



2015 First Quarter Pulse Survey:

A Survey of Timeshare and Vacation Ownership Resort Companies

Prepared for the ARDA International Foundation

American Resort Development Association



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

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2015 First Quarter Pulse Survey: A Survey of Timeshare & Vacation Ownership Resort Companies*. Our services were performed and this report was developed in accordance with our engagement letter dated April 10, 2015, and are subject to the terms and conditions included therein.

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

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available by the survey respondents through May 8, 2015. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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

May 26, 2015

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

All opinions and estimates included in this report constitute our judgment as of May 8, 2015, and are subject to revision.

2015 First Quarter Pulse Survey Overview and Key Findings

This survey is a summary of selected key metrics that provide an overview of the vacation timeshare industry in the United States. It is not a comment on any individual company, whose performance may vary from the information included in this study. To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the first quarter 2015 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover 22 responding companies with aggregate net originated sales of approximately \$1,195.4 million in the first quarter of 2015. The financial information contained in this survey includes the first quarter of 2015 (Q1 2015) compared to the first quarter of 2014 (Q1 2014), except for section 2(B) which compared Q1 2015 to the fourth quarter of 2014 (Q4 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 1.5 percent from Q1 2014 to Q1 2015, increasing from \$1,177.7 million to \$1,195.4 million.	 Increase
Net Originated Timeshare Sales (including Telesales and Fee-for-service) increased 10.1 percent from Q1 2014 to Q1 2015, increasing from \$1,333.7 million to \$1,469.0 million.	 Increase
Sales Metrics	
Weighted Average Volume Per Guest increased from \$2,713 to \$2,950 from Q1 2014 to Q1 2015, an increase of 8.7 percent.	 Increase
Weighted Average Close Rate increased 2.6 percent from 15.3 percent to 15.7 percent from Q1 2014 to Q1 2015.	 Increase
Tours increased 4.6 percent from 503,202 to 526,203 tours from Q1 2014 to Q1 2015.	 Increase
Portfolio Performance	
Currency decreased by 1.8 percentage points (or 2.0 percent), decreasing from 89.9 percent in Q1 2014 to 88.1 percent in Q1 2015.	 Decrease
Delinquencies increased by 1.8 percentage point (or 17.80 percent), increasing from 10.1 percent in Q1 2014 to 11.9 percent in Q1 2015.	 Increase
Charge-Offs increased by 0.2 percentage points (or 8.7 percent), increasing from 2.3 percent in Q1 2014 to 2.5 percent in Q1 2015.	 Increase

Consumer Finance Experience	
Weighted Average Term increased 0.3 percent from 116.8 months at Q1 2014 to 117.1 months at Q1 2015.	 Increase
Upgrade Down Payments decreased 3.0 percentage points (or 5.7 percent), decreasing from 52.3 percent in Q1 2014 to 49.3 percent in Q1 2015.	 Decrease
Non-Upgrade Down Payments decreased 1.5 percentage points (or 8.1 percent), decreasing from 18.6 percent in Q1 2014 to 17.1 percent in Q1 2015.	 Decrease
Interest Rates increased 0.1 percentage points (or 0.7 percent), increasing from 13.9 percent in Q1 2014 to 14.0 percent in Q1 2015.	 Increase
Other Metrics	
Weighted Average Occupancy increased 1.4 percentage points (or 1.9 percent), increasing from 74.9 percent in Q1 2014 to 76.3 percent in Q1 2015.	 Increase
Capital Expenditures increased 25.8 percent from Q1 2014 to Q1 2015, increasing from \$184.2 million to \$231.7 million.	 Increase
Incomplete timeshare inventory not under current construction decreased 4.3 percent from Q1 2014 to Q1 2015, decreasing from \$879.8 million to \$841.6 million.	 Decrease

