



2017 First Quarter Pulse Survey: **A Survey of Timeshare and Vacation Ownership** **Resort Companies**

Prepared for the ARDA International Foundation

American Resort Development Association



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To the Research Committee of
ARDA International Foundation
1201 15th Street NW, Suite 400
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Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2017 First Quarter Pulse Survey: A Survey of Timeshare & Vacation Ownership Resort Companies*. Our services were performed and this report was developed in accordance with our engagement letter dated April 11, 2017, and are subject to the terms and conditions included therein.

Our services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we are providing no opinion, attestation, or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available by the survey respondents through May 8, 2017. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

May 24, 2017

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Although the information in this report has been obtained from sources that Deloitte & Touche LLP believes to be reliable, we do not guarantee its accuracy, and such information may be incomplete. This report is for information purposes only.

All opinions and estimates included in this report constitute our judgment as of May 8, 2017, and are subject to revision.

2017 First Quarter Pulse Survey Overview and Key Findings

This survey is a summary of selected key metrics that provide an overview of the vacation timeshare industry in the United States. It is not a comment on any individual company, whose performance may vary from the information included in this study. To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the first quarter 2017 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover 18 responding companies with aggregate net originated sales of approximately \$1,364.6 million in the first quarter of 2017. The financial information contained in this survey includes the first quarter of 2017 (Q1 2017) compared to the first quarter of 2016 (Q1 2016), except for section 2(B) which compares Q1 2017 to the fourth quarter of 2016 (Q4 2016). The trends associated with the performance indicators were developed based on quantitative factors. For example, each indicator that had a change of 10 percent or greater was denoted with a double green arrow or double red arrow. Indicators for which the change was less than 10 percent were denoted with a single green arrow or single red arrow.

Key Performance Indicators	Trend
Sales Performance	
<u>Net Originated Timeshare Sales (including Telesales)</u> increased 5.8 percent from Q1 2016 to Q1 2017, increasing from \$1,289.9 million to \$1,364.6 million.	 Increase
<u>Net Originated Timeshare Sales (including Telesales and Fee-for-service)</u> increased 4.6 percent from Q1 2016 to Q1 2017, increasing from \$1,495.3 million to \$1,564.2 million.	 Increase
Sales Metrics	
<u>Weighted Average Transaction Value</u> increased 5.8 percent from \$19,987 in Q1 2016 to \$21,156 in Q1 2017. (The simple average transaction value increased 8.3 percent from \$18,206 in Q1 2016 to \$19,715 in Q1 2017.)	 Increase
<u>Weighted Average Volume Per Guest (VPG)</u> increased from \$2,858 to \$3,020 from Q1 2016 to Q1 2017, an increase of 5.7 percent. (The simple average VPG increased 5.9 percent from \$2,671 in Q1 2016 to \$2,828 in Q1 2017.)	 Increase
<u>Tours</u> decreased 0.9 percent from 531,384 to 526,387 tours from Q1 2016 to Q1 2017.	 Decrease
Portfolio Performance	
<u>Currency</u> decreased by 0.6 percentage points (or 0.7 percent), decreasing from 91.1 percent in Q1 2016 to 90.5 percent in Q1 2017.	 Decrease
<u>Delinquencies</u> increased by 0.6 percentage points (or 6.7 percent), increasing from 8.9 percent in Q1 2016 to 9.5 percent in Q1 2017.	 Increase
<u>Charge-Offs</u> increased by 0.3 percentage points (or 8.8 percent), increasing from 3.4 percentage in Q1 2016 to 3.7 percent in Q1 2017.	 Increase

Consumer Finance Experience	
<u>Interest Rates</u> decreased by 0.2 percentage points (or 1.4 percent), decreasing from 13.8% in Q1 2016 to 13.6% in Q1 2017.	 Decrease
<u>Weighted Average Term</u> increased 0.4 percent from 118.9 months at Q1 2016 to 119.4 months at Q1 2017.	 Increase
<u>Down Payments on sales not to existing owners</u> decreased 1.4 percentage points (or 7.1 percent), decreasing from 19.7 percent in Q1 2016 to 18.3 percent in Q1 2017.	 Decrease
<u>Down Payments on sales to existing owners</u> decreased 1.0 percentage points (or 2.2 percent), decreasing from 46.4 percent in Q1 2016 to 45.4 percent in Q1 2017.	 Decrease
Other Metrics	
<u>Weighted Average Occupancy</u> decreased 0.9 percentage points (or 1.2 percent), decreasing from 76.9 percent in Q1 2016 to 76.0 percent in Q1 2017.	 Decrease
<u>Capital Expenditures</u> increased 18.6 percent from Q1 2016 to Q1 2017, increasing from \$188.2 million to \$223.1 million.	 Increase

