a percentage of sales is an important indicator of the performance of Bluegreen Resorts and our performance as a whole. No assurances can be given that selling and marketing expenses will not continue to increase as a percentage of sales in future periods.

Field general and administrative expenses for Bluegreen Resorts increased $5.3 million or 33% during 2005 as compared to 2004. The increase in field general and administrative expenses was primarily a result of the cost of operating our new sales offices.

Field general and administrative expenses stayed consistent at approximately $16.1 million during both 2004 and 2003. These costs as a percentage of sales decreased to 5% for 2004 from 6% during 2003.

As of December 31, 2004 and 2005, Bluegreen Resorts had no sales or Field Operating Profit deferred under percentage-of-completion accounting. The adoption of a SOP 04-2, effective January 1, 2006, will change our treatment of sales incentives and the conversion of our Sampler packages to VOI sales, both of which will result in the deferral of sales recognition of certain VOI sales financed by the Company. We anticipate that all of our financed sales, other than sales to owners, will be required to be deferred for periods ranging from one to four months. See Note 1 of Notes to Consolidated Financial Statements for further discussion of SOP 04-2.

Bluegreen Communities. During 2003, 2004 and 2005, Bluegreen Communities generated $104.4 million (29%), $191.8 million (38%), and $192.1 million (35%), of our total consolidated sales, respectively.

The table below sets forth the number of homesites sold by Bluegreen Communities and the average sales price per homesite for the periods indicated, before giving effect to the percentage-of-completion method of accounting and excluding sales of bulk parcels.

	Year Ended		
	December 31, 2003	December 31, 2004	December 31, 2005
Number of homesites sold	1,962	2,765	2,287
Average sales price per homesite	$60,586	$69,136	$80,188
Gross margin	45%	45%	48%

Bluegreen Communities' sales increased $295,000 or less than 1% during 2005 as compared to 2004 due primarily to the sell-out of several communities during 2005. The primary reason for our slower growth in Communities was Traditions of Braselton, a 1,142 acre golf course community in Braselton, Georgia, and Brickshire, our golf course community located in New Kent Virginia was substantially sold-out and higher sales were generated during the year.. Partially offsetting these declines were higher sales at many of our other communities, including Sanctuary Cove at St. Andrews Sound, an approximately 500-acre golf course community in Brunswick, Georgia, and Chapel Ridge, our approximately 800-acre golf course community in Chatham County, North Carolina. During 2005 we commenced sales at Sugar Tree on the Brazos, a community located outside Fort Worth, Texas, Saddle Creek Forest, a community located near Houston, Texas and The Settlement at Patriot Ranch, our community located near San Antonio, Texas. During 2005 we recognized aggregate sales at these three communities of $14.4 million. In 2005 we also acquired a property near San Antonio which we are developing as Havenwood at Hunters Crossing. Sales at Havenwood at Hunters Crossing began in January 2006. In March 2006, we acquired a 1,579-acre property near Dallas, Texas, which we believe will begin sales in the fourth quarter of 2006.

As noted above, certain of our properties substantially sold out earlier in 2005 than previously anticipated as a result of the continued strong demand for our communities. Although there is no assurance that we will be successful, we are continually exploring the acquisition of properties in markets where we currently conduct business, and in new regions of the country, in order to maintain appropriate levels of properties in our portfolio.

Bluegreen Communities' sales increased $87.4 million or 84% during 2004 as compared to 2003. In November 2003, we acquired and commenced sales at our approximately 500-acre golf course community in Brunswick, Georgia known as Sanctuary Cove at St. Andrews Sound. Sanctuary Cove recognized incremental sales of approximately $23.9 million during 2004 as compared to 2003, as this project had just opened for sales in December 2003. Sanctuary Cove had an additional $7.6 million of sales deferred under the percentage-of-completion method of accounting as of December 31, 2004. Our Brickshire golf course community, which is located in New Kent, Virginia, recognized $11.1 million more sales during 2004 as compared to 2003, due primarily to increased effectiveness of sales programs and price increases. In March 2003, Bluegreen Communities acquired 1,142 acres in Braselton, Georgia for the development of a new golf course community known as the Traditions of Braselton. This project recognized approximately $8.1 million more sales during 2004 as compared to 2003, due primarily to the recognition of sales previously deferred under the percentage-of-completion method of accounting. In July 2004, we acquired and commenced sales at our approximately 800-acre golf course community in Chatham County, North Carolina known as Chapel Ridge. Chapel Ridge recognized sales of approximately $10.1 million during 2004, and had an additional $4.7 million of sales deferred under the percentage-of-

completion method of accounting as of December 31, 2004. Mountain Springs Ranch, our community in Smithson Valley, Texas (near San Antonio), recognized $7.7 million more sales during 2004 as compared to 2003, as this project had just opened for sales in December 2003. The remaining sales increase was realized at several of our other existing communities, including the following communities in Texas:

- RidgeLake Shores, located in Magnolia, Texas (near Houston, Texas) - $6.3 million increase in sales.
- Quail Springs Ranch, located in Peaster, Texas (near the Dallas/Fort Worth Metroplex) - $5.4 million increase in sales.
- Mystic Shores, located in Spring Branch, Texas (near San Antonio) - $5.3 million increase in sales.

Bluegreen Communities' gross margin increased from 45% in 2004 to 48% in 2005. Variations in cost structures and the market pricing of projects available for sale as well as the opening of phases of projects which include premium homesites (e.g., water frontage, preferred views, larger acreage homesites, etc.) will impact the gross margin of Bluegreen Communities from period to period. These factors, as well as the impact of the percentage-of-completion method of accounting, will cause variations in gross margin between periods, although the annual gross margin has historically been between 45% and 51% of sales and is expected to approximate these percentages for the foreseeable future.

Other communities operations include the operation of our golf courses as well as realty resale operations at several of our residential land communities. Other communities' operations revenues increased $2.1 million or 28% from $7.4 million to $9.5 million and the related costs increased $1.4 million or 19% from $7.3 million to $8.7 million during 2004 and 2005, respectively. This was primarily due to increased play at our Traditions at Braselton and The Preserve at Jordan Lake golf courses located in Georgia and North Carolina, respectively. We are currently constructing a new daily-fee golf course in connection with the development of Chapel Ridge, which is expected to open in the fall of 2006. Our golf course at Sanctuary Cove opened for play in February of 2006.

Other communities' operations revenues increased $923,000 or 14% from $6.5 million to $7.4 million and the related costs decreased $202,000 or 3% from $7.5 million to $7.3 million during the years ended December 31, 2003 and December 31, 2004, respectively. These increases were primarily due to increased play at our Brickshire and The Preserve at Jordan Lake golf courses located in New Kent, Virginia and Chapel Hill, North Carolina, respectively.

Our golf course operations incurred aggregate losses of $1.2 million, $176,000, and $380,000 during 2003, 2004 and 2005, respectively. The losses from golf course operations are due to fixed operating expenses, low, seasonal revenues during the winter months and high maintenance costs during periods when we are marketing homesites in the surrounding community. Also, certain of our golf courses are still in their early years of operations during the periods presented. We believe that the operating results of these new courses should improve as individuals who have purchased homesites in the communities in which these courses are located build their homes and begin living in the community, as this should increase the amount of play on our golf courses. However, there is no assurance that such improvement in operating results will be achieved.

Selling and marketing expenses for Bluegreen Communities decreased as a percentage of sales from 19% to 17% during 2004 and 2005, respectively. These expenditures decreased as a percentage of sales due to a higher average sales price per homesite coupled with relative advertising efficiencies at our new golf course communities in Georgia as compared to our other projects.

Selling and marketing expenses for Bluegreen Communities decreased as a percentage of sales from 22% to 19% during the 2003 and 2004, respectively, due to the advertising efficiencies realized at several of our Bluegreen Golf communities in 2004. Brickshire, Traditions of Braselton, Sanctuary Cove and Chapel Ridge generated selling and marketing expenses of less than 18%, collectively, as a percentage of sales due to the attractiveness of these golf course communities to consumers in the markets where these communities are located.

Bluegreen Communities' general and administrative expenses remained constant from 2004 to 2005 and increased $1.4 million, or 14%, during 2004 as compared to 2003. This increase in general and administrative expenses was due to the fact that the costs associated with new communities that opened for sales were greater than the costs associated with communities which substantially sold out during 2003. The increase in these costs was also due to higher performance bonuses to Bluegreen Communities'

management, commensurate with the significant increase in the segment's field operating profit during 2004 as compared to 2003. As a percentage of sales, Bluegreen Communities' general and administrative expenses decreased to 6% from 10% for the 2004 and 2003, respectively.

As of December 31, 2005, Bluegreen Communities had $30.7 million of sales and $12.4 million of Field Operating Profit deferred under percentage-of-completion accounting. As of December 31, 2004, Bluegreen Communities had $27.2 million of sales and $10.9 million of Field Operating Profit deferred under percentage-of-completion accounting.

Corporate General and Administrative Expenses. Our corporate general and administrative expenses consist primarily of expenses associated with administering the various support functions at our corporate headquarters, including accounting, human resources, information technology, Resorts acquisition and development, mortgage servicing, treasury and legal. Such expenses were $22.2 million, $32.7 million and $38.0 million for 2003, 2004 and 2005, respectively.

The $5.3 million or 16% increase in corporate general and administrative expenses during 2005 as compared to 2004 was primarily due to:

- the expansion of our corporate facilities, as well as increased personnel and other expenses in our information technology, resort acquisitions and development, and accounting departments to support our growth:
- increased accounting and auditing expenses of $1.8 million, primarily incurred in connection with requirements associated with the Sarbanes-Oxley Act of 2002:
- severance charges of approximately $1.0 million associated with the departure of our former Chief Financial Officer;

These increases were partially off-set by lower legal expenses and higher profits from our mortgage servicing operation realized during 2005 as compared to 2004.

The $11.5 million or 52% increase in corporate general and administrative expenses during 2004 as compared to 2003 was primarily due to:

- an aggregate increase of $3.2 million in personnel and other expenses incurred in our information technology, resort acquisitions/development, human resources, corporate headquarters and mortgage areas to help support our growth;
- increased legal expenses due to the $1.5 million impact of the settlement of a sales tax dispute with the state of Wisconsin and approximately $1.2 million related to litigation settlements, one of which is subject to court approval;
- increased accounting and auditing expenses of $2.0 million, primarily incurred in connection with requirements associated with the Sarbanes-Oxley Act of 2002; and
- an increase in corporate health and other insurance expenses of $1.5 million.

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

Interest Income. Interest income is earned from our notes receivable, retained interests in notes receivable sold and cash and cash equivalents. Interest income was $29.9 million, $35.9 million and $34.8 million for 2003, 2004 and 2005, respectively.

The decrease in interest income during 2005 was due to lower interest income earned from our notes receivable commensurate with a lower average aggregate notes receivable balance during the period as compared to 2004. In addition, we recognized an other-than-temporary decrease of $539,000 in the fair value of our retained interest in a 2002 vacation ownership receivables securitization transaction, based on higher than projected default rates in the portfolio sold.

The increase in interest income during 2004 was due to higher interest income earned from our notes receivable commensurate with a higher average aggregate notes receivable balance during the period as compared to 2003

Gain on Sales of Notes Receivable. During 2004 and 2005, we recognized gains on the sale of notes receivable totaling $26.0 million and $25.2 million, respectively. We sell a portion of our vacation ownership notes receivable pursuant to vacation ownership receivables securitization transactions or through vacation ownership receivables purchase facilities that qualify for sales treatment per SFAS 140. During 2003, all sales of notes receivable were made to vacation ownership receivables purchase facilities, none of which qualified for sales accounting treatment pursuant to SFAS 140. As such, there were no gains on sales of notes receivables during 2003.

The amount of notes receivable sold during a period depends on several factors, including the amount of availability, if any, under receivables purchase facilities, the amount of eligible receivables available for sale, our cash requirements, the covenants and other provisions of the relevant vacation ownership receivables purchase facility (as described further below) and management's discretion. The generally accepted accounting principles governing our sale of receivable transactions is evolving and achieving off-balance sheet accounting treatment is becoming more difficult. Due to the complexity of the accounting rules surrounding such transactions, we have decided to limit the use of off-balance sheet structures in the future. In 2006, we intend to structure our vacation ownership receivables purchase facilities that are used to accumulate receivables pending a term securitization transaction in a manner so as to account for sales of receivables under such facilities as on-balance sheet borrowings pursuant to SFAS 140. No gains will be recognized on the sales of receivables to such facilities until the receivables are included in an appropriately structured term securitization transaction. This accounting treatment is expected to increase the volatility of our quarterly earnings prospectively, but is not anticipated to materially impact annual earnings.

Interest Expense. Interest expense was $17.2 million, $18.4 million and $14.5 million for 2003, 2004 and 2005, respectively. The 21% decrease in interest expense for 2005 as compared 2004, was primarily a result of lower average debt outstanding and more interest being capitalized due to increased construction activity, partially off-set by the impact of increased borrowing rates. The 7% increase in interest expense in 2004 as compared to the 2003, was due to higher average outstanding debt balances, primarily related to increased receivable-backed debt, which was paid off in July 2004 by a term securitization transaction.

Our effective cost of borrowing was 7.9%, 8.1%, and 8.9% for 2003, 2004 and 2005, respectively.

Provision for Loan Losses. We recorded provisions for loan losses totaling $18.2 million, $24.4 million and $27.6 million during 2003, 2004 and 2005, respectively. The 34% and 13% increases in the provision for loan losses during 2004 and 2005, respectively, were primarily due to increases in Bluegreen Resorts sales, approximately 95% of which were financed by us.

The following table summarizes our allowance for loan losses by division as of December 31, 2004 and 2005 (in thousands):

	Bluegreen Resorts	Bluegreen Communities	Other	Total

(dollars in thousands)

December 31, 2004 (as restated)				
Notes receivable	$154,628	$10,901	$ 186	$ 165,715
Allowance for loan losses	(13,227)	(251)	(186)	(13,664)
Notes receivable, net	$141,401	$10,650	$ --	$ 152,051
Allowance as a % of gross notes receivable	9%	2%	100%	8%
December 31, 2005				
Notes receivable	$131,058	$ 7,408	$ 186	$ 138,652
Allowance for loan losses	(10,466)	(217)	(186)	(10,869)
Notes receivable, net	$120,592	$ 7,191	$ --	$ 127,783
Allowance as a % of gross notes receivable	8%	3%	100%	8%

Minority Interest in Income of Consolidated Subsidiary. We include the results of operations and financial position of Bluegreen/Big Cedar Vacations, LLC, our 51%-owned subsidiary, in our consolidated financial statements (see Note 1

of the Notes to Consolidated Financial Statements). The minority interest in income of consolidated subsidiary is the portion of our consolidated pre-tax income that is earned by Big Cedar, L.L.C., the unaffiliated 49% interest holder in the subsidiary. Minority interest in income of consolidated subsidiary was $3.3 million, $4.1 million and $4.8 million for 2003, 2004 and 2005, respectively. Pre-tax income for the subsidiary has increased over the periods presented as sales at the Bluegreen Wilderness Club at Big Cedar have increased.

Summary. Based on the factors discussed above, our net income was $19.8 million, $42.6 million and $46.6 million for 2003, 2004 and 2005, respectively.

Changes in Financial Condition

The following table summarizes our cash flows for 2003, 2004 and 2005 (in thousands):

	Year ended		
	December 31, 2003	December 31, 2004	December 31, 2005
Cash flows provided by operating activities	$ 39,027	$ 91,756	$ 55,583
Cash flows used by investing activities	(3,451)	(10,538)	(8,141)
Cash flows used by financing activities	(11,273)	(39,232)	(63,303)
Net increase (decrease) in cash	$ 24,303	$ 41,986	$(15,861)

Cash Flows From Operating Activities. Cash flows from operating activities increased $52.7 million or 135% from net cash inflows of $39.0 million to $91.8 million during the years ended December 31, 2003 and December 31, 2004, respectively. Proceeds from the sale of and borrowings collateralized by notes receivable, net of payments on such borrowings, increased $38.0 million from $86.0 million to $124.0 million during the years ended December 31, 2003 and December 31, 2004, respectively. The remainder of the increase in operating cash flows during the year ended December 31, 2004 as compared to the year ended December 31, 2003 was commensurate with the decrease in inventory, as a result of our increased VOI and homesite sales.

Cash flows from operating activities decreased $36.2 million or 39% from net cash inflows of $91.8 million to $55.6 million during the years ended December 31, 2004 and December 31, 2005, respectively. This decrease was due primarily to higher construction and development spending during 2005 as compared to 2004. Additionally, during 2005 we acquired land for three Bluegreen Communities developments (Saddle Creek Forest, The Settlement at Patriot Ranch, and Havenwood at Hunter's Crossing) and three vacation ownership resorts (Daytona SeaBreeze, SeaGlass Towers, and Carolina Grande), as compared to the acquisition of only one vacation ownership resort (the Suites at Hershey) and only two communities (Sugar Tree on the Brazos and Chapel Ridge) during 2004. These acquisition and related construction and development costs were paid with a combination of cash and borrowings.

We report 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 Bluegreen Resorts' sales result in the origination of notes receivable from its customers. We believe that accelerating the conversion of such notes receivable into cash, either through the pledge or sale of our notes receivable, on a regular basis is an integral function of our operations, and have therefore classified such activities as operating activities.

Cash Flows From Investing Activities. Cash flows from investing activities decreased $7.1 million or 205% from net cash outflows of $3.5 million to $10.5 million for the years ended December 31, 2003 and December 31, 2004, respectively. The decrease was primarily due to increased purchases of property and equipment during the year ended December 31, 2004 as compared to the year ended December 31, 2003

Cash flows from investing activities increased $2.4 million or 23% from net cash outflows of $10.5 million to $8.1 million for the years ended December 31, 2004 and December 31, 2005, respectively. This increase was due primarily to higher amounts of cash received in 2005 from our retained interests in notes receivable sold, as we did not begin receiving cash flows on our retained interest in a 2004 Term Securitization transaction until the third quarter of 2005 due to reserve funding requirements. The remainder of the increase in cash flows from investing activities was due to lower expenditures in 2005 for property and equipment as compared to 2004.

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Cash Flows From Financing Activities. Cash flows from financing activities decreased $28.0 million or 248% from net cash outflows of $11.3 million to $39.2 million during the years ended December 31, 2003 and December 31, 2004, respectively. This decrease was due to increased payments under line-of-credit facilities and notes payable, partially offset by increased proceeds from borrowings under such facilities and notes.

Cash flows from financing activities decreased $24.1 million or 61% from net cash outflows of $39.2 million to $63.3 million during the years ended December 31, 2004 and December 31, 2005, respectively. This increase was due primarily to the redemption of $55.0 million of our senior secured notes as well as lower borrowings under our credit facilities during 2005 as compared to 2004. These outflows were partially offset by the receipt of $59.3 million of cash in connection with our issuance of the junior subordinated debentures.

Liquidity and Capital Resources

Our capital resources are provided from both internal and external sources. Our primary capital resources from internal operations are: (i) cash sales, (ii) downpayments on homesite and VOI sales which are financed, (iii) proceeds from the sale of, or borrowings collateralized by, notes receivable, including cash received from our 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 VOIs and homesites and (v) net cash generated from other resort services and other communities 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. Our capital resources are used to support our operations, including (i) acquiring and developing inventory, (ii) providing financing for customer purchases, (iii) funding operating expenses and (iv) satisfying our debt and other obligations. As we are continually selling and marketing real estate (VOIs and homesites), it is necessary for us to continually acquire and develop new resorts and communities in order to maintain adequate levels of inventory to support operations. We anticipate that we will continue to require external sources of liquidity to support our operations, satisfy our debt and other obligations and to provide funds for future acquisitions.

Our level of debt and debt service requirements have several important effects on our operations, including the following: (i) we have significant cash requirements to service debt, reducing funds available for operations and future business opportunities and increasing our vulnerability to adverse economic and industry conditions; (ii) our leveraged position increases our vulnerability to competitive pressures; (iii) the financial covenants and other restrictions contained in the indentures, the credit agreements and other agreements relating to our indebtedness require us to meet certain financial tests and restrict our 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 our competitors operate on a less leveraged basis and have greater operating and financial flexibility than we do.

