



2014 Third Quarter Pulse Survey: **A Survey of Timeshare and Vacation Ownership** **Resort Companies**

Prepared for the ARDA International Foundation

American Resort Development Association

To the Research Committee of
ARDA International Foundation
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Washington, DC 20005

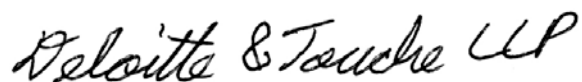
Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2014 Third 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 December 15, 2011, 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 October 31, 2014. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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November 10, 2014

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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 October 31, 2014, and are subject to revision.

2014 Third 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 third quarter 2014 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover 21 responding companies with aggregate net originated sales of approximately \$1,493.7 million in the third quarter of 2014. The financial information contained in this survey includes the third quarter of 2014 (Q3 2014) compared to the third quarter of 2013 (Q3 2013), except for section 2(B) which compared Q3 2014 to the second quarter of 2014 (Q2 2014). 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 4.4 percent from Q3 2013 to Q3 2014, increasing from \$1,430.2 million to \$1,493.7 million.	 Increase
Net Originated Timeshare Sales (including Telesales and Fee-for-service) increased 3.9 percent from Q3 2013 to Q3 2014, increasing from \$1,593.4 million to \$1,655.3 million.	 Increase
Sales Metrics	
Weighted Average Volume Per Guest decreased from \$2,625 to \$2,534 from Q3 2013 to Q3 2014, a decrease of 3.5 percent.	 Decrease
Weighted Average Close Rate decreased 2.6 percent from 15.6 percent to 15.2 percent from Q3 2013 to Q3 2014.	 Decrease
Tours increased 4.4 percent from 639,374 to 667,293 tours from Q3 2013 to Q3 2014.	 Increase
Portfolio Performance	
Currency decreased by 0.7 percentage points (or 0.8 percent), decreasing from 90.9 percent in Q3 2013 to 90.2 percent in Q3 2014.	 Decrease
Delinquencies increased by 0.7 percentage points (or 7.7 percent), increasing from 9.1 percent in Q3 2013 to 9.8 percent in Q3 2014.	 Increase
Charge-Offs increased by 0.5 percentage points (or 26.3 percent), increasing from 1.9 percent in Q3 2013 to 2.4 percent in Q3 2014.	 Increase

Consumer Finance Experience	
Weighted Average Term increased 0.9 percent from 117.4 months at Q3 2013 to 118.4 months at Q3 2014.	 Increase
Upgrade Down Payments decreased 1.3 percentage points (or 2.5 percent), decreasing from 51.1 percent in Q3 2013 to 49.8 percent in Q3 2014.	 Decrease
Non-Upgrade Down Payments increased 0.1 percentage points (or 0.6 percent), increasing from 17.8 percent in Q3 2013 to 17.9 percent in Q3 2014.	 Increase
Interest Rates increased 0.1 percentage points (or 0.7 percent), increasing from 14.0 percent in Q3 2013 to 14.1 percent in Q3 2014.	 Increase
Other Metrics	
Weighted Average Occupancy decreased 0.2 percentage points (or 0.2 percent), decreasing from 83.2 percent in Q3 2013 to 83.0 percent in Q3 2014.	 Decrease
Capital Expenditures decreased 17.0 percent from Q3 2013 to Q3 2014, decreasing from \$233.3 million to \$193.7 million.	 Decrease
Incomplete timeshare inventory not under current construction increased 4.1 percent from Q3 2013 to Q3 2014, increasing from \$889.3 million to \$926.1 million.	 Increase