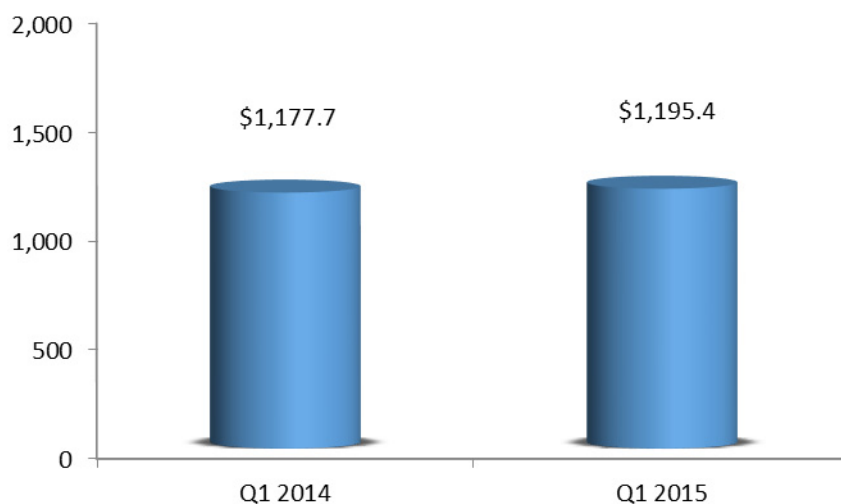
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q1 2015.

Companies provided data on a set of key sales indicators. In total, the 22 respondents that provided sales information reported approximately \$1, 195.4 million in net originated timeshare sales¹ (including telesales) in Q1 2015. This was a 1.5 percent increase in Q1 2015 when compared to Q1 2014, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)



Source: Deloitte & Touche based on 22 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 22 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 Q1 2015 compared to Q1 2014. Overall timeshare sales under these arrangements increased from \$155.9 million in Q1 2014 to \$273.7 million in Q1 2015, or 75.5 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 10.1 percent in total net originated timeshare sales when compared to Q1 2014.

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

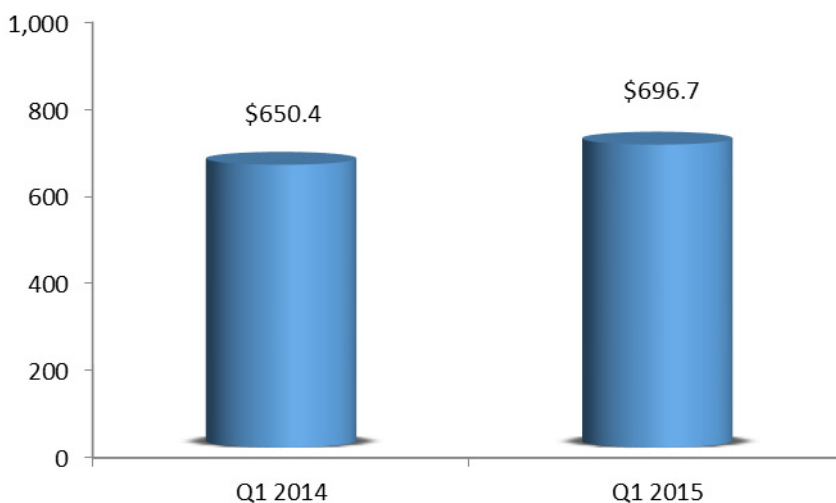
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on 22 company survey responses for net originated sales, and 4 respondents reported fee-for-service arrangements.

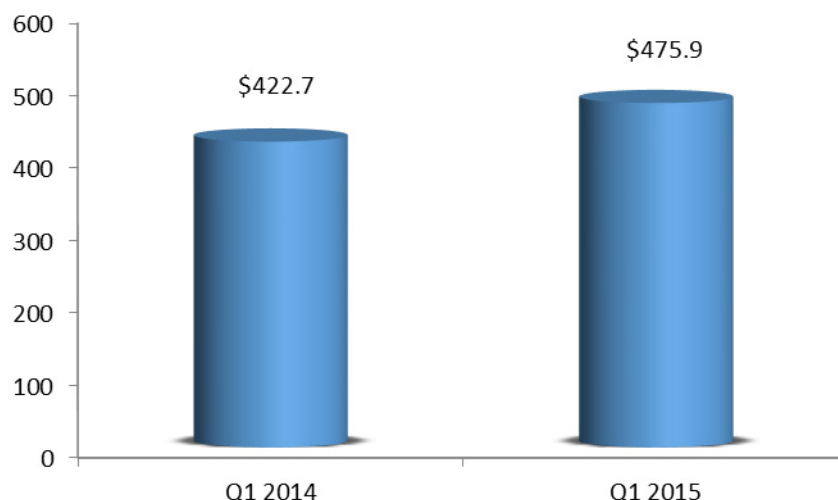
Respondents were asked to report the amount of net originated sales (including telesales) from non-upgrade and upgrade sales. The 21 respondent companies that provided non-upgrade sales information reported approximately \$696.7 million in non-upgrade net originated timeshare sales (including telesales) in Q1 2015, which is a 7.1 percent increase from Q1 2014, see *Figure 3* below. The 18 respondent companies that provided upgrade sales information reported approximately \$475.9 million in upgrade net originated timeshare sales (including telesales) in Q1 2015, which is a 12.6 percent increase from Q1 2014, 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 22 respondents that provided net originated sales did not provide information related to non-upgrade sales. Additionally, four of the 22 respondents did not provide information related to upgrade sales.

