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A Survey of HOA CONTROLLED TIMESHARE RESORTS *in the United States*

2011 EDITION

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ROC

RESORT OWNERS' COALITION

A Survey of

HOA CONTROLLED TIMESHARE RESORTS

in the United States

ARDA International Foundation

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I. INTRODUCTION

In the timeshare and vacation ownership industry, differences in legal governing management practices have been recognized to have significant impact on the overall profitability and performance of resorts. However, most of these studies performed have been affiliated with large multi-resort companies still in development processes, known as developer controlled resorts. At the present time, there are no known studies that focus solely on the Home Owners Association (HOA) controlled resorts. As such, there was need to identify those factors that effectively contribute to success or failure in HOA controlled resorts.

There are marked differences between HOA controlled resorts and developer controlled resorts. Some of the known issues that are affecting HOA controlled resorts are: an aging product, lifecycle changes of long term owners, challenges in the resale market, and a multitude of factors that contribute to increased delinquencies in maintenance fees. This research was performed with the overall objective aligned with ARDA's mission to promote the growth and development of the timeshare and vacation ownership industry, but more specifically to determine the key factors for financial success in resorts in which legal control was governed by a Home Owners Association (HOA).

State laws dictate the legal structure of the owners associations for timeshare and vacation ownership resorts. In some states, timeshare and vacation ownership properties have Home Owners Associations, while other states have Property Owners Associations or Condominium Owners Associations. For the purpose of this report, the term Home Owners Association or HOA is used to represent any of the three legal formats of owners associations.

Background of Study

Resorts in this study are governed by HOAs. One exception to the criteria in this study was resorts developed in the state of Virginia. In Virginia, the developer is not required to turn over control to the HOA until the resort is 90% sold out. HOAs then enter the "initial board term" of 25 years, however, control remains with the developer. Virginia resorts were included in the study regardless of status of HOA control.

The population for the study consisted of resorts listed in the American Resort Development Association International Foundation (AIF) database as of 1 May 2011. The focus of the study was to examine the financial health and needs of HOA controlled properties; therefore, resorts receiving financial support from large multinational hotel companies were excluded from the study, as well as resorts that were still under developer control (with the exception of resorts in Virginia).

The study was administered using two methods. For single site resorts and resort companies with less than three identified resorts, resort managers were contacted initially by electronic mail to explain the purpose of the study and were invited to participate by clicking a link to an online survey service (Qualtrics). The only requirement for the study was that only timeshare or vacation ownership resorts controlled by an HOA should participate (except for Virginia). Participation was voluntary and was encouraged by follow up emails and telephone calls to each resort.

A total of 562 invitations were sent to single site and small multi-site resorts with 134 surveys completed, yielding a response rate of 23.8% for single site and small multi-site resorts. Thirty-eight resorts indicated either that they were not a legal timeshare or vacation ownership resort, or were in presales only, or were closed or were not under the control of the HOA (except for Virginia). Examination of the data from the single site and small multi-site resorts yielded 96 valid responses, or 17.1% of single site and small multi-site resorts. The invitation for the study recommended that only resorts that were under HOA control participate; so it is not known if those resorts not participating in the study were not HOA controlled or if they simply chose not to participate.

For resorts that exist in companies or organizations of four or more resorts, a company contact person identified by the AIF was contacted initially by electronic mail to explain the purpose of the study. In these situations, the participant was invited to contribute by filling in a spreadsheet. In previous studies, larger multi-site resorts had requested spreadsheets to simplify responses for multiple resorts. Forty-two resort companies were identified with 315 resorts. Participation was voluntary and was encouraged by follow up emails and telephone calls to each contact person for the resort company.

As the criteria stated above, the data was segmented and only data from HOA controlled resorts was deemed usable for the study. Responses for 122 resorts were received from 11 companies, yielding a response rate of 38.7% for larger multi-site resorts. Combining the 96 valid single and small multi-site resort company responses with the responses for 122 resorts from larger multi-site resort companies yielded a total valid response rate for the study of 218 resorts or 24.9% of resorts. It should also be understood that the respondents could elect to participate in the various survey questions which explains the varying response size (n size) noted in the various tables and charts noted in this study.

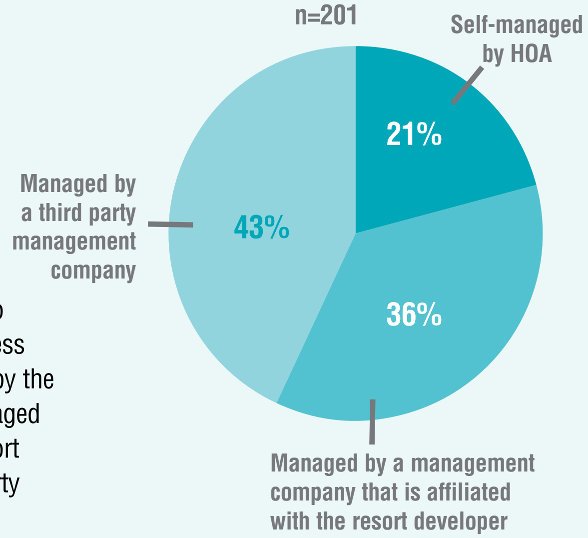
II. RESORT IDENTIFICATION AND MANAGEMENT

Resort Management

Respondents were asked the question: who manages the resort? Figure 1 shows that less than a quarter of the resorts are managed by the Home Owners Association, with 36% managed by a company that is affiliated with the resort developer and 43% managed by a third party management company.

Figure 1 **Resort Management**

n=201



For those resorts managed by a management company, the question was posed: how many timeshare resorts does the management company currently manage? Figure 2 shows that for the resorts managed by a management company, the size of the management company varied. Less than half of the resorts reported the management company managed 10 or less resorts. A third of the resorts reported the management company managed 11-50 resorts while just less than a quarter of the resorts reported the management company managed more than 50 resorts.

Figure 2 **Management Company Size**

n=161

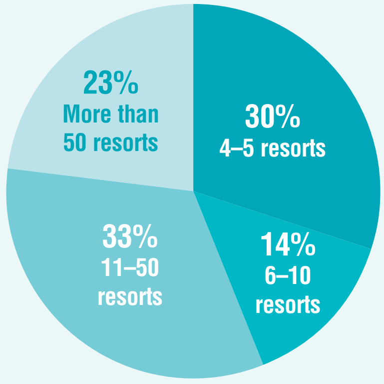
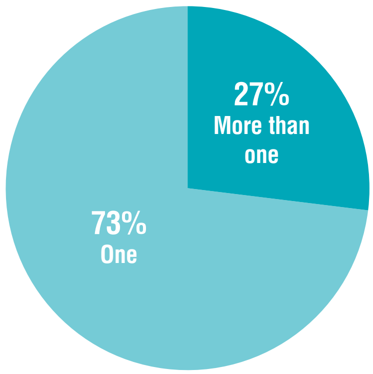


Figure 3 **Number of HOAs on Property**
n=173



HOAs on Property

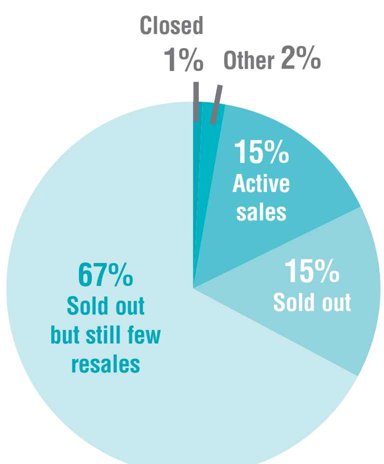
Respondents were asked how many HOAs were on the property. Figure 3 shows about three quarters of the resorts had only one HOA on the property with 27% of the resorts having more than one HOA.

Table 1 shows that for those resorts with more than one HOA on property most of the resorts had two or three HOAs.

Table 1
Number of HOAs on Property n=123

Number of HOAs	Responses or Number of Resorts	Percentages of Resorts
1	77	62.6%
2	29	23.6%
3	11	9.0%
4	3	2.4%
5	1	0.8%
6	1	0.8%
17	1	0.8%

Figure 4 **State of Sales**

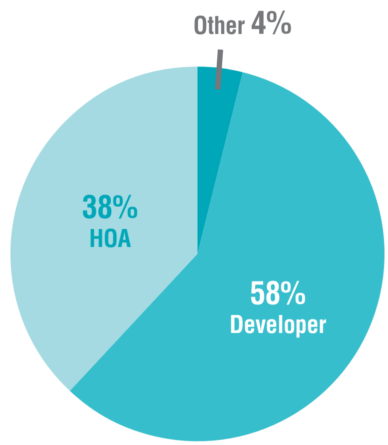


Stage of Development for the Resort

Respondents were asked to identify the development stage of the resort. Resorts that were closed or only in presale were then excluded from the study.

Figure 4 shows that four out of five resorts were sold out. Sixty-seven percent of the resorts were sold out but indicated they still had a few resales; 15% of the resorts were completely sold out. Fifteen percent of the resorts responding to the question were still in active sales, and 2% had a mixed product with club or point sales in active selling, but deeded weeks sold out.

