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2016 Second Quarter Pulse Survey:
A Survey of Timeshare and Vacation Ownership Resort Companies

Prepared for the ARDA International Foundation

American Resort Development Association

Deloitte.

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To the Research Committee of
ARDA International Foundation
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Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2016 Second Quarter Pulse Survey: A Survey of Timeshare & Vacation Ownership Resort Companies.* Our services were performed and this report was developed in accordance with our engagement letter dated March 9, 2016, 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 3, 2016. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

August 17, 2016

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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 August 3, 2016, and are subject to revision.

2016 Second Quarter Pulse Survey Overview and Key Findings

This survey is a summary of selected key metrics that provide an overview of the vacation timeshare industry in the United States. It is not a comment on any individual company, whose performance may vary from the information included in this study. To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the second quarter 2016 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover 18 responding companies with aggregate net originated sales of approximately $1,496.2 million in the second quarter of 2016. The financial information contained in this survey includes the second quarter of 2016 (Q2 2016) compared to the second quarter of 2015 (Q2 2015), except for section 2(B) which compares Q2 2016 to the first quarter of 2016 (Q1 2016). The trends associated with the performance indicators were developed based on quantitative factors. For example, each indicator that had a change of 10 percent or greater was denoted with a double green arrow or double red arrow. Indicators for which the change was less than 10 percent were denoted with a single green arrow or single red arrow.

Key Performance Indicators	Trend
Sales Performance	
<u>Net Originated Timeshare Sales (including Telesales)</u> increased 1.6 percent from Q2 2015 to Q2 2016, increasing from $1,472.0 million to $1,496.2 million.	Increase
<u>Net Originated Timeshare Sales (including Telesales and Fee-for-service)</u> increased 3.6 percent from Q2 2015 to Q2 2016, increasing from $1,664.7 million to $1,724.5 million.	Increase
Sales Metrics	
<u>Weighted Average Transaction Value</u> Increased 2.3 percent from $18,583 in Q2 2016 to $19,018 in Q2 2016. (The simple average transaction value increased 3.3 percent from $16,867 in Q2 2015 to $17,427 in Q2 2016.)	Increase
<u>Weighted Average Volume Per Guest (VPG)</u> increased from $2,659 to $2,678 from Q2 2015 to Q2 2016, an increase of 0.7 percent. (The simple average VPG increased 2.1 percent from $2,476 in Q2 2015 to $2,527 in Q2 2016.)	Increase
<u>Tours</u> increased 2.2 percent from 641,254 to 655,669 tours from Q2 2015 to Q2 2016.	Increase
Portfolio Performance	
<u>Currency</u> decreased by 0.3 percentage points (or 0.3 percent), decreasing from 92.7 percent in Q2 2015 to 92.4 percent in Q2 2016.	Decrease
<u>Delinquencies</u> increased by 0.3 percentage points (or 4.1 percent), increasing from 7.3 percent in Q2 2015 to 7.6 percent in Q2 2016.	Increase
<u>Charge-Offs</u> remained consistent at 2.6 percentage points in Q2 2015 and Q2 2016.	Neutral

Consumer Finance Experience	
Interest Rates decreased 0.1 percentage points (or 0.7 percent) decreasing from 14.0 percent in Q2 2015 to 13.9 percent in Q2 2016.	Decrease
Weighted Average Term decreased 0.2 percent from 119.2 months at Q2 2015 to 119.0 months at Q2 2016.	Decrease
Non-Upgrade Down Payments decreased 0.1 percentage points (or 0.6 percent), decreasing from 18.1 percent in Q2 2015 to 18.0 percent in Q2 2016.	Decrease
Upgrade Down Payments decreased 2.3 percentage points (or 4.4 percent), decreasing from 52.5 percent in Q2 2015 to 50.2 percent in Q2 2016.	Decrease
Other Metrics	
Weighted Average Occupancy increased 2.2 percentage points (or 2.8 percent), increasing from 79.1 percent in Q2 2015 to 81.3 percent in Q2 2016.	Increase
Capital Expenditures increased 24.0 percent from Q2 2015 to Q2 2016, increasing from $227.9 million to $282.6 million.	Increase
Incomplete timeshare inventory not under current construction increased 3.2 percent from Q2 2015 to Q2 2016, increasing from $963.5 million to $994.7 million.	Increase

