BLUEGREEN CORP
Form 10-Q
November 09, 2006

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2006

or

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

For the transition period from ________________________ to ________________________

Commission File Number: 0-19292

[LOGO OMITTED]

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 a large accelerated filer, an accelerated filer, or a non-accelerated files. (See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act). (Check one):

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

Indicated the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 3, 2006, there were 30,565,882 shares of the registrant's common stock, $0.01 par value, outstanding.

BLUEGREEN CORPORATION
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TRADEMARKS

The terms "Bluegreen(R)," "Bluegreen Communities(R)," "Bluegreen Vacation Club(R)," "Colorful Places To Live And Play(R)," "You're Going To Like What You See!(R)," "Encore Rewards(R)," "Outdoor Traveler Logo(R)," and the "Bluegreen Logo(R)" are registered in the U.S. Patent and Trademark Office by Bluegreen Corporation.

The terms "The Hammocks at Marathon(TM)," "Orlando's Sunshine Resort(TM)," "Solara Surfside(TM)," "Mountain Run at Boyne(TM)," "The Falls Village(TM)," "Bluegreen Wilderness Club(TM) ," "The Lodge Alley Inn(TM)," "Carolina Grande(TM)" "Harbour Lights(TM)," "Patrick Henry Square(TM)", "SeaGlass Tower(TM)" "Shore Crest Vacation Villas(TM)," "Laurel Crest(TM)," "MountainLoft(TM)," "Daytona SeaBreeze(TM)," "Shenandoah Crossing(TM)," "Christmas Mountain Village(TM)," "Traditions of Braselton(TM)," "Sanctuary Cove at St. Andrews Sound(TM)," "Catawba Falls Preserve(TM)," "Mountain Lakes Ranch(TM)," "Silver Lakes Ranch(TM)," "Mystic Shores(TM)," "Lake Ridge at Joe Pool Lake(TM)," "Ridge Lake Shores(TM)," "Mountain Springs Ranch(TM)," "Havenwood at Hunter's CrossingTM, "Vintage Oaks at the Vineyard(TM), "The Bridges at Preston Crossing(TM)," "Saddle Creek Forest(TM)," "The Settlement at Patriot Ranch(TM)," "Carolina National(TM)," "Brickshire(TM)," "Golf Club at

Brickshire(TM)", "Preserve at Jordan Lake(TM)," "Encore Dividends(TM)," Bluegreen Preferred(TM)," and "Bluegreen Traveler Plus(TM)," are trademarks or service marks of Bluegreen Corporation in the United States.

The term "Big Cedar(R)" and "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.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

ASSETS
Cash and cash equivalents (including restricted cash of $18,321 and $28,222 at December 31, 2005 and September 30, 2006, respectively) ....
Contracts receivable, net ....
Notes receivable (net of allowance of $10,869 and $13,659 at December 31, 2005 and September 30, 2006, respectively) ....
Prepaid expenses ....
Other assets ....
Inventory, net ....
Retained interests in notes receivable sold ....
Property and equipment, net ....
Intangible assets and goodwill ....
Total assets ....
LIABILITIES AND SHAREHOLDERS' EQUITY
Liabilities
Accounts payable ....
Accrued liabilities and other ....
Deferred income ....
Deferred income taxes ....
Receivable-backed notes payable ....
Lines-of-credit and notes payable ....
10.50% senior secured notes payable ....
Junior subordinated debentures ....
Total liabilities ....
Minority interest ....
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; 33,193 and 33,321 shares issued at December 31, 2005 and September 30, 2006, respectively ....
Additional paid-in capital ....
Treasury stock, 2,756 common shares at both December 31, 2005 and September 30, 2006, at cost ....
Accumulated other comprehensive income, net of income taxes ....
Retained earnings ....
Total shareholders' equity ....
Total liabilities and shareholders' equity ....

Note: The condensed consolidated balance sheet at December 31, 2005 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.

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

	Three Months E September 3	
	2005	
Revenues:		
Sales of real estate	$ 166,657	$
Other resort and communities operations revenue	21,311	
Interest income	9,759	
Gain on sales of notes receivable	6,446	
	204,173	
Costs and expenses:		
Cost of real estate sales	52,939	
Cost of other resort and communities operations	20,149	
Selling, general and administrative expenses	86,438	
Interest expense	3,467	
Provision for loan losses	8,803	
Other expense, net	985	
	172,781	
Income before minority interest and provision for income taxes	31,392	
Minority interest in income of consolidated subsidiary	1,584	

Income before provision for income taxes	29,808	
Provision for income taxes	11,476	
Net income	$ 18,332	$
Net income per common share:		
Basic	$ 0.60	$
Diluted	$ 0.59	$
Weighted average number of common and common equivalent shares:		
Basic	30,385	
Diluted	31,220	

See accompanying notes to condensed consolidated financial statements.

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

Revenues:
Sales of real estate
Other resort and communities operations revenue
Interest income
Gain on sales of notes receivable
Costs and expenses:
Cost of real estate sales
Cost of other resort and communities operations
Selling, general and administrative expenses
Interest expense
Provision for loan losses
Other expense, net
Income before minority interest and provision for income taxes
Minority interest in income of consolidated subsidiary
Income before provision for income taxes and cumulative effect of change in accounting principle
Provision for income taxes

Income before cumulative effect of change in accounting principle ....
Cumulative effect of change in accounting principle, net of tax ....
Minority interest in income of cumulative effect of change in accounting principle ....

Net income ....

Income before cumulative effect of change in accounting principle
per common share:
Basic ....

Diluted ....

Cumulative effect of change in accounting principle, net of tax and net of
minority interest in income of cumulative effect of change in accounting
principle per common share:
Basic ....

Diluted ....

Net income per common share:
Basic ....

Diluted ....

Weighted average number of common and common equivalent shares:
Basic ....

Diluted ....

See accompanying notes to condensed consolidated financial statements.

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

Operating activities:
Net income ....
Adjustments to reconcile net income to net cash provided (used) by
operating activities:
Cumulative effect of change in accounting principle, net ....
Non-cash stock compensation expense ....
Minority interest in income of consolidated subsidiary ....
Depreciation and amortization ....

Gain on sales of notes receivable ....
Loss on disposal of property and equipment ....
Provision for loan losses ....
Provision for deferred income taxes ....
Interest accretion on retained interests in notes receivable sold ....
Proceeds from sales of notes receivable ....
Proceeds from borrowings collateralized by notes receivable ....
Payments on borrowings collateralized by notes receivable ....
Change in operating assets and liabilities:
Contracts receivable ....
Notes receivable ....
Inventory ....
Prepaid expenses and other assets ....
Accounts payable, accrued liabilities and other ....

Net cash provided (used) by operating activities ....

Investing activities:
Purchases of property and equipment ....
Installment payments on business acquisition ....
Investments in statutory business trusts ....
Cash received from retained interests in notes receivable sold ....

Net cash (used) provided by investing activities ....

Financing activities:
Borrowings under line-of-credit facilities and other notes payable ....
Payments under line-of-credit facilities and other notes payable ....
Payments on 10.50% senior secured notes payable ....
Proceeds from issuance of junior subordinated debentures ....
Payments of debt issuance costs ....
Proceeds from exercise of stock options ....

Net cash (used) provided by financing activities ....

Net decrease in cash and cash equivalents ....
Cash and cash equivalents at beginning of period ....

Cash and cash equivalents at end of period ....
Restricted cash and cash equivalents at end of period ....

Unrestricted cash and cash equivalents at end of period ....

See accompanying notes to condensed consolidated financial statements.

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

Nine Month
Septemb

2005

Supplemental schedule of non-cash operating, investing and financing activities:

Inventory acquired through financing	$ 28,282
Inventory acquired through foreclosure or deedback in lieu of foreclosure	$ 8,225
Property and equipment acquired through financing	$ 766
Retained interests in notes receivable sold	$ 23,949
Change in net unrealized gains in retained interests in notes receivable sold	$ 1,382

See accompanying notes to condensed consolidated financial statements.

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BLUEGREEN CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2006
(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, 2006, are not necessarily indicative of the results to be expected for the year ending December 31, 2006. For further information, refer to our audited consolidated financial statements for the year ended December 31, 2005, which are included in our 2005 Annual Report on Form 10-K.

Organization

Our resorts business ("Bluegreen Resorts") acquires, develops, markets, sells and manages real estate based vacation ownership interests ("VOIs") in resorts generally located in popular, high-volume, "drive-to" vacation destinations. VOIs in our resorts typically entitle the buyer to use resort accommodations through an annual or biennial allotment of "points" which represent their ownership and beneficial rights in perpetuity in our Bluegreen Vacation Club (supported by an underlying deeded vacation ownership interest being held in trust for the buyer). Depending on the extent of their ownership and beneficial rights, members in our Bluegreen Vacation Club may stay in any of our participating resorts or take advantage of other vacation options, including cruises and stays at approximately 3,700 resorts offered primarily by a

third-party, worldwide vacation ownership exchange network. We are currently marketing and selling VOIs in 21 resorts located in the United States and Aruba, 19 of which have active sales offices. We also sell VOIs at 8 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, 2006, sales recognized by Bluegreen Resorts comprised approximately 68% of our total sales of real estate while sales recognized by Bluegreen Communities comprised approximately 32% of our total sales of real estate. Our other resort and communities operations revenues consist primarily of resort property management services, resort title services, resort amenity operations, sales incentives provided to buyers of VOIs, 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 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 and Adjustments

We have made certain reclassifications of prior period amounts to conform to the current period presentation. Additionally, during the third quarter of 2006, we recorded certain adjustments in our condensed consolidated financial statements. These adjustments, which resulted in a cumulative after-tax increase to net income of approximately $0.9 million, are primarily a result of correcting certain errors in methodology and valuation assumptions as originally used in determining the initial valuation of, and subsequent accounting for, our retained interest in notes receivable sold in connection with the 2005 Term Securitization. We believe that these adjustments, considered individually and in the aggregate, are not material to our audited consolidated financial statements for the year ended December 31, 2005, and our unaudited condensed consolidated financial statements for the quarterly periods ended March 31, 2006, June 30, 2006, and September 30, 2006, and will not be material for the year ended December 31, 2006. Accordingly, results for prior periods have not been restated.

Earnings Per Common Share

We compute basic earnings per common share by dividing net income by the weighted-average number of common shares outstanding. Diluted earnings per common share is computed in the same manner as basic earnings per share, but also gives effect to all dilutive stock options using the treasury stock method. There were approximately 1.4 million and 0.8 million stock options not included in diluted earnings per common share during the three and nine months ended September 30, 2006, respectively, as the effect would be anti-dilutive. There were approximately 0.8 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.

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 Sep
	2005	2006	2005
Basic and diluted earnings per share - numerator:			
Net income	$ 18,332	$ 21,907	$ 39,6
Denominator:			
Denominator for basic earnings per share - weighted-average shares	30,385	30,547	30,3
Effect of dilutive securities:			
Stock options	835	506	8
Denominator for diluted earnings per share - adjusted weighted-average shares	31,220	31,053	31,2
Basic earnings per common share	$ 0.60	$ 0.72	$ 1.
Diluted earnings per common share	$ 0.59	$ 0.71	$ 1.

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, ("SFAS No. 140") 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.

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

Stock-Based Compensation

Effective January 1, 2006, we adopted the provisions of SFAS No. 123 (revised 2004), Share-Based Payment, ("SFAS No. 123R") for our share-based compensation plans. We previously accounted for these plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, ("APB 25") and related interpretations and disclosure requirements established by SFAS No. 123, Accounting for Stock-based Compensation, as amended by SFAS No. 148, Accounting for Stock Based Compensation--Transition and Disclosure. Under APB 25, compensation expense was generally not recorded in earnings for our stock-based options granted under the Bluegreen Corporation 1995 Stock Incentive Plan, 1998 Non-Employee Director Stock Option Plan, or the Bluegreen Corporation 2005 Stock Incentive Plan (collectively, the "Plans"). The pro forma effects on net income and earnings per share for the awards issued under the Plans were instead previously disclosed in a footnote to the financial statements. Under SFAS No. 123R, all share-based compensation is measured at the grant date, based on the fair value of the award, and is recognized as an expense in earnings over the requisite service period.

We adopted SFAS No. 123R using the modified prospective method. Under this transition method, for all share-based awards granted prior to January 1, 2006 that were outstanding as of that date, compensation cost is recognized for the unvested portion over the remaining requisite service period, using the grant-date fair value measured under the original provisions of SFAS No. 123 for pro forma disclosure purposes. Compensation costs will also be recognized for any awards issued, modified, repurchased, or canceled after January 1, 2006.

We utilized the Black-Scholes model for calculating the fair value pro forma disclosures under SFAS No. 123 and will continue to use this model, which is an acceptable valuation approach under SFAS No. 123R. The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, this model requires the input of subjective assumptions, including the

expected price volatility of the underlying stock. Projected data related to the expected volatility and expected life of stock options is based upon historical and other information. Changes in these subjective assumptions can materially affect the fair value of the estimate, and therefore, the existing valuation models do not provide a precise measure of the fair value of our employee stock options.

SFAS No. 123R also requires us to estimate forfeitures in calculating the expense relating to stock-based compensation as opposed to accounting for forfeitures as they occur, which was allowed under SFAS No. 123. We adjusted for this effect with respect to unvested options as of January 1, 2006 in the stock-based compensation expense recognized, which is recorded within selling, general and administrative expense on our condensed consolidated statements of income. This adjustment was not recorded as a cumulative effect adjustment because no compensation cost was recognized prior to the adoption of SFAS No. 123R. In addition, SFAS No. 123R requires us to reflect the tax savings resulting from tax deductions in excess of expense reflected in its financial statements as a financing cash flow rather than as an operating cash flow as in prior periods.

