Pulse Survey

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A SURVEY OF TIMESHARE AND VACATION OWNERSHIP RESORT COMPANIES

2020 Q2YTD

PREPARED BY

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To the Research Committee of
ARDA International Foundation
1201 15th Street NW, Suite 400
Washington, DC 20005

Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2020 Second Quarter Year-to-Date 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 June 24, 2020, 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 17, 2020. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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September 15, 2020

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2020 Second Quarter Year-to-Date 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 year-to-date 2020 survey of U.S. timeshare companies that were in active sales during the first half of the year. The 2020 survey included additional questions related to COVID-19 to assess the impacts. We will continue to assess the COVID-19 impact on the timeshare industry in future surveys. The results herein include data from the time period of January 2020 to June 2020. The results cover a total of 16 responding companies with aggregate net originated sales of approximately $1,408 million at June 30, 2020 for the 16 respondents that provided sales information. The financial information contained in this survey includes June 30, 2020 YTD (Q2 2020 - YTD) compared to June 30, 2019 (Q2 2019 - YTD), except for section 2(B) which compares data as of June 30, 2020 to data as of December 31, 2019 (Q4 2019). 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 (net of Sales Incentives and Rescissions) including Telesales decreased 57.7 percent from Q2 2019 - YTD to Q2 2020 - YTD, decreasing from $3,325.4 million to $1,408.1 million.	Decrease
Net Originated Timeshare Sales (including Telesales and Fee-for-service, excluding Rescissions and Fee-for-Service sold by others) decreased 57.9 percent from Q2 2019 - YTD to Q2 2020 - YTD, decreasing from $3,790.7 million to $1,596.1 million.	Decrease
Sales Metrics	
Weighted Average Transaction Value increased 2.5 percent from $21,320 in Q2 2019 - YTD to $21,855 in Q2 2020 - YTD. (The simple average transaction value increased 0.3 percent from $19,811 in Q2 2019 to $19,873 in Q2 2020.)	Increase
Weighted Average Volume Per Guest (VPG) increased 1.1 percent from $2,928 to $2,961 from Q2 2019 - YTD to Q2 2020 - YTD. (The simple average VPG increased 10.8 percent from $2,804 in Q2 2019 - YTD to $3,104 in Q2 2020 - YTD.)	Increase
Tours decreased 63.2 percent from 1,277,061 to 469,490 tours from Q2 2019 - YTD to Q2 2020 - YTD.	Decrease

Portfolio Performance	
Currency decreased by 4.3 percentage points (or 4.8 percent), decreasing from 89.4 percent in Q2 2019 - YTD to 85.1 percent in Q2 2020 - YTD.	Decrease
Delinquencies increased by 4.3 percentage points (or 40.6 percent), increasing from 10.6 percent in Q2 2019 - YTD to 14.9 percent in Q2 2020 - YTD.	Increase
Charge-Offs increased by 0.7 percentage point (or 9.2 percent), increasing from 7.6 percent in Q2 2019 - YTD to 8.3 percent in Q2 2020 - YTD.	Increase
Consumer Finance Experience	
Interest Rates had no change from Q2 2019 - YTD to Q2 2020 – YTD, staying consistent at 14.1 percent.	No change
Weighted Average Term increased by 1.4 percent, increasing from 121.8 months to 123.5 months from Q2 2019 - YTD to Q2 2020 - YTD.	Increase
Down Payments on non-upgrade sales increased 0.7 percentage points (or 4.0 percent), from 17.7 percent in Q2 2019 - YTD to 18.4 percent in Q2 2020 - YTD.	Increase
Down Payments on upgrade sales decreased 4.2 percentage points (or 9.2 percent), decreasing from 45.6 percent in Q2 2019 - YTD to 41.4 percent in Q2 2020 - YTD.	Decrease
Other Metrics	
Weighted Average Occupancy decreased 37.1 percentage points (or 47.7 percent), decreasing from 77.7 percent in Q2 2019 - YTD to 40.6 percent in Q2 2020 – YTD (including rooms at resorts that were closed due to COVID-19).	Decrease
Capital Expenditures decreased 50.9 percent from Q2 2019 - YTD to Q2 2020 - YTD, decreasing from $483.6 million to $237.5 million.	Decrease

Impact of COVID-19
Allowance for Loan Losses – On average, respondents reported an additional 13% recorded to the account as a percentage of the total Allowance balance.
Mortgage Deferment Program – Thirteen companies offered mortgage deferment programs to owners to assist with loan payments. On average, 1.3% of owners took advantage of these programs.

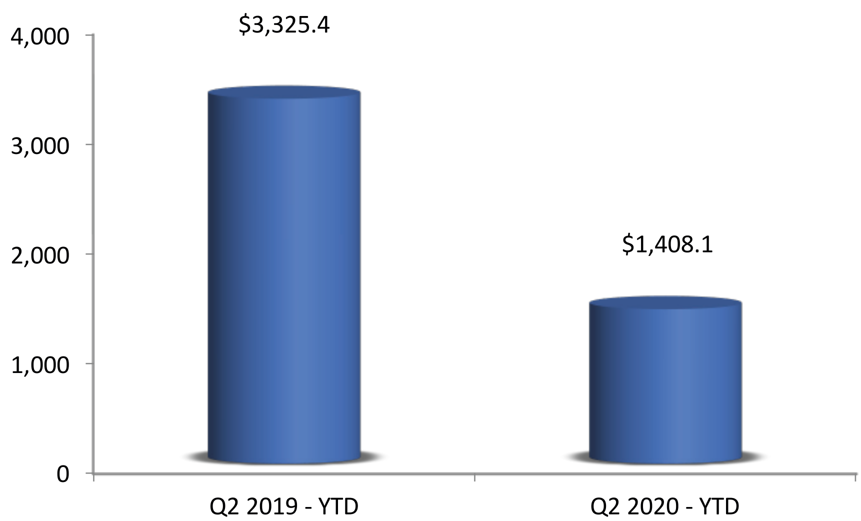
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume decreased in Q2 2020 - YTD.

Companies provided data on a set of key sales indicators. In total, the 16 respondents that provided sales information reported approximately $1,408.1 million in net originated timeshare sales[1] (including telesales) in Q2 2020 - YTD. This was a 57.7 percent decrease in Q2 2020 - YTD when compared to Q2 2019 - YTD, as reported by the same respondents. This significant decrease in sales is primarily attributed to the impacts of COVID-19 on the timeshare industry. See summary of COVID-19 impacts on the timeshare industry at the COVID-19 Considerations section.

Figure 1. Net originated sales including telesales (Millions)



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

Fee-for-service arrangements have become an established feature within the industry over the last decade. 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 16 companies, four are selling and marketing timeshare on behalf of other developers. One company is engaging others to sell and market timeshare on their behalf. All four respondents providing fee-for-service decreased fee-for-service operations in Q2 2020 - YTD compared to Q2 2019 - YTD. The respondent being provided fee-for-service decreased fee-for-service operations for the same period. The net overall timeshare sales (total fee-for-service provided less total fee-for-service received) under these arrangements decreased from $465.3 million in Q2 2019 - YTD to $188.0 million in Q2 2020 - YTD, or a decrease of 59.6 percent. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory, there was a decrease of 57.9 percent in total net originated timeshare sales when compared to Q2 2019 - YTD.