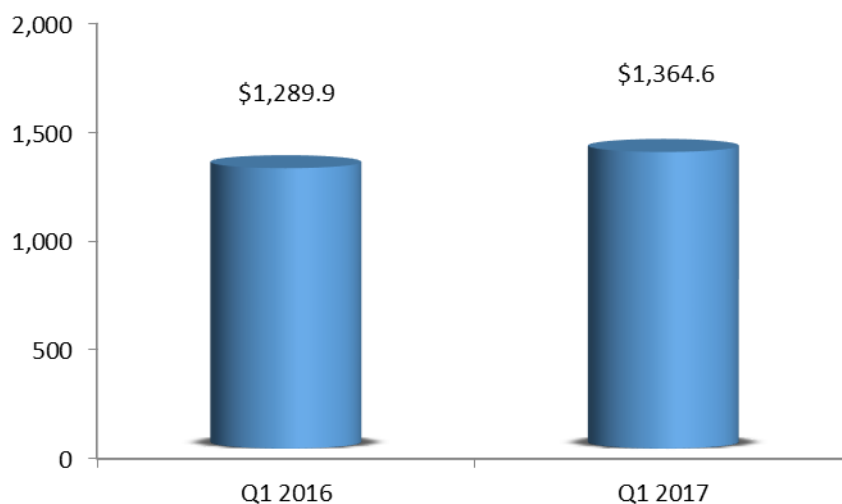
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q1 2017.

Companies provided data on a set of key sales indicators. In total, the 17 respondents that provided sales information reported approximately \$1,364.6 million in net originated timeshare sales¹ (including telesales) in Q1 2017. This was a 5.8 percent increase in Q1 2017 when compared to Q1 2016, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)

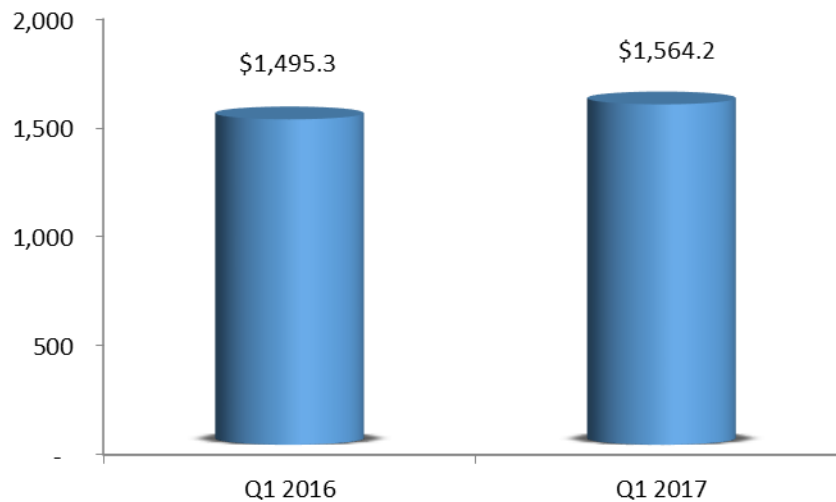


Source: Deloitte & Touche based on 17 company survey responses.

Fee-for-service arrangements have become an established feature within the industry over the last several years. Respondents were asked a question related to sales for non-owned timeshare inventory sold under fee-for-service agreements as well as sales for owned timeshare inventory sold by others under fee-for-service agreements. Of the 18 respondents, four companies are selling and marketing timeshare on behalf of other developers while one company is engaging others to sell and market timeshare on their behalf. Three of the four respondents providing fee-for-service increased fee-for-service operations in Q1 2017 compared to Q1 2016, and the respondent being provided fee-for-service also increased fee-for-service operations in Q1 2017 compared to Q1 2016. The net overall timeshare sales under these arrangements decreased from \$206.0 million in Q1 2016 to \$201.1 million in Q1 2017, or a decrease of 2.4 percent. The decrease compared to the prior year was primarily due to one large developer reporting a significant decrease in fee-for-service operations. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory, there was an increase of 4.6 percent in total net originated timeshare sales when compared to Q1 2016.

¹ Net originated sales refers to gross sales revenues net of rescissions, but before reduction of revenue for uncollectible accounts.

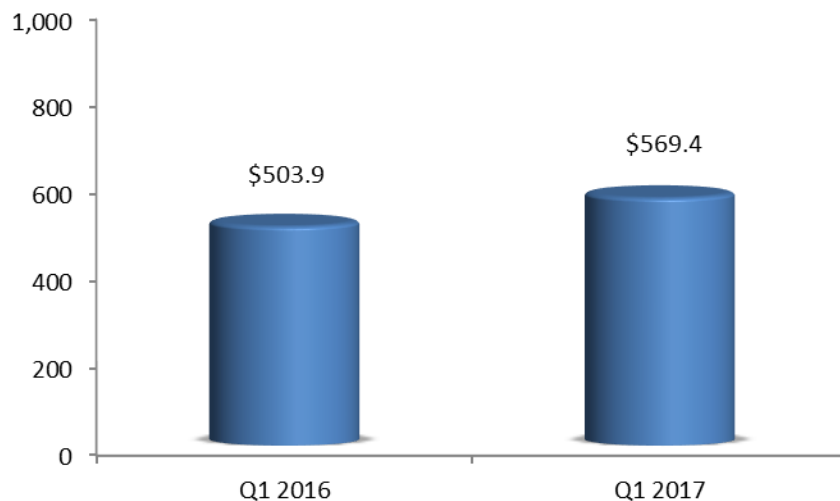
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on 17 company survey responses for net originated sales, 4 respondents reported providing fee-for-service arrangements, and 1 respondent reported being provided fee-for-service arrangements.