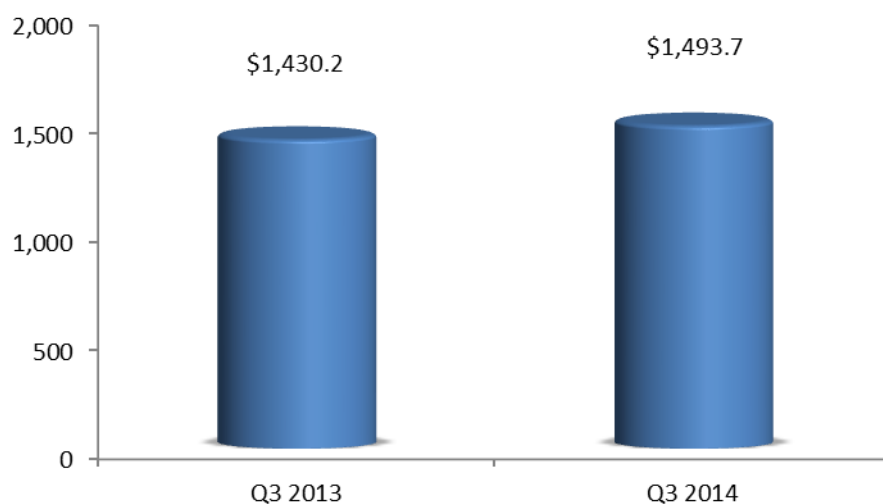
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q3 2014.

Companies provided data on a set of key sales indicators. In total, the 21 respondents that provided sales information reported approximately \$1,493.7 million in net originated timeshare sales¹ (including telesales) in Q3 2014. This was a 4.4 percent increase in Q3 2014 when compared to Q3 2013, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)

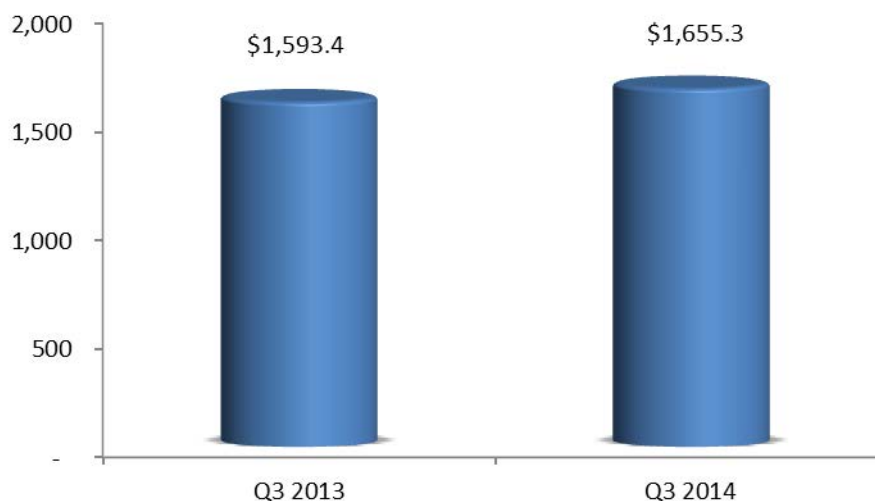


Source: Deloitte & Touche based on 21 company survey responses.

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. Of the 21 respondents, four companies are selling and marketing timeshare on behalf of other developers. Three of the four respondents providing fee-for-service increased fee-for-service operations in Q3 2014 compared to Q3 2013. Overall timeshare sales under these arrangements decreased from \$163.2 million in Q3 2013 to \$161.6 million in Q3 2014, or 1.0 percent. One large respondent reported a significant decrease in fee-for-service operations, which caused the overall decrease. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory, there was an increase of 3.9 percent in total net originated timeshare sales when compared to Q3 2013.