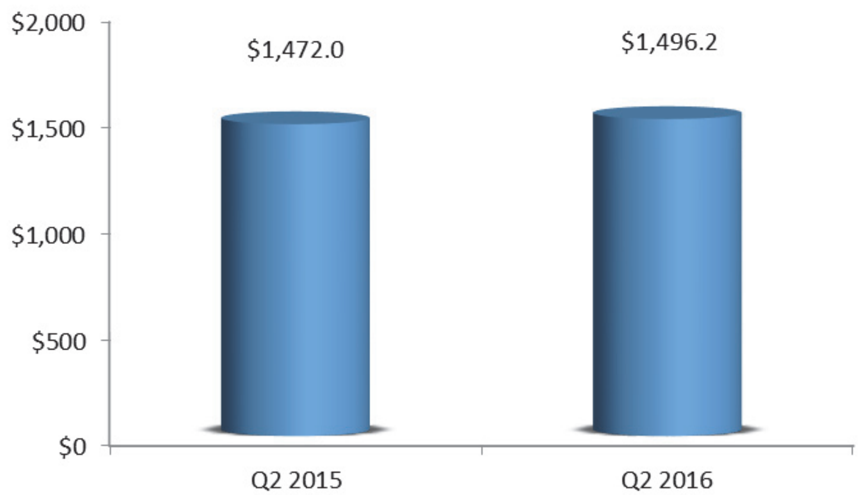
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q2 2016.

Companies provided data on a set of key sales indicators. In total, the 18 respondents that provided sales information reported approximately $1,496.2 million in net originated timeshare sales[1] (including telesales) in Q2 2016. This was a 1.6 percent increase in Q2 2016 when compared to Q2 2015, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)



Source: Deloitte & Touche based on 18 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 18 respondents, four companies are selling and marketing timeshare on behalf of other developers. Two of the four respondents providing fee-for-service decreased fee-for-service operations in Q2 2016 compared to Q2 2015. However, the overall timeshare sales under these arrangements increased from $192.7 million in Q2 2015 to $230.0 million in Q2 2016, or an increase of 19.4 percent, primarily attributable to a large increase in fee-for-service operations from one respondent. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory, there was an increase of 3.6 percent in total net originated timeshare sales when compared to Q2 2015.

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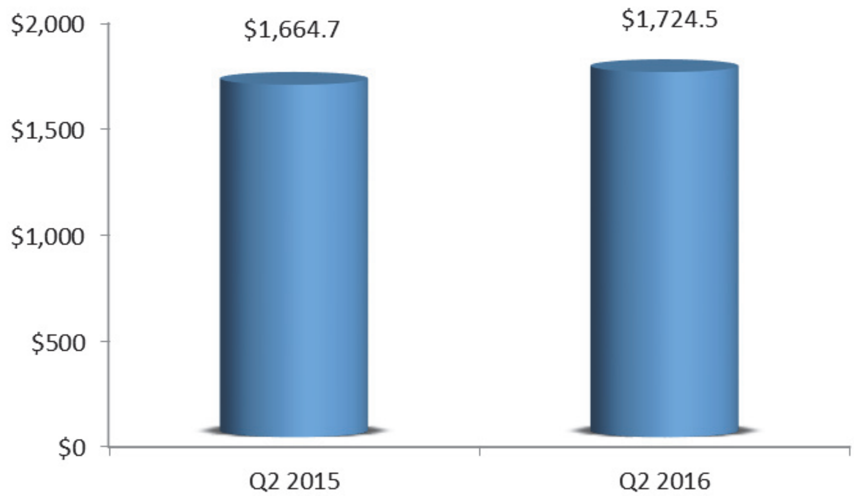
[1] Net originated sales refers to gross sales revenues net of rescissions, but before reduction of revenue for uncollectible accounts.

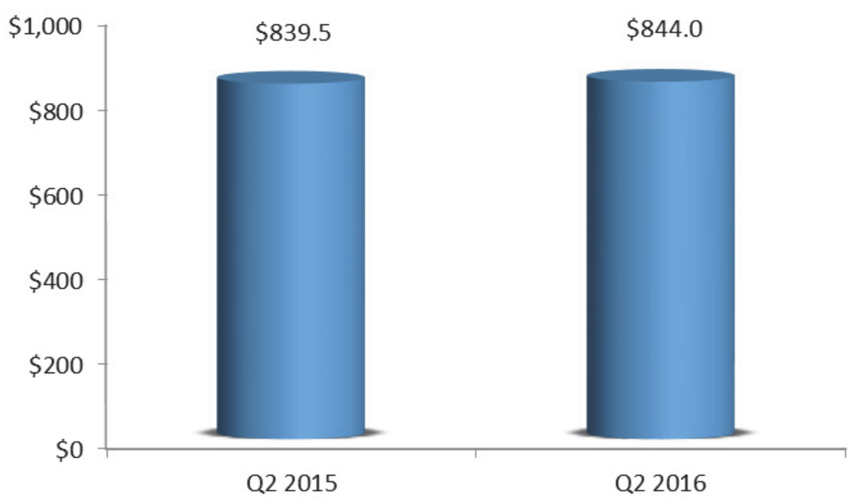
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on 18 company survey responses for net originated sales, and 4 respondents reported fee-for-service arrangements.

