

PHENOMENAL GROWTH

- The U.S. Timeshare industry is booming, with two million Americans owning Timeshares.
- The industry enjoyed a 25% increase in 1997, with total sales volume of \$2.72 billion.
- There are now over 1,204 resorts in the U.S. with 64,300 units.

WHO ACCOUNTS FOR THE PHENOMENAL GROWTH?

The Average Timeshare Buyer is:

- **A Baby Boomer.** The 35-to-55 age group makes up 59% of the buyer market.
- **Middle Income or Higher.** The average median income is \$71,000 and over 90% have income of over \$40,000.
- **Well Educated.** Over 64% of buyers have at least a college degree, and over 31% have a graduate degree.
- **Married With Children.** The vast majority of vacation owners (85%) are married, most with kids.

CUSTOMER SATISFACTION

A 1998 survey of Timeshare Owners Found:

- 81% of Timeshare owners said they are satisfied with their purchase.
- 75% said they recommend Timeshares to friends.
- 98% said Timeshares are a good value.
- 73% said since buying a Timeshare they enjoy vacations more.

* 1,695 respondents are U.S. Timeshare Owners.

WHY ARE THEY SATISFIED?

- **Flexibility.** Timeshare Owners have increasing flexibility over when, where and how they vacation.
- **Certainty.** Vacation Owners don't have to worry about the quality of their lodgings or being locked out of popular resorts. It's a guaranteed First-Class vacation.
- **Safety.** Timeshare resorts offer safe and secure environments for family vacationing.
- **Economic Sense.** Timeshare ownership saves money over the long term and assures a trouble-free vacation.

WHAT ARE THEY BUYING?

- Timeshares are tailored to fit various budget and family needs.
- The average Vacation-ownership package includes two bedrooms and costs about \$10,000.

SALES FACTS

	<u>Studio</u>	<u>One Bedroom</u>	<u>Two Bedroom</u>	<u>Three Bedroom</u>
Off Season	\$6,225	\$6,530	\$8,270	\$11,835
Middle Season	\$7,285	\$8,505	\$10,370	\$13,365
Prime Season	\$8,635	\$10,825	\$13,730	\$16,395
Average	\$7,380	\$8,620	\$10,790	\$13,925

HOW ARE THEY BUYING?

- **With Deliberation.** Timeshare owners have attended an average of 3.5 presentations.
- **Financing.** With the increased acceptance of vacation ownership by major lending institutions, it is becoming easier for companies to offer on-the-spot financing. Many consumers now buy with a 10% down payment and finance the rest over 7 years.

WHERE ARE THEY BUYING?

Over 24% of the Timeshare industry is located in Florida, with Orlando the most concentrated city.

Breakdown of Timeshare Industry in The United States:

Florida	24%
California	7%
South Carolina	7%
Hawaii	6%
Colorado	6%
North Carolina	4%
Texas	4%

The United States dominates the world Timeshare market, accounting for 37% of worldwide sales.

HOW TIMESHARES FIT INTO THE CORPORATE WORLD

- Urban Timeshares are changing the way America does business. Timeshares are becoming a new travel option for company executives.
- Timeshare developments are in major cities such as New York, San Francisco, New Orleans, Boston, San Diego and Miami.
- New Timeshare developments are underway in the San Francisco, New Orleans, Los Angeles and Washington, D.C. markets.

HOW VACATION OWNERSHIP BENEFITS THE U.S. ECONOMY

- The Vacation Ownership industry directly employs 50,000 people.
- An additional 220,000 jobs are indirectly generated by the industry.
- The Timeshare industry contributes \$18 billion to the U.S. economy through employment, consumer and business expenditures and federal, state and local taxes.

AMERICAN RESORT DEVELOPMENT ASSOCIATION

- ARDA, created in 1969 and based in Washington, D.C., is the only international trade association exclusively representing the resort industry.
- Over 900 companies belong to ARDA.
- ARDA's ethics committee has set new standards for excellence within the growing industry.

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A Comparison of Vacation Home Ownership

	Whole-Ownership Vacation Home	Whole Ownership Vacation Condo	Time-Share Vacation Condo
Interest in Real Property?	Yes	Yes	Yes – all time-shares, whether fixed or flexible use
Type of Real Estate Interest?	Fee Simple	Fee Simple	Fee Simple or Interest for years
Conveyed By?	Warranty Deed	Warranty Deed	Warranty Deed
Sold only by or under supervision of licensed real estate broker?	Yes	Yes	Yes
Title Protected by Recording of Deed?	Yes	Yes	Yes
Subject to Real Estate Transfer Fee upon Recording of Deed?	Yes	Yes	Yes
Owner responsible for real estate taxes?	Yes	Yes	Yes
Can interest be sold or bequeathed?	Yes	Yes	Yes
Can a lien be attached to the interest?	Yes	Yes	Yes
Eligible for Second Home Tax Exemption pursuant to the Internal Revenue Code?	Yes	Yes	Yes

Obviously, a time-share interest in real property is very similar to whole-ownership interests. Notwithstanding the similarities described above, the budget bill proposes to treat timeshares differently from other estates in real property as follows:

Would owner pay real estate transfer fee when protecting title by recording deed?	Yes	Yes	No. Unclear how title will be protected.
Would sales tax be charged upon transfer of the interest?	No	No	Yes (currently sales tax is charged on time-shares with flexible use provisions, budget bill extends sales tax to all time-shares)
Would owner pay sales tax on goods, materials and services to maintain residence?	Yes	Yes	TWICE, due to sales tax charged on maintenance fees.
Would owner pay sales tax on real estate taxes paid?	No	No	Yes, through the sales tax charged on maintenance fees.
Would sales tax be charged on dues /fees charged by the owners' association?	No	No	Yes

Because the interests are so similar, as shown above, it does not make sense for Wisconsin to treat timeshares differently as proposed in the 2000-01 budget bill. Currently, Wisconsin treats fixed use and flexible use time-shares differently by charging sales tax on flexible use interests. However, both interests are interests in real property. The budget proposal correctly asserts that all time-shares should be treated uniformly; however, it seeks to subject all time-shares to sales tax rather than to treat all time-shares as other interests in real property are treated. Estates in real property should be treated uniformly.

- Please oppose the budget bill proposal to charge sales tax on all time-share purchases, and instead
- Please support the proposal that all time-shares pay real estate taxes and the real estate transfer fee as is required of all other interests in real property.

F A C T S H E E T

- THE WORLDWIDE VACATION OWNERSHIP INDUSTRY IS THE FASTEST GROWING SEGMENT OF THE TRAVEL AND TOURISM INDUSTRY
- GLOBAL SALES VOLUME IN 1997 WAS \$6 BILLION
- THERE ARE OVER 1,200 RESORTS IN THE USA REPRESENTING 64,300 UNITS AND CLOSE TO 5,000 RESORTS WORLDWIDE
- THE AVERAGE VACATION OWNERSHIP UNIT SELLS FOR \$10,500 AND FEATURES TWO BEDROOMS
- TIMESHARE'S CONTRIBUTION TO THE U.S. ANNUAL ECONOMY: \$18 BILLION
- TIMESHARE VACATIONERS EXCHANGING INTO WISCONSIN CONTRIBUTED APPROXIMATELY \$13.7 BILLION TO THE WISCONSIN RESORT COMMUNITIES IN 1996. SINCE THEN, THIS FIGURE CONTINUES TO GROW.
- 38,874 TIMESHARE OWNERS RESIDE IN WISCONSIN
- APPROXIMATELY 20,000 INDIVIDUALS OWN TIMESHARE WEEKS IN WISCONSIN
- IN 1996 APPROXIMATELY 12,105 FAMILIES EXCHANGED INTO WISCONSIN
- TIMESHARE OWNERS EXCHANGING INTO WISCONSIN SPEND APPROXIMATELY \$1,130 PER WEEK IN THE LOCAL AREA AT RESTAURANTS AND BARS, RENTAL CARS AND GASOLINE, GROCERIES, ENTERTAINMENT AND SPORTS, SHOPPING, ADMISSIONS TO MUSEUMS, MOVIES, TOURS, STATE PARKS, ETC.
- THE TIMESHARE INDUSTRY IS A THREE BILLION DOLLAR A YEAR BUSINESS IN THE UNITED STATES. WISCONSIN IS A FACTOR IN CONTRIBUTING TO THIS SUCCESS

F A C T S H E E T

- THE TIMESHARE INDUSTRY SERVES A IMPORTANT SEGMENT OF THE VACATION INDUSTRY BY OFFERING A VACATION EXPERIENCE TO THOSE WHO WANT TO BUY WEEKS WHICH THEY INTEND TO USE, AS OPPOSED TO SOMEONE WHO CAN AFFORD TO BUY A WHOLE OWNERSHIP CONDOMINIUM OR VACATION PROPERTY.
- TIMESHARE WEEKS ARE DEFINED IN THE WISCONSIN STATUTES BY THE WISCONSIN LEGISLATURE AS REAL ESTATE (707.03)
- TIMESHARE INTREST IS WHERE A SPECIFIC WEEK IS DEEDED TO AN INDIVIDUAL. THIS IS NO DIFFERENT THAN A CONDOMINIUM. ALL IT IS, IS A CONDOMINIUM DIVIDED INTO A SMALLER FRACTION. JUST LIKE CONDOMINIUM OWNERS SHARE COMMON AREAS IN THE BUILDING AND REAL ESTATE OUTSIDE THE BUILDING, SO TIMESHARE OWNERS SHARE TIMESHARE BUILDINGS.
- SALES TAX ON TIMESHARE WEEKS IS DOUBLE TAXATION. WISCONSIN STATUTES CLEARLY DEFINES TIMESHARE AS REAL ESTATE. THEREFORE, IT CANNOT BE SUBJECT TO SALES TAX AS PERSONAL PROPERTY.
- THE FEDERAL GOVERNMENT HAS DEFINED TIMESHARE INTRESTS AS REAL PROPERTY. FOR TAX PURPOSES TIMESHARE IS RECOGNIZED AS THE EQUIVALENT OF ALL OTHER VACATION OR SECOND HOME PROPERTIES UNDER THE FEDERAL TAX LAWS. I.R.S. REGULATION 24 CFR 1.163-10T(P)(6).

A CONSUMER GUIDE TO VACATION OWNERSHIP



This brochure has been prepared to help consumers understand the various vacation ownership (timesharing) products and their benefits, what to expect during a sales presentation, and how to make an informed purchase decision. It has been created by the American Resort Development Association (ARDA), the professional trade association which represents over 850 members of the resort and vacation ownership industry from around the world.

THE GROWTH OF AN INDUSTRY

From its beginnings in the French Alps in the late 1960s, vacation ownership has become the fastest-growing segment of the U.S. travel and tourism industry, increasing in popularity at the rate of nearly 16 percent each year since 1993.

Today, more than three million households own vacation intervals at nearly 4,500 resorts located in 81 countries. Vacationers around the world are turning to vacation ownership resorts as their preferred travel destination, with timeshare owners hailing from 174 countries. North America remains the global leader with nearly half of all the resorts and approximately two million owners. Europe is the second most dominant region for vacation ownership, with approximately 22 percent of owners worldwide and more than 1,000 resorts. Timeshare resorts are found across the globe in popular vacation areas near beaches, rivers and lakes, mountains and even major cities.

By locking in the purchase price of accommodations, vacation ownership helps to assure future vacations at today's prices at luxurious resorts with amenities, service and ambiance that rival any of the world's top-rated vacation destinations. Through vacation exchange programs, timeshare owners can travel to other popular destinations around the world. With unparalleled flexibility and fully-equipped accommodations which offer the best in holiday luxury, vacation ownership puts consumers in the driver's seat, allowing vacationers to plan and enjoy vacations which suit their lifestyle.



Timeshare resort developers today include many of the world's leading hoteliers, publicly held corporations and independent companies. Properties that combine vacation ownership resorts with hotels, the increasingly popular urban vacation ownership resort in major cities, adventure resorts, and gaming resorts are among the emerging timeshare trends.

The reasons for purchasing most frequently cited by current timeshare owners are the high standards of quality accommodations and service at the resorts at which

they own and exchange, followed by the flexibility offered through the vacation exchange opportunities and the cost effectiveness of vacation ownership.

Nearly one-third of vacation owners purchase additional intervals after experiencing ownership. This trend is even stronger among long-time owners; 41.2 percent of those who have owned eight years or longer have purchased additional intervals within that time.