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

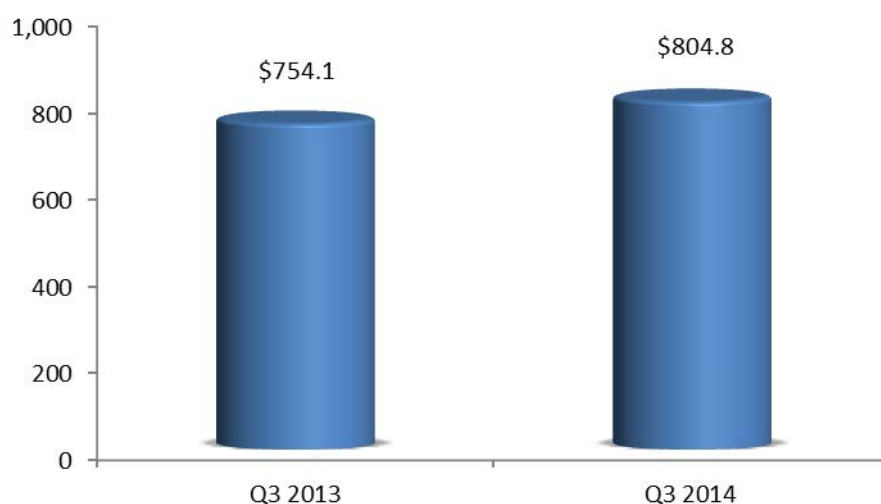
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on 21 company survey responses for net originated sales, and 4 respondents reported fee-for-service arrangements

Respondents were asked to report the amount of net originated sales (including telesales) from non-upgrade and upgrade sales. The 20 respondent companies that provided non-upgrade sales information reported approximately \$804.8 million in non-upgrade net originated timeshare sales (including telesales) in Q3 2014, which is a 6.7 percent increase from Q3 2013, see *Figure 3* below. The 16 respondent companies that provided upgrade sales information reported approximately \$578.0 million in upgrade net originated timeshare sales (including telesales) in Q3 2014, which is a 2.7 percent increase from Q3 2013, see *Figure 4* below. Note the sum of the total non-upgrade sales and upgrade sales differs from the total net originated sales due to the fact that one of the 21 respondents that provided net originated sales did not provide information related to non-upgrade sales. Additionally, five of the 21 respondents did not provide information related to upgrade sales.

Figure 3. Net originated sales (including telesales) – Non-Upgrade (Millions)



Source: Deloitte & Touche based on 20 company survey responses.

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



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

Twenty companies reported net originated sales excluding telesales, 19 respondents provided detailed information on the number of tours and 21 respondents provided detailed information on the number of sales transactions. The companies reported that the aggregate number of tours² increased 4.4 percent, the aggregate number of sales transactions increased 2.3 percent, and the average transaction value increased 0.2 percent. The respondents reported a decrease in inventory sold under fee-for-service arrangements of 1.0 percent. The net of the changes in the categories above resulted in a 3.9 percent increase in net originated sales (including fee-for-service arrangements).

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. Nine respondents reported average transaction value had increased from Q3 2013 and 11 respondents reported the value had decreased. *Figure 5* below illustrates the average transaction value calculated using a weighted average.

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.

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

Figure 5. Weighted average transaction value



Source: Deloitte & Touche based on 20 company survey responses.

Volume per guest (VPG)⁴, a measure of sales efficiency, is calculated as net originated sales per tour, decreased by 3.5 percent from Q3 2013 to Q3 2014. Note of the 20 respondents who reported net originated sales excluding telesales, one respondent did not report the number of tours, and was thus excluded from the figure below.