Figure 5 **Active Marketers** n=80



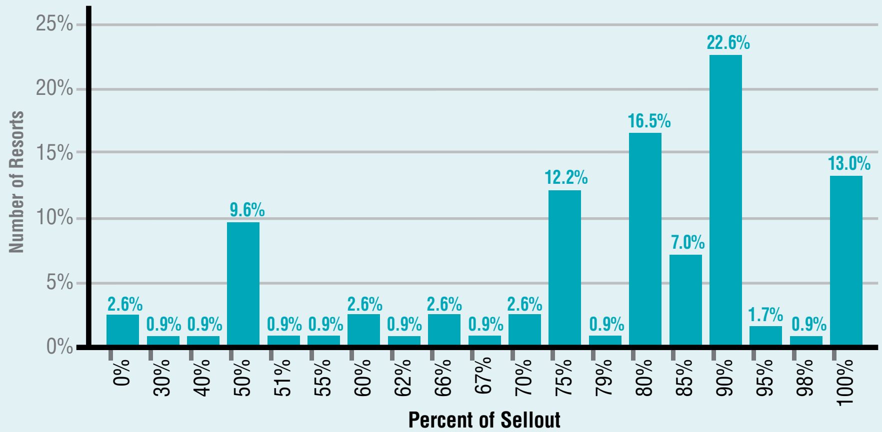
Marketing

For those resorts still in the active marketing and sales process, the survey asked: who is actively marketing and selling the intervals or vacation product? Figure 5 shows that for resorts still in active sales the developer is marketing and selling the product for more than half of the resorts (58%). HOAs are also actively selling intervals, with 38% of the resorts reporting their intervals or vacation product marketed and sold by the HOA.

HOA Control

Respondents to the study were asked: when did the HOA gain control of the resorts? Figure 6 shows that the HOAs gained control of the resort at various stages of sell-out, with most of the HOAs acquiring control at 75% or more of sell-out. Almost a quarter of the resorts reported gaining control at 90% of sell-out. The sell-out percentage that was the next most frequently reported was 80% followed by 100%, 75%, and then 50%.

Figure 6 **Change of Resort Control** n=115



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III. HOME OWNERS ASSOCIATION BOARD OF DIRECTORS

The study sought to determine the size, structure and governing patterns of the HOA Board.

Respondents to the study were asked: how many members comprise the HOA's Board of Directors? Figure 7 shows that most boards were composed of an odd number of members. Just more than half of the resorts responding to the study indicated having an HOA board with five members. The next most frequently reported board size was seven members, followed by three board members, and nine board members.

Figure 7 **Size of HOA Board of Directors** n=182

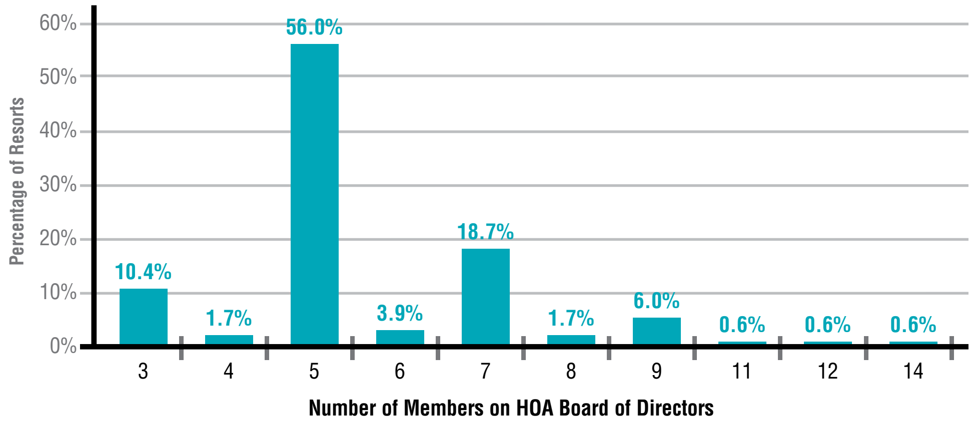
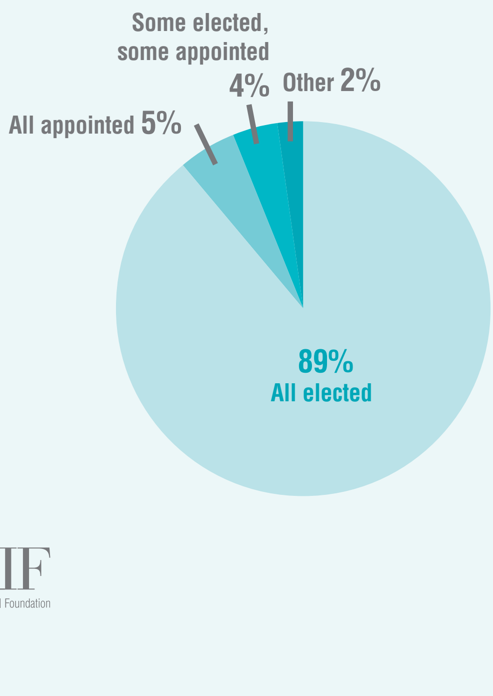


Figure 8 **Board Member Selection Methods** n=186



Board Member Selection

Respondents were asked how board members are chosen to serve. Figure 8 illustrates that approximately nine out of ten resorts reported the members of the HOA's Board of Directors were elected by the owners. Five percent of the resorts reported that all board members were appointed while four percent of the resorts reported some members were elected and some were appointed.

Figure 9 **Board Member Tenure** n=206

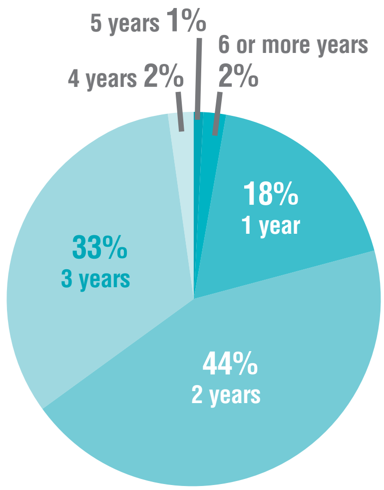
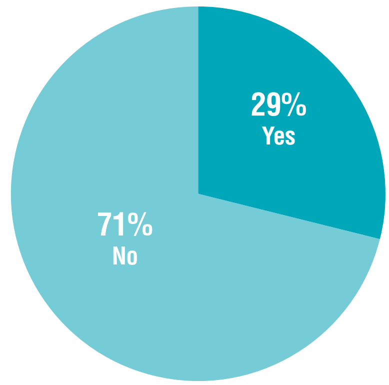


Figure 10 **Term Limit** n=181

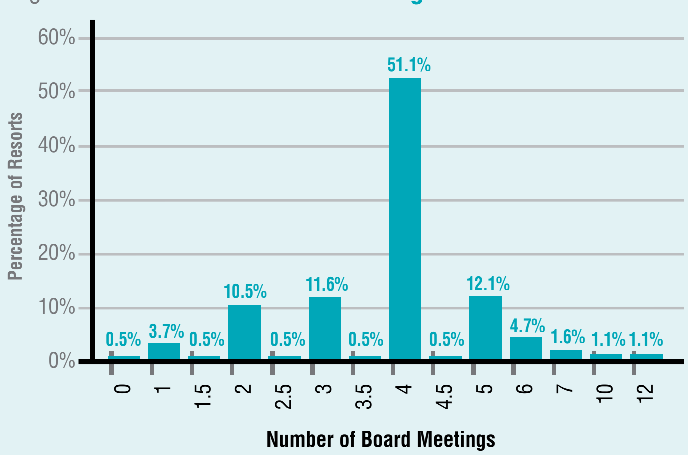


Length of Service

Respondents were asked to report how long the board members serve, and if there was a limit to the number of terms a board member could serve. Figure 9 shows just less than half of the resorts reported members of the HOA's Board of Directors serve 2 year terms, while a third of the resorts reported HOA board members serve 3 year terms. Less than 20% serve only one year with a few resorts indicating that their HOA board members serve for four or more years.

Figure 10 illustrates that 71% of the resorts indicated there was no term limit on the service of the HOA board members, while 29% indicated there was a limit

Figure 11 **Number of Board Meetings** n=190

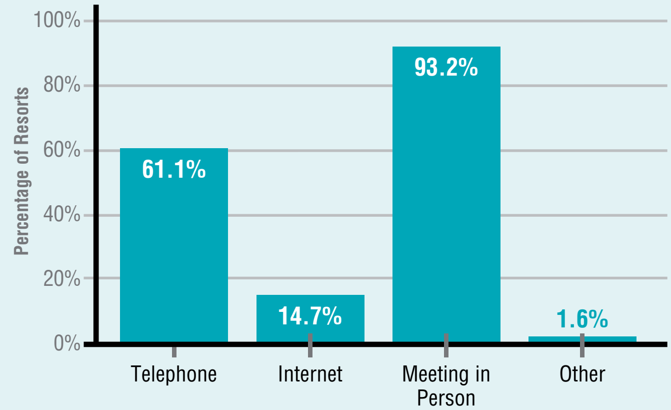


Board Meetings

Respondents to the survey were asked the question: how many board meetings are held each year? Figure 11 shows just over half of the resorts indicated their HOA's Board of Directors hold meetings four times per year with another 10% each holding meetings twice, three times, or five times per year. A few resorts indicated that the number of HOA board meetings varied each year.

