BLUEGREEN CORP
Form 10-Q
November 09, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2005

or

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

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)

(561) 912-8000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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. |X| Yes |_| No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of November 4, 2005, there were 30,387,651 shares of the registrant's common stock, $.01 par value, outstanding.

BLUEGREEN CORPORATION
INDEX TO QUARTERLY REPORT ON FORM 10-Q

PART I - FINANCIAL INFORMATION

Note: 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 "La Cabana Beach and Racquet Club(TM)," "The Hammocks at Marathon Resort(TM)," "Casa Del Mar Beach Resort(TM)," "Orlando's Sunshine Resort(TM)," "Solara Surfside Resort(TM)," "Mountain Run at Boyne(TM)," "The Falls Village Resort(TM)," "Bluegreen Wilderness Club(TM) at Big Cedar(R)," "The Lodge Alley Inn(TM)," "Harbour Lights Resort(TM)," "Shore Crest Vacation Villas(TM)," "Laurel Crest Resort(TM)," "MountainLoft Resort(TM)," "Daytona Seabreeze(TM)," "Shenandoah Crossing Resort(TM)," "Christmas Mountain Village(TM)," "The Fountains Resort (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.

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

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

	December 31, 2004 (Note)
ASSETS	
Cash and cash equivalents (including restricted cash of $19,396 and $20,678 at December 31, 2004 and September 30, 2005, respectively)	$ 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
Junior subordinated debentures	--
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 33,143 shares issued at December 31, 2004 and September 30, 2005, respectively	330
Additional paid-in capital	167,408
Treasury stock, 2,756 common shares at December 31, 2004 and September 30, 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

Note: The condensed consolidated balance sheet at December 31, 2004 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements.

See accompanying notes to condensed consolidated financial statements.

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BLUEGREEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,	
	2004	2005
Revenues:		
Sales of real estate	$ 161,898	$ 166,772
Other resort and communities operations revenue	19,167	21,191
Interest income	5,743	8,214
Gain on sales of notes receivable	3,333	2,271
	190,141	198,448
Costs and expenses:		
Cost of real estate sales	58,787	52,866
Cost of other resort and communities operations	20,104	20,149
Selling, general and administrative expenses	77,937	86,645
Interest expense	3,242	3,027
Provision for loan losses	2,603	2,843
Other expense, net	591	984
	163,264	166,514
Income before minority interest and provision for income taxes	26,877	31,934
Minority interest in income of consolidated subsidiary	360	1,584
Income before provision for income taxes	26,517	30,350
Provision for income taxes	10,208	11,685
Net income	$ 16,309	$ 18,665
Income per common share:		
Basic	$ 0.62	$ 0.61
Diluted	$ 0.54	$ 0.60

Weighted average number of common and common equivalent shares:		
Basic	26,298	30,385
Diluted	30,646	31,220

See accompanying notes to condensed consolidated financial statements.

BLUEGREEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2005
Revenues:		
Sales of real estate	$ 376,403	$ 430,001
Other resort and communities operations revenue	50,444	58,003
Interest income	15,484	20,439
Gain on sales of notes receivable	6,929	5,323
	449,260	513,766
Costs and expenses:		
Cost of real estate sales	131,853	136,862
Cost of other resort and communities operations	52,580	59,148
Selling, general and administrative expenses	194,778	229,991
Interest expense	11,339	9,824
Provision for loan losses	6,502	5,826
Other expense, net	556	4,669
	397,608	446,320
Income before minority interest and provision for income taxes	51,652	67,446
Minority interest in income of consolidated subsidiary	2,692	3,305
Income before provision for income taxes	48,960	64,141
Provision for income taxes	18,849	24,694
Net income	$ 30,111	$ 39,447
Income per common share:		
Basic	$ 1.16	$ 1.30
Diluted	$ 1.02	$ 1.26
Weighted average number of common and common equivalent shares:		
Basic	25,858	30,350

Diluted	30,563	31,239

See accompanying notes to condensed consolidated financial statements.

BLUEGREEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months September
	2004
Operating activities:	
Net income	$ 30,111
Adjustments to reconcile net income to net cash provided by operating activities:	
Minority interest in income of consolidated subsidiary	2,692
Depreciation and amortization	10,521
Gain on sales of notes receivable	(6,929)
Loss on disposal of property and equipment	384
Provision for loan losses	6,502
Provision for deferred income taxes	18,849
Interest accretion on retained interests in notes receivable sold	(3,988)
Other non-cash charges	--
Proceeds from sales of notes receivable	92,730
Proceeds from borrowings collateralized by notes receivable	16,365
Payments on borrowings collateralized by notes receivable	(8,840)
Change in operating assets and liabilities:	
Contracts receivable	(18,109)
Notes receivable	(140,407)
Inventory	34,177
Prepaid expenses and other assets	(2,780)
Accounts payable, accrued liabilities and other	24,125
Net cash provided by operating activities	55,403
Investing activities:	
Purchases of property and equipment	(14,676)
Sales of property and equipment	8
Installment payments on business acquisition	(575)
Investments in statutory business trusts	--
Cash received from retained interests in notes receivable sold	11,231
Net cash used by investing activities	(4,012)
Financing activities:	
Borrowings under line-of-credit facilities and other notes payable	57,640
Payments under line-of-credit facilities and other notes payable	(75,778)
Payments on 10.50% senior secured notes	--
Proceeds from issuance of junior subordinated debentures	--
Payment of debt issuance costs	(3,219)

Proceeds from exercise of stock options	2,556	
Net cash used by financing activities	(18,801)	
Net increase (decrease) in cash and cash equivalents	32,590	
Cash and cash equivalents at beginning of period	53,647	
Cash and cash equivalents at end of period	86,237	
Restricted cash and cash equivalents at end of period	(19,533)	
Unrestricted cash and cash equivalents at end of period	$ 66,704	$

BLUEGREEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS--(Continued)
(In thousands)
(Unaudited)

	Nine Months E	
	September 3	
	2004	
Supplemental schedule of non-cash operating, investing and financing activities:		
Inventory acquired through financing	$ 4,440	$
Inventory acquired through foreclosure or deedback in lieu of foreclosure	$ 7,440	$
Property and equipment acquired through financing	$ 169	$
Retained interests in notes receivable sold	$ 19,094	$
Net change in unrealized gains and losses in retained interests in notes receivable sold	$ 1,224	$
Settlement of business acquisition purchase price	$ 925	$
Conversion of 8.25% convertible subordinated debentures	$ 6,781	$

See accompanying notes to condensed consolidated financial statements.

BLUEGREEN CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005

(Unaudited)

1. Organization and Significant Accounting Policies

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements.

The financial information furnished herein reflects all adjustments consisting of normal recurring items that, in our opinion, are necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods. The results of operations for the nine months ended September 30, 2005 are not necessarily indicative of the results to be expected for the year ending December 31, 2005. For further information, refer to our audited consolidated financial statements for the year ended December 31, 2004, which are included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 16, 2005.

Organization

We provide leisure products and lifestyle choices through our resorts and residential communities businesses. Our resorts business ("Bluegreen 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 in our Bluegreen Vacation Club (supported by an underlying deeded vacation ownership interest being held in trust for the buyer). 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, worldwide vacation ownership exchange network. We are currently marketing and selling VOIs in 18 resorts located in the United States and Aruba, 16 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 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 other related amenities. During the nine months ended September 30, 2005, sales generated by Bluegreen Resorts comprised approximately 64% of our total sales of real estate while sales generated by Bluegreen Communities comprised approximately 36% 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.

Principles of Consolidation

Our condensed 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 4) 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.

Use of Estimates

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

Reclassifications

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

Earnings Per Common Share

Basic earnings per common share is computed 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 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.

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

	Three Months Ended September 30,		Nine Months En September 30	
	2004	2005	2004	20
Basic earnings per share - numerator:				
Net income	$ 16,309	$ 18,665	$ 30,111	$ 39
Diluted earnings per share - numerator:				
Net income - basic	$ 16,309	$ 18,665	$ 30,111	$ 39
Effect of dilutive securities, net of income taxes ...	353	--	1,109	
Net income - diluted	$ 16,662	$ 18,665	$ 31,220	$ 39
Denominator:				
Denominator for basic earnings per share - weighted-average shares	26,298	30,385	25,858	30
Effect of dilutive securities:				
Stock options	990	835	1,053	
Convertible securities	3,358	--	3,652	
Dilutive potential common shares	4,348	835	4,705	

Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions ...	30,646	31,220	30,563	31
Basic earnings per common share	$ 0.62	$ 0.61	$ 1.16	$
Diluted earnings per common share	$ 0.54	$ 0.60	$ 1.02	$

There were approximately 1.4 million stock options not included in diluted earnings per common share during the three and nine months ended September 30, 2005 as the effect would be anti-dilutive. There were no anti-dilutive stock options during the three and nine months ended September 30, 2004.

