Pulse Survey

A SURVEY OF TIMESHARE AND VACATION OWNERSHIP RESORT COMPANIES

2017 Q2

PREPARED BY

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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 Second 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 August 1, 2017. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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August 18, 2017

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2017 Second 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 second quarter 2017 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover a total of 18 responding companies with aggregate net originated sales of approximately $1,651.5 million in the second quarter of 2017 for the 17 respondents that provided sales information. The financial information contained in this survey includes the second quarter of 2017 (Q2 2017) compared to the second quarter of 2016 (Q2 2016), except for section 2(B) which compares Q2 2017 to the first quarter of 2017 (Q1 2017). 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	
Net Originated Timeshare Sales (including Telesales) increased 10.3 percent from Q2 2016 to Q2 2017, increasing from $1,497.1 million to $1,651.5 million.	Increase
Net Originated Timeshare Sales (including Telesales and Fee-for-service) increased 8.9 percent from Q2 2016 to Q2 2017, increasing from $1,725.4 million to $1,879.0 million.	Increase
Sales Metrics	
Weighted Average Transaction Value increased 7.0 percent from $19,387 in Q2 2016 to $20,735 in Q2 2017. (The simple average transaction value increased 8.1% from $17,747 in Q2 2016 to $19,185 in Q2 2017.)	Increase
Weighted Average Volume Per Guest (VPG) increased from $2,681 to $2,801 from Q2 2016 to Q2 2017, an increase of 4.5 percent. (The simple average VPG increased 4.2 percent from $2,533 in Q2 2016 to $2,641 in Q2 2017.)	Increase
Tours increased 4.2 percent from 656,284 to 683,997 tours from Q2 2016 to Q2 2017.	Increase
Portfolio Performance	
Currency decreased by 0.6 percentage points (or 0.7 percent), decreasing from 91.6 percent in Q2 2016 to 91.0 percent in Q2 2017.	Decrease
Delinquencies increased by 0.6 percentage points (or 7.1 percent), increasing from 8.4 percent in Q2 2016 to 9.0 percent in Q2 2017.	Increase

Charge-Offs increased by 1.0 percentage point (or 25.6 percent), increasing from 3.9 percent in Q2 2016 to 4.9 percent in Q2 2017.	Increase
Consumer Finance Experience	
Interest Rates decreased 0.2 percentage points (or 1.4 percent), decreasing from 13.9 percent in Q2 2016 to 13.7 percent in Q2 2017.	Decrease
Weighted Average Term increased 0.3 percent from 119.2 months at Q2 2016 to 119.6 months at Q2 2017.	Increase
Down Payments on sales not to existing owners increased 0.8 percentage points (or 4.2 percent), increasing from 19.2 percent in Q2 2016 to 20.0 percent in Q2 2017.	Increase
Down Payments on sales to existing owners decreased 7.6 percentage points (or 16.1 percent), decreasing from 47.3 percent in Q2 2016 to 39.7 percent in Q2 2017.	Decrease
Other Metrics	
Weighted Average Occupancy decreased 0.6 percentage points (or 0.7 percent), decreasing from 81.3 percent in Q2 2016 to 80.7 percent in Q2 2017.	Decrease
Capital Expenditures increased 30.5 percent from Q2 2016 to Q2 2017, increasing from $226.6 million to $295.6 million.	Increase

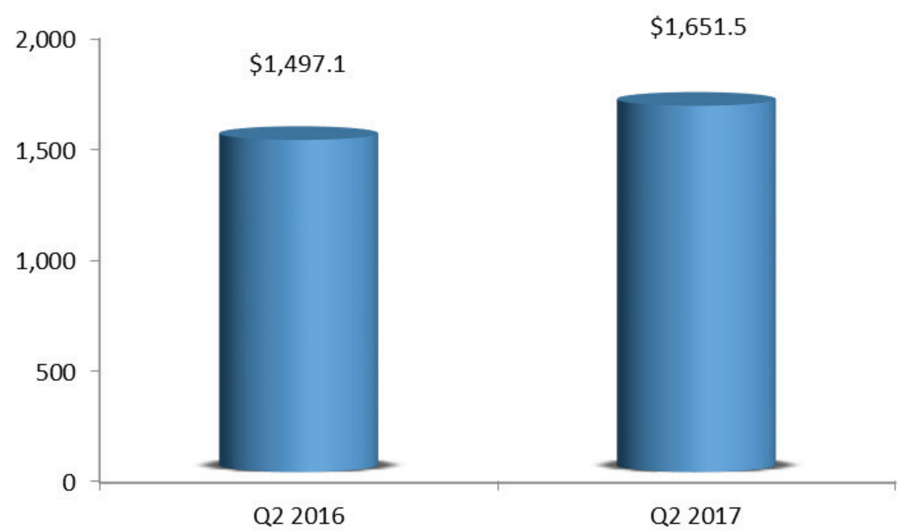
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q2 2017.