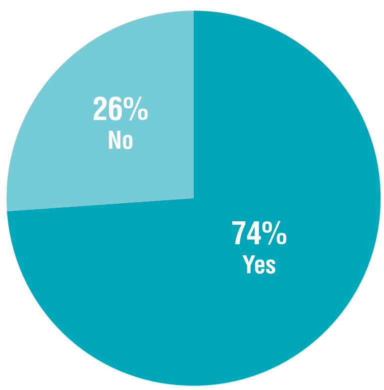
Respondents to the survey were asked to identify the methods utilized for conducting board meetings. Figure 12 shows HOA boards conduct meetings in a variety of methods, with many of the resorts utilizing more than one method of meeting. Almost all (93.2%) of the resorts reported the HOA board meets in person. Just less than two thirds of the resorts indicated that their HOA board meets over the telephone.Only 15% of the resorts reported that their HOA board meets over the Internet. This number is expected to change in the future given the technology now available to conduct meetings over the Internet.

Figure 12 **Board Meeting Methods** n=192



Totals not equal to 100%, respondents could answer more than one category.

Figure 13 **HOA Reimbursement** n=189



HOA Board Compensation

Respondents were asked several questions regarding compensation for HOA board members for expenses incurred in their service to the board as well as any additional compensation provided. Figure 13 reveals a large majority (74%) of the resorts reported their Home Owners Association reimburses their board members for expenses incurred in the course of their association duties, such as attending meetings. However very few (8%) of the resorts reported that their Home Owners Association extends additional compensation to board members (Figure 14). Of those offering additional compensation a rate per diem was the most frequently reported method of additional compensation (Table 2).

Figure 14 **Additional Compensation** n=189

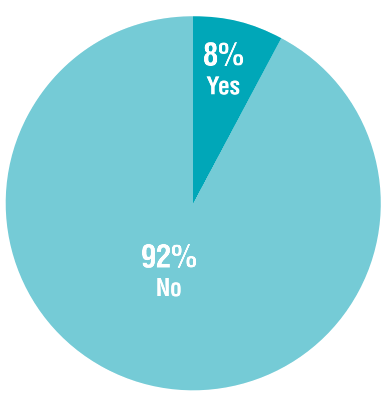


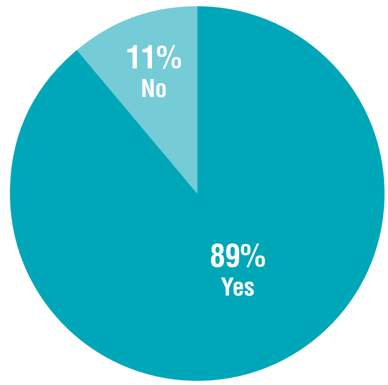
Table 2 **Type of Compensation** n=14

Type of Compensation	Number of HOAs
Per diem allowance for travel & meeting days	7
Stipend	2
One night stay	1
$150 per meeting	1
Dues for one unit week	1
Each board member is paid a flat fee of $200 for each meeting attended for the year out of that he or she covered their own expenses	1
$125.00 + per month	1

Audit of HOA Board Financial Statements

Respondents to the survey were asked the question: does the HOA have an annual audit of its financial statements? Figure 15 shows 89% of the resorts reported that the HOA board engages in an annual audit of the HOA's financial statements.

Figure 15 **Annual Financial Statement Audit** n=185



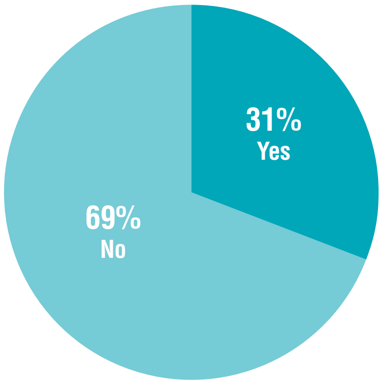
Resort Profile

Respondents to the survey were asked to indicate which entities beyond traditional owners or members own inventory at their resorts. Table 3 shows the various entities that respondents reported own inventory at their resorts. Less than two thirds of the resorts responding to the question indicated that timeshare clubs own inventory at their resorts. Thirty-eight resorts participating in the study indicated that rescue, relief, or postcard type companies own inventory at their resort. Only nine resorts indicated that travel clubs own inventory. Three resorts indicated other entities own inventory. These were either inventory owned by an adjoining hotel, or foreclosed units held temporarily by cities and financial agencies.

Table 3 **Owner Companies** n=112

Type of Entity	Number of Resorts	Percentage of Resorts
Timeshare clubs	68	60.7%
Rescue, relief, postcard type companies	38	33.9%
Travel clubs	9	8.0%
Other	3	2.7%

Figure 16 **Timeshare Clubs** n=216



Timeshare Clubs

Figure 16 shows that 31% of the resorts responding to the study indicated inventory held by timeshare clubs. Figure 17 shows that of the resorts indicating inventory held by timeshare clubs, over two thirds or 50 resorts reported inventory being held by one timeshare club. Another 20.9% or 14 resorts had inventory held by two timeshare clubs. Only a few resorts reported inventory held by three timeshare clubs.

Figure 17 **Timeshare Clubs that Own Inventory** n=67

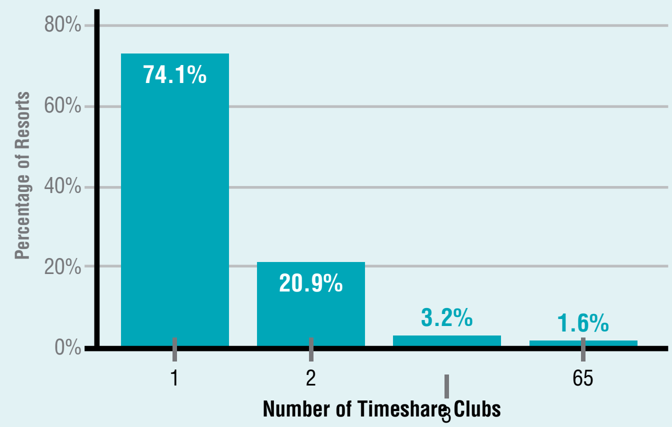
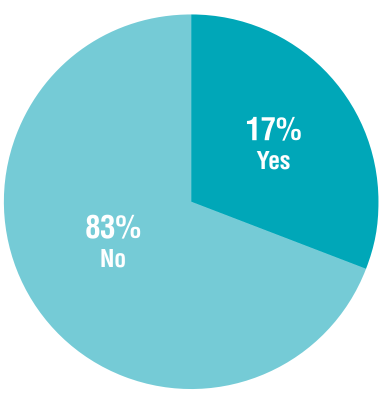


Figure 18 **Rescue, Relief, or Post Card Type Companies** n=216



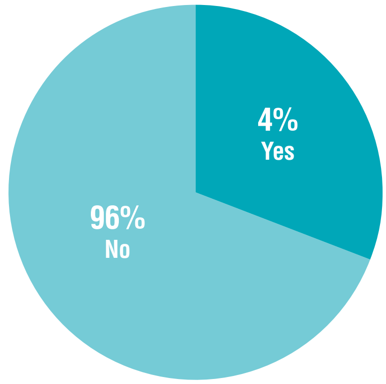
Rescue, Relief, or Post Card Type Companies

Figure 18 shows 17% of the resorts responding to the study reported that rescue, relief or postcard type companies own inventory at their resort. Most of these resorts reported less than 20 rescue, relief, or postcard type companies hold inventory.

Travel Clubs

Figure 19 shows that only nine resorts total reported that travel clubs own inventory at their resort. The number of travel clubs owning inventory at these resorts ranged from 1 travel club to 510 travel clubs with the data fairly well dispersed across the range.

Figure 19 **Travel Clubs** n=216



Mix of Units by Number of Bedrooms

The study sought to determine the size and composition of the resorts participating in the study. Table 4 shows the most frequently reported unit size was the 2-bedroom unit (43%), followed by the 1-bedroom unit (34%). Three-bedroom units comprised 13% of the inventory with studio units at only nine percent.

Table 4 **Mix of Units by Size** n=198

Unit Type	Number of Units	Percentage of Total Units
Studio	1253	9.2%
1-bedroom	4658	34.4%
2-bedroom	5844	43.1%
3 or more bedrooms	1795	13.2%

Figure 20 shows a comparison of unit size for resorts included in this study against resorts in the 2011 State of the Industry Study. Several differences were identified in composition of resorts between the two studies. While 2-bedroom units comprised 65% of the resorts reported in the 2011 State of the Industry Report, they were only 43.1% for this study. In contrast HOA controlled resorts had more studios, 1-bedroom and 3 or more bedroom units than resorts responding in the 2011 State of the Industry Report.

Figure 20 **Resort Composition Comparison**

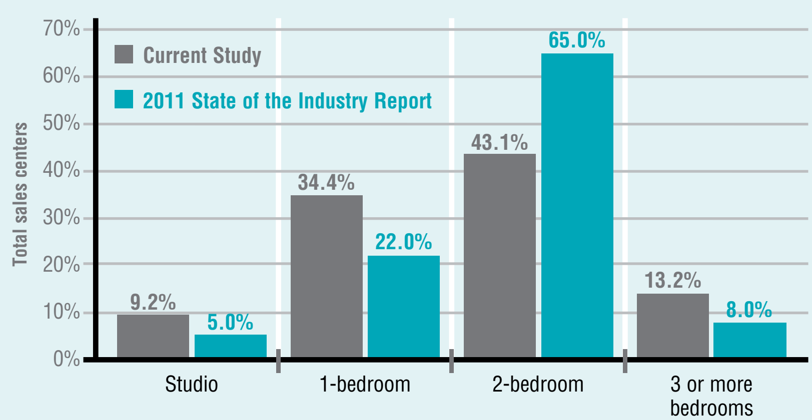
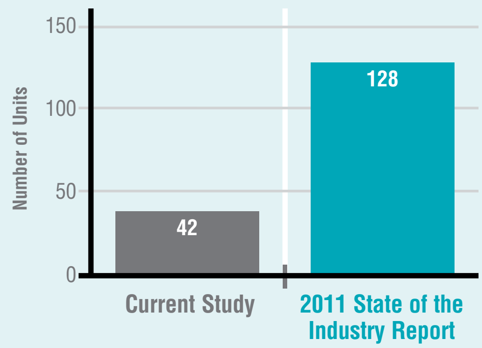


Figure 21 shows the average HOA controlled resort had 42 units. This is considerably smaller than the 128 unit average resort size reported by the 2011 State of the Industry Report.