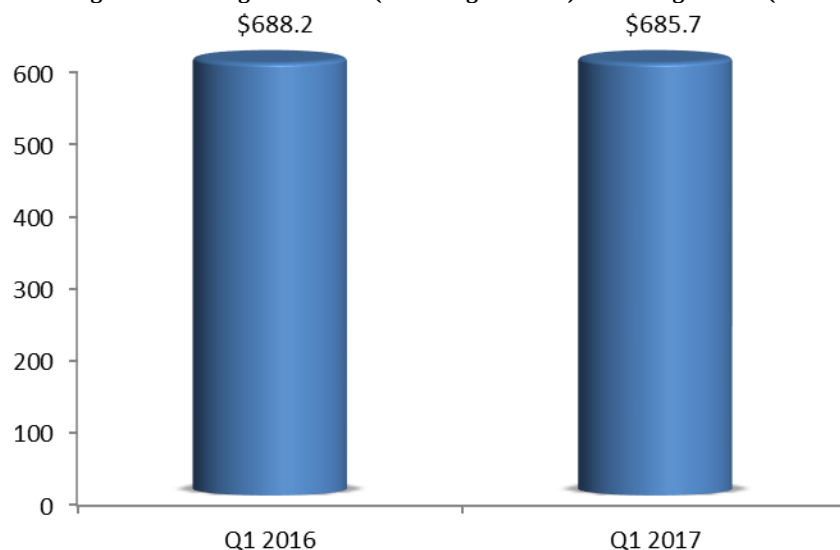
Respondents were asked to report the amount of net originated sales (including telesales) that were non existing owner and existing owner sales. The 16 respondent companies that provided non existing owner sales information reported approximately \$569.4 million in non existing owner net originated timeshare sales (including telesales) in Q1 2017, which is a 13.0 percent increase from Q1 2016, see *Figure 3* below. The 16 respondent companies that provided existing owner sales information reported approximately \$685.7 million in existing owner net originated timeshare sales (including telesales) in Q1 2017, which is a 0.4 percent decrease from Q1 2016, see *Figure 4* below. Note the sum of the total non existing owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the 17 respondents that provided net originated sales did not provide information related to non existing owner sales.

Figure 3. Net originated sales (including telesales) – Non Existing Owner (Millions)



Source: Deloitte & Touche based on 16 company survey responses.

Figure 4. Net originated sales (including telesales) – Existing Owner (Millions)



Source: Deloitte & Touche based on 16 company survey responses.

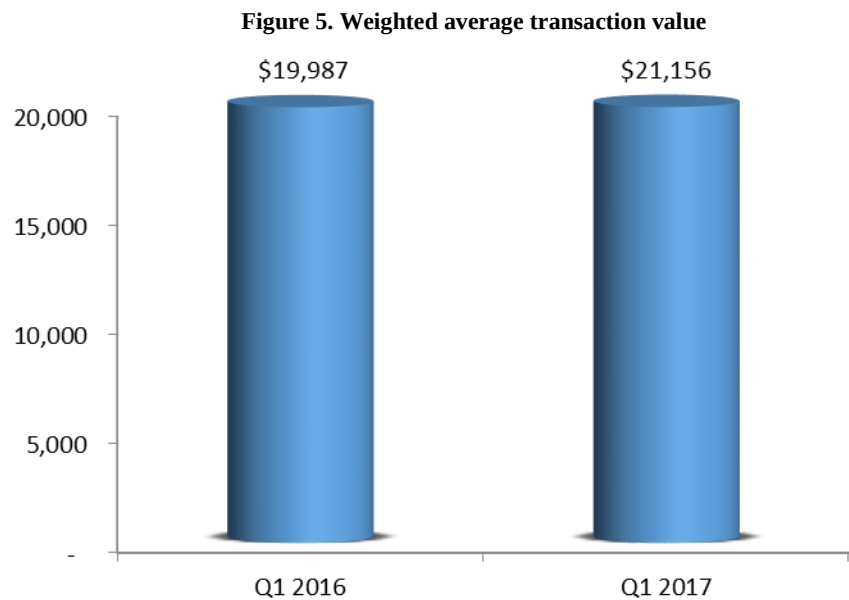
All 17 companies reported net originated sales excluding telesales, detailed information on the number of tours and the number of sales transactions. The companies reported that the aggregate number of tours² decreased by 0.9 percent, the aggregate number of sales transactions decreased by 3.2 percent, and the

² This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

average transaction value increased by 5.8 percent. The respondents reported a decrease in net inventory sold under fee-for-service arrangements of 2.4 percent.

Average transaction value is calculated as the dollar value of net originated sales divided by the number of sales transactions and excludes amounts such as closing costs that are not included in net originated sales. Responses are weighted by the dollar value of net originated sales (excluding telesales). It is a measure of the average purchase amount per buyer during a given period and is potentially influenced by numerous factors, including the mix of timeshare products sold. For example, in a given period, buyers may purchase a greater mix of one-bedroom units or biennials³, resorts may have fewer high season intervals available or new resorts may open for sales. As a result, the average transaction value may change even though there were no changes to existing pricing.