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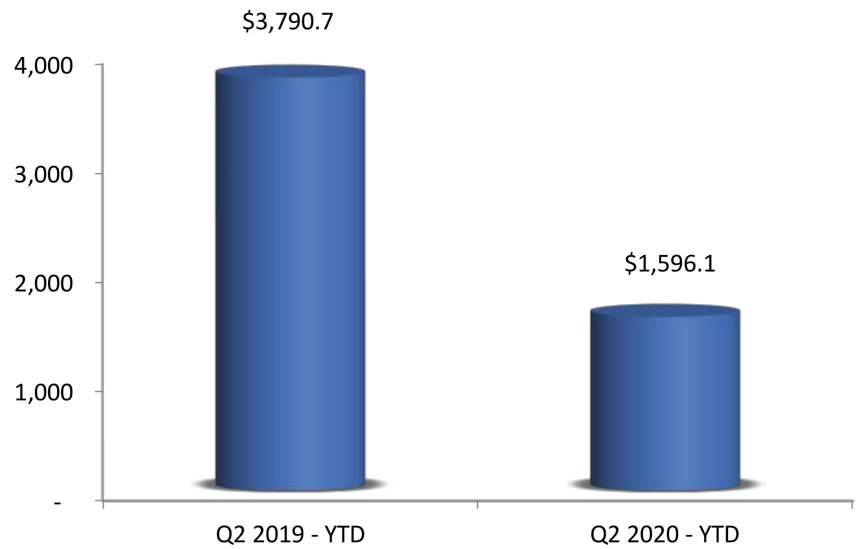
[1] Net originated sales refers to gross sales revenues net of incentives and rescissions, but before reduction of revenue for uncollectible accounts.

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

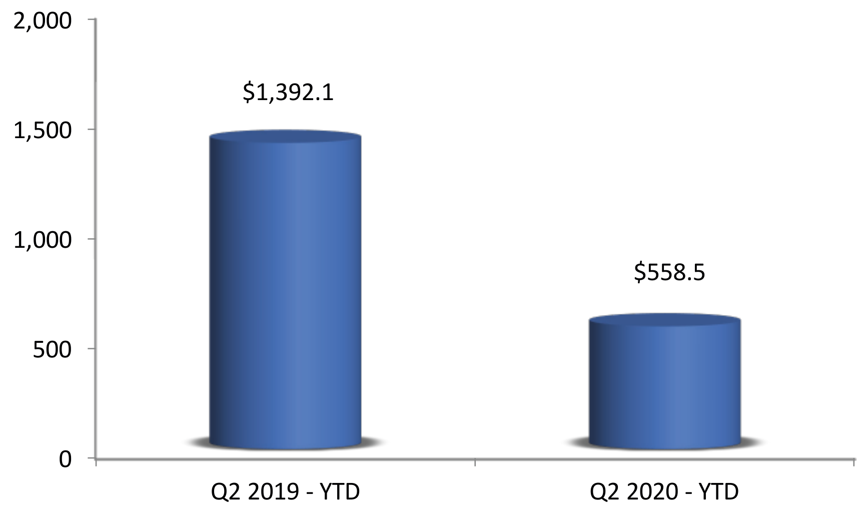


Source: Deloitte & Touche based on 16 company survey responses for net originated sales and 4 respondents reported providing fee-for-service arrangements, and 1 respondent reported being provided fee-for-service arrangements.

Respondents were asked to report the amount of net originated sales (including telesales) that were non existing owner and existing owner sales. The 15 respondent companies that provided new owner sales information reported approximately $558.5 million in new owner net originated timeshare sales (including telesales) in Q2 2020 – YTD, which is a 59.9 percent decrease from Q2 2019 - YTD, see *Figure 3* below. The 15 respondent companies that provided existing owner sales information reported approximately $745.1 million in existing owner net originated timeshare sales (including telesales) in Q2 2020 – YTD which is a 55.2 percent decrease from Q2 2019 - YTD, see *Figure 4* below. As a percentage of total net originated sales, new owner sales make up 39.7% of the balance in Q2 2020 – YTD, which is a slight decrease from Q2 2019 – YTD of 41.9%. Existing owner sales as of Q2 2020 - YTD equals 52.9% of total net originated sales, which is an increase from Q2 2019 - YTD of 50.0%.

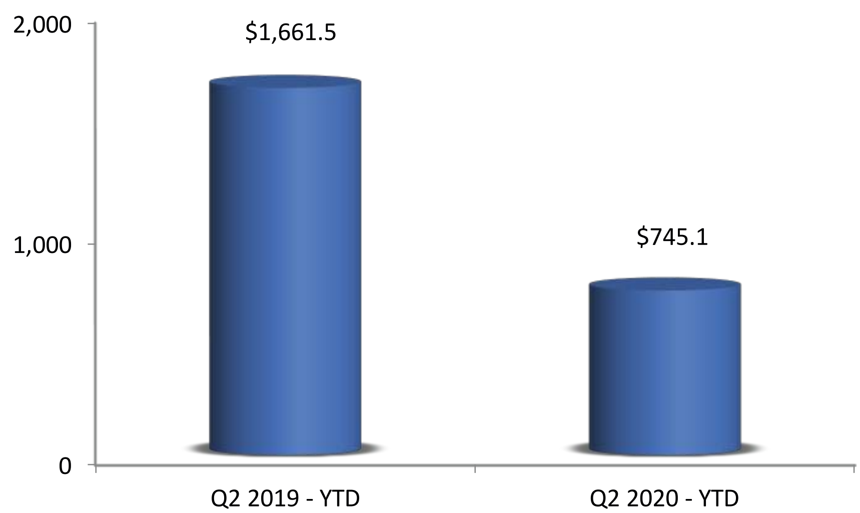
Note that the sum of the total new owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the 16 respondents that provided net originated sales did not provide information related to new owner and existing owner sales. For the same reason, the new and existing owner sales as a percentage of total sales does not equal 100%.