Companies provided data on a set of key sales indicators. In total, the 17 respondents that provided sales information reported approximately $1,651.5 million in net originated timeshare sales[1] (including telesales) in Q2 2017. This was a 10.3 percent increase in Q2 2017 when compared to Q2 2016, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)

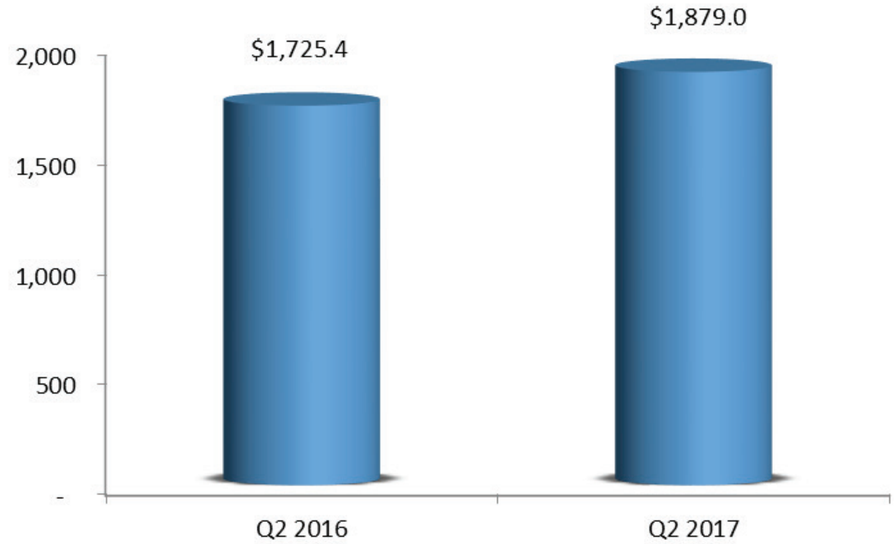


Source: Deloitte & Touche based on 17 company survey responses.

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. Two of the four respondents providing fee-for-service increased fee-for-service operations in Q2 2017 compared to Q2 2016, and the respondent being provided fee-for-service also increased fee-for-service operations in Q2 2017 compared to Q2 2016. The net overall timeshare sales under these arrangements increased from $230.0 million in Q2 2016 to $230.5 million in Q2 2017, or an increase of 0.2 percent. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory, there was an increase of 8.9 percent in total net originated timeshare sales when compared to Q2 2016.

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

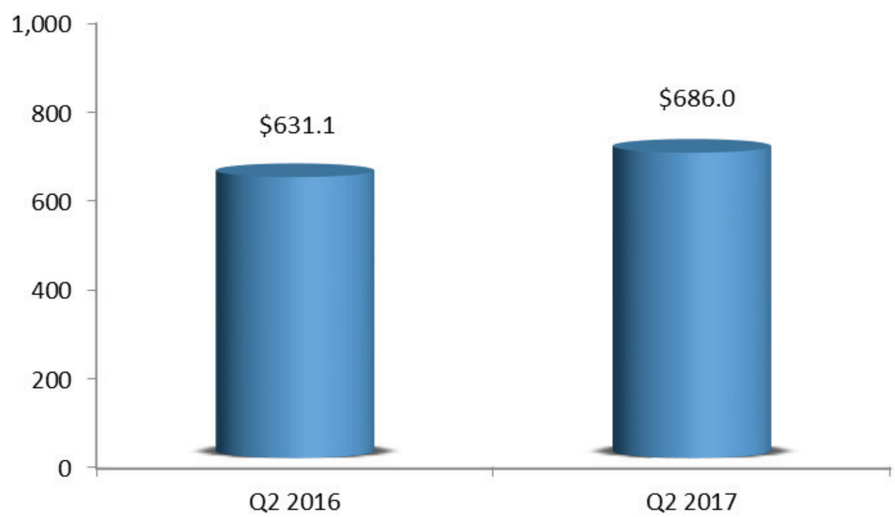
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



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.