Retained Interests in Notes Receivable Sold

When we sell our notes receivable either pursuant to our vacation ownership receivables purchase facilities (more fully described in Note 2) or through term securitizations, we evaluate whether or not such transfers should be accounted for as a sale pursuant to Statement of Financial Accounting Standards ("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 holding 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.

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 currently 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 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 the grants of 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 our non-employee directors during the nine months ended September 30, 2004. There were 668,000 stock options granted to our employees during the three and nine months ended September 30, 2005. There were 136,300 stock options granted to certain of our non-employee directors during the three and nine months ended September 30, 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 of the options granted during the nine months ended September 30, 2005 and 2004 was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2005
Dividend yield	0.00%	0.00%
Risk-free investment rate	2.12%	3.98%
Volatility factor of expected market price ..	0.65	0.61
Life	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 periods. 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).

	Three Months Ended September 30,		Nine Months Ende September 30,	
	2004	2005	2004	2005
Net income, as reported	$ 16,309	$ 18,665	$ 30,111	$ 39,44
Pro forma stock-based employee compensation cost, net of income taxes	(60)	(824)	(257)	(94
Pro forma net income	$ 16,249	$ 17,841	$ 29,854	$ 38,50

Earnings per share, as reported:				
Basic	$ 0.62	$ 0.61	$ 1.16	$ 1.3
Diluted	$ 0.54	$ 0.60	$ 1.02	$ 1.2
Pro forma earnings per share:				
Basic	$ 0.62	$ 0.59	$ 1.15	$ 1.2
Diluted	$ 0.54	$ 0.57	$ 1.01	$ 1.2

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

Comprehensive Income

Accumulated other comprehensive income on our condensed consolidated balance sheets is comprised of net unrealized gains on retained interests in notes receivable sold, which are held as available-for-sale investments. The following table discloses the components of our comprehensive income for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ende September 30,	
	2004	2005	2004	2005
Net income	$ 16,309	$ 18,665	$ 30,111	$ 39,44
Net unrealized (losses) gains on retained interests in notes receivable sold, net of income taxes	(935)	591	(783)	1,38
Total comprehensive income	$ 15,374	$ 19,256	$ 29,328	$ 40,83

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. The new standard will become effective for us on January 1, 2006. 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 the periods presented, 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 above (see "Stock

Based Compensation"). 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.

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.

We expect the most significant change under the new standard will be the treatment of VOI sales purchased by customers of our Sampler program. Our Sampler program gives purchasers an opportunity to try our vacation ownership product through a one-year allotment of Bluegreen Vacation Club points that can be used for stays at Bluegreen resorts. In addition, we allow Sampler purchasers a credit of certain amounts paid on their Sampler package towards a down payment on the purchase of a vacation ownership interest. Under the new standard, this credit will result in the deferral of such sales until additional amounts are received from the purchaser, typically through their required mortgage payments.

We estimate that the initial adoption of SFAS No. 152 and SOP 04-2 on January 1, 2006, which we will report as a cumulative effect of a change in accounting principle, will result in a one-time, non-cash after-tax charge of approximately $2.5 million to $4.0 million, or $0.08 to $0.13 per diluted share. The adoption of the SOP is not anticipated to impact our cash flows or financial condition.

2. Sales of Notes Receivable

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 utilizes an owner's trust structure, pursuant to which we sell receivables to Bluegreen Receivables Finance Corporation IX, our wholly-owned, special purpose finance subsidiary ("BRFC IX"), and BRFC IX sells 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 has detailed requirements with respect to the eligibility of receivables for purchase; and, fundings under the BB&T Purchase Facility are 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, is paid at closing in cash. The balance of the purchase price is deferred until such time as BB&T has received a specified return and all servicing, custodial, agent and similar fees and expenses have 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 is being expensed over the funding period of the BB&T Purchase Facility. We act as servicer under the BB&T Purchase Facility for a fee. The BB&T Purchase Facility originally allowed for sales of notes receivable for a cumulative purchase price of up to $140.0 million, but $40 million of the commitment expired on July 5, 2005. The remainder of the committed facility expires on December 30, 2005. The BB&T Purchase Facility includes various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type. BB&T's obligation to purchase under the BB&T Purchase Facility may terminate earlier than the dates noted above upon the occurrence of certain specified events set forth in the BB&T Purchase Facility agreement.

Sales of notes receivable under the BB&T Purchase Facility were as follows during 2005 (in millions):

Date of Sale	Aggregate Principal Balance of Notes Receivable	Purchase Price	Gain Recognized	Initial Fair Value Retained Interest
March 31, 2005	$ 44.9	$ 38.2	$ 1.4	$ 7.8
June 28, 2005	45.0	38.2	1.6	8.1
September 27, 2005	57.6	49.0	2.3	10.4
Total	$ 147.5	$ 125.4	$ 5.3	$ 26.3

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 14% per annum as the portfolios mature; a loss severity rate of 45%; default rates ranging from 9% to 1% per annum as the portfolios mature; and a discount rate of 12%.

As of September 30, 2005, the remaining availability under the BB&T Purchase Facility was $15.1 million, subject to eligibility requirements and fulfillment of conditions precedent.

As of September 29, 2005, the commitment expiration date under our Resort Finance, LLC ("RFL") note purchase agreement was extended three months from September 29, 2005 to December 29, 2005.

3. Lines-of-Credit and Notes Payable

On January 11, 2005, we entered into a $50.0 million revolving credit facility with Resort Finance, LLC ("RFL"). Borrowings from this facility ("RFL A&D Facility") will be used 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 at the collateral property; 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 are sold. The outstanding principal balance of any borrowings under the RFL A&D Facility must be repaid by January 10, 2008. The interest charged on outstanding borrowings will be at a rate equal to the 30-day LIBOR plus 3.90%, subject to a 6.90% floor, and will be payable monthly. We are required to pay a commitment fee equal to 1.00% of the $50.0 million facility amount, which will be 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. On January 11, 2005, we borrowed $9.5 million under the RFL A&D Facility in connection with the acquisition of the Daytona Surfside Inn & Suites resort, which has been renamed Daytona Seabreeze, in Daytona Beach

Shores, Florida (the "Daytona Resort"). The total commitment under the RFL A&D Facility for the Daytona Resort was $14.7 million and the $5.2 million balance of the commitment can be borrowed during 2005 to fund refurbishment of the Daytona Resort. As of September 30, 2005, the outstanding principal balance of borrowings under the RFL A&D Facility was $7.3 million.

4. 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 September 30, 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)	Beginning Optional Redemption Date
Bluegreen Statutory Trust I	$ 23,196	$ 696	3/15/05	9.160%	LIBOR + 4.90%	3/30/10
Bluegreen Statutory Trust II	25,774	774	5/4/05	9.158%	LIBOR + 4.85%	7/30/10
Bluegreen Statutory Trust III	10,310	310	5/10/05	9.193%	LIBOR + 4.85%	7/30/10
	$ 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.

5. 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 10.5% senior secured notes due April 1, 2008 (the "Notes"). On June 27, 2005, we redeemed $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. In connection with the redemption, we recorded a charge of approximately $1.7 million representing the prepayment penalty and a proportionate share of the debt issuance costs related to the principal amount of the redeemed Notes. The remaining balance of debt issuance costs will continue to be amortized through the maturity date of the Notes.

