UNDERSTANDING VACATION OWNERSHIP
Vacation ownership, also known as timeshare, is redefining leisure travel. This guide will detail how you can get more out of travel by taking control of your future vacations.

Owning a timeshare is your ticket to better vacationing. This means an ever-expanding choice of accommodations, amenities, locations, pricing, use plans, and timeshare exchange. You can tailor vacations to meet your lifestyle needs and travel dreams at more than 5,000 resorts in almost 100 countries around the world.

Learn how you can enjoy the flexibility as well as the discipline of better vacation planning and consistent quality accommodations. Whether you want to enjoy the beach, a snowy winter ski break, a pampering spa retreat, an Alaskan cruise, or an annual Thanksgiving reunion for three generations at a favorite resort, you can choose the vacation option that works best for you!
Flexibility

Once you own a timeshare, the vacation choices are endless. The inherent flexibility of the timeshare concept is offered through many alternatives in location, unit size, time of year, and the opportunity to exchange to other resorts. Vacations can be at a fixed time or can vary each year, and accommodations can range from a studio to a two- or three-bedroom villa. As an owner you can opt to visit your home resort or exchange to other resorts, spas, cruises, hotels, and specialty tours throughout the world!

Credibility of the industry

According to industry research, trust is a key purchase motivation cited by satisfied timeshare buyers. ARDA resort developers include some of the world’s most-recognized names in hospitality as well as established independent resort developers.

For more than 35 years, ARDA members have worked with federal and state government officials in support of legislation to protect consumers. As a result, in most states, you have a right of rescission—a period of time typically five to seven days during which you may cancel a purchase contract for any reason without a penalty. In addition, most states have laws or rules that ensure truth in advertising, that your timeshare interest is protected from any financial problems that may affect the developer, and that you receive detailed information about the timeshare plan you are purchasing. These laws are designed so that you get the vacations you bargained for.
Vacation ownership takes the hassle out of second home ownership. You purchase your future vacations at today’s prices and for just the time you need.

Make a one-time purchase of furnished resort accommodations at a fraction of whole ownership costs and pay an annual maintenance fee. Each unit of a timeshare resort is divided into intervals most commonly by the week or some other combination of days. Often the amount of time you purchase is expressed in terms of "points"—a popular trend that is aimed at increasing the range of options for the use of your timeshare interval.

In a majority of resorts today, your vacation ownership interest will include a deeded interest in real estate. Other timeshare programs do not include an interest in real property, but are structured more like a membership. How you actually use your timeshare vacation is generally not affected by the absence or presence of a real estate interest.

The accommodations are priced according to a variety of factors, including size of the unit, resort amenities, location, and season of use. You own the vacation accommodations but only for the amount of time you choose—typically one or two weeks each year for a traditional timeshare. There are other types of timeshare programs, such as fractionals, offering longer use periods (as long as three months), but these are priced much more like a traditional vacation home.
Range of products

The wide range of timeshare products available are designed to suit many lifestyles.

The traditional interval week program offers owners the use of their resort for one week, either for a specific period or season. With a points-based program, you may purchase points that can be redeemed for all kinds of accommodations, resort locations, amenities, number of days used, and other travel services. Many timeshare resort developers link their points program with other lodging and travel loyalty programs, allowing you to maximize your purchasing power and travel choices.

Vacation exchange

Excitement, Adventure, and Luxury: Vacation ownership offers a lifetime of exciting travel adventures and luxurious services through exchange programs.

Variety: From ski slopes to beaches, spas to luxury cruise ships, modern cities to quaint villages, championship golf courses to dude ranches, exchange offers a variety of vacation experiences. And accommodation choices abound, with villas, efficiencies, condominiums, cabins, and more.

How it works: You trade your interval or week for new and different vacation experiences at comparable resorts across the country and around the world. Many resorts offer owners the opportunity to exchange their timeshare to another resort within the home resort’s own portfolio of properties. Most resorts are also affiliated with an independent exchange company that orchestrates exchanges to other resorts on behalf of members.

To exchange, the owner places his or her interval into the exchange company’s pool of available resort weeks and chooses an available resort and week from that pool. The exchange companies charge an exchange fee plus an annual membership fee. Often the resort developer pays the new owner’s first year membership fee.

Owners choose when: Most exchange companies and resorts offer their members the added benefit of saving (called “banking”) vacation time for use in a subsequent year. Timeshare intervals and points can also sometimes be exchanged for airfare, hotel stays, and rental cars.

Maintenance fees

Through their homeowners association (HOA) or club management, owners help maintain the quality and future value of the resort property. Yearly maintenance fees, which are set and directed by the HOA or club, pay for onsite management, unit upkeep and refurbishing, and utilities and maintenance of the resort’s common areas and amenities. Depending on where the resort is located, the annual fee may also include applicable real estate taxes or they may be billed separately. The amount of the yearly maintenance fees typically depends on the size, location, and amenities of the resort and is paid by each owner in proportion to the amount of time and/or unit owned.
Buy because you plan to use your timeshare in the future. Consider your purchase as an investment in future vacations, not in terms of a real estate or other type of financial investment.