Total compensation costs related to stock-based compensation charged against income during the three and nine months ended September 30, 2006 were $0.9 million and $1.8 million, respectively. On July 3, 2006, stock options to acquire an aggregate of approximately 43,000 shares of our common stock at an exercise price of $11.43 and 26,247 shares of restricted common stock were granted to certain of our non-employee directors. Additionally, on July 19, 2006 our Board of Directors granted stock options to acquire an aggregate of approximately 540,000 shares of our common stock at an exercise price of $12.07 to our Chairman and Vice Chairman and the Company's senior management. 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 granted in 2006 and 2005 were issued with an exercise price equal to the closing price of our common stock on the date of grant. The fair value of the options

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granted during the nine months ended September 30, 2006 and 2005 was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	Three and Nine Months Ended September 30, 2005	Three and Nine Months Ended September 30, 2006
Dividend yield................................	0.00%	0.00%
Risk-free investment rate.....................	3.98%	5.03%
Volatility factor of expected market price......	0.61	0.53
Life..	5.5 years	5.8 years

SFAS No. 123R requires companies to continue to provide the pro forma disclosures required by SFAS No. 123 for all periods presented in which share-based payments were accounted for under the intrinsic value method of APB 25. The following table illustrates the pro forma effect on net income and

earnings per common share as if we had applied the fair-value recognition provisions of SFAS No. 123 to all of our share-based compensation awards for periods prior to the adoption of SFAS No. 123R (in thousands, except per share data):

	Three Months Ended September 30, 2005
	(Pro Forma)
Net income	$ 18,332
Add: Total stock-based compensation expense included in the determination of reported net income, net of related tax effects	15
Deduct: Total stock-based compensation expense determined under the fair value-based method for all awards, net of related tax effects	(839)
Pro forma net income	$ 17,508
Earnings per common share:	
Basic	$ 0.60
Diluted	$ 0.59
Pro forma earnings per common share:	
Basic	$ 0.58
Diluted	$ 0.56

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 Mo[nths Ended] Septe[mber 30,]
	2005	2006	2005
Net income	$ 18,332	$ 21,907	$ 39,642
Change in net unrealized gains on retained interests in notes receivable sold, net of income taxes	850	4,444	826
Total comprehensive income	$ 19,182	$ 26,351	$ 40,468

Cumulative Effect of Change in Accounting Principle from the Adoption of SFAS No. 152

Effective January 1, 2006, we adopted SFAS No. 152, Accounting for Real Estate Time-Sharing Transactions ("SFAS No. 152"). This statement amends SFAS No. 66, Accounting for Sales of Real Estate, and SFAS 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. SFAS No. 152 was issued to address the diversity in practice resulting from a lack of guidance specific to the timeshare industry. 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 and presentation of 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. Restatement of previously reported financial statements is not permitted. Accordingly, as a result of the adoption of SFAS No. 152, our financial statements for periods beginning on or after January 1, 2006, are not comparable, in certain respects, with those prepared for periods ending prior to January 1, 2006.

Many sellers of timeshare interests, including us, provide incentives to customers in connection with the purchase of a VOI. Under SFAS No. 152, the value of such incentives and other similarly treated items are either recorded as a reduction to VOI revenue or recorded in a separate revenue line item within the statements of income, in our case other resort and communities operations revenue. Furthermore, SFAS No. 152 requires that incentives and other similarly treated items such as cash credits earned through our Sampler Program be considered in calculating the buyer's down payment toward the buyer's commitment, as defined in SFAS No. 152, in purchasing the VOI. Our Sampler Program provides purchasers with an opportunity to utilize our vacation ownership product during a one year trial period. In the event the Sampler purchaser subsequently purchases a vacation ownership interest from us, a portion of the amount paid for their Sampler Package is credited toward the down payment on the subsequent purchase. Under SFAS No. 152, the credit given is treated similarly to a sales incentive. If after considering the sales incentive the required buyer's commitment amount, defined as 10% of sales value, is not met, the VOI revenue and related cost of sales and direct selling costs are deferred until the buyer's commitment test is satisfied, generally through the receipt of required mortgage note payments from the buyer. The net deferred VOI revenue and related costs are recorded as a component of deferred income in the accompanying balance sheet as of September 30, 2006. Prior to the adoption of SFAS No. 152, sales incentives were not recorded apart from VOI revenue and were not considered in determining the customer down payment required in the buyer's commitment in purchasing the VOIs.

SFAS No. 152 also amends the relative sales value method of recording VOI cost of sales. Specifically, consideration is now given not only to the costs to build or acquire a project and the total revenue expected to be earned on a project, but also to the sales of recovered vacation ownership interests reacquired on future cancelled or defaulted sales. The cost of VOI sales is calculated by estimating these future costs and recoveries. Prior to the adoption of SFAS No. 152, we did not include the recovery of VOIs in our projected revenues in determining the related cost of the VOIs sold.

SFAS No. 152 changes the treatment of losses on vacation ownership notes and contracts receivable and provides specific guidance on methods to estimate losses. Specifically, SFAS No. 152 requires that the estimated losses on originated mortgages exclude an estimate for the value of recoveries as the recoveries are to be considered in inventory costing, as described above. In addition, the standard requires a change in the classification of our provision for loan losses for vacation ownership receivables that were historically recorded as an expense, requiring that such amount be reflected as a reduction of VOI sales. Furthermore, if we sell our vacation ownership notes receivables in a transaction that qualifies for off-balance sheet sales treatment under SFAS No. 140, the associated allowance for loan losses related to the sold receivables is reversed and reflected as an increase to VOI sales. Prior to the adoption of SFAS No. 152, the allowance on sold receivables was recorded as a component of the gain on sale.

Under SFAS No.152, rental operations, including the usage of our Sampler Program, are accounted for as incidental operations whereby incremental costs in excess of incremental revenue are charged to expense as incurred. Conversely, incremental revenue in excess of incremental costs is recorded as a reduction to VOI inventory. Incremental costs include costs that have been incurred by us during the holding period of the unsold VOIs, such as developer subsidies and maintenance fees. During the three and nine months ended September 30, 2006, all of our rental revenue and Sampler revenue recognized was recorded as an off-set to cost of other resort and communities operations revenue as such amounts were less than the incremental cost. Prior to the adoption of SFAS No. 152, rental revenues were separately presented in the consolidated statements of income as a component of other resort and communities operations revenue and a portion of Sampler proceeds was deferred until the buyer purchased a VOI or the Sampler usage period expired.

The adoption of SFAS No. 152 on January 1, 2006, resulted in a net charge of $4.5 million, which is presented as a cumulative effect of change in accounting principle, net of the related tax benefit and the charge related to minority interest.

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Recent Accounting Pronouncements

In March 2006, the FASB issued SFAS No. 156, Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140, which amends SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, ("SFAS No. 140"). SFAS No. 156 changes SFAS No. 140 by requiring that Mortgage Servicing Rights ("MSRs") be initially recognized at their fair value and by providing the option to either: (1) carry MSRs at fair value with changes in fair value recognized in earnings; or (2) continue recognizing periodic amortization expense and assess the MSRs for impairment as originally required by SFAS No. 140. This option may be applied by class of servicing asset or liability. SFAS No. 156 is effective for all separately recognized servicing assets and liabilities acquired or issued after the beginning of an entity's fiscal year that begins after September 15, 2006, with early adoption permitted. The Company will adopt SFAS No. 156 effective January 1, 2007. We do not expect that the adoption of SFAS No. 156 will result in a material impact to our financial condition, results of operations, cash flows or disclosures.

In July 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The interpretation is effective for fiscal years beginning after December 15, 2006. We have not yet completed our analysis of the impact this Interpretation will have on our financial condition, results of operations, cash flows or disclosures.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ("SFAS No. 157"). SFAS No. 157 establishes a common definition for fair under United States generally accepted accounting principles guidance requiring the use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We will adopt SFAS No. 157 effective January 1, 2008, and are currently assessing the impact the statement will have on our financial condition, results of operations, cash flows or disclosures.

2. Sales of Notes Receivable

On December 28, 2005, BB&T Capital Markets, a division of Scott & Stringfellow, Inc., consummated a $203.8 million private offering and sale of vacation ownership receivable-backed securities (the "2005 Term Securitization"). In addition, the 2005 Term Securitization allowed for us to sell an additional $35.3 million in aggregate principal of our qualifying vacation ownership receivables (the "Pre-funded Receivables"). On December 29, 2005, we sold $16.7 million in Pre-funded Receivables. On March 1, 2006, we sold the $18.6 million balance of Pre-funded Receivables.

On March 28, 2006, we sold $22.3 million in vacation ownership receivables pursuant to a vacation ownership receivables purchase facility (the "2006-A GE Purchase Facility") with General Electric Real Estate ("GE"). On May 23, 2006, we sold an additional $16.6 million in vacation ownership receivables pursuant to the 2006-A GE Purchase Facility. Under the 2006-A GE Purchase Facility, a variable purchase price of approximately 90% 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 GE has received a specified return, a specified over-collateralization 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 a published interest swap arrangement rate as defined in the 2006-A GE Purchase Facility agreements) plus 2.35%, subject to use of alternate return rates in certain circumstances. Subject to compliance with the terms and conditions of funding, the 2006-A GE Purchase Facility allows for sales of notes receivable for a cumulative purchase price of up to $125.0 million through March 2008. As of September 30, 2006, the remaining availability under the 2006-A GE Purchase Facility was $89.9 million of aggregate purchase price, subject to eligibility requirements and fulfillment of conditions precedent.

On September 21, 2006, BB&T Capital Markets, served as initial purchaser and placement agent for a private offering and sale of $139.2 million of our vacation ownership receivable-backed securities (the "2006 Term Securitization"). Approximately $153.0 million in aggregate principal of vacation ownership receivables were securitized in this transaction, including 1) $75.7 million in aggregate principal of receivables that were previously transferred under an existing vacation ownership receivables purchase facility in which Branch Banking and Trust Company ("BB&T") serves as Agent (see "BB&T Purchase Facility" in Note 3 below); 2) $38.0 million of vacation ownership receivables owned by us immediately prior to the 2006 Term Securitization and 3) an additional $39.3 million in aggregate principal of our qualifying vacation ownership receivables (the "2006 Pre-funded Receivables") that can be sold by us through December 22, 2006. Bluegreen Receivables Finance Corporation XII, our

wholly-owned special purpose finance subsidiary ("BRFC XII"), would then sell the 2006 Pre-funded Receivables to

BXG Receivables Note Trust 2006-B, an owners trust (a qualified special purpose entity), without recourse to us or BRFC XII, except for breaches of certain representations and warranties at the time of sale. The expected proceeds of $35.7 million (at an advance rate of 91%) as payment for the 2006 Pre-funded Receivables were originally deposited into an escrow account by the indenture trustee of the 2006 Term Securitization. On October 23, 2006, we sold $27.7 million in 2006 Pre-funded Receivables to BRFC XII and the $25.2 million purchase price was disbursed to us from the escrow account. Following the sale we had $10.5 million in proceeds remaining in the escrow account related to the Pre-funded Receivables.

Sales of notes receivable under the above mentioned transactions during the nine months ended September 30, 2006 were as follows (in millions):

Sale Facility	Aggregate Principal Balance of Notes Receivable	Purchase Price	Gain Recognized	Init Re
2005 Term Securitization	$ 18.6	$ 16.7	$ 4.6	
2006-A GE Purchase Facility	39.0	35.1	6.1	
2006 Term Securitization	113.7	103.5	20.6	
Total	$ 171.3	$ 155.3	$ 31.3	

As a result of adopting SFAS No. 152, approximately $18.1 million and $27.3 million of the gain were recorded as an increase to VOI sales for the three and nine months ended September 30, 2006, respectively. The remaining gain of $3.5 million and $4.0 million have been recorded as a gain on the sales of notes receivable on the accompanying statements of income for the three and nine months ended September 30, 2006, respectively.

The following assumptions were used to measure the initial fair value of the retained interest in notes receivable sold for each of the transactions during the nine months ended September 30, 2006: prepayment rates ranging from 17.0% to 9.0% per annum as the portfolios mature; loss severity rates ranging from 35.0% to 71.3%; default rates ranging from 10.0% to 1.0% per annum as the portfolios mature; and a discount rate of 9.0%.

3. Lines-of-Credit and Receivable-Backed Notes Payable

In February 2006, we increased our revolving acquisition, development and construction credit facility for Bluegreen Resorts ("The GMAC AD&C Facility") with GMAC Residential Funding Corporation ("GMAC RFC") from $75.0 million to $150.0 million. The borrowing period expires on February 15, 2008, and outstanding borrowings mature no later than August 15, 2013, although specific draws typically are due four years from the borrowing date. Indebtedness under The GMAC AD&C Facility bears interest at 30-day LIBOR plus 4.50% (9.83% at September 30, 2006). We borrowed $13.7 million under The GMAC AD&C Facility in connection with the acquisition by Bluegreen Resorts of land in Las Vegas, Nevada, for a total purchase price of $16.1 million, for development of a new

resort. In June 2006, we borrowed $2.0 million and $0.9 million under The GMAC AD&C Facility in connection with the development of Fountains Resort and Carolina Grande Resort, respectively. We also financed $12.9 million of the total $15.2 million purchase price of the first phase of a resort property in Williamsburg, Virginia under this facility and on October 20, 2006 we borrowed $8.5 million for the purchase of the second phase of the Williamsburg resort under The GMAC AD&C Facility.

In February 2006, GMAC RFC extended the borrowing period to February 15, 2008 and the maturity date to February 15, 2015 on our existing $75.0 million revolving vacation ownership receivables credit facility ("The GMAC Receivables Facility"). This facility is used to borrow funds collateralized by our eligible vacation ownership receivables.

In March 2006, we borrowed $18.2 million under an existing acquisition and development credit facility with GMAC RFC ("The GMAC Communities Facility") in connection with the acquisition by Bluegreen Communities of approximately 1,580 acres of land in Grayson County, Texas, for a total purchase price of $26.1 million. In addition to the funds borrowed in connection with the land purchase, we borrowed an additional $9.0 million for general corporate purposes. In April 2006, we borrowed $19.0 million under The GMAC Communities Facility in connection with the acquisition by Bluegreen Communities of approximately 3,100 acres of land in Comal County, Texas, for a total purchase price of $27.3 million. Also in April 2006, we borrowed an additional $9.0 million under this facility for general corporate purposes. In June 2006, we borrowed $15.0 million under The GMAC Communities Facility for general corporate purposes. In October 2006, we borrowed $2.2 million in conjunction with the King Oaks acquisition, a 953 acre community in College Station, TX.