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

The following is a discussion of our purchase and credit facilities that were important sources of our liquidity as of December 31, 2005. These facilities do not constitute all of our outstanding indebtedness as of December 31, 2005. Our other indebtedness includes outstanding senior secured notes payable, junior subordinated debentures, borrowings collateralized by real estate inventories that were not incurred pursuant to an ongoing credit facility and capital leases.

Vacation Ownership Receivables Purchase Facilities -Off-Balance Sheet Arrangements

Our ability to sell and/or borrow against our notes receivable from VOI buyers is a critical factor in our continued liquidity. When we sell VOIs, a financed buyer is only required to pay a minimum of 10% of the purchase in cash at the time of sale, however, selling, marketing and administrative expenses are primarily cash expenses and, in our case for the year ended December 31, 2005, approximated 61% of sales. Accordingly, having facilities available for the hypothecation or sale of these vacation ownership receivables is a critical factor to our ability to meet our short and long-term cash needs.

The GE Purchase Facility. In March 2006 we executed agreements for a vacation ownership receivables purchase facility (the "GE Purchase Facility") with General Electric Capital Corporation ("GE"). The GE Purchase Facility utilizes an owner's trust structure, pursuant to which we sell receivables to Bluegreen Receivables Finance Corporation XI, our wholly-owned, special purpose finance subsidiary ("BRFC XI"), and BRFC XI sells the receivables to an owner's trust (a qualified special purpose entity) without recourse to us or BRFC XI except for breaches of certain customary representations and warranties at the time of sale. We did not enter into any guarantees in connection with the GE Purchase Facility. The GE Purchase Facility has detailed requirements with respect to the eligibility of receivables for purchase, and fundings under the GE Purchase Facility are subject to certain conditions precedent. Under the GE Purchase Facility, a variable purchase price of approximately 90% of the principal balance of the receivables sold, subject to adjustment under certain terms and conditions, is paid at closing in cash. The balance of the purchase price is deferred until such time as GE has received a specified return, a specified overcollateralization ratio is achieved, a cash reserve account is fully funded and all servicing, custodial, agent and similar fees and expenses have been paid. GE earns a return equal to the applicable Swap Rate (which is essentially a published interest swap arrangement rate as defined in the GE Purchase Facility agreements) plus 2.35%, subject to use of alternate return rates in certain circumstances. In addition, we will pay GE a structuring fee of approximately $437,500 in March 2006. We will act as servicer under the GE Purchase Facility for a fee.

The GE Purchase Facility allows for sales of notes receivable for a cumulative purchase price of up to $125.0 million for a period which ends on in March 2008.

The GE Purchase Facility includes various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type. GE's obligation to purchase under the GE Purchase Facility may terminate earlier than the dates noted above upon the occurrence of certain specified events set forth in the GE Purchase Facility agreements. These specified events, some of which are subject to materiality qualifiers and cure periods, include, without limitation, (i) the aggregate amount of all advances under the GE Purchase Facility equaling $125.0 million; (ii) our breach of the representations or warranties in the GE Purchase Facility; (iii) our failure to perform our covenants in the GE Purchase Facility; (iv) our commencement of a bankruptcy proceeding or the like; (v) the amount of any advance under the GE Purchase Facility failing to meet a specified overcollateralization amount; (vi) significant delinquencies or defaults on the receivables sold; (vii) recovery rates falling below a pre-determined amount; (viii) 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 our Tangible Net Worth (as defined in the GE Purchase Facility agreements to include our subordinated debentures) or (b) causes, or permits the holder of indebtedness to cause, an amount in excess of 5% of our Tangible Net Worth to become due; (ix) our Tangible Net Worth at the end of any calendar quarter not equaling at least $303.9 million plus 50% of net income following December 31, 2005; (x) the ratio of our debt (excluding our subordinated debentures) to Tangible Net Worth exceeding 2.50 to 1; (xi) the ratio of our consolidated earnings before interest, taxes, depreciation and amortization to our interest expense (net of interest income) falling below 2.00 to 1; (xii) the number of points available in the Bluegreen Vacation Club to be less than approximately 930.7 million; (xiii) our ceasing to conduct the vacation ownership business and originate vacation ownership receivables or if certain changes in our ownership or control occur; (xiv) the failure of certain of our resorts to be part of the Bluegreen Vacation Club or be managed by us, one of our subsidiaries or another entity acceptable to GE; (xv) operating budgets and reserve accounts maintained by the property owners' associations responsible for maintaining certain of our resorts failing to comply with applicable laws and governing documents; (xvi) our failure to discharge, stay or bond pending appeal any final judgments for the payment of an amount in excess of 2.5% of our Tangible Net Worth in a timely manner; (xvii) our default under or breach of certain resort management or marketing contracts; or (xviii) our failure to perform our servicing obligations, otherwise have our servicing rights terminated or if we do not exercise the Servicer Purchase Option pursuant to the terms of the GE Purchase Facility.

The 2005 Term Securitization. On December 28, 2005, BB&T Capital Markets, a division of Scott & Stringfellow, Inc., consummated a $203.8 million private offering and sale of vacation ownership receivable-backed securities (the "2005 Term Securitization"). The $191.1 million in aggregate principal of vacation ownership receivables offered and sold in the 2005 Term Securitization were previously sold to a previous, off-balance sheet vacation ownership receivables purchase facility with BB&T (the "BB&T Purchase Facility"). In addition, the 2005 Term Securitization allowed for an additional $35.3 million in aggregate principal of our qualifying vacation ownership receivables (the "Pre-funded Receivables") that could be sold by us through March 28, 2006 to Bluegreen Receivables Finance Corporation X, our wholly-owned, special purpose finance subsidiary ("BRFC X"), which would then sell the Pre-funded Receivables to BXG Receivables Note Trust 2005-A ("2005-A"), a qualified special purpose entity, without recourse to us or BRFC X, except for breaches of certain representations and warranties at the time of sale. The proceeds of $31.8 million (at an advance rate of 90%) as payment for the Pre-funded Receivables were deposited into an escrow account by the indenture trustee of the 2005 Term Securitization until such receivables are actually sold by us to BRFC X. If we don't sell the Pre-funded Receivables to earn the entire amount of related proceeds held in escrow, the remaining proceeds will be used to pay down amounts owed to investors in the 2005 Term Securitization. On December 29, 2005, we sold $16.7 million in Pre-funded Receivables to BRFC X and the $15.1 million purchase price was disbursed to us from the escrow account. On March 1, 2006, we sold $18.6 million in Pre-funded Receivables to BRFC X and the $16.7 million purchase price was disbursed to us from the escrow account.

The proceeds of the 2005 Term Securitization were used to pay BB&T all amounts outstanding under the BB&T Purchase Facility, pay Resort Finance, LLC all amounts outstanding under a previous, on-balance sheet purchase facility, pay fees associated with the transaction to third-parties, deposit initial amounts in a required cash reserve account and the escrow accounts for the Pre-funded Receivables and provide net cash proceeds of $1.1 million to us. We also received a retained interest in the future cash flows from the 2005 Term Securitization (including the future cash flows from the Pre-funded Receivables actually sold).

The New BB&T Purchase Facility. We are currently in documentation for a new, two-year $150 million vacation ownership receivables purchase facility with BB&T. There can be no assurances that this new facility will be obtained on favorable terms or at all. We anticipate accounting for sales of receivables under this facility, if obtained, as on-balance sheet borrowings pursuant to SFAS 140. This facility would be used to accumulate receivables in anticipation of future term securitization transactions.

We have chosen to monetize our receivables through the GE Purchase Facility and through periodic term securitization transactions historically, as these off-balance sheet arrangements provide us with cash inflows both currently and in the future at what we believe to be competitive rates without adding leverage to our balance sheet or retaining recourse for losses on the receivables sold. In addition, these sale transactions have generated gains on our income statement on a quarterly basis, which would not be realized under a traditional financing arrangement.

The GE Purchase Facility discussed above is the only ongoing receivables purchase facilities under which we currently have the ability to sell receivables. Factors which could adversely impact our ability to obtain new or additional vacation ownership receivable purchase facilities include 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 or other entities willing to enter into facilities with vacation ownership companies; a deterioration in the performance of our vacation ownership notes receivable or in the performance of portfolios sold in prior transactions, specifically increased delinquency, default and loss severity rates; and a deterioration in our performance generally. There can be no assurance that we will obtain new purchase facilities to replace the GE Purchase Facility when this facility is fully funded or expires. As indicated above, our inability to sell vacation ownership receivables under a current or future facility could have a material adverse impact on our liquidity. However, management believes that to the extent we could not sell receivables under a purchase facility, we could potentially mitigate the adverse impact on our liquidity by using our receivables as collateral under existing or future credit facilities.

Historically, we have also been a party to a number of securitization-type transactions, all of which in our opinion utilize customary structures and terms for transactions of this type. In each securitization-type transaction, we sold receivables to a wholly-owned special purpose entity which, in turn, sold the receivables either directly to third parties or to a trust established for the transaction. In each transaction, the receivables were sold on a non-recourse basis (except for

breaches of certain representations and warranties) and the special purpose entity has a retained interest in the receivables sold. We have 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 our special purpose subsidiary as the holder of the retained interests in the receivables according to specified formulas. In general, available funds are applied monthly to pay fees to service providers, make interest and principal payments to investors, fund required reserves, if any, and pay distributions in respect of the retained interests 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 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 our subsidiary in its capacity as the holder of the retained interests. 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 interests 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 our retained interests 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 our special purpose subsidiary, the suspension or termination of that commitment. In addition, in each securitization facility certain breaches of our obligations as servicer or other events allow the indenture trustee to cause the servicing to be transferred to a substitute third party servicer. In that case, our obligation to service the receivables would terminate and we would cease to receive a servicing fee.

We recognized an other-than-temporary decrease of $539,000 during 2005, in the fair value of our retained interest in a 2002 vacation ownership receivables securitization transaction, based on higher than projected default rates in the portfolio sold.

The following is a summary of significant financial information related to the GE Purchase Facility and prior similar facilities during the periods presented below (in thousands):

	December 31, 2004	December 31, 2005
On Balance Sheet:	(as restated)	
Retained interests in notes receivable sold	$66,513	$105,696
Off-Balance Sheet:		
Notes receivable sold without recourse	292,722	429,403
Principal balance owed to note receivable purchasers	268,590	396,679

Income Statement:	Year Ended December 31, 2003	December 31, 2004	December 3 2005
	(as restated)	(as restated)	
Gain on sales of notes receivable	$ --	$25,972	$25,226
Interest accretion on retained interests in notes receivable sold	5,519	6,035	9,310
Servicing fee income	2,352	2,931	4,969

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Credit Facilities for Bluegreen's Receivables and Inventories

In addition to the vacation ownership receivables purchase facilities discussed above, we maintain various credit facilities with financial institutions that provide receivable, acquisition and development financing for our operations. We had the following credit facilities, as of December 31, 2005 (see further discussion below):

Credit Facility	Outstanding Borrowings as of December 31, 2005	Borrowings During the Year Ended December 31, 2005	Advance Period Expiration; Borrowing Maturity	Borrowing Limit	B
The GMAC Receivables Facility	$25.4 million	$16.9 million	February 15, 2008; February 15, 2015	$75.0 million	
The GMAC AD&C Facility	$33.4 million	$33.1 million	February 15, 2008; August 15, 2013	$150.0 million	
The RFL A&D Facility	--	$9.5 million	January 10, 2007; January 10, 2008	$50.0 million	
The Foothill Facility	$3.2 million	--	December 31, 2006; December 31, 2008	$30.0 million	
The GMAC Communities Facility	$1.8 million	$16.5 million	September 30, 2007; September 30, 2009	$75.0 million	

Credit Facilities for Bluegreen Resorts' Receivables and Inventories

The GMAC Receivables Facility. In February 2003, we entered into a revolving vacation ownership receivables credit facility (the "GMAC Receivables Facility") with Residential Funding Corporation ("RFC"), an affiliate of GMAC. The borrowing limit under the GMAC Receivables Facility, as increased by amendment, is $75.0 million. The borrowing period on the GMAC Receivables Facility, as amended, expires on February 15, 2008, and outstanding borrowings mature no later than February 15, 2015. 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 VOIs. 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 bears interest at 30-day LIBOR plus 4.00% (8.39% at December 31, 2005). Interest payments are due monthly. During the year ended December 31, 2005, we pledged approximately $18.8 million in aggregate principal balance of vacation ownership receivables under the GMAC Receivables Facility and received $16.9 million in cash borrowings. As of December 31, 2005, $25.4 million was outstanding under the GMAC Receivables Facility.

The GMAC AD&C Facility. In September 2003, RFC also provided us with a $75.0 million acquisition, development and construction revolving credit facility for Bluegreen Resorts, which was increased to $150.0 million in March 2006 (the "GMAC AD&C Facility"). The borrowing period on the GMAC AD&C Facility, as amended, expires on February 15, 2008, and outstanding borrowings mature no later than August 15, 2013, although specific draws typically are due four years from the borrowing date. Principal will be repaid through agreed-upon release prices as VOIs are sold at the financed resorts, subject to minimum required amortization. Indebtedness under the facility bears interest at 30-day LIBOR plus 4.50%, as amended in March 2006. Interest payments are due monthly. During the year ended December 31, 2005, we borrowed $33.2 million under the GMAC AD&C Facility to fund the development of VOIs at The Fountains and the acquisition of Carolina Grande. As of December 31, 2005, $33.4 million was outstanding under the GMAC AD&C Facility.

The RFL A&D Facility. In January 2005, we entered into a $50.0 million revolving credit facility with RFL (the "RFL A&D Facility"). We use the proceeds from the RFL A&D Facility to finance the acquisition and development of vacation ownership resorts. The RFL A&D Facility is secured by 1) a first mortgage and lien on all assets purchased with the RFL A&D Facility; 2) a first assignment of all construction contracts, related documents, building permits and completion bond; 3) a negative pledge of our interest in any management, marketing, maintenance or service contracts; and 4) a first assignment of all operating agreements, rents and other revenues at the vacation ownership resorts which serve as collateral for the RFL A&D Facility, subject to any requirements of the respective property owners' associations. Borrowings under the RFL A&D Facility can be made through January 10, 2007. Principal payments will be effected through agreed-upon release prices paid to RFL as vacation ownership interests in the resorts that serve as collateral for the RFL A&D Facility. The outstanding principal balance of any borrowings under the RFL A&D Facility must be repaid by January 10, 2008. Indebtedness under the facility bears interest at 30-day LIBOR plus 3.90%, subject to a 6.90% floor (8.29% at December 31, 2005). Interest payments are due monthly. We are required to pay a commitment fee equal to 1.00% of the $50.0 million facility amount, which is paid at the time of each borrowing under the RFL A&D Facility as 1.00% of each borrowing with the balance being paid on the unutilized facility amount on January 10, 2007. In addition, we are required to pay a program fee equal to 0.125% of the $50.0 million facility amount per annum, payable monthly. The RFL A&D Facility documents include customary conditions to funding, acceleration provisions and certain financial affirmative and negative covenants. In January 2005, we borrowed $10.5 million under the RFL A&D Facility in connection with the acquisition of the Daytona SeaBreeze resort, all of which had been repaid as of December 31, 2005.

The Foothill Facility. Under an existing $30.0 million revolving credit facility with Wells Fargo Foothill, Inc. ("Foothill") primarily used for borrowings collateralized by Bluegreen Communities receivables and inventory, we can also borrow up to $10.0 million of the facility collateralized by the pledge of vacation ownership receivables. See "Credit Facilities for Bluegreen Communities' Receivables and Inventories," below, for further details on this facility.

Credit Facilities for Bluegreen Communities' Receivables and Inventories

The Foothill Facility. We have a $30.0 million revolving credit facility with Foothill secured by the pledge of Bluegreen Communities' receivables, with up to $20.0 million of the total facility available for Bluegreen Communities' inventory borrowings and, as indicated above, up to $10.0 million of the total facility available for the pledge of Bluegreen Resorts' receivables (the "Foothill Facility"). The Foothill Facility requires principal payments based on agreed-upon release prices as homesites in the encumbered communities are sold and bears interest at the prime lending rate plus 1.25% (8.50% at December 31, 2005). Interest payments are due monthly. The interest rate charged on outstanding receivable borrowings under the Foothill Facility, as amended, is the prime lending rate plus 0.25% (7.50% at December 31, 2005) when the average monthly outstanding loan balance is greater than or equal to $15.0 million. If the average monthly outstanding loan balance is less than $15.0 million, the interest rate is the greater of 4.00% or the prime lending rate plus 0.50% (7.75% at December 31, 2005). All principal and interest payments received on pledged receivables are applied to principal and interest due under the Foothill Facility. Borrowings under the Foothill Facility can be made through December 31, 2006. Outstanding indebtedness collateralized by receivables is due December 31, 2008. At December 31, 2005, the outstanding principal balance under the facility was $3.2 million, approximately $2.2 million of which relates to Bluegreen Communities' receivables borrowings and approximately $1.0 million of which relates to Bluegreen Resorts' receivables borrowings under the Foothill Facility.

The GMAC Communities Facility. In May 2005 and again in March 2006, we amended our existing $75.0 million revolving credit facility with RFC (the "GMAC Communities Facility"). The GMAC Communities Facility is secured by the real property homesites (and

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personal property related thereto) at the following Bluegreen Communities projects, as well as any Bluegreen Communities projects acquired by us with funds borrowed under the GMAC Communities Facility (the "Secured Projects"): Brickshire (New Kent County, Virginia); Mountain Lakes Ranch (Bluffdale, Texas); Ridge Lake Shores (Magnolia, Texas); Riverwood Forest (Fulshear, Texas); Waterstone (Boerne, Texas); Catawba Falls Preserve (Black Mountain, North Carolina); Lake Ridge at Joe Pool Lake (Cedar Hill and Grand Prairie, Texas); Mystic Shores at Canyon Lake (Spring Branch, Texas); Yellowstone Creek Ranch (Pueblo, Colorado); and Havenwood at Hunters' Crossing (New Braunfels, Texas) (the "Texas Property"). In addition, the GMAC Communities Facility is secured by our Carolina National and The Preserve at Jordan Lake golf courses in Southport, North Carolina and Chapel Hill, North Carolina, respectively. Borrowings can be drawn on such projects through September 30, 2007. Principal payments are effected through agreed-upon release prices paid to RFC as homesites in the

Secured Projects are sold. The outstanding principal balance of any borrowings under the GMAC Communities Facility must be repaid by September 30, 2009. The interest charged on outstanding borrowings is at the prime lending rate plus 1.00% (8.25% at December 31, 2005). Interest payments are due monthly. The GMAC Communities Facility includes customary conditions to funding, acceleration and event of default provisions and certain financial affirmative and negative covenants. We use 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. In July 2005, we borrowed $7.5 million under the GMAC Communities Facility in connection with the acquisition of Havenwood at Hunters Crossing and an additional $9.0 million in April 2005 for general corporate purposes. As of December 31, 2005, $1.8 million was outstanding under the GMAC Communities Facility. In March 2006, we borrowed $18.2 million under the GMAC Communities Facility for the acquisition of a new property in Grayson County, Texas and an additional $9 million for general corporate purposes.

Over the past several years, substantially all of our homesite sales have been for cash and we have not provided a significant amount of financing to homesite purchasers. Accordingly, in recent years we have reduced the borrowing capacity under credit agreements secured by Bluegreen Communities' receivables. We attribute the significant volume of cash sales to an increased willingness on the part of banks to extend direct customer homesite financing at attractive interest rates. No assurances can be given that local banks will continue to provide such customer financing.

Historically, we have funded development for road and utility construction, amenities, surveys and engineering fees from internal operations and have 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 homesite releases. The release price is usually an amount based on a pre-determined percentage (typically 25% to 55%) of the gross selling price of the homesites in the subdivision. In addition, the agreements generally call for minimum cumulative annual amortization. When we provide financing for our customers (and therefore the release price is not available in cash at closing to repay the lender), we are required to pay the lender with cash derived from other operating activities, principally from cash sales or the pledge of receivables originated from earlier property sales.