Figure 6. Weighted average volume per guest

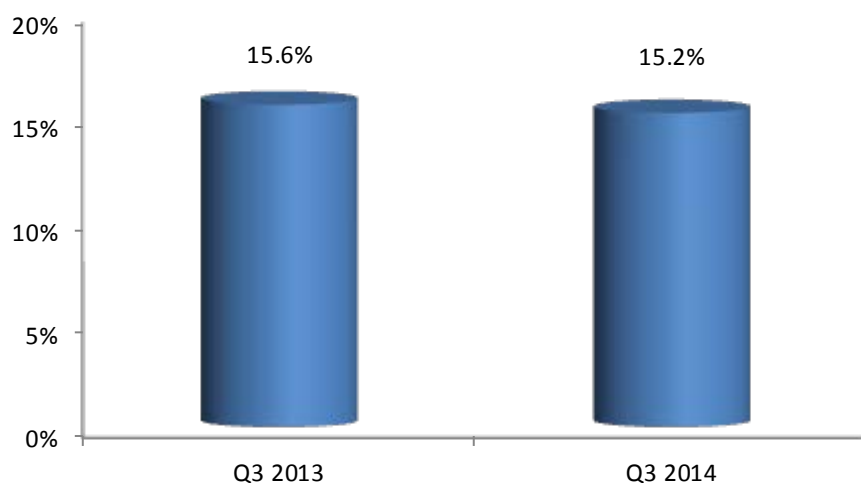


Source: Deloitte & Touche based on 19 company survey responses.

⁴ VPG is calculated as net originated sales not including 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, decreased by 2.6 percent from Q3 2013 to Q3 2014. Twenty-one respondents reported the number of sales transactions and 19 respondents reported the number of tours. The two respondents who did not report the number of tours were excluded from the figure below.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 19 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 related to volume per guest and close rates decreased on a weighted average basis while tour flow, number of sales transactions, and net originated sales all increased. This can be due to the impacts of weighting on the calculation (respondent net originated sales excluding telesales is the basis for which these metrics are weighted), or the simple mathematical impact of the numerators within those metrics increasing at a lower rate than the denominators.

Figure 8. Weighted and simple averages for selected sales metrics

Third Quarter	Weighted Average Q3 2013	Weighted Average Q3 2014	Simple Average Q3 2013	Simple Average Q3 2014
Volume per guest	\$2,625	\$2,534	\$2,405	\$2,374
Average transaction value	\$17,297	\$17,340	\$15,706	\$15,820
Close rate	15.6%	15.2%	15.3%	15.0%

Source: Deloitte & Touche based on a minimum of 19 company survey responses

Among the companies that provided key sales indicators, 19 provided rescission information. The weighted average rescission rate⁵ among those companies was 14.4 percent in Q3 2014, which increased 1.1 percentage points when compared to Q3 2013. Thirteen companies reported an increase in rescissions between Q3 2013 and Q3 2014, five companies reported a decrease in rescissions, and one company reported no change in rescissions.

Respondents were asked a question related to rescission information on upgrade and non-upgrade sales. For the 14 respondent companies that provided rescission information on upgrade sales, the weighted average rescission rate increased from 9.0 percent in Q3 2013 to 10.2 percent in Q3 2014. For the 18 respondent companies that provided rescission information on non-upgrade sales, the weighted average rescission rate increased from 15.7 percent in Q3 2013 to 16.4 percent in Q3 2014.

2(A). Consumer timeshare loan portfolios delinquencies and charge-offs increased when comparing Q3 2013 and Q3 2014.

The composition of receivables portfolios⁶ was evaluated as of September 30, 2014, and compared to the composition as of September 30, 2013. The total aggregate receivables for the 20 companies that provided receivables data was \$11.6 billion as of September 30, 2014, and \$11.2 billion as of September 30, 2013.

Respondents reported that payments for 90.2 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2014, a decrease of 0.7 percentage points from one year earlier. Also, as of September 30, 2014, 6.1 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, 0.8 percentage points higher than one year earlier.

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

	September 30, 2013	September 30, 2014	Difference
Current	90.9%	90.2%	(0.7%)
31 to 60 days	1.9%	1.8%	(0.1%)
61 to 90 days	1.0%	1.0%	0.0%
91 to 120 days	0.9%	0.9%	0.0%
More than 120 days	5.3%	6.1%	0.8%
Total	100%	100%	

Source: Deloitte & Touche based on 20 company survey responses.

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the third quarter, as a percentage of gross outstanding portfolio balance at period-end. The weighted average default rate in Q3 2014 was 2.4 percent, which is 0.5 percentage points higher than the 1.9 percent reported in Q3 2013. Seven respondents reported a decrease in the default rate when comparing Q3 2014 to Q3 2013, ten respondents reported an increase in the default rate, three respondents reported no change in the default rate, and one company did not respond.