As a further reflection of the multiple factors that can impact this measure, the responses differed by company. Eleven respondents reported average transaction value had increased from Q1 2016 and six respondents reported the value had decreased. *Figure 5* below illustrates the average transaction value calculated using a weighted average.

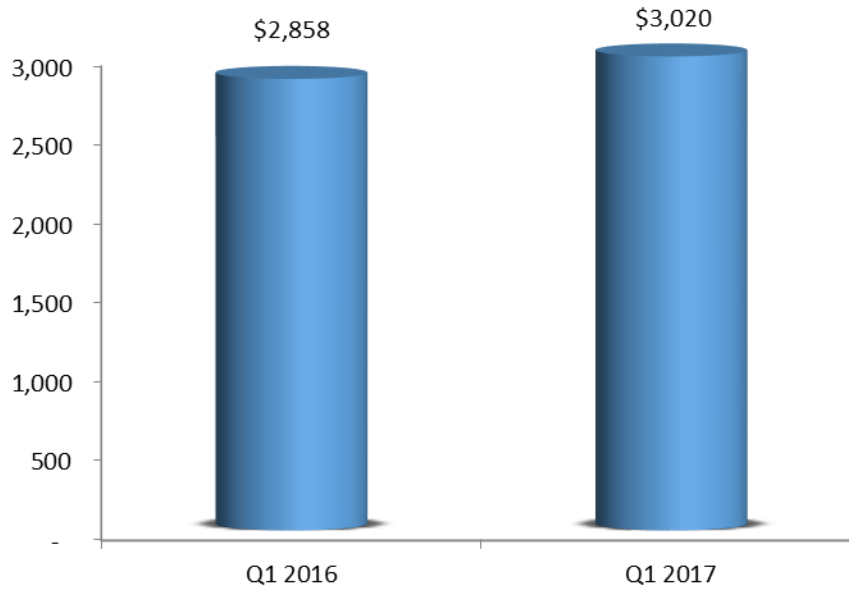


Source: Deloitte & Touche based on 17 company survey responses.

³ Biennial products allow owners to use intervals every other year, instead of each year.

Volume per guest (VPG)⁴, a measure of sales efficiency, is calculated as net originated sales per tour, increased by 5.7 percent from Q1 2016 to Q1 2017.

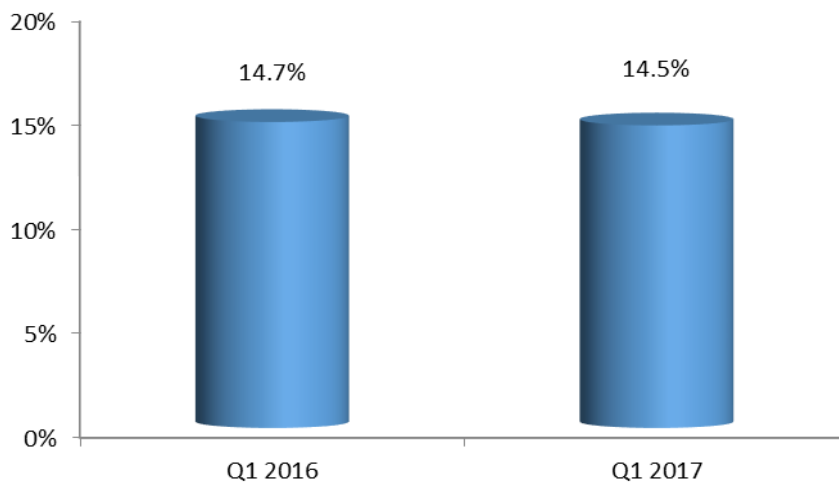
Figure 6. Weighted average volume per guest



Source: Deloitte & Touche based on 17 company survey responses.

The close rate, another measure of sales efficiency, is the number of sales transactions generated from tour flow, decreased by 1.4 percent (0.2 percentage points) from Q1 2016 to Q1 2017.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 17 company survey responses.

⁴ VPG is calculated as net originated sales excluding telesales, divided by the number of tours, responses are weighted by the dollar value of net originated sales (excluding telesales).

The averages reported above are weighted averages; however, we also disclose the simple averages for the close rate, volume per guest, and average transaction value herein, see *Figure 8* below. Note that metrics below were directionally the same under both the weighted and simple average calculations.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q1 2016	Weighted Average Q1 2017	Simple Average Q1 2016	Simple Average Q1 2017
First Quarter				
Volume per guest	\$2,858	\$3,020	\$2,671	\$2,828
Average transaction value	\$19,987	\$21,156	\$18,206	\$19,715
Close rate	14.7%	14.5%	14.7%	14.3%

Source: Deloitte & Touche based on 17 company survey responses

Among the companies that provided key sales indicators, 16 provided rescission information. The weighted average rescission rates⁵ among those companies was 15.0 percent in Q1 2017, which increased 0.5 percentage points when compared to Q1 2016. Five companies reported a decrease in rescissions between Q1 2016 and Q1 2017, ten companies reported an increase in rescissions, one company reported no change, and two companies did not provide rescission information. The simple average rescission rate increased by 0.7 percentage points from 13.0 percent to 13.7 percent from Q1 2016 to Q1 2017. Further, respondents were asked to provide the rescission volume in dollars. For the 13 companies that provided this information for Q1 2016 and Q1 2017, the total aggregate rescissions increased by 16.3 percent from \$163.8 million to \$190.5 million in Q1 2017.