Trust Preferred Securities Offerings

We have formed statutory business trusts (collectively, the "Trusts") and each issued trust preferred securities and invested the proceeds thereof in our junior subordinated debentures. The Trusts are variable interest entities in which we are not the primary beneficiary as defined by FASB Interpretation No. 46R. Accordingly, we do not consolidate the operations of the Trusts; instead, the Trusts are accounted for under the equity method of accounting. In each of these transactions, the applicable Trust issued trust preferred securities as part of a larger pooled trust securities offering which was not registered under the Securities Act of 1933. The applicable Trust then used the proceeds from issuing the trust preferred securities to purchase an identical amount of junior subordinated debentures from us. Interest on the junior subordinated debentures and distributions on the trust preferred securities are payable quarterly in arrears at the same interest rate. Distributions on the trust preferred securities are cumulative and based upon the liquidation value of the trust preferred security. The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated debentures at maturity or their earlier redemption. The junior subordinated debentures are redeemable in whole or in part at the Company's option at any time after five years from the issue date or sooner following certain specified events. In addition, we made an initial equity contribution to each Trust in exchange for its common securities, all of which are owned by us, and those proceeds were also used to purchase an identical amount of junior subordinated debentures from us. The terms of each Trust's common securities are nearly identical to the trust preferred securities.

We had the following junior subordinated debentures outstanding at December 31, 2005 (dollars in thousands):

Trust	Outstanding Amount of Junior Subordinated Debentures	Initial Equity To Trust	Issue Date	Fixed Interest Rate (1)	Rate (2)	Varia Inter Redemp Dat
Bluegreen Statutory Trust I	$23,196	$ 696	3/15/05	9.160%	LIBOR + 4.90%	3/30
Bluegreen Statutory Trust II	25,774	774	5/4/05	9.158%	LIBOR + 4.85%	7/30
Bluegreen Statutory Trust III	10,310	310	5/10/05	9.193%	LIBOR + 4.85%	7/30
	$59,280	$1,780				

(1) Both the trust preferred securities and junior subordinated debentures bear interest at a fixed interest rate from the issue date through the beginning optional redemption date.

(2) Both the trust preferred securities and junior subordinated debentures bear interest at a variable interest rate from the beginning optional redemption date through the maturity date.

We currently intend to seek to create similar trusts and to participate in other pooled trust preferred securities transactions in the future as a source of additional financing, subject to market conditions and other considerations.

Unsecured Credit Facility

We have a $15.0 million unsecured line-of-credit with Wachovia Bank, N.A. Amounts borrowed under the line bear interest at one month LIBOR plus 2.00% (6.34% at December 31, 2005). Interest is due monthly and all outstanding amounts are due on June 30, 2006. Borrowings under the line-of-credit are limited to an amount which is less than the remaining availability under our current, active vacation ownership receivables purchase facilities plus availability under certain receivables warehouse facilities, less any outstanding letters of credit. The line-of-credit agreement contains covenants and conditions typical of arrangements of this type. As of December 31, 2005, no borrowings were outstanding under the line; however, an aggregate of $523,000 of irrevocable letters of credit were outstanding under this line-of-credit at December 31, 2005. These letters of credit expire on December 31, 2006. This line-of-credit is an available source of short-term liquidity.

Commitments

Our material commitments as of December 31, 2005 included the required payments due on our receivable-backed debt, lines of credit and other notes payable, commitments to complete our vacation ownership and communities projects based on our sales contracts with customers and commitments under noncancelable operating leases.

The following table summarizes the contractual minimum principal payments required on all of our outstanding debt (including our receivable-backed debt, lines-of-credit and other notes and debentures payable) and our noncancelable operating leases by period date, as of December 31, 2005 (in thousands):

Contractual Obligations	Payments Due by Period				
	Less than 1 year	1 - 3 Years	4 - 5 Years	After 5 Years	Total
Receivable-backed notes payable	$ 22	$10,288	$ --	$ 25,421	$ 35,731
Lines-of-credit and notes payable	21,459	32,181	7,788	--	61,428
10.5% senior secured notes	--	55,000	--	--	55,000
Jr. Subordinated debentures	--	--	--	59,280	59,280
Noncancelable operating leases	8,225	13,252	7,510	4,624	33,611
Total contractual obligations	$29,707	$110,721	$15,298	$89,325	$245,051

The following table sets forth certain information regarding future interest obligations on outstanding debt as of December 31, 2005 (in thousands):

Interest Obligations (1)	Payments Due by Period				
	Less than 1 year	1 - 3 Years	4 - 5 Years	After 5 Years	Total
Receivable-backed notes payable	$ 2,890	$ 5,414	$ 4,300	$ 5,628	$ 18,232
Lines-of-credit and notes payable	4,159	4,608	414	--	9,181
10.5% senior secured notes	5,755	11,550	--	--	17,305
Jr. Subordinated debentures	5,433	10,866	10,866	133,013	160,178
Total contractual obligations	$18,237	$32,438	$15,580	$138,641	$204,896

(1) Interest on variable rate debt has assumed the weighted average interest rate remains the same as the rate at December 31, 2005.

We intend to use cash flow from operations, including cash received from the sale of vacation ownership notes receivable, and cash received from new borrowings under existing or future debt facilities in order to satisfy the principal payments required on contractual cbligations. While we believe that we will be able to meet all required debt payments when due, there can be no assurance that this will be the case.

As noted above, we have $530,000 in letters-of-credit outstanding at December 31, 2005, the majority of which were issued under the unsecured line-of-credit with Wachovia Bank, N.A. These letters-of-credit, which expire in 2006, were required in connection with the obtaining of governmental approval of plats for one of our Bluegreen Communities projects.

We estimate 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 to be approximately $17.5 million as of December 31, 2005. We estimate that the total cash required to complete our Bluegreen Communities projects in which sales have occurred to be approximately $67.1 million as of December 31, 2005. These amounts assume that we are not obligated to develop any building, project or amenity in which a commitment has not been made through a sales contract to a customer; however, we anticipate that we will incur such obligations in the future. We plan 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 assurance that we 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.

We believe that our 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 facilities and one or more replacement facilities we will seek to put in place will be sufficient to meet our anticipated working capital, capital expenditures and debt service requirements for the foreseeable future. We will be required to renew or replace credit and receivables purchase facilities that have expired or that will expire in the near term. We will, in the future, also require additional credit facilities or will be required to issue corporate debt or equity securities in connection with acquisitions or otherwise. Any debt incurred or issued by us may be secured or unsecured, bear fixed or variable rate interest and may be subject to such terms as the lender may require and management believes acceptable. There can be no assurance 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

our cash needs, including, our debt service obligations. To the extent we are not able to sell notes receivable or borrow under such facilities, our ability to satisfy our obligations would be materially adversely affected.

Most of our credit facilities, indentures, and 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; restrictions on the payment of dividends, investments in joint ventures and other restricted payments; limitations on the incurrence of liens and transactions with affiliates, covenants concerning net worth, fixed charge coverage requirements, debt-to-equity ratios and portfolio performance requirements; and events of default or termination. No assurance can be given that we will be in compliance with such covenants, that we will not be required to seek waivers of such covenants or that such covenants will not limit our ability to raise funds, sell receivables, satisfy or refinance our obligations or otherwise adversely affect our operations. In addition, our future operating performance and ability to meet our financial obligations will be subject to future economic conditions and to financial, business and other factors, many of which will be beyond our control.

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

Foreign Currency Risk

Our total revenues and net assets denominated in a currency other than U.S. dollars during the year ended December 31, 2005 were less than 2% of consolidated revenues and consolidated assets, respectively. Sales generated and long-term debt incurred to date by Bluegreen Properties, N.V., our subsidiary in Aruba, are transacted in U.S. dollars. The effects of changes in foreign currency exchange rates have not historically been significant to our operations or net assets.

Interest Rate Risk

We did not sell any vacation ownership notes receivable off-balance sheet in 2003 and sold, $215.5 million and $228.8 million of fixed-rate vacation ownership notes receivable off-balance sheet during 2004 and 2005, respectively, under various vacation ownership receivable purchase facilities and term securitization transactions (see Note 5 of the Notes to Consolidated Financial Statements). Our gains on sale recognized are generally based upon either fixed or 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. We believe that we have used appropriate assumptions in valuing the residual interests retained in the vacation ownership and land notes sold through our various off-balance sheet vacation ownership receivables purchase facilities and term securitization transactions and that such assumptions should mitigate the impact of a hypothetical one-percentage point interest rate change on these valuations, but there is no assurance that the assumptions will prove to be correct.

As of December 31, 2005, we had fixed interest rate debt of approximately $118.6 million and floating interest rate debt of approximately $92.9 million. In addition, our notes receivable from VOI and homesite customers were comprised of $128.8 million of fixed rate loans and $5.1 million of notes bearing floating interest rates. The floating interest rates are based either upon the prevailing prime or LIBOR interest rates. For floating rate financial instruments, interest rate changes do not generally affect the market 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 affect the market value of the 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 our after-tax earnings by an immaterial amount per year, as a result 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 interest rates would decrease the total fair value of our fixed rate debt, excluding our 10.5% senior secured notes payable (the "Notes") by an immaterial amount. The fact that the Notes 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. The analyses do not

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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, we would likely attempt to take actions to mitigate our 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 our financial structure.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

	December 31, 2004
ASSETS	(As Restated)
Cash and cash equivalents (including restricted cash of approximately $21,423 and $18,321 at December 31, 2004 and 2005, respectively)	$ 100,565
Contracts receivable, net	28,085
Notes receivable, net	152,051
Prepaid expenses	7,810
Other assets	19,279
Inventory, net	205,352
Retained interests in notes receivable sold	66,513
Property and equipment, net	74,244
Intangible assets and goodwill	4,512
Total assets	$ 658,411
LIABILITIES AND SHAREHOLDERS' EQUITY	
Liabilities	
Accounts payable	$ 11,552
Accrued liabilities and other	44,323
Deferred income	24,235
Deferred income taxes	56,064
Receivable-backed notes payable	73,213
Lines-of-credit and notes payable	71,949
10.50% senior secured notes payable	110,000
Junior subordinated debentures	--
Total liabilities	391,336

Minority interest	6,009
Commitments and contingencies	
Shareholders' Equity	
Preferred stock, $.01 par value, 1,000 shares authorized; none issued	--
Common stock, $.01 par value, 90,000 shares authorized; 32,990 and 33,193 shares issued at December 31, 2004 and 2005, respectively	330
Additional paid-in capital	167,408
Treasury stock, 2,756 common shares at both December 31, 2004 and 2005, at cost	(12,885)
Accumulated other comprehensive income, net of income taxes	4,805
Retained earnings	101,408
Total shareholders' equity	261,066
Total liabilities and shareholders' equity	$ 658,411

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31, 2003 (As Restated)	Year Ended December 31, 2004 (As Restated)	Year En December 200
Revenues:			
Sales of real estate	$ 359,344	$ 502,408	$ 550
Other resort and communities operations revenue	55,394	66,409	73
Interest income	29,898	35,939	34
Gain on sales of notes receivable	--	25,972	25
Other income	457	--	
	445,093	630,728	684
Cost and expenses:			
Cost of real estate sales	109,446	179,728	177
Cost of other resort and communities operations	60,772	70,785	77
Selling, general and administrative expenses	203,808	262,424	300
Interest expense	17,243	18,425	14
Provision for loan losses	18,239	24,434	27
Other expense	--	1,666	6
	409,508	557,462	603
Income before minority interest and provision for income taxes	35,585	73,266	80
Minority interest in income of consolidated subsidiary	3,330	4,065	4
Income before provision for income taxes	32,255	69,201	75
Provision for income taxes	12,418	26,642	29

Net income	$ 19,837	$ 42,559	$ 46
Earnings per common share:			
Basic	$ 0.80	$ 1.62	$
Diluted	$ 0.74	$ 1.43	$
Weighted-average number of common and common equivalent shares:			
Basic	24,671	26,251	30
Diluted	29,263	30,677	31

See accompanying notes to consolidated financial statements.

BLUEGREEN CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Shares Issued	Common Stock	Additional Paid-in Capital	Treasury Stock at Cost	Accumula Other Comprehen Income, N Income T
					(As Rest
Balance at December 31, 2002 (as previously reported)	27,343	273	123,535	(12,885)	
Restatement Adjustment	--	--	--	--	3,
Restated Balance at December 31, 2002	27,343	273	123,535	(12,885)	4,
Net income					
Net unrealized gains on retained interests in notes receivable sold, net of income taxes and reclassification adjustments	--	--	--	--	(1,
Comprehensive income					
Shares issued upon exercise of stock options	359	4	1208	--	
Income tax benefit from stock options exercised	--	--	188	--	
Restated Balance at December 31, 2003	27,702	277	124,931	(12,885)	2,
Net income	--	--	--	--	

Net unrealized gains on retained interests in notes receivable sold, net of income taxes and reclassification adjustments	--	--	--	--	1,
Comprehensive income					
Shares issued upon exercise of stock options	1,150	12	6,582	--	
Income tax benefit from stock options exercised	--	--	1,961	--	
Shares issued in connection with conversion of 8.25% convertible subordinated debentures	4,138	41	33,934	--	
Restated Balance at December 31, 2004	32,990	330	167,408	(12,885)	4,
Net income	--	--	--	--	
Net unrealized gains on retained interests in notes receivable sold, net of income taxes and reclassification adjustments	--	--	--	--	3,
Comprehensive income					
Shares issued upon exercise of stock options	196	3	1,403	--	
Modification of equity awards and vesting of restricted stock	6	--	327	--	
Income tax benefit from stock options exercised	--	--	541	--	
Shares issued in connection with conversion of 8.25% convertible subordinated debentures	1	--	5	--	
Balance at December 31, 2005	33,193	$333	$169,684	$(12,885)	$8,

See accompanying notes to consolidated financial statements.

BLUEGREEN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2003 (As Restated)	Year E Decembe 200 (As Rest
Operating activities:		
Net income	$ 19,837	$ 4
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest in income of consolidated subsidiary	3,330	
Depreciation	7,811	
Amortization	5,054	

Gain on sales of notes receivable	--	(2
Loss (gain) on sales of property and equipment	(76)	
Provision for loan losses	18,239	2
Provision for deferred income taxes	8,894	1
Interest accretion on retained interests in notes receivable sold	(5,519)	(
Other non-cash charges	--	
Proceeds from sales of notes receivable	--	19
Proceeds from borrowings collateralized by notes receivable	123,897	10
Payments on borrowings collateralized by notes receivable	(37,881)	(17
Changes in operating assets and liabilities:		
Contracts receivable	(9,292)	(
Notes receivable	(128,742)	(17
Prepaid expenses	(227)	
Inventory	12,433	4
Other assets	(3,903)	
Accounts payable, accrued liabilities and other	25,172	2
Net cash provided by operating activities	39,027	9
Investing activities:		
Cash received from retained interests in notes receivable sold	7,402	
Principal payments received on investment in note receivable	456	
Business acquisition	(500)	
Investments in statutory business trusts	--	
Purchases of property and equipment	(11,893)	(1
Proceeds from sales of property and equipment	1,084	
Net cash used provided by investing activities	(3,451)	(1
Financing activities:		
Proceeds from borrowings under line-of-credit facilities and notes payable	40,125	6
Payments under line-of-credit facilities and notes payable	(49,978)	(10
Payments on 10.50% senior secured notes	--	
Payment of 8.25% subordinated convertible debentures	--	
Proceeds from issuance of junior subordinated debentures	--	
Payment of debt issuance costs	(2,632)	(
Proceeds from exercise of employee and director stock options	1,212	
Net cash used by financing activities	(11,273)	(3
Net increase (decrease) in cash and cash equivalents	24,303	4
Cash and cash equivalents at beginning of period	34,276	5
Cash and cash equivalents at end of period	58,579	10
Restricted cash and cash equivalents at end of period	(19,088)	(2
Unrestricted cash and cash equivalents at end of period	$ 39,491	$ 7

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

	Year Ended December 31, 2003 (As Restated)	Yea Dece (As R
Supplemental schedule of non-cash operating, investing and financing activities:		
Inventory acquired through foreclosure or deedback in lieu of foreclosure	$ 6,570	$
Inventory acquired through financing	$ 52,399	$
Property and equipment acquired through financing	$ 8,569	$
Offset of Joint Venture distribution of operating proceeds to minority interest against the Prepayment (see Note 4)	$ 1,932	$
Retained interests in notes receivable sold	$ --	$
Notes receivable acquired through financing	$ 2,334	$
Change in unrealized gains on retained interests in notes receivable sold, net of income taxes and reclassification adjustments	$ 2,395	$
Conversion of 8.25% subordinated convertible debentures into common stock	$ 2,334	$
Income tax benefit from stock options exercised	$ 362	$
Supplemental schedule of operating cash flow information:		
Interest paid, net of amounts capitalized	$ 16,807	$
Income taxes paid	$ 1,634	$

See accompanying notes to consolidated financial statements.

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BLUEGREEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization

We provide leisure products and lifestyle choices through our resorts and residential communities businesses. Our resorts business ("Bluegreen(R) Resorts") acquires, develops and markets vacation ownership interests ("VOIs") in resorts generally located in popular, high-volume, "drive-to" vacation destinations. VOIs in any of our resorts entitle the buyer to an annual or biennial allotment of "points" in perpetuity (supported by an underlying deeded vacation ownership interest held in trust for the buyer) in our Bluegreen Vacation Club(R). Members in our Bluegreen Vacation Club may use their points to stay in any of our participating resorts or for other vacation options, including cruises and stays at approximately 3,700 resorts offered by a third-party world-wide vacation ownership exchange networks. We are currently marketing and selling VOIs in 21 resorts located in the United States and Aruba, 19 of which have active sales offices. We also sell VOIs at five off-site sales offices located in the United States. Our residential communities business ("Bluegreen Communities") acquires, develops and subdivides property and markets residential homesites, the majority of which are sold directly to retail customers who seek to build a home in a high quality residential setting, in some cases on properties featuring a golf course and other related amenities. During the year ended December 31, 2005, sales generated by Bluegreen Resorts comprised approximately 65% of our total sales of real estate while sales generated by Bluegreen Communities comprised approximately 35% of our total sales of real estate. Our other resort and communities operations revenues consist primarily of mini-vacation package sales, vacation ownership tour sales, resort property management services, resort title services, resort amenity operations, rental brokerage services, realty operations and daily-fee golf course operations. We also generate significant interest income by providing financing to individual purchasers of VOIs.

Fiscal Year

On October 14, 2002, our Board of Directors approved a change in our 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.

Principles of Consolidation

Our consolidated financial statements include the accounts of all of our wholly-owned subsidiaries and entities in which we hold a controlling financial interest. The only non-wholly owned subsidiary that we consolidate is Bluegreen/Big Cedar Vacations, LLC (the "Joint Venture"), as we hold a 51% equity interest in the Joint Venture, have an active role as the day-to-day manager of the Joint Venture's activities, and have majority voting control of the Joint Venture's management committee. Additionally, we do not consolidate our wholly-owned statutory business trusts (see Note 10) formed to issue trust preferred securities as these entities are each variable interest entities in which we are not the primary beneficiary as defined by Financial Accounting Standards Board ("FASB") Interpretation No. 46R. The statutory business trusts are accounted for under the equity method of accounting. We have eliminated all significant intercompany balances and transactions.

In December 2005, the Company concluded that it was necessary to restate its consolidated financial statements for the years ended December 31, 2003 and 2004, as discussed in Note 20 to the Consolidated Financial Statements.

Use of Estimates

U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

We invest cash in excess of our immediate operating requirements in short-term time deposits and money market instruments generally with original maturities at the date of purchase of three months or less. We maintain cash and cash equivalents with various financial institutions. These financial institutions are located throughout the United States, Canada and Aruba. Our policy is designed to limit exposure to any one institution. However, a significant portion of our unrestricted cash is maintained with a single bank and, accordingly, we are subject to credit risk. Periodic evaluations of the relative credit standing of financial institutions maintaining our deposits are performed to evaluate and mitigate, if necessary, credit risk.

Restricted cash consists primarily of customer deposits held in escrow accounts and cash pledged to our various lenders in connection with our receivable-backed notes payable credit arrangements.

Revenue Recognition and Contracts Receivable

In accordance with the requirements of Statement of Financial Accounting Standards ("SFAS") No. 66, Accounting for Sales of Real Estate, we recognize revenue on homesite sales and sales of VOIs when a minimum of 10% of the sales price has been received in cash (buyer's initial commitment), the legal rescission period has expired, collectibility of the receivable representing the remainder of the sales price is reasonably assured and we have completed substantially all of our obligations with respect to any development related to the real estate sold. In cases where all of the development has not been completed, we recognize 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 our consolidated balance sheets and profit recognition is deferred until the requirements of SFAS No. 66 are met. Effective January 1, 2006, the calculation of a buyer's initial commitment for sales of VOIs will change due to the adoption of a new accounting standard. See Recent Accounting Pronouncements below.