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



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

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



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

Sixteen 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] decreased 63.2 percent, the aggregate number of sales transactions decreased

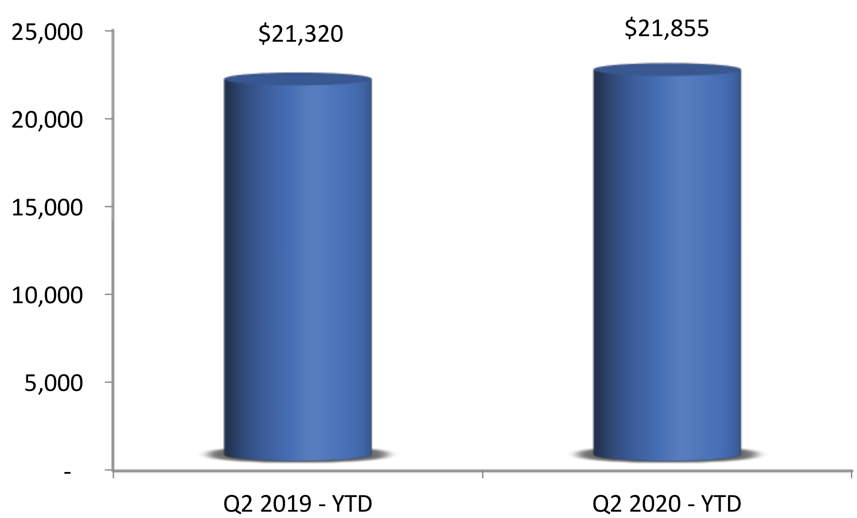
[2] This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

59.4 percent, and the weighted average transaction value increased 2.5 percent. The respondents reported a decrease in net inventory sold under fee-for-service arrangements of 59.9 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 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. Nine respondents reported average transaction value had increased from Q2 2019 - YTD and seven 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

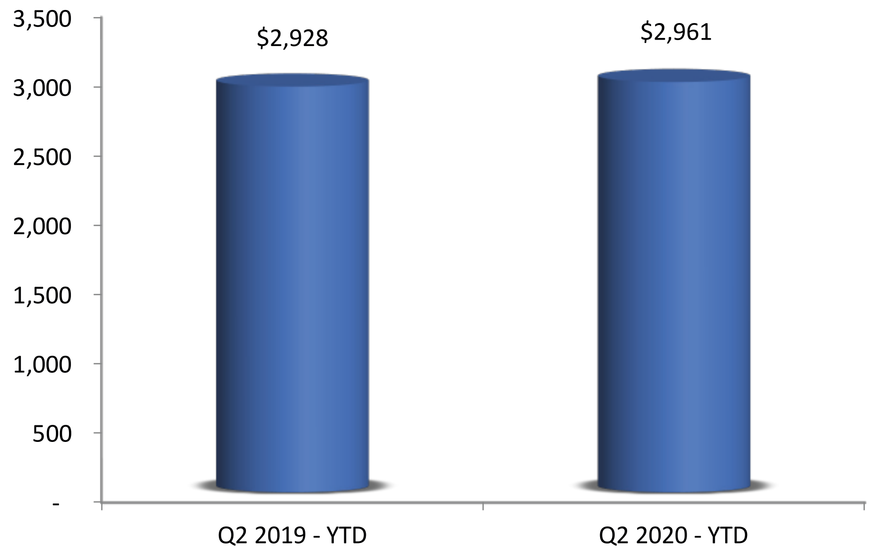


Source: Deloitte & Touche based on 16 company survey responses.

[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 1.1 percent from Q2 2019 - YTD to Q2 2020 - YTD.

Figure 6. Weighted average volume per guest

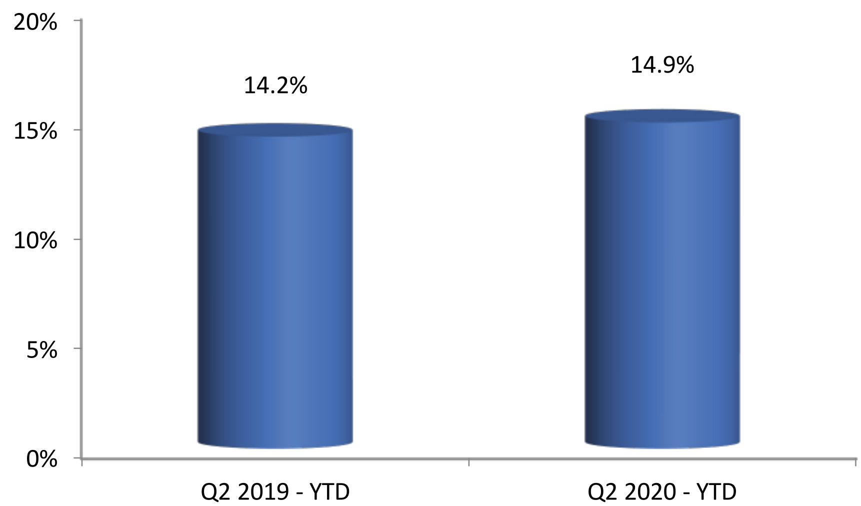


Source: Deloitte & Touche based on 15 company survey responses.

[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 close rate, another measure of sales efficiency, is the number of sales transactions generated from tour flow, increased by 0.7 percentage points (4.9 percent) from Q2 2019 - YTD to Q2 2020 - YTD.

Figure 7. Weighted average close rate



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

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 2019 - YTD	Weighted Average Q2 2020 - YTD	Simple Average Q2 2019 - YTD	Simple Average Q2 2020 - YTD
Volume per guest	$2,928	$2,961	$2,804	$3,104
Average transaction value	$21,320	$21,855	$19,811	$19,873
Close rate	14.2%	14.9%	14.2%	15.6%

Source: Deloitte & Touche based on 16 company survey responses

Among the companies that provided key sales indicators, 15 provided rescission percentage information. The weighted average rescission rate[5] among those companies was 20.7 percent in Q2 2020 - YTD, which was an increase of 4.9 percentage points from 15.8 percent for Q2 2019 - YTD. Four companies reported a decrease in rescissions between Q2 2019 - YTD and Q2 2020 - YTD and eleven companies reported an increase in rescissions. The simple average rescission rate increased 6.6 percentage points from 13.5 percent to 20.1 percent from Q2 2019 - YTD to Q2 2020 - YTD. Further, respondents were asked to provide the rescission volume in dollars. For the 16 companies

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

that provided this information for Q2 2019 - YTD and Q2 2020 - YTD, the total aggregate rescissions decreased by 40.6 percent from $711.6 million to $423.0 million in Q2 2020 - YTD.

Respondents were asked a question related to rescission information on existing and new owner sales. For the 14 respondent companies that provided rescission information on new owner sales, the weighted average rescission rate increased from 30.2 percent in Q2 2019 - YTD to 37.7 percent in Q2 2020 - YTD. Further, 15 respondents provided rescission information on new owner sales in dollars resulting in a decrease of 38.3 percent in the total aggregate rescission volume from approximately $382.9 million to approximately $236.3 million from Q2 2019 - YTD to Q2 2020 - YTD. For the 14 respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate increased from 14.5 percent in Q2 2019 - YTD to 16.9 percent in Q2 2020 - YTD. Further, 15 respondents provided rescission information on existing owner sales in dollars resulting in a decrease of 39.1 percent in the total aggregate rescission volume from $230.7 million to $140.5 million from Q2 2019 - YTD to Q2 2020 - YTD.