Respondents were asked a question related to rescission information on existing and non existing owner sales. For the 14 respondent companies that provided rescission information on non existing owner sales, the weighted average rescission rate increased from 18.8 percent in Q1 2016 to 20.5 percent in Q1 2017. Further, 11 respondents provided rescission information on non existing owner sales in dollars resulting in an increase of 5.3 percent in the total aggregate rescission volume from \$60.7 million to \$63.9 million from Q1 2016 to Q1 2017. For the 13 respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate decreased from 12.8 percent in Q1 2016 to 11.3 percent in Q1 2017. Further, 11 respondents provided rescission information on existing owner sales in dollars resulting in an increase of 9.5 percent in the total aggregate rescission volume from \$47.2 million to \$51.7 million from Q1 2016 to Q1 2017.

2(A). Consumer timeshare loan portfolio delinquencies and charge-offs increased when comparing Q1 2016 and Q1 2017.

The composition of receivables portfolios⁶ was evaluated as of March 31, 2017, and compared to the composition as of March 31, 2016. The total aggregate receivables for the 18 companies that provided receivables data was \$12.5 billion as of March 31, 2017, and \$11.9 billion as of March 31, 2016.

Respondents reported that payments for 90.5 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2017, a decrease of 0.6 percentage points from one year earlier. Also, as of March 31, 2017, 5.0 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, an increase of 0.4 percentage points compared to one year earlier.

⁵ Measured as the dollar amount of rescissions as a portion of gross sales weighted by the dollar value of net originated sales.

⁶ Receivables portfolio is defined as the total portfolio of consumer timeshare loan receivables held and/or serviced by the company, including securitized and hypothecated receivables, and receivables for sales made in earlier years.

Figure 9. Aging of consumer timeshare loan portfolios by survey respondents

	March 31, 2016	March 31, 2017	Difference
Current	91.1%	90.5%	(0.6%)
31 to 60 days	2.2%	2.1%	(0.1%)
61 to 90 days	1.1%	1.3%	0.2%
91 to 120 days	1.0%	1.1%	0.1%
More than 120 days	4.6%	5.0%	0.4%
Total	100.0%	100.0%	

Source: Deloitte & Touche based on 18 company survey responses.

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the first quarter, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q1 2017 was 3.7 percent, which was an increase of 0.3 percentage points compared to one year earlier. Six respondents reported a decrease in the default rate when comparing Q1 2017 to Q1 2016, eight respondents reported an increase in the default rate, and four respondents reported no change in the default rate.

Another question was asked this quarter requesting respondents to provide the weighted average FICO score (weighted by the outstanding principal balance of the receivables) for loans within the portfolio at the end of Q1 2016 and Q1 2017. Of the sixteen respondents, nine respondents reported an increase in the average FICO score, five respondents reported a decrease, and two respondents reported no change. The result was an increase in the weighted average FICO score from 704 at Q1 2016 to 707 at Q1 2017.

2(B). Consumer timeshare loan portfolios experienced an increase in currency when comparing Q4 2016 and Q1 2017.

The composition of receivables portfolios was evaluated as of March 31, 2017, and compared to the composition as of December 31, 2016. The total aggregate receivables for the companies that provided receivables data was \$12.5 billion as of March 31, 2017 and \$12.4 billion as of December 31, 2016.

Receivables portfolios showed a decrease in delinquencies (greater than 31 days past due) as of March 31, 2017, compared to one quarter earlier. Respondents reported that payments for 90.5 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2017, which was 0.1 percentage points higher than one quarter earlier. Further, for the quarter ending March 31, 2017, 3.7 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance for the period, which was 0.7 percentage point higher compared to December 31, 2016.

Figure 10. Aging of consumer timeshare loan portfolios by survey respondents

	December 31, 2016	March 31, 2017	Increase/(Decrease)
Current	90.4%	90.5%	0.1%
31 to 60 days	2.2%	2.1%	(0.1%)
61 to 90 days	1.4%	1.3%	(0.1%)
91 to 120 days	1.1%	1.1%	0.0%
More than 120 days	4.9%	5.0%	0.1%
Total	100.0%	100.0%	

Source: Deloitte & Touche based on 18 company survey responses. The Fourth Quarter 2016 data herein was based upon the 18 responses obtained from the 2016 Fourth Quarter Pulse Survey. Note: Some of the 18 respondents from the First Quarter 2017 survey were different than the respondents for the 2016 Fourth Quarter Pulse Survey.