Figure 21 **Average Resort Size** n=198



Unsold Inventory

Respondents to the survey were asked to indicate how many intervals were owned by owners of the resort, how many intervals were unsold, and how many intervals were owned by the HOA. Table 5 shows 98,099 intervals were unsold as of 31 December 2010. Of those unsold intervals, 11,375 unsold intervals were owned by the HOA.

Table 5 **Unsold Inventory** n=135

Unit Type	Intervals	Percentage of All Inventory	Percentage of Unsold Inventory
Unsold	98,099	23.0%	—
Unsold owned by HOA	11,375	2.7%	11.6%
Owned by owners (sold)	327,874	77.0%	—

IV. RESORT LEGAL STRUCTURE

Respondents to the study were asked to indicate the legal structures of the various timeshare interests for their resort. Table 6 shows the legal structures for resorts for which owners own interest in real estate. Approximately 69% of the resorts had deeded weeks. The next most common form of ownership was points (19.8%), followed by deeds held in trust (13%), condominium ownership (10.7%) and undivided interest (9%). Only a few resorts indicated an interest in a cooperative corporation[1] (1.1%), or a combination of deeded and right to use interest (3.4%).

Table 6 **Legal Structure of Timeshare Interests in Real Estate** n=177

Legal Structure of the Timeshare Interest	Number of Resorts	Percentage of Resorts
Deeded weeks	122	68.9%
Points	35	19.8%
Deeds held in trust	23	13.0%
Condominium	19	10.7%
Undivided interest (UDI)	16	9.0%
Both deeded and right to use	6	3.4%
Other	4	2.3%
Interest in a cooperative corporation	2	1.1%

Totals not equal to 100%, respondents could answer more than one category.

1 An association or corporation owned by individual consumers whose interest (often shares of stock) in the cooperative entitles them to use the timeshare accommodations that the coop owns.

Some resorts do not have intervals with a legal interest in real estate. Purchasers instead enter a contract conveying legal right to use the resort. Table 7 shows the number of resort products without real estate interest was considerably lower than the number of resorts with real estate interest intervals. The most common legal structure without real estate interest was membership (37.8%) followed closely by right to use (35.4%) and points (29.3%). Several resorts indicated a mixture of right to use and deeded interest. A few resorts indicated legal ownership of license and lease.

Table 7 **Legal Structure of Right-to-Use Timeshare Interest** n=82

Legal Structure	Number of Resorts	Percentage of Resorts
Membership	31	37.8%
Right to use	29	35.4%
Points	24	29.3%
Other, please specify	12	14.6%
Both deeded and right to use	11	13.4%
License	1	1.2%
Lease	1	1.2%

Totals not equal to 100%, respondents could answer more than one category.

Other Types of Intervals

Respondents to the study were asked to indicate if they had other types of intervals beyond the traditional weekly intervals and points. Table 8 shows 30% of the resorts participating in the study offered a biennial product. Less than two percent of the resorts offered a triennial product (1.9%). Table 8 shows the HOA controlled resorts responding to this study were slightly less likely to offer biennial membership than resorts in the 2011 State of the Industry Report.

Table 8 **Other Types of Intervals** n=103 (dual entries possible)

Interval Type	Number of Resorts	Percentage of Resorts	2011 State of the Industry Report
Biennials	31	30.1%	36%
Triennials	2	1.9%	—
Other	34	33.0%	—

Timeshare Occupancy Mix

Respondents were asked to indicate the occupancy mix for the resorts for the calendar year 2010. Table 9 demonstrates owners (41.1%) and exchange guests (24.2%) comprised approximately two thirds of the occupancy for resorts responding to the survey. Vacant units accounted for 21.6% of the occupancy, while renters made up 11.5% of the occupancy and only 1.5 % of the occupancy was attributed to marketing guests.

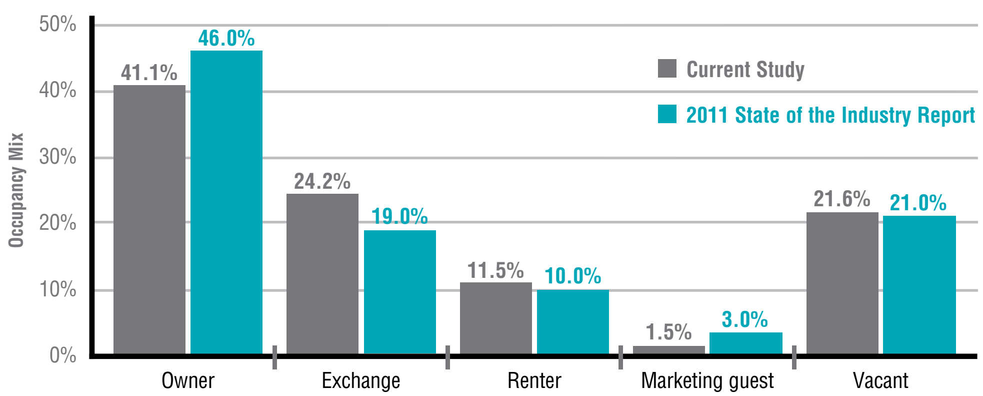
Table 9 **Timeshare Occupancy Mix** n=174

Type of Guest	Percentage
Owner	41.1%
Exchange	24.2%
Renter	11.5%
Marketing guest	1.5%
Vacant	21.6%

Totals not equal to 100% due to rounding.

Figure 22 shows the occupancy mix of the HOA controlled resorts was surprisingly similar to the occupancy mix for all resorts as captured in the 2011 State of the Industry Report.

Figure 22 **Timeshare Occupancy Mix Comparison**



Maintenance Fees

Respondents to the study were asked to indicate the average maintenance fee for studio units, 1-bedroom units, 2-bedroom units and 3 or more bedroom units. Figure 23 shows studio units averaged $489 in maintenance fees, 1-bedroom units averaged $590, 2-bedroom units averaged $683 and 3 or more bedroom units averaged $719 in maintenance fees. Table 10 shows the average maintenance fee across all units was $628.

Figure 23 **Average Maintenance Fee per Unit Size** n=184

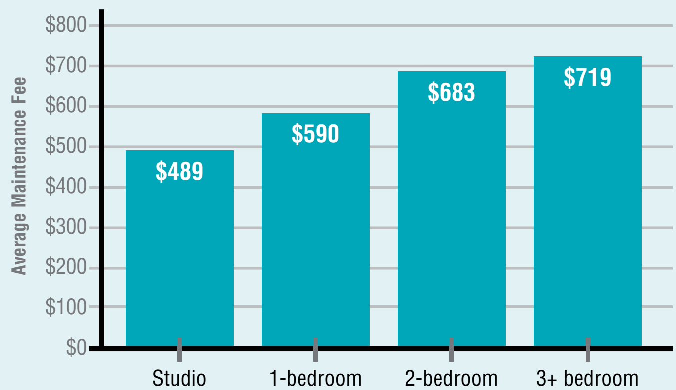


Table 10 reveals that maintenance fees for HOA Controlled resort units were lower than maintenance fees reported in the 2011 State of the Industry Report.

Table 10 **Comparison of Average Maintenance Fee per Unit Size**

Current Study		2011 State of the Industry Report	
Studio	$489	Studio	$588
1-bedroom	$590	1-bedroom	$619
2-bedroom	$683	2+ bedroom	$840
3+ bedroom	$719		
Overall	$628	Overall	$731

Comparing Maintenance Fees from Year to Year

Participants in the study were asked to compare their maintenance fees year to year and select from one of the following categories: maintenance fees were less than the previous year, maintenance fees stayed about the same as the previous year, maintenance fees increased at about the same rate as the previous year, maintenance fees increased slightly more than the same rate as the previous year, and maintenance fees increased significantly more than the same rate as the previous year.

One of the major concerns raised by the consumer markets has been over the increase in maintenance fees. Figure 24 shows however that for the majority of the HOA controlled resorts responding to this study that maintenance fees have either held steady or increased at the same rate as the previous years. The increases in maintenance fees were reported to be higher between years 2009 and 2008, and years 2008 and 2007 than the most recent year. Comparing maintenance fees for 2010 with 2009, only 22% of the resorts considered the maintenance fees to have increased either slightly (17%) or significantly (6%) more as compared to the two years previous for which 30% and 31% of the resorts reported increases of slightly or significantly more. The most apparent trend overall is the decrease of resorts reporting maintenance fees increased significantly more for the last three years, and the increase in the past year of resorts reporting maintenance fees remained the same as in the previous year. This seems to indicate that increases in maintenance fees are leveling off. The 2011 State of the Industry report indicated that across the board maintenance fees have increased an average of seven percent annually for the past five years.