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



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

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



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

Twenty-two companies reported net originated sales excluding telesales, 20 respondents provided detailed information on the number of tours and 22 respondents provided detailed information on the number of sales transactions. The companies reported that the aggregate number of tours² increased 4.6 percent, the aggregate number of sales transactions increased 4.6 percent, and the average transaction value increased 3.8 percent. The respondents reported an increase in inventory sold under fee-for-service arrangements of 75.5 percent. The net of the changes in the categories above resulted in a 10.1 percent increase in net originated sales (including fee-for-service arrangements).

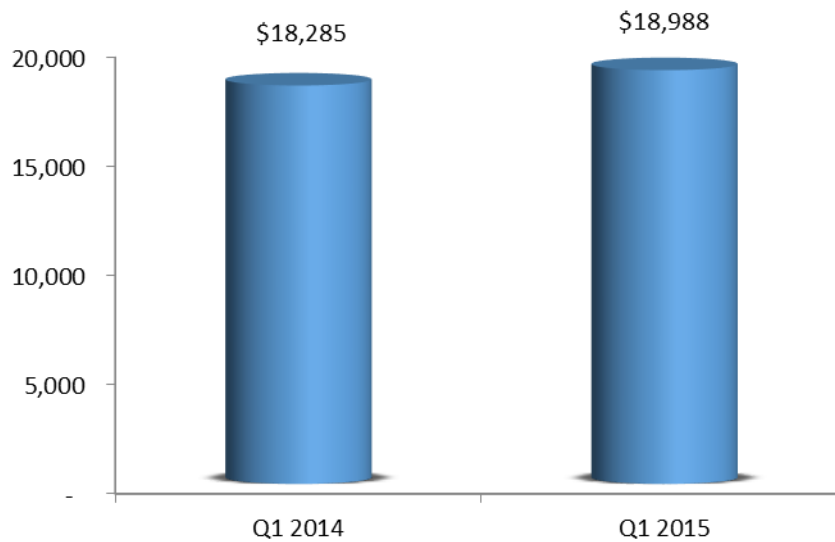
Average transaction value is calculated as the dollar value of net originated sales divided by the number of sales transactions and excludes amounts such as closing costs that are not included in net originated sales. Responses are weighted by the dollar value of net originated sales (excluding telesales). 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. Eight respondents reported average transaction value had increased from Q1 2014, one respondent had no change in average transaction value, and 13 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.

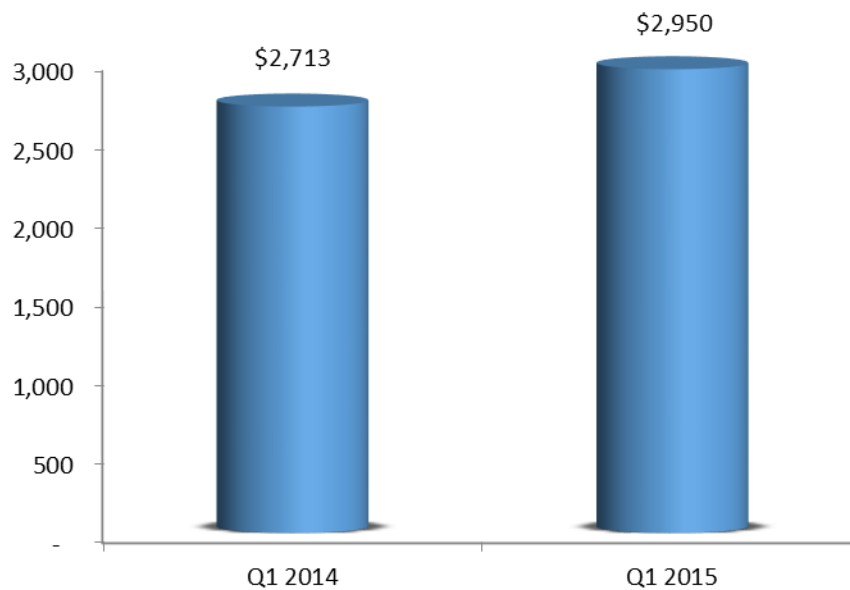
Figure 5. Weighted average transaction value