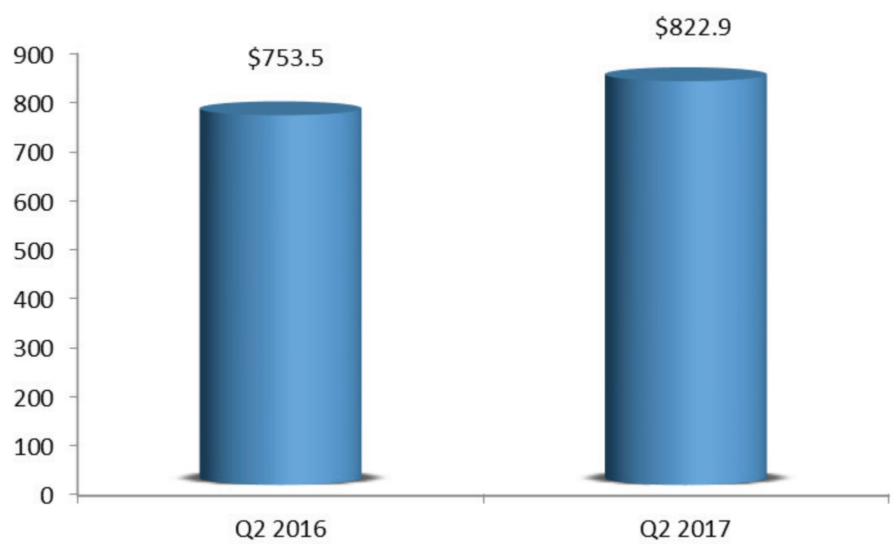
Respondents were asked to report the amount of net originated sales (including telesales) that were non existing owner and existing owner sales. The 16 respondent companies that provided non existing owner sales information reported approximately $686.0 million in non existing owner net originated timeshare sales (including telesales) in Q2 2017, which is an 8.7 percent increase from Q2 2016, see *Figure 3* below. The 15 respondent companies that provided existing owner sales information reported approximately $822.9 million in existing owner net originated timeshare sales (including telesales) in Q2 2017, which is a 9.2 percent increase from Q2 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 two of the 17 respondents that provided net originated sales did not provide information related to non existing and 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 15 company survey responses.

Seventeen 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 tours[2] increased 4.2 percent, the aggregate number of sales transactions increased 0.5 percent, and the weighted average transaction value increased 7.0 percent. The respondents reported an increase in net inventory sold under fee-for-service arrangements of 0.2 percent.

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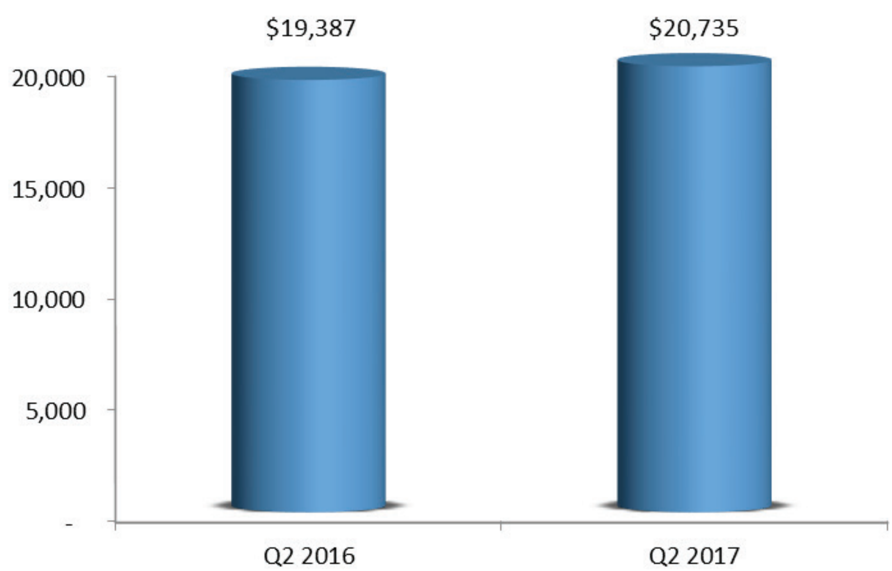
[2] This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

Average transaction value 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 biennials[3], 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 Q2 2016 and six respondents reported the value had decreased. *Figure 5* below illustrates the average transaction value calculated using a weighted average.