WHAT IS VACATION OWNERSHIP?

Vacation ownership offers consumers the opportunity to purchase fully-furnished vacation accommodations



sold in a variety of forms, such as weekly intervals and points-based systems, for only a percentage of the cost of full ownership. For a one-time purchase price and payment of a yearly maintenance fee, purchasers own their vacation either

in perpetuity or for a predetermined number of years. Owners share both the use and the costs of upkeep of their unit and the common grounds of the resort property.

Vacation ownership purchases are typically financed by consumer loans of five to ten years, with terms dependent upon the purchase price and the amount of the buyer's down payment.

HOW VACATION OWNERSHIP WORKS:

Each condominium, or unit, of a vacation ownership resort is divided into intervals, either by the week or points equivalent, which are sold separately. The condominiums are priced according to a variety of factors, including size of the unit, resort amenities, location, and season.

With timeshare, owning your vacation is considered a major benefit. Once a majority or other pre-set percentage is sold to vacation owners, the management of the resort is usually turned over to a Resort Property Owners Association (POA) or Homeowners Association (HOA). The vacation owners in turn elect officers and take control of expenses, upkeep and the future of their resort property, including the selection of a management company.



WHAT ARE MAINTENANCE FEES?

Yearly maintenance fees are fees paid each year to a HOA for the maintenance of the resort. Just like taking care of a home, resort maintenance fees help maintain the quality and future value of the resort property. In a vacation ownership resort, maintenance costs are shared by all owners. They pay for on-site management, unit upkeep and refurbishing, utilities and maintenance of the resort's common areas and



amenities, such as pools, tennis courts and golf courses. Just like residential condominium owners, after management has been turned over to vacation owners, they determine the fees through their

HOA Board of Directors. The amount of the yearly maintenance fee typically depends on the size, location, and amenities of the resort. Maintenance fees are assessed and paid annually by each vacation owner.

CHOOSE FROM A WIDE VARIETY OF VACATION OWNERSHIP PRODUCTS AND USES

Today, there are several types of timeshare programs from which to choose, enabling consumers to purchase the type of vacation ownership that best matches their lifestyle.

Timesharing or vacation ownership is a term which describes a method of use and ownership. It denotes exclusive use of accommodations for a particular number of days each year. Usually sold by the week, it is also called interval or vacation ownership.



The purchase of a timeshare interval can take various legal forms. Under a **fixed-unit, fixed-week deeded agreement**, the purchaser receives a deed allowing the use of a specific condominium at a particular time every year forever — just like buying a house. Benefits may include the tax advantages of ownership, plus a voice in the management of the resort. Under this agreement, the owner may rent, sell, exchange, or bequeath the vacation interval.

Under a **right-to-use plan**, ownership of the resort remains with the developer. The purchaser reserves the right to use one or more resort accommodations for a specified number of years, ranging generally from 10 to 50 years, after which all use rights return to the developer. These plans come in a variety of forms, most commonly as club membership.

Vacation intervals are sold as either **fixed or floating time**. With fixed time, the unit, or unit type, is purchased for a specific week during the year. That week is reserved for the owner every year, subject to cancellation if the vacation owner does not plan to use it in a given year. Floating time refers to the use of vacation accommodations usually within a certain season of the year, often within a three- to four-month period such as

spring or summer. The owner must reserve his or her desired vacation time in advance, with reservation confirmation typically provided on a first-come, first-served basis. The purchaser may also receive a deed under a floating time arrangement. According to a recent national study, approximately 70 percent of timeshare condominiums in the United States are sold as floating time. Some price differences are based on demand within each season.

Vacation clubs or points-based programs provide the flexible use of accommodations in multiple resort locations. With these products, club members purchase



points which represent either a travel and use membership or a deeded real estate product. These points are then used like currency to access the various size accommodations, season and number of days at the participating resort. The number of points needed to access the resort accommodations will vary by the members' demand for unit size, season, resort location, and amenities. A vacation club may have a specific term of ownership or be deeded in perpetuity.

Fractional ownership enables consumers to purchase a larger share of a vacation ownership unit — usually from five to 26 weeks. This type of ownership is popular in ski, beach and island resort areas.

“Lockoff” or “lockout” units allow vacation owners to occupy a portion of the unit and offer the remaining space for rental or exchange. These units typically consist of two bedrooms and two baths, or three bedrooms and three baths.

Split weeks are popular with consumers who prefer shorter vacations, as the owner may split use of the interval into two separate visits to the resort, such as one three-night and one four-night stay at two different times of the year. Reservations are usually granted on a first-come, first-served basis and are based on availability.

Biennial ownership, or alternate year ownership, allows use of a resort ownership product every other year and costs less than annual ownership at comparable resorts.

THE ADVANTAGES OF VACATION OWNERSHIP

Unlike a hotel room or rental cottage, which require payment for each use with rates that usually increase each year, ownership at a timeshare property enables vacationers to enjoy a resort, year after year, for the lifetime of their ownership with only a one-time purchase price and payment of yearly maintenance fees. Timeshare ownership offers vacationers an opportunity to save on the escalating cost of vacation accommodations over the long term while enjoying all the comforts of home in a resort setting.

Truly a home away from home, vacation ownership provides the space and flexibility to suit the needs of any size family or group. While most vacation ownership condominiums have two bedrooms and two baths, unit sizes range from studios to three or more bedrooms. Unlike hotel rooms, there are no charges for additional guests. Also, unlike hotels, most units include a fully-equipped kitchen with dining area, washer and dryer, linens, stereo, televisions, VCRs and more.



Timeshare resort amenities rival those of other top-rated resort properties and may include swimming pools, tennis, Jacuzzi, golf, bicycles and exercise facilities. Others feature boating, ski lifts, restaurants

and equestrian facilities. Most timeshare resorts offer a full schedule of on-site or nearby sporting, recreational and social activities for adults and children. The resorts are staffed with well-trained hospitality professionals, with many resorts offering concierge services for assistance with visiting area attractions.

TRAVEL THE WORLD THROUGH EXCHANGE VACATIONS

Vacation ownership offers unparalleled flexibility and the opportunity for affordable worldwide travel through vacation ownership exchange. Through the international vacation exchange networks, owners can trade their timeshare interval for vacation time at comparable resorts around the world.

How vacation exchange works: Most resorts are affiliated with an exchange company that administers the exchange service for its members. Typically, the exchange company will directly solicit annual membership. Owners individually elect to become members of the affiliated exchange company. To exchange, the owner places his or her interval into the exchange company's pool of resorts and weeks available for exchange and, in turn, chooses an available resort and week from that pool.

The exchange companies charge an exchange fee, in addition to an annual membership fee, to complete an exchange. Exchange companies and resorts frequently offer their members the additional benefit of saving or banking vacation time in a reserve program for use in a different year.



IMPORTANT VACATION PURCHASING TIPS

A vacation ownership purchase is a significant commitment, not only financially, but also in terms of future vacations. You should be sure that the resort or club in which you purchase an interest will provide many pleasant vacations for years to come and can evolve with your lifestyle. Here are some important tips to consider when making a purchase:

Buy to use. Buy because you plan to use the vacation ownership product in the future. Consider your vacation ownership purchase as an investment in future vacations, not in terms of an investment for financial profit.

Choose a vacation that fits your lifestyle. Think carefully about what you value most in a vacation and travel experience, then explore the wide variety of vacation ownership products and options available and choose those which best suit your needs. In addition to visiting a resort and talking to industry professionals, a friend or relative who owns a timeshare may be a great resource as you gather information about the timeshare experience.

Visit a timeshare resort on your next vacation. Take a tour of a local resort. While there, talk to existing owners about their ownership experiences at the resort. Many resorts offer mini-vacations which provide opportunities to experience the resort first-hand.

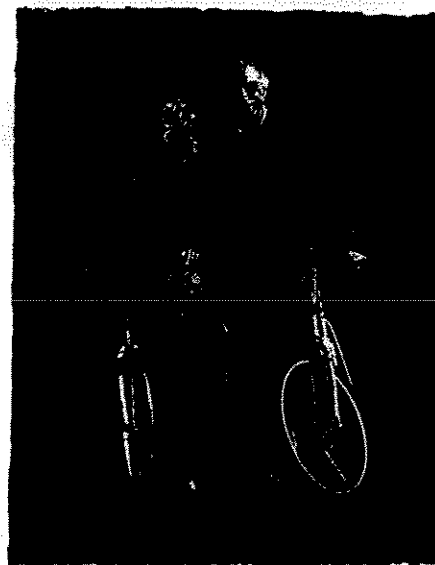
Read all documents carefully and understand what type of product you are being offered. Is it a fee simple or right-to-use plan, fixed or floating time or a vacation club, etc.?

Ask if the resort is an ARDA member. Members of ARDA agree to follow the ARDA Code of Standards & Ethics and are expected to adhere to the highest standards of quality and service.

Look for signs of good management, such as well-maintained facilities and resort amenities, good housekeeping, and friendly service.

If you are purchasing primarily to take advantage of the exchange benefit, buy the largest unit in the most popular season, or largest points package you can afford, as this will provide greater exchange potential.

How is the resort managed? Does the developer manage the resort or has a management company been hired? Does the homeowners association make management decisions? How often do they meet? Is the association budget adequate to maintain the resort and its amenities? Ask to see recent resort and HOA newsletters to learn more.



Verify the resort's affiliation with an exchange company and learn about the resort's exchange policies and member benefits.

HOW TO BUY A VACATION

The vacation ownership industry uses a variety of methods to reach out to potential owners. In many vacation destinations, off-property booths are located in areas highly populated by tourists and visitors. Representatives at these booths invite visitors to tour a resort, usually offering a gift as an incentive to take the tour. Direct mail programs are also utilized by many developers. Invitations are usually sent offering a brief vacation at the resort property with a reduction in price when the visitor tours the resort. Many resorts also offer incentive programs for referrals from existing owners.

Most resorts are sold on the resort property, or on-site. Others are sold from a sales center in a different location from the resort, or off-site. Vacation ownership sales presentations usually require one and a half hours, or more. During this time, the product and exchange system is explained, as well as details concerning the type of vacation ownership that is being sold and how it can be used. If the sales presentation occurs on-site, you will usually be given a tour of the resort and its facilities. The consumer is under no obligation to purchase after the presentation.

After a purchase has been completed, there is normally a period of time, mandated by the state, in which new owners may consider their purchase. Although regulations vary from state to state, this grace period generally ranges from three to fourteen days. Your purchase agreement should clearly state the duration of the refund period.

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AMERICAN RESORT DEVELOPMENT ASSOCIATION

The American Resort Development Association (ARDA) is a not-for-profit professional trade association representing the vacation ownership and resort development industries. Established in 1969 and based in Washington, DC, ARDA is the only international trade association representing all facets of the vacation ownership resort industry. The association now serves more than 850 member companies from around the world representing more than 4,000 resorts.



ARDA and its members subscribe to the highest standards of professionalism and ethics in resort development. The Association has adopted a Code of Standards & Ethics, which is strictly enforced among all members and is the most comprehensive code in the hospitality and real estate industries. In addition to providing education forums for its members, ARDA has played a major role in fostering responsible state and federal consumer protection laws. ARDA members represent the highest quality vacation ownership resorts in the world.



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THE AMERICAN RESORT DEVELOPMENT ASSOCIATION

The American Resort Development Association (ARDA) is a not-for-profit trade association representing the segment of the leisure industry that deals with ownership of resort and vacation products. Based in Washington, D.C., ARDA is the only international trade association representing all facets of the resort industry. ARDA serves approximately 1,000 member companies from around the world and represents more than 4,000 resorts, including timeshare and second-home resorts, community development properties, vacation ownership resorts and fractional interests.

ARDA Mission Statement. It is the mission of ARDA to foster and promote the growth of the industry and to serve its members through:

- Ethics Enforcement
- Education
- Legislative Advocacy
- Membership Development
- Public Relations

ARDA Code of Standards & Ethics. ARDA and its members are committed to the highest standards and ethics in resort, vacation, recreational, residential, and community development for the benefit of the public. As an example of that commitment, ARDA adopted a Code of Standards & Ethics and strictly enforces it amongst its membership. The strongest of any found in the housing or hospitality industries, ARDA's Code outlines detailed professional guidelines for all facets of industry practices, from real estate development to marketing to hospitality management. It consists of general requirements, solicitation requirements and sales requirements.