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In May 2006, we borrowed $4.6 million from Wachovia Bank, NA ("Wachovia") in connection with Bluegreen Resorts' acquisition of an existing building to be converted into a sales preview center in Sevierville, Tennessee, for a total purchase price of $5.5 million.

In June 2006, we executed agreements for a $137.5 million vacation ownership receivables revolving purchase facility (the "BB&T Purchase Facility") with BB&T. While ownership of the receivables was transferred for legal purposes, the transfer of the receivables under the facility are accounted for as a financing transaction for financial accounting purposes. Accordingly, the receivables will continue to be reflected as assets and the associated obligations will be reflected as liabilities on our balance sheet. The BB&T Purchase Facility utilizes an owner's trust structure, pursuant to which we transfer receivables to Bluegreen Timeshare Finance Corporation I ("BTFC I"), our wholly-owned, special purpose finance subsidiary, and BTFC I subsequently transfers the receivables to an owner's trust without recourse to us or BTFC I, except for breaches of certain customary representations and warranties at the time of transfer. 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, 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 transferred, 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 and other liquidity providers arranged by BB&T have, in the aggregate, received a specified return (the "Specified Return") and all servicing, custodial, agent and similar fees and expenses have been paid. The Specified Return is equal to either the commercial paper rate or LIBOR rate plus 1.25%, subject to use of alternate return rates in certain circumstances.

In addition, we are paying BB&T structuring and other fees totaling $1.7 million over the term of the facility and we will act as servicer under the BB&T Purchase Facility for a fee. The BB&T Purchase Facility allows for transfers of notes receivable for a cumulative purchase price of up to $137.5 million through May 2008, subject to eligibility requirements and satisfaction of conditions precedent. All amounts previously borrowed under this facility have been repaid as of September 30, 2006, through principal and interest payments received on transferred receivables and through a portion of the proceeds from the 2006 Term Securitization transaction described in Note 2. As such, there were no outstanding amounts due under this facility as of September 30, 2006. As of September 30, 2006, the remaining availability under the BB&T Purchase Facility was $137.5 million.

In September 2006, we borrowed and repaid $6.5 million under an existing unsecured credit facility with Wachovia for general corporate purposes.

Total interest expense capitalized to construction in progress was $2.4 million and $7.5 million for the three and nine months ended September 30, 2005, respectively, and $2.4 million and $8.9 million for the three and nine months ended September 30, 2006, respectively.

4. Trust Preferred Securities Offerings

We have formed business statutory trusts (collectively, the "Trusts") for the purpose of issuing trust preferred securities and investing 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.

On April 24, 2006, one of the Trusts, Bluegreen Statutory Trust IV ("BST IV") issued $15.0 million of trust preferred securities. BST IV 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 will be payable quarterly in arrears at a fixed rate of 10.13% through June 30, 2011, and thereafter at a variable rate of interest, per annum, reset quarterly, equal to the 3-month LIBOR plus 4.85% until the scheduled maturity date of June 30, 2036. Distributions on the trust preferred securities will be cumulative and based upon the liquidation value of the trust preferred security. The trust preferred securities will be 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 five years from the issue date or sooner following certain specified events. In addition, we contributed $464,000 to BST IV in exchange for its common securities, all of which are owned by us. Those proceeds were also used by BST IV to purchase an identical amount of junior subordinated debentures from us. The terms of BST IV's common securities are nearly identical to the trust preferred securities.

On July 21, 2006, a newly-formed wholly-owned statutory business trust, Bluegreen Statutory Trust V ("BST V"), issued $15.0 million of trust preferred securities. BST V 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 will be payable quarterly in arrears at a fixed rate of 10.28% through September 2011, and thereafter at a

floating rate of 4.85% over the 3-month LIBOR until the scheduled maturity date of September 30, 2036. Distributions on the trust preferred securities will be cumulative and based upon the liquidation value of the trust preferred security. The trust preferred securities will be 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 five years from the issue date or sooner following certain specified events. In addition, we contributed $464,000 to BST V in exchange for its common securities, all of which are owned by us, and those proceeds were used by BST V to purchase an identical amount of junior subordinated debentures from us. The terms of BST V's common securities are nearly identical to the trust preferred securities.

The above issuances of trust preferred securities were part of larger pooled trust securities offerings which were not registered under the Securities Act of 1933. Proceeds were used for general corporate purposes and debt repayment.

We had the following junior subordinated debentures outstanding at September 30, 2006 (dollars in thousands):

Trust	Outstanding Amount of Junior Subordinated Debentures	Initial Equity To Trust	Issue Date	Fixed Interest Rate (1)	Variable Interest Rate (2)	R
Bluegreen Statutory Trust I	$ 23,196	$ 696	3/15/05	9.160%	3-month LIBOR + 4.90%	
Bluegreen Statutory Trust II	25,774	774	5/04/05	9.158%	3-month LIBOR + 4.85%	
Bluegreen Statutory Trust III	10,310	310	5/10/05	9.193%	3-month LIBOR + 4.85%	
Bluegreen Statutory Trust IV	15,464	464	4/24/06	10.130%	3-month LIBOR + 4.85%	
Bluegreen Statutory Trust V	15,464	464	7/21/06	10.280%	3-month LIBOR + 4.85%	
	$ 90,208	$2,708				

(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 of $110.0 million in aggregate principal amount of 10.50% senior secured notes payable due April 1, 2008 (the "Notes"). On September 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 September 26, 2005 of approximately $1.4 million. At September 30, 2006, $55.0 million of the Notes remained outstanding.

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 3		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combine Subsidia Guaranto
ASSETS			
Cash and cash equivalents	$ 55,708	$ 15,443	$ 13,
Contracts receivable, net	--	1,801	25,
Intercompany receivable	92,641	--	
Notes receivable, net	--	48,294	79,
Inventory, net	--	17,857	223,
Retained interests in notes receivable sold	--	105,696	
Property and equipment, net	14,569	1,330	63,
Investments in subsidiaries	265,023	--	3,
Other assets	4,028	4,666	19,
Total assets	$ 431,969	$ 195,087	$ 428,
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	$ 20,214	$ 15,077	$ 48,
Intercompany payable	--	4,563	88,
Deferred income taxes	(21,798)	41,824	55,
Lines-of-credit and notes payable	5,607	27,064	64,

10.50% senior secured notes payable	55,000	--	
Junior subordinated debentures	59,280	--	
Total liabilities	118,303	88,528	256,
Minority interest	--	--	
Total shareholders' equity	313,666	106,559	171,
Total liabilities and shareholders' equity	$ 431,969	$ 195,087	$ 428,

	September 30 (Unaudit		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Combine Subsidia Guaranto
ASSETS			
Cash and cash equivalents	$ 22,195	$ 18,877	$ 22,
Contracts receivable, net	--	2,703	34,
Intercompany receivable	176,077	--	
Notes receivable, net	--	55,720	94,
Inventory, net	--	15,686	312,
Retained interests in notes receivable sold	--	125,460	
Property and equipment, net	17,408	1,018	74,
Investments in subsidiaries	286,238	--	3,
Other assets	7,986	4,011	32,
Total assets	$ 509,904	$ 223,475	$ 574,
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Accounts payable, accrued liabilities and other	$ 30,894	$ 21,434	$ 54,
Intercompany payable	--	2,697	173,
Deferred income taxes	(17,630)	51,758	60,
Lines-of-credit and notes payable	4,582	20,546	110,
10.50% senior secured notes payable	55,000	--	
Junior subordinated debentures	90,208	--	
Total liabilities	163,054	96,435	398,
Minority interest	--	--	
Total shareholders' equity	346,850	127,040	175,
Total liabilities and shareholders' equity	$ 509,904	$ 223,475	$ 574,

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

Three Months Ended

	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Co Sub Gua
REVENUES			
Sales of real estate	$ --	$ 16,547	$
Other resort and communities operations revenue	--	3,679	
Management fees	17,539	--	
Equity income from subsidiaries	14,133	--	
Interest income	245	5,224	
Gain on sales of notes receivable	--	6,446	
	31,917	31,896	
COSTS AND EXPENSES			
Cost of real estate sales	--	5,149	
Cost of other resort and communities operations	--	1,432	
Management fees	--	336	
Selling, general and administrative expenses	9,886	7,314	
Interest expense	1,125	1,281	
Provision for loan losses	--	473	
Other expense, net	94	686	
	11,105	16,671	
Income before minority interest and provision for income taxes	20,812	15,225	
Minority interest in income of consolidated subsidiary	--	--	
Income before provision for income taxes	20,812	15,225	
Provision for income taxes	2,480	3,801	
Net income	$ 18,332	$ 11,424	$

Three Months Ended

	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Co Sub Gua
REVENUES			
Sales of real estate	$ --	$ 18,283	$
Other resort and communities operations revenue	--	3,718	
Management fees	17,492	--	
Equity income from subsidiaries	20,219	--	
Interest income	460	8,913	
Gain on sales of notes receivable	--	3,497	
	38,171	34,411	
COSTS AND EXPENSES			
Cost of real estate sales	--	5,693	
Cost of other resort and communities operations	--	1,429	
Management fees	--	222	
Selling, general and administrative expenses	12,172	8,668	

Interest expense	1,968	1,621	
Other expense, net	1,074	327	
	15,214	17,960	
Income before minority interest and provision for income taxes	22,957	16,451	
Minority interest in income of consolidated subsidiary	--	--	
Income before provision for income taxes	22,957	16,451	
Provision for income taxes	1,050	5,222	
Net income	$ 21,907	$ 11,229	$

	Nine Months Ende		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Comb Subsi Guara
REVENUES			
Sales of real estate	$ --	$ 39,594	$ 3
Other resort and communities operations revenue	--	10,149	
Management fees	45,849	--	
Equity income from subsidiaries	33,223	--	
Interest income	980	13,715	
Gain on sales of notes receivable	--	16,044	
	80,052	79,502	4
COSTS AND EXPENSES			
Cost of real estate sales	--	11,576	1
Cost of other resort and communities operations	--	3,850	
Management fees	--	901	
Selling, general and administrative expenses	30,929	18,988	1
Interest expense	3,786	3,326	
Provision for loan losses	--	1,190	
Other expense, net	1,845	2,372	
	36,560	42,203	4
Income before minority interest and provision for income taxes	43,492	37,299	
Minority interest in income of consolidated subsidiary	--	--	
Income before provision for income taxes	43,492	37,299	
Provision for income taxes	3,850	8,107	
Net income	$ 39,642	$ 29,192	$

	Nine Months ende		
	Bluegreen Corporation	Combined Non-Guarantor Subsidiaries	Comb Subsi Guara
REVENUES			
Sales of real estate	$ --	$ 43,427	$ 3
Other resort and communities operations revenue	--	10,788	
Management fees	44,843	--	
Equity income from subsidiaries	21,235	--	
Interest income	1,436	18,412	
Gain on sales of notes receivable	--	4,049	
	67,514	76,676	4
COSTS AND EXPENSES			
Cost of real estate sales	--	13,030	1
Cost of other resort and communities operations	--	3,907	
Management fees	--	675	
Selling, general and administrative expenses	32,267	22,044	2
Interest expense	2,984	3,170	
Other expense, net	71	710	
	35,322	43,536	4
Income before minority interest and provision for income taxes	32,192	33,140	
Minority interest in income of consolidated subsidiary	--	--	
Income before provision for income taxes and cumulative effect of change in accounting principle	32,192	33,140	
Provision for income taxes	4,168	10,717	
Income before cumulative effect of change in accounting principle	28,024	22,423	
Cumulative effect of change in accounting principle, net of tax	--	(1,942)	
Minority interest in income of cumulative effect of change in accounting principle	--	--	
Net income	$ 28,024	$ 20,481	$

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

Nine Months E	
Bluegreen Corporation	Combine Non-Guara Subsidiar

Operating activities:		
Net cash (used) provided by operating activities	$ (15,971)	$ (4,
Investing activities:		
Purchases of property and equipment	(3,924)	
Installment payments on business acquisition	--	
Investment in statutory business trusts	(1,780)	
Cash received from retained interests in notes receivable sold	--	7,
Net cash (used) provided by investing activities	(5,704)	7,
Financing activities:		
Borrowings under line-of-credit facilities and other notes payable .	--	
Payments under line-of-credit facilities and other notes payable ...	(775)	(
Redemption of 10.50% senior secured notes payable	(55,000)	
Proceeds from issuance of junior subordinated debentures	59,280	
Payments of debt issuance costs	(1,855)	
Proceeds from exercise of stock options	834	
Net cash provided (used) by financing activities	2,484	(1,
Net (decrease) increase in cash and cash equivalents	(19,191)	1,
Cash and cash equivalents at beginning of period	70,256	18,
Cash and cash equivalents at end of period	51,065	20,
Restricted cash and cash equivalents at end of period	(174)	(6,
Unrestricted cash and cash equivalents at end of period	$ 50,891	$ 13,

	Nine Months En	
	Bluegreen Corporation	Combine Non-Guara Subsidiar
Operating activities:		
Net cash (used) provided by operating activities	$ (48,289)	$ (15,
Investing activities:		
Purchases of property and equipment	(6,852)	
Investment in statutory business trusts	(928)	
Cash received from retained interests in notes receivable sold	--	21,
Net cash (used) provided by investing activities	(7,780)	21,
Financing activities:		
Borrowings under line-of-credit facilities and other notes payable .	--	
Payments under line-of-credit facilities and other notes payable ...	(7,565)	(
Proceeds from issuance of junior subordinated debentures	30,928	
Payments of debt issuance costs	(980)	(1,
Proceeds from exercise of stock options	173	
Net cash provided (used) by financing activities	22,556	(1,
Net (decrease) increase in cash and cash equivalents	(33,513)	3,
Cash and cash equivalents at beginning of period	55,708	15,
Cash and cash equivalents at end of period	22,195	18,