3. Resort occupancy decreased 0.9 percentage points (or 1.2 percent) as compared to Q1 2016.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 17 companies that provided quarterly occupancy data, representing approximately 9.0 million available room nights in Q1 2017, the average occupancy rate decreased 0.9 percentage points to 76.0 percent in Q1 2017, compared to 76.9 percent in Q1 2016. Available room nights increased 10.4 percent from Q1 2016 to Q1 2017; increasing from approximately 8.1 million room nights to approximately 9.0 million room nights.

4. Average term and average FICO score at origination increased in Q1 2017, while average down payments on both existing owner and non existing owner sales and average interest rate decreased in Q1 2017.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated.⁷ The average interest rate on new consumer loans in Q1 2017 was 13.6 percent, which was 0.2 percentage points lower than the average interest rate of 13.8 percent in Q1 2016. There was a 0.5 month increase in the term for which loans are made, with average loan terms in Q1 2017 of approximately 119.4 months. The average FICO score for Q1 2017 financed sales was 718, up from 713 in Q1 2016.

Respondents were asked to provide the average down payment on existing owner sales separate from non existing owner sales. As a result, down payments on existing owner sales are typically higher than on non existing owner sales, and a change in the mix of existing and non existing owner sales could impact the overall average down payment. For the 16 respondents that provided non existing owner down payment data, the average down payment on non existing owner sales decreased 1.4 percentage points to 18.3 percent of the stated sales price on financed sales in Q1 2017 compared to Q1 2016. For the 15 respondents that provided existing owner down payment data, the average down payment on existing owner sales, which includes the value of equity in the owners' existing vacation ownership interests, was 45.4 percent in Q1 2017, a decrease of 1.0 percentage point from Q1 2016.

Figure 11. Characteristics of consumer timeshare loan financing

	2016	2017	Difference
First Quarter			
Average:			
Interest rate (annual)	13.8%	13.6%	(0.2%)
Term (months)	118.9	119.4	0.5 months
Non existing owner down payment (% of price)	19.7%	18.3%	(1.4%)
Existing owner down payment (% of price)	46.4%	45.4%	(1.0%)
FICO Score at origination	713	718	5

Source: Deloitte & Touche based on a minimum of 15 company survey responses.

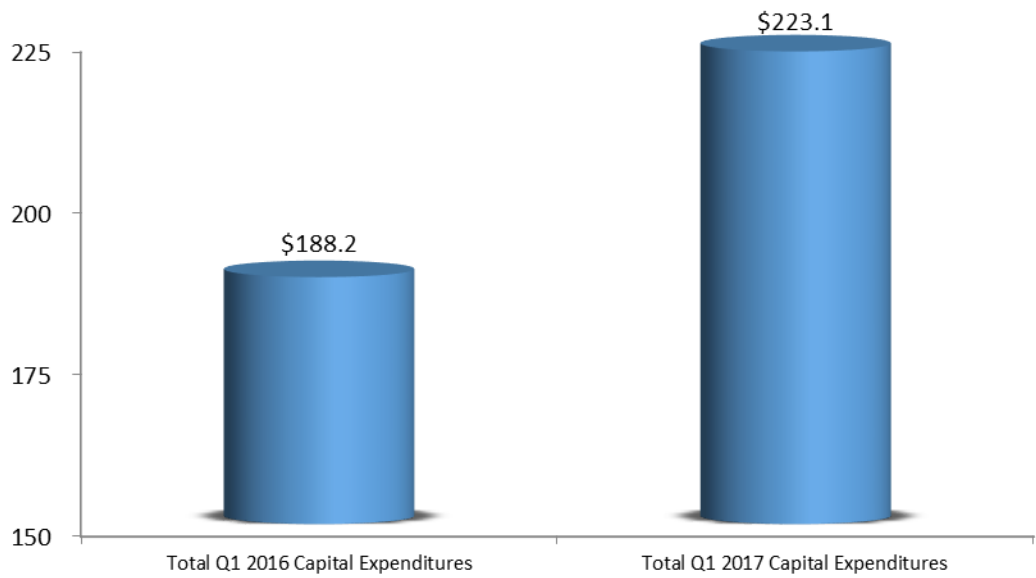
5. Capital expenditures related to timeshare inventory increased overall in Q1 2017 when compared to Q1 2016.

Survey respondents were asked to provide total capital expenditures related to timeshare inventory projects (including turn-key, just-in-time inventory purchases, and buy-backs from property owner associations).

⁷ To calculate the average interest rate, down payment, and term, responses were weighted by the dollar value of net originated sales (including telesales).

Overall, capital expenditures increased by 18.6 percent in Q1 2017 compared to Q1 2016. Of the eleven respondents, eight respondents increased capital expenditures related to timeshare inventory and three respondents decreased capital expenditures related to timeshare inventory.