Source: Deloitte & Touche based on 22 company survey responses.

Volume per guest (VPG)⁴, a measure of sales efficiency, is calculated as net originated sales per tour, increased by 8.7 percent from Q1 2014 to Q1 2015. Note of the 22 respondents who reported net originated sales excluding telesales, two respondents did not report the number of tours, and was thus excluded from the figure below.

Figure 6. Weighted average volume per guest

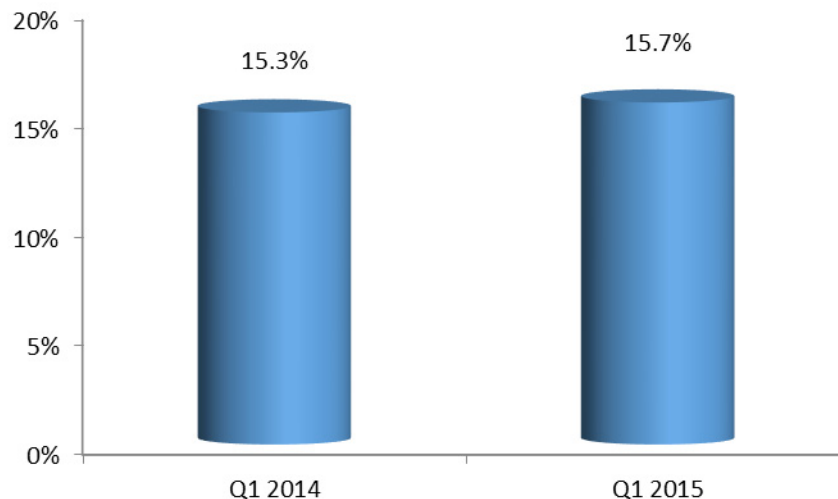


Source: Deloitte & Touche based on 20 company survey responses.

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, increased by 2.6 percent from Q1 2014 to Q1 2015. Twenty-two respondents reported the number of sales transactions and 20 respondents reported the number of tours. The two respondents who did not report the number of tours was excluded from the figure below.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 20 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, tour flow, number of sales transactions, and net originated sales all increased; however, the simple average for the close rate remained consistent from Q1 2014.

Figure 8. Weighted and simple averages for selected sales metrics

First Quarter	Weighted Average Q1 2014	Weighted Average Q1 2015	Simple Average Q1 2014	Simple Average Q1 2015
Volume per guest	\$2,713	\$2,950	\$2,519	\$2,619
Average transaction value	\$18,285	\$18,898	\$16,745	\$17,405
Close rate	15.3%	15.7%	15.0%	15.0%

Source: Deloitte & Touche based on a minimum of 20 company survey responses

Among the companies that provided key sales indicators, 19 provided rescission information. The weighted average rescission rate⁵ among those companies was 14.2 percent in Q1 2015, which decreased 0.5 percentage points when compared to Q1 2014. Eight companies reported an increase in rescissions between Q1 2014 and Q1 2015, ten 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 12 respondent companies that provided rescission information on upgrade sales, the weighted average

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

rescission rate increased from 10.8 percent in Q1 2014 to 11.6 percent in Q1 2015. For the 18 respondent companies that provided rescission information on non-upgrade sales, the weighted average rescission rate decreased from 16.7 percent in Q1 2014 to 15.3 percent in Q1 2015.

2(A). Consumer timeshare loan portfolios delinquencies and charge-offs increased when comparing Q1 2014 and Q1 2015.