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 Q3 2013 and Q3 2014. Fourteen respondents reported an increase in the weighted average FICO score from 696 at Q3 2013 to 698 at Q3 2014.

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.

2(B). Consumer timeshare loan portfolios experienced a slight increase in currency when comparing Q2 2014 and Q3 2014.

The composition of receivables portfolios was evaluated as of September 30, 2014, and compared to the composition as of June 30, 2014. The total aggregate receivables for the companies that provided receivables data was \$11.6 billion as of September 30, 2014 and \$11.5 billion as of June 30, 2014.

Receivables portfolios showed a slight decrease in delinquencies (greater than 31 days past due) as of September 30, 2014, compared to one quarter earlier. Respondents reported that payments for 90.2 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2014, which was 0.1 percentage points higher than one quarter earlier. Further, for the quarter ending September 30, 2014, 2.4 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance for the period, which was 0.9 percentage points higher than one quarter earlier.

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

	June 30, 2014	September 30, 2014	Increase/(Decrease)
Current	90.1%	90.2%	0.1%
31 to 60 days	1.8%	1.8%	0.0%
61 to 90 days	1.0%	1.0%	0.0%
91 to 120 days	0.8%	0.9%	0.1%
More than 120 days	6.3%	6.1%	(0.2%)
Total	100%	100%	

Source: Deloitte & Touche based on 20 company survey responses. The Second Quarter 2014 data herein was based upon the 21 responses obtained from the 2014 Second Quarter Pulse Survey.

3. Resort occupancy remained strong but slightly decreased to 83.0 percent in Q3 2014.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 20 companies that provided quarterly occupancy data, representing approximately 8.6 million available room nights in Q3 2014, the average occupancy rate decreased 0.2 percentage points to 83.0 percent in Q3 2014, compared to 83.2 percent in Q3 2013. Available room nights increased 3.7 percent from Q3 2013 to Q3 2014; increasing from 8.3 million room nights to 8.6 million room nights.

4. Interest rates, average down payments for non-upgrade sales, and average term increased, while weighted average originated FICO scores and average down payment on upgrade sales decreased in Q3 2014.

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 Q3 2014 was 14.1 percent, which was 0.1 percentage points higher than the 14.0 percent reported in Q3 2013. There was a 1.0 month increase in the term for which loans are made, with average loan terms in Q3 2014 of approximately 118.4 months. The weighted average FICO score for Q3 2014 financed sales was 710, down from 713 in Q3 2013.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales.⁸ This is because purchasers of upgrades use the equity in their existing vacation ownership interest toward the down payment that they are making on the upgrade interest. 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. Twenty respondents reported that 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).

⁸ An upgrade sale is a transaction whereby a customer relinquishes the right to a currently held timeshare interval and obtains a higher-priced timeshare interval from the same seller.

average down payment on non-upgrade sales increased 0.1 percentage points to 17.9 percent of the stated sales price on financed sales in Q3 2014 compared to Q3 2013. Seventeen respondents reported that the down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interests, was 49.8 percent in Q3 2014, a decrease of 1.3 percentage points from Q3 2013.