Figure 5. Weighted average transaction value



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

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

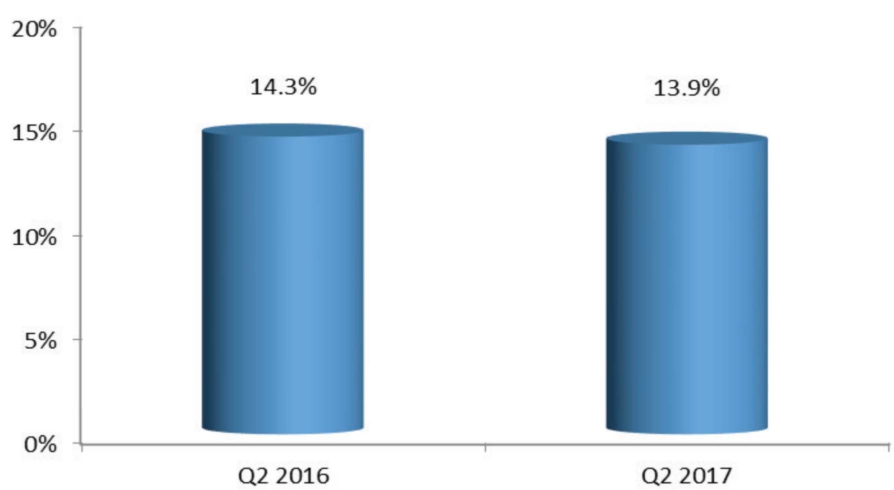
Volume per guest (VPG)[4], a measure of sales efficiency, is calculated as net originated sales per tour, increased by 4.5 percent from Q2 2016 to Q2 2017.

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 2.8 percent (0.4 percentage points) from Q2 2016 to Q2 2017.

Figure 7. Weighted average close rate



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

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[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 Q2 2016	Weighted Average Q2 2017	Simple Average Q2 2016	Simple Average Q2 2017
Volume per guest	$2,681	$2,801	$2,533	$2,641
Average transaction value	$19,387	$20,735	$17,747	$19,185
Close rate	14.3%	13.9%	14.3%	13.8%

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 rate[5] among those companies was 13.3 percent in Q2 2017, which decreased 0.8 percentage points when compared to Q2 2016. Eleven companies reported a decrease in rescissions between Q2 2016 and Q2 2017, four companies reported an increase in rescissions, one company reported no change, and two companies did not provide rescission information. The simple average rescission rate decreased 0.8 percentage points from 13.3 percent to 12.5 percent from Q2 2016 to Q2 2017. Further, respondents were asked to provide the rescission volume in dollars. For the 14 companies that provided this information for Q2 2016 and Q2 2017, the total aggregate rescissions increased by 9.9 percent from $247.6 million to $272.2 million in Q2 2017.

Respondents were asked a question related to rescission information on existing and non existing owner sales. For the 15 respondent companies that provided rescission information on non existing owner sales, the weighted average rescission rate increased from 17.0 percent in Q2 2016 to 17.6 percent in Q2 2017. Further, 12 respondents provided rescission information on non existing owner sales in dollars resulting in an increase of 7.5 percent in the total aggregate rescission volume from approximately $130.7 million to approximately $140.6 million from Q2 2016 to Q2 2017. For the 15 respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate decreased from 12.4 percent in Q2 2016 to 12.2 percent in Q2 2017. Further, 12 respondents provided rescission information on existing owner sales in dollars resulting in an increase of 7.3 percent in the total aggregate rescission volume from $96.2 million to $103.2 million from Q2 2016 to Q2 2017.

2(A). Consumer timeshare loan portfolio delinquencies and charge-offs increased when comparing Q2 2016 and Q2 2017.