The composition of receivables portfolios⁶ was evaluated as of March 31, 2015, and compared to the composition as of March 31, 2014. The total aggregate receivables for the 21 companies that provided receivables data was \$12.0 billion as of March 31, 2015, and \$11.3 billion as of March 31, 2014.

Respondents reported that payments for 88.1 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2015, a decrease of 1.8 percentage points from one year earlier. Also, as of March 31, 2015, 8.4 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, 2.3 percentage points higher than one year earlier.

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

	March 31, 2014	March 31, 2015	Difference
Current	89.9%	88.1%	(1.8%)
31 to 60 days	1.9%	1.6%	(0.3%)
61 to 90 days	1.1%	1.1%	0.0%
91 to 120 days	1.0%	0.8%	(0.2%)
More than 120 days	6.1%	8.4%	2.3%
Total	100.0%	100.0%	

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

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the first quarter, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q1 2015 was 2.5 percent, which is 0.2 percentage points higher than the 2.3 percent reported in Q1 2014. Eleven respondents reported a decrease in the default rate when comparing Q1 2015 to Q1 2014, six respondents reported an increase in the default rate, and four respondents reported no change in the default rate.

Another question was asked this quarter requesting respondents to provide the weighted average FICO score (weighted by the outstanding principal balance of the receivables) for loans within the portfolio at the end of Q1 2014 and Q1 2015. Eighteen respondents reported an increase in the weighted average FICO score from 694 at Q1 2014 to 696 at Q1 2015.

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing Q4 2014 and Q1 2015.

The composition of receivables portfolios was evaluated as of March 31, 2015, and compared to the composition as of December 31, 2014. The total aggregate receivables for the companies that provided receivables data was \$12.0 billion as of March 31, 2015 and \$11.7 billion as of December 31, 2014.

Receivables portfolios showed an increase in delinquencies (greater than 31 days past due) as of March 31, 2015, compared to one quarter earlier. Respondents reported that payments for 88.1 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2015, which was 1.7 percentage points lower than one quarter earlier. Further, for the quarter ending March 31, 2015, 2.5 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance for the period, which was 0.3 percentage points higher than one quarter earlier.

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

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

	December 31, 2014	March 31, 2015	Increase/(Decrease)
Current	89.8%	88.1%	(1.7%)
31 to 60 days	2.1%	1.6%	(0.5%)
61 to 90 days	1.0%	1.1%	0.1%
91 to 120 days	0.9%	0.8%	(0.1%)
More than 120 days	6.2%	8.4%	2.2%
Total	100%	100%	

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

3. Resort occupancy remained strong and increased to 76.3 percent in Q1 2015.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 21 companies that provided quarterly occupancy data, representing approximately 7.90 million available room nights in Q1 2015, the average occupancy rate increased 1.4 percentage points to 76.3 percent in Q1 2015, compared to 74.9 percent in Q1 2014. Available room nights increased 1.0 percent from Q1 2014 to Q1 2015; increasing from 7.82 million room nights to 7.90 million room nights.

4. Interest rates and average term increased, while average down payments for non-upgrade sales, average down payments on upgrade sales, and average originated FICO score decreased in Q1 2015.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated.⁷ The average interest rate on new consumer loans in Q1 2015 was 14.0 percent, which was 0.1 percentage points higher than the 13.9 percent reported in Q1 2014. There was a 0.3 month increase in the term for which loans are made, with average loan terms in Q1 2015 of approximately 117.1 months. The average FICO score for Q1 2015 financed sales was 713, down from 717 in Q1 2014.

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-one respondents reported that the average down payment on non-upgrade sales decreased 1.5 percentage points to 17.1 percent of the stated sales price on financed sales in Q1 2015 compared to Q1 2014. Eighteen respondents reported that the down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interests, was 49.3 percent in Q1 2015, a decrease of 3.0 percentage points from Q1 2014.

Figure 11. Characteristics of consumer timeshare loan financing

First Quarter	2014	2015	Difference
Average:			
Interest rate (annual)	13.9%	14.0%	0.1%
Term (months)	116.8	117.1	0.3 months
Non-upgrade down payment (% of price)	18.6%	17.1%	-1.5%

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.