ARDA Resort Owners Coalition (ARDA-ROC). Established in 1989, the Resort Owners Coalition directly represents the needs and concerns of vacation owners. ARDA-ROC is funded through the voluntary contributions of individual owners and, while affiliated with ARDA, is a separate legal entity. Through legislative and regulatory advocacy and research, ARDA-ROC serves the unique role of placing the concerns of owners at the top of the vacation ownership industry agenda.

The ARDA Education Institute (AEI). The ARDA Education Institute (AEI) creates learning and professional advancement opportunities for professionals currently working in the vacation ownership industry, and professionals who seek to enter it. AEI offers educational sessions, management seminars, publications, and tests that assess an individual's knowledge of industry standards and practices.

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Once industry professionals have passed the AEI Qualification Test, ARDA offers them the opportunity to earn the certification of Associate Resort Professional (ARP) and Registered Resort Professional (RRP). The ARP and RRP certifications are awarded to individual members of ARDA who have earned the requisite AEI Credits and who have demonstrated long-term professionalism and a commitment to excellence and ethics in the vacation ownership industry. Through AEI's Seal of Achievement program for company designation and the individual resort professional designations, ARDA awards the dedication of its membership to the highest standards of resort development and hospitality management.

Legislative Advocacy. Established in 1969 as the American Land Development Association, ARDA began as a lobbying organization and has continued throughout its history to emphasize government relations. ARDA continues to voice industry concerns at the Federal and state levels through an integrated program of proactive and reactive legislative initiatives. ARDA's national network of representatives speak for developers and vacation owners across the country on such diverse issues as tax policy, labor and employment law, and land use policy. Central elements of ARDA's legislative advocacy are its efforts to protect the ownership rights of industry consumers and enhance the growth of the vacation ownership industry.

Communications. Communicating the many aspects of the vacation ownership industry is a core function of ARDA. Through annual studies of industry performance and consumer satisfaction with the vacation ownership experience, ARDA provides up-to-date information to consumers, the media, financiers, legislators, regulators and others.

Meetings and Membership. ARDA plays an integral role in fostering interaction between resort developers and industry professionals. Through its three annual meetings and symposia, ARDA brings together leaders and young professionals in the vacation ownership industry to share information and experiences. Through these meetings, both veterans of and newcomers to the industry learn of the many elements that contribute to success in the vacation ownership industry.

At the core of each ARDA meeting is its volunteer leadership. In addition to the extensive public workshops, roundtables and informal discussions, ARDA's leaders participate on more than twenty specialized committees which address common issues among the membership. From education and legislation to sales and marketing to ethics, ARDA's leaders work together to build the industry and to provide consumers enjoyable experiences, quality products, and good value.

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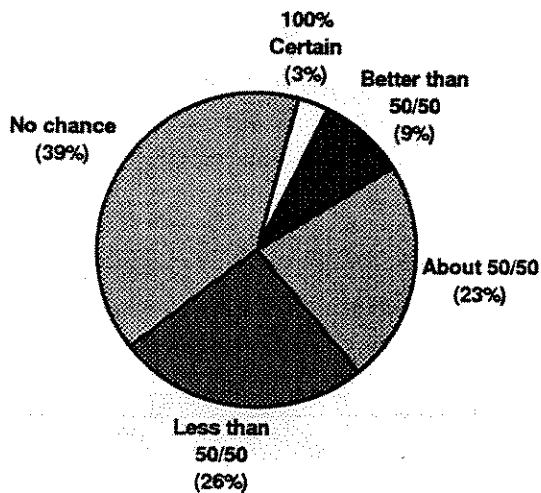
BACKGROUND

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RECREATIONAL PROPERTY IN THE UNITED STATES

Chances of Purchasing Recreational Property During Next 10 Years



American interest in ownership of recreational property is on the rise. According to a February, 1995 telephone survey of 1,000 U.S. households not owning recreational property, 60.3% of Americans believe they have a chance of purchasing recreational property of some type during the next ten years.

The survey results revealed that over one-third (34.6%) of Americans rate their chances of purchasing during the next ten years as "about 50-50 or better," compared to 25.5% in 1993 and 15.5% in 1990. Among those optimistic respondents, the strongest interest was found among residents of the West region, where 40% responded their chances were high during the next 10 years, as compared to 33.7% in the South region, 33.7% in the North Central region, and 31.4% in the Northeast region.

Age is Strongest Factor of Estimated Chance of Purchasing

Age is the most significant factor in establishing rates of optimism regarding the possible purchase of recreational property during the next 10 years. Survey respondents under age 40 were by far the most likely to believe they will purchase, with 47.4% of positive responses. Interest drops in the 40-to-54-age bracket to 41.8%, and declines still further in the 55-and-over bracket to 13.3%.

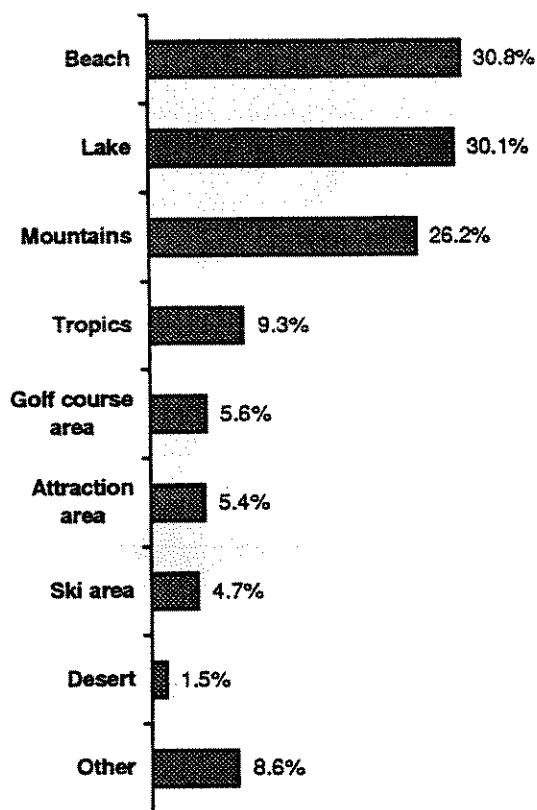
Household income ranks second as a factor. For example, 48.6% of households with incomes of \$75,000 or more believe they have at least a 50-50 chance of purchasing recreational property within the next 10 years.

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Marital status and gender represent the final demographic variables that affect optimistic attitudes toward purchasing recreational property. Single males voiced the strongest belief in their purchasing ability, with 43.1% of those surveyed responding they had a 50-50 or better chance of such a purchase. By contrast, this indicator was lowest among single females, at only 24.5%. It is 34.6% among married couples. It is much higher among all (married and single) male respondents than among all female respondents, at 45.2% and 28.9%, respectively.

Florida and Beaches Rank First as Preferred Site and Location

Preferred Type of Location



Americans cite Florida (15.4%), more than any other state or foreign country, as the location of choice for a recreational property purchase. The next five most frequently cited locations are: California, at 8.5%; Colorado, at 5.5%; North Carolina, at 4.9%; Texas, at 4.2%; and Arizona, at 3.4%. Florida and California ranked first and second in similar phone surveys conducted in 1993 and 1990. A total of 5.6% of survey participants cited a foreign location, with the Caribbean ranking first among them at 2.6%.

The beach is the most preferred type of location for recreational property, selected by almost one-third (30.8%) of respondents. It narrowly edges out lake locations (30.1%) and mountain areas (26.2%). These top three are far preferred over other options, such as the tropics (9.3%), golf courses (5.6%), attraction areas (5.4%), ski areas (4.7%), or the desert (1.5%). Each type of location tends to be most popular where it is available: beach areas are most popular among Americans who live in the West or Northeast; lakes among those who live in the North Central region; and mountains among those who live in the West.

Demographics also have an impact on preferred locations for recreational property ownership. Beach areas tend to be most popular among married couples, younger persons, and the more affluent. Mountains and ski areas tend to attract those who are younger. Golf locations are most attractive to the more affluent.

Two-bedroom Unit Outranks Others as Preference by Two-to-One

Americans interested in purchasing recreational property prefer the standard two-bedroom unit, sleeping six, over any other single unit size by more than a two-to-one margin (45.7%). Other preferences break out as follows: one-bedroom with 22.6%; three-bedroom with 15.5%; studio or efficiency with 8.9%; and 7.3% for more than three bedrooms.

Married couples and more affluent Americans are more interested than their counterparts in the largest units, particularly units with three or more bedrooms. Over one-third (35.8%) of respondents with incomes over \$20,000 would prefer a studio or one-bedroom unit as compared to only 21.1% of those with incomes over \$75,000. These proportions were 64.2% and 79%, respectively, for two-bedroom or larger units. Among respondents over 55 years of age, 41.6% would prefer a studio or one-bedroom unit as compared to only 28.2% of those under 40. These proportions are 58.4% and 71.7%, respectively, for two-bedroom or larger units.

An American Dream: The Single-family Vacation Home or Cabin

A single-family vacation home or cabin is the dream of more Americans than any other type of recreational property. Well over half (61.7%) of responding households expressed some level of interest in this option, including 23.1% who were "very interested." Ranking second in popularity was a vacant parcel of land for construction of a second home, cited by 48.9%, with 18% "very interested." Third in popularity were resort condominiums, which were cited by 34.7% of survey participants, with 5% "very interested."

The majority of Americans (51.7%) believe that an attractive and realistic price for recreational property is in the \$25,000 to \$100,000 range. The median desired price is about \$48,000. Recreational properties are certainly available in this price range, however they tend not to be the most popular options, such as a cabin or detached vacation home. More often, they are homesites, older or smaller condominiums, timeshares, or camping facilities.

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Source: *The 1995 American Recreational Property Survey*
© 1995 by the International Timeshare Foundation



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IMPORTANT FACTS ABOUT VACATION OWNERSHIP

- During 1996, the US timeshare industry sold a total of 218,000 intervals at an average price of \$10,000 per week. The result was a total sales volume of \$2.18 billion.
- A total of 1,767,000 households own timeshares in the US. The number of timeshare intervals owned by consumers in the US is growing at a compounded rate of 9% per year.
- Over four million households worldwide now own a vacation interval, with owners residing in 190 countries.
- With a 1997 sales volume of \$817 million, Florida leads the country in timeshare sales, followed by the Pacific region, with \$507 million, the Central region, with \$303 million, the Mountain region, with \$239 million, the Northeast, with \$138 million, and the Southeast, with \$176 million.
- As an aggregate profile, the typical vacation owner is an upper-middle-income, middle-aged, well-educated couple: 77% have incomes over \$50,000; 69.2% are 45 years of age or older; and 64% have at least a bachelor's degree. The median income of US timeshare owners is \$77,000.
- A 1997 survey of US vacation owners revealed that 85.2% are satisfied with their timeshare purchase. Of those, 55.1% report they are "very satisfied."
- California leads the nation in number of owners by state, with 270,531 owners, representing 15.3% of owners nationwide. By region, the largest percentage of owners reside in the Northeast, which accounts for 38% of all owners.
- Over two million exchanges were confirmed in 1997 by the two leading timeshare exchange companies, Resorts Condominiums International (RCI) and Interval International (II). Over 97% of all exchange requests made to the exchange companies are confirmed. To date, over ten million exchanges have been confirmed worldwide.
- As of 1995, 60.3% of US households feel they have a chance of purchasing recreational property within the next 10 years.
- Florida is the single-most preferred state by Americans for a recreational property purchase. The next five most preferred states are California, Colorado, North Carolina, Texas and Arizona, in that order.

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VACATION PURCHASING TIPS FOR CONSUMERS

A vacation ownership purchase is a significant commitment, not only financially, but also in terms of future vacations. You should be sure that the resort or club in which you purchase an interest will provide many pleasant vacations for years to come and can evolve with your lifestyle. Here are some important tips to consider when making a purchase:

Buy to use. Buy because you plan to use the vacation ownership product in the future. Consider your vacation ownership purchase as an investment in future vacations, not in terms of an investment for financial profit.

Choose a vacation that fits your lifestyle. Think carefully about what you value most in a vacation and travel experience, then explore the wide variety of vacation ownership products and options available and choose those which best suit your needs. In addition to visiting a resort and talking to industry professionals, a friend or relative who owns a timeshare may be a great resource as you gather information about the timeshare experience.