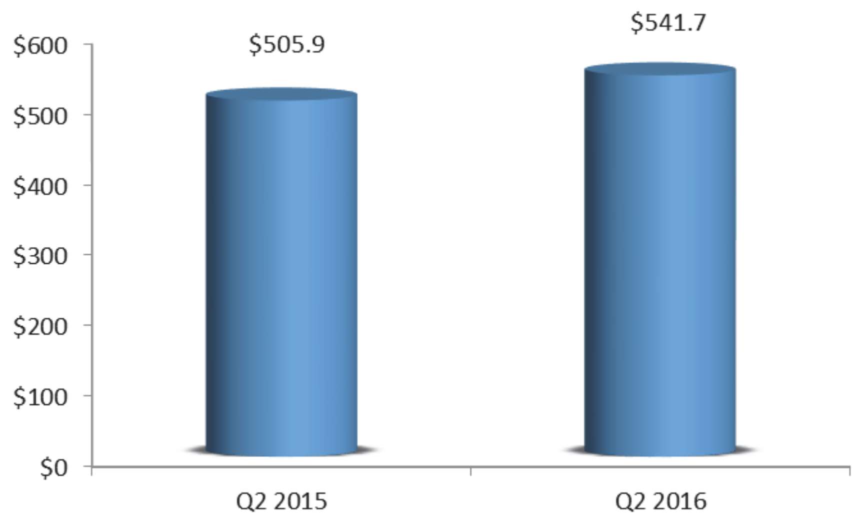
Respondents were asked to report the amount of net originated sales (including telesales) from non-upgrade and upgrade sales. The 17 respondent companies that provided non-upgrade sales information reported approximately $844.0 million in non-upgrade net originated timeshare sales (including telesales) in Q2 2016, which is a 0.5 percent increase from Q2 2015, see *Figure 3* below. The 15 respondent companies that provided upgrade sales information reported approximately $541.7 million in upgrade net originated timeshare sales (including telesales) in Q2 2016, which is a 7.1 percent increase from Q2 2015, 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 18 respondents that provided net originated sales did not provide information related to non-upgrade sales. Additionally, three of the 18 respondents did not provide information related to upgrade sales.

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



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

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



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

Seventeen companies reported net originated sales excluding telesales, while 18 companies provided detailed information on the number of tours and the number of sales transactions. The companies reported that the aggregate number of tours[2] increased 2.2 percent, the aggregate number of sales transactions increased 1.0 percent, and the average transaction value increased 2.3 percent. The respondents reported an increase in inventory sold under fee-for-service arrangements of 19.4 percent.

Average transaction value is calculated as the dollar value of net originated sales divided by the number of sales transactions and excludes amounts such as closing costs that are not included in net originated sales. Responses are weighted by the dollar value of net originated sales (excluding telesales). It is a measure of the average purchase amount per buyer during a given period and is potentially influenced by numerous factors, including the mix of timeshare products sold. For example, in a given period, buyers may purchase a greater mix of one-bedroom units or biennials[3], resorts may have fewer high season intervals available or new resorts may open for sales. As a result, the average transaction value may change even though there were no changes to existing pricing.

As a further reflection of the multiple factors that can impact this measure, the responses differed by company. Eleven respondents reported average transaction value had increased from Q2 2015 and six respondents reported the value had decreased. *Figure 5* below illustrates the average transaction value calculated using a weighted average.

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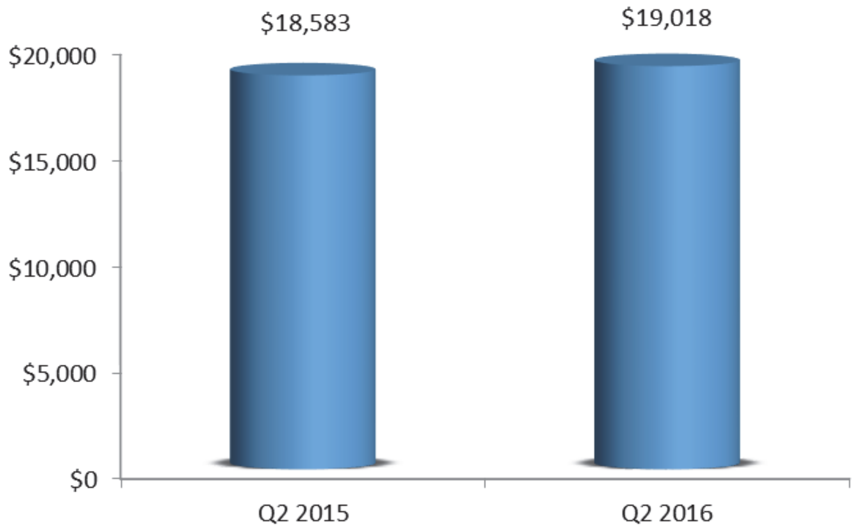
[2] This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