Figure 11. Characteristics of consumer timeshare loan financing

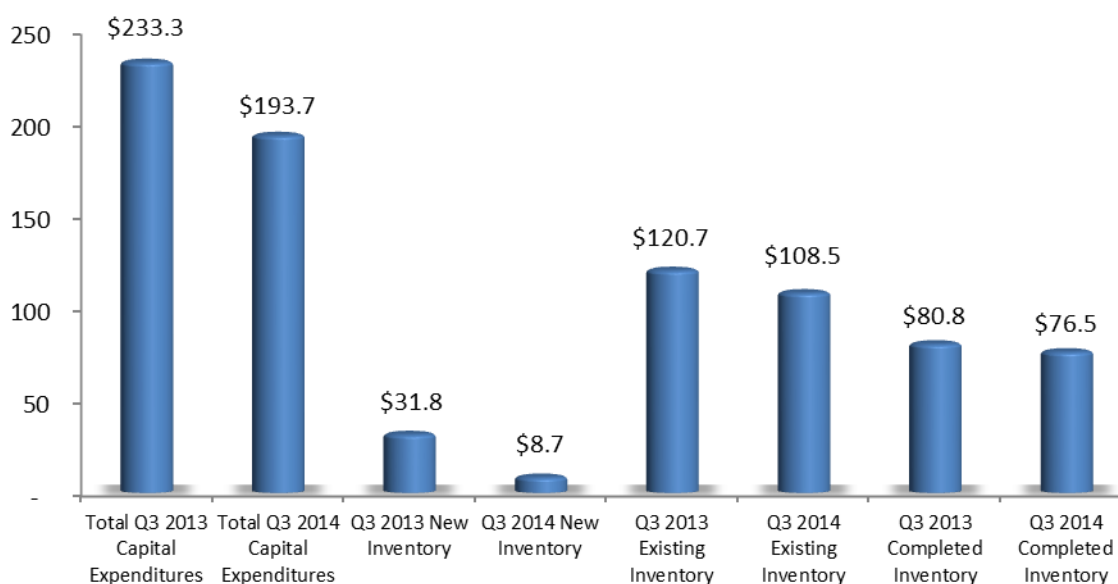
Third Quarter	2013	2014	Difference
Interest rate (annual)	14.0%	14.1%	0.1%
Term (months)	117.4	118.4	1.0 months
Non-upgrade down payment (% of price)	17.8%	17.9%	0.1%
Upgrade down payment (% of price)	51.1%	49.8%	(1.3%)
FICO Score at Origination	713	710	(3) points

Source: Deloitte & Touche based on a minimum of 17 company survey responses

5. Capital expenditures related to timeshare inventory decreased overall in Q3 2014 when compared to Q3 2013.

Survey respondents were asked to provide total capital expenditures related to new timeshare inventory projects, completion of existing timeshare inventory projects, and fully constructed inventory (e.g. turn-key, just-in-time inventory purchases, and buy-backs from property owner associations). The results of the survey indicate that capital expenditures related to new timeshare inventory projects decreased by 72.8 percent from Q3 2013 to Q3 2014, capital expenditures related to existing timeshare inventory projects decreased by 10.1 percent from Q3 2013 to Q3 2014, and capital expenditures related to completed inventory decreased by 5.3 percent from Q3 2013 to Q3 2014. Overall, capital expenditures decreased by 17.0 percent in Q3 2014 compared to Q3 2013. Of the 17 respondents, 12 respondents decreased capital expenditures related to timeshare inventory and five respondents increased capital expenditures related to timeshare inventory.

Figure 12. Capital Expenditures (Millions)



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

The respondents were also asked to report construction costs and undeveloped land included in inventory, but not under current development (i.e. inventory developments where construction has been placed on hold or is inactive). The eight respondent companies reported \$926.1 million and \$889.3 million of construction costs and undeveloped land included in inventory, but not under current development for Q3 2014 and Q3 2013, respectively, representing an increase of 4.1 percent (*Figure 13*). Three companies reported an increase, four companies reported a decrease, and one company reported no change from Q3 2013 to Q3 2014.

Figure 13. Incomplete timeshare inventory not under current construction (Millions)



Source: Deloitte & Touche based on 8 company survey responses.

Further, one respondent reported an inventory impairment charge during Q3 2013 while no respondents reported inventory impairment charges during Q3 2014.

6. Percentage of total net originated sales (excluding telesales and home sits) that were day one sales on a year-to-date basis decreased from Q3 2013 to Q 2014.