The composition of receivables portfolios[6] was evaluated as of June 30, 2017, and compared to the composition as of June 30, 2016. The total aggregate receivables for the 18 companies that provided receivables data was $12.6 billion as of June 30, 2017, and $12.1 billion as of June 30, 2016.

Respondents reported that payments for 91.0 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of June 30 2017, a decrease of 0.6 percentage points from one year earlier. Also, as of June 30, 2017, 5.1 percent of consumer timeshare loan portfolios by

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[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.

dollar value were more than 120 days delinquent, an increase of 0.4 percentage points compared to one year earlier.

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

	June 30, 2016	June 30, 2017	Difference
Current	91.6%	91.0%	(0.6%)
31 to 60 days	1.8%	1.7%	(0.1%)
61 to 90 days	1.0%	1.2%	0.2%
91 to 120 days	0.9%	1.0%	0.1%
More than 120 days	4.7%	5.1%	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 second quarter, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q2 2017 was 4.9 percent, which was an increase of 1.0 percentage points compared to one year earlier. Four respondents reported a decrease in the default rate when comparing Q2 2017 to Q2 2016, eleven respondents reported an increase in the default rate, and three 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 Q2 2016 and Q2 2017. Of the seventeen respondents, four respondents reported an increase in the weighted average FICO score, ten respondents reported a decrease, and three respondents reported no change. The result was a decrease in the weighted average FICO score from 707 at Q2 2016 to 706 at Q2 2017.

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing Q1 2017 and Q2 2017.

The composition of receivables portfolios was evaluated as of June 30, 2017, and compared to the composition as of March 31, 2017. The total aggregate receivables for the companies that provided receivables data was $12.6 billion as of June 30, 2017and $12.5 billion as of March 31, 2017.

Receivables portfolios showed a decrease in delinquencies (greater than 31 days past due) as of June 30, 2017, compared to one quarter earlier. Respondents reported that payments for 91.0 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of June 30, 2017, which was 0.5 percentage points higher than one quarter earlier. Further, for the quarter ending June 30, 2017, 4.9 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance for the period, which was 1.2 percentage point higher compared to March 31, 2017.

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

	March 31, 2017	June 30, 2017	Increase/(Decrease)
Current	90.5%	91.0%	0.5%
31 to 60 days	2.1%	1.7%	(0.4%)
61 to 90 days	1.3%	1.2%	(0.1%)
91 to 120 days	1.1%	1.0%	(0.1%)
More than 120 days	5.0%	5.1%	0.1%
Total	**100.0%**	**100.0%**	

Source: Deloitte & Touche based on 18 company survey responses. The First Quarter 2017 data herein was based upon the 18 responses obtained from the 2017 First Quarter Pulse Survey.

3. Resort occupancy decreased 0.6 percentage points (or 0.7 percent) as compared to Q2 2016.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 17 companies that provided quarterly occupancy data, representing approximately 9.1 million available room nights in Q2 2017, the average occupancy rate decreased 0.6 percentage points to 80.7 percent in Q2 2017, compared to 81.3 percent in Q2 2016. Available room nights increased 10.3 percent from Q2 2016 to Q2 2017; increasing from approximately 8.3 million room nights to approximately 9.1 million room nights.

4. Average term on all loans and average down payment on sales not to existing owners increased in Q2 2017, while average down payment on sales to existing owners, average interest rate, and average FICO score at origination decreased in Q2 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 Q2 2017 was 13.7 percent, which was a decrease from the 13.9 percent in Q2 2016. There was a 0.4 month increase in the term for which loans are made, with average loan terms in Q2 2017 of approximately 119.6 months. The average FICO score for Q2 2017 financed sales was 717, down from 720 in Q2 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 15 respondents that provided non existing owner down payment data, the average down payment on non existing owner sales increased 0.8 percentage points to 20.0 percent of the stated sales price on financed sales in Q2 2017 compared to Q2 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 39.7 percent in Q2 2017, a decrease of 7.6 percentage point from Q2 2016.