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

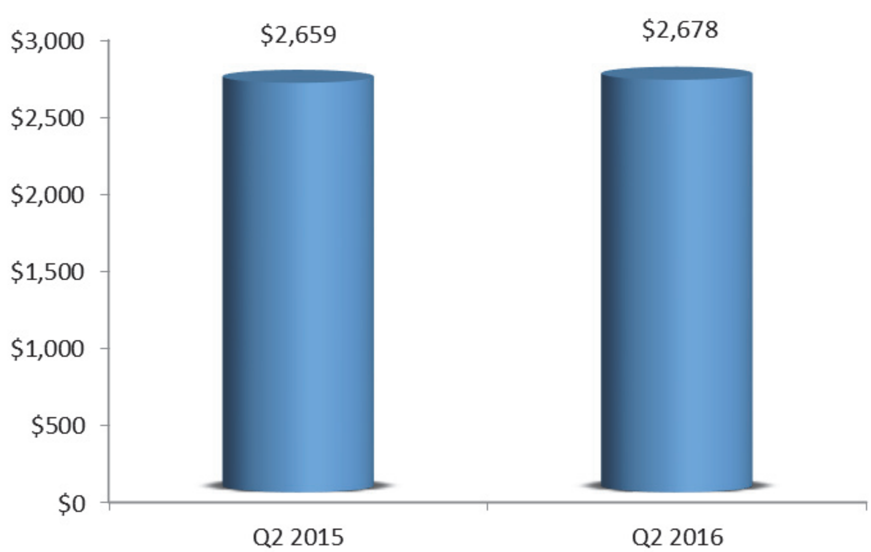
Figure 5. Weighted average transaction value



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

Volume per guest (VPG)[4], a measure of sales efficiency, is calculated as net originated sales per tour, increased by 0.7 percent from Q2 2015 to Q2 2016.

Figure 6. Weighted average volume per guest



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

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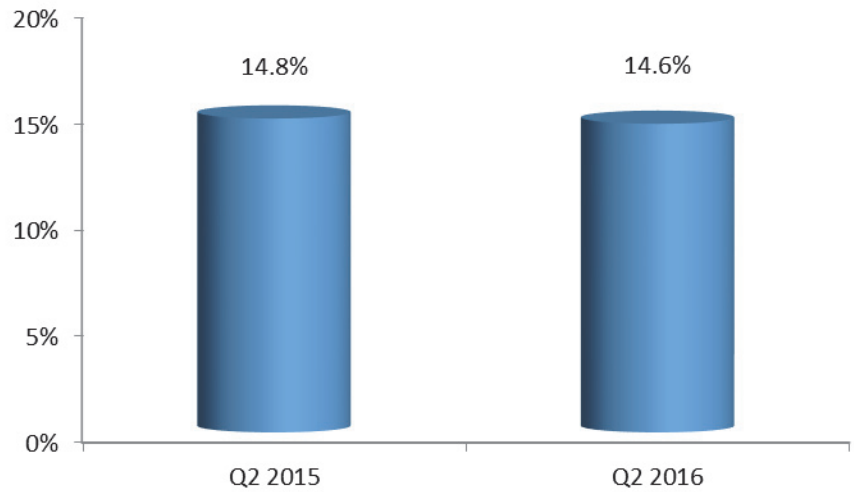
[4] VPG is calculated as net originated sales excluding telesales, divided by the number of tours, responses are weighted by the dollar value of net originated sales (excluding telesales).

The close rate, another measure of sales efficiency, is the number of sales transactions generated from tour flow, decreased by 1.4 percent (0.2 percentage points) from Q2 2015 to Q2 2016.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 18 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 related to VPG, Average Transaction Value and Close rate were all directionally the same under both the weighted and simple average calculations.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q2 2015	Weighted Average Q2 2016	Simple Average Q2 2015	Simple Average Q2 2016
Volume per guest	$2,659	$2,678	$2,476	$2,527
Average transaction value	$18,583	$19,018	$16,867	$17,427
Close rate	14.8%	14.6%	14.7%	14.5%

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

Among the companies that provided key sales indicators, 17 provided rescission information. The weighted average rescission rate[5] among those companies was 14.6 percent in Q2 2016, which increased 0.4 percentage points when compared to Q2 2015. Nine companies reported an increase in rescissions between Q2 2015 and Q2 2016, eight companies reported a decrease in rescissions, and one company did not provide rescission information. The simple average rescission rate remained consistent at 13.4 percent from Q2 2015 to Q2 2016.