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. Choose those which will best suit your family’s needs today and into the future.

Visit a timeshare resort on your next vacation, or rent a unit to experience the quality accommodations and recreational opportunities. While there, talk to existing owners about their experiences. Many development companies also offer mini-vacations or "sampler" programs which may provide discounted options for a stay at the resort.
Read all documents carefully and understand what type of product you are being offered. Ask for a clear explanation of the terminology and terms, such as "fee simple" (a real estate interest) or "right-to-use" plan (no real estate interest).

Ask if the resort is an ARDA member. Member companies of ARDA agree to adhere to the ARDA Code of Standards and Ethics.

Look for signs of good management, such as well-maintained facilities and resort amenities, good housekeeping, and friendly service. Take a look at the resort’s annual budget.

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

To maximize your opportunities for exchange, buy the most desirable unit in the most popular season or the largest points package you can afford. If your primary goal in purchasing is to take advantage of the exchange benefit, know that the greater the demand for the unit or resort you “bank” for exchange, the greater exchange flexibility you will gain.

Vacation ownership is one of the most highly regulated vacation products in today’s consumer marketplace. Individual state timeshare laws govern the purchase process. These laws usually address financial requirements for the developer, rescission rights, disclosures about the resort for consumers, and provisions for resort management. Be careful when purchasing a vacation product that sounds like a timeshare, but isn’t registered as one under state timeshare laws.
Focus on the vacation experience as well as the destination when exchanging.

Think "what" before "where." With so many resorts in so many places and units and destinations not always available at all times, think about activities and experiences you would enjoy during your vacation.

Allow vacation exchange representatives to assist you in finding the perfect destination.

Advance planning pays off. Place your request as far as possible in advance of the dates you want to travel to maximize your chances of securing the vacation of your dreams.

Be as flexible as possible when requesting travel dates and resort locations. Listing several options enhances your chance for a timely confirmation.

Consider a trip in the off-season or visit a lesser known destination that offers a similar vacation experience.

Remember that resorts may have more small units than large ones. If you are willing to accept a unit that accommodates the number of people traveling, regardless of the size of the unit you are relinquishing, you enhance your exchange opportunities.

People purchase a timeshare to enjoy vacation experiences year after year that meet their lifestyle preferences. Occasionally, those preferences change, and an owner may decide to sell. As with any sales transaction, due diligence is important.

Timeshares should be considered a product to use and enjoy future vacations, even though they are often a purchase of a real estate interest. Many factors influence the resale price, including season, location, unit size, age of the resort, and availability of new product in the market. The value proposition of vacation ownership is designed to come from use, not from real estate appreciation.
If you are interested in selling your timeshare, check first with the resort developer or resort management company to see if either offers a resale program or is affiliated with a licensed broker that handles resales. If so, ask for the statistics on past resales.

If you purchased in a resort area, there may be local brokers who handle resales. Unless you are selling the timeshare yourself, deal only with licensed real estate professionals. Check the real estate or classified section for listings or with the state Real Estate Commission where the resort is located. Commissions can range from 10 to 30 percent because prices are low when compared to home sales.

Run advertisements on wide-reaching Web sites that provide an open marketplace so owners can obtain broad exposure for a small cost. There are also publications and newspapers with appropriate timeshare sub-sections in real estate or travel sections.

Never relinquish the right to use your timeshare for any reason while selling. An unscrupulous company could rent or exchange your timeshare without your knowledge.

Think twice before agreeing to pay large fees up front to sell your resort property. Under most state real estate laws, resale companies without a real estate license can only "advertise" the timeshare on your behalf (which you can do yourself), but cannot legally assist you in the negotiation or sales process. Ask about any upfront fee and how it is used to sell your interval.

If you sell your timeshare, notify both your resort and your exchange company in writing. Be sure to include the date of the sale and sufficient information to identify the timeshare interest and resort.
Be an Active Owner!

Homeowners Associations

Ownership is a major benefit of timeshare! You own a piece of your resort, and you can help shape the decisions of your property.

Timeshare Homeowners Associations (HOAs) operate in the same manner that any community or condominium HOA operate. You and your fellow members elect officers who take control of expenses, upkeep, and the selection of the manager or management company.

ARDA Resort Owners Coalition (ARDA-ROC)

ARDA-ROC is a legislative advocacy group that works to protect and support the economic and consumer interests of hundreds of thousands of timeshare owners throughout the United States. ARDA-ROC has championed owners' causes on every regulatory and legislative level, from local to state to Capitol Hill. Be an active owner and keep up with industry news through www.ARDAROC.com.