Figure 12. Capital Expenditures (Millions)



Source: Deloitte & Touche based on 11 company survey responses.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – 2017 First Quarter Pulse Survey

****2017 First Quarter End Results****

	<u>Quarter Ending</u> <u>31-Mar-16</u>	<u>Quarter Ending</u> <u>31-Mar-17</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Increase/</u> <u>(Decrease)</u> <u>Percent</u>	<u>Survey</u> <u>Responses</u>
General Characteristics					
1. Ownership status (public or private)	Public: 39% Private: 61%	Public: 33% Private: 67%			18
2. Are fee-for-service activities being provided by another developer on your behalf?	Yes: 6% No: 94%	Yes: 6% No: 94%			18
3. Did you complete any acquisitions? (Business Combinations)	Yes: 6% No: 94%	Yes: 0% No: 100%			18

Receivables Portfolio

The following questions refer to the portfolio of receivables (total held and/or serviced receivables, including securitized and/or hypothecated receivables), including receivables for sales made in earlier years.

4. Gross outstanding portfolio balance, at period end (in dollars)	\$11,886,232,085	\$12,513,192,904	\$626,960,819	5.3%	18
5. At period end, on a contractual basis what percentage of the dollar amount of this portfolio was:					
Current (current or fewer than 31 days delinquent)	91.1%	90.5%	(0.6%)	(0.7%)	18
Between 31 to 60 days delinquent	2.2%	2.1%	(0.1%)	(4.5%)	18
Between 61 to 90 days delinquent	1.1%	1.3%	0.2%	18.2%	18
Between 91 to 120 days delinquent	1.0%	1.1%	0.1%	10.0%	18
More than 120 days delinquent	4.6%	5.0%	0.4%	8.7%	18
Total should equal 100%	100.0%	100.0%			
6.* Trailing twelve months gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	3.4%	3.7%	0.3%	8.8%	18
7. Average FICO score (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	704	707	3	0.4%	16

Inventory

8. Capital expenditures related to timeshare inventory (current year)	\$188,219,821	\$223,141,684	\$34,921,863	18.6%	11
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Resort Occupancy

9. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred.

a. Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)	76.9%	76.0%	(0.9%)	(1.2%)	17
b. Vacant	23.1%	24.0%	0.9%	3.9%	17
Total should equal 100%					
10. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)	8,148,419	8,994,474	846,055	10.4%	17

Selected Sales Metrics (Including telesales and home sits)

Sales metrics. Include telesales in the following responses.

11. Net originated sales (in dollars)	\$1,289,932,208	\$1,364,626,037	\$74,693,829	5.8%	17
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12. Net originated sales that were not existing owner sales (in dollars):	\$503,939,140	\$569,391,387	\$65,452,247	13.0%	16
13. Net originated sales that were existing owner sales (in dollars):	\$688,249,229	\$685,655,472	(\$2,593,757)	(0.4%)	16
14.* Rescissions (%)	14.5%	15.0%	0.5%	3.4%	16
Rescissions (\$)	\$163,773,341	\$190,514,653	\$26,741,312	16.3%	13
15.* Rescissions that were not existing owners (%)	18.8%	20.5%	1.7%	9.0%	14
Rescissions that were not existing owners (\$)	\$60,693,392	\$63,936,502	\$3,243,110	5.3%	11
16.* Rescissions that were existing owners (%)	12.8%	11.3%	(1.5%)	(11.7%)	13
Rescissions that were existing owners (\$)	\$47,203,564	\$51,680,919	\$4,477,355	9.5%	11

Selected Sales Metrics (Excluding telesales)

Sales metrics. Exclude telesales from the following responses. Include sales to existing owners and other in-house guests.

17. Number of tours. Represents the number of tours taken by guests in the company's efforts to sell timeshares. Include all tours of sales prospects, whether they occur on-site or at an off-site sales center.	531,384	526,387	(4,997)	(0.9%)	17
18. Number of sales transactions (exclude rescissions) (Transactions should include: week sales, EOY sales, multiple-week sales, upgrades (that count as zero weeks), points sales, and reloads (which should be part of all categories above, except upgrades). Transactions should not include sales of Sampler programs.)	77,960	75,496	(2,464)	(3.2%)	17
Close rate (excludes sales that are canceled through rescission, calculated based on formula)	14.7%	14.5%	(0.2%)	(1.4%)	17
19. Net originated sales excluding telesales	\$1,419,340,632	\$1,488,438,842	\$69,098,210	4.9%	17
Volume per guest ("VPG"). Represents timeshare sales revenue per guest and is calculated by dividing net originated sales, excluding telesales and home sits, by the number of tours. (calculated based on formula)	\$2,858	\$3,020	\$162	5.7%	17
Average transaction value (this is calculated based on net originated sales and excludes any charges not reflected in net originated sales, such as closing costs)	\$19,987	\$21,156	\$1,169	5.8%	17
20. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements	\$206,018,753	\$201,135,558	(\$4,883,195)	(2.4%)	4
21. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements	\$683,301	\$1,536,029	\$852,728	124.8%	1
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	\$1,495,267,660	\$1,564,225,566	\$68,957,906	4.6%	16

Consumer Financing

The following items refer to new financing provided to consumers during the period. For upgrade sales, use the characteristics of the new loan. For example, if an owner with \$4,000 of equity and \$6,000 principal balance outstanding on an existing loan purchases an upgrade vacation ownership interest with a stated sales price of \$20,000, and uses the equity in their existing interval as the down payment, resulting in a new loan with a principal balance of \$16,000, use the interest rate and term of that \$16,000 loan.