Respondents were asked a question related to total rental revenue recognized. For the 16 respondent companies that provided rental revenue, the total rental revenue decreased 38.5 percent from $676.6 million in Q2 2019 - YTD to $415.9 million in Q2 2020 - YTD.

2(A). Consumer timeshare loan portfolio delinquencies and charge-offs increased when comparing Q2 2019 - YTD and Q2 2020 - YTD.

The composition of receivables portfolios[6] was evaluated as of June 30, 2020, and compared to the composition as of June 30, 2019. The total aggregate receivables for the 16 companies that provided receivables data was $13,629.6 million as of June 30, 2020, and $14,103.4 million as of June 30, 2019.

Respondents reported that payments for 85.1 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of June 30 2020, a decrease of 4.3 percentage points from one year earlier. Also, as of June 30, 2020, 9.9 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, an increase of 3.3 percentage points compared to one year earlier.

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

	June 30, 2019	June 30, 2020	Difference
Current	89.4%	85.1%	-4.3%
31 to 60 days	1.7%	1.8%	0.1%
61 to 90 days	1.3%	1.7%	0.4%
91 to 120 days	1.0%	1.5%	0.5%
More than 120 days	6.6%	9.9%	3.3%
Total	**100.0%**	**100.0%**	

Source: Deloitte & Touche based on 16 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 2020 - YTD was

[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.

8.3 percent, which was an increase of 0.7 percentage points compared to one year earlier. Of the sixteen respondents, three respondents reported a decrease in the default rate when comparing Q2 2020 - YTD to Q2 2019 - YTD, twelve respondents reported an increase in the default rate, and one respondents reported no change in the default rate.

Another question was asked this quarter requesting respondents to provide the weighted average FICO score at origination (weighted by the outstanding principal balance of the receivables) for loans within the portfolio at the end of Q2 2019 - YTD and Q2 2020 - YTD. Of the fifteen respondents, four respondents reported an increase in the weighted average FICO score, nine respondents reported a decrease, and two respondents reported no change. The result was no change in the weighted average FICO score from 711 at Q2 2019 - YTD and at Q2 2020 - YTD.

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing Q4 2019 - YTD and Q2 2020 - YTD.

The composition of receivables portfolios was evaluated as of June 30, 2020, and compared to the composition as of December 31, 2019. The total aggregate receivables for the companies that provided receivables data was $13,629.6 million as of June 30, 2020 and $14,751.6 million as of December 31, 2019.

Receivables portfolios showed an increase in delinquencies (greater than 30 days past due) as of June 30, 2020, compared to two quarters earlier. Respondents reported that payments for 85.1 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of June 30, 2020, which was 2.8 percentage points lower than two quarters earlier. Further, for the quarter ending June 30, 2020, 8.3 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance for the period, which was 0.8 percentage points higher compared to December 31, 2019.

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

	December 31, 2019	June 30, 2020	Increase/(Decrease)
Current	87.9%	85.1%	-2.8%
31 to 60 days	2.1%	1.8%	-0.3%
61 to 90 days	1.3%	1.7%	0.4%
91 to 120 days	1.3%	1.5%	0.2%
More than 120 days	7.4%	9.9%	2.5%
Total	**100.0%**	**100.0%**	

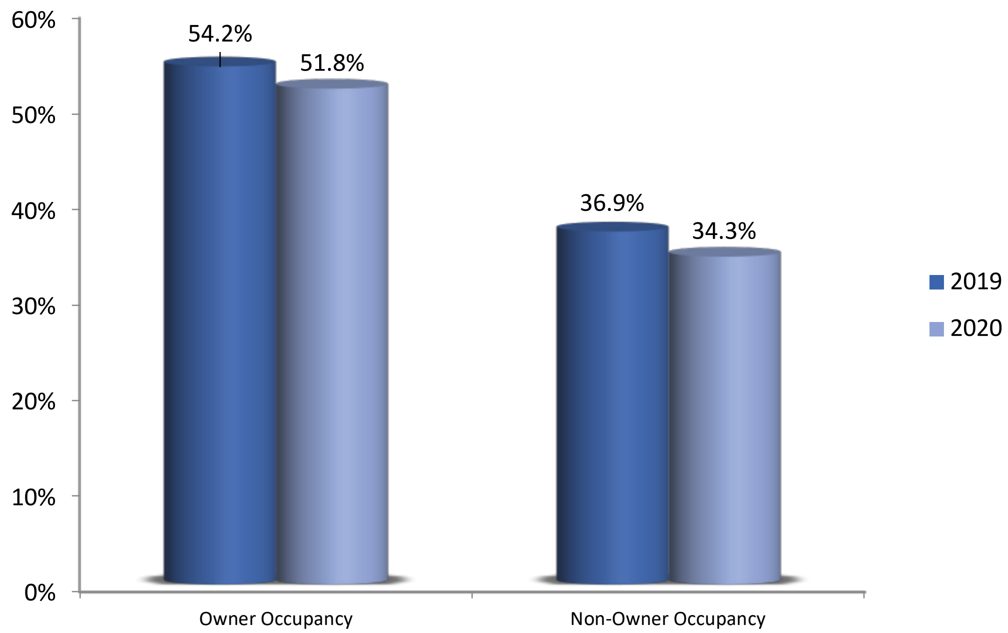
Source: Deloitte & Touche based on 16 company survey responses. The Fourth Quarter 2019 data herein was based upon the 17 responses obtained from the 2019 Fourth Quarter Pulse Survey.

3. Resort occupancy including rooms at resorts that were closed due to COVID-19 decreased 37.1 percentage points (or 47.7 percent) as compared to Q2 2019 - YTD.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 16 companies that provided occupancy data, representing approximately 19.5 million available room nights in Q2 2020 - YTD, the average occupancy rate, including rooms at resorts that were closed due to COVID-19, decreased 47.7 percent to 40.6 percent in Q2 2020 - YTD, compared to 77.7 percent in Q2 2019 - YTD. When excluding rooms in resorts that were closed due to COVID-19, the Q2 2020 -YTD occupancy rate was 45.5%. Available room nights including rooms at resorts that were closed due to COVID-19 increased 2.0 percent from Q2 2019 - YTD to Q2 2020 - YTD; increasing from approximately 19.1 million room nights to approximately 19.5 million room nights. When excluding rooms in resorts that were closed due to COVID-19, there were 10.7 million available room nights reported for Q2 2020 – YTD.

Additionally, respondents were asked to report on the occupancy excluding rooms at resorts that were closed due to COVID-19 based on whether the occupants were or were not timeshare owners. The mix slightly decreased from Q2 2019 – YTD for both owner occupancy and non-owner occupancy by 4.3% and 7.1%, respectively.

Figure 11. Occupancy by Sales Mix excluding rooms at resorts that were closed due to COVID-19



Source: Deloitte & Touche based on 14 company survey responses.