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 therefor. The Notes are unconditionally guaranteed, jointly and severally, by each of our subsidiaries (the "Subsidiary Guarantors"), with the exception of Bluegreen/Big Cedar Vacations, LLC, 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. Supplemental financial information for Bluegreen Corporation, its combined Non-Guarantor Subsidiaries and its combined Subsidiary Guarantors is presented below:

CONDENSED CONSOLIDATING BALANCE SHEETS

(In thousands)

	December 31, 2		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
ASSETS			
Cash and cash equivalents	$ 70,256	$ 16,766	$ 11,516
Contracts receivable, net	--	1,365	26,720
Intercompany receivable	73,778	--	--
Notes receivable, net	--	31,958	89,991
Inventory, net	--	20,605	184,608
Retained interests in notes receivable sold	--	72,099	--
Property and equipment, net	15,084	2,013	57,147
Investments in subsidiaries	213,011	--	3,230
Other assets	2,645	9,150	22,886
Total assets	$ 374,774	$ 153,956	$ 396,098
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	$ 12,353	$ 14,845	$ 52,940
Intercompany payable	--	6,557	67,221
Deferred income taxes	(18,683)	34,210	42,623
Lines-of-credit and notes payable	6,237	26,141	83,267
10.50% senior secured notes payable	110,000	--	--
Total liabilities	109,907	81,753	246,051
Minority interest	--	--	--
Total shareholders' equity	264,867	72,203	150,047
Total liabilities and shareholders' equity	$ 374,774	$ 153,956	$ 396,098

	September 30, 2 (Unaudited)		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
ASSETS			
Cash and cash equivalents	$ 51,065	$ 20,695	$ 16,868
Contracts receivable, net	--	3,304	40,454
Intercompany receivable	108,003	--	--
Notes receivable, net	--	39,563	93,245
Inventory, net	--	19,256	195,702
Retained interests in notes receivable sold	--	96,744	--
Property and equipment, net	14,528	1,475	63,538
Investments in subsidiaries	247,422	--	3,230

Other assets	3,590	8,818	22,070
Total assets	$ 424,608	$ 189,855	$ 435,107
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	$ 12,422	$ 17,362	$ 58,190
Intercompany payable	--	12,142	95,862
Deferred income taxes	(14,833)	43,062	55,482
Lines-of-credit and notes payable	5,889	29,847	53,050
10.50% senior secured notes payable	55,000	--	--
Junior subordinated debentures	59,280	--	--
Total liabilities	117,758	102,413	262,584
Minority interest	--	--	--
Total shareholders' equity	306,850	87,442	172,523
Total liabilities and shareholders' equity	$ 424,608	$ 189,855	$ 435,107

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(In thousands)
(Unaudited)

	Three Months Ended Septe		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
REVENUES			
Sales of real estate	$ --	$ 11,040	$ 150,858
Other resort and communities operations revenue	--	2,359	16,808
Management fees	17,508	--	--
Equity income from subsidiaries	14,223	--	--
Interest income	70	1,777	3,896
Gain on sale of notes receivable	--	3,333	--
	31,801	18,509	171,562
COSTS AND EXPENSES			
Cost of real estate sales	--	3,602	55,185
Cost of other resort and communities operations	--	1,423	18,681
Management fees	--	302	17,204
Selling, general and administrative expenses	12,854	5,905	59,178
Interest expense	1,293	376	1,573
Provision for loan losses	--	410	2,193
Other expense, net	38	38	515
	14,185	12,056	154,529
Income before minority interest and provision			

for income taxes	17,616	6,453	17,033
Minority interest in income of consolidated subsidiary	--	--	--
Income before provision for income taxes	17,616	6,453	17,033
Provision for income taxes	1,307	2,361	6,540
Net income	$ 16,309	$ 4,092	$ 10,493

	Three Months Ended Septe		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
REVENUES			
Sales of real estate	$ --	$ 16,662	$ 150,110
Other resort and communities operations revenue	--	3,559	17,632
Management fees	14,466	--	--
Equity income from subsidiaries	17,539	--	--
Interest income	245	3,679	4,290
Gain on sales of notes receivable	--	2,271	--
	32,250	26,171	172,032
COSTS AND EXPENSES			
Cost of real estate sales	--	5,076	47,790
Cost of other resort and communities operations	--	1,432	18,717
Management fees	--	336	17,203
Selling, general and administrative expenses	9,886	7,521	69,238
Interest expense	1,125	841	1,061
Provision for loan losses	--	473	2,370
Other expense, net	94	685	205
	11,105	16,364	156,584
Income before minority interest and provision for income taxes	21,145	9,807	15,448
Minority interest in income of consolidated subsidiary	--	--	--
Income before provision for income taxes	21,145	9,807	15,448
Provision for income taxes	2,480	4,010	5,195
Net income	$ 18,665	$ 5,797	$ 10,253

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CONDENSED CONSOLIDATING STATEMENTS OF INCOME
(In thousands)
(Unaudited)

	Nine Months Ended Septem		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
REVENUES			
Sales of real estate	$ --	$ 32,711	$ 343,692
Other resort and communities operations revenue	--	6,673	43,771
Management fees	40,599	--	--
Equity income from subsidiaries	28,347	--	--
Interest income	227	6,450	8,807
Gain on sales of notes receivable	--	6,929	--
	69,173	52,763	396,270
COSTS AND EXPENSES			
Cost of real estate sales	--	8,704	123,149
Cost of other resort and communities operations	--	3,942	48,638
Management fees	--	779	39,820
Selling, general and administrative expenses	31,294	17,390	146,094
Interest expense	6,287	1,064	3,988
Provision for loan losses	--	848	5,654
Other (income) expense, net	377	354	(175)
	37,958	33,081	367,168
Income before minority interest and provision for income taxes	31,215	19,682	29,102
Minority interest in income of consolidated subsidiary	--	--	--
Income before provision for income taxes	31,215	19,682	29,102
Provision for income taxes	1,104	6,541	11,204
Net income	$ 30,111	$ 13,141	$ 17,898

	Nine Months Ended Septem		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
REVENUES			
Sales of real estate	$ --	$ 39,589	$ 390,412
Other resort and communities operations revenue	--	10,149	47,854
Management fees	33,028	--	--
Equity income from subsidiaries	45,849	--	--
Interest income	980	8,247	11,212
Gain on sales of notes receivable	--	5,323	--
	79,857	63,308	449,478

COSTS AND EXPENSES			
Cost of real estate sales	--	11,503	125,359
Cost of other resort and communities operations	--	3,850	55,298
Management fees	--	901	44,948
Selling, general and administrative expenses	30,929	19,602	179,460
Interest expense	3,786	2,049	3,989
Provision for loan losses	--	1,190	4,636
Other expense, net	1,845	2,372	452
	36,560	41,467	414,142
Income before minority interest and provision for income taxes	43,297	21,841	35,336
Minority interest in income of consolidated subsidiary	--	--	--
Income before provision for income taxes	43,297	21,841	35,336
Provision for income taxes	3,850	7,985	12,859
Net income	$ 39,447	$ 13,856	$ 22,477

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
Operating activities:			
Net cash provided by operating activities	$ 27,003	$ 5,212	$ 23,188
Investing activities:			
Purchases of property and equipment	(4,365)	(607)	(9,704)
Sales of property and equipment	--	--	8
Installment payments on business acquisition	--	--	(575)
Cash received from retained interests in notes receivable sold	--	11,231	--
Net cash (used) provided by investing activities	(4,365)	10,624	(10,271)
Financing activities:			
Proceeds from borrowings under line-of-credit facilities and notes payable	--	3,179	54,461
Payments under line-of-credit facilities and notes payable	(1,480)	(7,733)	(66,565)
Payment of debt issuance costs	(2,678)	(21)	(520)
Proceeds from exercise of stock options	2,556	--	--
Net cash used by financing activities	(1,602)	(4,575)	(12,624)

Net increase in cash and cash equivalents	21,036	11,261	293
Cash and cash equivalents at beginning of period	29,872	8,716	15,059
Cash and cash equivalents at end of period	50,908	19,977	15,352
Restricted cash and cash equivalents at end of period	(173)	(5,432)	(13,928)
Unrestricted cash and cash equivalents at end of period	$ 50,735	$ 14,545	$ 1,424