Respondents were asked to report the percentage of total net originated sales (excluding telesales and home sits) that were day one sales. These represent sales for which the tour and sales transaction occurred on the same day. Fifteen respondents reported that for the year-to-date September 30 2014, day one sales accounted for 81.3 percent of total net originated sales, which was 2.4 percentage points lower than one year earlier. Note the results were based on a simple average calculation.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – 2014 Third Quarter Pulse Survey

2014 Third Quarter Results	Quarter Ending 30-Sep-13	Quarter Ending 30-Sep-14	Increase/ (Decrease)	Increase/ (Decrease) Percent	Survey Responses
General Characteristics					
1. Ownership status (public or private)	Public: 24% Private: 76%	Public: 29% Private: 71%			21
2. Are fee-for-service activities being provided by another developer on your behalf?	Yes: 0% No: 100%	Yes: 0% No: 100%			21
3. Did you complete any acquisitions? (Business Combinations)	Yes: 5% No: 95%	Yes: 10% No: 90%			21
4. Did you have any goodwill impairment charges?	Yes: .0% No: 100%	Yes: .0% No: 100%			21

Receivables Portfolio

5. 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.					
a. Gross outstanding portfolio balance, at period end (in dollars)	\$11,220,721,894	\$11,607,225,572	\$386,503,678	3.4%	20
b. Weighted -average FICO score, at period end	696	698	2	0.3%	14
6. 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)	90.9%	90.2%	(0.7%)	(0.8%)	20
Between 31 to 60 days delinquent	1.9%	1.8%	(0.1%)	(5.3%)	20
Between 61 to 90 days delinquent	1.0%	1.0%	0.0%	0.0%	20
Between 91 to 120 days delinquent	0.9%	0.9%	0.0%	0.0%	20
More than 120 days delinquent	5.3%	6.1%	0.8%	15.1%	20
Total should equal 100%	100.0%	100.0%			
7. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	1.9%	2.4%	0.5%	26.3%	20

Inventory

8. Capital expenditures related to timeshare inventory (current year)	\$31,816,614	\$8,664,693	(\$23,151,921)	(72.8%)	17
9. Capital expenditures related to timeshare inventory (prior years)	\$120,667,524	\$108,521,469	(\$12,146,055)	(10.1%)	17
10. Capital expenditures related to fully completed inventory	\$80,832,823	\$76,545,810	(\$4,287,013)	(5.3%)	17
Total capital expenditures related to timeshare inventory	\$233,316,961	\$193,731,972	(\$39,584,989)	(17.0%)	17
11. Inventory impairment charges recorded (dollar value of inventory impairments)	\$1,200,000	\$0	(\$1,200,000)	(100.0%)	1
12. Dollar value of construction costs and undeveloped land included in inventory, but not under current development (i.e. inventory developments where construction has been placed on hold or is inactive)	\$889,259,847	\$ 926,083,524	\$ 36,823,677	4.1%	8

Resort Occupancy

13. 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)

83. 2%	83.0%	(0.2%)	(0.2%)	20
16.8%	17.0%	0.2%	1.2%	20

Total should equal 100%

14. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)

8,259,703	8,566,153	306,450	3.7%	20
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Selected Sales Metrics (Including telesales and home sits)

Sales metrics. Include telesales in the following responses.

15. Net originated sales (in dollars)

\$1,430,178,957	\$1,493,685,583	\$63,506,626	4.4%	21
\$754,104,915	\$804,809,099	\$50,704,184	6.7%	20
\$563,074,360	\$577,995,998	\$14,921,638	2.7%	16
13.3%	14.4%	1.1%	8.3%	19
15.7%	16.4%	0.7%	4.5%	18
9.0%	10.2%	1.2%	13.3%	14

16. Net originated sales that were not upgrade sales (in dollars):

17. Net originated sales that were upgrade sales (in dollars):

18. Rescissions

19. Rescissions that were not upgrade sales

20. Rescissions that were upgrade sales

Selected Sales Metrics (Excluding telesales)

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

21. 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.