Restricted cash and cash equivalents at end of period	(173)	(10,
Unrestricted cash and cash equivalents at end of period	$ 22,022	$ 8,

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. Disclosures for our business segments are as follows (in thousands):

	Bluegreen Resorts
For the three months ended September 30, 2005	
Sales of real estate	$ 114,376
Other resort and communities operations revenue	18,368
Depreciation expense	1,790
Field operating profit	23,001
For the three months ended September 30, 2006	
Sales of real estate	$ 130,310
Other resort and communities operations revenue	15,408
Depreciation expense	2,189
Field operating profit	31,492
For the nine months ended September 30, 2005	
Sales of real estate	$ 277,039
Other resort and communities operations revenue	50,586
Depreciation expense	5,198
Field operating profit	50,675
For the nine months ended September 30, 2006	
Sales of real estate	$ 295,831
Other resort and communities operations revenue	39,363
Depreciation expense	6,086
Field operating profit	36,647

Net inventory by business segment (in thousands):

	December 31, 2005	September 3
Bluegreen Resorts	$ 173,338	$ 217
Bluegreen Communities	67,631	110
Total	$ 240,969	$ 328

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Reconciliations to Consolidated Amounts

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

	Three Months Ended September 30,	
	2005	2006
Field operating profit for reportable segments	$ 36,566	$ 42,620
Interest income	9,759	13,020
Gain on sales of notes receivable	6,446	3,497
Other expense, net	(985)	(1,932)
Corporate general and administrative expenses	(8,124)	(13,240)
Interest expense	(3,467)	(6,530)
Provision for loan losses	(8,803)	--
Consolidated income before minority interest and provision for income taxes	$ 31,392	$ 37,435

7. Contingencies

In September 2006, the State of Tennessee Audit Division (the "Division") approved an assessment of approximately $656,000 for sales tax on the use of resort accommodations in our Tennessee properties by VOI owners who became members of Bluegreen Vacation Club through the purchase of non-Tennessee VOIs. In the past the timeshare industry has been successful in avoiding the attempted imposition by various states of sales tax on the reservation and use of accommodations by timeshare owners. We believe the assessment is contrary to Tennessee law. We intend to vigorously challenge the sales tax assessment; however, there is no assurance that we will be successful or that other states won't seek to impose similar assessments.

Bluegreen Southwest One, L.P. ("Southwest"), one of our subsidiaries, is the developer of the Mountain Lakes residential community in Texas. One of the lakes that is an amenity in the development has not filled to the expected level. This condition has resulted in consumer complaints from property owners. We are reviewing the possible causes for the failure of the lake to fill. We are unable to predict the potential cost to correct the condition or the consequences in the event that the condition cannot be corrected.

Also related to the Mountain Lakes subdivision is litigation related to the development of mineral rights within the subdivision. In April 2006, in Lesley, et al v. Bluegreen Southwest One, L.P. acting through its General Partner Bluegreen Southwest Land, Inc., et al, Cause No. 28006 District Court of the 266th Judicial District, Erath County, Texas, plaintiffs filed a First Amended Original Petition (April 2006). Pursuant to this First Amended Original

Petition Plaintiffs seek to develop mineral interests in the Mountain Lakes subdivision and to recover damages from Southwest, alleging breach of contract, breach of fiduciary duty, tortious interference with existing and prospective relationships and intentional invasion or interference with property rights by Southwest, for allegedly interfering with the development of mineral rights held by plaintiffs. Plaintiffs' claims against Southwest total in the aggregate $25 million. The property owners association has filed a cross complaint against us, Southwest and individual directors of the property owners association asserting various tort claims. While no assurances can be given with respect to the outcome of litigation, based on information currently available, we believe that the claims lack merit and intend to vigorously defend ourselves in this matter.

We filed suit against the general contractor with regard to alleged construction defects at our Shore Crest Vacation Villas resort in South Carolina. Whether the matter is settled by litigation or by negotiation it is possible that we may need to participate financially in some way to correct the construction deficiencies. We can not predict the extent of the financial obligation that we may incur.

8. Subsequent Events

On July 27, 2006, the Board of Directors declared a dividend distribution of one Preferred Share Purchase Right (the "Rights") on each outstanding share of our common stock. See our Current Report on Form 8-K and registration statement on Form 8-A, both of which were filed on August 2, 2006, for further discussion of the Rights. On October 16, 2006, in connection with the litigation in the United States District Court for the Southern District of Florida between us, as plaintiff, David A. Siegel, David A. Siegel Revocable Trust, and Central Florida Investments, as defendants (collectively, the "Siegel Shareholders"), and our directors, as counter-defendants (the "Litigation"), the parties entered into a stipulation (the "Stipulation") resolving the Litigation and releasing all related claims. Among other items, the Stipulation provides that in the event any matter recommended for shareholder approval by the Board of Directors and submitted for a vote of our shareholders relates to a merger or a sale of all or substantially all of our assets, the Siegel Shareholders shall have the right to require us to purchase any of our common shares still then owned by the Siegel Shareholders at $11.99 per share, by delivery at least 10 business days prior to the scheduled vote on the contemplated transaction of an irrevocable written notice to us specifying the number of shares to be sold. Closing of the acquisition of the shares shall be subject to consummation of the proposed transaction and shall occur no later than 120 days following the consummation of the transaction. We are currently assessing the accounting consequence, if any, that this right may have on our results of operations or financial condition during any future period, including the fourth quarter of 2006. See our Current Report on Form 8-K and amended registration statement on Form 8-A, both of which were filed on October 18, 2006, for further discussion.

On October 24, 2006 the Company acquired approximately 242 acres of land as an addition to Chapel Ridge for approximately $7.4 million. Chapel Ridge is a 1,032-acre (including the 242-acre purchase) Fred Couples signature golf course community located near Chapel Hill, NC. In conjunction with the acquisition, the Company borrowed approximately $7.2 million from SunTrust Bank N.A.

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 Exchange Act. You may identify these statements by forward-looking words such as "may," "intend," "expect," "anticipate," "believe" "will," "should," "project," "estimate," "plan" or other comparable terminology or by other statements that do not relate to historical facts. All statements, trend analyses and other information relative to the market for our products, remaining life of project sales, our expected future sales, financial position, operating results, liquidity and capital resources, our business strategy, financial plan and expected capital requirements as well as trends in our operations or results are forward-looking statements. These forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond our control, including changes in economic conditions, generally, in areas where we operate, or in the travel and tourism industry, increases in interest rates, changes in regulations and other factors discussed throughout our SEC filings all of which could cause our actual results, performance or achievements, or industry trends, to differ materially from any future results, performance, or achievements or trends expressed or implied herein. Given these uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements and no assurance can be given that the plans, estimates and expectations reflected herein will be achieved. Factors that could adversely affect our future results can also be considered general risk factors with respect to our business, whether or not they relate to a forward-looking statement. We wish to caution you that the important factors set forth below and elsewhere in this report in some cases have affected, and in the future could 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 successfully and efficiently.
- The state of the economy generally, interest rates, the availability of financing and increased fuel prices, in particular, could affect our ability to market VOIs and residential homesites.
- We would incur substantial losses if the customers we finance default on their obligations to pay the balance of the purchase price.
- Our results of operations and financial condition could be adversely impacted if our estimates concerning our notes receivable are incorrect.
- Changes in United States generally accepted accounting principles, especially those related to the sales of notes receivable and accounting for real estate time-sharing transactions, could have a material adverse impact on our results of operations.
- 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, labor and construction materials.

- We may not successfully execute our growth strategy.
- We may face a variety of risks when and if we expand our operations.
- Claims for development-related defects could adversely affect our financial condition and operating results.
- We may face additional risks when and if we expand into new markets.

- The limited resale market for VOIs could adversely affect our business.
- We may be adversely affected by extensive federal, state and local laws and regulations and changes in applicable laws and regulations, including with respect to the imposition of additional taxes on operations.
- 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.

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, 2005.

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.

Effective January 1, 2006, we adopted the provisions of SFAS No. 152, Accounting for Real Estate Time-Sharing Transactions, which changes the rules for many aspects of timeshare accounting, including revenue recognition, inventory costing and incidental operations (See Note 1 of the Notes to Condensed Consolidated Financial Statements for more information on SFAS No. 152 and its impact on our financial statements). The adoption of SFAS No. 152, increased income before cumulative effect of change in accounting principle by $2.4 million or $0.08 per diluted share, and reduced income before cumulative effect of change in accounting principle by $5.5 million or $0.18 per diluted share for the three and nine months ended September 30, 2006, respectively. In addition, we recognized a $4.5 million or $0.14 per diluted share charge for the cumulative effect of a change in accounting principle, net of income tax and minority interest in the nine months ended September 30, 2006, for the adoption of SFAS No. 152. Therefore, on a pro forma basis excluding the impact of SFAS No. 152, net income would have been $19.5 million or $0.63 per diluted share for the three months ended September 30, 2006. On the same pro forma basis, net income would have been $38.0 million or $1.22 per diluted share for the nine months ended September 30, 2006. See "Results of Operations" below for a discussion of the impact of the adoption of SFAS No. 152 on the Resort Division.

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. However, as a result of the required adoption of SFAS No. 152, we anticipate that prospectively the majority of our gross revenues and net earnings will be recognized in the quarters ending in September and December of each year, primarily due to the deferral and subsequent recognition of VOI sales revenue. Also, as SFAS No. 152 does not allow the restatement of prior year results of operations, our 2006 quarterly Statements of Income are not easily comparable to the respective 2005 quarterly Statements of Income. 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 as a consequence, 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 believe that inflation and changing prices have materially impacted our revenues and results of operations, specifically due to periodic increases in the sales prices of our VOIs and homesites and continued increases in construction and development costs. We expect construction and development costs to continue to increase for the foreseeable future. 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 gross margin. In addition, to the extent that inflation in general or increased prices for our VOI and homesites adversely impact consumer sentiment, our results of operations could be adversely impacted. Also, to the extent inflationary trends affect interest rates, a portion of our debt service costs may increase.

We recognize revenue on homesite and VOI sales when a minimum of 10% of the sales price has been received in cash, the refund or rescission period has expired, collectibility of the receivable representing the remainder of the

sales price is reasonably assured and we have completed substantially all of our obligations with respect to any development of the real estate sold. Refund or rescission periods include those required by law and those provided for in our sales contracts. The provisions of SFAS No. 152 require that incentives and other similarly treated items such as customer down payment equity earned through our Sampler Program be considered in calculating the required down payment for our VOI sales. If, after considering the value of sales incentives provided, the required 10% of sales price down payment threshold is not met, the VOI sale and the related cost of sale and direct selling costs are deferred and not recognized until the buyer's commitment test is satisfied, generally through the receipt of required mortgage note payments from the buyer. Further, in cases where all development has not been completed, recognition of income is subject to 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. Effective January 1, 2006, pursuant to SFAS No. 152, the portion of these gains related to the reversal of previously recorded allowances for loan losses on the receivables sold is recorded as a component of revenue on sales of VOIs. 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 were paid or the regular payment formula was resumed. If these situations were to occur on a material basis, it could cause a decline in the fair value of the retained interests and a charge to earnings currently. There is no assurance that the carrying value of our retained interests in notes receivable sold will be fully realized or that future loan sales will be consummated or, if consummated, result in gains. See "Vacation Ownership Receivables Purchase Facilities - Off Balance Sheet Arrangements," below.

In addition, we have historically sold vacation ownership receivables to financial institutions through warehouse purchase facilities to monetize the receivables while accumulating receivables for a future term securitization transaction. We have structured our current warehouse purchase facility with BB&T so that legal sales of vacation ownership receivables through this facility will be accounted for as on-balance sheet borrowings rather than as off-balance sheet sales. Therefore, we will not recognize a gain on the sales of receivables transferred to BB&T until such receivables are subsequently included in a properly structured term securitization transaction. In September 2006, we included in the 2006 Term Securitization receivables previously transferred to the BB&T Purchase Facility. As a result, as of September 30, 2006, there were no amounts outstanding under the BB&T Purchase Facility. We expect to transfer additional receivables to the BB&T Purchase Facility or a similar on-balance sheet facility for the foreseeable future which will continue to impact future quarterly earnings patterns as compared to comparable prior periods.

As more fully described in Note 1 of the Condensed Consolidated Financial Statements, net income for the three and nine months ended September 30, 2006, was impacted positively by approximately $0.9 million as a result of cumulative adjustments to correct errors in the methodology and valuation assumptions used in the original recording of and on-going accounting for our retained interest in notes receivable sold in connection with the 2005A Term Securitization transaction. We do not believe the adjustments arising from the changes in methodology and assumptions were material individually or in the aggregate to our results of operations for the years ended December 31, 2005, or the quarters ended March 31, 2006, June 30, 2006, or September 30, 2006, and accordingly, information for prior periods has not been adjusted.

We continue to spend a substantial amount of management time and resources to comply with changing laws, regulations and standards relating to accounting, 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 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 common stock.

Critical Accounting Policies and Estimates

Our discussion and analysis of results of operations and financial condition are based upon our condensed 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 estimated development cost and future sales on recovered VOIs for the purpose of recognizing cost of sales related to VOI sales; our estimate of fair value related to stock-based compensation; 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" in our Annual Report on Form 10-K for the year ended December 31, 2005.

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.