4. Average down payment on non-upgrade sales and average term increased in Q2 2020 – YTD, while average down payment on upgrade sales decreased and average interest rate stayed the same in Q2 2020 - YTD.

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 2020 - YTD was 14.1 percent, which is no change from Q2 2019 - YTD. The Q2 2020 - YTD average loan terms increased from 121.8 months in Q2 2019 – YTD to 123.5 months in Q2 2020 - YTD. The average FICO score for financed sales during Q2 2020 - YTD decreased from 724 in Q2 2019 - YTD to 717 in Q2 2020 - YTD.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales. As a result, down payments on upgrade sales are typically higher than on non-upgrade sales, and a change in the mix of upgrade and non-upgrade sales could impact the overall average down payment. For the 14 respondents that provided non-upgrade down payment data, the

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

average down payment on non-upgrade sales increased 0.7 percentage points to 18.4 percent of the stated sales price on financed sales in Q2 2020 - YTD compared to 17.7 in Q2 2019 - YTD. For the 13 respondents that provided existing owner down payment data, the average down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interests, was 41.4 percent in Q2 2020 - YTD, a decrease of 4.2 percentage points from Q2 2019 - YTD.

Figure 12. Characteristics of consumer timeshare loan financing

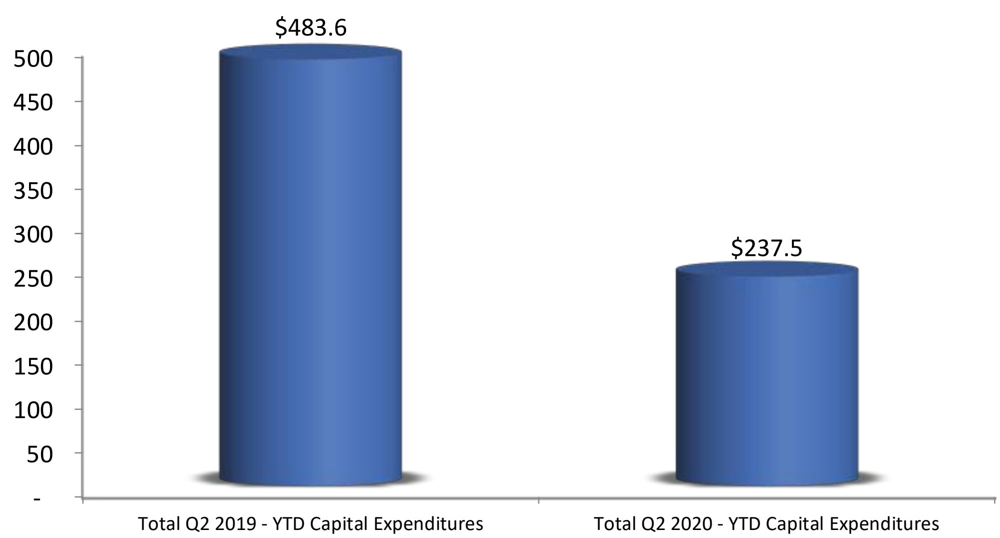
	2019	2020	Difference
Q2 YTD			
Average:			
Interest rate (annual)	14.1%	14.1%	0.0%
Term (months)	121.8	123.5	1.7 months
Down payment on non-upgrade sales (% of price)	17.7%	18.4%	0.7%
Down payment on upgrade sales (% of price)	45.6%	41.4%	-4.2%
FICO Score at origination	724	717	-7

Source: Deloitte & Touche based on a minimum of 13 company survey responses.

5. Capital expenditures related to timeshare inventory decreased overall in Q2 2020 - YTD when compared to Q2 2019 - YTD.

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 decreased 50.9 percent in Q2 2020 - YTD compared to Q2 2019 - YTD. Of the thirteen respondents, two respondents increased capital expenditures related to timeshare inventory and eleven respondents decreased capital expenditures related to timeshare inventory.

Figure 13. Capital Expenditures (Millions)



Source: Deloitte & Touche based on 13 company survey responses.

6. Impact of COVID-19

In the Q2 2020 – YTD survey, participants were asked specific questions related to the impact of COVID-19 on the Company, which included questions around resort closures, employee furloughs, impairments, and the allowance for loan loss.

Eleven respondents reported total resort closures ranged from a minimum of 3 resorts closed to a maximum of 185 resorts. The average number of resorts closed due to COVID-19 is 33 resorts. The same respondents reported a minimum of 3 resorts to a maximum of 171 resorts have reopened as of June 30, 2020. The average number of resorts reopened is 30 resorts.

Thirteen respondents reported total sales center closures ranged from a minimum of 1 sales center closed to a maximum of 123 sales centers. The average number of sales centers closed due to COVID-19 is 19 resorts. The same respondents reported a minimum of 1 sales center to a maximum of 68 sales centers have reopened as of June 30, 2020. The average number of sales centers reopened is 11 sales centers.

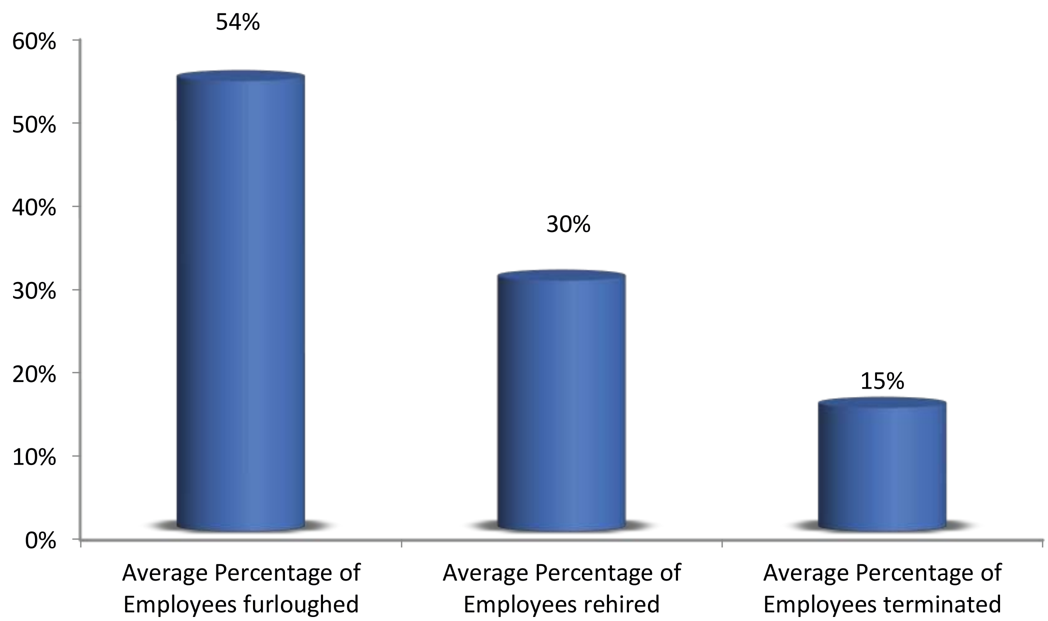
Figure 14. Impact on Resorts and Sales Centers due to COVID-19

	Closed	Reopened
Resorts		
Minimum	3	3
Maximum	185	171
Simple average	33	30
Sales Centers		
Minimum	1	1
Maximum	123	68
Simple average	19	11

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

Twelve respondents reported data around the impact on employment due to COVID-19. On average, 54% percent of total employees were furloughed. We defined a furloughed employee as one who was temporarily laid off from work. As of June 30, 2020, almost one-third of total employees had been rehired. An average of 15% of total employees furloughed were permanently terminated. Approximately 9% of total employees were still furloughed as of June 30, 2020.