639,374	667,293	27,919	4.4%	19
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22. 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.)

97,913	100,133	2,220	2.3%	21
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Close rate (excludes sales that are canceled through rescission, calculated based on formula)

15.6%	15.2%	(0.4%)	(2.6%)	19
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23. Net originated sales excluding telesales

\$1,537,837,723	\$1,584,061,604	\$46,223,881	3.0%	20
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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)

\$2,625	\$2,534	(\$91)	(3. 5%)	19
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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)

\$17,297	\$17,340	\$43	0.2%	20
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24. Percentage of total net originated sales that were day one sales excluding telesales and home sits (This is the percentage of total net originated sales for which the tour and sales transaction occurred on the same day)

83.7%	81.3%	(2.4%)	(2.9%)	15
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25. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements

\$163,211,033	\$161,588,146	(\$1,622,887)	(1.0%)	4
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26. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements

\$0	\$0	\$0	0.0%	0
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Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)

\$1,593,389,990	\$1,655,273,729	\$61,883,739	3.9%	21
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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.

27. Average interest rate.	14.0%	14.1%	0.1%	0.7%	20
28. Average term (in months).	117.4	118.4	1.0	0.9%	20
Average down payment.					
29. Average down payment on non-upgrade sales	17.8%	17.9%	0.1%	0.6%	20
30. Average down payment on upgrade sales	51.1%	49.8%	(1.3%)	(2.5%)	17
31. FICO Score at origination (in points)	713	710	(3)	(0.4%)	17

Method

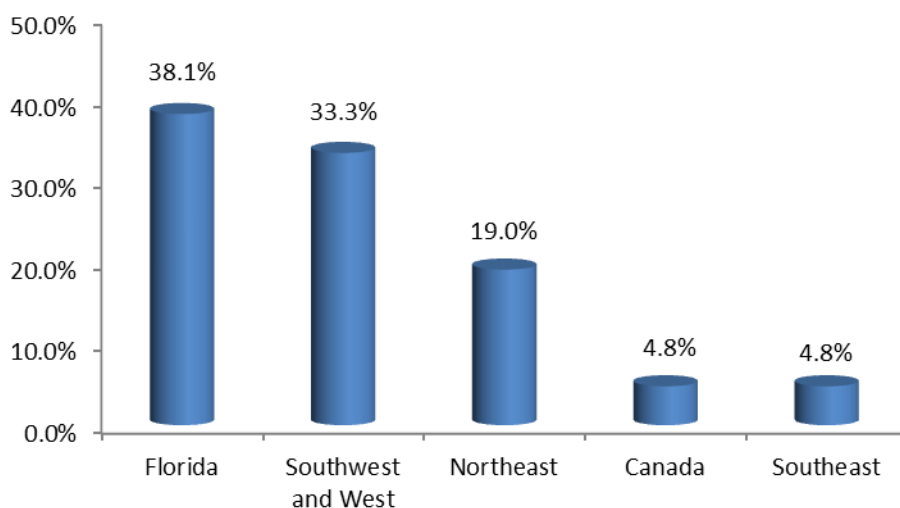
The 2014 Third Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

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 October 6, 2014. 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 October 31, 2014. By October 31, 2014, 21 companies, or 7.8 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 21 responses were collected, most questions were not answered by all 21 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 21 respondents that provided sales information reported aggregate Q3 2014 net originated sales, including telesales and excluding fee-for-service arrangements, of \$1,439.7 million. Six of the 21 companies are publicly traded companies, and five of the 21 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 eight in Florida and one in another Southeastern U.S. location, though companies in the Northeast region, Southwest and West region, and Canada also responded.⁹ No respondents were based in the Midwest.

Figure 14. Distribution of companies by headquarters location, 2014



Source: Deloitte & Touche based on 21 company survey responses.

⁹ 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 second quarter of 2014. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the third quarter of 2014. 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 Q3 2013 and Q3 2014 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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