Figure 24 **Comparison of Maintenance Fee (3 yr.)** n=164

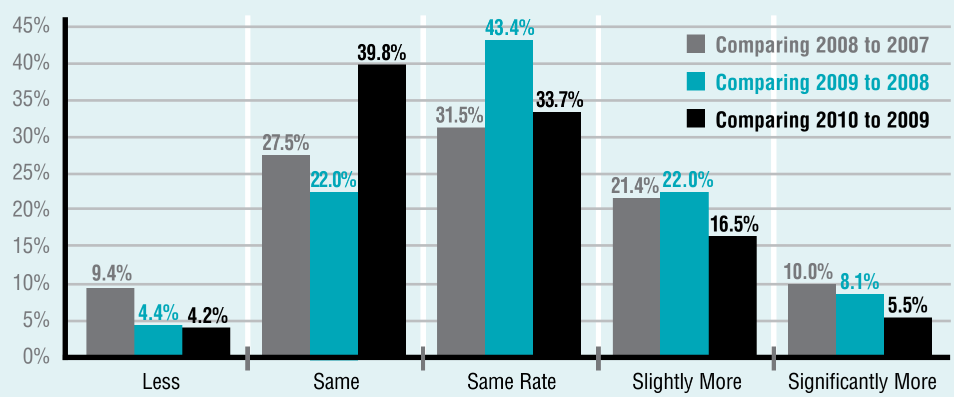


Figure 25 **Comparison of Maintenance Fee (2009–2010)** n=164

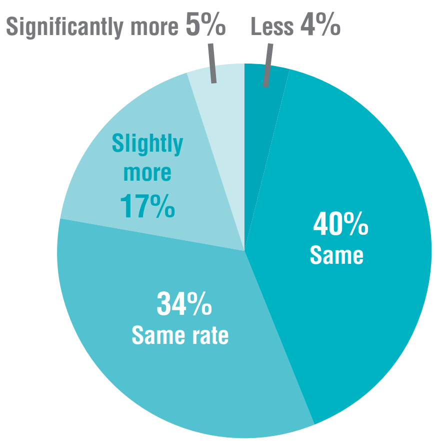


Figure 26 **Comparison of Maintenance Fee (2008–2009)** n=159

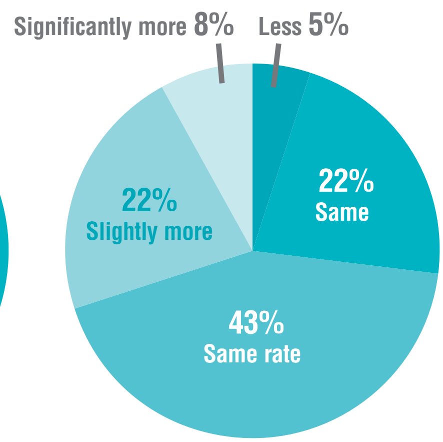
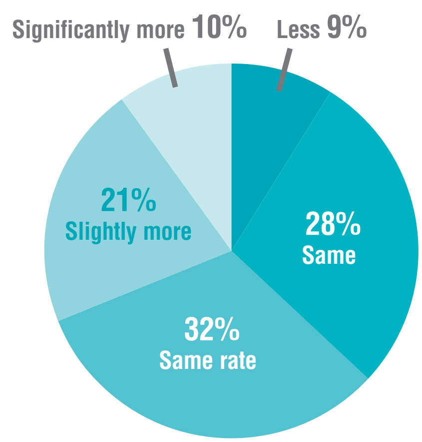


Figure 27 **Comparison of Maintenance Fee (2007–2008)** n=159



Maintenance Fee Delinquencies

Maintenance fee delinquencies for the HOA controlled resorts were much higher than for resorts overall as reported in the 2011 State of the Industry Report. Figure 28 shows 19% of maintenance fees for the HOA controlled resorts were 31 or more days delinquent. This compares to about 9% for resorts overall as reported in the 2011 State of the Industry Report (Figure 29). However less HOA controlled resorts (6%) reported delinquencies beyond 120 days than resorts overall (8%) as reported in the 2011 State of the Industry Report.

Figure 28 **Maintenance Fee Delinquencies** n=167

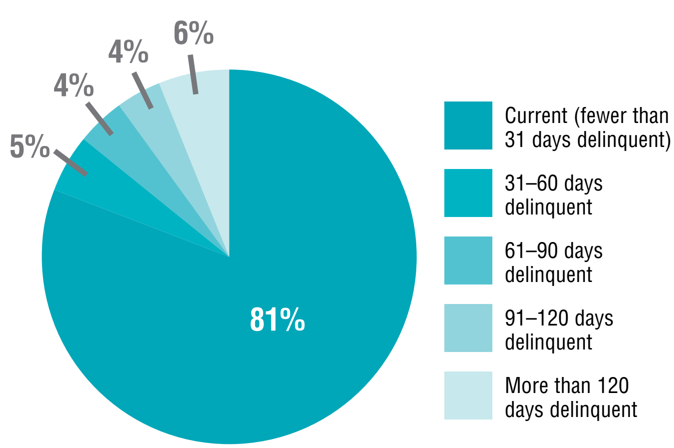


Figure 29 **Comparison of Maintenance Fee Delinquencies**

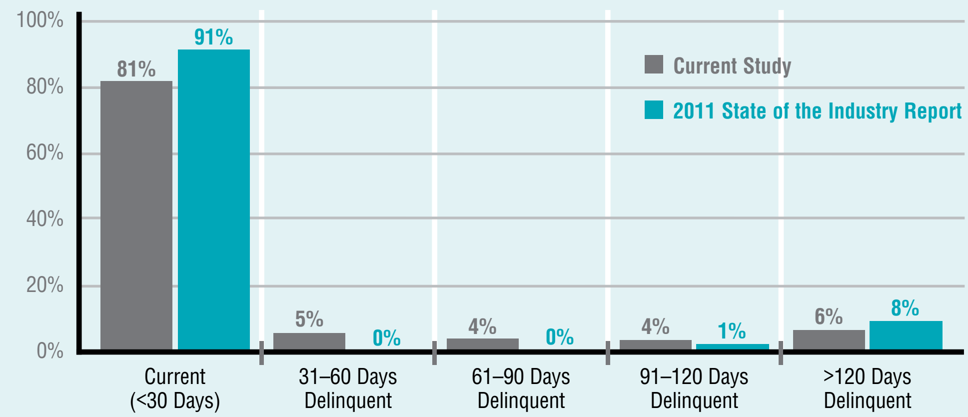
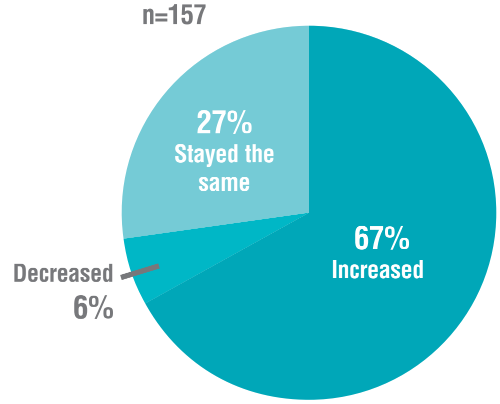


Figure 30 shows two thirds of the HOA controlled resorts participating in the study reported that maintenance fee delinquencies had increased over the last three years. Slightly more than a quarter (27%) of the resorts reported maintenance fee delinquency rates stayed the same, while six percent reported maintenance fee delinquency rates to have decreased across the last three years.

Figure 30 **Change in Maintenance Fee Delinquency Rates (3 years)**

n=157



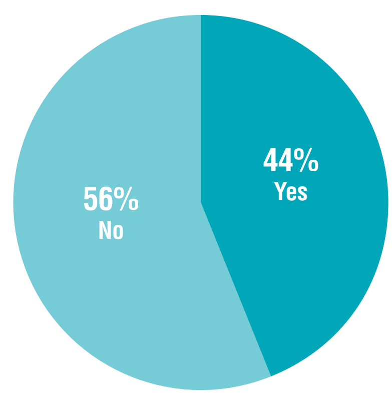
Foreclosures

The average number of maintenance fee foreclosures for HOA controlled resorts participating in the study was 42.5. Nearly a third of all HOA controlled resorts reported no maintenance fee foreclosures for the year 2010, with another sixth of the resorts reported less than 20 maintenance fee foreclosures in the year 2010.

Figure 31 shows when respondents were asked if there were intervals that should be in foreclosure but due to time and cost constraints had not been pursued, 44 percent reported yes, while 56 percent reported no. Of those resorts reporting that they had intervals that should be in foreclosure but due to time and cost restraints had not been pursued there was an average of 202 such intervals per resort. Several resorts reported more than a thousand intervals that should be in foreclosure, when these resorts are removed from the calculation; the average number of intervals that should be in foreclosure is reduced to 161 intervals per resort.

Figure 31 **Potential Foreclosures**

n=154



Cost to Foreclose an Assessment Lien

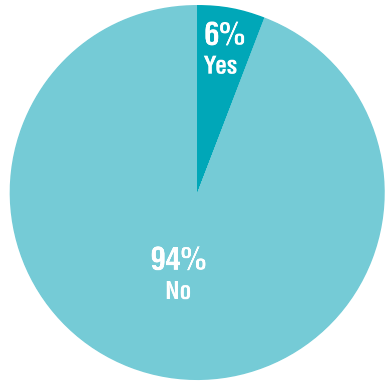
The average cost to foreclose an assessment lien was $919.75. However costs to foreclose an assessment lien varied widely. Table 11 shows the distribution of average costs to foreclose an assessment lien for respondents to the study. Most of the resorts reported costs associated with foreclosing an assessment lien to be $1,500 or less. One resort reported costs as high as $6,500.