	Nine Months Ended September 30,		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combined Subsidiary Guarantors
Operating activities:			
Net cash (used) provided by operating activities	$(15,971)	$ (2,965)	$ 64,082
Investing activities:			
Purchases of property and equipment	(3,924)	(60)	(9,623)
Sales of property and equipment	--	--	7
Installment payments on business acquisition	--	--	(500)
Investment in statutory business trust	(1,780)	--	--
Cash received from retained interests in notes receivable sold	--	7,989	--
Net cash (used) provided by investing activities	(5,704)	7,929	(10,116)
Financing activities:			
Proceeds from borrowings under line-of-credit facilities and notes payable	--	--	25,548
Payments under line-of-credit facilities and notes payable	(775)	(998)	(72,801)
Redemption of 10.50% senior secured notes payable	(55,000)	--	--
Proceeds from issuance of junior subordinated debentures	59,280	--	--
Payment of debt issuance costs	(1,855)	(37)	(1,361)
Proceeds from exercise of stock options	834	--	--
Net cash provided (used) by financing activities	2,484	(1,035)	(48,614)
Net (decrease) increase in cash and cash equivalents	(19,191)	3,929	5,352
Cash and cash equivalents at beginning of period	70,256	16,766	11,516
Cash and cash equivalents at end of period	51,065	20,695	16,868
Restricted cash and cash equivalents at end of period	(174)	(6,709)	(13,795)
Unrestricted cash and cash equivalents at end of period	$ 50,891	$ 13,986	$ 3,073

6. Business Segments

We have two reportable business segments. Bluegreen Resorts develops, markets and sells VOIs in our resorts, 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. Required disclosures for our business segments are as follows (in thousands):

	Bluegreen Resorts	Bluegreen Communities	Totals
For the three months ended September 30, 2004			
Sales of real estate	$ 96,104	$ 65,794	$ 161,898
Other resort and communities operations revenue ...	17,287	1,880	19,167
Depreciation expense	1,387	426	1,813
Field operating profit	19,210	15,584	34,794
For the three months ended September 30, 2005			
Sales of real estate	$ 114,371	$ 52,401	$ 166,772
Other resort and communities operations revenue ...	18,368	2,823	21,191
Depreciation expense	1,790	415	2,205
Field operating profit	23,070	13,566	36,636
For the nine months ended September 30, 2004			
Sales of real estate	$ 235,888	$ 140,515	$ 376,403
Other resort and communities operations revenue ...	44,892	5,552	50,444
Depreciation expense	3,689	1,341	5,030
Field operating profit	43,245	28,173	71,418
For the nine months ended September 30, 2005			
Sales of real estate	$ 277,034	$ 152,967	$ 430,001
Other resort and communities operations revenue ...	50,586	7,417	58,003
Depreciation expense	5,198	1,258	6,456
Field operating profit	50,743	39,253	89,996

Net inventory by business segment:

	December 31, 2004	September 30, 2005
Bluegreen Resorts	$ 126,238	$ 152,111
Bluegreen Communities	78,975	62,847
Total	$ 205,213	$ 214,958

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):

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2005
Field operating profit for reportable segments	$ 34,794	$ 36,636	$ 71,418	$ 89,9
Interest income	5,743	8,214	15,484	20,4
Gain on sales of notes receivable	3,333	2,271	6,929	5,3
Other expense, net	(591)	(984)	(556)	(4,6
Corporate general and administrative expenses	(10,557)	(8,333)	(23,782)	(27,9
Interest expense	(3,242)	(3,027)	(11,339)	(9,8
Provision for loan losses	(2,603)	(2,843)	(6,502)	(5,8
Consolidated income before minority interest and provision for income taxes	$ 26,877	$ 31,934	$ 51,652	$ 67,4

7. Contingencies

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 period from 2001 through 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.

In an unrelated matter, 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 the 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 Bluegreen. If such a case were to be brought against Bluegreen and it is determined that Bluegreen is in violation of South Carolina law, Bluegreen 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.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS

OF OPERATIONS.

Cautionary Statement Regarding Forward-Looking Statements and Risk Factors

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 Quarterly 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 Securities 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, results of claims or litigation pending or brought against us in the future and other factors discussed throughout our SEC filings, 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 are not exclusive and in some cases have affected, and in the future could affect, our actual results and could cause our actual consolidated results to differ materially from those expressed in any forward-looking statements.

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

- We depend on additional funding to finance our operations.

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

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

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

- We may not successfully execute our growth strategy and we may face additional risks as we expand into new markets.

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

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

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

- Extensive federal, state and local laws and regulations affect the way we conduct our business. In addition, 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 must be conducted under the supervision of an attorney licensed in the State of South Carolina. 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 operator alleging, among other things, that such timeshare operator 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 operators in South Carolina, including Bluegreen. If such a case were to be brought against Bluegreen and it is determined that Bluegreen is in violation of South Carolina law, Bluegreen 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.

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

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

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

- The effect of the adoption of SOP 04-2 and SFAS No. 152 could differ from that anticipated or could have a materially adverse impact on the operations of Resort segment.

- Anticipated changes in United States generally accepted accounting principles, especially those related to the sales of notes receivable, could have a material adverse impact on our results of operations.

In addition to the foregoing, reference is also made to other risks and factors detailed in reports filed by the Company with the Securities and Exchange Commission including our Annual Report on Form 10-K for the year ended December 31, 2004.

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.

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. 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 annually 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.

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. For a more detailed discussion of these critical accounting policies see "Critical Accounting Policies and Estimates" appearing in our Annual Report on Form 10-K for the year ended December 31, 2004.

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 reflect the actual economic costs, 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		
	Amount	Percentage of Sales	Amount	Percentage of Sales	Amo
			(dollars in thousands)		
Three Months Ended September 30, 2004					
Sales of real estate	$ 96,104	100%	$ 65,794	100%	$ 161
Cost of real estate sales	(23,873)	(25)	(34,914)	(53)	(58
Gross profit	72,231	75	30,880	47	103
Other resort and communities operations revenues	17,287	18	1,880	3	19
Cost of other resort and communities operations	(18,071)	(19)	(2,033)	(3)	(20
Selling and marketing expenses	(48,154)	(50)	(11,796)	(18)	(59
Field general and administrative expenses (1)	(4,083)	(4)	(3,347)	(5)	(7
Field Operating Profit	$ 19,210	20%	$ 15,584	24%	$ 34
Three Months Ended September 30, 2005					
Sales of real estate	$ 114,371	100%	$ 52,401	100%	$ 166
Cost of real estate sales	(24,974)	(22)	(27,892)	(53)	(52
Gross profit	89,397	78	24,509	47	113
Other resort and communities operations revenues	18,368	16	2,823	5	21
Cost of other resort and communities operations	(17,605)	(15)	(2,544)	(5)	(20
Selling and marketing expenses	(60,396)	(53)	(8,353)	(16)	(68
Field general and administrative expenses (1)	(6,694)	(6)	(2,869)	(5)	(9
Field Operating Profit	$ 23,070	20%	$ 13,566	26%	$ 36

Nine Months Ended September 30, 2004					
Sales of real estate	$ 235,888	100%	$ 140,515	100%	$ 376
Cost of real estate sales	(55,479)	(24)	(76,374)	(54)	(131
Gross profit	180,409	76	64,141	46	244
Other resort and communities operations revenues	44,892	19	5,552	4	50
Cost of other resort and communities operations	(47,112)	(20)	(5,468)	(4)	(52
Selling and marketing expenses	(122,722)	(52)	(27,341)	(19)	(150
Field general and administrative expenses (1)	(12,222)	(5)	(8,711)	(6)	(20
Field Operating Profit	$ 43,245	18%	$ 28,173	20%	$ 71

	Bluegreen Resorts		Bluegreen Communities		
	Amount	Percentage of Sales	Amount	Percentage of Sales	Amo
			(dollars in thousands)		
Nine Months Ended September 30, 2005					
Sales of real estate	$ 277,034	100%	$ 152,967	100%	$ 430
Cost of real estate sales	(58,064)	(21)	(78,798)	(52)	(136
Gross profit	218,970	79	74,169	48	293
Other resort and communities operations revenues	50,586	18	7,417	5	58
Cost of other resort and communities operations	(52,699)	(19)	(6,449)	(4)	(59
Selling and marketing expenses	(150,220)	(54)	(26,837)	(18)	(177
Field general and administrative expenses (1)	(15,894)	(6)	(9,047)	(6)	(24
Field Operating Profit	$ 50,743	18%	$ 39,253	26%	$ 89

(1) General and administrative expenses attributable to corporate overhead have been excluded from the tables. Corporate general and administrative expenses totaled $10.6 million for the three months ended September 30, 2004 and $8.3 million for the three months ended September 30, 2005. Corporate general and administrative expenses totaled $23.8 million for the nine months ended September 30, 2004 and $28.0 million for the nine months ended September 30, 2005. See "Corporate General and Administrative Expenses," below, for further discussion.