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	Bluegreen Resorts		Bluegreen Communities	
	Amount	Percentage of Sales	Amount	Percent of Sal
			(dollars in thousands)	
Three Months Ended September 30, 2005				
Sales of real estate	$ 114,376	100%	$ 52,281	100
Cost of real estate sales	(25,047)	(22)	(27,892)	(53
Gross profit	89,329	78	24,389	47
Other resort and communities operations revenue	18,368	16	2,943	6
Cost of other resort and communities operations	(17,605)	(15)	(2,544)	(5
Selling and marketing expenses	(60,397)	(53)	(8,354)	(16
Field general and administrative expenses (1)	(6,694)	(6)	(2,869)	(5
Field operating profit	$ 23,001	20%	$ 13,565	26
Three Months Ended September 30, 2006				
Sales of real estate	$ 130,310	100%	$ 42,239	100
Cost of real estate sales	(25,741)	(20)	(20,986)	(50
Gross profit	104,569	80	21,253	50
Other resort and communities operations revenue	15,408	12	3,095	7
Cost of other resort and communities operations	(9,915)	(8)	(3,137)	(7
Selling and marketing expenses	(72,203)	(55)	(6,942)	(16
Field general and administrative expenses (1)	(6,367)	(5)	(3,141)	(7
Field operating profit	$ 31,492	24%	$ 11,128	26
Nine Months Ended September 30, 2005				
Sales of real estate	$ 277,039	100%	$ 152,967	100
Cost of real estate sales	(58,137)	(21)	(78,798)	(52
Gross profit	218,902	79	74,169	48
Other resort and communities operations revenue	50,586	18	7,417	5
Cost of other resort and communities operations	(52,699)	(19)	(6,449)	(4
Selling and marketing expenses	(150,220)	(54)	(26,838)	(18
Field general and administrative expenses (1)	(15,894)	(6)	(9,047)	(6

Field operating profit	$ 50,675	18%	$ 39,252	26
Nine Months Ended September 30, 2006				
Sales of real estate	$ 295,831	100%	$ 140,425	100
Cost of real estate sales	(64,716)	(22)	(76,255)	(54
Gross profit	231,115	78	64,170	46
Other resort and communities operations revenue	39,363	13	9,427	7
Cost of other resort and communities operations	(34,451)	(12)	(8,318)	(6
Selling and marketing expenses	(180,016)	(61)	(21,754)	(15
Field general and administrative expenses (1)	(19,364)	(7)	(8,041)	(6
Field operating profit	$ 36,647	12%	$ 35,484	25

(1) General and administrative expenses attributable to corporate overhead have been excluded from the tables. Corporate general and administrative expenses totaled $8.1 million for the three months ended September 30, 2005 and $13.2 million for the three months ended September 30, 2006. Corporate general and administrative expenses totaled $27.4 million for the nine months ended September 30, 2005 and $34.9 million for the nine months ended September 30, 2006. (See "Corporate General and Administrative Expenses," below, for further discussion).

Sales and Field Operations. Consolidated sales increased $5.8 million from $166.7 million during the three months ended September 30, 2005 to $172.5 million during the three months ended September 30, 2006. Consolidated sales increased $6.3 million from $430.0 million during the nine months ended September 30, 2005 to $436.3 million during the nine months ended September 30, 2006. Excluding the impact of adopting SFAS No. 152, consolidated sales during the three and nine months ended September 30, 2006 would have totaled $167.4 and $457.0 million, respectively.

Bluegreen Resorts. We will use the pro forma presentations below to discuss Bluegreen Resorts results of operations for the 2006 periods, as the pro forma results are more comparable to 2005 than our United States generally accepted accounting principles results of operations under SFAS No. 152.

	Three Months Ended September 30, 2006			
			Pro Forma Excluding Impact of SFAS No. 152	
	Amount	Percentage of Sales	Amount	Percentage of Sales
Sales of real estate	$ 130,310	100%	$ 125,126	100%

	Amount	Percentage of Sales	Amount	Percentage of Sales
Cost of real estate sales	(25,741)	(20)	(26,028)	(21)
Gross profit	104,569	80	99,098	79
Other resort operations revenue	15,408	12	18,298	15
Cost of other resort operations	(9,915)	(8)	(14,065)	(11)
Selling and marketing expenses	(72,203)	(55)	(70,674)	(56)
Field general and administrative expenses	(6,367)	(5)	(6,367)	(5)
Field operating profit	$ 31,492	24%	$ 26,290	21%

	Nine Months Ended September 30, 2006			
			Pro Forma Excluding Impact of SFAS No. 152	
	Amount	Percentage of Sales	Amount	Percentage of Sales
Sales of real estate	$ 295,831	100%	$ 316,624	100%
Cost of real estate sales	(64,716)	(22)	(67,327)	(21)
Gross profit	231,115	78	249,297	79
Other resort operations revenue	39,363	13	46,062	15
Cost of other resort operations	(34,451)	(12)	(44,253)	(14)
Selling and marketing expenses	(180,016)	(61)	(180,609)	(57)
Field general and administrative expenses	(19,364)	(7)	(19,364)	(6)
Field operating profit	$ 36,647	12%	$ 51,133	16%

During the three months ended September 30, 2005 and September 30, 2006, sales of VOIs contributed $114.4 million (69%) and $130.3 million (76%) of our total consolidated sales, respectively. During the nine months ended September 30, 2005 and September 30, 2006, sales of VOIs contributed $277.0 million (64%) and $295.8 million (68%) of our total consolidated sales, respectively. Excluding the impact of SFAS No. 152, sales of VOIs during the three and nine months ended September 30, 2006 would have contributed $125.1 million (75%) and $316.6 million (69%) 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 and sales deferred under SFAS No. 152.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2006	2005	2006
Number of VOI sales transactions	11,861	12,246	28,719	31,365
Average sales price per transaction	$9,931	$10,596	$9,967	$10,521
Gross margin	78%	79%	79%	79%

Bluegreen Resorts' sales increased $15.9 million or 14% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. Excluding the impact of SFAS No. 152, sales would have increased $10.8 million or 9% during the three months ended September 30, 2006 compared to the same period in 2005. The pro forma increase was due primarily to the opening of new sales offices and an increase in same-resort sales at many of our existing sales offices. We opened six new sales sites subsequent to September 30, 2005: an offsite sales office in Atlanta, Georgia (opened in November 2005), an offsite sales office in Chicago, Illinois (opened in February 2006), an offsite sales office in Las Vegas, Nevada (opened in July 2006), an offsite sales office in Wisconsin Dells, Wisconsin (opened in July 2006), and sales offices located at two of our new resorts: Daytona

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Seabreeze in Daytona Beach Shores, Florida (opened in December 2005), and Carolina Grande in Myrtle Beach, South Carolina (opened in March 2006). Same-resort sales increased by approximately 7% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. This increase was also due to our continued focus on marketing to our growing Bluegreen Vacation Club owner base. Sales to owners increased by 39% and accounted for approximately 34% of Resort sales during the three months ended September 30, 2006, compared to 29% during the three months ended September 30, 2005. This, combined with a 6% overall increase in the number of sales prospects seen by Bluegreen Resorts from approximately 88,000 prospects during the three months ended September 30, 2005 to approximately 93,000 prospects during the three months ended September 30, 2006 and a relatively consistent, overall sale-to-tour conversion ratio of 13% during these periods, significantly contributed to the overall sales increase during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. Our sale-to-tour conversion ratio for new prospects (i.e., excluding sales to our existing owners) was approximately 10% and 9% for the three months ended September 30, 2005 and 2006, respectively. The increase in the average sales price per transaction, primarily due to a system-wide price increase effective January 1, 2006, reflected in the above table also contributed to the increase in sales.

Bluegreen Resorts' sales increased $18.8 million or 7% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. Excluding the impact of SFAS No. 152, sales would have increased $39.6 million or 14% during the nine months ended September 30, 2006 compared to the same period in 2005. The pro forma increase was due primarily to same-resort sales increases at many of our sales offices. Same-resort sales increased by approximately 11% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. This increase was also due to our continued focus on marketing to our growing Bluegreen Vacation Club owner base. Sales to owners increased by 46% and accounted for 33% of Resort sales during the nine months ended September 30, 2006, compared to 27% during the nine months ended September 30, 2005. This, combined with a 9% overall increase in the number of sales prospects seen by Bluegreen Resorts from approximately 222,000 prospects during the nine months ended September 30, 2005 to approximately 241,000 prospects during the nine months ended September 30, 2006, and a relatively consistent, overall sale-to-tour conversion ratio of 13% during these periods, significantly contributed to the overall sales increase during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. Our sale-to-tour conversion ratio for new prospects (i.e., excluding sales to our existing owners) was approximately 10% for both the nine months ended September 30, 2005 and 2006. The increase in the number of prospects seen by Bluegreen Resorts and consequently the increase in sales was partially due to our six new sales sites, as described above. The increase in the average sales

price per transaction, primarily due to a system-wide price increase effective January 1, 2006, reflected in the above table also contributed to the increase in sales.

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 months ended September 30, 2006, our gross margin was positively impacted by the application of SFAS No. 152 and the previously discussed price increase. These increases were partially off-set during the three months ended September 30, 2006 by a higher proportion of sales of VOIs in relatively higher cost resorts as a result of rising construction costs. Among other things, SFAS No. 152 requires the recognition of a constant margin throughout the selling life of a resort project. As a result of this accounting, cost of sales was reduced by approximately $1.8 million and $0.9 million during the three and nine months ended September 30, 2006, respectively.

Other resort operations revenue decreased $3.0 million or 16% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. Other resort operations revenue decreased $11.2 million or 22% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. The adoption of SFAS No. 152 had the impact of decreasing other resort operations revenue due to the reclassification of rental proceeds from other resort operations revenue to net against cost of other resort operations, partially offset by the classification of revenue for sales incentives for VOI sales to other resort operations revenue. Excluding the impact of SFAS No. 152, other resort operations revenue would have remained relatively the same during the three months ended September 30, 2006 and decreased $4.5 million or 9% during the nine months ended September 30, 2006, as compared to the same periods in the prior year. The pro forma 2006 results represent lower sales of mini-vacation packages on behalf of third parties partially offset by increases in fees earned by our wholly-owned title company as well as higher resort management fees earned by our resort management company. During 2006, we have been transitioning our mini-vacation package business from primarily selling the packages to third-parties to using the sales tours generated by mini-vacations primarily for use at our own sales offices. This has had the effect of increasing the profitability of our other resort operations but consequently increasing our selling and marketing costs. Resort management fees increased in the aggregate due to an increase in the number of resorts to which management such services are provided.

Cost of other resort operations decreased $7.7 million or 44% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. Cost of other resort operations decreased $18.2 million or 35% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. The adoption of SFAS No. 152 had the impact of decreasing cost of other resort operations due primarily to the reclassification of rental proceeds from other resort operations revenue and the reclassification of the net proceeds of the Sampler Program from selling and marketing expenses to a reduction to cost of other resort operations. Excluding the impact of SFAS No. 152, cost of other resort operations would have decreased $3.5 million or 20% and $8.4 million or 16% during the three and nine months ended September 30, 2006, respectively, as compared to the same periods in the prior year. These pro forma decreases reflect the lower cost of mini-vacations sold on behalf of third parties due, as previously discussed, to the reduction in related revenues, partially offset by higher subsidies incurred relative to the property owners' associations that maintain our resorts.

Selling and marketing expenses for Bluegreen Resorts increased $11.8 million or 20% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. As a percentage of sales, selling and marketing expenses increased from 53% during the three months ended September 30, 2005 to 55% during the three months ended September 30, 2006. Selling and marketing expenses for Bluegreen Resorts increased $29.8 million or 20% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. As a percentage of sales, selling and marketing expenses increased from 54% during the nine months ended September 30, 2005 to 61% during the nine months ended September 30, 2006. The adoption of SFAS No. 152 had the impact of increasing selling and marketing expenses as a percentage of sales as a result of the immediate recognition of marketing expenses associated with certain VOI sales that have not yet been recognized, and due to the reclassification of the net profits of the Sampler Program from selling and marketing expenses to a reduction of cost of other resort operations. Excluding the impact of SFAS No. 152, selling and marketing expense would have increased $10.3 million or 17% and $30.4 million or 20% during the three and nine months ended September 30, 2006, as compared to the same periods in 2005. As a percentage of sales, on a pro forma basis, selling and marketing expenses increased from 53% during the three months ended September 30, 2005 to 56% during the three months ended September 30, 2006 and increased from 54% during the nine months ended September 30, 2005 to 57% during the nine months ended September 30, 2006. The increase in selling and marketing expense during the 2006 periods, as compared to the same periods in 2005 reflects a general increase in overall marketing expenses due primarily to start-up costs related to new marketing alliances, higher marketing expenses as a percentage of sales at our newly opened off-site sales offices and the previously discussed transition of our mini-vacations packages from being sold externally to being used internally. 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 assurance can be given that selling and marketing expenses will not increase as a percentage of sales in future periods.

Field general and administrative expenses for Bluegreen Resorts decreased $0.3 million or 5% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. Field general and administrative expenses for Bluegreen Resorts increased $3.5 million or 22% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. The increase during the nine months ended September 30, 2006 was due primarily to the incremental cost of opening and operating our new sales offices.

As of September 30, 2006, approximately $33.9 million and $19.2 million of sales and field operating profit, respectively, were deferred under SFAS No. 152 because the buyers did not make the minimum required initial investment.

Bluegreen Communities. During the three months ended September 30, 2005 and September 30, 2006, Bluegreen Communities generated $52.3 million (31%) and $42.2 million (24%) of our total consolidated sales, respectively. During the nine months ended September 30, 2005 and September 30, 2006, Bluegreen Communities generated $153.0 million (36%) and $140.4 million (32%) 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 September 30,	Nine Months Ended September 30,

	2005	2006	2005	2006
Number of homesites sold	469	393	1,880	1,346
Average sales price per homesite	$82,426	$84,282	$80,388	$82,626
Gross margin	47%	50%	48%	46%

Bluegreen Communities' sales decreased $10.0 million or 19% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005. This was due primarily to the substantial sell-out subsequent to September 30, 2005 of Sanctuary Cove at St. Andrews Sound, an approximately 500-acre golf course community in Brunswick, Georgia and lower recognized sales at Chapel Ridge (Chapel Hill, NC) of approximately $7.4 million. Sales recognized at Sanctuary Cove decreased by $10.9 million. Higher than average sales at Chapel Ridge during the third quarter of 2005, related primarily to the opening of new sections of the community for sale at that time, resulted in an unfavorable sales comparison in the third quarter of 2006. Additionally, we experienced a sales decrease of $3.4 million at Silver Lakes Ranch (Sunset, TX) as a result of the substantial sellout of this community at the end of 2005. Additionally, sales at Sugar Tree on the Brazos (outside Fort Worth, TX) also decreased $3.4 million. These decreases were partially offset by sales increases at certain of our other existing communities and sales at communities which opened for sales after September 30, 2005. Havenwood at Hunter's Crossing, located near San Antonio, Texas, which opened for sales in January of 2006, recognized sales of $2.9 million in the third quarter of 2006. In addition we experienced sales increases at Mystic Shores (Canyon Lake, TX), Mountain Springs Ranch (Canyon Lake, TX), and Catawba Falls Preserve (Black Mountain, NC) of $3.4 million, $3.2 million, and $2.6 million, respectively. Additionally, we also benefited from approximately $1.9 million of incremental revenue due to the sale of a large, non-subdivided parcel at our Traditions of Braselton community in Georgia, which previously sold out of retail homesites.