Respondents were asked a question related to rescission information on upgrade and non-upgrade sales. For the 13 respondent companies that provided rescission information on upgrade sales, the weighted average rescission rate decreased from 17.7 percent in Q2 2015 to 15.5 percent in Q2 2016. For the 16 respondent

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

companies that provided rescission information on non-upgrade sales, the weighted average rescission rate increased from 16.7 percent in Q2 2015 to 17.1 percent in Q2 2016.

2(A). Consumer timeshare loan portfolio delinquencies increased while charge-offs remained consistent when comparing Q2 2015 and Q2 2016.

The composition of receivables portfolios[6] was evaluated as of June 30, 2016, and compared to the composition as of June 30, 2015. The total aggregate receivables for the 18 companies that provided receivables data was $12.1 billion as of June 30, 2016, and $11.4 billion as of June 30, 2015.

Respondents reported that payments for 92.4 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of June 30, 2016, a decrease of 0.3 percentage points from one year earlier. Also, as of June 30, 2016, 4.0 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, consistent with one year earlier.

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

	June 30, 2015	June 30, 2016	Difference
Current	92.7%	92.4%	(0.3%)
31 to 60 days	1.6%	1.7%	0.1%
61 to 90 days	1.0%	1.1%	0.1%
91 to 120 days	0.7%	0.8%	0.1%
More than 120 days	4.0%	4.0%	0.0%
Total	**100.0%**	**100.0%**	

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

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the second quarter, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q2 2016 was 2.6 percent, which is consistent with Q2 2015. Seven respondents reported a decrease in the default rate when comparing Q2 2016 to Q2 2015, eight respondents reported an increase in the default rate, and two respondents reported no change in the default rate.

Another question was asked this quarter requesting respondents to provide the weighted average FICO score (weighted by the outstanding principal balance of the receivables) for loans within the portfolio at the end of Q2 2015 and Q2 2016. Of the seventeen respondents, nine respondents reported an increase in the average FICO score, five respondents reported a decrease, and three respondents reported no change. The result was an increase in the weighted average FICO score from 705 at Q2 2015 to 707 at Q2 2016.

2(B). Consumer timeshare loan portfolios experienced an increase in currency when comparing Q1 2016 and Q2 2016.

The composition of receivables portfolios was evaluated as of June 30, 2016, and compared to the composition as of March 31, 2016. The total aggregate receivables for the companies that provided receivables data was $12.1 billion as of June 30, 2016 and $11.8 billion as of March 31, 2015.

Receivables portfolios showed a decrease in delinquencies (greater than 31 days past due) as of June 30, 2016, compared to one quarter earlier. Respondents reported that payments for 92.4 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of June 30, 2016, which was 0.4 percentage points higher than one quarter earlier. Further, for the quarter ending June 30, 2016, 2.6 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance for the period, which was 0.3 percentage points lower compared to March 31, 2016.

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[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

	March 31, 2016	June 30, 2016	Increase/(Decrease)
Current	92.0%	92.4%	0.4%
31 to 60 days	2.0%	1.7%	(0.3%)
61 to 90 days	1.1%	1.1%	0.0%
91 to 120 days	0.9%	0.8%	(0.1%)
More than 120 days	4.0%	4.0%	0.0%
Total	**100.0%**	**100.0%**	

Source: Deloitte & Touche based on 18 company survey responses. The First Quarter 2016 data herein was based upon the 18 responses obtained from the 2016 First Quarter Pulse Survey.

3. **Resort occupancy remained strong during Q2 2016 and increased 2.2 percentage points (or 2.8 percent) as compared to Q2 2015.**

   Survey respondents were asked to provide information on timeshare unit occupancy. For the 17 companies that provided quarterly occupancy data, representing approximately 8.3 million available room nights in Q2 2016, the average occupancy rate increased 2.2 percentage points to 81.3 percent in Q2 2016, compared to 79.1 percent in Q2 2015. Available room nights decreased 0.1 percent from Q2 2015 to Q2 2016; decreasing from approximately 8.298 million room nights to approximately 8.293 million room nights.