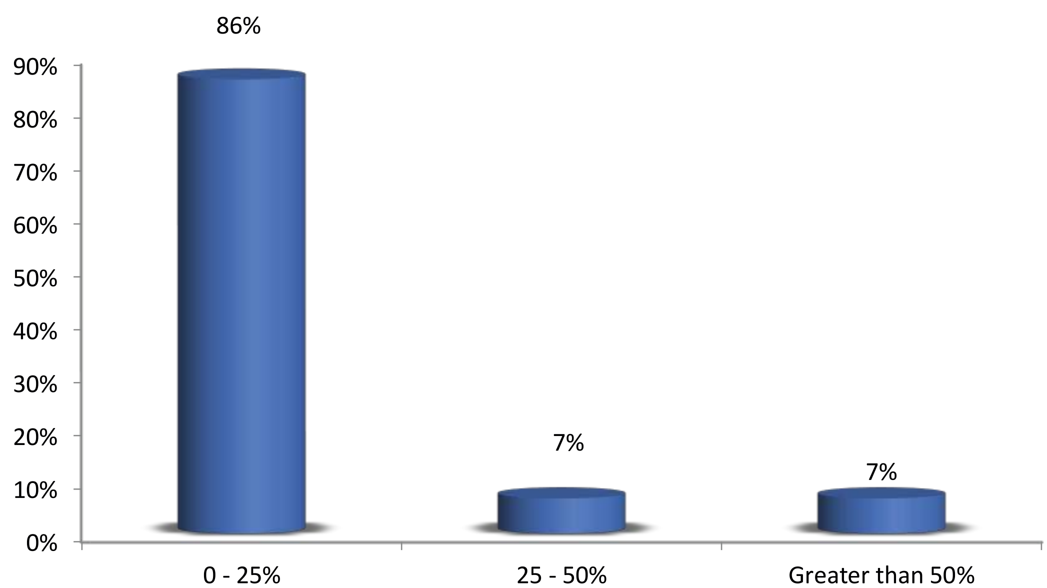
Figure 15. Impact on Employment due to COVID-19



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

Of the fifteen companies who responded to the impact of COVID-19 on the Allowance for Loan Losses, 86% reported that the impact was 25% or less of the total Allowance balance. The simple average of Additional Allowance for Loan Losses recorded due to COVID-19 as a percentage of total Allowance for all respondents was 13% for the six months ended June 30, 2020.

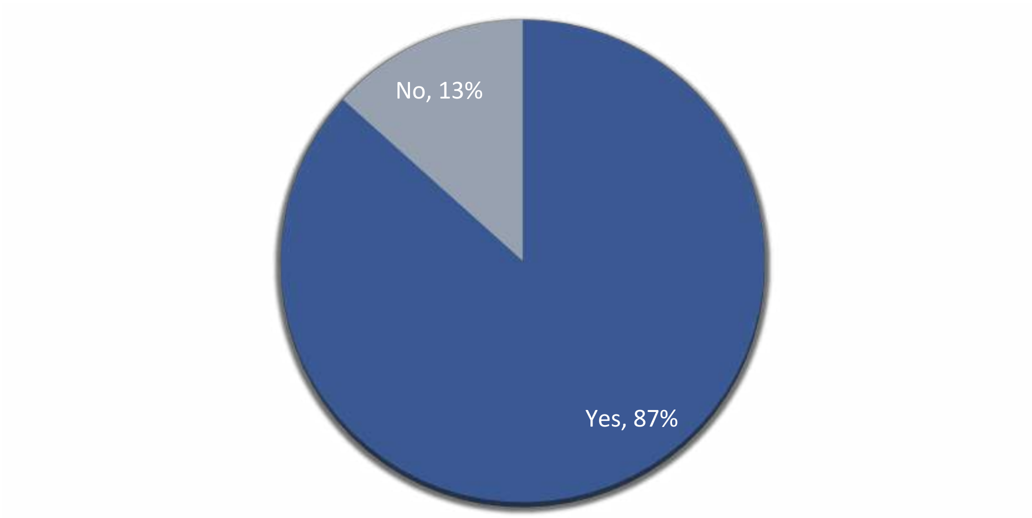
Figure 16. Additional Allowance for Loan Losses recorded due to COVID-19 as a percentage of total Allowance



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

Eighty seven percent of the respondents reported that they offered a mortgage deferment program to owners due to the impacts of COVID-19. Nine companies had a similar program in which they offered owners a payment deferral up to three months. Specific repayment terms varied by company, for example, some programs deferred the payments to the end of the loan while other programs increased the owner's monthly payment after the deferment period in order to catch up on the loan.

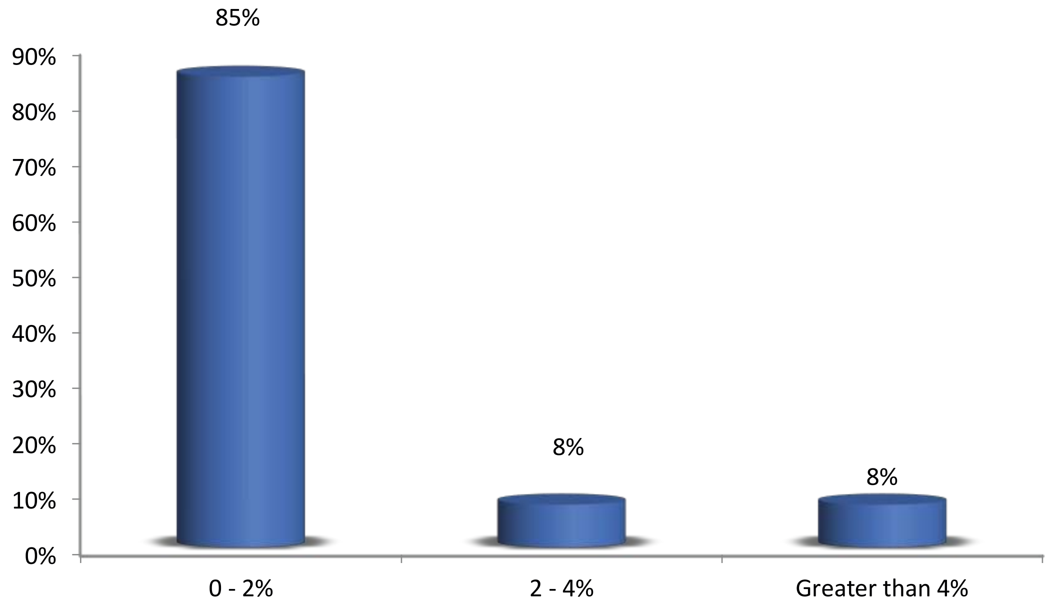
Figure 17. Mortgage Deferment Offered to Owners due to COVID-19