Contracts receivable consists of 1) amounts receivable from customers on recent sales of VOIs pending recording of the customers' notes receivable in our loan servicing system; 2) receivables related to unclosed retail homesite sales; and 3) receivables from third-party escrow agents on recently closed retail homesite sales. Contracts receivable are reflected net of an allowance for cancellations of unclosed Bluegreen Communities' sales contracts, which totaled approximately $480,000 and $332,000 at December 31, 2004 and 2005, respectively. Contracts receivable are stated net of a reserve for loan losses of $676,000 and $900,000 at December 31, 2004 and 2005, respectively.

Our other resort and communities operations revenues consist primarily of sales and service fees from the activities listed below. The table provides a brief description of the applicable revenue recognition policy:

Activity	Revenue is recognized as
Mini-vacation package sales..................	Mini-vacation packages are fulfilled (i vacation packages to stay at a hotel, t
Vacation ownership tour sales................	Vacation ownership tour sales commissio terms with third parties
Resort title fees...........................	Escrow amounts are released and title d
Management fees.............................	Management services are rendered.

Rental commissions..........................	Rental services are provided.
Rental income...............................	Guests complete stays at the resorts.
Realty commissions..........................	Sales of third-party-owned real estate
Golf course and ski hill daily fees..........	Services are provided.

Our cost of other resort and communities operations consists of the costs associated with the various revenues described above as well as developer subsidies and maintenance fees on our unsold VOIs.

Notes Receivable

Our notes receivable are carried at amortized cost. Interest income is suspended and previously accrued but unpaid interest income is reversed 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, 2004 and 2005, $7.3 million and $8.0 million, respectively, of notes receivable were more than three months contractually past due and, hence, were not accruing interest income.

We estimate credit losses on our notes receivable portfolios in accordance with SFAS No. 5, Accounting for Contingencies, as our notes receivable portfolios consist of a large group of smaller-balance, homogeneous loans. Consistent with Staff Accounting Bulletin No. 102, Selected Loan Loss Allowance Methodology and Documentation Issues, we first segment our notes receivable by identifying risk characteristics that are common to groups of loans and then estimate credit losses based on the risks associated with these segments. We consider many factors when establishing and evaluating the adequacy of our 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. We review these factors and measure loan impairment by applying historical loss rates, adjusted for relevant environmental and collateral values, to the segments' aggregate loan balances. We adjust our reserve for loan losses on at least a quarterly basis. We generally charge off loans in the month subsequent to when they become four months contractually past due.

Retained Interest in Notes Receivable Sold

When we sell our notes receivable either pursuant to our vacation ownership receivables purchase facilities (more fully described in Note 4) or through term securitizations, we evaluate whether or not such transfers should be accounted for as a sale pursuant to SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities and related interpretations. The evaluation of sale treatment under SFAS No. 140 involves legal assessments of the transactions, which include determining whether the transferred assets have been isolated from us (i.e. put presumptively beyond our reach and our creditors, even in bankruptcy or other receivership), determining whether each transferee has the right to pledge or exchange the assets it received, and ensuring that we do not maintain effective control over the transferred assets through either an agreement that (1) both entitles and obligates us to repurchase or redeem the assets before their maturity or (2) provides us with the ability to unilaterally cause the holder to return the assets (other than through a cleanup call).

In connection with such transactions, we retain subordinated tranches, rights to excess interest spread and servicing rights, all of which are retained interests in the notes receivable sold. Gain or loss on the 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.

We consider our retained interests in notes receivable sold as available-for-sale investments and, accordingly, carry them at fair value in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Accordingly, unrealized gains or losses on our retained interests in notes receivable sold are included in our shareholders' equity, net of income taxes. Declines in fair value that are determined to be other than temporary are charged to operations.

We measure the fair value of the retained interests in the notes receivable sold initially and periodically based on the present value of future expected cash flows estimated using our best estimates of the key assumptions - prepayment rates, loss severity rates, default rates and discount rates commensurate with the risks involved. We revalue our retained interests in notes receivable sold on a quarterly basis.

Interest on the retained interests in notes receivable sold is accreted using the effective yield method.

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Inventory

Our inventory consists of completed VOIs, VOIs under construction, land held for future vacation ownership development and residential land acquired or developed for sale. We carry our inventory 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. Homesites and VOIs reacquired through foreclosure or deedback in lieu of foreclosure are recorded at the lower of fair value, net of costs to dispose. We periodically evaluate the recovery of the carrying amount of our individual resort and residential communities properties under the guidelines of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, (see Note 6).

Property and Equipment

Our property and equipment are stated at cost. We record depreciation and amortization in a manner that recognizes the cost of our depreciable assets in operations over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of the terms of the underlying leases or the estimated useful lives of the improvements. Depreciation expense includes the amortization of assets recorded under capital leases.

Goodwill and Intangible Assets

We account for our goodwill and intangible assets under the provisions of SFAS No. 142, Goodwill and Other Intangible Assets. This statement requires that goodwill and intangible assets deemed to have indefinite lives not be amortized, but rather be tested for impairment on an annual basis. Finite-lived intangible assets are required to be amortized over their useful lives and are subject to impairment evaluation under the provisions SFAS No. 144. Our intangible assets relate to customer lists that were acquired in connection with a business combination whereupon Great Vacation Destinations, Inc. ("GVD"), one of our wholly-owned subsidiaries' acquired substantially all the assets and assumed certain liabilities of TakeMeOnVacation, LLC, RVM Promotions, LLC, RVM Vacations, LLC (collectively, "TMOV") in 2002. The customer lists are amortized as the related leads and mini-vacation packages are fulfilled or become expired. See Note 8 for further discussion.

Treasury Stock

We account for repurchases of our common stock using the cost method with common stock in treasury classified in our consolidated balance sheets as a reduction of shareholders' equity.

Advertising Expense

We expense advertising costs as incurred. Advertising expense was $70.8 million, $89.4 million, and $102.7 million for the years ended December 31, 2003, 2004, and 2005, respectively. Advertising expense is included in selling, general and administrative expenses in our consolidated statements of income.

Stock-Based Compensation

SFAS No. 123, Accounting for Stock-Based Compensation, as amended by SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure, encourages, but does not require companies to record compensation cost for employee stock options at fair value. We continue to account for our employee 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 our employee stock options is measured as the excess, if any, of the quoted market price of our 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 we had accounted for our employee stock options to our employees under the fair value method of SFAS No. 123 is presented below.

There were 40,000 stock options granted to certain of our non-employee directors during the year ended December 31, 2004. Such stock options had a grant date fair value of $4.88 per share. There were 668,000 stock options granted to our employees during the year ended December 31, 2005. There were 141,346 stock options granted to certain of our non-employee directors during the year ended December 31, 2005. All stock options were granted with an exercise price equal to the closing price of our common stock on the date of grant.

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:

	Year Ended December 31,		
	2003	2004	2005
Risk free investment rate	3.1%	2.1%	3.9%

Dividend yield	0.0%	0.0%	0.0%
Volatility factor of expected market price	69.7%	65.0%	61.0%
Life of option	5.9 years	3.0 years	5.5 years

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 our stock option grants. Our pro forma information is as follows (in thousands, except per share data).

	Year Ended December 31,		
	2003	2004	20
	(As Restated)	(As Restated)	
Net income, as reported	$19,837	$42,559	$ 4
Pro forma stock-based employee compensation cost, net of income taxes	(399)	(308)	(
Pro forma net income	$19,438	$42,251	$ 4
Earnings per share, as reported:			
Basic	$ 0.80	$ 1.62	$
Diluted	$ 0.74	$ 1.43	$
Pro forma earnings per share:			
Basic	$ 0.79	$ 1.61	$
Diluted	$ 0.72	$ 1.42	$

See "Recent Accounting Pronouncements" for a discussion of SFAS No. 123 (revision) which we adopted as of January 1, 2006.

Earnings Per Common Share

We compute basic earnings per common share by dividing net income by the weighted-average number of common shares outstanding. Diluted 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 during the years ended December 31, 2003 and 2004 includes an adjustment, if dilutive, to both net income and shares outstanding as if our 8.25% convertible subordinated debentures were converted into common stock at the beginning of the periods presented. There were approximately 1.2 million and 0.8 million stock options not included in diluted earnings per common share during the years ended December 31, 2003 and 2005, respectively, as the effect would be anti-dilutive. There were no anti-dilutive stock options during the year ended December 31, 2004.

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

	Year Ended December 31, 2003 (As Restated)	Year Ended December 31, 2004 (As Restated)	Year Ended December 31, 2005
Basic earnings per common share -- numerator:			
Net income	$ 19,837	$ 42,559	$ 46,551
Diluted earnings per common share -- numerator:			
Net income -- basic	$ 19,837	$ 42,559	$ 46,551
Effect of dilutive securities (net of income tax effects)	1,749	1,357	--
Net income -- diluted	$ 21,586	$ 43,916	$ 46,551
Denominator:			
Denominator for basic earnings per common share-weighted-average shares	24,671	26,251	30,381
Effect of dilutive securities:			
Stock options	421	1,098	864
Convertible securities	4,171	3,328	--
Dilutive potential common shares	4,592	4,426	864
Denominator for diluted earnings per common share-adjusted weighted-average shares and assumed conversions	29,263	30,677	31,245
Basic earnings per common share:	$ 0.80	$ 1.62	$ 1.53
Diluted earnings per common share:	$ 0.74	$ 1.43	$ 1.49

Comprehensive Income

SFAS No. 130, Reporting Comprehensive Income, requires the change in net unrealized gains or losses on our retained interests in notes receivable sold, which are held as available-for-sale investments, to be included in other comprehensive income. Comprehensive income is shown as a subtotal within our consolidated statements of shareholders' equity for each period presented.

Recent Accounting Pronouncements

In December 2004, the FASB issued (revised 2004), Share-Based Payment, a revision of SFAS No. 123, Accounting for Stock-Based Compensation. The revised statement supersedes APB No. 25, Accounting for Stock-Based Compensation, and amends SFAS No. 95, Statement of Cash Flows. Generally, the approach in the revised statement is similar to the approach described in SFAS No. 123. However, the revised statement requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure will no longer be an alternative. As permitted by SFAS No. 123, we currently account for share-based payments to employees using APB No. 25's intrinsic value method and, as such, generally recognize no compensation cost for employee stock options. Accordingly, the adoption of the revised statement's fair value method will likely have a significant impact on our result of operations, although it will have no impact on our overall financial position. The impact of adoption of the revised statement cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted the revised statement in prior periods, the impact of that standard on our results of operations would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma net income and earnings per share in Note 1 to our consolidated financial statements. The revised statement also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. While we cannot estimate what those amounts will be in the future (because they depend on, among other things, when employees exercise stock options), the amount of operating cash flows recognized in prior periods for such excess tax

deductions have not been material. On January 1, 2006 the Company adopted SFAS No. 123R using the modified prospective method.

In December 2004, the FASB issued SFAS No. 152, Accounting for Real Estate Time-Sharing Transactions. This statement amends SFAS No. 66, Accounting for Sales of Real Estate, and No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, in association with the issuance of American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 04-2, Accounting for Real Estate Time-Sharing Transactions. SOP 04-2 was issued to address the diversity in practice caused by a lack of guidance specific to real estate time-sharing transactions. Among other things, the new standard addresses the treatment of sales incentives provided by a seller to a buyer to consummate a transaction, the calculation of accounting for uncollectible notes receivable, the recognition of changes in inventory cost estimates, recovery or repossession of VOIs, selling and marketing costs, operations during holding periods, developer subsidies to property owners' associations and upgrade and reload transactions. The new standard will also require a change in the classification of our provision for loan losses for vacation ownership receivables that are currently recorded as an expense, requiring that such amount be reflected as a reduction of revenue.

The Company currently estimates that the adoption of the SOP will result in one-time, non-cash, cumulative effect of change in accounting principle charge in the first quarter of 2006. This charge will consist primarily of deferred VOI sales, which are the result of providing buyers with certain purchase incentives and the treatment of the Company's Sampler Program. The Sampler Program provides purchasers with an opportunity to utilize the Company's vacation ownership product through a one-year allotment of Bluegreen Vacation Club points. In the event the Sampler purchaser subsequently purchases a vacation ownership interest from us, a portion of the amount paid for their Sampler Package is credited toward the down payment on this subsequent purchase. Under the SOP, the credit given will result in the deferral of such sales until the minimum down payment amounts are received from the purchaser, typically through their required mortgage payments. Deferrals under the SOP are expected to be ongoing, with deferred Resorts sales being recognized in subsequent quarters once the required down payment amount is received. This charge had been estimated to be $2.5 million to $4.0 million, or $.08 - $.13 per share; however the actual cumulative effect adjustment will not be determined until the Company finalizes its first quarter financial results. Therefore, this estimate remains subject to change.

Reclassifications

We have made certain reclassifications of prior period amounts to conform to the current period presentation.

2. Restatement of Prior Period Financial Statements

In connection with the securitization of certain of its receivables in December 2005, the Company undertook a review of the prior accounting treatment for certain of its existing and prior notes receivable purchase facilities (together the "Purchase Facilities"). As a result of that review, on December 15, 2005, the Company determined that it would restate its consolidated financial statements for the first three quarters of fiscal 2005 and the fiscal years ended December 31, 2003 and 2004 due to certain misapplications of GAAP in the accounting for sales of the Company's vacation ownership notes receivable and other related matters. The following sections describe the restatement matters in more detail.

Sales of Vacation Ownership Notes Receivable to Certain Purchase Facilities

The restatement reflects the sales of notes receivable under three separate Purchase Facilities as on-balance sheet financing transactions as opposed to off-balance sheet sales transactions as the Company had originally accounted for these transactions pursuant to Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 140"). Accordingly, the consolidated financial statements have been restated to (1) remove the gain on sale of notes receivable and retained interest in notes receivable sold previously recognized, (2) re-recognize the original notes receivable sold and the related interest income for the periods outstanding, (3) and recognize debt for the cash proceeds received from the Purchase Facilities and the related interest expense for the periods outstanding.

The Company consummated two term securitization transactions, one in December 2002 and one in July 2004, which included substantially all of the notes receivable that had been previously accounted for as having been sold under

the Purchase Facilities. Both of these term securitization transactions have been accounted for as sales pursuant to SFAS 140, and therefore the notes receivable financed under the Purchase Facilities are considered to be sold in the term securitization transactions, with resulting gains on sale recognized at that time.

Valuation of Servicing Assets

In connection with the sales of notes receivable, we retain servicing rights. Receivables servicing includes processing payments from borrowers, accounting for principal and interest on such receivables, making advances when required, performing collections efforts with delinquent borrowers, processing defaults, reporting to investors and lenders on portfolio activity, and performing other administrative duties. During the review of our accounting policies related to the sales of notes receivables, the Company determined that the servicing fees earned for servicing the sold notes receivable reflected fair value (i.e adequate compensation) at the time of the transaction. Pursuant to SFAS 140, a servicing asset exists when the benefits of servicing are more than adequate compensation. Accordingly, the consolidated financial statements have been restated to remove the original values recognized as servicing assets as well as the related servicing asset amortization expense.

Computation of Gain on Sale

Also, as a part of its re-evaluation of these transactions, the Company determined that the computation of the gains on sales of receivables in the

December 2002 and July 2004 term securitization transactions did not take into account the fair value allocation of financial components methodology for recording its retained interest as prescribed by SFAS 140. The impact of the fair value allocation of financial components methodology is to reduce the gain on sale, but once the retained interest is marked to market value immediately thereafter, the impact will be to increase other comprehensive income in the balance sheet.

As part of the restatement, the company recorded, as of the beginning of fiscal 2004, a cumulative charge of $7.8 million to retained earnings and a $4.0 million increase to beginning other comprehensive income reflecting the impact of the change in accounting for the above mentioned transactions originating in prior periods. Also, the restatement resulted in a reduction of net income of $6.0 million for fiscal 2003 and an increase of $6.1 million for fiscal 2004.

Other

The adjustments described above had the cumulative net impact of decreasing our deferred tax liabilities as of December 31, 2004.

Additionally, in performing our restatement procedures we identified that certain tax assets were incorrectly determined under SFAS 109 in periods prior to the year ended March 31, 2002. As such, the Company determined that it was necessary to increase the beginning balance of our deferred tax liabilities as of January 1, 2003 by approximately $0.8 million.

The effects of the restatement on the company's consolidated financial statements for the years ended December 31, 2003 and 2004 are included below:

	2003 As Previously Reported	2003 As Restate
Revenues:		
Sales of real estate	$ 358,312	$ 359,3
Other resort and communities operations revenue	55,394	55,3
Interest income	17,536	29,8
Gain on sales of notes receivable	6,563	
Other income	649	4
	438,454	445,0
Cost and expenses:		
Cost of real estate sales	109,010	109,4
Cost of other resort and communities operations	61,021	60,7
Selling, general and administrative expenses	202,968	203,8
Interest expense	14,036	17,2
Provision for loan losses	6,094	18,2
Other expense	--	
	393,129	409,5
Income before minority interest and provision for income taxes	45,325	35,5
Minority interest in income of consolidated subsidiary	3,330	3,3

Income before provision for income taxes	41,995	32,2
Provision for income taxes	16,168	12,4
Net income	$ 25,827	$ 19,8
Earnings per common share:		
Basic	$ 1.05	$ 0.
Diluted	$ 0.94	$ 0.
Weighted-average number of common and common equivalent shares:		
Basic	24,671	24,6
Diluted	29,263	29,2

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	2004 As Previously Reported
ASSETS	
Cash and cash equivalents (including restricted cash of approximately $21,423)	$ 98,538
Contracts receivable, net	28,085
Notes receivable, net	121,949
Prepaid expenses	7,810
Other assets	22,359
Inventory, net	205,213
Retained interests in notes receivable sold	72,099
Property and equipment, net	74,244
Intangible assets and goodwill	4,512
Total assets	$ 634,809
LIABILITIES AND SHAREHOLDERS' EQUITY	
Liabilities	
Accounts payable	$ 11,552
Accrued liabilities and other	44,351
Deferred income	24,235
Deferred income taxes	58,150
Receivable-backed notes payable	43,696
Lines-of-credit and notes payable	71,949
10.50% senior secured notes payable	110,000
Total liabilities	363,933
Minority interest	6,009
Commitments and contingencies	
Shareholders' Equity	

Preferred stock, $.01 par value, 1,000 shares authorized; none issued	--
Common stock, $.01 par value, 90,000 shares authorized; 32,990 and 33,193 shares issued at December 31, 2004 and 2005, respectively	330
Additional paid-in capital	167,408
Treasury stock, 2,756 common shares at both December 31, 2004 and 2005, at cost	(12,885)
Accumulated other comprehensive income, net of income taxes	832
Retained earnings	109,182
Total shareholders' equity	264,867
Total liabilities and shareholders' equity	$ 634,809

3. Joint Venture

On June 16, 2000, one of our wholly-owned subsidiaries entered into an agreement with Big Cedar L.L.C. ("Big Cedar"), an affiliate of Bass Pro, Inc. ("Bass Pro"), to form the Joint Venture, a vacation ownership development, marketing and sales limited liability company. The Joint Venture is developing, marketing and selling VOIs at The Bluegreen Wilderness Club at Big Cedar, a 312-unit, wilderness-themed resort adjacent to the Big Cedar(R) 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, we 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 3 regarding payment of profit distributions to Big Cedar.

In addition to its 51% ownership interest, we also receive a quarterly management fee from the Joint Venture equal to 3% of the Joint Venture's net sales in exchange for our involvement in the day-to-day operations of the Joint Venture. We also service the Joint Venture's notes receivable in exchange for a servicing fee.

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

Because the Joint Venture has a finite life (i.e., the Joint Venture can only exist through the earlier of: i) December 31, 2050; ii) the sale or disposition of all or substantially all of the assets of the Joint Venture; iii) a decision to dissolve the Joint Venture by us and Big Cedar; or iv) certain other events described in the Joint Venture agreement), the minority interest in the Joint Venture meets the definition of a mandatorily redeemable non-controlling interest as specified in SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. The settlement value of this mandatorily redeemable non-controlling interest at December 31, 2004 and 2005 was $6.5 million and $9.8 million respectively, based on the sale or disposition of all or substantially all of the assets of the Joint Venture as of those respective dates.