Table 11 **Average Cost to Foreclose an Assessment Lien by State** n=122

State	Average Cost to Foreclose	N	Standard Deviation
Alabama	$350	1	.
Arizona	$836	6	340.887
Arkansas	$700	1	.
California	$1,227	25	928.744
Colorado	$150	2	212.132
Delaware	$850	1	.
Florida	$1,213	21	968.882
Georgia	$1,000	1	.
Hawaii	$524	7	240.255
Idaho	$1,700	1	.
Maine	$1,188	4	1222.957
Maryland	$350	1	.
Massachusetts	$870	5	488.109
Minnesota	$600	1	.
Mississippi	$350	3	377.492
Missouri	$800	2	70.711
Montana	$372	1	.
Nevada	$550	7	273.861
New Hampshire	$3,400	2	4384.062
New Jersey	$1,100	1	.
New Mexico	$1,000	1	.
New York	$450	1	.
North Carolina	$300	1	.
Oregon	$1,243	2	555.786
South Carolina	$516	11	423.124
Tennessee	$500	2	353.553
Texas	$135	1	.
Vermont	$1,500	1	.
Virginia	$400	2	565.685
Washington	$1,250	2	353.553
Wisconsin	$360	5	378.153
Total	$920	122	900.636

Note: Standard deviation is interpreted as the range of variance in cost to foreclose in a +/- manner. Standard deviation is a statistical measure of the amount by which a set of values differs from the arithmetical mean.

Figure 32 **Financial Support from Developer**
n=135



Developer Support

Figure 32 shows only a small portion (6%) of the HOA controlled resorts participating in the study reported receiving any financial support from the developer. Most of those reported that support from the developer had either decreased or stayed the same.

Revenue Sources for the HOA in 2010

Table 12 shows the revenue sources for the HOA in 2010. As expected, maintenance fees were by far the most important revenue source for the HOAs as, on average, 74.1% of the total resort revenue can be attributed to maintenance fees for 2010. Reserves accounted for 7.1% of the revenue, and unit rentals accounted for 5.4% of the revenue. Special assessments comprised 2.2% of the revenue for the HOA, with Recreation at 1.8%, Resale at 1.7%, and Laundry at 1.1% of the revenue. Food and Beverage, Housekeeping, Telecommunications, and Developer Subsidy were all less than one percent of the revenue. There were a few other isolated other sources of revenue which included categories such as bad debt recovery, leases for retail or food and beverage outlets, extra person charges, pet fees, and energy surcharge fees, with less than one percent of the revenue for each resort reporting.

Table 12 **Revenue Sources for the HOA in 2010** n=150

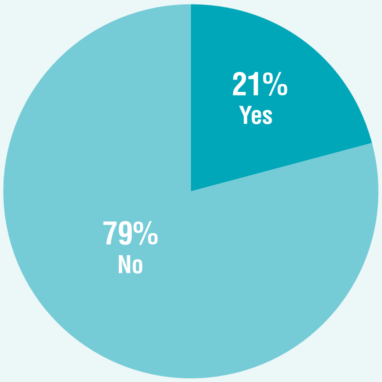
Income Sources	% of Income
Maintenance fees	74.1%
Reserve	7.1%
Unit rental	5.4%
Other*	3.8%
Special assessment	2.2%
Recreation use fee	1.8%
Resale	1.7%
Laundry	1.1%
Telecommunications	0.9%
Developer subsidy	0.8%
Housekeeping	0.7%
F&B	0.1%

* *Most resorts reported more than one category in other, generally yielding less than 1% per category.*

** *Results may not total 100% due to rounding.*

VI. RESERVE FUND

Figure 33 **Special Assessments in Last 3 Years**
n=172

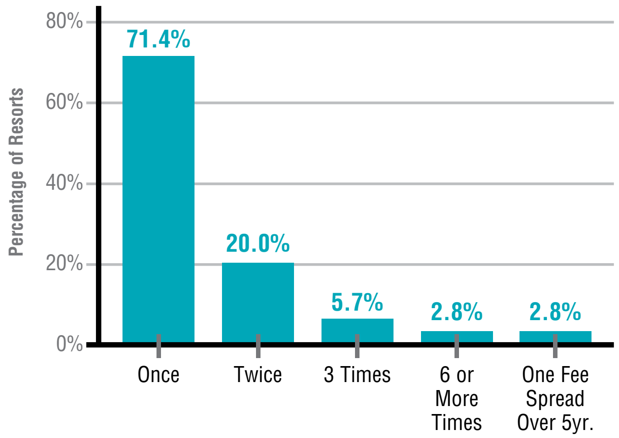


Special Assessments

Figure 33 shows only 21% of the HOA controlled resorts responding to the survey question indicated that a special assessment had been levied by the HOA in the last three years.

Figure 34 shows the number of special assessments that had been levied over the last three years. Of the 21% of resorts that reported levying a special assessment in the last three years, most (25 resorts) had only levied a special assessment once, with a few resorts having levied a special assessment twice (seven resorts) or three times (two resorts). One resort indicated a special assessment had been levied six or more times in the last three years, and one resort reported one special assessment spread out over five years.

Figure 34 **Frequency of Special Assessments** n=36

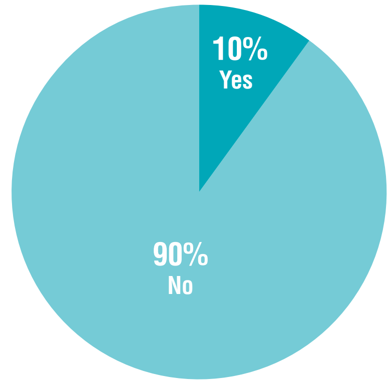


Of those resorts that had levied a special assessment, most of them (23 resorts) had done so for a planned refurbishment. Five resorts indicated the special assessment was needed due to an unanticipated or premature failure of capital assets. Another three resorts indicated the special assessment was needed due to a natural disaster, and three resorts indicated it was due to a planned expansion of the resort product or amenities. Only one resort each indicated that the special assessment was needed due to unanticipated expansion of the resort product or amenities, or an unanticipated refurbishment. A few resorts indicating “other” as the reason for the special assessment reported local governmental requirements such as a sewer upgrade or similar city mandated infrastructure upgrade. One resort reported a lawsuit to be the cause for a special assessment.

Figure 35 shows only ten percent of the HOA controlled resorts responding to the survey question indicated that a special assessment is planned for the next 12 months.

The majority (11 resorts) of those planning a special assessment reported that a planned refurbishment is the reason the assessment is necessary. A few resorts indicated that the special assessment is planned due to unanticipated or premature failure of capital assets (2 resorts); while only one resort each reported a special assessment is planned due to natural disaster, planned expansion of the resort product or amenities, or unanticipated refurbishment.

Figure 35 **Special Assessments Planned in the Next 12 Months**
n=167



Reserve Fund

Figure 36 shows almost all (94%, 165 resorts) of the HOA controlled resorts responding to the survey question indicated the HOA had a reserve fund. The average reserve fund balance at the end of 2010 was $1,020,745. However there were several resorts whose reserve funds were significantly larger than most of the other resorts. When the data for these resorts was removed, the average reserve fund at the end of 2010 was $676,345. The average reserve fund expenditures for the year 2010 were $471,372.

Figure 36 **Availability of Reserve Fund**
n=176

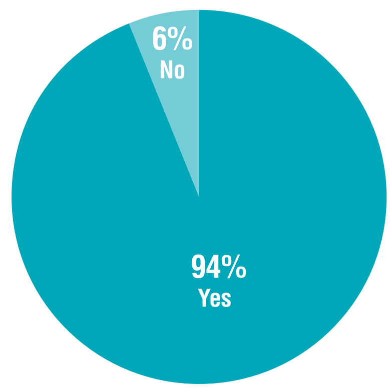


Figure 37 shows almost a quarter of the HOA controlled resorts responding to the survey question indicated that the reserve fund expenditures for 2010 were higher than budgeted.