4. **Average interest rates, average term, average down payments on both upgrade and non-upgrade sales and average FICO score at origination all decreased in Q2 2016.**

   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 2016 was 13.9 percent, which was a decrease of 0.1 percentage points from 14.0 percent in Q2 2015. There was a 0.2 month decrease in the term for which loans are made, with average loan terms in Q2 2016 of approximately 119.0 months. The average FICO score for Q2 2016 financed sales was 716, down from 718 in Q2 2015.

   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. For the 17 respondents that provided non-upgrade down payment data, the average down payment on non-upgrade sales decreased 0.1 percentage points to 18.0 percent of the stated sales price on financed sales in Q2 2016 compared to Q2 2015. For the fifteen respondents that provided upgrade down payment data, the average down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interests, was 50.2 percent in Q2 2016, a decrease of 2.3 percentage points from Q2 2015.

[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.

Figure 11. Characteristics of consumer timeshare loan financing

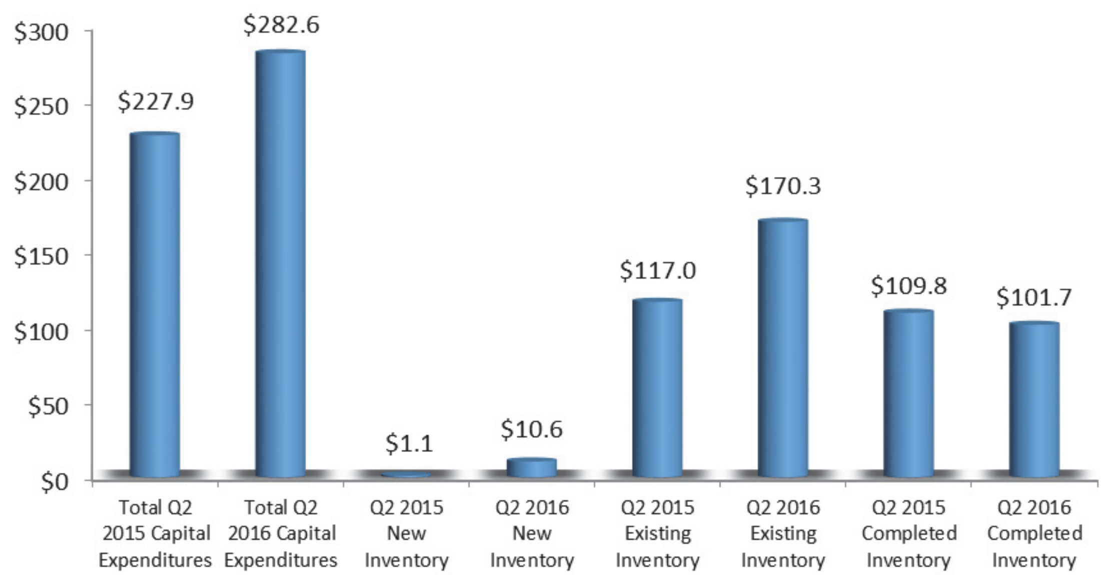
	2015	2016	Difference
Second Quarter			
Average:			
Interest rate (annual)	14.0%	13.9%	(0.1%)
Term (months)	119.2	119.0	(0.2) months
Non-upgrade down payment (% of price)	18.1%	18.0%	(0.1%)
Upgrade down payment (% of price)	52.5%	50.2%	(2.3%)

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

5. Capital expenditures related to timeshare inventory increased overall in Q2 2016 when compared to Q2 2015.

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 from $1.1 million in Q2 2015 to $10.6 million in Q2 2016, capital expenditures related to existing timeshare inventory projects increased from $117.0 million to $170.3 million from Q2 2015 to Q2 2016, and capital expenditures related to completed inventory decreased from $109.8 million to $101.7 million from Q2 2015 to Q2 2016. Overall, capital expenditures increased by 24.0 percent in Q2 2016 compared to Q2 2015. Of the 15 respondents, seven respondents decreased capital expenditures related to timeshare inventory and eight respondents increased capital expenditures related to timeshare inventory.