During the years ended December 31, 2003, 2004, and 2005, the Joint Venture paid approximately $832,000, $493,000, and $565,000 respectively, to Bass Pro(R) and affiliates for construction management services and furniture and fixtures in connection with the development of the Joint Venture's vacation ownership resort and sales office. In addition, the Joint Venture paid Big Cedar and affiliates approximately $1.0 million, $1.8 million and $2.0 million for gift certificates and hotel lodging during the year ended December 31, 2003, 2004 and 2005, respectively, in connection with the Joint Venture's marketing activities.

4. Marketing Agreement

On June 16, 2000, we entered into an exclusive, 10-year marketing agreement with Bass Pro, a privately-held retailer of fishing, marine, hunting, camping and sports gear. Bass Pro is an affiliate of Big Cedar (see Note 3). Pursuant to the agreement, we have the right to market our VOIs at each of Bass Pro's national retail locations (currently consisting of 26 stores), in Bass Pro's catalogs and on its web site. We also have access to Bass Pro's customer lists. In exchange for these services, we compensate Bass Pro based on the overall success of their marketing activities through one of the Bass Pro marketing channels described above. The amount of compensation is dependent on the level of additional marketing efforts required by us to convert the prospect into a sale and a defined time frame for such marketing efforts. No compensation paid to Bass Pro on sales made by the Joint Venture.

On June 16, 2000, we prepaid $9.0 million to Bass Pro (the "Prepayment"). The Prepayment was fully amortized from compensation earned by Bass Pro and future distributions otherwise payable to Big Cedar from the earnings of the Joint Venture as a member thereof through December 31, 2005. Additional compensation and member distributions will be paid in cash to Bass Pro or Big Cedar. During the years ended December 31, 2004 and 2005, the Joint Venture made member distributions of $5.5 million and $2.7 million, respectively, of which $2.7 million and $1.3 million, respectively, were payable to Big Cedar and used to pay down the balance of the Prepayment. As of December 31, 2004, the unamortized balance of the Prepayment, included in prepaid expenses on our consolidated balance sheets, was $2.6 million. As of December 31, 2005 the Prepayment was fully amortized.

During the years ended December 31, 2003, 2004, and 2005, we paid an affiliates of Bass Pro, approximately $2,000, $85,000, and $89,000, respectively, for various services.

5. Notes Receivable and Note Receivable Purchase Facilities

The table below sets forth additional information relative to our notes receivable (in thousands).

	December 31, 2004 (As Restated)	December 31, 2005
Notes receivable secured by VOIs	$ 154,628	$ 131,058
Notes receivable secured by homesites	10,901	7,408
Other notes receivable	186	186
Notes receivable, gross	165,715	138,652
Reserve for loan losses	(13,664)	(10,869)
Notes receivable, net	$ 152,051	$ 127,783

The weighted-average interest rate on our notes receivable was 14.2% and

14.6% at December 31, 2004 and 2005, respectively. All of our vacation ownership loans bear interest at fixed rates. The average interest rate charged on loans secured by VOIs was 14.7% and 14.8% at December 31, 2004 and 2005, respectively. Approximately 59.7% of our notes receivable secured by homesites bear interest at variable rates, while the balance bears interest at fixed rates. The average interest rate charged on loans secured by homesites was 9.2% and 10.7% at December 31, 2004 and 2005, respectively.

Our vacation ownership loans are generally secured by property located in Tennessee, Missouri, Wisconsin, Michigan, Florida, Virginia, Pennsylvania, Aruba, and South Carolina. The majority of Bluegreen(R) Communities' notes receivable are secured by homesites in Georgia, Virginia, and Texas.

The table below sets forth the activity in our reserve for loan losses as restated for 2003 and 2004 (in thousands).

Reserve for loan losses at December 31, 2003	$ 22,439
Provision for loan losses	24,434
Reserve for loan losses on sold loans	(21,006)
Charge-offs	(12,204)
Reserve for loan losses at December 31, 2004	13,663
Provision for loan losses on sold loans	27,587
Reserve for loan losses	(22,638)
Charge-offs	(7,744)
Reserve for loan losses at December 31, 2005	$ 10,868

Installments due on our notes receivable during each of the five years subsequent to December 31, 2005, and thereafter, are set forth below (in thousands).

2006...............	$ 21,231
2007...............	9,684
2008...............	10,469
2009	10,997
2010	11,888
Thereafter.........	74,383
Total....	$138,652

Sales of Notes Receivable

Sales of notes receivable during the years ended December 31, 2004 and 2005 were as follows (in millions):

Year Ended
December 31, 2004
(As Restated)

Facility	Aggregate Principal Balance of Notes Receivable Sold	Purchase Price	Gain Recognized	Initial Fair Value of Retained Interest

2004 Term Securitization	$172.1	$156.6	$21.1	$33.3
GE Purchase Facility	43.4	38.6	4.9	6.1
Total	$215.5	$195.2	$26.0	$39.4

Year Ended
December 31, 2005

Facility	Aggregate Principal Balance of Notes Receivable Sold	Purchase Price	Gain Recognized	Initial Fair Value of Retained Interest
BB&T Purchase Facility	$211.9	$180.1	$25.0	$42.4*
2005 Term Securitization	16.7	15.1	0.2	3.0
Total	$228.6	$195.2	$25.2	$45.4

The following is a description of the facilities that were used to sell notes receivable:

2004 Term Securitization

On July 8, 2004, BB&T Capital Markets, a division of Scott & Stringfellow, Inc. consummated a $156.6 million private offering and sale of vacation ownership receivable-backed securities on our behalf (the "2004 Term Securitization"). The $172.1 million in aggregate principal of vacation ownership receivables offered and sold in the 2004 Term Securitization included $152.8 million in aggregate principal of qualified receivables that secured receivable-backed notes payable and $19.3 million in aggregate principal of qualified vacation ownership receivables that, as permitted in the 2004 Term Securitization, were subsequently sold without recourse (except for breaches of certain representations and warranties at the time of sale) in two separate tranches on August 13, 2004 and August 24, 2004 to an owners' trust (a qualified special purpose entity) through our wholly-owned, special purpose finance subsidiary, Bluegreen Receivables Finance Corporation VIII. The proceeds from the 2004 Term Securitization were used to pay Resort Finance, LLC all amounts then outstanding under their receivable-backed notes payable facility, pay fees associated with the transaction to third-parties and deposit initial amounts in a required cash reserve account. We received net cash proceeds of $19.1 million. We also recognized an aggregate gain of $21.1 million and recorded a retained interest in the future cash flows of the notes receivable securitized of $33.3 million in connection with the 2004 Term Securitization.

2004 GE Purchase Facility

On August 3, 2004, we executed agreements for a vacation ownership receivables purchase facility (the "2004 GE Purchase Facility") with General Electric Capital Corporation ("GE"). The 2004 GE Purchase Facility utilized an owners' trust structure, pursuant to which we sold receivables to Bluegreen Receivables Finance Corporation VII, our wholly-owned, special purpose finance subsidiary ("BRFC VII"), and BRFC VII sold the receivables to an owners' trust (a qualified special purpose entity) without recourse to us or BRFC VII except for breaches of certain customary representations and warranties at the time of sale. We did not enter into any guarantees in connection with the 2004 GE Purchase Facility. The 2004 GE Purchase Facility has detailed requirements with respect to the eligibility of receivables for purchase, and fundings under the 2004 GE Purchase Facility are subject to certain conditions precedent. Under the 2004 GE Purchase Facility, a variable purchase price of approximately 89.5% of the principal balance of the receivables sold (79.5% in the case of receivables originated in Aruba), subject to adjustment under certain terms and conditions, was paid at closing in cash. The balance of the purchase price is deferred until such time as GE has received a specified return, a specified overcollateralization ratio is achieved, a cash reserve account is fully funded and all servicing, custodial, agent and similar fees and expenses have been paid. GE earns a return equal to the applicable Swap Rate (which is essentially a published interest swap arrangement rate as defined in the 2004 GE Purchase Facility agreements) plus 3.50%, subject to use of alternate return rates in certain circumstances. In addition, we paid GE a structuring fee of approximately $938,000 in October 2004. We act

as servicer under the 2004 GE Purchase Facility for a fee. The GE Purchase Facility includes various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type. Receivables can be sold under this new 2004 GE Purchase Facility through March 2008, subject to the eligibility requirements and certain conditions precedent.

In March 2006, we executed agreements for a new $125.0 million vacation ownership receivables facility with GE to replace the 2004 GE Purchase Facility. The terms and structure of this new facility are similar to the 2004 GE Purchase Facility, except the variable purchase price is approximately 90.0% and GE's return will equal the applicable swap rate plus 2.35%.

The following assumptions were used to measure the initial fair value of the retained interests in notes receivable sold or securitized during the year ended December 31, 2004: Prepayment rates ranging from 17% to 13% per annum as the portfolios mature; loss severity rates ranging from 40% to 73%; default rates ranging of 10% to 1% per annum as the portfolios mature; and a discount rate of 9%.

BB&T Purchase Facility

On December 31, 2004, we executed agreements for a vacation ownership receivables purchase facility (the "BB&T Purchase Facility") with Branch Banking and Trust Company ("BB&T"). The BB&T Purchase Facility utilized an owner's trust structure, pursuant to which we sold receivables to Bluegreen Receivables Finance Corporation IX, our wholly-owned, special purpose finance subsidiary ("BRFC IX"), and BRFC IX sold the receivables to an owner's trust (a qualified special purpose entity) without recourse to us or BRFC IX except for breaches of certain customary representations and warranties at the time of sale. We did not enter into any guarantees in connection with the BB&T Purchase Facility. The BB&T Purchase Facility had detailed requirements with respect to the eligibility of receivables for purchase; and, fundings under the BB&T Purchase Facility were subject to certain conditions precedent. Under the BB&T Purchase Facility, a variable purchase price of approximately 85.0% of the principal balance of the receivables sold, subject to certain terms and conditions, was paid at closing in cash. The balance of the purchase price was deferred until such time as BB&T had received a specified return and all servicing, custodial, agent and similar fees and expenses had been paid. The specified return is equal to the commercial paper rate or London Interbank Offered Rate ("LIBOR"), as applicable, plus an additional return of 1.15%, subject to use of alternate return rates in certain circumstances. In addition, we paid BB&T structuring and other fees totaling $1.1 million in December 2004, which was expensed over the funding period of the BB&T Purchase Facility. We acted as servicer under the BB&T Purchase Facility for a fee. The BB&T Purchase Facility expired on December 30, 2005.

2005 Term Securitization

On December 28, 2005, BB&T Capital Markets, a division of Scott & Stringfellow, Inc., consummated a $203.8 million private offering and sale of vacation ownership receivable-backed securities (the "2005 Term Securitization"). The $191.1 million in aggregate principal of vacation ownership receivables offered and sold in the 2005 Term Securitization were previously sold to BRFC IX. The proceeds of the 2005 Term Securitization were used to pay BB&T all amounts outstanding under the BB&T Purchase Facility, pay fees associated with the transaction to third-parties, deposit initial amounts in a required cash reserve account and the escrow accounts for the Pre-funded Receivables (see below) and provide net cash proceeds of $1.1 million to us.

In addition, the 2005 Term Securitization allowed for an additional $35.3 million in aggregate principal of our qualifying vacation ownership receivables (the "Pre-funded Receivables") that could be sold by us through March 28, 2006 to Bluegreen Receivables Finance Corporation X, our wholly-owned, special purpose finance subsidiary ("BRFC X"), which would then sell the Pre-funded Receivables to BXG Receivables Note Trust 2005-A ("2005-A"), a qualified special purpose entity, without recourse to us or BRFC X, except for breaches of certain representations and warranties at the time of sale. The proceeds of $31.8 million (at an advance rate of 90%) as payment for the Pre-funded Receivables were deposited into an escrow account by the Indenture Trustee of the 2005 Term Securitization until such receivables were actually sold by us to BRFC X. On December 29, 2005, we sold $16.7 million in Pre-funded Receivables to BRFC X and the $15.1 million purchase price was disbursed to us from the escrow account. On March 1, 2006, we sold the remaining $18.6 million in pre-funded receivables to BRFC X and the $16.7 purchase price was disbursed to us from the escrow account.

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The following assumptions were used to measure the initial fair value of the retained interest in notes receivable sold for each of the 2005 transactions: prepayment rates ranging from 17% to 9% per annum as the portfolios mature; loss severity rate ranging from 45% to 35%; default rates ranging from 10% to 1% per annum as the portfolios mature; and discount rates ranging from 9% to 12%.

Other Notes Receivable

On June 26, 2001, we loaned $1.7 million to the Casa Grande Resort Cooperative Association I (the "Association"), the property owners' association controlled by the vacation ownership owners at the La Cabana Beach and Racquet Club(TM) ("La Cabana") resort in Aruba. During 2004, upon mutual agreement with the Association, we offset the unpaid balance of $1.2 million on this unsecured loan against maintenance fees we were assessed by the Association on our unsold VOIs at the La Cabana resort.

6. Retained Interests in Notes Receivable Sold

Retained Interests in Notes Receivable Sold

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

December 31, 2004 (As Restated):	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
2002 Term Securitization (see Note 5) ..	$ 23,832	$ 1,527	$ --	$ 25,359
2004 Term Securitization (see Note 5) ..	29,339	5,756	--	35,095
GE Purchase Facility (see Note 5)	5,529	530	--	6,059
Total	$ 58,700	$ 7,813	$ --	$ 66,513

December 31, 2005:	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
2002 Term Securitization (see Note 5) ..	$ 18,491	$ --	$ --	$ 18,491
2004 Term Securitization (see Note 5) ..	33,371	3,373	--	36,744
GE Purchase Facility (see Note 5)	6,284	500	--	6,784
2005 Term Securitization (see Note 5) ..	33,606	10,071	--	43,677
Total	$ 91,752	$ 13,944	$ --	$ 105,696

The contractual maturities of our retained interest in notes receivable sold as of December 31, 2005, based on the final maturity dates of the underlying notes receivable , range from five to ten years.

	Amortized Cost	Fair Value
After one year but within five	$ --	$ --
After five years but within ten	91,752	105,696
Total	$ 91,752	$ 105,696

The following assumptions were used to measure the fair value of the above retained interests: prepayment rates ranging from 20% to 9% per annum as the portfolios mature; loss severity rates ranging from 30% to 73%; default rates ranging from 10% to 1% per annum as the portfolios mature; and discount rates ranging from 8% to 9%.

The following table shows the hypothetical fair value of our 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 (dollars in thousands):

	Hypothetical Fair Value at December 31, 2005	
Adverse		GE

	Change Percentage	2002 Term Securitization	2004 Term Securitization	Purchase Facility	2005 T Securitiz
Prepayment rate:	10%	$18,230	$36,219	$6,679	$ 43,0
	20%	17,978	35,718	6,580	42,5
Loss severity rate:	10%	18,053	35,817	6,470	42,0
	20%	17,615	34,891	6,156	40,4
Default rate:	10%	18,010	36,676	6,419	41,6
	20%	17,537	34,628	6,061	39,6
Discount rate:	10%	18,158	35,246	6,595	41,5
	20%	17,836	35,765	6,415	39,5

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

	Year Ended December 31, 2003 (As Restated)	Year Ended December 31, 2004 (As Restated)
Proceeds from new sales of receivables	$ --	$ 192,580
Collections on previously sold receivables	(55,182)	(65,123)
Servicing fees received	2,352	2,931
Purchases of foreclosed assets	--	--
Resales of foreclosed assets	(12,451)	(16,886)
Remarketing fees received	6,450	8,707
Cash received on retained interests in notes receivable sold	7,402	8,688
Cash paid to fund required reserve accounts	(3,939)	(3,469)

Quantitative information about the portfolios of vacation ownership notes receivable previously sold without recourse in which we hold the above retained interests is as follows (in thousands):

	As of December 31, 2005		Year Ended December 31, 20
	Total Principal Amount of Loans	Principal Amount of Loans More than 60 Days Past Due	Credit Losses, of Recoverie
2002 Term Securitization..............	$ 70,307	$ 3,070	$ 3,959
2004 Term Securitization..............	115,997	4,290	6,303
2004 GE Purchase Facility.............	33,184	1,126	--
2005 Term Securitization..............	209,915	5,302	--

The net unrealized gain on our retained interests in notes receivable sold, which is presented as a separate component of our shareholders' equity, is net of income taxes of approximately $1.7 million, $3.0 million and $5.4 million as of December 31, 2003 , 2004 and 2005, respectively.

During the year ended December 31, 2005, we recorded an other-than-temporary decrease of approximately $539,000 in the fair value of our retained interest associated with the 2002 Term Securitization, based on higher than projected default rates in the portfolio of receivables securitized. This charge has been netted against interest income on our consolidated statements of income.

7. Inventory

Our net inventory holdings, summarized by division, are set forth below (in thousands).

	December 31, 2004	December 31, 2005
	(As Restated)	
Bluegreen Resorts..................	$ 126,377	$ 173,338
Bluegreen Communities..............	78,975	67,631
	$ 205,352	$ 240,969

Bluegreen Resorts inventory as of December 31, 2004, consisted of land inventory of $35.2 million, $32.1 million of construction-in-progress and $59.0 million of completed vacation ownership units. Bluegreen Resorts inventory as of December 31, 2005, consisted of land inventory of $19.2 million, $54.2 million of construction-in-progress and $99.9 million of completed vacation ownership units.

Interest capitalized during the years ended December 31, 2003, 2004, and 2005 totaled $7.2 million, $7.9 million and $10.0 million, respectively. The interest expense reflected in our consolidated statements of income is net of capitalized interest.

8. Property and Equipment

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

	Useful Life
Office equipment, furniture and fixtures	3-14 yea
Golf course land, land improvements, buildings and equipment	7-39 yea
Land, buildings and building improvements	3-31 yea
Leasehold improvements	2-14 yea
Aircraft	5 years
Vehicles and equipment	3-5 year
Accumulated depreciation and amortization of leasehold improvements	

Total ....

9. Goodwill and Intangible Assets

The table below sets forth our goodwill and intangible asset (in thousands).

	December 31, 2004	December 3 2005
Intangible asset:		
Customer list acquired in connection with the acquisition of substantially all of the assets of TMOV	$ 13,654	$ 13,
Accumulated amortization	(13,433)	(13,
Net intangible asset	221	
Goodwill	4,291	4,
Total	$ 4,512	$ 4,
Annual amortization expense relative to the intangible asset	$ 716	$

We estimate that the unamortized balance of the customer list intangible asset will be amortized during 2006.

All of our goodwill relates to our Bluegreen Resorts division. Our impairment tests during the years ended December 31, 2003, 2004, and 2005 determined that no goodwill impairment existed.

10. Receivable-Backed Notes Payable

The GMAC Receivables Facility. In February 2003, we entered into a revolving vacation ownership receivables credit facility (the "GMAC Receivables Facility") with Residential Funding Corporation ("RFC"), an affiliate of GMAC. The borrowing limit under the GMAC Receivables Facility, as increased by amendment, is $75.0 million. The borrowing period on the GMAC Receivables Facility, as amended, expires on February 15, 2008, and outstanding borrowings mature no later than February 15, 2015. 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 VOIs. 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 bears interest at the London Interbank Offered Rate ("LIBOR") plus 4.00% (8.34% at December 31, 2005). During the year ended December 31, 2005, we pledged approximately $18.8 million in aggregate principal balance of vacation ownership receivables under the GMAC Receivables Facility and received

$16.9 million in cash borrowings. As of December 31, 2005, $25.4 million was outstanding under the GMAC Receivables Facility.

The Foothill Facility. We have a $30.0 million revolving credit facility with Foothill secured by 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 "Foothill Facility"). The Foothill Facility requires principal payments based on agreed-upon release prices as homesites in the encumbered communities are sold and bears interest at the prime lending rate plus 1.25% (8.50% at December 31, 2005), payable monthly. The interest rate charged on outstanding receivable borrowings under the Foothill Facility, as amended, is the prime lending rate plus 0.25% (7.5% at December 31, 2005) when the average monthly outstanding loan balance is greater than or equal to $15.0 million. If the average monthly outstanding loan balance is less than $15.0 million, the interest rate is the greater of 4.00% or the prime lending rate plus 0.50% (7.75% at December 31, 2005). All principal and interest payments received on pledged receivables are applied to principal and interest due under the Foothill Facility. We can borrow under the Foothill Facility through December 31, 2006. There were no borrowings under the Foothill Facility during the year ended December 31, 2005. At December 31, 2005, the outstanding principal balance under this facility was approximately $3.2 million, approximately $2.2 million of which related to Bluegreen Communities' receivables borrowings and $1.0 million of which related to Bluegreen Resorts' receivables borrowings. Outstanding indebtedness collateralized by receivables is due December 31, 2008.