Visit a timeshare resort on your next vacation. Take a tour of a local resort. While there, talk to existing owners about their ownership experiences at the resort. Many resorts offer mini-vacations that provide opportunities to experience the resort first-hand.

Read all documents carefully and understand what type of product you are being offered. Is it a fee simple or right-to-use plan, fixed or floating time, or a vacation club, etc.?

Ask if the resort is an ARDA member. Members of ARDA agree to follow the ARDA Code of Standards & Ethics and are expected to adhere to the highest standards of quality and service.

Look for signs of good management, such as well-maintained facilities and resort amenities, good housekeeping, and friendly service.

If you are purchasing primarily to take advantage of the exchange benefit, buy the largest unit in the most popular season, or the largest points package you can afford, as this will provide greater exchange potential.

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How is the resort managed? Does the developer manage the resort or has a management company been hired? Does the homeowners association make management decisions? How often do they meet? Is the association budget adequate to maintain the resort and its amenities? Ask to see recent resort and HOA newsletters to learn more.

Verify the resort's affiliation with an exchange company and learn about the resort's exchange policies and member benefits.

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Source: *A Consumer Guide to Vacation Ownership*
© 1996 by the American Resort Development Association



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VACATION OWNERSHIP: A SIGNIFICANT ECONOMIC IMPACT

The timeshare industry directly contributes \$8 billion to the US economy. It directly employs 50,086 personnel. When indirect and induced impacts are factored in, the total national annual impact for the industry reaches \$18 billion, with the generation of 270,000 jobs.

The industry has experienced growth, wider recognition, increased diversity of product, and broader involvement. Thus, the impacts are not only larger today, but they are increasingly more diverse on a sector and a geographic basis. Although the more obvious sectors of the economy, such as service and retail, experience the largest impact, industries such as manufacturing, finance, insurance, real estate, transportation, and public utilities reap large benefits from the industry in terms of employment and dollars.

Contributions to Local Economies

On the local level, the economic benefits which vacation ownership resorts accrue are significant and surpass those offered by more traditional types of resorts. For instance, vacation ownership resorts bring more visitors to the resort area on a per-unit basis than the typical resort hotel. Vacation owners also spend a considerable sum both in reaching the resort area and during their stay. In addition, the return visitation patterns of vacation owners are high, and their lengths of stay are longer.

Vacations owners also contribute to the community through sales taxes and real estates taxes—dollars that help support the local schools, hospitals, roads, libraries, fire and police departments, and a variety of other municipal services that the vacation owners themselves use little if at all.

Larger Party Size, Longer Visits

According to a 1997 survey of 2,650 US owners, the average timeshare party is comprised of 3.8 persons. Of this party, 2.9 are adults, and 0.9 are children under 18 years or younger. The average length of stay for US timeshare vacations is seven days in the household's own timeshare. Including all other options, the average stay in the resort area is 8.6 nights, with 81% of the time spent in the household's own timeshare. The remaining 19% of time is most often spent in a hotel, motel, condominium, or another timeshare unit that is not owned by the household.

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The average size of the timeshare visitor parties and length of stay varies significantly by region. Florida shows the largest average party size, at 4.1 persons. Florida visitor parties also reported the most children, at an average of 1.1 per party. Timeshare vacations to the Pacific show the longest average length of stay, at 7.4 days. Florida reports the next highest average, at 7.2 days.

Considerable Consumer Expenditures

While in the local resort area, the average timeshare visitor party spends considerably more than the traditional traveler, averaging expenditures of \$1,181 during the course of the entire stay, not including an additional \$387 per party for airfares. Their local expenditures translate to an average of approximately \$137 per night per party, or \$36 per person per night.

According to US vacation owners surveyed in 1997, an average of \$369 per party is spent on airfares between the residence and the timeshare resort area. The survey revealed that over half of timeshare owners travel to the resort via other means, as only 39.6% of respondents cited airfare as an expenditure. Owners also spend an additional \$18 on other airfares, such as to nearby resort areas. (This average is small due to only four percent of vacationing parties reporting such expenditures.)

Timesharing also brings more business to area hoteliers and other operations: 25.2% of owners surveyed cited expenditures for other lodging. An average of \$64 was spent for lodging in the resort area before or after the owner's timeshare interval.

Average US Timeshare Vacation Expenditures	
Food & beverage	\$475
Airfare	387
Entertainment	245
Shopping	217
Transportation	148
Other Lodging	64
Other expenses & services	32

The largest single category of expenditure while in the resort area is for food and drink consumed in restaurants, bars, and other hospitality establishments, at an average of \$475 per party. Entertainment, including sports activities, sightseeing, tours, and admissions to attractions, museums, movies, and rides, is the second largest expenditure in the local area, at an average of \$245 per party. Shopping for clothing, souvenirs, art, and similar items represents \$217. An average of \$148 per party is spent on transportation costs in the region.

Timeshare Resorts Build a Loyal Visitor Base

The significant and positive economic impact which vacation ownership has on the surrounding area is underscored by the change in travel patterns in the resort area by vacation owners after their purchase of a vacation interval. Timesharing builds loyalty to the vacation area. U.S. owners surveyed in 1997 report having taken 2.5 vacations in the resort area where their first timeshare purchase is located during the five years prior to purchasing. By contrast, as current timeshare owners, they plan to take an average of 3.7 vacations in the resort area over the next five years.

The region in which this trend is most pronounced is the Central region. In the five years prior to purchasing an interval interest, owners reported an average of only 1.6 vacations to the area. After purchasing a timeshare, the number of vacations planned to the area over the next five years increased by 1.8 to an average of 3.4 vacations.

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Source: *The United States Timeshare Industry 1997: Overview and Economic Analysis*
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Timeshare Purchasers: Who They Are, Why They Buy, 1995 Edition
© 1995 by the American Resort Development Association

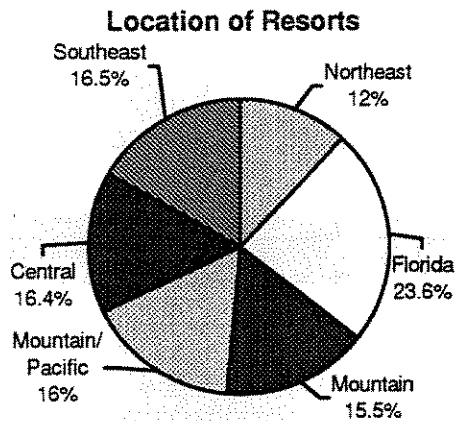


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VACATION OWNERSHIP: FINANCIAL PERFORMANCE OF THE US INDUSTRY

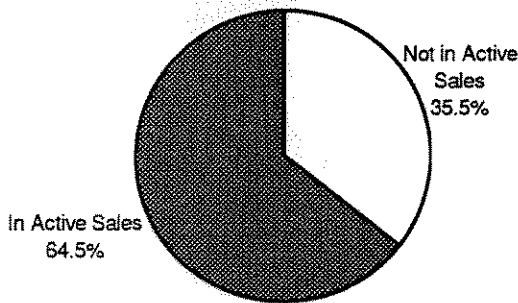
During 1996, the US timeshare industry sold a total of 218,000 intervals at an average price of \$10,000 per week. The result was a total sales volume of \$2.18 billion. This reflects a substantial increase from 1992, when sales were reported at \$1.3 billion based on 168,840 intervals sold at \$7,000 per interval. The number of timeshare intervals owned by consumers is growing at an annual compounded rate of 9%. The industry's rapid expansion, high profitability, and phenomenal growth potential position it as a solid investment opportunity.



The US continues to dominate the world vacation ownership market. According to a 1997 survey of US timeshare developers, Florida continues to lead the US in the number of resorts, with 284, or 23.6%, of resorts.

With a 1997 sales volume of \$817 million, Florida also leads the country in timeshare sales, followed by the Pacific region, with \$507 million, the Central region, with \$303 million, the Mountain region, with \$239 million, the Northeast, with \$138 million, and the Southeast, with \$176 million.

Majority in Active Sales

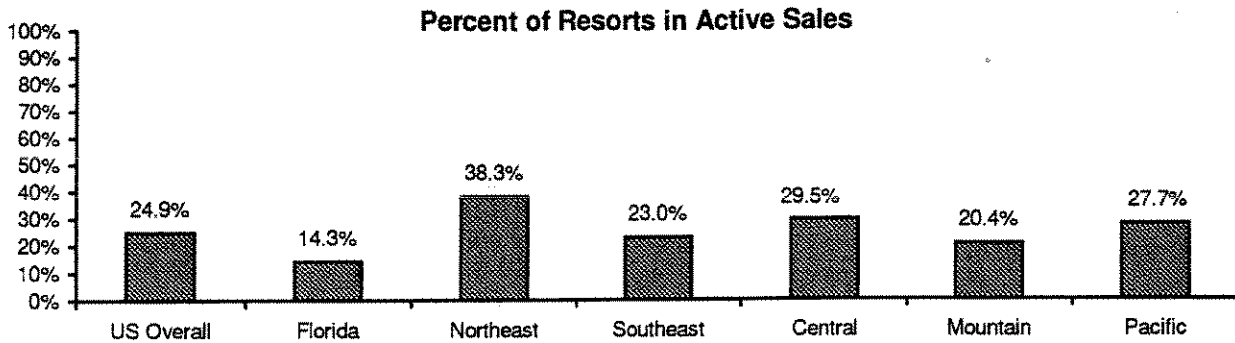


Over 60% of US timeshare resorts are almost or completely sold out. The average percentage of unit-weeks sold per resort is 76%. The average number of interval weeks existing and under construction is 3,787 weeks, and the median number is 2,550 weeks.

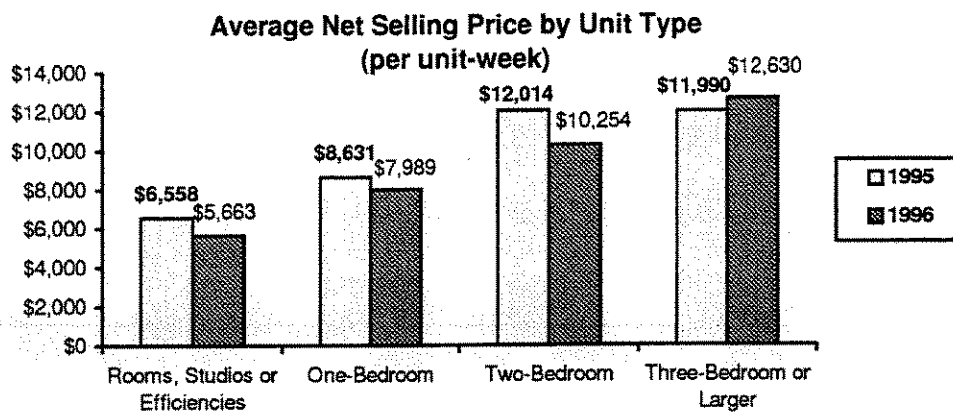
The average planned size for a resort is approximately 100 units, indicating a larger average size for the new resorts than those historically built.

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Timeshare Sales 1996			
Region State	Intervals Sold	Average Price by Region (millions)	Sales Volume (millions) (\$)
Florida	81,700	\$10,000	817
Northeast	15,800	\$8,750	138
Connecticut	<100		<1
Massachusetts	2,200		19
Maine	1,100		10
New Hampshire	1,800		16
New Jersey	3,400		30
New York	400		4
Pennsylvania	5,300		46
Rhode Island	1,000		9
Vermont	600		5
Southeast	18,500	\$9,500	176
Delaware	<100		<1
Georgia	100		1
Maryland	<100		<1
North Carolina	3,200		30
South Carolina	6,300		60
Virginia	8,900		85
West Virginia	<100		<1
Central	33,700	\$9,000	303
Alabama	200		2
Arkansas	13,200		119
Illinois	2,600		23
Indiana	400		4
Iowa	400		4
Louisiana	1,900		17
Michigan	200		2
Minnesota	1,000		9
Mississippi	100		<1
Missouri	3,900		35
Ohio	100		<1
South Dakota	<100		<1
Tennessee	4,800		43
Texas	4,200		38
Wisconsin	700		6
Mountain	24,400	\$9,750	239
Arizona	7,700		75
Colorado	4,700		46
Idaho	100		1
Montana	400		4
New Mexico	200		2
Nevada	9,200		90
Utah	2,100		21
Wyoming	<100		<1
Pacific	43,800	\$11,500	507
California	17,200		189
Hawaii	12,900		181
Oregon	200		2
Washington	13,500		135
Total	218,00	\$10,000	\$2,180



The largest percentage of resorts reported net dollar sales between \$1 million and \$5 million in 1996. The average net sales figure was \$6.6 million. The largest percentage of resorts (27.1%) report that the cost of product is between 15% and 20% of net sales, having increased from 1995. Over 23% of resorts now report that the cost of product now exceeds 30% of revenue. The cost of product for the majority (53.7%) of resorts averaged between \$50,000 and \$100,000. Almost 20% now report costs exceeding \$150,000 per unit. This is partially due to the introduction of more high-end products in the luxury niche.