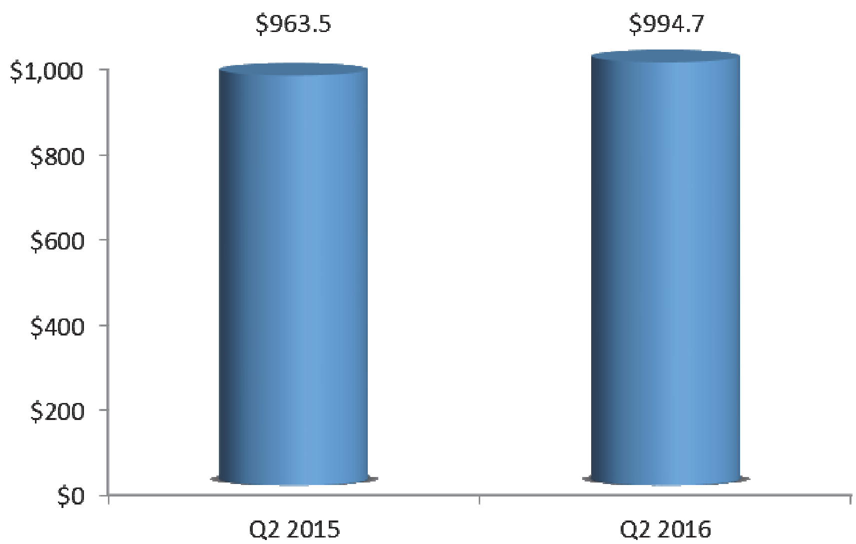
Figure 12. Capital Expenditures (Millions)



Source: Deloitte & Touche based on a minimum of 8 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 $963.5 million and $994.7 million of construction costs and undeveloped land included in inventory, but not under current development for Q2 2015 and Q2 2016, respectively, representing an increase of 3.2 percent (*Figure 13*). Eight companies reported an increase while one company reported a decrease from Q2 2015 to Q2 2016.

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



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

Further, no respondents reported inventory impairment charges during Q2 2015 or Q2 2016.

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 Q2 2015 to Q2 2016.**

   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. Thirteen respondents reported that for the year-to-date June 30, 2016, day one sales accounted for 86.7 percent of total net originated sales, which was 0.3 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 – 2016 Second Quarter Pulse Survey					
2016 Second Quarter End Results	Quarter Ending June 30 2015	Quarter Ending June 30 2016	Increase/ (Decrease)	Increase/ (Decrease) Percent	Survey Responses
General Characteristics					
1. Ownership status (public or private)	Public: 39% Private: 61%	Public: 39% Private: 61%			18
2. Are fee-for-service activities being provided by another developer on your behalf?	Yes: 0% No: 100%	Yes: 6% No: 94%			18
3. Did you complete any acquisitions? (Business Combinations)	Yes: 17% No: 83%	Yes: 0% No: 100%			18
4. Did you have any goodwill impairment charges?	Yes: 0% No: 100%	Yes: 0% No: 100%			18
Receivables Portfolio					
The following questions refer to the portfolio of receivables (total held and/or serviced receivables, including securitized and/or hypothecated receivables), including receivables for sales made in earlier years.					
5. Gross outstanding portfolio balance, at period end (in dollars)	$11,426,193,539	$12,071,443,563	$645,250,024	5.6%	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)	92.7%	92.4%	(0.3%)	(0.3%)	18
Between 31 to 60 days delinquent	1.6%	1.7%	0.1%	6.3%	18
Between 61 to 90 days delinquent	1.0%	1.1%	0.1%	10.0%	18
Between 91 to 120 days delinquent	0.7%	0.8%	0.1%	14.3%	18
More than 120 days delinquent	4.0%	4.0%	0.0%	0.0%	18
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)	2.6%	2.6%	0.0%	0.0%	17
8. Average FICO score (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	705	707	2	0.3%	17
Inventory					
9. Capital expenditures related to timeshare inventory (current year)	$1,148,851	$10,620,949	$9,472,098	824.5%	8
10. Capital expenditures related to timeshare inventory (prior years)	$116,998,645	$170,284,052	$53,285,407	45.5%	12
11. Capital expenditures related to fully completed inventory	$109,760,659	$101,696,844	($8,063,815)	(7.3%)	11
Total capital expenditures related to timeshare inventory	$227,908,155	$282,601,845	$54,693,690	24.0%	15
12. Inventory impairment charges recorded (dellar value of inventory impairments)	0	$0	$0	0.0%	0
13. 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)	$963,540,842	$ 994,717,382	$ 31,176,540	3.2%	9