The Textron Facility. During December 2003, we signed a combination $30.0 million Acquisition and Development and Timeshare Receivables facility with Textron Financial Corporation (the "Textron Facility"). The borrowing period for acquisition and development loans under the Textron Facility expired on October 1, 2004, The borrowing period for vacation ownership receivables loans under the Textron Facility expired on March 1, 2006, and outstanding vacation ownership receivables borrowings mature no later than March 31, 2009. Receivable-backed borrowings under the Textron Facility bear interest at the prime lending rate plus 1.00% (8.25% at December 31, 2005), subject to a 6.00% minimum interest rate. During the year ended December 31, 2005, we borrowed $10.5 million collateralized by $11.6 million of vacation ownership receivables. As of December 31, 2005, $3.8 million was outstanding under the Textron Facility, all of which was receivable -backed debt.

The Resort Finance Facility. On October 8, 2003, Resort Finance, LLC ("RFL") acquired and assumed the rights, obligations and commitments of ING Capital, LLC ("ING") as initial purchaser in an existing vacation ownership receivables purchase facility (the "RFL Facility") originally executed between ING and us in April 2002. On September 30, 2004, we executed an extension of the RFL Facility to allow for borrowings on notes receivable for a cumulative advance amount of up to $100.0 million on a revolving basis through September 29, 2005. On September 29, 2005, we executed an extension of the RFL Facility to December 29, 2005.

The RFL Facility utilized an owner's trust structure, pursuant to which we pledged receivables to Bluegreen Receivables Finance Corporation V, one of our wholly-owned, special purpose finance subsidiaries ("BRFC V"), and

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BRFC V pledged the receivables to an owner's trust (a qualified special purpose entity) without recourse to us or BRFC V except for breaches of certain representations and warranties at the time of funding. We did not enter into any guarantees in connection with the RFL Facility. Under the RFL Facility, a variable advance rate of 85.00% of the principal balance of the receivables pledged, subject to certain customary terms and conditions, was paid in cash at funding. The balance of advance was deferred until such time as RFL had received a specified return and all servicing, custodial, agent and similar fees and expenses have been paid. RFL earned a return equal to LIBOR plus an additional return ranging from 2.00% to 3.25% (based on the amount outstanding under the RFL Facility) from October 8, 2003 through September 30, 2004, and earned a return equal to LIBOR plus 3.25% through December 29, 2005, subject to the use of alternate return rates in certain circumstances. In addition, RFL received a 0.25% annual facility fee. Notes receivable financed under the RFL Facility qualify as legal sales but were are treated as borrowings in our consolidated financial statements in compliance with SFAS No. 140.

On December 28, 2005, in connection with the 2005 Term Securitization (See Note 5) we paid off $15.8 million of receivable-backed notes payable and sold $17.5 million of aggregate principal balance of notes receivable previously pledged to RFL. Our ability to borrow under the RFL Facility expired on December 29, 2005.

At December 31, 2005, $41.8 million in notes receivable secured our $35.7 million in receivable-backed notes payable.

11. Lines-of-Credit and Notes Payable

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

	December 31, 2004
Lines-of-credit secured by inventory and golf courses with a carrying value of $130.0 million at December 31, 2005. Interest rates range from 6.25% to 7.15% at December 31, 2004 and 8.13% to 9.09% at December 31, 2005. Maturities range from October 2007 to September 2009	$50,024
Notes and mortgage notes secured by certain inventory, property, equipment and investments with an aggregate carrying value of $51.9 million at December 31, 2005. Interest rates ranging from 3.31% to 7.04% at December 31, 2004 to 4.75% to 8.13% at December 31, 2005. Maturities range from on demand to June 2009	19,354
Lease obligations secured by the underlying assets with an aggregate carrying value of $2.4 million at December 31, 2005. Imputed interest rates ranging from 2.84% to 10.67% at December 31, 2004 and from 3.29% to 14.20% at December 31, 2005. Maturities range from March 2006 to October 2010	2,571
Total..	$71,949

The table below sets forth the contractual minimum principal payments required on our lines-of-credit and notes payable and capital lease obligations for each year subsequent to December 31, 2005. Such minimum contractual payments may differ from actual payments due to the effect of principal payments required on a homesite or VOI release basis for certain of the above obligations (in thousands).

2006..........	$21,459
2007..........	20,971
2008..........	11,210
2009..........	7,731
2010..........	57
Total.........	$61,428

The following is a discussion of our significant credit facilities and significant new borrowings during the year ended December 31, 2005:

The GMAC AD&C Facility. In September 2003, RFC provided us with a $75.0 million acquisition, development and construction revolving credit facility for Bluegreen Resorts (the "GMAC AD&C Facility"). In March 2006 RFL expanded the GMAC AD&C Facility to allow for a revolving facility limit of $150.0 million. The borrowing period on the GMAC AD&C Facility, as amended, expires on February 15, 2008, and outstanding borrowings mature no later than August 15, 2013, although specific draws typically are due four years from the borrowing date. Principal will be repaid through agreed-upon release prices as VOIs are sold at the financed resorts, subject to minimum required amortization. Through February 15, 2006, indebtedness under the facility beared interest at 30-day LIBOR plus 4.75% (9.09% at December 31, 2005). As amended, the GMAC AD&C Facility will bear interest at LIBOR plus 4.50% after February 15,2006. Interest payments are due monthly. During the year ended December 31, 2005, we borrowed $33.1 million under the GMAC AD&C Facility to fund the development of VOIs at The Fountains and the acquisition of Carolina Grande. As of December 31, 2005, $33.4 million was outstanding under the GMAC AD&C Facility.

The RFL A&D Facility. In January 2005, we entered into a $50.0 million revolving credit facility with RFL (the "RFL A&D Facility"). We use the proceeds from the RFL A&D Facility to finance the acquisition and development of vacation ownership resorts. The RFL A&D Facility is secured by 1) a first mortgage and lien on all assets purchased with the RFL A&D Facility; 2) a first assignment of all construction contracts, related documents, building permits and completion bond; 3) a negative pledge of our interest in any management, marketing, maintenance or service contracts; and 4) a first assignment of all operating agreements, rents and other revenues at the vacation ownership resorts which serve as collateral for the RFL A&D Facility, subject to any requirements of the respective property owners' associations. Borrowings under the RFL A&D Facility can be made through January 10, 2007. Principal payments will be effected through agreed-upon release prices paid to RFL as vacation ownership interests in the resorts that serve as collateral for the RFL A&D Facility. The outstanding principal balance of any borrowings under the RFL A&D Facility must be repaid by January 10, 2008. Indebtedness under the facility bears interest at 30-day LIBOR plus 3.90%, subject to a 6.90% floor (8.29% at December 31, 2005). Interest payments are due monthly. We are required to pay a commitment fee equal to 1.00% of the $50.0 million facility amount, which is paid at the time of each borrowing under the RFL A&D Facility as 1.00% of each borrowing with the balance being paid on the unutilized facility amount on January 10, 2007. In addition, we are required to pay a program fee equal to 0.125% of the $50.0 million facility amount per annum, payable monthly. The RFL A&D Facility documents include customary conditions to funding, acceleration provisions and certain financial affirmative and negative covenants. In January 2005, we borrowed $9.5 million under the RFL A&D Facility in connection with the acquisition of the Daytona SeaBreeze resort in Daytona Beach Shores. As of December 31, 2005, there were no amounts outstanding under the RFL A&D Facility.

The GMAC Communities Facility. In May 2005 and again in March 2006, we amended our existing $75.0 million revolving credit facility with RFC (the "GMAC Communities Facility"). The GMAC Communities Facility is secured by the real property homesites (and personal property related thereto) at the following Bluegreen Communities projects, as well as any Bluegreen Communities projects acquired by us with funds borrowed under the GMAC Communities Facility (the "Secured Projects"): Brickshire (New Kent County, Virginia); Mountain Lakes Ranch (Bluffdale, Texas); Ridge Lake Shores (Magnolia, Texas); Riverwood Forest (Fulshear, Texas); Waterstone (Boerne, Texas); Catawba Falls Preserve (Black Mountain, North Carolina); Lake Ridge at Joe Pool Lake (Cedar Hill and Grand Prairie, Texas); Mystic Shores at Canyon Lake (Spring Branch, Texas); Yellowstone Creek Ranch (Pueblo, Colorado); and Havenwood at Hunters' Crossing (New Braunfels, Texas) (the "Texas Property"). In addition, the GMAC Communities Facility is secured by our Carolina National and The Preserve at Jordan Lake golf courses in Southport, North Carolina and Chapel Hill, North Carolina, respectively. Borrowings can be drawn on such projects through September 30, 2007. Principal payments are effected through agreed-upon release prices paid to RFC as homesites in the Secured Projects are sold. The outstanding principal balance of any borrowings under the GMAC Communities Facility must be repaid by September 30, 2009. The interest charged on outstanding borrowings is at the prime lending rate plus 1.00% (8.25% at December 31, 2005). Interest payments are due monthly. The GMAC Communities Facility includes customary conditions to funding, acceleration and event of default provisions and certain financial affirmative and negative covenants. We use 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. In July 2005, we borrowed an additional $7.5 million under the GMAC Communities Facility in connection with the acquisition of the Texas Property. As of December 31, 2005, $1.8 million was outstanding under the

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GMAC Communities Facility. In March 2006, we borrowed $27.2 million to fund the acquisition of 1,579 acres in Grayson County, Texas, and for general operating purposes.

The Wachovia Line-of-Credit. We have a $15.0 million unsecured line-of-credit with Wachovia Bank, N.A. Amounts borrowed under the line bear interest at 30-day LIBOR plus 2.00% (6.34% at December 31, 2005). Interest is due monthly and all outstanding amounts are due on June 30, 2006. Borrowings under the line-of-credit are limited to an amount which is less than the remaining availability under our current, active vacation ownership receivables purchase facilities plus availability under certain receivables warehouse facilities, less any outstanding letters of credit. The line-of-credit agreement contains covenants and conditions typical of arrangements of this type. As of December 31, 2005, no borrowings were outstanding under the line; however, an aggregate of $523,000 of irrevocable letters of credit were outstanding under this line-of-credit at December 30, 2005. These letters of credit expire on December 31, 2006. This line-of-credit is an available source of short-term liquidity.

12. Senior Secured Notes Payable

On April 1, 1998, we consummated a private placement offering (the "Offering") of $110.0 million in aggregate principal amount of 10.50% senior secured notes due April 1, 2008 (the "Notes"). On June 27, 2005, we used the proceeds from our junior subordinated debentures to redeem $55.0 million in aggregate principal amount of the Notes at a redemption price of 101.75% plus accrued and unpaid interest through June 26, 2005 of approximately $1.4 million. Interest on the Notes is payable semiannually on April 1 and October 1 of each year. The Notes became redeemable at our option, in whole or in part, in cash, on April 1, 2003 and annually thereafter, 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%. As of December 31, 2005 the Notes totaled $55 million.

The Notes are our senior obligations and rank pari passu in right of payment with all of our existing and future senior indebtedness and rank senior in right of payment to all of our existing and future subordinated obligations. None of the assets of Bluegreen Corporation secures its obligations under the Notes, and the Notes are effectively subordinated to our secured indebtedness to any third party to the extent of assets serving as security thereon. The Notes are unconditionally guaranteed, jointly and severally, by each of our subsidiaries (the "Subsidiary Guarantors"), with the exception of the Joint Venture, Bluegreen Properties N.V., Resort Title Agency, 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"). 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 us. 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 mortgage (subject to customary exceptions) or similar instrument (each, a "Mortgage") on certain Bluegreen 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, 2005, the Pledged Properties had an aggregate net carrying value of approximately $757,000. 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, our combined Non-Guarantor Subsidiaries and our combined Subsidiary Guarantors is presented below.

CONDENSED CONSOLIDATING BALANCE SHEETS
(dollars in thousands)

	December 31, 2004 (As		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
ASSETS			
Cash and cash equivalents	$ 70,256	$ 18,793	$ 11,51

Contracts receivable, net	--	1,365	26,72
Intercompany receivable	69,977	--	-
Notes receivable, net	--	62,060	89,99
Other assets	2,645	6,070	22,88
Inventory, net	--	20,744	184,60
Retained interests in notes receivable sold	--	66,513	-
Investments in subsidiaries	213,011	--	3,23
Property and equipment, net	15,084	2,013	57,14
Total assets	$ 370,973	$ 177,558	$ 396,09
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	$ 12,353	$ 14,817	$ 52,94
Intercompany payable	--	6,557	63,42
Deferred income taxes	(18,683)	32,124	42,62
Lines-of-credit and notes payable	6,237	55,658	83,26
10.50% senior secured notes payable	110,000	--	-
Total liabilities	109,907	109,156	242,25
Minority interest	--	--	-
Total shareholders' equity	261,066	68,402	153,84
Total liabilities and shareholders' equity	$ 370,973	$ 177,558	$ 396,09

	December 31, 20		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
ASSETS			
Cash and cash equivalents	$ 55,708	$ 15,443	$ 13,55
Contracts receivable, net	--	1,801	25,67
Intercompany receivable	92,641	--	-
Notes receivable, net	--	48,294	79,48
Other assets	4,028	4,666	19,29
Inventory, net	--	17,857	223,11
Retained interests in notes receivable sold	--	105,696	-
Investments in subsidiaries	265,023	--	3,23
Property and equipment, net	14,569	1,330	63,73

Total assets	$ 431,969	$ 195,087	$ 428,08
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	$ 20,214	$ 68,397	$ (4,38
Intercompany payable	--	(48,757)	65,44
Deferred income taxes	(21,798)	41,824	89,36
Lines-of-credit and notes payable	5,607	27,064	64,48
10.50% senior secured notes payable	55,000	--	-
Junior subordinated debentures	59,280	--	-
Total liabilities	118,303	88,528	214,91
Minority interest	--	--	-
Total shareholders' equity	313,666	106,559	213,16
Total liabilities and shareholders' equity	$ 431,969	$ 195,087	$ 428,08

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(dollars in thousands)

	Year Ended December 31,		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combin Subsidi Guarant
REVENUES			
Sales of real estate	$ --	$ 39,489	$ 319
Other resort and communities operations revenue	--	7,394	48
Management fees	38,855	--	
Equity income from subsidiaries	19,979	--	
Interest income	282	20,065	9
Gain on sales of notes receivable	--	--	
Other income	40	(191)	
	59,156	66,757	378
COSTS AND EXPENSES			
Cost of real estate sales	--	10,274	99
Cost of other resort and communities operations	--	3,963	56
Management fees	--	1,114	37
Selling, general and administrative expenses	29,589	21,244	152
Interest expense	9,819	3,919	3
Provision for loan losses	--	13,071	5
	39,408	53,585	355
Income before minority interest and (benefit) provision for income taxes	19,748	13,172	22
Minority interest in income of consolidated			

Subsidiary	--	--	
Income before provision (benefit) for income taxes .	19,748	13,172	22
Provision (benefit) for income taxes	(89)	3,789	8
Net income	$ 19,837	$ 9,383	$ 13

	Year Ended December 31,		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combine Subsidia Guaranto
REVENUES			
Sales of real estate	$ --	$ 48,572	$ 453
Other resort and communities operations revenue	--	6,740	59
Management fees	53,664	--	
Equity income from subsidiaries	39,598	--	
Interest income	339	23,346	12
Gain on sales of notes receivable	--	25,972	
	93,601	104,630	525
COSTS AND EXPENSES			
Cost of real estate sales	--	13,702	166
Cost of other resort and communities operations	--	4,574	66
Management fees	--	1,088	52
Selling, general and administrative expenses	40,615	22,814	198
Interest expense	8,452	4,994	4
Provision for loan losses	--	18,474	5
Other expense	121	1,068	
	49,188	66,714	495
Income before minority interest and provision for income taxes	44,413	37,916	30
Minority interest in income of consolidated subsidiary	--	--	
Income before provision for income taxes	44,413	37,916	30
Provision for income taxes	1,854	13,032	11
Net income	$ 42,559	$ 24,884	$ 18

	Year Ended Decem		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combine Subsidia Guaranto
REVENUES			
Sales of real estate	$ --	$ 55,007	$ 495
Other resort and communities operations revenue	--	13,236	60
Management fees	58,360	--	
Equity income from subsidiaries	52,045	--	
Interest income	1,379	17,294	16
Gain on sales of notes receivable	--	25,226	
	111,784	110,763	572
COSTS AND EXPENSES			
Cost of real estate sales	--	15,955	161
Cost of other resort and communities operations	--	5,056	72
Management fees	--	1,158	57
Selling, general and administrative expenses	61,934	27,297	211
Interest expense	4,446	2,875	7
Provision for loan losses	--	1,416	26
Other expense (income)	1,967	3,117	1
	68,347	56,874	536
Income before minority interest and provision (benefit) for income taxes	43,437	53,889	35
Minority interest in income of consolidated subsidiary	--	--	
Income before provision (benefit) for income taxes	43,437	53,889	35
Provision (benefit) for income taxes	(3,114)	19,502	12
Net income (loss)	$ 46,552	$ 34,387	$ 22

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 3	
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries
Operating activities:		
Net cash provided (used) by operating activities	$ 9,928	$ (4,266)
Investing activities:		
Cash received from retained interests in notes receivable sold	--	7,402
Principal payments received on investment in note receivable	456	--
Business acquisition	--	--

Purchases of property and equipment	(3,310)	(420)
Proceeds from sales of property and equipment	854	--
Net cash provided (used) by investing activities	(2,000)	6,982
Financing activities:		
Proceeds from borrowings under line-of-credit facilities and notes payable	7,000	8,125
Payments under line-of-credit facilities and notes payable	(7,568)	(1,384)
Payment of debt issuance costs	(1,073)	(631)
Proceeds from exercise of employee and director stock options	1,212	--
Net cash (used) provided by financing activities	(429)	6,110
Net increase in cash and cash equivalents	7,499	8,826
Cash and cash equivalents at beginning of year	22,373	4,822
Cash and cash equivalents at end of year	29,872	13,648
Restricted cash and cash equivalents at end of year	(173)	(7,085)
Unrestricted cash and cash equivalents at end of year	$ 29,699	$ 6,563

	Year Ended December 3	
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries
Operating activities:		
Net cash provided by operating activities	$ 41,212	$ 6,366
Investing activities:		
Cash received from retained interests in notes receivable sold	--	8,688
Business acquisition	--	--
Purchases of property and equipment	(5,380)	(643)
Proceeds from sales of property and equipment	--	--
Net cash provided (used) by investing activities	(5,380)	8,045
Financing activities:		
Proceeds from borrowings under line-of-credit facilities and notes payable	--	3,179
Payments under line-of-credit facilities and notes payable	(1,769)	(8,525)
Payment of 8.25% subordinated convertible debentures	(273)	--
Payment of debt issuance costs	--	(3,920)
Proceeds from exercise of employee and director stock options	6,594	--
Net cash (used) provided by financing activities	4,552	(9,266)

Net increase in cash and cash equivalents	40,384	5,145
Cash and cash equivalents at beginning of year	29,872	13,648
Cash and cash equivalents at end of year	70,256	18,793
Restricted cash and cash equivalents at end of year	(173)	(9,509)
Unrestricted cash and cash equivalents at end of year	$ 70,083	$ 9,284

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	Year Ended Dec	
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries
Operating activities:		
Net cash (used) provided by operating activities	$ (3,393)	$ 27,668
Investing activities:		
Cash received from retained interests in notes receivable sold	--	11,016
Investment in statutory business trust	(1,780)	--
Installment payments on business acquisition	--	--
Purchases of property and equipment	(5,112)	(216)
Sales of property and equipment	--	--
Net cash (used) provided by investing activities	(6,892)	10,800
Financing activities:		
Proceeds from borrowings under line-of-credit facilities and notes payable	--	--
Payments under line-of-credit facilities and notes payable ...	(1,071)	(1,113)
Redemption of 10.50% senior secured notes payable	(55,000)	--
Proceeds from issuance of junior subordinated debentures	59,280	--
Payment of debt issuance costs	(1,862)	(37)
Proceeds from exercise of employee and director stock options	1,406	--
Net cash provided (used) by financing activities	2,753	(1,150)
Net (decrease) increase in cash and cash equivalents	(7,532)	37,318
Cash and cash equivalents at beginning of period	70,256	18,793
Cash and cash equivalents at end of period	55,708	15,443
Restricted cash and cash equivalents at end of period	(173)	(6,709)
Unrestricted cash and cash equivalents at end of period	$ 55,535	$ 8,734

13. Convertible Subordinated and Junior Subordinated Debentures

Convertible Subordinated Debentures

Through November 18, 2004, $7.0 million of our 8.25% Convertible Subordinated Debentures (the "Debentures") were voluntarily converted by the holders of the Debentures at a conversion price of $8.24 per share. We called the remaining balance of $27.4 million on November 19, 2004, which resulted in the voluntary conversion of all but $273,000 of the Debentures at a conversion price of $8.24 per share. We redeemed the remaining $273,000 for cash at a price of 100% plus accrued and unpaid interest through the redemption date. The total of such conversions resulted in the issuance of 4.1 million shares of our common stock. In connection with this conversion, we wrote off approximately $414,000 of related debt issuance costs to additional paid-in capital. Accrued interest forfeited by debenture holders upon conversion of approximately $282,000 was credited to additional paid-in capital.