Resorts are experiencing higher closing percentages than in recent years. The average net closing percentage for 1996 was 12.3%. This reflects an increase from the 1995 net closing percentage of 11%. Approximately 30% of resorts report recission (i.e., new buyers who reconsider their purchase) rates between 15% and 19.9%.

Developers Explore New Financial Opportunities

Financing has become increasingly easier for timeshare developers to obtain in recent years. Close to 90% of developers obtained construction loans, compared with just over 70% in 1994. Only 32% developers surveyed were required by lenders to put equity into projects of more than 20%. The percentage of developers obtaining acquisition loans decreased from 68% in 1994 to 47% in 1995.

Developers are exploring new opportunities for positioning their timeshare products and strengthening their companies, including brand-name affiliation, consolidation, IPOs, acquisitions, and mergers. In a 1997 survey of US developers, 25% reported having considered merging their timeshare company with another regional timeshare company, 22% considered taking the company public, 19% have contemplated conducting a securitization of some type, and 17% have thought about selling the company or inventory to an established timeshare company.

Consumer Financing

Almost 80% of timeshare developers report a minimum down payment requirement of 10% for financed sales, exclusive of special financing packages. Over 75% of developers have required this minimum for the past five years. Despite this minimum down payment, 92% of consumers make down payments that exceed 10%. This is a significant increase from 1995, when approximately 75% of consumers reported making down payments of 10% or less.

Approximately three-quarters (77.3%) of developers report their consumer receivables portfolio is extended on a fixed basis rather than a variable basis. This has dropped considerably from the 96% reported in 1995. The majority of developers (53%) charge an interest rate between 13.1% and 15%. This represents an increase from 1995, when only 37% charged interest rates in this range. The industry is witnessing a substantial increase in longer financing terms: the majority (63.6%) of developers report the average terms of their receivables is greater than 6 years, compared to only 40% in 1995.

Only 36% of developers report selling any portion of their 1996 contracts to a lender. There has been a dramatic increase in the proportion of developers who have not hypothecated any of their contracts, from 0% in 1995 to 28.9% in 1996. This sharply underscores the developers' focus on the portfolio profitability and secondarily indicates liquidity in the developers' operations. Almost half (45.2%) of developers report a weighted average floating interest rate of 200 to 250 basis points above the prime rate. Developers report that they consider more than 85% of their receivables to be current. A little more than half (51.3%) of the respondents report an average actual bad debt expense between 3.1% to 6% of net sales for 1996.

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Source: *The United States Timeshare Industry 1997: Overview and Economic Analysis*
© 1997 by the American Resort Development Association

Financial Performance Digest 1997: A Survey of Timeshare and Vacation Ownership Resort Developers ©1997 by the American Resort Development Association

Financial Performance 1996, A Survey of Timeshare and Vacation Ownership Resort Developers ©1996 by the American Resort Development Association



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THE VACATION OWNERSHIP INDUSTRY IN THE US

The US timeshare industry includes 1,204 timeshare resorts and an estimated 64,300 timeshare units. Three hundred, or 25%, of all US timeshare resorts are in active sales. In 1996, the number of weeks sold was 218,000 at an average price of \$10,000 per week, resulting in a total dollar sales volume of \$2.18 billion. The industry has seen an average increase in timeshare sales volume of approximately 13.8% per year. The average occupancy rate for US timeshare resorts is 87.5%.

The industry's impressive and consistent growth is a result of a variety of factors, including higher standards of accommodation, quality and service, flexibility, the involvement of well-recognized hotel companies, increased availability of financing, and the industry's improved overall image. Consumer demand is driving timeshare product differentiation and quality, as consumers require more choices in destinations, time of use, and lengths of stay. In addition, developers are increasingly using price segmentation and branding as a competitive tool to position their products to targeted consumer segments.

As of 1997, a total of 1,767,000 households own timeshares in the United States. The number of US timeshare intervals owned by consumers is growing at a compounded rate of 9% per year. As an aggregate profile, the typical vacation owner is an upper-middle-income, middle-aged, well-educated couple: 77% have incomes over \$50,000; 69.2% are 45 years of age or older; and 64% have at least a bachelor's degree. The home region of purchasers has become increasingly diverse, with demand not concentrated in any particular region, but rather spread throughout the country.

The industry directly employs 50,086 people. Including indirect and direct employees, timesharing generated close to 270,000 jobs. It contributed \$18 billion to the U.S. economy through employment, consumer and business expenditures, and taxes. Timeshare has a positive economic impact on a variety of industries, including: service and retail; manufacturing; finance; insurance and real estate; and transportation and public utilities.

Regional Overview of US Timeshare Industry

The major vacation ownership markets in the US are primarily located in established resort destinations. Except for Florida, they are evenly distributed in major resort areas around the country. Timeshare resort characteristics vary from region to region. Due to seasonality, resort area activities, and location characteristics, resorts in different regions offer different amenities, unit types, and ownership options.

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Location of US Timeshare Resorts		
Region State	Number of Resorts	Percent of Total US Resorts (%)
Florida	284	23.6
Northeast	145	12.0
Connecticut	1	0.1
Maine	15	1.3
Massachusetts	39	3.2
New Hampshire	27	2.2
New Jersey	9	0.8
New York	10	0.8
Pennsylvania	24	2.0
Rhode Island	11	0.9
Vermont	9	0.8
Southeast	199	16.5
Delaware	2	0.2
Georgia	14	1.2
Maryland	19	1.6
North Carolina	51	4.2
South Carolina	85	7.1
Virginia	26	2.2
West Virginia	2	0.2
Central	197	16.4
Alabama	10	0.8
Arkansas	16	1.3
Illinois	1	0.1
Indiana	2	0.2
Iowa	3	0.3
Kentucky	3	0.3
Louisiana	17	1.4
Michigan	9	0.8
Minnesota	13	1.1
Mississippi	4	0.3
Missouri	27	2.2
Ohio	3	0.3
South Dakota	1	0.1
Tennessee	20	1.7
Texas	46	3.8
Wisconsin	22	1.8
Mountain	187	15.5
Arizona	23	1.9
Colorado	67	5.6
Idaho	9	0.8
Montana	14	1.2
Nevada	33	2.7
New Mexico	14	1.2
Utah	23	1.9
Wyoming	4	0.3
Pacific	192	16.0
California	88	7.3
Hawaii	61	5.1
Oregon	19	1.6
Washington	24	2.0
Total	1,204	100.0%

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Total 1996 Sales							
	US Overall	Florida	Northeast	Southeast	Central	Mountain	Pacific
Total Dollar Sales Volume (in millions)	\$2,180	\$817	\$138	\$176	\$303	\$239	\$507
Weeks Sold	\$218,000	81,700	15,800	18,500	33,700	24,400	43,800
Average Price Per Week	\$10,000	\$10,000	\$8,750	\$9,500	\$9,000	\$9,750	\$11,500
Note: (1) Average prices by region rounded to nearest \$150 (2) Sales volumes rounded to nearest \$1 million							

Florida. With 23.6% of total US timeshare resorts, Florida remains the most significant and developed market in the US. Florida led in sales in 1996, with 81,700 intervals sold and a sales volume of \$817 million. Florida has the second highest average price per timeshare interval, at \$10,000. Orlando is the world's largest vacation ownership destination. With 1996 sales of \$549 million and 54,900 interval weeks sold, the Orlando region alone represented approximately 25% of total US vacation ownership sales.

Pacific. (AK, CA, HI, OR, WA) The Pacific region is the fastest-growing timeshare market in the US. In 1996, resorts in the region sold 43,800 intervals, resulting in sales of \$507 million. Average prices for timeshare intervals are highest in the Pacific region, at \$11,500. New resorts have opened, are under development, or are being planned for every state in this region, particularly in the popular resort destinations in this region, such as Hawaii, Southern California, and Lake Tahoe.

Northeast. (CT, ME, MA, NH, NJ, NY, PA, RI, VT) In 1996, 15,800 intervals were sold at resorts in the region, resulting in sales of \$138 million. Northeast timeshare resorts include locations in mountain and beach areas. Many of the owners at these resorts reside in the region. With an average price of \$8,750, intervals in the Northeast are the least expensive in the country.

Southeast. (DE, DC, GA, MD, NC, SC, VA, WV) In 1996, timeshare resorts in the Southeast reported 18,500 intervals sold and \$176 million in sales. Like the Northeast, resorts in this region include locations in mountain and beach areas, and resorts attract owners residing in the region. The average price per interval at resorts in the region is \$9,500.

Central. (AL, AR, IL, IN, IA, KS, KY, LA, MI, MN, MS, MO, NE, ND, OH, OK, SD, TN, TX, WI) The Central region is the smallest of all the regions in terms of number of resorts and total sales volume. However, growth potential in this region is high, as the number of resorts currently in active sales are above the national average. In 1996, resorts in the region sold 33,700 intervals, producing sales of \$303 million. The average price of an interval in the region is \$9,000.

Mountain. (AZ, CO, ID, MT, NV, NM, UT, WY) The Mountain region is also a growing timeshare market. In 1996, 24,400 intervals were sold in the region, resulting in \$239 million in sales. Resorts in this region are concentrated in the mountain ski areas of Colorado and Utah and in the desert region of Arizona and Las Vegas. They have the third highest average price per interval in the country, at \$9,750.

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Source: *The United States Timeshare Industry 1997: Overview and Economic Analysis* © 1997 by the American Resort Development Association



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VACATION OWNERSHIP: FLEXIBILITY, QUALITY, AND VALUE

As the fastest-growing segment of the global travel and tourism industry, vacation ownership is redefining consumer travel by setting higher standards in hospitality, revitalizing travel and leisure through new products and services, and elevating consumer expectations of the vacation experience. A 1997 survey of US owners demonstrated that consumers are looking to vacation ownership to receive more value for their vacation dollar.

When asked why they purchased timeshare, US owners cited the flexibility, quality, and value offered by vacation ownership as their primary motivating factors. The opportunity to exchange into other US resorts is considered the most important single motivation for purchasing. The "assurance of good accommodations" and "liked the timeshare unit, resort amenities, or resort features" were also cited as very important motivations. Ranked next was the "good value compared to other options," and that vacation ownership would help to "save money over the long run."

Commonly referred to as vacation ownership, timeshares, interval ownership, and vacation clubs, today's vacation ownership product equals, and in many cases surpasses, accommodations at traditional luxury resorts and puts consumers in the driver's seat when they vacation.

Type of Interests Available

- **One-Week Interests or Points Offerings.** The majority of US timeshare resorts (93.7%) provide interval interests sold either in increments of one week of use each year or as points offerings. However, many resorts also offer other options. Florida has the highest percentage of resorts which offer one-week interests or points programs, at 99%. The Mountain region reports the lowest percentage, at 84.6%.
- **Biennial Intervals.** In recent years, there has been substantial growth in biennial intervals, which provide the buyer with a week of use every second year. Biennials are now the next most-common type of interest after single weeks and points programs. The highest proportion of biennial interests by region is in the Pacific, due to the high interval prices and the high cost of travel to this region.
- **Fractional Interests.** Only 8% of US timeshare resorts currently sell fractional interests, or interests in multi-week packages. Fractional interests continue to represent a niche market, appealing to households wanting several weeks of annual use without the expense or other complications of whole-ownership. These types of interests are most prevalent in the Mountain region and the Southeast.

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- **Undivided Interests.** With the undivided interest, shares are sold on a ratio of multiple members per unit. This interval format currently is available at only 6.7% of US timeshare resorts. By far, the largest market providing undivided interests is the Mountain region, with 21.5% of resorts reporting the presence of this type of interval.