Sales and Field Operations. Consolidated sales of real estate increased $4.9 million or 3% from $161.9 million during the three months ended September 30, 2004 to $166.8 million during the three months ended September 30, 2005. Consolidated sales increased 14% from $376.4 million during the nine months ended September 30, 2004 to $430.0 million during the nine months ended

September 30, 2005.

Bluegreen Resorts. During the three months ended September 30, 2004 and September 30, 2005, sales of VOIs contributed $96.1 million (59%) and $114.4 million (69%) of our total consolidated sales, respectively. During the nine months ended September 30, 2004 and September 30, 2005, sales of VOIs contributed $235.9 million (63%) and $277.0 million (64%) 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.

	Three Months Ended		Nine Months Ended	
	September 30, 2004	September 30, 2005	September 30, 2004	September 3 2005
Number of VOI sales transactions	9,735	11,861	24,258	28,719
Average sales price per transaction	$ 10,171	$ 9,931	$ 10,043	$ 9,967
Gross margin	75%	78%	76%	79%

The $18.3 million or 19% increase in Bluegreen Resorts' sales during the three months ended September 30, 2005, as compared to the three months ended September 30, 2004, was due primarily to same-site sales increases at our various sales offices. Same-site sales increased by approximately $13.0 million or 14% during the three months ended September 30, 2005 as compared to the three months ended September 30, 2004. The same-site sales increase was primarily attributable to the increase in sales at The Fountains resort, located in Orlando, Florida. The Fountains generated $9.4 million in sales during the three months ended September 30, 2005 as compared to $3.9 million during the three months ended September 30, 2004. Sales also increased due to our continued focus on marketing to our growing Bluegreen Vacation Club owner base. Sales to owners increased by 42% during the three months ended September 30, 2005 as compared to the three months ended September 30, 2004. This, combined with a 12% overall increase in the number of sales prospects seen by Bluegreen Resorts from approximately 79,000 prospects during the three months ended September 30, 2004 to approximately 88,000 prospects during the three months ended September 30, 2005 and a slightly higher sale-to-tour conversion ratio during 2005, significantly contributed to the overall sales increase during the three months ended

September 30, 2005 as compared to the three months ended September 30, 2004. The increase in the number of prospects seen by Bluegreen Resorts and consequently the increase in sales was also partially due to our five new sales sites, an offsite sales office in Dallas, Texas (opened in October 2004), an offsite sales office in King of Prussia, Pennsylvania (opened in March 2005), The Hammocks at Marathon in Marathon, Florida (opened in August 2004), The Suites at Hershey in Hershey, Pennsylvania (opened in June, 2005), and Daytona SeaBreeze in Daytona Shores, Florida (opened in August, 2005).

The $41.1 million or 17% increase in Bluegreen Resorts' sales during the nine months ended September 30, 2005, as compared to the nine months ended September 30, 2004, was due primarily to same-site sales increases at our various sales offices. Same-site sales increased by approximately $29.6 million or 13% during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. The same-site sales increase was primarily attributable to the increase in sales at The Fountains resort, which generated $24.3 million in sales during the nine months ended September 30, 2005 as compared to $9.0 million during the nine months ended September 30, 2004. The sales increase was also due to our continued focus on marketing to our growing Bluegreen Vacation Club owner base. Sales to owners increased by 37% during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. This, combined with an 11% overall increase in the number of sales prospects seen by Bluegreen Resorts from approximately 199,000 prospects during the nine months ended September 30, 2004 to approximately 222,000 prospects during the nine months ended September 30, 2005 and a slightly higher sale-to-tour conversion ratio during 2005 significantly contributed to the overall sales increase during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. The increase in the number of prospects seen by Bluegreen Resorts and consequently the increase in sales was partially due to our five new sales sites, as described above.

Bluegreen Resorts' gross margin percentages vary between periods based on the relative costs of the specific VOIs sold in each respective period. Bluegreen Resorts' gross margin more typically ranges between 75% and 77%. During the three and nine months ended September 30, 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 we will sell vacation ownership units were constructed and became available for sale at the beginning of 2005 at the Fountains Resort, which has a product cost of approximately 20% of sales price. We anticipate that our gross margin will return to historical levels in the future, due to rising construction costs and expected increase in the cost of real estate for acquisition.

Other resort operations revenues increased $1.1 million or 6% during the three months ended September 30, 2005 as compared to the three months ended September 30, 2004 and increased $5.7 million or 13% during the nine months ended September 30, 2005, as compared to the nine months ended September 30, 2004. The increases during both the three and nine months ended September 30, 2005 as compared to the same periods the prior year were due primarily to increases in revenues from our resort management business, as well as higher fees earned by our wholly-owned title company for providing title processing services on all of our VOI sales, commensurate with the increases in resort sales.

Cost of other resort operations remained consistent during the three months ended September 30, 2005 as compared to the three months ended September 30, 2004 and increased $5.6 million or 12% during the nine months ended September 30, 2005, as compared to the nine months ended September 30, 2004. The increase in the cost of other resort operations during the nine months ended September 30, 2005 was due primarily to increases in the related revenues discussed above as well as due to higher subsidies incurred relative to the property owners' associations that maintain our resorts. These subsidies increased in the aggregate based on an increase in our VOI inventory.

Selling and marketing expenses for Bluegreen Resorts increased $12.2 million or 25% during the three months ended September 30, 2005 as compared to the three months ended September 30, 2004. During the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004, selling and marketing expenses for Bluegreen Resorts increased $27.5 million or 22%. These increases were primarily related to the increase in sales, as most of these expenses are variable with sales. As a percentage of sales, selling and marketing expenses increased to approximately 53% and 54% during the three months and nine months ended September 30, 2005 as compared to 50% and 52% of sales during the three and nine months ended September 30, 2004, respectively, primarily a result of start-up marketing costs incurred at our new sales offices.

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 $2.6 million or 64% during the three months ended September 30, 2005, as compared to the three months ended September 30, 2004. Field general and administrative expenses for Bluegreen Resorts increased $3.7 million or 30% during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. The increase in field general and administrative expenses was primarily a result of the cost of operating our new sales offices.

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As of December 31, 2004 and September 30, 2005, Bluegreen Resorts had no sales or Field Operating Profit deferred under percentage-of-completion accounting. As discussed in further detail in the Notes to Condensed Consolidated Financial Statements, the adoption of a new accounting pronouncement, effective January 1, 2006, will change our treatment of sales incentives and other similarly treated items and will result in the deferral of sales recognition of certain VOI sales financed by the Company.

Bluegreen Communities. During the three months ended September 30, 2004 and September 30, 2005, Bluegreen Communities generated $65.8 million (41%) and $52.4 million (31%) of our total consolidated sales, respectively. During the nine months ended September 30, 2004 and September 30, 2005, Bluegreen Communities generated $140.5 million (37%) and $153.0 million (36%) 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.

	Three Months Ended		Nine Months Ended	
	September 30, 2004	September 30, 2005	September 30, 2004	September 30, 2005
Number of homesites sold	816	469	2,191	1,880
Average sales price per homesite	$ 72,662	$ 82,426	$ 69,212	$ 80,388
Gross margin	47%	47%	46%	48%

Bluegreen Communities' sales decreased $13.4 million or 20% during the three months ended September 30, 2005, as compared to the three months ended September 30, 2004, due primarily to the sell-out of six Communities properties during or prior to the third quarter of 2005. The largest contributors to the decline were the substantial sell-out of Traditions of Braselton, a 1,142 acre golf course community in Braselton, Georgia, and Brickshire, our golf course community located in New Kent Virginia. Sales at Traditions of Braselton were only $0.9 million during the three months ended September 30, 2005 as compared to $13.4 million during the three months ended September 30, 2004. Brickshire, which was sold-out prior to the third quarter of 2005, had sales of $10.5 during the three months ended September 30, 2004. Partially offsetting these declines were higher sales at many of our other properties. Sales recognized at Sanctuary Cove at St.