Figure 37 **Comparison of Reserve Fund Expenditures and Budget**
n=152

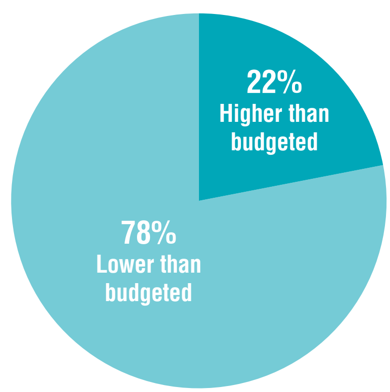
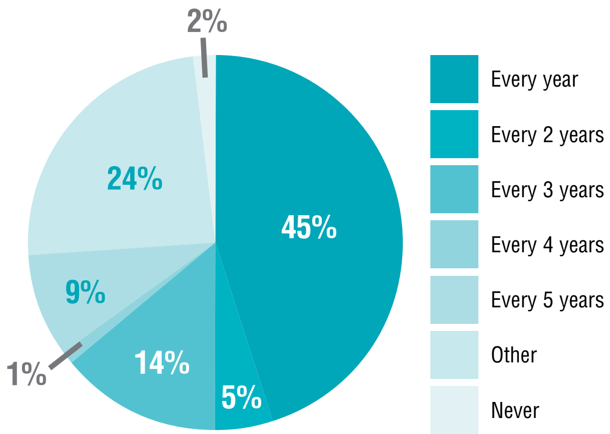


Figure 38 **Frequency of Reserve Fund Studies**
n=141



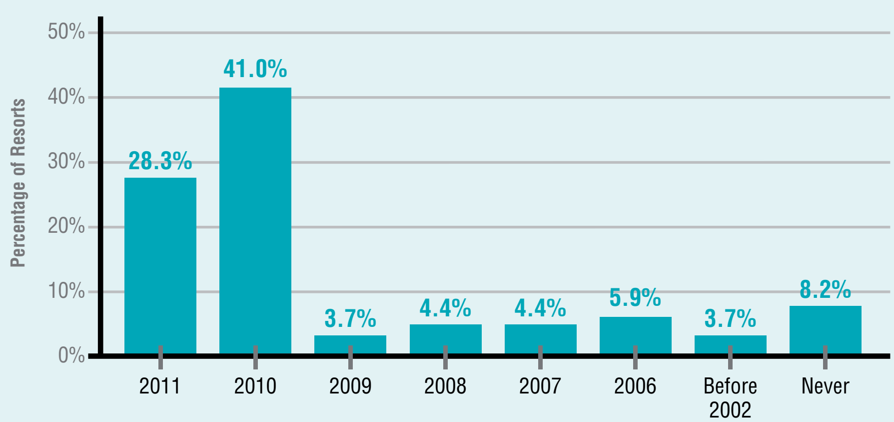
Reserve Fund Study

A reserve fund study is defined as a comprehensive plan that predicts when various capital items are expected to wear out and estimates the funds set aside for replacement. Almost two thirds of all resorts participating in the study indicated that a reserve fund study is conducted on a regular basis.

Figure 38 shows how often reserve fund studies are conducted. The most frequent cycle for reserve study completion was every year (45%) with every three years (14%) as the second most frequent time cycle for conducting a reserve study. The third most frequent time cycle was every 5 years (9%) followed by every 2 years (5%). A few resorts reported conducting a reserve study every 4 years (1%) and a few (2%) admitted to having never conducted a reserve study. A couple of resorts indicated that reserve studies while done frequently were not on regular schedule but conducted when the HOA board indicates a reserve study is needed.

Resorts were asked to indicate when the resort conducted the most recent reserve study. Figure 39 shows most of the resorts (69.4%) reported a reserve study had been conducted either in the current year (2011) or the previous year (2010). About a half dozen resorts indicated the most recent reserve study had been conducted in the years 2006-2009. A few resorts (5 resorts) indicated the most recent study was conducted before 2002, and 11 resorts indicated that a reserve study had never been conducted.

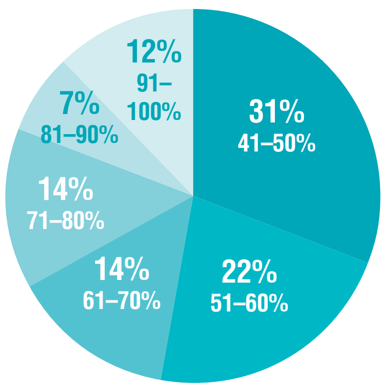
Figure 39 **Most Recent Reserve Study** n=134



Percentage of Maintenance Fees Contributed to the Reserve Fund

Respondents to the study were asked what percentage of the maintenance fee was contributed to the reserve fund in 2010. On average 13.2% of the maintenance fees were contributed to the reserve fund in 2010.

Figure 40 **Percentage of Reserve Funds on Hand**
n=145

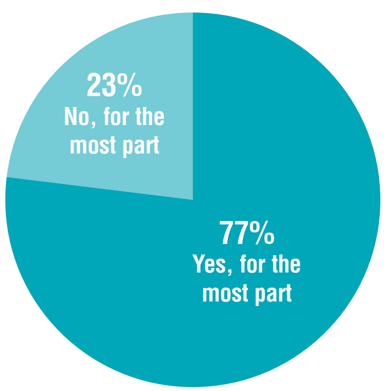


Percentage of Reserve Funds on Hand

Respondents were asked to report the estimated reserve funds on hand as a percentage of estimated total reserve funding at the end of 2010. Estimated total reserve funding is defined as the amount that would be necessary to completely replace all items contained in the reserve study to the extent an amount or portion thereof should have been set aside for the item as of a certain date, for example- if the reserve study stated the roof would cost $50,000 to replace and it was at 1/2 its estimated useful life, the reserve should contain 50% of the costs of roof replacement, $25,000 at the certain date.

Figure 40 shows 31% of the respondents had 41 to 50% of their reserve funds on hand for 2010; 36% had between 51 to 70% of their reserve funds on hand; 21% had 71 to 90% of their funds available; and 12% retained 91 to 100% of their allocated funds.

Figure 41 **Refurbishment Schedule**
n=132



Respondents were asked if they had been able to refurbish according to schedule. Figure 41 shows more than three fourths (77%) indicated: “Yes, for the most part,” while only 23% indicated that “No, for the most part,” they had not been able to refurbish according to schedule.

VI. RENTAL

Respondents were asked to indicate if the resort had a rental program to help owners or the HOA. Table 13 shows 60% of all the resorts in the study reported having a rental program for the HOA. Fifty-four percent indicated the HOA had a rental program to help owners.

Table 13 **Rental Program** n=157

	YES		NO	
	Number of Resorts	Percentage of Resorts Overall	Number of Resorts	Percentage of Resorts Overall
Owners	117	54%	101	46%
HOA	130	60%	88	40%

Figure 42 **Rental Program Management** n=157

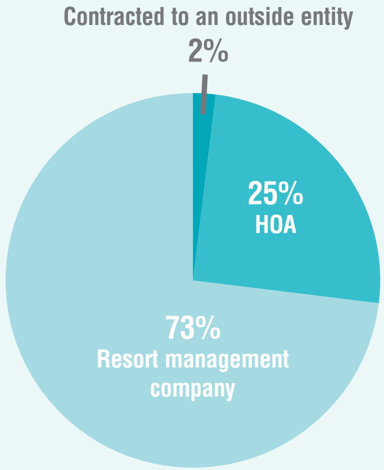
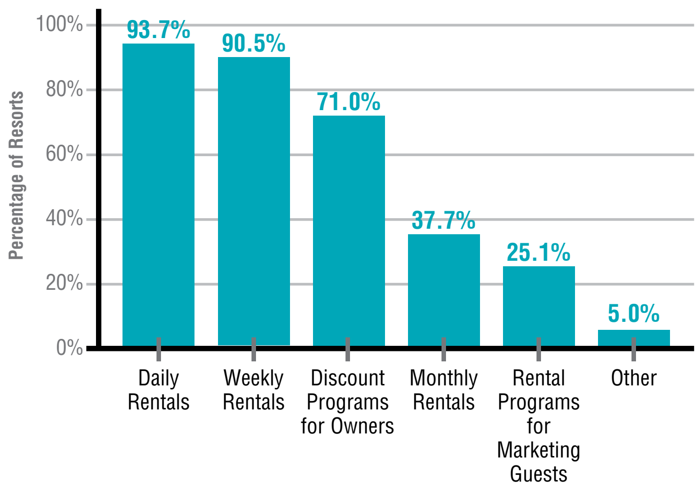


Figure 42 shows almost three quarters (73%) of the HOA controlled resorts responding to the question: who manages the HOA's rental program indicated that the resort management company managed the HOA's rental program. Another quarter of the respondents reported that the HOA self-managed its rental program with two percent of the resorts reporting that the HOA's rental program was contracted to an outside entity.

Figure 43 **Types of Rental Programs** n=159



Resorts reported having various types of rental programs. Figure 43 shows daily rental and weekly rental programs are the preferred rental mechanism. This is followed by the use of discount program for owners (71%) which is followed by monthly rental programs (37.7%), rental programs for marketing guests (25.1%), and other programs (5.03%) such as group sales, golf packages, web discounts, and minimum three night rentals.

Table 14 compares rental programs for the HOA controlled resorts responding to this study with rental programs reported in the 2011 State of the Industry Report. The comparison shows general agreement in the types of rental programs deployed with the exception being the availability of rental programs for marketing guests. Given that this HOA study did not include resorts affiliated with multinational hotel companies this finding can be expected. Most large multinational hotel companies are in active sales of timeshare and vacation ownership product, as such they would be more likely to utilize rentals for marketing guests than the HOA controlled resorts participating in this study.

Table 14 **Comparison of Rental Programs** n=159

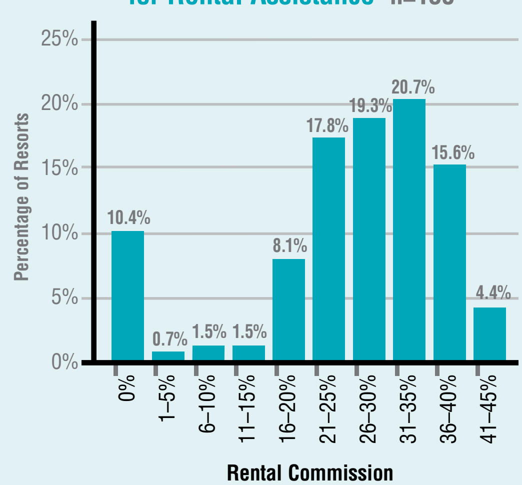
Type of Rental	Number of Resorts	Percentage of Resorts	2011 State of the Industry Report
Daily rentals	149	93.7%	95%
Weekly rentals	144	90.5%	92%
Monthly rentals	60	37.7%	45%
Rental programs for marketing guests	40	25.1%	58%
Discount programs for owners	113	71.1%	—
Other	8	5.0%	13%

Totals not equal to 100%, respondents could answer more than one category.