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

Figure 11. Characteristics of consumer timeshare loan financing

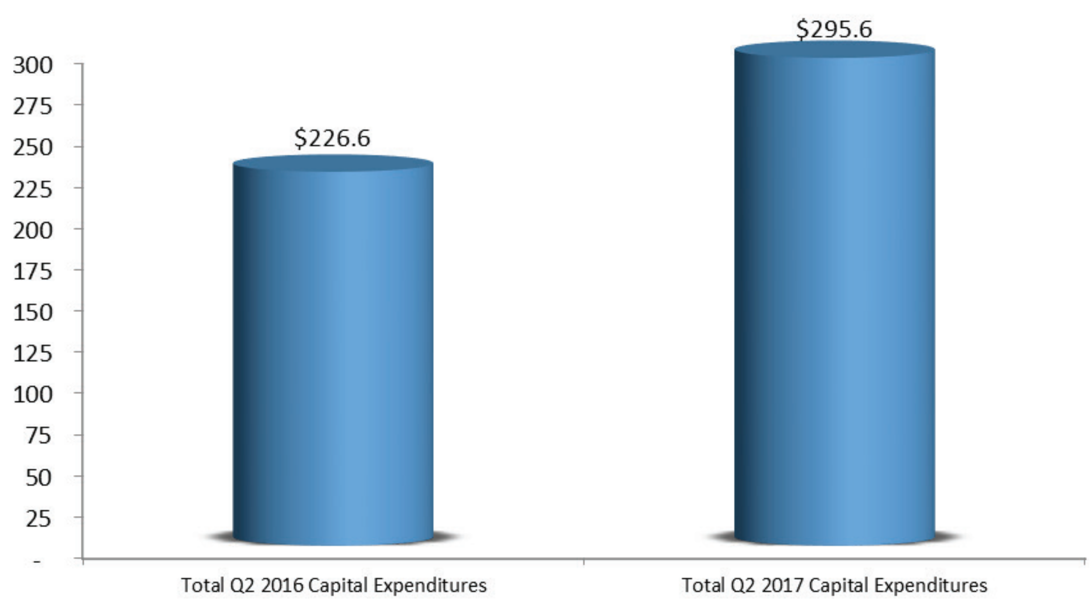
	2016	2017	Difference
Second Quarter			
Average:			
Interest rate (annual)	13.9%	13.7%	(0.2%)
Term (months)	119.2	119.6	0.4 months
Non existing owner down payment (% of price)	19.2%	20.0%	0.8%
Existing owner down payment (% of price)	47.3%	39.7%	(7.6%)
FICO Score at origination	720	717	(3)

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

5. Capital expenditures related to timeshare inventory increased overall in Q2 2017 when compared to Q2 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). Overall, capital expenditures increased by 30.5 percent in Q2 2017 compared to Q2 2016. Of the twelve respondents, seven respondents increased capital expenditures related to timeshare inventory and five respondents decreased capital expenditures related to timeshare inventory.

Figure 12. Capital Expenditures (Millions)



Source: Deloitte & Touche based on a minimum of 12 company survey responses.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – 2017 Second Quarter Pulse Survey

2017 Second Quarter End Results	Quarter Ending 30-Jun-16	Quarter Ending 30-Jun-17	Increase/ (Decrease)	Increase/ (Decrease) Percent	Survey Responses
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: 0% No: 100%	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)	$12,071,443,563	$12,642,521,081	$571,077,518	4.7%	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)	91.6%	91.0%	(0.6%)	(0.7%)	18
Between 31 to 60 days delinquent	1.8%	1.7%	(0.1%)	(5.6%)	18
Between 61 to 90 days delinquent	1.0%	1.2%	0.2%	20.0%	18
Between 91 to 120 days delinquent	0.9%	1.0%	0.1%	11.1%	18
More than 120 days delinquent	4.7%	5.1%	0.4%	8.5%	18
Total should equal 100%	100.0%	100.0%			
6. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	3.9%	4.9%	1.0%	25.6%	18
7. Average FICO score (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	707	706	(1)	(0.1%)	17
Inventory					
8. Capital expenditures related to timeshare inventory (current year)	$226,619,529	$295,626,958	$69,007,429	30.5%	12
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)	81.3%	80.7%	(0.6%)	(0.7%)	17
b. Vacant	18.7%	19.3%	0.6%	3.2%	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.)	8,293,318	9,149,589	856,271	10.3%	17
Selected Sales Metrics (Including telesales and home sits)					
Sales metrics. Include telesales in the following responses.					
11. Net originated sales (in dollars)	$1,497,142,610	$1,651,539,208	$154,396,598	10.3%	17