Types of Ownership

- **Deeded Week.** The standard type of timeshare ownership is the deeded week, offered by 89.8% of US timeshare resorts. Florida shows the highest percentage of deeded week intervals offered. For many years, the deeded week intervals were one of the only products offered.
- **Right-to-Use.** Currently, 10.1% of US timeshare resorts offer right-to-use interests, up from 4% in 1993. Right-to-use programs are most common in the Pacific region. This increase in a more flexible type of membership interest offered is in keeping with the trend of consumers demanding more alternatives in their vacation ownership purchases.

Total 1996 US Sales by Type of Plan (%)							
	US Overall	Florida	Northeast	Southeast	Central	Mountain	Pacific
Fixed	60.8	80.5	72.3	75.0	68.5	50.5	22.7
Float within season	21.1	15.4	17.0	17.3	21.3	28.4	27.7
Float year round	20.3	10.1	11.7	9.6	17.6	23.2	44.7
Points	5.9	10.7	0.0	6.7	4.6	3.2	7.1
Other	8.8	6.0	13.8	8.7	5.6	7.4	12.1

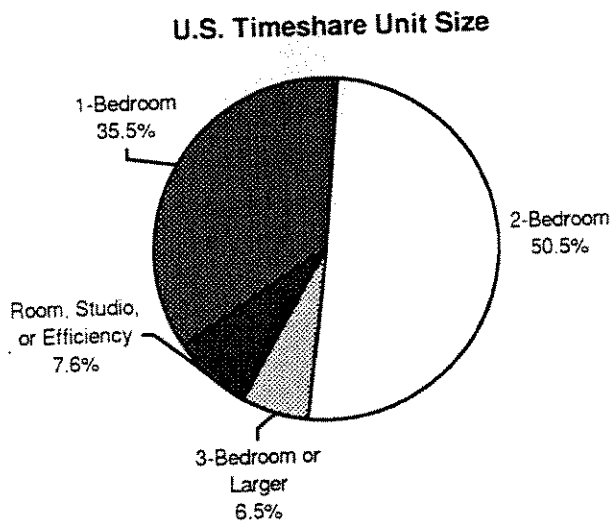
Timeshare Use Plans

The variety of timeshare use plans offers consumers the flexibility of tailoring the product to meet their lifestyle.

- **Fixed Time.** The majority of US timeshare resorts include some weeks on a fixed-week system where the consumer uses the same one-week period each year. This system was the norm among new developments until the mid-1980s. Given its mature market, Florida has the highest percentage of resorts using a fixed time in their plans. However, unlike historical patterns, fixed time is generally now limited to special events or holidays rather than throughout the year.
- **Floating Time within Seasons.** The second most widely utilized plan is floating time within seasons where consumers may book any time they choose within a given seasonal time frame (and usually within a given unit type) at their resort, subject to availability. This type of plan is most common in both the Mountain and Pacific regions.

- **Floating Time Year-Round.** This access arrangement allows consumers to reserve time in their resort without seasonal restrictions. The percentage of resorts offering this type of plan has increased from 12.7% in 1993 to 20.3% in 1997. This type of use plan is more popular in the Pacific region, especially Hawaii.
- **Points.** Points programs have gained in popularity in recent years. Under a points-based access plan, the consumer obtains a type of vacation credit redeemable each year for a varying number of accommodation nights depending upon the season, day of week, size of unit, and resort location chosen. Because points programs have entered general use only in recent years, only 5.9% of resorts currently offer them, however they are rapidly becoming more common. Points programs are most widespread in Florida, followed by the Pacific, where the concept originated.
- **Vacation Club.** A travel and use product, the vacation club offers members great flexibility. The buyer receives a single ownership interest (deeded or right-to-use) which entitles the member the right to use accommodations at all resorts in the club's system. Membership may include priority reservation right to the member's home resort. Other typical attributes may include: finite term of membership; common use of "points" to get accommodations or other benefits; benefits other than lodging, such as travel services, hotel discounts, golf packages, health and city club memberships; and different types of lodging, such as condominiums, timeshares, hotels, campgrounds or cruise ships.
- **Split Weeks.** Floating time and points programs make it theoretically possible for consumers to split their total time for the year into multiple increments which are less than seven nights in duration, referred to as split weeks. This plan option has become more widely available, offered by 23.1% of resorts today, up from only 9.7% in 1993. Split weeks are most prevalent at resorts in the Mountain and Pacific regions, and are the least common in the Northeast and Florida. Many urban timeshares allow use by the night.

Spacious and Luxurious Accommodations



The unique value of the vacation ownership product lies in the combination of quality accommodations, the spaciousness, comfort and luxury features of suites, full-service resort amenities, and unparalleled flexibility available to consumers in one resort.

Most vacation ownership units have two bedrooms and two full baths, and can sleep up to six people. One-bedroom units are furnished to sleep up to four people. A recent development is the "lockoff" or "lockout" unit. Such units may consist of two bedrooms and two bathrooms, or three bedrooms and three bathrooms. They are designed so the owner can occupy the living room and one or two bedrooms, and offer the remaining space for rental.

Units usually include full kitchens outfitted with a variety of amenities, including large refrigerators, dishwashers, microwave ovens, blenders, juicers and informal breakfast nooks or counters. Many also have washers and dryers in the units. Many units include a variety of luxury features, including:

- double-volume ceilings
- terraces
- balconies
- wood-burning fireplaces
- hot tubs
- whirlpool baths
- saunas
- sumptuous master bathrooms
- home entertainment centers with large-screen TV sets
- VCRs
- stereos
- premium cable TV service

A Variety of Resort Amenities

The amenities offered at vacation ownership resorts rival those of many of the top-rated traditional resort properties in the world, and they include:

- fully-equipped exercise facilities
- indoor and outdoor swimming pools
- private beach access
- golf courses
- tennis and racquetball courts
- ski lifts
- bicycles and paths on property
- equestrian facilities
- boats and marina facilities
- fishing piers and tackle
- on-site shopping centers
- gourmet dining
- theaters
- nightclubs
- shuttle to off-site attractions

The Exchange Opportunity

One of the most popular features of vacation ownership is the flexibility offered through the exchange opportunity. Exchange allows the purchaser of a vacation interest at one vacation ownership resort to exchange it for another week owned by someone else at another time or place. Resorts are affiliated with an exchange company, which administers the exchange service for owners at the resort. Owners individually elect to become members of the exchange service company. At many resorts, the developer pays for each new owner's first-year membership in the exchange company; thereafter, the exchange company directly solicits renewals of its memberships.

The Owners' Association

A benefit of vacation ownership is that those who buy into a recreational environment also purchase the privilege of ownership of that environment. Specifically, the owners of vacation weeks sold on a fee-simple condominium basis or as shares in a not-for-profit corporation become members of their resort's owners association, often called the Condominium Owners' Association (COA) or Homeowners' Association (HOA). When a stipulated percentage of the unit-weeks in the resort—usually about 75%—has been sold, control of the association passes to the owners who elect a board of directors to oversee the resort's operations. The owners' association of a vacation ownership resort operates in exactly the same manner as any typical whole ownership residential condominium association.

###

- Source:** *The United States Timeshare Industry 1997: Overview and Economic Analysis*
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- Financial Performance Digest 1997: A Survey of Timeshare and Vacation Ownership Resort Developers* ©1997 by the American Resort Development Association
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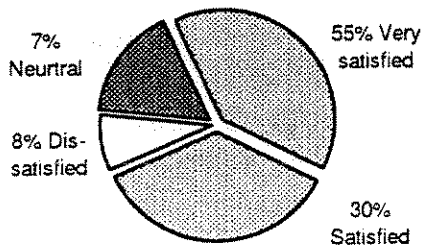
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VACATION OWNERSHIP: 85% SATISFACTION RATINGS BY OWNERS

With over 1.7 million resort vacation owners in the US and approximately 120,000 new buyers each year, the vacation ownership industry is enjoying skyrocketing approval ratings from its owners and achieving levels of satisfaction unequaled in the hospitality industry.

Owner Satisfaction Ratings



Satisfaction ratings by vacation owners continue to climb. A 1997 survey of 2,653 US vacation owners revealed that 85.2% are satisfied with their timeshare purchase. Of those, 55.1% report they are "very satisfied." This represents an increase from 1993, when 75.3% of owners reported satisfaction with ownership, with 39% reporting they were "very satisfied."

The vast majority of US owners (76.6%) report that their expectations of vacation ownership at the time of purchase have been matched or exceeded. Three quarters (75.4%) of US owners say they recommend vacation ownership to others. Owners rate the following characteristics very high (over 80%):

- services and activities in area near resort(s)
- cleanliness and upkeep of unit(s)
- construction quality
- amenities and facilities at resort(s)
- hospitality shown by staff
- management responsiveness

Why They Buy: Flexibility, Quality, and Value

When asked to rate the importance of their reasons for purchasing timeshare, US owners cited the following as the primary motivating factors:

- **Flexibility.** The opportunity to exchange into other US resorts is considered the most important motivation for purchasing.
- **Quality.** The quality and desirability of the facilities is a key factor in deciding to purchase a timeshare.
- **Value.** Households are looking to vacation ownership to receive more value for their vacation dollar.

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Top 10 Motivating Factors for Purchase Ranked in Order of Importance by US Timeshare Owners	
Scale: 1 = "not important" to 5 = "very important"	
1. Exchange to other US resorts	4.5
2. Assurance of good accommodations	4.2
3. Good value compared to other options	4.0
4. Like unit, amenities, or resort features	4.0
5. Exchange to non-US resorts	3.9
6. Save money over long run	3.8
7. Confidence in timeshare company	3.7
8. Treated well during sales presentation	3.6
9. Wanted to own in that resort area	3.5
10. Affordable vacation home	3.5

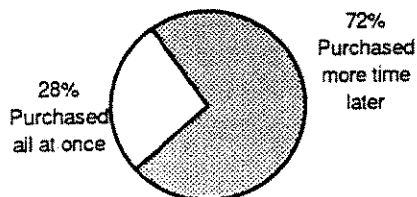
Owners Report Positive Experience with Sales Process

When asked about the sales process, three out of four (73.8%) US timeshare owners rate it as "very positive" or "somewhat positive" and give the "personality, manners, knowledge of sales personnel" particularly high marks. This overwhelmingly positive report is a strong indication that high-pressure selling is no longer a major issue among timeshare purchasers.

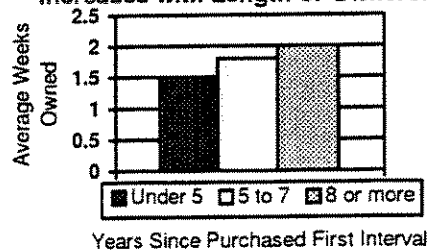
More Owners Purchase Additional Time

Of the vacation owners surveyed, 34.9% had purchased additional time beyond that which they obtained through their original purchase. This proportion jumps to 44.7% among long-time owners, or those who first purchased at least eight years ago.

Most Multi-Week Owners Purchased Additional Time After Experiencing Vacation Ownership



Number of Intervals Owned Increases with Length of Ownership



Overall, 17.1% of current US owners are interested in purchasing more time in a resort where they presently own a timeshare. The highest percentage is in Florida, at 21%. Of all US owners, 24.1% are interested in purchasing more time at a resort other than their own. Overall, 11.9% of US owners express some degree of interest in purchasing time in a resort outside the US.

75% of Owners Claim Timeshare Ownership Improves Quality of Life

The positive timeshare satisfaction ratings are mirrored by positive quality of life ratings. Of US timeshare owners, 75.6% say their lives have been affected "very positively" (35%) or "somewhat positively" (41%). Owners in the Pacific have the highest percentage reporting positive effects of vacation ownership on their lives, at 82.2%.

There is also a strong correlation between believing that timesharing has had a positive impact on the lives of the household and increased length of ownership. Long-standing owners are more likely to report a positive impact: of owners who purchased before 1990, 76.7% report a positive impact; 74% who purchased between 1990-94; and 61.1% who purchased between 1995-97.