Andrews Sound, an approximately 500-acre golf course community in Brunswick, Georgia, totaled $16.8 million during the three months ended September 30, 2005 as compared to $5.8 million during the three months ended September 30, 2004. 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 $13.1 million during the three months ended September 30, 2005 as compared to $4.2 million during the three months ended September 30, 2004. During the first half of 2005 we commenced sales at Sugar Tree on the Brazos, a community located outside Fort Worth, Texas, and at Saddle Creek Forest, a community located near Houston, Texas. During the third quarter of 2005 we recognized sales at these two communities of $1.5 million and $0.6 million, respectively. Also, in the summer of 2005, we acquired two additional properties in Texas totaling approximately 2,600 acres. One of these projects, The Settlement at Patriot Ranch near San Antonio, commenced sales in August 2005, and recognized sales of $1.0 million during the third quarter of 2005. The second community, Havenwood at Hunters Crossing, also near San Antonio, is expected to commence sales in early 2006.

Bluegreen Communities' sales increased $12.5 million or 9% during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. Sanctuary Cove recognized sales of approximately $43.7 million during the nine months ended September 30, 2005 compared to $15.6 million during the nine months ended September 30, 2004. Chapel Ridge recognized sales of approximately $25.6 million during the nine months ended September 30, 2005 compared to $4.2 millions during the nine months ended September 30, 2004. Sales at Mystic Shores, located in the Texas Hill Country, totaled $19.6 million during the nine months ended September 30, 2005 as compared to $16.6 million during the nine months ended September 30, 2004. Chapel Ridge, Sugar Tree on the Brazo and Saddle Creek Forest recognized sales of approximately $25.6 million, $4.9 million, and $3.6 million during the nine months ended September 30, 2005, respectively. These increases in sales as well as increases in sales at certain of our other properties were partially offset by decreases in sales in projects that were substantially sold out either during or prior to the nine months ended September 30, 2005.

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' gross margin remained constant at 47% during the three months ended September 30, 2004 and 2005 and increased from 46% during the nine months ended September 30, 2004 to 48% during the nine months ended September 30, 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.) impact the gross margin of

Bluegreen Communities from period to period. These factors, as well as the impact of percentage-of-completion accounting, will cause variations in gross margin between periods, although the gross margin of Bluegreen Communities has historically been between 44% and 51% of sales and is expected to approximate these percentages for the foreseeable future.

Selling and marketing expenses for Bluegreen Communities decreased as a percentage of sales from 18% to 16% during the three months ended September 30, 2004 and September 30, 2005, respectively. Selling and marketing expenses for Bluegreen Communities decreased as a percentage of sales from 19% to 18% during the nine months ended September 30, 2004 and September 30, 2005, respectively. These expenditures decreased as a percentage of sales due to a higher average sales price per homesite coupled with relatively lower selling and marketing expenses at our new golf course communities in Georgia as compared to our other projects.

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. As of September 30, 2005, Bluegreen Communities had $37.8 million of sales and $16.0 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, mergers and acquisitions, mortgage servicing, treasury and legal. Such expenses were $10.6 million and $8.3 million during the three months ended September 30, 2004 and September 30, 2005, respectively. As a percentage of sales of real estate, corporate general and administrative expenses were 7% and 5% during the three months ended September 30, 2004 and September 30, 2005, respectively. Corporate general and administrative expenses were $23.8 million and $28.0 million for the nine months ended September 30, 2004 and September 30, 2005, respectively. As a percentage of sales of real estate, corporate general and administrative expenses were approximately 6% and 7% during the nine months ended September 30, 2004 and September 30, 2005, respectively.

The decrease in corporate general and administrative expenses during the three months ended September 30, 2005 as compared to the three months ended September 30, 2004 was due in part to an expense incurred in the third quarter of 2004 related to the settlement of a sales tax dispute with the State of Wisconsin. The increase in corporate general and administrative expenses during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004, was due primarily to the additional costs incurred in connection with the implementation of and continuing compliance with the requirements associated with the Sarbanes-Oxley Act of 2002, severance costs associated with the departure of our former Chief Financial Officer, as well as increased personnel and other expenses incurred in our information technology, accounting and acquisition and development areas to support our growth.

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 earned totaled $5.7 million and $8.2 million during the three months ended September 30, 2004 and September 30, 2005, respectively. Interest income was $15.5 million for the nine months ended September 30, 2004 and $20.4 million for the nine months ended September 30, 2005.

The increases in interest income during the three and nine months ended September 30, 2005 as compared to the comparable periods ended September 30, 2004 were due to higher interest income earned from our notes receivable and our retained interests in notes receivable sold primarily as a result of higher average aggregate notes receivable and retained interest in notes receivable sold balances during the three and nine months ended September 30, 2005, as compared to the comparable periods ended September 30, 2004. Interest income was reduced by $0.7 million and $1.7 million during the three and nine months ended September 30, 2004, respectively, and $1.6 million during the nine months ended September 30, 2005 for other-than-temporary decreases in the fair value of our retained interest in a 2002 vacation ownership receivables securitization transaction as a result of higher than projected default rates in the portfolio sold.

Gain on Sales of Notes Receivable. During the three months ended September 30, 2004 and September 30, 2005, we sold $25.9 million and $57.6 million, respectively, of notes receivable pursuant to vacation ownership receivables purchase facilities in place during the respective periods. In connection with these sales, we recognized gains on sales of notes receivable of $0.7 million and $2.3 million during the three months ended September 30, 2004 and September 30, 2005, respectively. We also recognized an aggregate gain of $2.6 million in connection with a 2004 term securitization transaction (the "2004 Term Securitization") during the three months ended September 30, 2004.

During the nine months ended September 30, 2004 and September 30, 2005, we sold $86.7 million and $147.5 million, respectively, of notes receivable pursuant to our vacation ownership receivables purchase facilities in place during the respective periods and recognized gains totaling $4.3 million and $5.3 million, respectively. We also recognized an aggregate gain of $2.6 million in connection with the 2004 Term Securitization during the nine months ended September 30, 2004.

Excluding the gain recognized in connection with the 2004 Term Securitization, the increase in the gain on sale of notes receivable recognized during the three and nine months ended September 30, 2005, as compared to comparable periods ended September 30, 2004, reflects a larger amount of receivables being sold during 2005, partially off-set by higher cost of funds and other relevant variables associated with the transactions during the nine months ended September 30, 2005.

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. We have recognized gains on sales of notes receivable each quarter since the three months ended December 31, 2000 (20 consecutive quarters). The generally accepted accounting principles governing our sale of receivable transactions is evolving and achieving off-balance sheet accounting treatment is becoming more difficult. Should our ability to monetize our receivables through off-balance sheet transactions be limited, it may not be possible to achieve gains on sales of receivables in future periods on a quarterly basis.

Interest Expense. Interest expense was $3.2 million and $3.0 million during the three months ended September 30, 2004 and September 30, 2005, respectively. Interest expense was $11.3 million and $9.8 million for the nine months ended September 30, 2004 and September 30, 2005, respectively. The decrease in interest expense during the three- and nine-month periods ended September 30, 2005 as compared to the comparable periods ended September 30, 2004, was primarily as a result of lower average debt outstanding and more interest being capitalized due to increased construction activity, partially off-set by increased borrowing rates.

Provision for Loan Losses. We recorded provisions for loan losses totaling $2.6 and $2.8 during the three months ended September 30, 2004 and September 30, 2005, respectively. The provisions for loan losses for the nine months ended September 30, 2004 and September 30, 2005 were $6.5 million and $5.8 million, respectively. The decrease in the provision for loan losses during the nine months ended September 30, 2005 as compared to the comparable period ended September 30, 2004 was primarily a result of higher non-recourse sales of notes receivable pursuant to our vacation ownership receivables purchase facilities.

The allowance for loan losses by division as of December 31, 2004 and September 30, 2005 was as follows:

	Bluegreen Resorts	Bluegreen Communities	Other	Total
		(dollars in thousands)		
December 31, 2004				
Notes receivable	$ 121,273	$ 10,901	$ 186	$ 132,360
Allowance for loan losses	(9,974)	(251)	(186)	(10,411)
Notes receivable, net	$ 111,299	$ 10,650	$ --	$ 121,949
Allowance as a % of gross notes receivable	8.2%	2.3%	100.0%	7.9%
September 30, 2005				
Notes receivable	$ 132,945	$ 9,202	$ 186	$ 142,333
Allowance for loan losses	(10,397)	(187)	(186)	(10,770)
Notes receivable, net	$ 122,548	$ 9,015	$ --	$ 131,563
Allowance as a % of gross notes receivable	7.8%	2.0%	100.0%	7.6%

Other Expense, net. The increase in other expense, net, during the three and nine months ended September 30, 2005 as compared to the comparable periods ended September 30, 2004, was primarily a result of higher amortization of legal and other expenses related to our vacation ownership receivables purchase facilities. This is a result of having more facilities available during the three and nine months ended September 30, 2005 as compared to the comparable periods ended September 30, 2004. The nine months ended September 30, 2005 also includes the recognition of a $1.7 million loss on the early extinguishment of $55.0 million of our 10.5% Senior Secured Notes.