12. Net originated sales that were not existing owner sales (in dollars):	$631,136,902	$686,005,017	$54,868,115	8.7%	16
13. Net originated sales that were existing owner sales (in dollars):	$753,450,640	$822,924,200	$69,473,560	9.2%	15
14. Rescissions (%)	14.1%	13.3%	(0.8%)	(5.7%)	16
Rescissions ($)	$247,582,592	$272,161,167	$24,578,575	9.9%	14
15. Rescissions that were not existing owners (%)	17.0%	17.6%	0.6%	3.5%	15
Rescissions that were not existing owners ($)	$130,742,659	$140,564,138	$9,821,479	7.5%	12
16. Rescissions that were existing owners (%)	12.4%	12.2%	(0.2%)	(1.6%)	15
Rescissions that were existing owners ($)	$96,162,717	$103,190,231	$7,027,514	7.3%	12
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.	656,284	683,997	27,713	4.2%	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.)	93,685	94,145	460	0.5%	17
Close rate (excludes sales that are canceled through rescission, calculated based on formula)	14.3%	13.9%	(0.4%)	(2.8%)	17
19. Net originated sales excluding telesales	$1,662,627,597	$1,806,149,601	$143,522,004	8.6%	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)	$2,681	$2,801	$120	4.5%	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)	$19,387	$20,735	$1,348	7.0%	17
20. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements	$230,038,217	$230,462,412	$424,195	0.2%	4
21. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements	$1,811,018	$3,040,978	$1,229,960	67.9%	1
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$1,725,369,809	$1,878,960,642	$153,590,833	8.9%	17
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.	13.9%	13.7%	(0.2%)	(1.4%)	17
23. Average term (in months).	119.2	119.6	0.4	0.3%	17
Average down payment.					
24. Average down payment on sales not to existing owners	19.2%	20.0%	0.8%	4.2%	15
25. Average down payment on sales to existing owners	47.3%	39.7%	(7.6%)	(16.1%)	15
26. Weighted Average FICO Score at origination (in points)	720	717	(3)	(0.4%)	16

Method

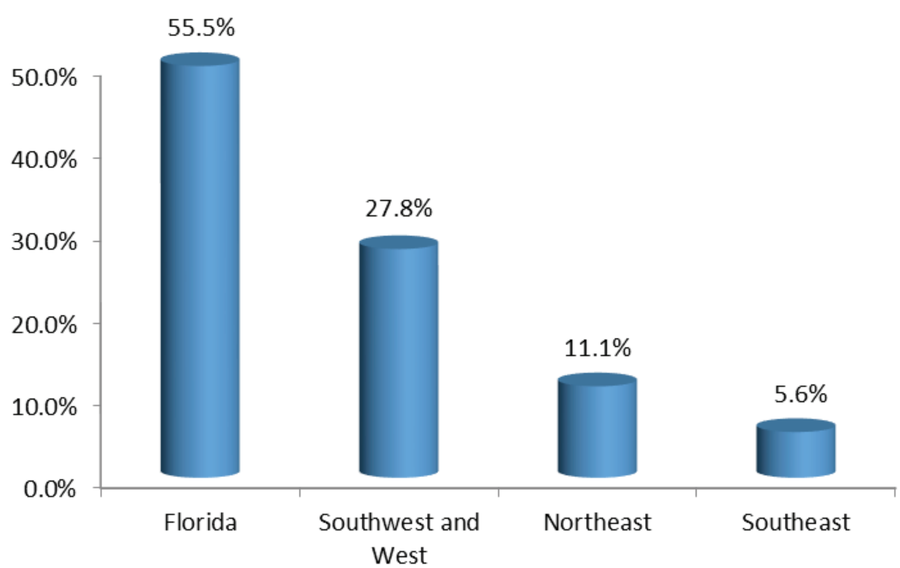
The 2017 Second Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

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 July 10, 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 August 1, 2017. By August 1, 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 Q2 2017 net originated sales, including telesales and excluding fee-for-service arrangements, of $1,651.5 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 first quarter of 2017. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the second 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 Q2 2016 and Q2 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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