Upgrade down payment
(% of price)

52.3%

49.3%

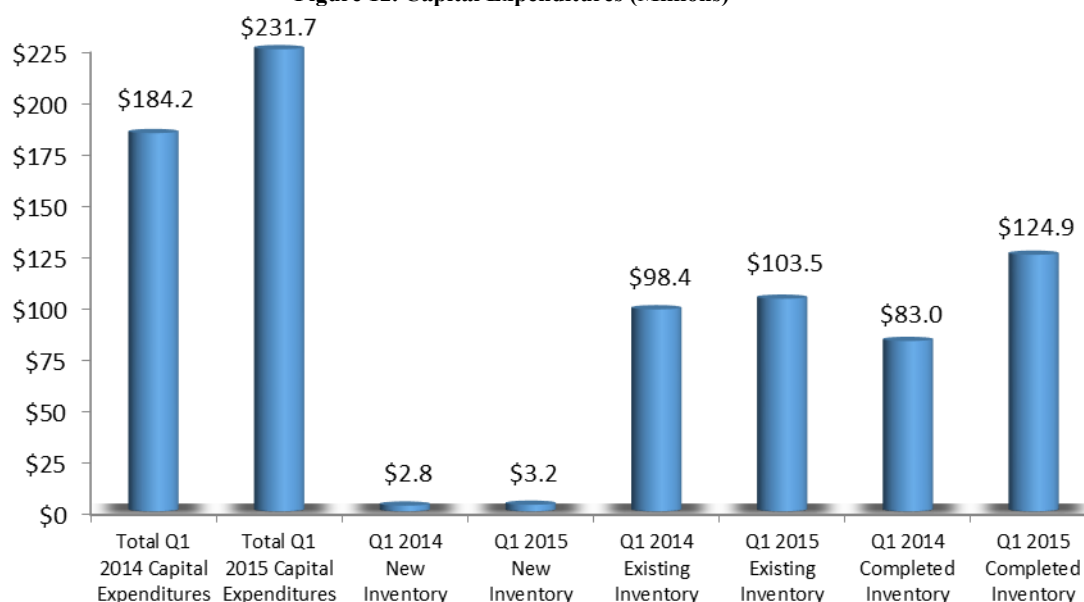
-3.0%

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

5. Capital expenditures related to timeshare inventory increased overall in Q1 2015 when compared to Q1 2014.

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 increased by 14.4 percent from Q1 2014 to Q1 2015, capital expenditures related to existing timeshare inventory projects increased by 5.2 percent from Q1 2014 to Q1 2015, and capital expenditures related to completed inventory increased by 50.6 percent from Q1 2014 to Q1 2015. Overall, capital expenditures increased by 25.8 percent in Q1 2015 compared to Q1 2014. Of the 18 respondents, 8 respondents decreased capital expenditures related to timeshare inventory and 10 respondents increased capital expenditures related to timeshare inventory.

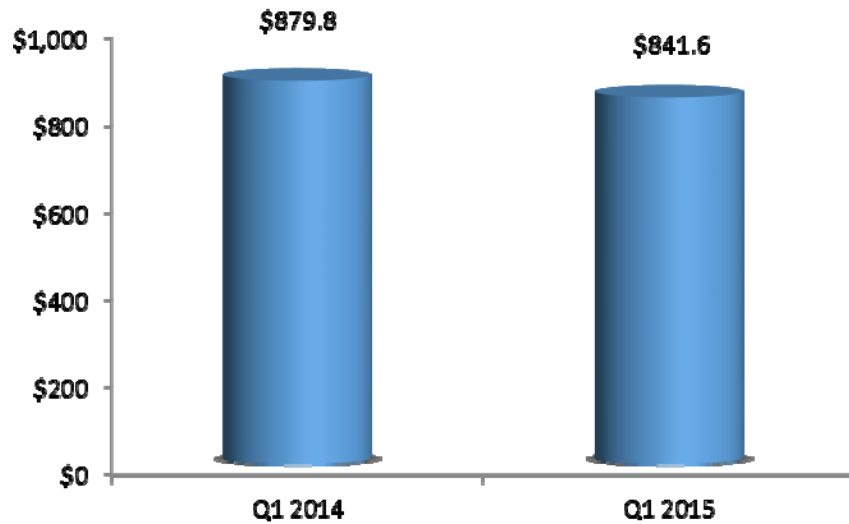
Figure 12. Capital Expenditures (Millions)



Source: Deloitte & Touche based on 18 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 nine respondent companies reported \$879.8 million and \$841.6 million of construction costs and undeveloped land included in inventory, but not under current development for Q1 2014 and Q1 2015, respectively, representing a decrease of 4.3 percent (*Figure 13*). Four companies reported an increase, four companies reported a decrease, and one company reported no change from Q1 2014 to Q1 2015.