22. Average interest rate.	13.8%	13.6%	(0.2%)	(1.4%)	16
23. Average term (in months).	118.9	119.4	0.5	0.4%	17
Average down payment.					
24. Average down payment on sales not to existing owners	19.7%	18.3%	(1.4%)	(7.1%)	16
25. Average down payment sales to existing owners	46.4%	45.4%	(1.0%)	(2.2%)	15
26. Weighted Average FICO Score at origination (in points)	713	718	5	0.7%	16

Note: Question numbers above with an asterisk (*) were either newly added or revised from the last pulse survey conducted for the 2016 Fourth Quarter Pulse Survey.

Method

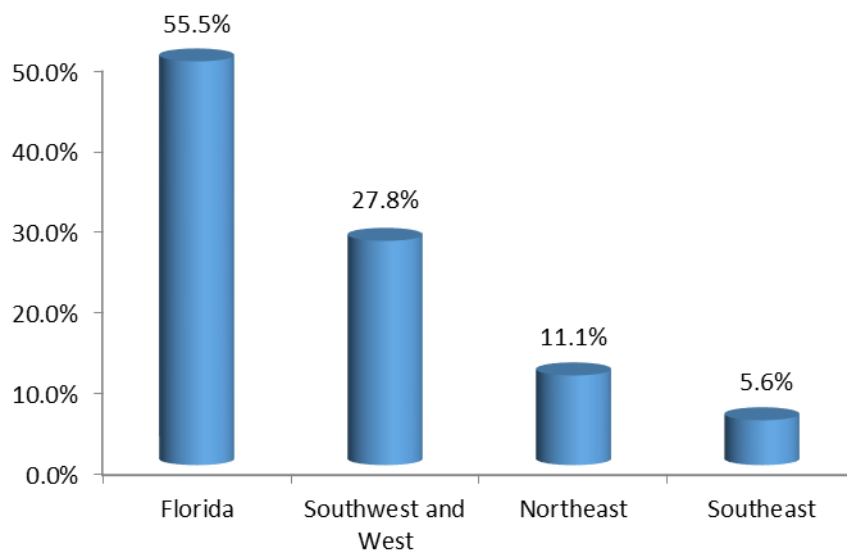
The 2017 First Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 269 timeshare and vacation ownership companies on April 17, 2017. The survey collection efforts focused on companies generating the largest volume of timeshare sales and companies that participate as board members of the American Resort Development Association (ARDA). Deloitte & Touche followed up with the companies by telephone and e-mail to encourage responses. Deloitte & Touche ended the survey collection effort on May 8, 2017. By May 8, 2017, 18 companies, or 6.7 percent of those surveyed, responded.

During the data analysis phase, Deloitte & Touche contacted several of the respondents with follow-up questions about specific answers they provided. Responses to some questions that were left blank or were unusual were ultimately excluded from the analysis. Though a total of 18 responses were collected, most questions were not answered by all 18 respondent companies as indicated in the "survey responses" column on the "Aggregate Results" tables.

The response base includes major companies in the U.S. timeshare sector. The 18 respondents that provided sales information reported aggregate Q1 2017 net originated sales, including telesales and excluding fee-for-service arrangements, of \$1,364.6 million. Six of the 18 companies are publicly traded companies, and five of the 18 are affiliated with major hotel brands. The survey is focused on the U.S.; considering the location of companies' headquarters provides an indication of the geographic regions represented by the response base. Many of the U.S. respondents are based in the Southeast, including ten in Florida and one in another Southeastern U.S. location, though companies in the Northeast region, and Southwest and West region also responded.⁸ No respondents were based in the Midwest or Canada.

Figure 14. Distribution of companies by headquarters location, 2017



Source: Deloitte & Touche based on 18 company survey responses.

⁸ Regional definitions: Florida (FL); Northeast (CT, DC, DE, KY, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV); Midwest (IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI); Southeast (AL, AR, GA, LA, MS, NC, SC, TN); and Southwest and West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OK, OR, TX, UT, WA, WY).

To effectively interpret the survey results it is important to understand that the survey is not a projection as it is not based on a random sample of companies, nor is it a census of all companies. The survey is based on responses from participating companies that account for a predominance of industry sales, and this is one of the reasons it is seen as a valuable resource.

The companies that participated in this survey are not identical to those that participated in prior editions of the Pulse Survey or of the Financial Performance Survey, which is an annual survey conducted on behalf of the ARDA International Foundation. The most recent previous Pulse Survey reported on activity through the fourth quarter of 2016. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the first quarter of 2017. Due to the relatively large size of some of the companies participating, the changing composition of the response base can materially impact the results reported in this version compared to previous editions. Also, the timeshare industry experiences changes in activity levels during different seasons of the year. It is not accurate to compare the Q1 2016 and Q1 2017 results presented in this edition with results shown in reports of earlier periods without understanding that the response base and reporting period have changed.

Unless otherwise noted specifically as simple averages, all averages in this report are weighted averages. For example, responses to questions related to sales topics, such as volume per guest, are weighted by net originated sales volume.

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