Trust Preferred Securities Offerings

We have formed statutory business trusts (collectively, the "Trusts") and each issued trust preferred securities and invested the proceeds thereof in our junior subordinated debentures. The Trusts are variable interest entities in which we are not the primary beneficiary as defined by FASB Interpretation No. 46R. Accordingly, we do not consolidate the operations of the Trusts; instead, the Trusts are accounted for under the equity method of accounting. In each of these transactions, the applicable Trust issued trust preferred securities as part of a larger pooled trust securities offering which was not registered under the Securities Act of 1933. The applicable Trust then used the proceeds from issuing the trust preferred securities to purchase an identical amount of junior subordinated debentures from us. Interest on the junior

subordinated debentures and distributions on the trust preferred securities are payable quarterly in arrears at the same interest rate. Distributions on the trust preferred securities are cumulative and based upon the liquidation value of the trust preferred security. The trust preferred securities are subject to mandatory redemption, in whole or in part, upon repayment of the junior subordinated debentures at maturity or their earlier redemption. The junior subordinated debentures are redeemable in whole or in part at the Company's option at any time after five years from the issue date or sooner following certain specified events. In addition, we made an initial equity contribution to each Trust in exchange for its common securities, all of which are owned by us, and those proceeds were also used to purchase an identical amount of junior subordinated debentures from us. The terms of each Trust's common securities are nearly identical to the trust preferred securities.

We had the following junior subordinated debentures outstanding at December 31, 2005 (dollars in thousands):

Trust	Outstanding Amount of Junior Subordinated Debentures	Initial Equity To Trust	Issue Date	Fixed Interest Rate (1)	Variable Interest Rate (2)	Beginnin Optiona Redempti Date
Bluegreen Statutory Trust I	$23,196	$ 696	3/15/05	9.160%	LIBOR + 4.90%	3/30/1
Bluegreen Statutory Trust II	25,774	774	5/4/05	9.158%	LIBOR +	7/30/1

					4.85%	
Bluegreen Statutory Trust III	10,310	310	5/10/05	9.193%	LIBOR + 4.85%	7/30/1
	$59,280	$1,780				

(1) Both the trust preferred securities and junior subordinated debentures bear interest at a fixed interest rate from the issue date through the beginning optional redemption date.

(2) Both the trust preferred securities and junior subordinated debentures bear interest at a variable interest rate from the beginning optional redemption date through the maturity date.

14. Fair Value of Financial Instruments

In estimating the fair values of our financial instruments, we used the following methods and assumptions:

Cash and cash equivalents: The amounts reported in our consolidated balance sheets for cash and cash equivalents approximate fair value.

Contracts receivable: The amounts reported in our 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 our 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, receivable-backed notes payable and junior subordinated debentures: The amounts reported in our consolidated balance sheets approximate their fair value for indebtedness that provides for variable interest rates. The fair value of our fixed-rate indebtedness was estimated using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements.

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

	December 31, 2004		December 31, 2	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Esti Fair
	(As Restated)			

Cash and cash equivalents	$ 100,565	$ 100,565	$ 84,704	$
Contracts receivable, net	28,085	28,085	27,473	
Notes receivable, net	152,051	152,051	127,783	1
Retained interests in notes receivable sold ...	66,513	66,513	105,696	1
Lines-of-credit, notes payable, and receivable-backed notes payable	145,162	145,162	97,159	
10.50% senior secured notes payable	110,000	112,200	55,000	
Junior subordinated debentures	--	--	59,280	

15. Common Stock and Stock Option Plans

Stock Option Plans

Under our employee stock option plans, options can be granted with various vesting periods. All options granted to employees on or prior to December 31, 2002 vest ratably over a five-year period from the date of grant (20% per year). Options granted to employees subsequent to December 31, 2002 vest 100% on the five-year anniversary of the date of grant. Our options are granted at exercise prices that either equal or exceed the quoted market price of our common stock at the respective dates of grant. All of our options expire ten years from the date of grant.

The stock option plan covering our non-employee directors provided for the grant to our non-employee directors (the "Outside Directors") of non-qualified stock options prior to the expiration of the ability to grant additional options under this Plan in June 2003. All options granted to Outside Directors on or prior to December 31, 2002 vested ratably over a three-year period while all options granted after December 31, 2002 vested immediately upon grant. All Outside Director stock options expire ten years from the date of grant, subject to alternative expiration dates under certain circumstances. 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 Corporation ("Levitt") (NYSE: LEV) acquired an aggregate of approximately 8.0 million shares of our 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 and the December 2003 transfer of BankAtlantic Bancorp, Inc.'s ownership interest in our common stock to Levitt in connection with its spin-off, Levitt beneficially owned approximately 31% of our outstanding common stock as of December 31, 2005.

Subsequent to the expiration of the ability to grant options under our Outside Director stock option plan, we granted 55,000 and 141,346 stock options in 2004 and 2005, respectively, to certain Outside Directors from our employee stock option plan, which was consistent with the terms of our employee stock option plan.

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

	Number of Shares Reserved	Outstanding Options	Exercise Price Per Share	Numb E
Employee Stock Option Plans:				
Balance at December 31, 2003	3,101	2,300	$ 2.26-$9.50	

Granted	--	40	$10.98
Forfeited	--	(20)	$2.26
Exercised	(966)	(966)	$ 2.26-$9.50
Balance at December 31, 2004	2,135	1,354	$ 2.29-$10.98
Approval of 2005 Stock Incentive Plan	2,000	--	--
Cancellation of 1995 Plan	(781)	--	--
Granted	--	809	$16.03-$18.36
Forfeited	(78)	(78)	$ 3.48-$8.50
Exercised	(131)	(131)	$ 3.13-$10.98
Balance at December 31, 2005	3,145	1,954	$ 2.29-$18.36
Outside Directors Plans:			
Balance at December 31, 2003	492	492	$ 2.11-$9.31
Forfeited	(17)	(17)	$3.50
Exercised	(184)	(184)	$ 2.11-$9.31
Balance at December 31, 2004	291	291	$ 2.11-$9.31
Forfeited	(81)	(81)	$ 3.13-$9.31
Exercised	(145)	(145)	$ 3.13-$9.31
Balance at December 31, 2005	65	65	$ 2.11-9.31

The weighted-average exercise prices and weighted-average remaining contractual lives of our outstanding stock options at December 31, 2005 (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 Pri
Employees Stock Option Plans:				
$2.29-$3.13	47	37	3	$2.76
$3.45-$4.88	658	82	6	$3.62
$5.84-$5.89	115	15	8	$5.85
$8.50-$10.98	325	325	4	$9.56
$16.03-$18.36	809	141	9	$18.30
	1,954	600		

	Number of Options (In 000's)	Number of Vested Options (In 000's)	Weighted-Average Remaining Contractual Life (in years)	Weight Avera Exercise
Outside Directors Plans:				
$2.11	15	15	6	$2.1

$3.48-$3.50	20	20	7	$3.4
$5.94	15	15	4	$5.9
$9.31	15	15	3	$9.3
	65	65		

Common Stock Reserved For Future Issuance

As of December 31, 2005, common stock reserved for future issuance was comprised of shares issuable (in thousands):

Upon exercise of employee stock options	3,145
Upon exercise of outside director stock options	64
	3,209

16. Commitments and Contingencies

At December 31, 2005, the estimated cost to complete development work in subdivisions or resorts from which homesites or VOIs have been sold totaled $73.8 million. Development is estimated to be completed within the next three years and thereafter as follows: 2006 -- $35.0 million, 2007 -- $23.0 million, 2008 and beyond - $15.8 million.

We lease certain office space and equipment under various noncancelable operating leases. Certain of these leases contain stated escalation clauses while others contain renewal options.

Rent expense for the years ended December 31, 2003, 2004, and 2005 totaled approximately $5.5 million, $6.3 million, and $8.5 million, respectively.

Lease commitments under these noncancelable operating leases for each of the five years subsequent to December 31, 2005, and thereafter are as follows (in thousands):

2006	$ 8,227
2007	7,339
2008	5,913
2009	4,287
2010	3,224
Thereafter	4,623
Total future minimum lease payments	$33,613

We have approximately $530,000 in outstanding commitments under stand-by letters of credit with banks, primarily related to obtaining governmental approval of plats for one our Bluegreen Communities projects.

In the ordinary course of our business, we become subject to claims or proceedings from time to time relating to the purchase, subdivision, sale or financing of real estate. Additionally, from time to time, we become involved in disputes with existing and former employees. We believe that these claims are routine litigation incidental to our business.

On August 21, 2000, we received a notice of Field Audit Action (the "First Notice") from the State of Wisconsin Department of Revenue (the "DOR") alleging that two corporations purchased by us had failed to collect and remit sales and use taxes totaling $1.9 million to the State of Wisconsin prior to the purchase during the period from January 1, 1994 through September 30, 1997. On May 24, 2003, we received a second Notice of Field Audit Action (the "Second Notice") from DOR alleging that the two subsidiaries failed to collect and remit sales and use taxes to the State of Wisconsin during the period from April 1, 1998 through March 31, 2002 totaling $1.4 million. The majority of the assessment was based on the subsidiaries not charging sales tax to purchasers of VOIs at our Christmas Mountain Village(TM) resort during the period from January 1, 1994 through December 31, 1999. The statute requiring the assessment of sales tax on sales of certain VOIs in Wisconsin was repealed in December 1999. We acquired the subsidiaries that were the subject of the notices in connection with the acquisition of RDI Group, Inc. ("RDI") on September 30, 1997. Under the RDI purchase agreement, we had certain rights of offset for amounts owed the sellers based on any breach of representations and warranties.

On August 31, 2004, we settled the sales tax assessments and all interest and penalties for $2.3 million. Of this amount, $750,000 was already accrued in connection with the indemnification by RDI's former stockholders and

approximately $210,000 will be reimbursed to us by certain property owners' associations that serve the Christmas Mountain Village Resort. We recognized an expense of $1.5 million from this settlement during the year ended December 31, 2004.

On November 8, 2005, we received notice that the Tennessee Department of Revenue is considering imposing an assessment for sales, use and other miscellaneous business taxes for sales of timeshare interests in Bluegreen Vacation Club within the state of Tennessee during the periods from January 2001 through December 2004. We have been advised that the amounts that may be imposed by the State of Tennessee may be as much as $28 million; however, no formal assessment has been approved or made by the Tennessee Department of Revenue. We believe that the assessments under consideration by the Tennessee Department of Revenue are based on a preliminary, but mistaken, interpretation of the tax laws of the state of Tennessee. We will be reviewing this matter further with representatives of the Tennessee Department of Revenue, and we intend to vigorously defend against any such claims or assessments.

17. Income Taxes

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

	Year Ended December 31, 2003	Year Ended December 31, 2004	Year Ended December 31, 2005
	(As Restated)	(As Restated)	
Federal:			
Current	$ 3,524	$ 6,378	$ 9,418
Deferred	8,085	16,967	15,600
	11,609	23,345	25,018
State and other:			
Current	--	1,600	2,745
Deferred	809	1,697	1,379
	809	3,297	4,124

Total	$12,418	$26,642	$29,142

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

	December 31, 2003 (As Restated)	December 31, 2004 (As Restated)	December 31, 2005
Income tax expense at statutory rate	$11,609	$23,345	$25,019
Effect of state taxes, net of federal tax benefit	809	3,297	4,123
	$12,418	$26,642	$29,142

Our deferred income taxes consist of the following components (in thousands):

	December 31, 2004 (As Restated)	December 2005
Deferred federal and state tax liabilities (assets):		
Installment sales treatment of notes	$113,989	$150,146
Deferred federal and state loss carryforwards/AMT credits .	(69,615)	(89,035
Book over tax carrying value of retained interests in notes receivable sold	6,281	9,526
Book reserves for loan losses and inventory	(6,689)	(7,613
Tax over book depreciation	7,335	6,119
Deferred tax liabilities on unrealized gains on retained Interest (see Note 6)	3,008	5,368
Other	1,755	893
Deferred income taxes	$ 56,064	$ 75,404
Total deferred federal and state tax liabilities	$140,348	$174,055
Total deferred federal and state tax assets	(84,284)	(98,651
Deferred income taxes	$ 56,064	$ 75,404

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We have available federal net operating loss carryforwards of $158.9 million, which expire beginning in 2021 through 2025, and alternative minimum tax credit carryforwards of $22.5 million, which never expire. Additionally, we have available state operating loss carryforwards of $307.1 million, which expire beginning in 2008 through 2025. The income tax benefits from our state operating loss carryforwards are net of a valuation allowance of $639,000.

18. Employee Retirement Savings Plan and Other Employee Matters

Our 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 us are eligible to participate in the Plan. The Plan, as amended, provides an annual discretionary matching contribution and a fixed-rate matching contribution equal to 50% of the first 3% of a participant's contribution with an annual limit of $1,000 per participant. During the year ended December 31, 2003, we accrued approximately $361,000 for a matching contribution that we paid in February 2004 related to the Plan's year ended December 31, 2003. During the year ended December 31, 2004, we accrued approximately $554,000 for a matching contribution to be determined and paid in March 2005 related to the Plan's year ended December 31, 2004. During the year ended December 31, 2005, we accrued approximately $620,000 for a matching contribution to be determined and paid in February 2006 related to the Plan's year ended December 31, 2005.

Our employees in Aruba, which comprise approximately 2% of our total workforce, are subject to the terms of a collective bargaining agreement.

19. Business Segments

We have two reportable business segments. Bluegreen Resorts develops, markets and sells VOIs in our resorts, primarily through the Bluegreen Vacation Club, and provides resort management services to resort property owners associations. 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 homesites. Our 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.

We evaluate the performance and allocate resources to each business segment based on its respective field operating profit. Field operating profit is operating profit prior to the allocation of corporate overhead, interest income, gain on sales of notes receivable, 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 we evaluate 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 in Note 1.

Required disclosures for our business segments are as follows (in thousands):

	Bluegreen Resorts	Bluegreen Communities
As of and for the year ended December 31, 2003 (As Restated):		
Sales of real estate	$254,971	$104,373
Other resort and communities operations revenue	48,915	6,479
Depreciation expense	3,661	1,726
Field operating profit	50,359	12,580
Inventory	98,377	121,805

As of and for the year ended December 31, 2004 (As Restated):		
Sales of real estate	$310,608	$191,800
Other resort and communities operations revenue	59,007	7,402
Depreciation expense	5,138	1,788
Field operating profit	50,876	37,722
Inventory	126,377	78,975
As of and for the year ended December 31, 2005		
Sales of real estate	$358,240	$192,095
Other resort and communities operations revenue	64,276	9,521
Depreciation expense	7,161	1,684
Field operating profit	59,578	47,227
Inventory	173,338	67,631

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Reconciliations to Consolidated Amounts

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

	Year Ended December 31, 2003 (As Restated)	Year Ended December 31, 2004 (As Restated)	Year Ende December 3 2005
Field operating profit for reportable segments .	$ 62,939	$ 88,598	$ 106,80
Interest income	29,898	35,939	34,79
Gain on sales of notes receivable	--	25,972	25,22
Other income (expense), net	457	(1,666)	(6,20
Corporate general and administrative expenses ..	(22,227)	(32,718)	(38,02
Interest expense	(17,243)	(18,425)	(14,47
Provision for loan losses	(18,239)	(24,434)	(27,58
Consolidated income before minority interest and provision for income taxes	$ 35,585	$ 73,266	$ 80,53

Depreciation expense for our reportable segments reconciled to our consolidated depreciation expense is as follows (in thousands):

	Year Ended December 31, 2003 (As Restated)	Year Ended December 31, 2004 (As Restated)	Year Ended December 31 2005
Depreciation expense for reportable segments ..	$5,387	$6,926	$ 8,845
Depreciation expense for corporate fixed assets	2,424	2,843	3,487

Consolidated depreciation expense	$7,811	$9,769	$12,332
	======	======	=======

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

	December 31, 2004	December 31, 2005
	(As Restated)	
Inventory for reportable segments	$205,352	$240,969
Assets not allocated to reportable segments	453,059	453,274
Total assets	$658,411	$694,243

Geographic Information

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

	Year Ended December 31, 2003	Year Ended December 2004	Year Ended December 2005
	(As Restated)	(As Restated)	
United States	$348,382	$491,948	$539,131
Aruba	10,949	10,460	11,204
Canada	13	--	--
Consolidated totals	$359,344	$502,408	$550,335

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

	December 31, 2004	December 31, 2005
	(As Restated)	
United States	$198,815	$235,340
Aruba	6,527	5,619
Canada	10	10
Consolidated totals	$205,352	$240,969

20. Quarterly Financial Information (Unaudited)

A summary of the restated quarterly financial information for the years ended December 31, 2004 and 2005 is presented below (in thousands, except for per share information). See Note 2 for additional information about the restatement.

	Three Months Ended		
	March 31, 2004	June 30, 2004	Septembe 2004
Sales of real estate (as reported)	$ 86,191	$ 128,314	$ 16
Sales of real estate (as restated, see Note 2)	86,191	128,317	16
Gross profit (as reported)	56,951	84,488	10
Gross profit (as restated, see Note 2)	56,951	84,489	10
Net income (as reported)	4,700	9,102	1
Net income (as restated, see Note 2)	1,732	9,742	2
Earnings per common share (as previously reported):			
Basic	$ .19	$ .35	$
Diluted	$ .17	$ .31	$
Earnings per common share (as restated, see Note 2):			
Basic	$ .07	$ .38	$
Diluted	$ .07	$ .33	$

	Three Months Ended		
	March 31, 2005	June 30, 2005	Septembe 2005
Sales of real estate (as reported)	$ 104,021	$ 159,208	$ 16
Sales of real estate (as restated, see Note 2)	104,021	159,208	16
Gross profit (as reported)	71,134	108,099	11
Gross profit (as restated, see Note 2)	71,134	108,099	11
Net income (as reported)	6,457	14,325	1
Net income (as restated, see Note 2)	6,400	14,910	1
Earnings per common share (as reported):			
Basic	$ .21	$ .47	$
Diluted	$ .21	$ .46	$
Earnings per common share (as restated, see Note 2):			
Basic	$ .21	$ .49	$
Diluted	$ .20	$ .48	$

(1) Amounts for the quarter ending December 31, 2005, have not been previously reported and have been included in the "as restated" line to allow agreement with the financial statements included in this report.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Bluegreen Corporation:

We have audited the accompanying consolidated balance sheets of Bluegreen Corporation (the Company) as of December 31, 2004 and 2005, and the related consolidated statements of income, shareholders' equity and cash flows for each of three years in the period ended December 31, 2005. 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 the standards of the Public Company Accounting Oversight Board (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, 2004 and 2005, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

As described in Note 2 to the consolidated financial statements, the accompanying consolidated balance sheet as of December 31, 2004, and the related consolidated statements of income, shareholders' equity and cash flow for each of the two years in the period ended December 31, 2004 have been restated due to certain misapplications of generally accepted accounting principles for sales of the Company's vacation ownership notes receivable and other related matters. In addition, the accompanying consolidated balance sheet as of December 31, 2004 was restated to increase the amount of deferred income tax liabilities related to certain tax benefits that were incorrectly determined in periods prior to 2003.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Bluegreen Corporation's internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2006 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP
Certified Public Accountants

March 15, 2006
Miami, Florida

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control - Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2005.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements included in this Annual Report on Form 10-K, as stated in their report which immediately follows this report.