Bluegreen Communities' sales decreased $12.5 million or 8% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. The decrease was primarily due to the substantial sell-out of Traditions of Braselton and Sanctuary Cove. Traditions of Braselton recognized $2.8 million of sales during the nine months ended September 30, 2006 (including the sale of the large parcel discussed above), as compared to $22.5 million during the nine months ended September 30, 2005. Sales at Sanctuary Cove decreased by $24.8 million for the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. In addition, sales at Brickshire (New Kent, VA) and Silver Lakes Ranch (Sunset, TX) decreased $1.6 million and $5.7 million, respectively, due primarily to the substantial sell out of these communities prior to 2006. Sales also decreased $3.3 million at Sugar Tree on the Brazos and at Chapel Ridge, for reasons previously discussed. These sales decreases were partially offset by sales at Havenwood at Hunter's Crossing which recognized sales of $6.1 million in the nine months ended September 30, 2006. In addition, we recognized increased sales at Fairway Crossing (Huffman, TX), Lake Ridge at Joe Pool Lake (Cedar Hill, TX), Mystic Shores (Canyon Lake, TX), Mountain Springs (Canyon Lake, TX), Catawba Falls (Black Mountain, NC), Saddle Creek Forest (Magnolia, TX) and The Settlement at Patriot Ranch (Luling, TX) of $1.5 million, $2.7 million, $7.2 million, $9.5 million, $5.6 million, $5.4 million and $3.8 million, respectively. Sales in 2006 also benefited from a $7.0 million bulk sale of property near San Diego, California.

In March 2006, we purchased The Bridges at Preston Crossings, an

approximately 1,580-acre planned golf community in Grayson County, Texas, which is located just outside of Dallas, for $26.1 million. Additionally, in April 2006, we purchased Vintage Oaks at the Vineyards, a 3,300-acre parcel in New Braunfels, Texas, which is located just outside San Antonio, for $27.3 million. We also acquired 130 acres in April 2006 for $0.7 million for Saddle Creek Ranch in Magnolia, TX, a follow-on community from our Saddle Creek Forest property. In September 2006, we completed the purchase of a 953-acre parcel in College Station, Texas, located northwest of Houston. This new community, expected to be called King Oaks, was purchased for $3.1 million and is expected be developed into a community with 432 homesites. In November 2006, we acquired an additional 240 acres of land adjacent to our Chapel Ridge community. Based on our assessment of current estimated retail prices and the expected number of homesites to be offered, we currently believe that these recent acquisitions will, in the aggregate, generate estimated life-of-project sales of approximately $399.0 million over an eight year period. We commenced sales at The Bridges at Preston Crossing and Saddle Creek Ranch during September 2006 and Vintage Oaks at the Vineyard during October 2006. We expect to commence sales at King Oaks and at the annex to Chapel Ridge in the forth quarter of 2006

As noted above, certain of our properties substantially sold out earlier in 2005 than previously anticipated as a result of strong demand for our communities. Also as noted above, we have acquired additional new properties and, although there is no assurance that we will be successful, we are continuing to pursue the acquisition of properties in markets where we currently conduct business and in new regions of the country, in order to maintain what we believe are appropriate inventory levels.

Bluegreen Communities' gross margin increased from 47% during the three months ended September 30, 2005 to 50% during the three months ended September 30, 2006, but decreased from 48% during the nine months ended September 30, 2005 to 46% during the nine months ended September 30, 2006. 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 45% and 55% of sales and is expected to approximate these percentages for the foreseeable future. In addition, during the nine months ended September 30, 2006, gross margin was negatively impacted by the bulk sale of property near San Diego, California, which had a relatively low margin.

Selling and marketing expenses for Bluegreen Communities decreased $1.4 million or 17% during the three months ending September 30, 2006, as compared to the same period in 2005. Selling and marketing expenses decreased $5.1 million or 19% during the nine months ending September 30, 2006, as compared to the same period in 2005. As a percentage of sales, selling and marketing expenses for Bluegreen Communities was 16% during both the three months ended September 30, 2005 and 2006 and decreased from 18% to 15% during the nine months ended September 30, 2005 and September 30, 2006, respectively. These expenditures decreased during the nine months ended September 30, 2006 due to lower commissions as a result of lower sales, as compared to the nine months ended September 30, 2005. During the three months ended September 30, 2006, the decrease in commissions due to lower sales was offset by higher advertising expenses as a percentage of sales due primarily to the substantial sellout of Sanctuary Cove and Traditions of Braselton, which had unusually low advertising

costs. In addition, these expenses were lower as a result of a relatively lower commission on the bulk sale of property near San Diego, California in the nine months ended September 30, 2006.

Bluegreen Communities' general and administrative expenses increased $0.3 million or 9% during the three months ended September 30, 2006, as compared to the three months ended September 30, 2005, and decreased $1.0 million or 11% during the nine months ended September 30, 2006, as compared to the nine months ended September 30, 2005. This decrease in general and administrative expenses during the nine months ended September 30, 2006, was due to the closure of five sales offices in the second half of 2005. The offices at Silver Lakes Ranch, Mountain Lakes Ranch, Quail Springs Ranch, Brickshire, and the Traditions of Braselton were closed as a result of the substantial sell out at these locations.

Corporate General and Administrative Expenses. Our corporate general and administrative expenses consist primarily of expenses associated with administering the various, centralized support functions at our corporate headquarters, including accounting, human resources, information technology, mergers and acquisitions, mortgage servicing, treasury and legal. Such expenses were $8.1 million and $13.2 million during the three months ended September 30, 2005 and September 30, 2006, respectively. As a percentage of sales of real estate, corporate general and administrative expenses were 5% and 7% during the three months ended September 30, 2005 and September 30, 2006, respectively. Corporate general and administrative expenses were $27.4 million and $34.9 million for the nine months ended September 30, 2005 and September 30, 2006, respectively. As a percentage of sales of real estate, corporate general and administrative expenses were approximately 6% and 8% during the nine months ended September 30, 2005 and September 30, 2006, respectively.

The increase in corporate general and administrative expenses during the three and nine months ended September 30, 2006, as compared to the three and nine months ended September 30, 2005, reflects the continued expansion of our corporate facilities and increases in personnel and other expenses incurred in our information technology, accounting and acquisition and development areas to support our growth. Also contributing to higher corporate general and administrative expenses in 2006 is the recognition of stock-based compensation as a result of adopting the provisions of SFAS No. 123R and the recognition of expenses totaling approximately $1.8 million associated with the adoption of our shareholders' rights plan and related litigation. During the three and nine months ended September 30, 2006, expense recognized under SFAS No. 123R was $0.8 million and $1.7 million, respectively.

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 totaled $9.8 million and $13.0 million during the three months ended September 30, 2005 and September 30, 2006, respectively. Interest income totaled $25.9 million and $30.7 million during the nine months ended September 30, 2005 and September 30, 2006, respectively. The increase in interest income during the three and nine months ended September 30, 2006, as compared to the same periods in 2005 was due primarily to higher interest accretion on our retained interest in notes receivable sold (as a result of the recognition of additional retained interests late in 2005 and in 2006) and higher average vacation ownership notes receivable balances during 2006 as compared to 2005.

Gain on Sales of Notes Receivable. During the three months ended September 30, 2005 and September 30, 2006, we sold $57.6 million and $113.7 million, respectively, of vacation ownership notes receivable that qualified for off-balance sheet sales treatment under SFAS No. 140. In connection with these sales, we recognized gains on sales of notes receivable of $6.4 million and $21.6 million during the three months ended September 30, 2005 and September 30, 2006, respectively. As a result of adopting SFAS No. 152, approximately $18.1 million of the gain was reflected as an increase to VOI sales during the three months ended September 30, 2006.

During the nine months ended September 30, 2005 and September 30, 2006, we sold $147.6 million and $171.3 million, respectively, of notes receivable and recognized gains totaling $16.0 million and $31.3 million, respectively. As a result of adopting SFAS No. 152, approximately $27.3 million of the gain was reflected as an increase to VOI sales during the nine months ended September 30, 2006.

The amount of notes receivable sold during a period, and therefore the amount of the gain recognized, depends on several factors, including the amount of availability, if any, under receivables purchase facilities that qualify for off-balance sheet (or "sales") treatment under SFAS No. 140, the amount of eligible receivables available for sale, our cash requirements, the covenants and other provisions of the applicable vacation ownership receivables purchase facility (as described further below) and management's discretion as it relates to the timing and amount of receivables to sell as well as management's selection of which facility to utilize for such sale. The United States generally accepted accounting principles governing the accounting for our sale of receivable transactions is evolving and achieving off-balance sheet accounting treatment is becoming more difficult. Due to the complexity of the accounting rules surrounding such transactions, we have decided to limit the use of off-balance sheet structures in the future. We currently intend to structure certain of our vacation ownership receivables purchase facilities, specifically those that are used to accumulate receivables pending a term securitization transaction, in a manner so as to account for sales of receivables under such facilities as on-balance sheet borrowings pursuant to SFAS No. 140. Accordingly, no gains or losses will be recognized on the sales of receivables to such facilities until the receivables are included in an appropriately structured term securitization transaction. This accounting treatment is expected to increase the volatility of our quarterly earnings prospectively, but is not anticipated to materially impact annual earnings. We intend to follow a consistent pattern related to the timing of our term securitization transactions each year, although there can be no assurances that we will be able to achieve such timing, consummate such transactions prospectively, or recognized gains on such transactions.

Interest Expense. Interest expense was $3.5 million and $6.5 million during the three months ended September 30, 2005 and September 30, 2006, respectively. Interest expense was $11.1 million and $13.4 million during the nine months ended September 30, 2005 and September 30, 2006, respectively. The increase in interest expense during the three and nine months ended September 30, 2006, as compared to the comparable periods ended September 30, 2005 was primarily as a result of higher average debt outstanding and rising interest rates partially offset by increased capitalized interest on current development activity. Average debt outstanding in 2006 increased in part as a result of our on-balance sheet treatment of transfers to the BB&T Purchase Facility (as discussed further under "Credit Facilities for Bluegreen Resorts Receivables and Inventories") in 2006.

Total interest expense capitalized to construction in progress was $2.4 million and $7.5 million for the three and nine months ended September 30, 2005, respectively, and $2.4 million and $8.9 million for the three and nine months ended September 30, 2006, respectively.

Provision for Loan Losses. During the three and nine months ended September 30, 2005 we recorded a provision for loan losses of $8.8 million and $21.0 million, respectively. This provision was based on our estimate of the expected performance of our vacation ownership notes receivable, reduced by the value of the underlying inventory that was anticipated to be recovered upon default. Effective January 1, 2006, SFAS No. 152 requires that the estimated losses on originated mortgages exclude the benefit of an estimate for the value of recoveries and further requires that the provision for loan losses for vacation ownership receivables be reflected as a reduction of VOI sales. During the three and nine months ended September 30, 2006, we recorded provisions for loan losses of $18.1 million and $44.0 million, respectively, as a reduction to VOI sales.

The allowance for loan losses by division as of December 31, 2005 and September 30, 2006 was as follows:

	Bluegreen Resorts	Bluegreen Communities	O
	(dollars in thousan		
December 31, 2005:			
Notes receivable	$ 131,058	$ 7,408	$
Allowance for loan losses	(10,466)	(217)	
Notes receivable, net	$ 120,592	$ 7,191	$
Allowance as a % of gross notes receivable	8%	3%	
September 30, 2006:			
Notes receivable	$ 156,951	$ 7,050	$
Allowance for loan losses	(13,265)	(208)	
Notes receivable, net	$ 143,686	$ 6,842	$
Allowance as a % of gross notes receivable	8%	3%	

Other Expense, Net. Other expense, net was $1.0 million for the three months ended September 30, 2005 as compared to $1.9 million for the three months ended September 30, 2006. Other expense, net was $4.7 million as compared to $1.2 million for the nine months ended September 30, 2005 and 2006, respectively. The increase in other expense, net, during the three months ended September 30, 2006 compared to the comparable prior year period was primarily a result of a charge of approximately $630,000 for the loss on disposal of various fixed assets. The decrease in other expense, net during the nine months ended September 30, 2006, as compared to the comparable prior year period was primarily a result of the 2005 recognition of a $1.7 million loss on 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 $1.6 million and $2.2 million during the three months ended September 30, 2005 and September 30, 2006, respectively. Minority interest in income of consolidated subsidiary was $3.3 million $4.9 million during the nine months ended September 30, 2005 and September 30, 2006, respectively.

Provision for Income Taxes. Our effective income tax rate during 2006 is 38.0% as compared to 38.5% during 2005. The decline in 2006 reflects a shift in the mix of our taxable income to states with lower taxes.

Cumulative Effect of Change in Accounting Principle from the Adoption of SFAS No. 152. The adoption of SFAS No. 152 on January 1, 2006 resulted in a net charge of $4.5 million, which is presented as a cumulative effect of change in accounting principle. The cumulative effect of change in accounting principle primarily consists of the deferral of VOI sales and related costs for sales that were previously recognized but did not meet the required down payment threshold at January 1, 2006, due to sales incentives provided to buyers and the treatment of our Sampler Program, and the related tax benefit, net of the cumulative effect of change in accounting principle charge, related to the minority interest in the Subsidiary.