Resort Occupancy					
14. 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)	79.1%	81.3%	2.2%	2.8%	17
b. Vacant	20.9%	18.7%	(2.2%)	(10.5%)	17
Total should equal 100%					
15. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)	8,297,750	8,293,318	(4,432)	(0.1%)	17
Selected Sales Metrics (Including telesales and home sits)					
Sales metrics. Include telesales in the following responses.					
16. Net originated sales (in dollars)	$1,471,958,948	$1,496,225,631	$24,266,683	1.6%	18
17. Net originated sales that were not upgrade sales (in dollars):	$839,458,819	$844,039,789	$4,580,970	0.5%	17
18. Net originated sales that were upgrade sales (in dollars):	$505,899,864	$541,737,383	$35,837,519	7.1%	15
19. Rescissions	14.2%	14.6%	0.4%	2.8%	17
20. Rescissions that were not upgrade sales	16.7%	17.1%	0.4%	2.4%	16
21. Rescissions that were upgrade sales	17.7%	15.5%	(2.2%)	(12.4%)	13
Selected Sales Metrics (Excluding telesales)					
Sales metrics. Exclude telesales from the following responses. Include sales to existing owners and other in-house guests.					
22. 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.	641,254	655,669	14,415	2.2%	18
23. 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.)	94,134	95,079	945	1.0%	18
Close rate (excludes sales that are canceled through rescission, calculated based on formula)	14.8%	14.6%	(0.2%)	(1.4%)	18
24. Net originated sales excluding telesales	$1,587,756,843	$1,656,913,361	$69,156,518	4.4%	17
Volume per guest ("VPG"). Represents timeshare sales revenue per guest and is calculated by dividing net originated sales, excluding telesales and home sits, by the number of tours. (calculated based on formula)	$2,659	$2,678	$19	0.7%	17
Average transaction value (this is calculated based on net originated sales and excludes any charges not reflected in net originated sales, such as closing costs)	$18,583	$19,018	$435	2.3%	17
25. 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)	87.0%	86.7%	(0.3%)	(0.3%)	13
26. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements	$192,733,782	$230,046,734	$37,312,952	19.4%	4
27. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements	$34,470	$1,811,018	$1,776,548	5153.9%	1
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$1,664,658,260	$1,724,461,347	$59,803,087	3.6%	18

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.

28. Average interest rate.	14.0%	13.9%	(0.1%)	(0.7%)	18
29. Average term (in months).	119.2	119.0	(0.2)	(0.2%)	18
Average down payment.					
30. Average down payment on non-upgrade sales	18.1%	18.0%	(0.1%)	(0.6%)	17
31. Average down payment on upgrade sales	52.5%	50.2%	(2.3%)	(4.4%)	15
32. FICO Score at origination (in points)	718	716	(2)	(0.3%)	17

Method

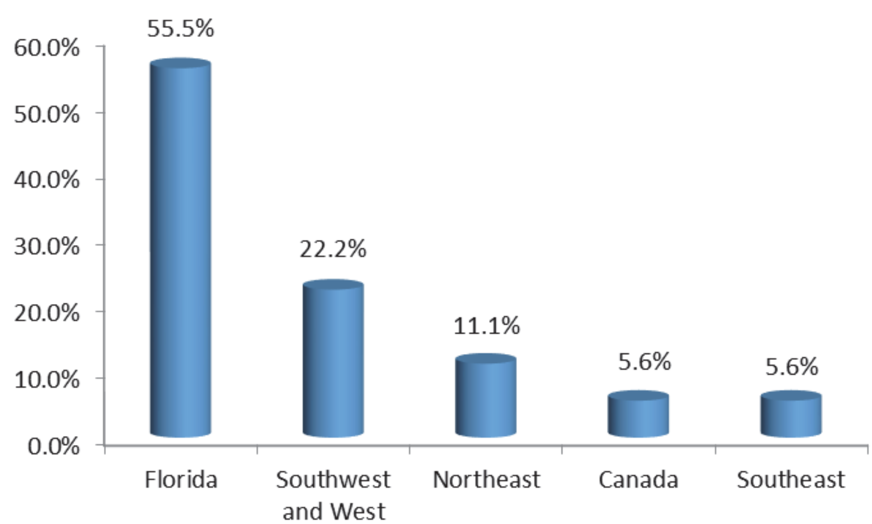
The 2016 Second Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 269 timeshare and vacation ownership companies on July 11, 2016. 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 3, 2016. By August 3, 2016, 18 companies, or 6.7 percent of those surveyed, responded.

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

The response base includes major companies in the U.S. timeshare sector. The 18 respondents that provided sales information reported aggregate Q2 2016 net originated sales, including telesales and excluding fee-for-service arrangements, of $1,496.2 million. Seven of the 18 companies are publicly traded companies, and five of the 18 are affiliated with major hotel brands. The survey is focused on the U.S.; considering the location of companies' headquarters provides an indication of the geographic regions represented by the response base. Many of the U.S. respondents are based in the Southeast, including ten in Florida and one in another Southeastern U.S. location, though companies in the Northeast region, Canada, and Southwest and West region also responded.[9] No respondents were based in the Midwest.

Figure 14. Distribution of companies by headquarters location, 2016



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

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[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 first quarter of 2016. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the second quarter of 2016. 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 2015 and Q2 2016 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