The 1997 survey results also indicate that the longer a household has owned the timeshare, the more opportunities it has had to take advantage of exchange opportunities and to realize the savings from using the interval interest in vacation travel. The percentage of owners stating that their timeshare purchase has saved them money on vacations increases with number of years of ownership: 53.7% of owners who purchased before 1990 report having saved money on vacations; 36.4% of owners who purchased between 1990-94; and 18.1% of owners who purchased between 1995-97. By comparison, over half (53.2%) of those who purchased between 1995-97 report the highest expectation of realizing economic benefits over time.

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Timeshare Ownership Benefits: Results from a Nationwide Survey of Timeshare Owners
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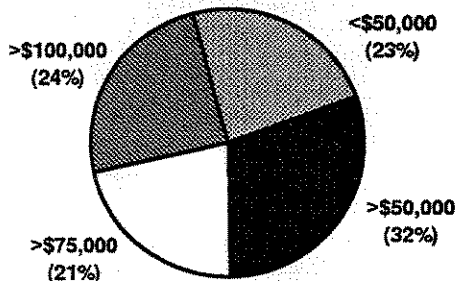


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VACATION OWNERSHIP: A DEMOGRAPHIC PROFILE OF US OWNERS

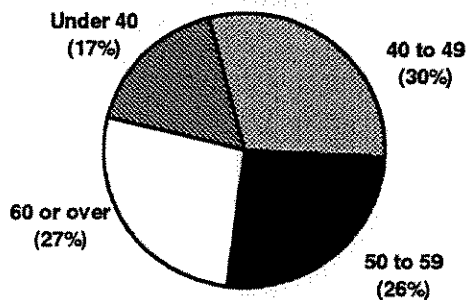
Household Income of U.S. Owners



A total of 1,767,000 households own timeshares in the United States, and the number of timeshare intervals owned by consumers is growing at a compounded rate of 9% per year, according to a 1997 study of the US timeshare industry.

Compared to all households in the United States, vacation owners have higher incomes, are older, and have higher levels of formal education than those of the average American consumer. As an aggregate profile, the typical vacation owner is an upper-middle-income, middle-aged, well-educated couple. Increasingly important segments of the market include high-income households, singles, older consumers, and those with higher educational attainment.

Age of Household Head

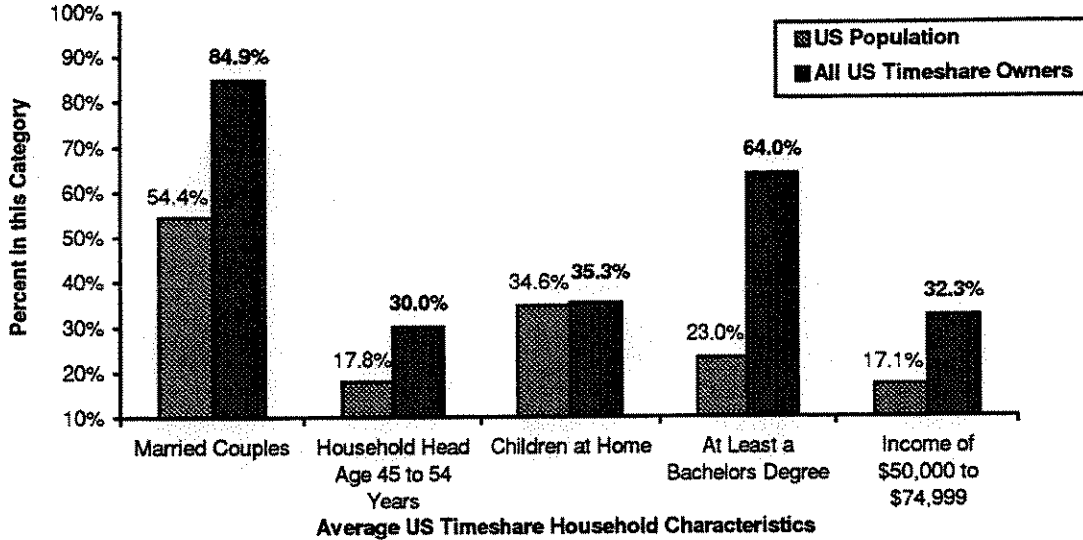


The consumer profile of US timeshare owners continues to move up the socio-economic ladder. Of US vacation owners, 77% have incomes over \$50,000, compared to the 69.5% reported in 1993; 69.2% are 45 years of age or older, compared to 67.5% in 1993; and 64% have at least a bachelor's degree, compared to 55.7% in 1993.

Some 86.5% of all vacation owners are couples, and 11.2% are single individuals. The percentage of singles has increased from only 7.4% in 1978. Only 35.3% of owners have children under 18 years of age living at home, down from 44.2% in 1993.

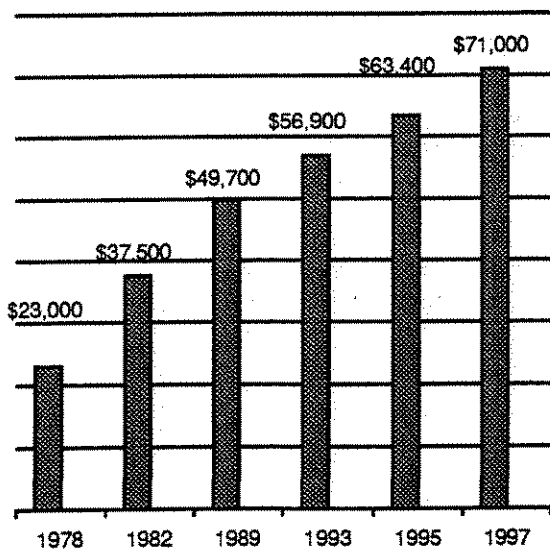
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Household Characteristics by Groups



Median Income of US Owners on the Rise

Median Income of Owners



As of 1997, the median household income of vacation owners is \$71,000 annually, having risen dramatically from \$63,000 in 1993 and \$23,000 in 1978. By comparison, the median income of US households is \$33,000 per year. The range of incomes among timeshare owners is also quite wide: 10.6% of owners have household incomes under \$40,000, while 16.8% have incomes over \$100,000.

The increasingly broad spectrum of household incomes stems in part from the wide variety of types and prices of timeshare intervals available for purchase today. This trend is expected to continue as price segmentation and product differentiation are increasingly employed as competitive tools by developers targeting specific segments of the consumer population.

**Vacation Owners
By State**

State	Vacation-Owning Households	% of all US Owners
Alabama	14,136	0.8
Alaska	3,534	0.2
Arizona	54,777	3.1
Arkansas	7,068	0.4
California	270,351	15.3
Colorado	49,476	2.8
Connecticut	35,340	2.0
Delaware	1,767	0.1
Florida	95,418	5.4
Georgia	47,709	2.7
Hawaii	3,534	0.2
Idaho	12,369	0.7
Illinois	51,243	2.9
Indiana	31,806	1.8
Iowa	14,136	0.8
Kansas	10,602	0.6
Kentucky	17,670	1.0
Louisiana	12,369	0.7
Maine	33,573	1.9
Maryland	38,874	2.2
Massachusetts	65,379	3.7
Michigan	42,408	2.4
Minnesota	35,340	2.0
Mississippi	5,301	0.3
Missouri	26,505	1.5
Montana	7,068	0.4
Nebraska	8,835	0.5
Nevada	19,437	1.1
New Hampshire	12,369	0.7
New Jersey	65,379	3.7
New Mexico	12,369	0.7
New York	91,884	5.2
North Carolina	49,476	2.8
North Dakota	0	0.0
Ohio	54,777	3.1
Oklahoma	12,369	0.7
Oregon	15,903	0.9
Pennsylvania	93,651	5.3
Rhode Island	10,602	0.6
South Carolina	22,971	1.3
South Dakota	3,534	0.2
Tennessee	33,573	1.9
Texas	58,311	3.3
Utah	14,136	0.8
Vermont	5,301	0.3
Virginia	79,515	4.5
Washington	53,010	3.0
West Virginia	12,369	0.7
Wisconsin	38,874	2.2
Wyoming	1,767	0.1
District of Columbia	8,835	0.5
Total	1,767,000	100%

—more—

Vacation Ownership Attracts Consumers From Across the Country

Vacation owners reside in all 50 states and the District of Columbia. Twelve states have more than 50,000 timeshare owners in their population. The ten states with the highest population of owners, listed at right, represent 53% of owners nationwide.

With 270,351 owners, representing 15.3% of owners nationwide, California dramatically leads the nation in number of owners. By region, the largest percentage of owners resides in the Northeast, which accounts for 38% of all owners.

Owners of timeshares located in the Northeast and Central regions are most likely to live in their region of purchase. By contrast, only 13.9% of owners of Florida timeshares reside in the state. Owners from the Northeast and Central region account for 67.1% of timeshares in Florida.

Top 10 States Where Owners Live

California
Florida
Pennsylvania
New York
Virginia
New Jersey
Massachusetts
Texas
Ohio
Arizona

Where US Timeshare Owners Own

Region	U.S. (%)	Northeast (%)	Southeast (%)	Florida (%)	Central (%)	Mountain (%)	Pacific (%)
Northeast	23.4	86.5	18.5	31.0	4.4	6.2	7.12
Southeast	14.8	3.6	54.2	13.0	9.0	1.7	3.21
Florida	5.4	4.4	4.8	13.9	4.4	3.4	0.92
Central	27.1	3.5	18.2	36.0	75.7	25.5	12.0
Mountain	9.7	1.0	2.5	2.5	3.1	41.2	5.6
Pacific	19.6	1.0	1.8	3.6	3.4	23.0	71.2

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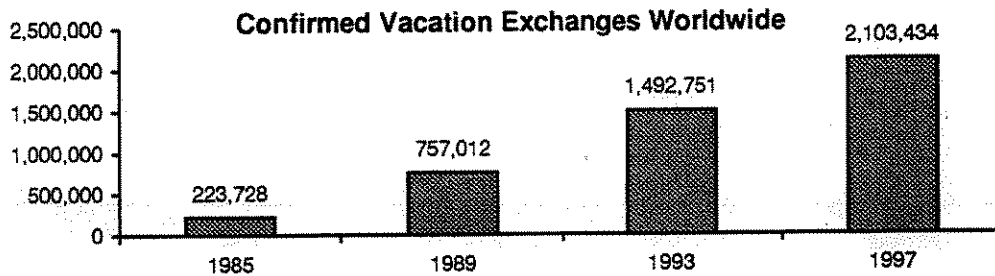
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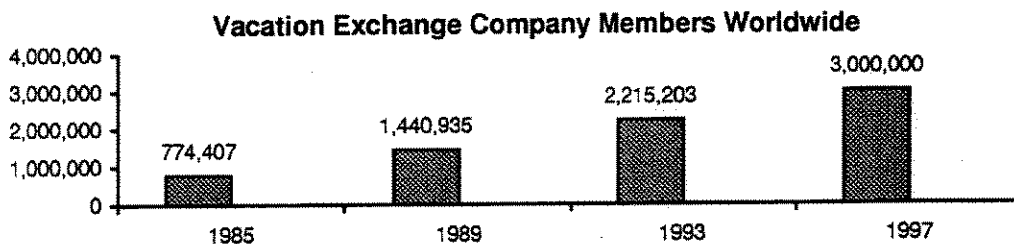
VACATION OWNERSHIP: THE EXCHANGE OPPORTUNITY

One of the major benefits of vacation ownership is that use is flexible: the time may be used personally, given away to friends or relatives, rented out, or exchanged for time in other resorts. In 1997, 42% of intervals owned in the US were exchanged, representing the largest type of use associated with timeshare intervals. By comparison, 39% of intervals were used by the owning household.

Vacation exchange allows the purchaser of a vacation interest at one resort to exchange it for another week owned by someone else at another time or place. Vacation ownership resorts are affiliated with an exchange company, which administers the exchange service for owners at the resort. Over 99% of US resorts are affiliated with an exchange company.



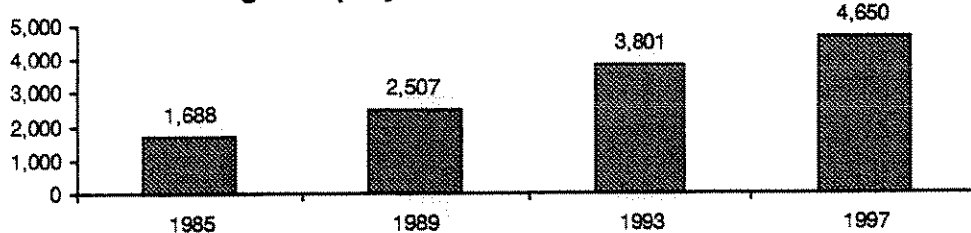
Dominating the vacation exchange business are two major companies: Interval International (II), based in Miami, Florida, and Resort Condominiums International (RCI), based in Indianapolis, Indiana. Worldwide, II and RCI together have 4,650 affiliated resorts and more than three million consumer members. Over 97% of all exchange requests made to RCI and II are confirmed. Over two million exchanges were confirmed in 1997 alone. To date, more than ten million exchanges have been confirmed worldwide.