Summary. Based on the factors discussed above, our net income was $18.3 million and $21.9 million during the three months ended September 30, 2005 and September 30, 2006, respectively. Net income for the nine months ended September 30, 2005 and 2006 was $39.6 million and $28.0 million, respectively.

Changes in Financial Condition

The following table summarizes our cash flows for the nine months ended September 30, 2005 and September 30, 2006 (in thousands):

	Nine Months End	
	September 30, 2005	Septe
Cash flows provided (used) by operating activities	$ 43,766	$
Cash flows (used) provided by investing activities	(8,538)	
Cash flows (used) provided by financing activities	(47,165)	
Net decrease in cash	$ (11,937)	$

Cash Flows From Operating Activities. Cash flows provided by operating activities decreased $66.7 million or 152% from an inflow of $43.8 million during the nine months ended September 30, 2005 to an outflow of $22.9 million during the nine months ended September 30, 2006. The decrease in cash flows provided by operating activities during the nine months ended September 30, 2006 compared to the same period the prior year was primarily driven by higher inventory acquisition and development spending and an increase in notes receivable due to increased VOI sales. Partially offsetting the decrease in cash

flows from operations was higher proceeds from the sale of notes receivable during the nine months ended September 30, 2006, as compared to the same period in 2005.

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

Cash Flows From Investing Activities. Cash flows provided by investing activities increased $9.1 million or 106% from an outflow of $8.5 million during the nine months ended September 30, 2005 to an inflow of $0.5 million during the nine months ended September 30, 2006, respectively. This increase was due primarily to higher amounts of cash received from our retained interests in notes receivable sold partially off-set by higher cash expenditures for property and equipment during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2006. In addition, during the nine months ended September 30, 2006, we capitalized investments of $0.9 million as compared to $1.8 million during the nine months ended September 30, 2005, 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 provided by financing activities increased $48.5 million or 103% from a cash outflow of $47.2 million during the nine months ended September 30, 2005 to a cash inflow of $1.4 million during the nine months ended September 30, 2006. This increase was due primarily to the redemption of $55.0 million of our 10.5% Senior Secured Notes as well higher net repayments on our credit facilities during the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2006. The higher debt payments in 2005 were partially offset by the receipt of $59.3 million of proceeds in connection with our issuance of the junior subordinated debentures in the nine months ended September 30, 2005, as compared to the receipt of only $30.9 million of such proceeds during the nine months ended September 30, 2006.

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) down payments 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 growth.

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

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

The following is a discussion of our purchase and credit facilities that were important sources of our liquidity as of September 30, 2006. These facilities do not constitute all of our outstanding indebtedness as of September 30, 2006. Our other indebtedness includes outstanding senior secured notes payable, junior subordinated debentures, and 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 monetize 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 down payment of 10% of the purchase price in cash at the time of sale, however, selling, marketing and administrative expenses are primarily cash expenses and, in our case for the nine months ended September 30, 2006, approximated 61% of sales. Accordingly, having facilities available for the hypothecation or sale of these vacation ownership receivables is a critical factor to our ability to meet our short and long-term cash needs.

The GE Purchase Facility. In March 2006, we executed agreements for a vacation ownership receivables purchase facility (the "GE Purchase Facility") with General Electric Real Estate ("GE"). The GE Purchase Facility utilizes an owner's trust structure, pursuant to which we sell receivables to Bluegreen Receivables Finance Corporation XI, our wholly-owned, special purpose finance subsidiary ("BRFC XI"), and BRFC XI sells the receivables to an owner's trust (a qualified special purpose entity) without recourse to us or BRFC XI except for

breaches of certain customary representations and warranties at the time of sale. We did not enter into any guarantees in connection with the GE Purchase Facility. The GE Purchase Facility has detailed requirements with respect to the eligibility of receivables for purchase, and fundings under the GE Purchase Facility are subject to certain conditions precedent. Under the GE Purchase Facility, a variable purchase price of approximately 90% of the principal balance of the receivables sold, subject to adjustment under certain terms and conditions, is paid at closing in cash. The balance of the purchase price is deferred until such time as GE has received a specified return, a specified overcollateralization ratio is achieved, a cash reserve account is fully funded and all servicing, custodial, agent and similar fees and expenses have been paid. GE is entitled to receive a return equal to the applicable Swap Rate (which is essentially a published interest swap arrangement rate as defined in the GE Purchase Facility agreements) plus 2.35%, subject to use of alternate return rates in certain circumstances. In addition, we paid GE a structuring fee of approximately $437,500 in March 2006. Subject to the terms of the agreements, we will act as servicer under the GE Purchase Facility for a fee.

The GE Purchase Facility includes various conditions to purchase, covenants, trigger events and other provisions customary for a transaction of this type. 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 or similar proceedings; (v) the amount of any advance under the GE Purchase Facility failing to meet a specified overcollateralization amount; (vi) significant delinquencies or defaults on the receivables sold; (vii) recovery rates falling below a pre-determined amount; (viii) a default or breach under any other agreement beyond the applicable grace period if such default or breach (a) involves the failure to make a payment in excess of 5% of our Tangible Net Worth (as defined in the GE Purchase Facility agreements to include our subordinated debentures) or (b) causes, or permits the holder of indebtedness to cause, an amount in excess of 5% of our Tangible Net Worth to become due; (ix) our Tangible Net Worth at the end of any calendar quarter not equaling at least $303.3 million plus 50% of net income following December 31, 2005; (x) the ratio of our debt (excluding our subordinated debentures and receivable-backed debt of no more than $600 million) to Tangible Net Worth exceeding 2.50 to 1; (xi) the ratio of our consolidated earnings before interest, taxes, depreciation and amortization to our interest expense (net of interest income) falling below 2.00 to 1; (xii) the number of points available in the Bluegreen Vacation Club falling below approximately 930.7 million

points; (xiii) our ceasing to conduct the vacation ownership business or to 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 GE Purchase Facility allows for sales of notes receivable for a cumulative purchase price of up to $125.0 million through March 2008. On March 28, 2006, the Company sold $22.3 million in vacation ownership receivables under the GE Purchase Facility. On May 23, 2006, we sold an additional $16.6 million in vacation ownership receivables pursuant to the GE Purchase Facility. As of September 30, 2006, the remaining availability under the GE Purchase Facility was $89.9 million in cumulative purchase price, subject to eligibility requirements and fulfillment of conditions precedent.

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

The GE Purchase Facility discussed above and the on-balance sheet BB&T Purchase Facility discussed under "Credit Facilities for Bluegreen Resorts' Receivables and Inventories" are the only ongoing receivables purchase facilities under which we currently have the ability to sell or transfer 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 or will be in a position to replace our existing purchase facilities when they 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 transaction, the cash payments received from obligors on the receivables sold are distributed to the investors (which, depending on the transaction, may acquire the receivables directly or purchase an interest in, or make loans secured by the receivables to, a trust that owns the receivables), parties providing services in connection with the facility, and our special purpose subsidiary as the holder of the retained interests in the receivables according to specified formulas. In general, available funds are applied monthly to pay fees to service providers, make interest and principal payments to investors, fund required reserves, if any,

and pay distributions in respect of the retained interests in the receivables. Pursuant to the terms of the transaction documents, however, to the extent the portfolio of receivables fails to satisfy specified performance criteria (as may occur due to an increase in default rates or loan loss severity) or other trigger events, the funds received from obligors are distributed on an accelerated basis to investors. In effect, during a period in which the accelerated payment formula is applicable, funds go to outside investors until they receive the full amount owed to them and only then are payments made to our subsidiary in its capacity as the holder of the retained interests. Depending on the circumstances and the transaction, the application of the accelerated payment formula may be permanent or temporary until the trigger event is cured. If the accelerated payment formula were to become applicable, the cash flow on the retained interests in the receivables would be reduced until the outside investors were paid or the regular payment formula was resumed. Such a reduction in cash flow could cause a decline in the fair value of our retained interests in the receivables sold. Declines in fair value that are determined to

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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, each securitization facility provides that 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 GE Purchase Facility and prior off-balance sheet, receivables purchase facilities during the periods presented (in thousands):

	December 31, 2005
On Balance Sheet:	
Retained interests in notes receivable sold	$ 105,696
Off Balance Sheet:	
Notes receivable sold without recourse	429,403
Principal balance owed to note receivable purchasers	396,679

	Three Mont
	September 30, 2005
Income Statement:	
Gain on sales of notes receivable	$ 6,446
Interest accretion on retained interests in notes receivable sold	2,547
Servicing fee income	1,224

	Nine Mont
	September 30, 2005
Income Statement:	
Gain on sales of notes receivable	$ 16,044
Interest accretion on retained interests in notes receivable sold	6,909
Servicing fee income	3,522

We recorded gains on the sale of notes receivable of $21.6 million and $31.3 million during the three and nine months ended September 30, 2006, respectively. As a result of adopting SFAS No. 152, approximately $18.1 million and $27.3 million of the gain were recorded as an increase to VOI sales for the three and nine months ended September 30, 2006, respectively. The remaining gain of $3.5 million and $4.0 million have been recorded as a gain on the sales of notes receivable on the accompanying statements of income for the three and nine months ended September 30, 2006, respectively.

Credit Facilities for Bluegreen's Receivables and Inventories

In addition to the vacation ownership receivables purchase facilities discussed above, we maintain various credit facilities with financial institutions that provide receivable, acquisition and development financing for our operations. We had the following credit facilities, as of September 30, 2006 (see further discussion below):

Credit Facility	Outstanding Borrowings as of September 30, 2006	Borrowings During the Nine Months Ended September 30, 2006	Advance Period Expiration; Borrowing Maturity	Borrowin Limit
The GMAC Receivables Facility	$18.6 million	--	February 15, 2008; February 15, 2015	$75.0 milli
The GMAC AD&C Facility	$40.7 million	$36.4 million	February 15, 2008; August 15, 2013	$150.0 mill
The RFL A&D Facility	--	--	January 10, 2007; January 10, 2008	$50.0 milli
The BB&T Purchase Facility	--	$68.4 million	May 25, 2008; March 5, 2019	$137.5 mill
The Foothill Facility	$2.2 million	--	December 31, 2006; December 31, 2008	$30.0 milli

The GMAC Communities Facility	$46.8 million	$70.2 million	September 30, 2008; September 30, 2009	$75.0 milli

Credit Facilities for Bluegreen Resorts' Receivables and Inventories

The GMAC Receivables Facility. In February 2003, we entered into a revolving vacation ownership receivables credit facility (the "GMAC Receivables Facility") with Residential Funding Corporation ("RFC"), an affiliate of GMAC. The 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. Interest payments are due monthly. During the nine months ended September 30, 2006, we did not pledge any vacation ownership receivables under the GMAC Receivables Facility. As of September 30, 2006, $18.6 million was outstanding under the GMAC Receivables Facility.

The GMAC AD&C Facility. In September 2003, RFC also provided us with an 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 February 15, 2008, and outstanding borrowings mature no later than August 15, 2013, although specific draws typically are due four years from the borrowing date. Principal will be repaid through agreed-upon release prices as VOIs are sold at the financed resorts, subject to minimum required amortization.. Interest payments are due monthly. During the nine months ended September 30, 2006, we borrowed $36.4 million under the GMAC AD&C Facility to fund the development of VOIs at The Fountains and the Carolina Grande resorts and to finance the acquisition of property in Las Vegas, Nevada and Williamsburg, Virginia. As of September 30, 2006, $40.7 million was outstanding under the GMAC AD&C Facility. In October 2006, the Company borrowed $8.5 million under this facility to finance the purchase of the second phase of a resort property in Williamsburg, Virginia.

The RFL A&D Facility. In January 2005, we entered into a revolving credit facility with Resort Finance, LLC ("RFL") (the "RFL A&D Facility"). We can 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 the following: 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. Interest payments are due monthly. We are required to pay a commitment fee equal to 1.00% of the $50.0 million facility amount, which is paid at the time of each borrowing under the RFL A&D Facility as 1.00% of each borrowing with the balance

being paid on the unutilized facility amount on January 10, 2007. In addition, we are required to pay a program fee equal to 0.125% of the $50.0 million facility amount per annum, payable monthly. The RFL A&D Facility documents include customary conditions to funding, acceleration provisions and certain financial affirmative and negative covenants. There were no outstanding amounts due under this facility as of September 30, 2006.

The BB&T Purchase Facility. In June 2006, we executed agreements for a vacation ownership receivables purchase facility (the "BB&T Purchase Facility") with BB&T. While ownership of the receivables is transferred for legal purposes, the transfer of the receivables under the facility are accounted for as a financing transaction for financial accounting purposes. Accordingly, the receivables will continue to be reflected as assets and the associated obligations will be reflected as liabilities on our balance sheet. The BB&T Purchase Facility utilizes an owner's trust structure, pursuant to which we transfer receivables to Bluegreen Timeshare Finance Corporation I, our wholly-owned, special purpose finance subsidiary ("BTFC I"), and BTFC I subsequently transfers the receivables to an owner's trust without recourse to us or BTFC I, except for breaches of certain customary representations and warranties at the time of transfer. 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, 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% of the principal balance of the receivables transferred, 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 and other liquidity providers arranged by BB&T have in aggregate received a specified return (the "Specified Return") and all servicing, custodial, agent and similar fees and expenses have been paid. The Specified Return is equal to either the commercial paper rate or LIBOR rate plus 1.25%, subject to use of alternate return rates in certain circumstances. In addition, we will pay BB&T structuring and other fees totaling $1.7 million over the term of the facility and we will act as servicer under the BB&T Purchase Facility for a fee. The BB&T Purchase Facility allows for transfers of notes receivable for a cumulative purchase price of up to $137.5 million, on a revolving basis, through May 2008. During the nine months ended September 30, 2006, we borrowed $68.4 million under the BB&T Purchase Facility. All amounts borrowed under this facility had been repaid as of September 30, 2006, through principal and interest payments received on transferred receivables and the 2006 Term Securitization described below. As such, there were no outstanding amounts due under this facility as of September 30, 2006 and the remaining availability under the BB&T Purchase Facility was $137.5 million.