Tips for Purchasing a Timeshare at Resale

Check to see if the extensive consumer protection regulations in place when you purchase from a developer apply when you purchase in the secondary, resale market. For example, you should check to see if the rescission period applies to the purchase of a timeshare resale or if the seller is required to provide you with a public offering statement which describes, in detail, the timeshare plan.

Include a careful due diligence process on your target resort to ensure satisfaction. Get a copy of the resort's annual budget; determine if the current year's maintenance fee has been paid for your week; find out when the next available use period is (this year or next); talk to other owners or the resort manager.

The Internet can be a valuable resource. There are many Web sites that feature plenty of information and resale inventory for sale. Examples include for sale by owner marketplaces, sites from agents and brokers, auction sites, and sites from individual resorts and developers.
**Banking or Deposit** - Depositing a week of timeshare into an exchange system or inventory pool.

**Biennial** - Use of a timeshare week every other year. Owners are often referred to as either "odd" or "even" year owners.

**Developer** - The company owning the resort. Responsible for constructing the accommodations on-site and selling the product.

**Exchange Company** - The system that allows timeshare owners to trade the accommodations they own for comparable accommodations or travel-related services. Most resort companies are affiliated with an exchange company. Many resort companies offer an internal exchange mechanism that allows owners to exchange to resorts within their company’s portfolio of resorts.

**Fixed week** - A type of timeshare ownership in which usage rights attach to a specific week of the year each year in perpetuity.

**Floating week** - A type of timeshare ownership where the use rights are subject to the owner reserving his or her week within a season purchased (winter, summer, etc.) or sometimes throughout the year. A year-round "float" is most often found in resorts with similar seasons, like Hawaii or the Caribbean.

**Fractional Ownership** - Leisure real estate sold in intervals of more than one week and less than whole ownership. Fractionals are usually associated with the luxury segment of vacation ownership, offering greater services and amenities.

**Home Owners Association (HOA)** - The group of owners that administer the rules and regulations of a resort. Creation of an HOA is often required by state laws.

**Home resort** - The resort location where a new purchaser owns his or her week or designated as the home resort in a club or points-based program. Ownership is usually tied to this home resort and generally involves priority reservation rights in that location.
**Interval or weekly interval** - Vacation ownership as measured by a set number of days and nights of annual use, usually one week.

**Lock-off** - A type of timeshare unit consisting of multiple living and sleeping quarters designed to function as two discrete units for purposes of occupancy and exchange. The unit can be combined to form one large unit or can be split or "locked-off" into two or more separate units, allowing the owner to split the vacation into multiple stays or bank all or a portion for exchange purposes.

**Maintenance fee** - A fee that timeshare owners are required to pay, usually on an annual basis, to cover the costs of running the resort, including daily management, upkeep, and improvements.

**Points** - A "currency" that represents timeshare ownership and is used to establish value for seasons, unit sizes, and resort locations. Points are used by some developers for both internal and external exchange.

**Points conversion program** - An offering whereby owners of a timeshare interval(s) pay(s) a fee to convert their interval for the equivalent in points.

**Rescission** - Sometimes called a "cancellation" or "cooling off" period. A period of time during which a consumer has the right to cancel a purchase contract and obtain a full refund of his/her deposit with no penalty. Dictated by state statute and company policy, rescission periods vary from state to state, but range on average from 5 to 7 days. This is another example of the strong consumer protections built into timeshare sales.
**Resale** - A vacation ownership interest that is sold on the secondary market by the original purchaser to a third party.

**Right to use** - A timeshare owner’s right to occupy a unit at a resort for a specified number of years and having no real estate interest conveyed.

**Timesharing** - A term used to describe a method of use and/or shared ownership of vacation real estate where purchasers acquire a period of time (often one week) in a condominium, apartment or other type of vacation accommodation. Timeshare is also known as "vacation ownership."

**Trading power** - A term used for the value assigned for exchange purposes to a member’s deposited vacation time.

**Trial membership** - A product offered after the initial sales tour consisting of travel-related products and services packaged with an opportunity to experience the resort developer’s primary vacation ownership product within a defined period. Sometimes called a "sampler" program.

**Vacation Club** - A term used to describe various types of timesharing and usually involving use or access to more than one resort location and other vacation and travel services. However, the term is used for many different purposes, including "clubs" which may have nothing to do with timesharing.

**Vacation ownership** - A term often used to describe resort timesharing.
The American Resort Development Association is the Washington D.C.-based professional association representing the vacation ownership and resort development industries. Established in 1969, ARDA today has over 1,000 members ranging from privately held firms to publicly traded companies and international corporations with expertise in shared ownership interests in leisure real estate. The membership also includes timeshare owner associations (HOAs), resort management companies, and owners through the ARDA Resort Owners Coalition (ARDA-ROC).

For more information about the vacation ownership industry and ARDA, visit www.arda.org or call 202-371-6700.
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