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



Source: Deloitte & Touche based on 9 company survey responses.

Further, no respondents reported an inventory impairment charge during Q1 2014 and one respondent reported an inventory impairment charge during Q1 2015.

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 Q1 2014 to Q1 2015.

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. Eighteen respondents reported that for the year-to-date March 31 2015, day one sales accounted for 87.6 percent of total net originated sales, which was 1.0 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 – 2015 First Quarter Pulse Survey

2015 First Quarter End Results	Quarter Ending March 31 2014	Quarter Ending March 31 2015	Increase/ (Decrease)	Increase/ (Decrease) Percent	Survey Responses
General Characteristics					
1. Ownership status (public or private)	Public: 32% Private: 68%	Public: 32% Private: 68%			22
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: 0% No: 100%			22
4. Did you have any goodwill impairment charges?	Yes: .0% No: 100%	Yes: .0% No: 100%			22

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)	\$11,331,752,165	\$11,958,421,291	\$626,669,126	5.5%	21
b. Weighted -average FICO score, at period end	694	696	2	0.3%	18
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)	89.9%	88.1%	(1.8%)	(2.0%)	21
Between 31 to 60 days delinquent	1.9%	1.6%	(0.3%)	(15.8%)	21
Between 61 to 90 days delinquent	1.1%	1.1%	0.0%	0.0%	21
Between 91 to 120 days delinquent	1.0%	0.8%	(0.2%)	(20.0%)	21
More than 120 days delinquent	6.1%	8.4%	2.3%	37.7%	21
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)	2.3%	2.5%	0.2%	8.7%	21

Inventory

8. Capital expenditures related to timeshare inventory (current year)	\$2,826,780	\$3,233,731	\$406,951	14.4%	18
9. Capital expenditures related to timeshare inventory (prior years)	\$98,368,259	\$103,529,310	\$5,161,051	5.2%	18
10. Capital expenditures related to fully completed inventory	\$82,968,370	\$124,938,503	\$41,970,133	50.6%	18
Total capital expenditures related to timeshare inventory	\$184,163,409	\$231,701,544	\$47,538,135	25.8%	18

11. Inventory impairment charges recorded (dollar value of inventory impairments)	0	\$484,804	\$484,804	Not Applicable ⁹	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)	\$879,842,214	\$841,591,694	(\$38,250,520)	(4.3%)	9

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)	74.9%	76.3%	1.4%	1.9%	21
b. Vacant	25.1%	23.7%	(1.4%)	(5.6%)	21

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.)	7,818,276	7,895,104	76,828	1.0%	21
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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)	\$1,177,716,037	\$1,195,357,636	\$17,641,599	1.5%	22
16. Net originated sales that were not upgrade sales (in dollars):	\$650,428,877	\$696,737,587	\$46,308,710	7.1%	21
17. Net originated sales that were upgrade sales (in dollars):	\$422,656,018	\$475,903,304	\$53,247,286	12.6%	18
18. Rescissions	14.7%	14.2%	(0.5%)	(3.4%)	19
19. Rescissions that were not upgrade sales	16.7%	15.3%	(1.4%)	(8.4%)	18
20. Rescissions that were upgrade sales	10.8%	11.6%	0.8%	7.4%	12

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.	503,202	526,203	23,001	4.6%	20
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.)	75,707	79,177	3,470	4.6%	22
Close rate (excludes sales that are canceled through rescission, calculated based on formula)	15.3%	15.7%	0.4%	2.6%	20
23. Net originated sales excluding telesales	\$1,267,699,481	\$1,378,099,840	\$110,400,359	8.7%	22

⁹ The inventory impairment charges recorded increased from \$0.0 million to \$0.5 million from Q1 2014 to Q1 2015, respectively. As the prior year value is \$0.0 million, the percentage increase from prior year is indeterminate.