GEORGE F. DONOVAN, President and Chief Executive Officer
ANTHONY M. PULEO, Senior Vice President, Chief Financial Officer and Treasurer

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Bluegreen Corporation

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Bluegreen Corporation maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Bluegreen Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Bluegreen Corporation maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Bluegreen Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Bluegreen Corporation (the "Company") as of December 31, 2004, and December 31, 2005, and the related consolidated statements of income, shareholders' equity and cash flows for the three years in the period ended December 31, 2005 of Bluegreen Corporation and our report dated March 15, 2006 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP
Certified Public Accountants

March 15, 2006
Miami, Florida

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

None.

Item 9A. CONTROLS AND PROCEDURES.

Management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures and internal controls will prevent all errors 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 we have detected all control issues and instances of improper conduct, if any. 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.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the design and operation of our "disclosure controls and procedures", as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act as of December 31, 2005. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2005.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of 2005, in anticipation of the sale of certain of our vacation ownership notes receivable, we implemented additional internal controls relating to (1) the review and evaluation of sales of vacation ownership notes receivable to determine if the proposed structures would allow for off-balance sheet treatment under SFAS No. 140 and (2) the evaluation of the appropriate initial and continuing accounting for such transactions. Specifically, in addition to using internal resources to evaluate the treatment and related accounting for securitization transactions, we also engaged a third party expert to assist management with its evaluation. As the fourth quarter securitization included a component of a previous purchase facility, a review was performed to determine if the purchase facility was appropriately treated as a sale as originally reported. Based on our review, we determined that, among other things, the relevant provisions of the previous purchase facility were arguably ambiguous and could be construed to allow the Company to substitute new notes receivable for previously sold receivables for any reason. As such, we concluded that the existence of the ambiguous provisions should have precluded notes receivable sales under the purchase facility from being accounted for as off-balance sheet sales transactions. As a result, the Company felt it was prudent to reassess all prior securitizations and vacation ownership receivables purchase facilities to determine if GAAP was applied appropriately. As a result of this review, we identified that we had originally misapplied GAAP in various purchase facilities during certain periods prior to the fourth quarter of 2005 and that there were material weaknesses in internal control over these types of transactions. As a result, we determined that we would restate our consolidated financial statements for the first three quarters of fiscal 2005 and the fiscal years ended December 31, 2003 and 2004 (see Note 2 to the Consolidated Financial Statements) to reflect the impact of treating such transactions as on-balance sheet financings and to correct the initial gain computations and continuing accounting on those transactions that were properly treated as off-balance sheet transactions. We believe that, as of December 31, 2005, we had fully remediated the control deficiencies relating to the sale of vacation ownership notes receivable that led to the restatement of the periods prior to fourth quarter of 2005.

Management's Report on Internal Control Over Financial Reporting

Management's report and the Report of Independent Registered Public Accounting Firm on internal control over financial reporting are set forth in Part II, Item 8 of this report.

Chief Executive Officer and Chief Financial Officer Certifications

Appearing as Exhibits 31.1 and 31.2 to this Annual Report are the 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 Annual Report 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.

Item 9B. OTHER INFORMATION.

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information with respect to our Directors required by Item 10 is incorporated by reference to our Proxy Statement for our 2006 Annual Meeting of Shareholders. The information concerning our executive officers required by Item 10 is contained in the discussion entitled "Executive Officers" in Item 1 of Part I hereof.

Item 11. EXECUTIVE COMPENSATION.

The information required by Item 11 is incorporated by reference to our Proxy Statement for our 2006 Annual Meeting of Shareholders.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by Item 12 is incorporated by reference to our Proxy Statement for our 2006 Annual Meeting of Shareholders.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Item 13 is incorporated by reference to our Proxy Statement for our 2006 Annual Meeting of Shareholders.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by Item 14 is incorporated by reference to our Proxy Statement for our 2006 Annual Meeting of Shareholders.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

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

1. The following of our Financial Statements and Notes thereto and the report of independent registered public accounting firm relating thereto, are included in Item 8.

Consolidated Balance Sheets as of December 31, 2004 and December 31, 2005

Consolidated Statements of Income for the years ended December 31, 2003, 2004 and 2005.

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2003, 2004 and 2005.

Consolidated Statements of Cash Flows for the years ended December 31, 2003, 2004 and 2005.

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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.

(a)(3) List of Exhibits.

The exhibits which are filed with this Annual Report on Form 10-K or which are incorporated herein by reference are set forth in the Exhibit Index which appears at pages 107 through 116 hereof and are incorporated herein by reference.

(b) Exhibits.

See (a)(3) above.

(c) 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.

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 CORPORATION
(Registrant)

Date: March 15, 2006 By: /s/ GEORGE F. DONOVAN

George F. Donovan,
President and Chief Executive Officer

Date: March 15, 2006 By: /s/ ANTHONY M. PULEO

Anthony M. Puleo,
Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

Date: March 15, 2006 By: /s/ RAYMOND S. LOPEZ

Raymond S. Lopez,
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 15th day of March, 2006.

Signature	Title
/s/ GEORGE F. DONOVAN George F. Donovan	President, Chief Executive Officer and Director

/s/ ANTHONY M. PULEO Anthony M. Puleo	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ RAYMOND S. LOPEZ Raymond S. Lopez	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
/s/ LAWRENCE CIRILLO Lawrence Cirillo	Director
/s/ ROBERT F. DWORS Robert F. Dwors	Director
/s/ SCOTT W. HOLLOWAY Scott W. Holloway	Director
/s/ JOHN LAGUARDIA John Laguardia	Director
/s/ MARK A. NERENHAUSEN Mark A. Nerenhausen	Director
/s/ J. LARRY RUTHERFORD J. Larry Rutherford	Director
/s/ ARNOLD SEVELL Arnold Sevell	Director

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 30, 2005).
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).
4.7	-	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 101/2% 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 101/2% 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 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 101/2% 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 101/2% 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 101/2% 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 101/2% Senior Secured Notes due 2008 (incorporated by reference to exhibit of same designation to Transition Report on Form 10-KT for the nine months ended December 31, 2002).
4.13	-	Sixth Supplemental Indenture dated as of April 30, 2003 to the Indenture Dated as of April 1, 1998 among the Registrant, certain of its subsidiaries and the SunTrust Bank (formerly SunTrust Bank, Central Florida, National Association), as Notes Trustee, relating to the Company's $110 million aggregate principal amount of 101/2% Senior Secured Notes due

2008 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2003).

4.14 - Seventh Supplemental Indenture dated as of February 29, 2004 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 101/2% Senior Secured Notes due 2008 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2004).

10.1 Amended and Restated Trust Agreement among Bluegreen Corporation, as Depositor, JPMorgan Chase Bank, National Association as Property Trustee, Chase Bank USA, National Association, as Delaware Trustee and the Administrative Trustees Named Herein as Administrative Trustees dated as of March 15, 2005 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated March 31, 2005).

10.2 Junior Subordinated Indenture between Bluegreen Corporation and JPMorgan Chase Bank, National Association, as Trustee dated as of March 15, 2005 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated March 31, 2005).

10.3 Amended and Restated Trust Agreement among Bluegreen Corporation, as Depositor, Wilmington Trust Company, as Property Trustee, Wilmington Trust Company, as Delaware Trustee and the Administrative Trustees Named Herein as Administrative Trustees dated as of May 4, 2005 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated March 31, 2005).

10.4 Junior Subordinated Indenture between Bluegreen Corporation and Wilmington Trust Company as Trustee dated as of May 4, 2005 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated March 31, 2005).

10.5 Amended and Restated Trust Agreement among Bluegreen Corporation, as Depositor, Wilmington Trust Company, as Property Trustee, Wilmington Trust Company, as Delaware Trustee and the Administrative Trustees, dated as of May 10, 2005 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2005).

10.6 Junior Subordinated Indenture between Bluegreen Corporation and Wilmington Trust Company, as Trustee dated as of May 10, 2005 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2005).

10.7 Commitment Extension Letter to the Amended and Restated Note Purchase Agreement among Bluegreen Corporation, as Seller and Servicer, BXG Receivables Note Trust 2001-A, as Issuer, Bluegreen Receivables Finance Corporation V, as Depositor, dated as of September 2, 2005 (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated September 30, 2005).

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).

10.85 - 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).

10.86 - 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 10.104 to Quarterly Report on Form 10-Q dated January 2, 2000).

10.94 - Purchase and Contribution Agreement dated November 15, 2002, by and among the Registrant and Bluegreen Receivables Finance Corporation VI (incorporated by reference to exhibit 10.115 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.95 - Sale Agreement dated November 15, 2002, by and among Bluegreen Receivables Finance Corporation VI and BXG Receivables Note Trust 2002-A VI (incorporated by reference to exhibit 10.116 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.96 - Transfer Agreement dated November 15, 2002, by and among the Registrant, BXG Receivables Owner Trust 2000 and Bluegreen Receivables Finance Corporation VI (incorporated by reference to exhibit 10.117 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.97 - Transfer Agreement dated November 15, 2002, by and among the Registrant, BXG Receivables Note Trust 2001-A and Bluegreen Receivables Finance Corporation VI (incorporated by reference to exhibit 10.118 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.99 - Note Purchase Agreement dated December 3, 2002, between BXG

Receivables Note Trust 2002-A and ING Financial Markets LLC (incorporated by reference to exhibit 10.119 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.100 - Trust Agreement dated November 15, 2002, by and among Bluegreen Receivables Finance Corporation VI, GSS Holdings, Inc. and Wilmington Trust Company (incorporated by reference to exhibit 10.120 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.101 - 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 (incorporated by reference to exhibit 10.121 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.102 - Sale and Contribution Agreement among the Registrant and Bluegreen Receivables Finance Corporation VII, dated as of August 3, 2004 (incorporated by reference to exhibit 10.105 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.103 - Sale and Servicing Agreement among BXG Receivables Owner Trust 2004-A, Bluegreen Receivables Finance Corporation VII, the Registrant, Concord Servicing Corporation, Vacation Trust, Inc., U.S. Bank National Association and General Electric Capital Corporation, dated as of August 3, 2004 (incorporated by reference to exhibit 10.106 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.104 - Trust Agreement by and among Bluegreen Receivables Finance Corporation VII, GSS Holdings, Inc. and Wilmington Trust Company, dated as of August 3, 2004 (incorporated by reference to exhibit 10.107 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.105 - Indenture between BXG Receivables Owner Trust 2004-A and U.S. Bank National Association, dated as of August 3, 2004 (incorporated by reference to exhibit 10.108 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.106 - BXG Receivables Owner Trust 2004-A Definitions Annex, Definitions and Interpretations, dated as of August 3, 2004 (incorporated by reference to exhibit 10.109 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.107 - Note Purchase Agreement between BXG Receivables Note Trust 2004-B and BB&T Capital Markets, dated as of July 1, 2004 (incorporated by reference to exhibit 10.127 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.108 - Amended and Restated Trust Agreement by and among Bluegreen Receivables Finance Corporation VIII, GSS Holdings, Inc. and Wilmington Trust Company, dated as of July 8, 2004 (incorporated by reference to exhibit 10.128 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.109 - Purchase and Contribution Agreement by and among the Registrant and Bluegreen Receivables Finance Corporation VIII, dated as of June 15, 2004 (incorporated by reference to exhibit 10.129 to

Quarterly Report on Form 10-Q dated June 30, 2004).

10.110 - Indenture between BXG Receivables Owner Trust 2004-B, the Registrant, Vacation Trust, Inc., Concord Servicing Corporation and U.S. Bank National Association, dated as of June 15, 2004 (incorporated by reference to exhibit 10.130 to Quarterly Report on Form 10-Q dated June 30, 2004).

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10.111 - Standard Definitions to Indenture between BXG Receivables Owner Trust 2004-B, the Registrant, Vacation Trust, Inc., Concord Servicing Corporation and U.S. Bank National Association, dated as of June 15, 2004 (incorporated by reference to exhibit 10.131 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.112 - Transfer Agreement by and among the Registrant, BXG Receivables Note Trust 2001-A and Bluegreen Receivables Finance Corporation VIII, dated as of June 15, 2004 (incorporated by reference to exhibit 10.132 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.113 - Sale Agreement by and among Bluegreen Receivables Finance Corporation VIII and BXG Receivables Note Trust 2004-B, dated as of June 15, 2004 (incorporated by reference to exhibit 10.133 to Quarterly Report on Form 10-Q dated June 30, 2004).

10.134 - 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).

10.135* - 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).

10.136* - 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).

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

10.139 - 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).

10.140 - 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).

10.141 - 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).

10.142 - 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 10.132 to Quarterly Report on Form 10-Q dated September 29, 2002).

10.143 - Amendment Number Four to Loan and Security Agreement dated March 26, 2003, by and between the Registrant and Foothill Capital Corporation (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended December 31, 2003).

10.144 - Amendment Number Five to Loan and Security Agreement dated September 1, 2003, by and between the Registrant and Wells Fargo Foothill, Inc. (f/k/a Foothill Capital Corporation) (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended December 31, 2003).

10.145 - Amendment Number Six to Loan and Security Agreement dated April 2, 2004 by and between the Registrant and Wells Fargo Foothill, Inc. (f/k/a Foothill Capital Corporation) (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.146 - Amendment Number Seven to Loan and Security Agreement dated September 21, 2004 by and between the Registrant and Wells Fargo Foothill, Inc. (f/k/a Foothill Capital Corporation). (incorporated by reference to exhibit 10.140 to Quarterly Report on Form 10-Q dated December 31, 2000). (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.147 - Amendment Number Eight to Loan and Security Agreement dated October 5, 2004 by and between the Registrant and Wells Fargo Foothill, Inc. (f/k/a Foothill Capital Corporation). (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.148 - Amendment Number Nine to Loan and Security Agreement dated December 23, 2004 by and between the Registrant and Wells Fargo Foothill, Inc. (f/k/a Foothill Capital Corporation). (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.149 - Promissory Note dated March 26, 2003, by and between the Registrant and Foothill Corporation (incorporated by reference to exhibit 10.134 to Quarterly Report on Form 10-Q dated March 31, 2003). (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.150 - Loan Agreement dated January 10, 2005, between Resort Finance LLC and Bluegreen Vacations Unlimited, Inc. (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.151 - Revolving Promissory Note dated January 10, 2005, between Resort Finance LLC and Bluegreen Vacations Unlimited, Inc. (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.152 - Construction Mortgage, Security Agreement and Financing Statement dated as of January 10, 2005, by Bluegreen Vacations Unlimited, Inc. in favor of Resort Finance LLC. (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.153 - Guaranty Agreement dated January 10, 2005, by the Registrant in favor of Resort Finance LLC. (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.156 - 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 10.149 to Current Report on Form 8-K dated September 25, 2002).

10.157 - 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 10.150 to Current Report on Form 8-K dated September 25, 2002).

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10.158 - Fourth Amended and Restated Loan Agreement dated December 31, 2004 by and among the Registrant, certain subsidiaries of the Registrant and Wachovia Bank, National Association, for the $15.0 million, unsecured, revolving line-of-credit due June 30, 2006. (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.159 - Fourth Amended and Restated Promissory Note dated December 31, 2004 by and among the Registrant, certain subsidiaries of the Registrant and Wachovia Bank, National Association, for the $15.0 million, unsecured, revolving line-of-credit due June 30, 2006. (Incorporated by reference to exhibit of same designation to Annual Report on Form 10-K dated December 31, 2004).

10.162 - Loan Agreement dated February 10, 2003, between Bluegreen Vacations Unlimited, Inc. and Residential Funding Corporation (incorporated by reference to exhibit 10.155 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.163 - Modification Agreement (AD&C Loan Agreement) dated September 10, 2003, between Bluegreen Vacations Unlimited, Inc. and Residential Funding Corporation (incorporated by reference to exhibit 10.164 to Annual Report on Form 10-K for the fiscal year ended December 31, 2003)..

10.164 - Revolving Promissory Note (AD&C Loan) dated February 10, 2003, between Bluegreen Vacations Unlimited, Inc. and Residential Funding Corporation (incorporated by reference to exhibit 10.156 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.165 - Amendment No. 1 to Revolving Promissory Note (AD&C Loan) dated as of September 10, 2003 between Bluegreen Vacations Unlimited, Inc. and Residential Funding Corporation (incorporated by reference to exhibit 10.157 to Quarterly Report on Form 10-Q dated September 30, 2003).

10.166 - Amendment No. 2 to Revolving Promissory Note (AD&C Loan) dated as of September 15, 2004 between Bluegreen Vacations Unlimited, Inc. and Residential Funding Corporation (incorporated by reference to exhibit 10.167 to Quarterly Report on Form 10-Q dated September 30, 2004).

10.167 - Loan and Security Agreement dated February 10, 2003, between the Registrant, Residential Funding Corporation, Bluegreen Vacations Unlimited, Inc. and Bluegreen/Big Cedar Vacations, LLC (incorporated by reference to exhibit 10.157 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.168 - Modification Agreement (Receivables Loan and Security Agreement) dated September 10, 2003, between the Registrant, Residential Funding Corporation, Bluegreen Vacations Unlimited, Inc. and Bluegreen/Big Cedar Vacations, LLC (incorporated by reference to exhibit of same designation to Annual Report on Form 10-K for the fiscal year ended December 31, 2003).

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10.169 - Second Modification Agreement (Receivables Loan and Security Agreement) dated September 15, 2004, between the Registrant, Residential Funding Corporation, Bluegreen Vacations Unlimited, Inc. and Bluegreen/Big Cedar Vacations, LLC.

10.170 - Project Commitment (Big Cedar Wilderness Club) dated October 1, 2003 by and between Bluegreen Vacations Unlimited, Inc., Blugreen/Big Cedar Vacations LLC and Residential Funding Corporation (incorporated by reference to exhibit 10.169 to Annual Report on Form 10-K for the fiscal year ended December 31, 2003).

10.171 - 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 (incorporated by reference to exhibit 10.158 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.172 - Amendment No. 1 to Revolving Promissory Note (Receivables Loan) dated as of September 10, 2003 between Bluegreen Corporation, Bluegreen Vacations Unlimited, Inc., Bluegreen/Big Cedar Vacations, LLC and Residential Funding Corporation (incorporated by reference to exhibit 10.160 to Quarterly Report on Form 10-Q dated September 30, 2003).

10.173 - Full Guaranty dated February 10, 2003, by the Registrant in favor of Residential Funding Corporation (incorporated by reference to exhibit 10.159 to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

10.174 - Acquisition, Construction and Receivable Loan, Security and Agency Agreement dated as of December 22, 2003 by and among Bluegreen

Vacations Unlimited, Inc., Bluegreen Corporation and Textron Financial Corporation (incorporated by reference to exhibit 10.173 to Annual Report on Form 10-K for the fiscal year ended December 31, 2003).

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).

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, 2000).

10.209 Omnibus Amendment by and among Bluegreen Corporation and Bluegreen Receivables Finance Corporation IX, as Depositor and BXG Receivables Note Trust 2004-C, as Issuer, Vacation Trust, Inc., as Club Trustee, Concord Servicing Corporation, as Backup Servicer, U.S. Bank National Association, as Indenture Trustee and Branch Banking and Trust Company, as Agent, dated as of June 30, 2005(incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2005).

10.210 Registrant's 2005 Stock Incentive Plan.* (incorporated by reference to exhibit of same designation to Quarterly Report on Form 10-Q dated June 30, 2005).

18 - Letter re: Change in Accounting Principle (incorporated by reference to exhibit of same designation to Transition Report on Form 10-KT for the nine months ended December 31, 2002).

21.1 - List of Subsidiaries.

23.1 - Consent of Independent Registered Public Accounting Firm.

31.1 - Certification of George F. Donovan, President and Chief Executive Officer, pursuant to Securities Exchange Act Rules 13a-15(c) and 15d-15(c), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 - Certification of Anthony M. Puleo, Senior Vice President, Chief Financial Officer and Treasurer, pursuant to Securities Exchange Act Rules 13a-15(c) and 15d-15(c), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 - Certification of George F. Donovan, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 - Certification of Anthony M. Puleo, Senior Vice President, Chief Financial Officer and Treasurer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* - Compensation plan or arrangement.