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

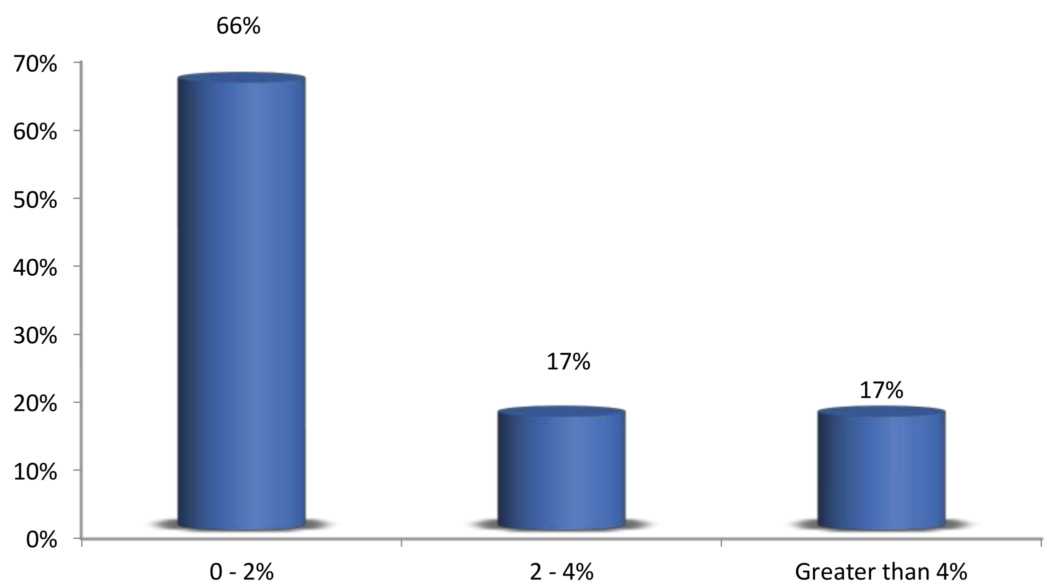
As reported by thirteen companies, only a small percentage of owners took advantage of the mortgage deferral programs. Eighty five percent of respondents reported that less than two percent of timeshare owners deferred mortgage payments (Note the total of the three categories in Figure 18a sums to 101% as two of the categories contained the same number of respondents). Consequentially, only a small portion of the total portfolio balance was impacted by the mortgage deferral programs as well. Of the twelve respondents that responded, 66% said that the deferred mortgage payments comprised of less than two percent of the total portfolio balance. The simple average number of owners who took advantage of the program as a percentage of total owners for all respondents was 1.3%. The simple average dollar value impact of the deferment program as a percentage of total portfolio for all respondents was 1.8%.

Figure 18a. Owners who took advantage of the program as a percentage of total owners



Source: Deloitte & Touche based on 13 company survey responses.

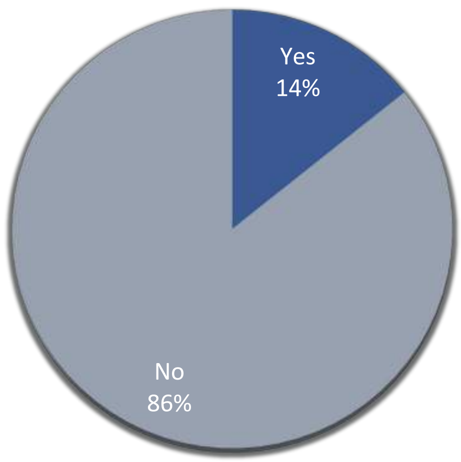
Figure 18b. Dollar value impact of the deferment program as a percentage of total portfolio



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

Two of the fourteen respondents impaired assets due to COVID-19 as of June 30, 2020. Land held for future development and undeveloped land were common assets impaired. The respondents also reported software and pre-development costs as impaired assets. The average impairment was $16.3 million.

Figure 19. Impairments due to COVID-19



Source: Deloitte & Touche based on 14 company survey responses.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – June 2020 YTD Pulse Survey					
June 2020 YTD Results	**Year Ending June 30 2019**	**Year Ending June 30 2020**	**Increase/ (Decrease)**	**Increase/ (Decrease) Percent**	**Survey Responses**
General Characteristics					
1. Ownership status (public or private)	Public: 44% Private: 56%	Public: 44% Private: 56%			16
2. Are fee-for-service activities being provided by another developer on your behalf?	Yes: 6% No: 94%	Yes: 6% No: 94%			16
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.					
3. Gross outstanding portfolio balance, at period end (in dollars)	$14,103,377,875	$13,629,625,018	($473,752,857)	-3.4%	16
4. 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)	89.4%	85.1%	-4.3%	-4.8%	16
Between 31 to 60 days delinquent	1.7%	1.8%	0.1%	5.9%	16
Between 61 to 90 days delinquent	1.3%	1.7%	0.4%	30.8%	16
Between 91 to 120 days delinquent	1.0%	1.5%	0.5%	50.0%	16
More than 120 days delinquent	6.6%	9.9%	3.3%	50.0%	16
Total should equal 100%	100.0%	100.0%			
5. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	7.6%	8.3%	0.7%	9.2%	16
6. Average FICO score at origination (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	711	711	0	0.0%	15
Inventory					
7. Total capital expenditures related to timeshare inventory	$483,606,940	$237,455,107	($246,151,833)	-50.9%	13
Resort Occupancy					
8a/8b. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred. (including rooms at resorts that were closed due to COVID-19)					
Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)	77.7%	40.6%	-37.1%	-47.7%	16

Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	22.3%	59.4%	37.1%	166.0%	16
Total should equal 100%					
8c. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred. (excluding rooms at resorts that were closed due to COVID-19)					
Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)		45.5%			14
Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance		44.1%			14
8d/8e. Market Segment occupancy as of June 30, 2019 (Excluding rooms at resorts that were closed due to COVID-19)					
Owner Occupancy	54.2%	51.8%	-2.3%	-4.3%	14
Non-Owner Occupancy	36.9%	34.3%	-2.6%	-7.1%	14
9. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)					
a/b. including rooms at resorts that were closed due to COVID-19	19,085,356	19,473,433	388,077	2.0%	16
c. excluding rooms at resorts that were closed due to COVID-19		10,701,679			14
Selected Sales Metrics (Including telesales and home sits)					
Sales metrics. Include telesales in the following responses.					
10. Net originated sales (net of sales incentives and rescissions) (in dollars)	$3,325,412,257	$1,408,138,091	($1,917,274,166)	-57.7%	16
11. Net originated sales (net of sales incentives and rescissions) that were new owner sales (in dollars):	$1,392,065,998	$558,485,840	($833,580,158)	-59.9%	15
12. Net originated sales (net of sales incentives and rescissions) that were existing owner sales (in dollars):	$1,661,457,413	$745,122,423	($916,334,990)	-55.2%	15
13. Rescissions %	15.8%	20.7%	4.9%	31.0%	15
13. Rescissions $	$711,618,105	$422,961,295	($288,656,810)	-40.6%	16
14. Rescissions that were new owner sales %	30.2%	37.7%	7.5%	25.0%	14
14. Rescissions that were new owner sales $	$382,889,418	$236,296,562	($146,592,856)	-38.3%	15
15. Rescissions that were existing owner sales %	14.5%	16.9%	2.4%	16.6%	14
15. Rescissions that were existing owner sales $	$230,728,593	$140,522,260	($90,206,333)	-39.1%	15
Selected Sales Metrics (Excluding telesales)					
Sales metrics. Exclude telesales from the following responses. Include sales to existing owners and other in-house guests.					
16. 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.	1,277,061	469,490	-807,571	-63.2%	16

17. 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.)	180,761	73,337	-107,424	-59.4%	16
Close rate (excludes sales that are canceled through rescission, calculated based on formula)	14.2%	14.9%	0.7%	4.9%	15
18. Net originated sales (gross sales less incentives and rescissions) excluding telesales	$3,581,021,050	$1,457,394,982	($2,123,626,068)	-59.3%	16
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)	$2,928	$2,961	$33	1.1%	15
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)	$21,320	$21,855	$535	2.5%	16
19. Total net originated sales (gross sales less incentives and rescissions) for non-owned timeshare inventory sold under fee-for-service agreements	$470,363,173	$188,476,151	($281,887,022)	-59.9%	4
20. Total net originated sales (gross sales less incentives and rescissions) for owned timeshare inventory sold by others under fee-for-service agreements	$5,102,695	$507,779	($4,594,916)	-90.0%	1
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$3,790,672,735	$1,596,106,463	($2,194,566,272)	-57.9%	16
21. Total Rental Revenue	$676,609,435	$415,928,450	($260,680,985)	-38.5%	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.	14.1%	14.1%	0.0%	0.0%	16
23. Average term (in months).	121.8	123.5	1.7	1.4%	16
Average down payment.					
24. Average down payment on non-upgrade sales	17.7%	18.4%	0.7%	4.0%	14
25. Average down payment on upgrade sales	45.6%	41.4%	-4.2%	-9.2%	13
26. Weighted -average FICO score (on new loans, weighted by original principal balance, exclude buyers withouth FICO scores	724	717	(7)	-1.0%	15

Impact of COVID-19

For the following questions regarding Resorts and Sales Centers that have closed, please respond with the total number, including those that have since reopened as of June 30, 2020.

For the following questions regarding employees who have been furloughed, please respond with the total number, including those who have been since rehired as of June 30, 2020. We are defining a furloughed employee as a one who is temporarily laid off from work.

27. Impact on Resorts due to COVID-19		
Simple Average Number of Resorts closed	33	11
Simple Average Number of Resorts reopened	30	11
28. Impact on Sales Centers due to COVID-19		
Simple Average Number of Sales Centers closed	19	13
Simple Average Number of Sales Centers reopened	11	13
29. Impact on Employment due to COVID-19. Please consider full time and part time employees when answering this question. The response should be recorded as a percentage of total employees as of February 29, 2020 (pre-COVID-19).		
Simple Average Percent of Employees furloughed	54%	12
Simple Average Percent of Employees rehired	30%	12
Simple Average Percent of Employees terminated	15%	12
30. Simple Average Additional Allowance for Loan Losses recorded due to COVID-19 as a percentage of total Allowance recorded for the Six Months ended June 30, 2020	13%	15
31. Was a mortgage deferment program offered to owners due to COVID-19?	Yes: 87% No: 13%	15
Simple average number of owners who took advantage of the program as a percentage of total owners.	1.3%	13
The simple average dollar value impact of the deferment program as a percentage of total portfolio.	1.8%	12
32. Were there any impairments due to COVID-19?	Yes: 14% No: 86%	14
The simple average dollar value impact of the asset impairment.	$16,375,105	2

Method

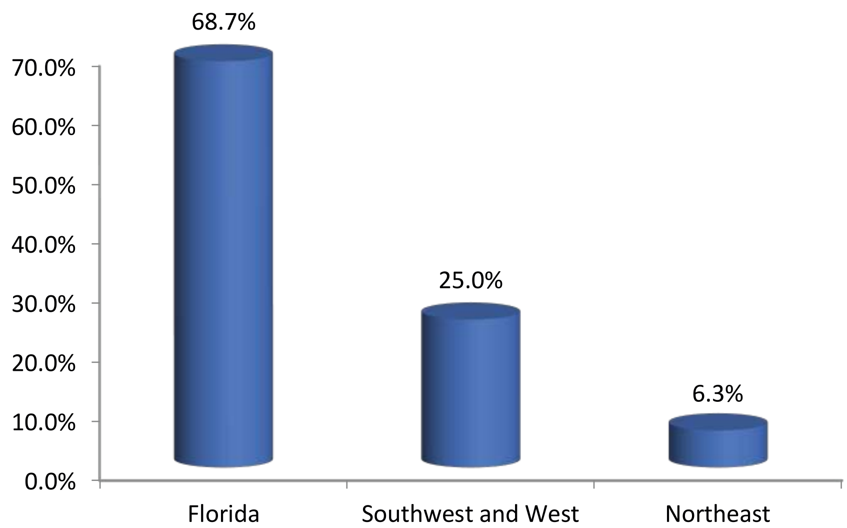
The 2020 Second Quarter Year-To-Date Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

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 20, 2020. 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 17, 2020. By August 17, 2020, 16 companies, or 5.9 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 16 responses were collected, most questions were not answered by all 16 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 16 respondents that provided sales information reported aggregate Q2 2020 net originated sales, including telesales and excluding fee-for-service arrangements, of $1,408.1 million. Seven of the 16 companies are publicly traded companies, and five of the 16 are affiliated with major hotel brands. Of the seven public company respondents, three represent individual subsidiaries of a single public company. These respondents have consolidated over the last two years, but have not fully integrated their total company data in order to provide responses on an overall basis. Because these companies still provide responses at the individual subsidiary level, we treat them as their own respondents and consider the total number of public company respondents to be seven instead of five. 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 eleven in Florida, though companies in the Northeast region, and Southwest and West region also responded.[8] No respondents were based in the Southeast, Midwest or Canada.

[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).



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

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 2019. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the second quarter year-to-date of 2020. 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 2019 - YTD and Q2 2020 - YTD 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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ARDA
American Resort Development Association