Minority Interest in Income of Consolidated Subsidiary. We include the results of operations and financial position of Bluegreen/Big Cedar Vacations, LLC (the "Subsidiary"), our 51%-owned subsidiary, in our consolidated financial statements (see Note 1 of the Notes to Condensed 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 $0.4 million and $1.6 during the three months ended

September 30, 2004 and September 30, 2005, respectively. Minority interest in income of consolidated subsidiary was $2.7 million and $3.3 million for the nine months ended September 30, 2004 and September 30, 2005, respectively.

Summary. Based on the factors discussed above, our net income was $16.3 million and $18.7 million for the three months ended September 30, 2004 and September 30, 2005, respectively, and was $30.1 million and $39.4 million for the nine months ended September 30, 2004 and September 30, 2005, respectively.

Changes in Financial Condition

The following table summarizes our cash flows for the nine months ended September 30, 2004 and September 30, 2005 (in thousands):

	Nine months ended	
	September 30, 2004	September 30, 2005
Cash flows provided by operating activities	$ 55,403	$ 45,146
Cash flows used by investing activities	(4,012)	(7,891)
Cash flows used by financing activities	(18,801)	(47,165)
Net increase (decrease) in cash and cash equivalents	$ 32,590	$ (9,910)

Cash Flows From Operating Activities. Cash flows provided by operating activities decreased $10.3 million or 19% from $55.4 million during the nine months ended September 30, 2004 to $45.1 million during the nine months ended September 30, 2005. This decrease was due primarily to higher construction and development spending during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. Additionally, during the nine months ended September 30, 2005 we acquired land for three Bluegreen Communities developments (Saddle Creek Forest, Patriot Ranch, and Havenwood at Hunter's Crossing) and two vacation ownership resorts (Daytona SeaBreeze and SeaGlass Towers), as compared to the acquisition of only one vacation ownership resort (the Suites at Hershey) during the nine months ended September 30, 2004. These acquisition and related construction and development costs were paid with a combination of cash and financing. These cash out flows were partially offset by higher net income and higher proceeds from sales of notes receivable during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004.

Cash Flows From Investing Activities. Cash flows used by investing activities increased $3.9 million or 97% from $4.0 million during the nine months ended September 30, 2004 to $7.9 million during the nine months ended September 30, 2005. This increase was due primarily to lower amounts of cash received from our retained interests in notes receivable sold, as we did not begin receiving cash flows on our retained interest in the 2004 Term Securitization until the third quarter of 2005 due to reserve funding requirements. In addition, during the nine months ended September 30, 2005, we capitalized investments of $1.8 million into statutory business trusts for the purpose of issuing trust preferred securities and investing the proceeds thereof in our junior subordinated debentures (see "Liquidity and Capital Resources").

Cash Flows From Financing Activities. Cash flows used by financing activities increased $28.4 million or 151% from $18.8 million during the nine months ended September 30, 2004 to $47.2 million during the nine months ended September 30, 2005. 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 the nine months ended September 30, 2005 as compared to the nine months ended September 30, 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 has 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.

Subject to available financing and cash, 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 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 September 30, 2005. These facilities do not constitute all of our outstanding indebtedness as of September 30, 2005. Our other indebtedness includes outstanding senior secured notes payable, 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, for the nine months ended September 30, 2005, these expenses approximated 60% of sales. Accordingly, the availability of facilities for the hypothecation and 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. On August 3, 2004, 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 VII, our wholly-owned, special purpose finance subsidiary ("BRFC VII"), and BRFC VII sells the receivables to an owner's 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 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 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, 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 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, which is being amortized over the funding period of the facility. We 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 through October 2, 2006. As of September 30, 2005, the remaining availability under the GE Purchase Facility was $86.4 million, subject to eligibility requirements and conditions precedent.

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) failing to maintain 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 $185.0 million plus 50% of net income following June 30, 2004; (x) the ratio of our debt (excluding our subordinated debentures and, after the expiration of the funding period, up to $600.0 million of receivable-backed indebtedness) to Tangible Net Worth exceeding 2.25 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 623.6 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 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 utilizes an owner's trust structure, pursuant to which we sell receivables to Bluegreen Receivables Finance Corporation IX, our wholly-owned, special purpose finance subsidiary ("BRFC IX"), and BRFC IX sells 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 has detailed requirements with respect to the eligibility of receivables for purchase, and fundings under the BB&T Purchase Facility are 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, is paid at closing in cash. The balance of the purchase price is deferred until such time as BB&T has received a specified return and all servicing, custodial, agent and similar fees and expenses have 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 are being amortized over the funding period of the facility. We act as servicer under the BB&T Purchase Facility for a fee. The BB&T Purchase Facility allows for sales of notes receivable for a cumulative purchase price of up to $140.0 million on a revolving basis, the commitment for $40.0 million of which expired on July 5, 2005, and the remainder of which expires on December 30,

2005. We are currently negotiating a new vacation ownership receivables facility with BB&T. There can be no assurance that any facility will be obtained on favorable terms, if at all.

Through September 30, 2005, we sold $147.5 million of aggregate principal balance of notes receivable under the BB&T Purchase Facility for a cumulative purchase price of $125.4 million. As of September 30, 2005, the remaining availability under the BB&T Purchase Facility was $15.1 million, subject to eligibility requirements and conditions precedent.

The BB&T Purchase Facility includes various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type. BB&T's obligation to purchase under the BB&T Purchase Facility may terminate earlier than the dates noted above upon the occurrence of certain specified events set forth in the BB&T Purchase Facility agreements. These specified events, some of which are subject to materiality qualifiers and cure periods, include, without limitation, (i) our breach of the representations or warranties in the BB&T Purchase Facility; (ii) our failure to perform our covenants in the BB&T Purchase Facility, including, without limitation, a failure to pay principal or interest due to BB & T; (iii) our commencement of a bankruptcy proceeding or the like; (iv) a materially adverse change to us since December 31, 2004; (v) the amount funded under the BB&T Purchase Facility exceeding the funding base; (vi) significant delinquencies or defaults on the receivables sold, or serviced by us generally; (vii) a payment default by us under any other borrowing arrangement when such arrangement is an obligation in excess of 5% of our tangible net worth or an event of default under any indenture, facility or agreement that causes or permits the holder of such obligation to cause such financing arrangement to become due and payable; (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 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 not equaling at least 80% of our tangible net worth at December 31, 2003 plus 80% of any increase in our tangible net worth thereafter; (x) the ratio of our debt to tangible net worth exceeding 3 to 1; or (xi) our failure to perform our servicing obligations.

We have chosen to monetize our receivables through the GE Purchase Facility, the BB&T Purchase Facility (collectively, the "Purchase Facilities") and, historically, other similar facilities, 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 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 generally accepted accounting principles governing the sales of notes receivable are evolving and achieving off-balance sheet accounting treatment is becoming more difficult. Should we become unable to obtain off-balance sheet treatment for future sales of receivables, while it would have minimal impact, if any, on our liquidity, it could have a material adverse impact on our quarterly results of operations and our debt level, which could adversely impact our compliance with debt covenants in current or future finance arrangements.

The Purchase Facilities discussed above are the only ongoing receivables purchase facilities under which we currently have the intent and 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 Purchase Facilities when these facilities are fully funded or expire. 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-type 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 generally 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-type 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.

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

	December 31, 2004	September 30, 2005
On Balance Sheet:		
Retained interests in notes receivable sold	$ 72,099	$ 96,744
Servicing assets (included in other assets)	3,357	3,917
Off Balance Sheet:		
Notes receivable sold without recourse	326,076	416,099
Principal balance due to note receivable purchasers	297,122	356,998

Income Statement:	Three Months Ended September 30, 2004	Three Months Ended September 30, 2005
Gains on sales of notes receivable	$ 3,333	$ 2,271
Interest accretion on retained interests in notes receivable sold	1,122	2,084
Servicing fee income	1,074	1,339
Amortization of servicing assets	(301)	(328)

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2005
Gains on sales of notes receivable	$ 6,929	$ 5,323
Interest accretion on retained interests in notes receivable sold	3,988	4,078
Servicing fee income	3,253	3,875
Amortization of servicing assets	(769)	(970)

Credit Facilities for Bluegreen Resorts' 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 vacation ownership projects.