Timeshare owners individually elect to become members of the exchange company affiliated with their resort. At many resorts, the developer pays for each new owner's first-year membership in the exchange company; thereafter, the exchange company directly solicits renewals of its consumer memberships.

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Exchange Company Resort Affiliations Worldwide

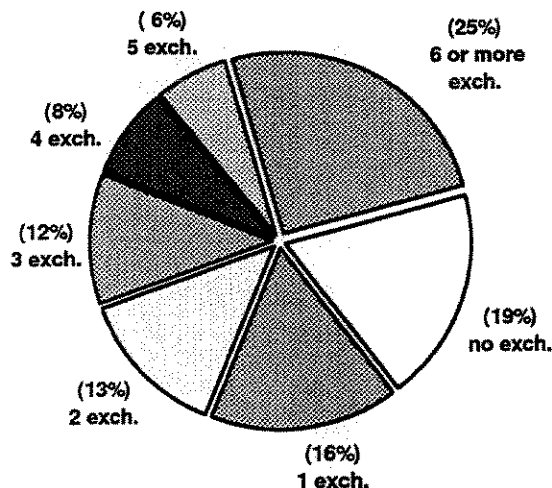


How the vacation exchange works. The vacation owner places his/her unit into the exchange company's pool of weeks available for exchange, and in turn takes another week from that pool. The exchange companies charge a small transaction fee, in addition to an annual membership fee, for performing a computer search to complete an exchange.

Two types of exchanges exist: *internal* and *external*. An *internal exchange* takes place when an owner exchanges a week at his/her home resort for another at the same resort, or at a different resort developed and/or managed by the same company. An *external exchange* occurs when an owner trades up his/her week at the home resort in return for a week at a different resort with which the owner has no connection. External exchanges make up the vast majority of the millions of exchanges which occur each year worldwide.

Both RCI and II have US and overseas offices and sophisticated computer systems with databases that store information and match members' desires with available exchange weeks. Each exchange company publishes an annual printed and CD-Rom directory of resorts complete with full-color illustrations from which members can make exchange selections.

Number of Exchange Vacations Taken by U.S. Owners



Steady Rise in Use of Vacation Exchange

The average vacation owner has made 5.2 exchange requests and has taken four exchange vacations. According to a recent survey, over three quarters (81%) of all current US timeshare owners have taken an exchange vacation, up from 50% in 1989 and 45% in 1982.

Of the more than 2,000 US vacation owners surveyed, 74% responded that they have belonged to an exchange company since their purchase and that they plan to maintain their membership.

Of US vacation owners, 25% have taken six or more exchange vacations. Approximately 32% of US owners have taken five or more exchange vacations.

—more—

Vacation Patterns

According to a 1997 survey of US owners, the type of timeshare use differs slightly by the region in which the resort is located:

- **Florida:** Owners with timeshares in Florida report the highest use by the household itself (44%).
- **Northeast:** The Northeast has the highest percentage of owners renting out their units (10%).
- **Southeast:** Only 2% of owners with timeshares in the Southeast report renting out their units. Owners from this region also have one of the lowest percentages of owners who have exchanged their intervals (37%).
- **Central:** In contrast to Florida, the Central region reports the lowest percentage of timeshare use by the owning household. Only 32% of households who own intervals in this region actually used that timeshare, but instead chose other options, such as exchanging.
- **Mountain:** Owners of timeshares in the Mountain region have the highest percentage of exchanging for time in other timeshare resorts (47%).
- **Pacific:** The Pacific area has the second highest use by the household itself, at 43%.

###

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VACATION OWNERSHIP: A GLOSSARY OF TERMS

Biennial Interval. A type of interest which provides the buyer with a week of use every second year. In recent years, there has been substantial growth in biennial intervals. They are now one of the most common types of interest, ranking after single weeks and points programs in popularity.

Camping Site. A space designated and promoted for the purpose of locating a trailer, tent, pop-up camper or other similar device used for camping.

Condominium. A common interest subdivision project in which individual owners get fee title to the air space located within the walls of their individual units as well as a percentage ownership interest in the balance of the project which may include recreational facilities. Many timeshare projects are developed as part of condominiums. Condominiums may be either fee interest or leasehold. In the fee interest condominium, an owner has absolute title in perpetuity to his/her unit and undivided interest in the common area facilities. In a leasehold condominium, the ownership interests end when the leasehold is terminated, often for a term of 40 to 58 years.

Contract for Deed or Real Estate Purchase Agreement. A purchase contract by which the seller agrees at some future point in time, when the purchaser has paid the full price of the real estate, to convey title to the purchaser. Contracts for deed or real estate purchase agreements may be coupled with escrow arrangements where title is held by an escrow agent to assure conveyance to the purchaser at the end of the term, notwithstanding the status of the original seller. Escrow arrangements are especially recommended in long-term purchase agreements.

Deed. The instrument used to convey interest in real property. The three types of common deeds in use today are general warranty or grant deed, special warranty deed, and quitclaim deed.

Deeded Week. The standard type of timeshare ownership is the deeded week, offered by 89.8% of US timeshare resorts. Florida has the highest percentage of deeded week intervals offered. For many years, the deeded week intervals were one of the only products offered.

Fee Simple. Ownership is tied to a particular unit and is owned in perpetuity or until sold by the owner. Owner receives a fee-simple deed with title insurance. Close to 70% of US timeshare resorts currently sell on a fee-simple basis.

—more—

Fee Simple Camp Resort. Purchaser receives a deed to a specific campground complex and has the exclusive right to use this campsite at any time. Most fee simple projects include such common area amenities as swimming pools, showers and recreational centers that are managed by an owners' association.

Fee Title. A common law term used to describe the status of absolute title as opposed to leasehold or other interest less than a full ownership interest in real estate. It is commonly used in reference to "fee simple title" or "fee simple absolute."

Fixed Week Shared Interest or Fixed Time. A type of fractional ownership in which the owner knows the specific weeks within a given year that he/she will have access to the accommodations year after year. The majority of US timeshare resorts include some weeks on a fixed-week system. It was the norm among new developments until the mid-1980s. Given its mature market, Florida has the highest percentage of resorts using a fixed time in their plans. However, fixed time is generally now limited to special events or holidays rather than throughout the year.

Floating Time within Seasons. The second most widely utilized plan, where consumers may book any time they choose within a given seasonal time frame (and usually within a given unit type) at their resort, subject to availability. This type of plan is most common in both the Mountain and Pacific regions.

Floating Time Year-Round. This access arrangement allows consumers to reserve time in their resort without seasonal restrictions. The percentage of resorts offering this type of plan has increased from 12.7% in 1993 to 20.3% in 1997. This type of use plan is more popular in the Pacific region, especially Hawaii.

Fractional Interest. Intervals longer than a traditional timeshare unit-week. Typically one-quarter, one-eighth, or one-tenth share in the accommodation. Generally, fee title ownership is conveyed. Only 8% of US timeshare resorts currently sell fractional interests, or interests in multi-week packages.

Leasehold Product. All ownership rights in the real property are assigned for a specified number of years.

Membership Camp Resort. The type of camp resort in which owners have rights of use based on membership certificates that are generally effective as long as the member pays the dues and assessments required. The developer retains ownership of the real property and improvements.

One-Week Interest or Points Offering. The majority of US timeshare resorts (93.7%) provide interval interests sold either in increments of one week of use each year or as points offerings. Florida has the highest percentage of resorts which offer one-week interests or points programs, at 99%. The Mountain region reports the lowest percentage, at 84.6%.

Owners' Association (OA). A body of owners created by statute or by filing of articles of non-profit corporation that administers the rules and regulations of a project. Membership in the owners' association is generally mandatory in projects where multiple interests are involved. Such associations are also sometimes known as a *Homeowners' Association (HOA)*, a *Condominiums Association (COA)*, a *Property Owners' Association (POA)*, or a *Common Interest Realty Association (CIRA)*.

Points. Under a points-based access plan, the consumer obtains a type of vacation credit redeemable each year for a varying number of accommodation nights depending upon the season, day of week, size of unit, and resort location chosen. Because points programs have entered general use only in recent years, only 5.9% of resorts currently offer them, however they are rapidly becoming more common. Points programs are most widespread in Florida, followed by the Pacific, where the concept originated.

Private Camp Resort. A camp resort which typically provides a broader range of amenities and activities for campers, more stringent security measures, and a more wholesome, family-oriented environment than public campgrounds. Many of these camp resorts offer on-site camping trailers and/or cabins.

Property Report. The legal disclosure document, issued by the state in which a project is located or sold, which provides information to the buyer regarding the purchase as required by state law. It is also known as the *Public Offering Statement* or *Public Report*, depending upon the jurisdiction. The information contained in the report has been decreed by the legislature of the particular state to be important for a purchaser to know before making a decision to participate in a resort development. Such a report generally sets forth the rights of purchaser with respect to rescission and information regarding the background experience of the developer as well as detailed information regarding the project itself.

Rescission. The period of time guaranteed under federal or state law during which a purchaser can cancel the purchase contract without penalty and receive a complete and full refund.

Right to Use or Timeshare Use. A license or contractual or membership right of occupancy in a timeshare or other common interest subdivision which confers no ownership of the underlying real estate. This form gives buyers access to the property for a specified amount of time. Currently, 10.1% of US timeshare resorts offer right-to-use interests, up from 4% in 1993. Right-to-use programs are most common in the Pacific region.

Split time. Allows owners to split their weeks, generally into three-night weekends and four-night weekdays. This plan option has become more widely available, offered by 23.1% of resorts today, up from only 9.7% in 1993. Split weeks are most prevalent at resorts in the Mountain and Pacific regions, and are the least common in the Northeast and Florida. Many urban timeshares allow use by the night.

Three-Day Cooling-Off Rule. A Federal Trade Commission ruling that applies to non-fee timesharing (right-to-use) and camping membership sales made at a place other than the "place of business of the seller." In these instances, the sales contract must include a three-day right of rescission, and the seller must furnish the buyer with duplicate copies of the "Notice of Cancellation" with the appropriate information correctly filled in on the form. This rule does not apply to sales made at the seller's place of business, made totally by mail or phone, or the sale of real estate, insurance or securities. Nor does the rule apply to fee timesharing and other sales of interests in real estate.

Timesharing. Used to describe a method of use and ownership of real estate where purchasers get title to specific periods of time in units of real property in common interest subdivisions.

Timeshare Estate and Timeshare Interval. A real property concept that allows an owner of real property to convey intervals of time in a specific real estate project.

Timeshare Project. A project in which a purchaser receives the right in perpetuity for life or for a term of years to the recurrent exclusive use or occupancy of a lot, parcel unit or segment of real property, annually or on some other periodic basis. Such a timeshare project covers a specified period of time allotted from the use or occupancy periods into which the project has been divided.

Truth-in-Lending. Used to describe federal and state programs that require sellers in a consumer credit transaction to reveal to purchasers the total cost of credit.

Undivided Interest. With the undivided interest, shares are sold on a ratio of multiple members per unit. This interval format currently is available at only 6.7% of timeshare resorts. By far, the largest market providing undivided interests is the Mountain region, with 21.5% of resorts reporting the presence of this type of interval.

Vacation Club. A travel and use product which offers members great flexibility. The buyer receives a single ownership interest (deeded or right-to-use) which entitles the member the right to use accommodations at all resorts in the club's system. Membership may include priority reservation right to the member's home resort. Other typical attributes may include: finite term of membership; common use of "points" to get accommodations or other benefits; benefits other than lodging, such as travel services, hotel discounts, golf packages, health and city club memberships; and different types of lodging, such as condominiums, timeshares, hotels, campgrounds or cruise ships.

Vacation Ownership. Used to describe all forms of vacation property ownership, including resort timesharing, second homes, timeshares, fractional interests, membership camping interests, and recreational subdivision lots.

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