On September 21, 2006, BB&T Capital Markets, a division of Scott & Stringfellow, Inc., served as initial purchaser and placement agent for a private offering and sale of $139.2 million of Bluegreen Corporation vacation ownership receivable-backed securities (the "2006 Term Securitization"). Approximately $153.0 million in aggregate principal of vacation ownership receivables were securitized in this transaction, including 1) $75.7 million in aggregate principal of receivables that were previously transferred under the BB&T Purchase Facility; 2) $38.0 million of vacation ownership receivables owned by us immediately prior to the 2006 Term Securitization and 3) an additional $39.3 million in aggregate principal of our qualifying vacation ownership receivables (the "Pre-funded Receivables") that can be sold by us through December 22, 2006. Excluding the Pre-funded Receivables, the remaining $113.7 million of receivables and the related $66.7 million of receivable-backed debt under the BB&T Purchase Facility, were accounted for on our balance sheet as assets and liabilities, respectively, immediately prior to the consummation of the 2006 Term Securitization. We also recognized an aggregate gain of $20.6 million, of which $18.1 million was classified as an increase to VOI sales in accordance with the adoption of SFAS No. 152, and recorded a retained interest in the future cash flows of the notes receivable securitized of $17.1 million in

connection with the 2006 Term Securitization. On October 23, 2006 we sold $27.7 million in Pre-funded Receivables to BRFC XII and the $25.2 million purchase price was disbursed to us from the escrow account. With this sale we have $10.5 million in proceeds remaining in the escrow account related to the Pre-funded Receivables. The proceeds will be used by us for general operating purposes.

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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. For further details on this facility, see "Credit Facilities for Bluegreen Communities' Receivables and Inventories" below.

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% (9.5% at September 30, 2006). Interest payments are due monthly. The interest rate charged on outstanding receivable borrowings under the Foothill Facility, as amended, is the prime lending rate plus 0.25% (8.5% at September 30, 2006) 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% (8.75% at September 30, 2006). All principal and interest payments received on pledged receivables are applied to principal and interest due under the Foothill Facility. At September 30, 2006, the outstanding principal balance under the facility was $2.2 million, approximately $1.6 million of which relates to Bluegreen Communities' receivables borrowings and approximately $0.6 million of which relate to Bluegreen Resorts' receivables borrowings under the Foothill Facility.

The GMAC Communities Facility. We have a revolving credit facility with RFC (the "GMAC Communities Facility") for the purpose of financing our Bluegreen Communities real estate acquisitions and development activities. 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 (Walsenburg, Colorado); Havenwood at Hunters' Crossing (New Braunfels, Texas); The Bridges of Preston Crossings (Grayson County, Texas); King Oaks (College Station, Texas) and Vintage Oaks at the Vineyards (New Braunfels, Texas). 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.. Principal payments are effected through agreed-upon release prices paid to RFC, as homesites in the Secured Projects are sold. Interest payments are due monthly. The GMAC Communities Facility includes

customary conditions to funding, acceleration and event of default provisions and certain financial affirmative and negative covenants. We use the proceeds from the GMAC Communities Facility to repay outstanding indebtedness on Bluegreen Communities projects, finance the acquisition and development of Bluegreen Communities projects and for general corporate purposes. In March 2006, we borrowed $18.2 million under the GMAC Communities Facility for the acquisition of The Bridges of Preston Crossings and an additional $9.0 million for general corporate purposes. In April of 2006, we borrowed $19.0 million for the purchase of Vintage Oaks at the Vineyards, and $9.0 million for general corporate purposes. In June 2006, we borrowed $15.0 million for general corporate purposes. The total borrowings under this facility during the nine months ended September 30, 2006 was $70.2 million. As of September 30, 2006, $46.8 million was outstanding under the GMAC Communities Facility. In October 2006, we borrowed $2.2 million in conjunction with the King Oaks acquisition.

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

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.

On April 24, 2006, one of the Trusts, Bluegreen Statutory Trust IV ("BST IV") issued $15.0 million of trust preferred securities. BST IV 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 will be payable quarterly in arrears at a fixed rate of 10.13% through June 30, 2011, and thereafter at a variable rate of interest, per annum, reset quarterly, equal to the 3-month LIBOR plus 4.85% until the scheduled maturity date of June 30, 2036. Distributions on the trust preferred securities will be cumulative and based upon the liquidation value of the trust preferred security. The trust preferred securities will be 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 five years from the issue date or sooner following certain specified events. In addition, we contributed $464,000 to BST IV in exchange for its common securities, all of which are owned by us. Those proceeds were also used by BST IV to purchase an identical amount of junior subordinated debentures from us. The terms of BST IV's common securities are nearly identical to the trust preferred securities.

On July 21, 2006 another of our wholly-owned statutory business trusts, BST V, issued $15.0 million of trust preferred securities. BST V 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 will be payable quarterly in arrears at a fixed rate of 10.28% through September, 2011 and thereafter at a floating rate of 4.85% over the 3-month LIBOR until the scheduled maturity date of September 30, 2036. Distributions on the trust preferred securities will be cumulative and based upon the liquidation value of the trust preferred security. The trust preferred securities will be 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 five years from the issue date or sooner following certain specified events. In addition, we contributed $464,000 to BST V 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 BST V's common securities are nearly identical to the trust preferred securities.

We had the following junior subordinated debentures outstanding at September 30, 2006 (dollars in thousands):

Trust	Outstanding Amount of Junior Subordinated Debentures	Initial Equity To Trust	Issue Date	Fixed Interest Rate (1)	Vari Inte Ra (2

Bluegreen Statutory Trust I	$23,196	$ 696	3/15/05	9.160%	3-mo LIB + 4.
Bluegreen Statutory Trust II	25,774	774	5/04/05	9.158%	3-mo LIB + 4.
Bluegreen Statutory Trust III	10,310	310	5/10/05	9.193%	3-mon LIBO + 4.
Bluegreen Statutory Trust IV	15,464	464	4/24/06	10.130%	3-mo LIB + 4.
Bluegreen Statutory Trust V	15,464	464	7/21/06	10.280%	3-mo LIB + 4.
	$90,208	$2,708			

(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.

Unsecured Credit Facility

On July 26, 2006, we executed agreements to renew our $15.0 million unsecured line-of-credit with Wachovia Bank, N.A. Amounts borrowed under the line bear interest at 30-day LIBOR plus 2.00% (7.33% at September 30, 2006). Interest is due monthly and all outstanding amounts are due on June 30, 2007. We can only borrow an amount under the line-of-credit 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 certain covenants and conditions typical of arrangements of this type. As of September 30, 2006, no borrowings were outstanding under the line. However, an aggregate of $530,000 of irrevocable letters of credit were provided under this line-of-credit which were required in connection with the obtaining of plats for one of our Bluegreen Communities projects. These letters of credit expire on December 31, 2006. This line-of-credit is an available source of short-term liquidity for us. In September 2006, we borrowed and repaid $6.5 million under this line-of-credit.

Commitments

Our material commitments as of September 30, 2006 include 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 tables summarize the contractual minimum principal payments and interest obligations 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, 2006, by period due (in thousands):

Contractual Obligations	Payments Due by		
	Less than 1 year	1 -- 3 Years	4 -- 5 Years
Receivable-backed notes payable	$ 489	$ 4,598	$ -
Lines-of-credit and notes payable	17,760	89,830	48
10.50% senior secured notes payable	--	55,000	-
Junior subordinated debentures	--	--	-
Noncancelable operating leases	15,457	9,610	9
Total contractual obligations	$ 33,706	$ 159,038	$ 58

Interest Obligations (1)	Payments Due by		
	Less than 1 year	1 -- 3 Years	4 -- 5 Years
Receivable-backed notes payable	$ 2,271	$ 4,201	$ 3,62
Lines-of-credit and notes payable	10, 225	17,040	45
10.50% senior secured notes payable	5,654	5,714	-
Junior subordinated debentures	8,589	17,179	17,17
Total contractual obligations	$ 26,739	$ 44,134	$ 21,26

(1) For interest on variable rate debt, we have assumed that the interest rate remains the same as the rate at September 30, 2006.

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 in the 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 $530,000 in letters-of-credit outstanding at September 30, 2006, all of which were issued under the unsecured line-of-credit with Wachovia Bank, N.A. These letters-of-credit, which expire December 31, 2006, 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 $23.6 million as of September 30, 2006. We estimate that the total cash required to complete our Bluegreen Communities projects in which sales have occurred to be approximately $81.1 million as of September 30, 2006. These amounts assume that we are not obligated to develop any building, project or amenity in which a commitment has

not been made through a sales contract to a customer; however, we anticipate that we will incur such obligations in the future. We plan to fund these expenditures over the next five years primarily with available capacity on existing or proposed credit facilities and cash generated from operations. There can be no assurance that we will be able to obtain the financing or generate the cash from operations necessary to complete the foregoing plans or that actual costs will not exceed those estimated.

We believe that our existing cash, anticipated cash generated from operations, anticipated new permitted borrowings under existing or proposed credit facilities and anticipated future sales of notes receivable under the purchase facility, and one or more replacement facilities 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 deems prudent. There can be no assurance that the credit facilities or receivables purchase facilities which have expired or which are scheduled to, however, 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.

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Our credit facilities, indentures, and other outstanding debt instruments, and receivables purchase facilities which include customary conditions to funding, eligibility requirements for collateral, cross-default and other acceleration provisions, certain financial and other affirmative and negative covenants, including, among others, limits on the incurrence of indebtedness, limits on the repurchase of securities, payment of dividends, investments in joint ventures and other restricted payments, the incurrence of liens, transactions with affiliates, covenants concerning net worth, fixed charge coverage requirements, debt-to-equity ratios, portfolio performance requirements and events of default or termination. No assurance can be given 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, 2006. 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 that is 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, 2006 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.

In April 2006, in Lesley, et al v. Bluegreen Southwest One, L.P. acting through its General Partner Bluegreen Southwest Land, Inc., et al, Cause No. 28006 District Court of the 266th Judicial District, Erath County, Texas, plaintiffs filed a First Amended Original Petition (April 2006). Pursuant to this First Amended Original Petition Plaintiffs seek to develop mineral interests in the Mountain Lakes subdivision and to recover damages from Southwest, alleging breach of contract, breach of fiduciary duty, tortious interference with existing and prospective relationships and intentional invasion or interference with property rights by Southwest, for allegedly interfering with the development of mineral rights held by plaintiffs. Plaintiffs' claims against Southwest total in the aggregate $25 million. The property owners association has filed a cross complaint against us, Southwest and individual directors of the property owners association asserting various tort claims. While no assurances can be given with respect to the outcome of the litigation, based on information currently available, we believe that the claims lack merit and intend to vigorously defend ourselves in this matter.

As previously disclosed on July 27, 2006, The Board of Directors declared a dividend distribution of one Preferred Share Purchase Right (the "Rights") on each outstanding share of our common stock. See our Current Report on Form 8-K and registration statement on Form 8-A, both of which were filed on August 2, 2006, for further discussion of the Rights. On October 16, 2006, in connection with litigation before the United States District Court for the Southern District of Florida between Bluegreen Corporation, as plaintiff, and as defendants the Siegel Shareholders, and our directors, as counter-defendants, the above parties entered into a Stipulation resolving the litigation and releasing all related claims. See our Current Report on Form 8-K and amended registration statement on Form 8-A, both of which were filed on October 18, 2006, for further discussion.

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. Our Board of Directors has adopted and publicly announced a share repurchase program. Repurchases under such programs from time to time 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, 2006, there were 694,500 shares remaining for purchase under our current repurchase program.

Item 5. Other Information.

On July 27, 2006, The Board of Directors declared a dividend distribution

of one Preferred Share Purchase Right (the "Rights") on each outstanding share of our common stock. See our Current Report on Form 8-K and registration statement on Form 8-A, both of which were filed on August 2, 2006, for further discussion of the Rights.

Item 6. Exhibits.

Exhibits:

4.3 Stipulation and Order from the United States District Court, Southern District of Florida, Case No. 06-80718-CIV-Hurley/Seltzer between Bluegreen Corporation and David A. Siegel, David A. Siegel Revocable Trust, and Central Florida Investments (incorporated by reference to exhibit 99.1 to Current Report on Form 8-K dated October 18, 2006).

4.4 Amendment to Rights Agreement between Bluegreen Corporation and Mellon Investor Services LLC, dated October 16, 2006 (incorporated by reference to exhibit 99.2 to Current Report on Form 8-K dated October 18, 2006).

10.185 BXG Receivables Note Trust 2006-B, Standard Definitions, dated as of September 15, 2006.

10.186 Indenture between BXG Receivables Note Trust 2006-B as Issuer, Bluegreen Corporation as Servicer, Vacation Trust, Inc. as Club Trustee, Concord Servicing Corporation as Backup Servicer and U.S. Bank National Association, as Indenture Trustee, Paying Agent and Custodian dated September 15, 2006.

10.187 Sale Agreement by and among Bluegreen Receivables Finance Corporation XII, as the Depositor and BXG Receivables Note Trust 2006-B as the Issuer dated September 15, 2006.

10.188 Transfer Agreement by and among Bluegreen Corporation, BXG Timeshare Trust I as the Seller, and Bluegreen Receivables Finance Corporation XII as the Depositor, dated September 15, 2006.

10.189 Purchase and Contribution Agreement by and among Bluegreen Corporation and Bluegreen Receivables Finance Corporation XII, dated September 15, 2006.

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, 2006 By: /S/ GEORGE F. DONOVAN

George F. Donovan
President and
Chief Executive Officer

Date: November 9, 2006 By: /S/ ANTHONY M. PULEO

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

Date: November 9, 2006 By: /S/ RAYMOND S. LOPEZ

Raymond S. Lopez
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)