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 September 15, 2006, and outstanding borrowings mature no later than September 15, 2013. 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 LIBOR plus 4.00% (7.86% at September 30, 2005). During the nine months ended September 30, 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 September 30, 2005, $28.2 million was outstanding under the GMAC Receivables Facility.

The GMAC AD&C Facility. RFC has also provided us with a $75.0 million acquisition, development and construction revolving credit facility for Bluegreen Resorts (the "GMAC AD&C Facility"). The borrowing period on the GMAC AD&C Facility, as amended, expires on September 15, 2006, and outstanding borrowings mature no later than September 15, 2010, 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 LIBOR plus 4.75% (8.61% at September 30, 2005). Interest payments are due monthly. During the nine months ended September 30, 2005, we borrowed $9.6 million under the GMAC AD&C Facility to fund the development of VOIs at The Fountains. As of September 30, 2005, $10.8 million was outstanding under the GMAC AD&C Facility.

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, and outstanding acquisition and development borrowings mature no later than January 1, 2006. The borrowing period for vacation ownership receivables loans under the Textron Facility expires on March 1, 2006, and outstanding vacation ownership receivables borrowings mature no later than March 31, 2009. Acquisition and development principal is being repaid semi-annually commencing September 14, 2004, subject to minimum required amortization, with the balance due upon the earlier of i) the date that 85% of the VOIs in the financed resort are sold or ii) the maturity date. Acquisition and development indebtedness under the facility bears interest at the prime lending rate plus 1.25%, subject to a minimum interest rate of 6.25%. Interest payments are due monthly. Receivable-backed borrowings under the Textron

Facility bear interest at the prime lending rate plus 1.00% (7.75% at September 30, 2005), subject to a 6.00% minimum interest rate. During the nine months ended September 30, 2005, we borrowed $10.5 million collateralized by $11.6 million of vacation ownership receivables. As of September 30, 2005, $4.5 million was outstanding under the Textron Facility.

The RFL A&D Facility. On January 11, 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 are sold. The outstanding principal balance of any borrowings under the RFL A&D Facility must be repaid by January 10, 2008. The interest charged on outstanding borrowings will be the 30-day LIBOR plus 3.90%, subject to a 6.90% floor, and will be payable monthly. We are required to pay a commitment fee equal to 1.00% of the $50.0 million facility amount, which will be 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. On January 11, 2005, we borrowed $9.5 million under the RFL A&D Facility in connection with the acquisition of the Daytona Resort. The total commitment under the RFL A&D Facility for the Daytona Resort is $14.7 million, the $5.2 million balance of which can be borrowed to fund refurbishment of the Daytona Resort. As of September 30, 2005, the outstanding principal balance of borrowings under the RFL A&D Facility was $7.3 million.

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 $10.0 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% (8.00% at September 30, 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% (7.00% at September 30, 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% (7.25% at September 30, 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. At September 30, 2005, the outstanding principal balance under this facility was approximately $4.0 million, approximately $2.9 million of which related to Bluegreen Communities' receivables borrowings and $1.1 million of which related to Bluegreen Resorts' receivables borrowings. Outstanding indebtedness collateralized by receivables is due December 31, 2008.

The GMAC Communities Facility. We have a $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% (7.75% at September 30, 2005) and is payable 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. On July 20, 2005, we borrowed an additional $7.5 million under the GMAC Communities Facility in connection with the acquisition of the Texas Property. As of September 30, 2005, $7.5 million was outstanding under the GMAC Communities Facility.

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 September 30, 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)
Bluegreen Statutory Trust I	$ 23,196	$ 696	3/15/05	9.160%	LIBOR + 4.90%
Bluegreen Statutory Trust II	25,774	774	5/4/05	9.158%	LIBOR + 4.85%
Bluegreen Statutory Trust III	10,310	310	5/10/05	9.193%	LIBOR + 4.85%
	$ 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.

Senior Secured Note Redemption

On June 27, 2005, we used the proceeds from junior subordinated debentures to redeem $55.0 million in aggregate principal amount of our 10.50% senior secured notes payable due April 1, 2008 at a redemption price of 101.75% plus accrued and unpaid interest through June 26, 2005 of approximately $1.4 million.

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 LIBOR plus 2.00% (5.86% at September 30, 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 September 30, 2005, no borrowings were outstanding under the line; however, an aggregate of $607,000 of irrevocable letters of credit were outstanding under this line-of-credit at September 30, 2005. These letters of credit expire on December 31, 2005. This line-of-credit is an available source of short-term liquidity.

Commitments

Our material commitments as of September 30, 2005 included the required payments due on our receivable-backed debt, lines of credit and other notes and debentures 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 as of September 30, 2005, by period due (in thousands):

	Payments Due by Period				
Contractual Obligations	Less than 1 Year	1 -- 3 Years	4 -- 5 Years	After 5 Years	Total
Receivable-backed notes payable	$ 28	$ --	$ 8,546	$ 28,241	$ 36,815
Lines-of-credit and notes payable	20,910	23,499	7,562	--	51,971
10.5% senior secured notes	--	55,000	--	--	55,000
Junior subordinated debentures	--	--	--	59,280	59,280
Noncancelable operating leases	5,249	10,733	6,812	6,795	29,589
Total contractual obligations	$ 26,187	$ 89,232	$ 22,920	$ 94,316	$ 232,655

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 on Contractual Obligations. 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 $607,000 in letters-of-credit outstanding at September 30, 2005, all of which were issued under the unsecured line-of-credit with Wachovia Bank, N.A. These letters-of-credit, which expire on December 31, 2005, were required in connection with obtaining 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 $21.3 million as of September 30, 2005. We estimate that the total cash required to complete our Bluegreen Communities projects in which sales have occurred to be approximately $76.3 million as of September 30, 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.

During 2004, we executed various agreements with Carolinian Resort Development LLC ("CRD") to develop a vacation ownership resort in Myrtle Beach, South Carolina (the "Carolinian Resort"). CRD is obtaining zoning and other approvals (collectively, the "Approvals") for this project and is responsible for constructing the Carolinian Resort for sale to us upon its completion pursuant to plans and specifications agreed-upon by us. The purchase price of the completed Carolinian Resort is anticipated to be $21.0

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million, $2.9 million of which has been paid by us as a deposit and is being held in escrow as of September 30, 2005. Should CRD default under the agreements governing the construction and sale of the Carolinian Resort to us, we may exercise certain remedies including termination of the agreements and a refund for our deposit or specific performance. The Carolinian Resort is expected to be completed in November 2005. RFC has agreed to provide financing to us for the purchase of the Carolinian Resort under the GMAC AD&C Facility, and when financed under this facility, this borrowing would mature in November 2009. See "Liquidity and Capital Resources -- Credit Facilities for Bluegreen Resorts' Receivables and Inventories" for a discussion of the terms of the GMAC AD&C Facility.

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.

We have a large number of 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 4. CONTROLS AND PROCEDURES

a) As of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our principal executive officer and principal financial officer of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), as of September 30, 2005. Based on such evaluation, such officers have concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us required to be included in our periodic SEC filings.

b) There has been no change in our internal control over financial reporting during the quarter ended September 30, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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 during the period from 2001 through 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not purchase any of our equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934. 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 September 30, 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.

Item 6. Exhibits

3.2	Amended and Restated Bylaws of Bluegreen Corporation, as of October 14, 2002, filed as exhibit (Exhibit 3.2) to Form 10-Q on November 13, 2002 inadvertently omitted Article VIII Director Emeritus. A complete copy of the bylaws of Bluegreen Corporation is filed herewith.
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.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements 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: November 9, 2005 By: /S/ GEORGE F. DONOVAN

George F. Donovan
President and
Chief Executive Officer

Date: November 9, 2005	By:	/S/ ANTHONY M. PULEO ------------------------------------ Anthony M. Puleo Senior Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
Date: November 9, 2005	By:	/S/ RAYMOND S. LOPEZ ------------------------------------ Raymond S. Lopez Vice President and Chief Accounting Officer (Principal Accounting Officer)