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)

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)

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)

25. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements

26. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements

Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)

\$2,713	\$2,950	\$237	8.7%	20
\$18,285	\$18,988	\$703	3.8%	22
88.6%	87.6%	(1.0%)	(1.1%)	18
\$155,948,780	\$273,664,136	\$117,715,356	75.5%	4
\$0	\$0	\$0	0.0%	0
\$1,333,664,817	\$1,469,021,772	\$135,356,955	10.1%	22

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.	13.9%	14.0%	0.1%	0.7%	21
28. Average term (in months).	116.8	117.1	0.3	0.3%	21
Average down payment.					
29. Average down payment on non-upgrade sales	18.6%	17.1%	(1.5%)	(8.1%)	21
30. Average down payment on upgrade sales	52.3%	49.3%	(3.0%)	(5.7%)	18
31. FICO Score at origination (in points)	717	713	(4)	(0.6%)	18

Method

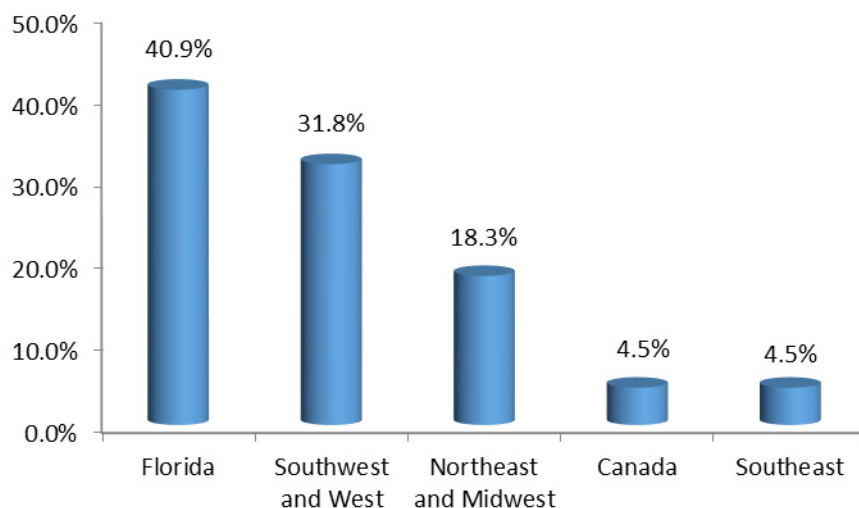
The 2015 First Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 231 timeshare and vacation ownership companies on April 13, 2015. The survey collection efforts focused on companies generating the largest volume of timeshare sales and companies that participate as board members of the American Resort Development Association (ARDA). Deloitte & Touche followed up with the companies by telephone and e-mail to encourage responses. Deloitte & Touche ended the survey collection effort on May 6, 2015. By May 8, 2015, 22 companies, or 9.5 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 22 responses were collected, most questions were not answered by all 22 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 22 respondents that provided sales information reported aggregate Q1 2015 net originated sales, including telesales and excluding fee-for-service arrangements, of \$1,195.4 million. Seven of the 22 companies are publicly traded companies, and five of the 22 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 nine in Florida and one in another Southeastern U.S. location, though companies in the Northeast region, Southwest and West region, and Canada also responded.¹⁰ No respondents were based in the Midwest.

Figure 14. Distribution of companies by headquarters location, 2015



Source: Deloitte & Touche based on 22 company survey responses.

¹⁰ Regional definitions: Florida (FL); Northeast (CT, DC, DE, KY, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV); Midwest (IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI); Southeast (AL, AR, GA, LA, MS, NC, SC, TN); and Southwest and West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OK, OR, TX, UT, WA, WY).

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

The companies that participated in this survey are not identical to those that participated in prior editions of the Pulse Survey or of the Financial Performance Survey, which is an annual survey conducted on behalf of the ARDA International Foundation. The most recent previous Pulse Survey reported on activity through the fourth quarter of 2014. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the first quarter of 2015. Due to the relatively large size of some of the companies participating, the changing composition of the response base can materially impact the results reported in this version compared to previous editions. Also, the timeshare industry experiences changes in activity levels during different seasons of the year. It is not accurate to compare the Q1 2014 and Q1 2015 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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