The average total number of nights rented for 2010 was 5,889. The average total rental revenue per resort was $532,190. The average rental revenue per unit per night was $90. This compares with an average rental price per unit of $156 as reported in the 2011 State of the Industry Report.

Figure 44 shows the distribution of rental commission rates paid by owners to the HOA for rental assistance. The average commission rate paid by owners for rental was 28%. HOAs were paid anywhere from no commission rate (9 resorts) to commissions of 45%.

Figure 44 **Commission Rate Paid for Rental Assistance** n=135



VII. RESALE

Respondents were asked to indicate if the resort had a resale program to help owners or the HOA. Figure 45 shows 44% of all the resorts in the study reported having a resale program for the HOA. Twenty eight percent indicated the HOA had a resale program to help owners.

Figure 45 **Presence of Resale Program** n=161

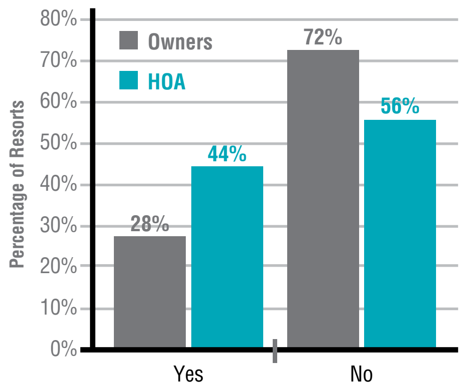
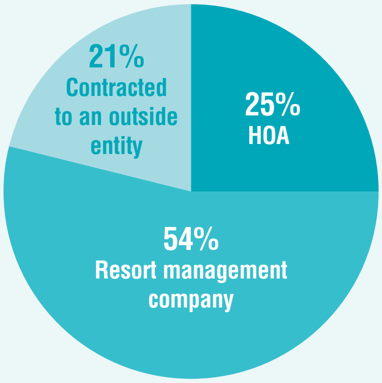


Figure 46 **Management of Resale Program** n=107



Respondents were asked the question: who manages the HOA's resale program? Figure 46 shows over half (54%) of the resorts which indicated they had a resale program reporting that the resort management company managed the resale program. Twenty five percent indicated the resale program is managed by the HOA and 21% of the resorts contracted resale to an outside entity.

Resale Channels

Resorts utilized various channels to resell intervals. Table 15 shows the most frequently used channel was the resort's own website with 49% of the resorts who indicated having a resale program. Licensed real estate brokers were another frequently used channel for selling resale intervals with 29% of the resorts utilizing an onsite licensed real estate broker affiliated with the resort, eighteen percent utilized an off-site licensed real estate broker who specializes in timeshare and is affiliated with the resort, and 12% use a licensed real estate broker that specializes in timeshare but is not affiliated with the resort. Other frequently used channels for resale were: a website that specializes in advertising timeshares for sale or rent but is not a licensed broker (20%), a classified ad in a printed timeshare periodical, such as a catalogue or magazine (12%), a classified ad in a traditional printed periodical, such as a newspaper or magazine(11%), a general advertising or auction website that does not specialize in timeshare, such as Craig's list or eBay (9%), and email blasts (9%: reported under "other"). A few resorts reported using an offline timeshare resale listing company (3%), a full service online licensed real estate brokerage that specializes in timeshare (1%), and/or a licensed real estate broker who does not specialize in timeshare (1%). A few resorts who reported "other" also indicated a resale process aimed towards existing owners with newsletters, lists mailed to current owners, and reload efforts to owners on property.

Table 15 **Channels to Promote Resale** n=124

Channel	Number of Resorts	Percentage of Resorts with Resale Programs
The resort's own website	78	49%
An onsite licensed real estate broker who is affiliated with your resort (HOA)	46	29%
A website that specializes in advertising timeshares for sale or rent (not a licensed broker)	31	20%
An offsite licensed real estate broker who specializes in timeshare and is affiliated with your resort (HOA)	28	18%
A licensed real estate broker that specializes in timeshare but is independent from your resort	19	12%
A classified ad in a printed timeshare periodical, such as a catalogue or magazine	19	12%
Other	19	12%
A classified ad in a traditional printed periodical, such as a newspaper or magazine	17	11%
A general advertising or auction website that does not specialize in timeshare, such as Craig's list or eBay	14	9%
An offline timeshare resale listing company	5	3%
A full service online licensed real estate brokerage that specializes in timeshare	1	1%
A licensed real estate broker who does not specialize in timeshare	1	1%

Totals not equal to 100%, respondents could answer more than one category.

Average Resale Price

Average resale prices varied by resort. Figures 47-50 show the distribution of resale prices for each unit size. An average resale price for each unit size was calculated, excluding outliers. There were a few resorts reporting much higher than average resale prices, some at 40 to 50 times higher. In this study, the resale prices for these resorts were not reflective of other resorts' resale pricing. These resale prices were excluded from the calculations. The average resale price for a studio unit was $1,626.59 per interval, with a 1-bedroom unit resale price of $2,697.65 per interval, a 2-bedroom unit resale price of $3,504.78 per interval, and a 3 or more bedroom unit resale price of $6,487.55 per interval (Table 16).

Figure 47 **Average Resale Price: Studio** n=52

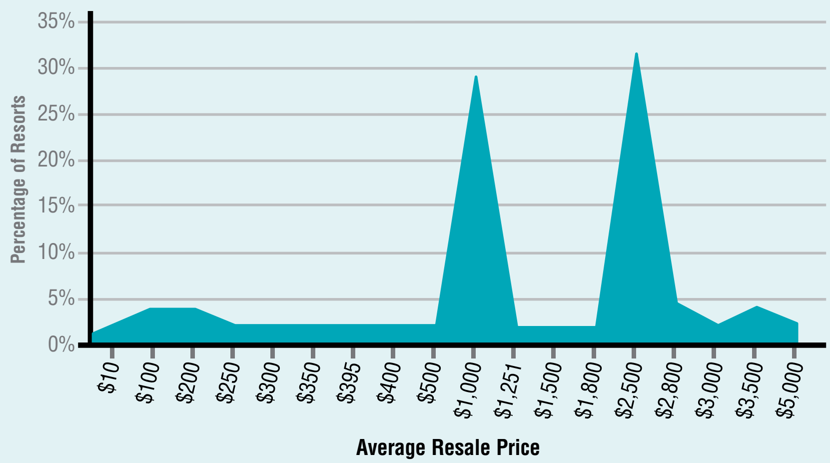


Figure 48 **Average Resale Price: 1-Bedroom** n=79

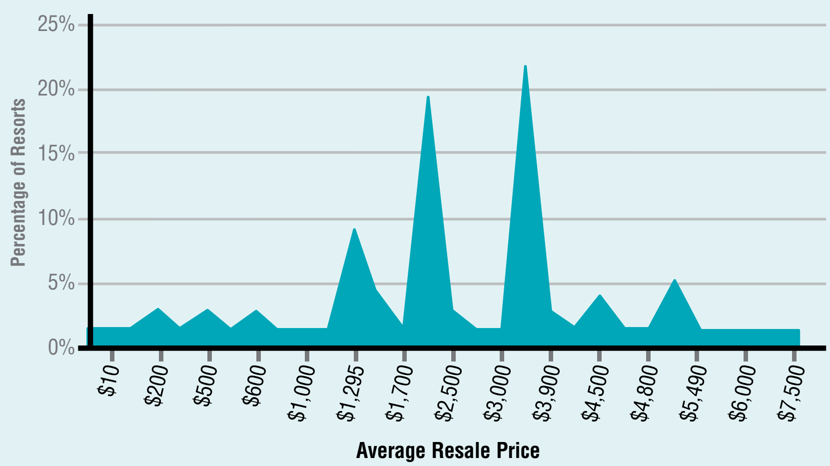


Figure 49 **Average Resale Price: 2-Bedroom** n=81

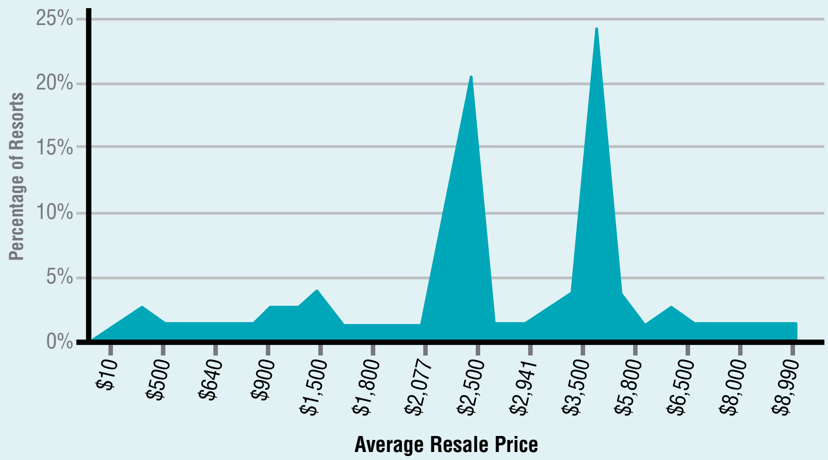


Figure 50 **Average Resale Price: 3 or More Bedroom** n=31

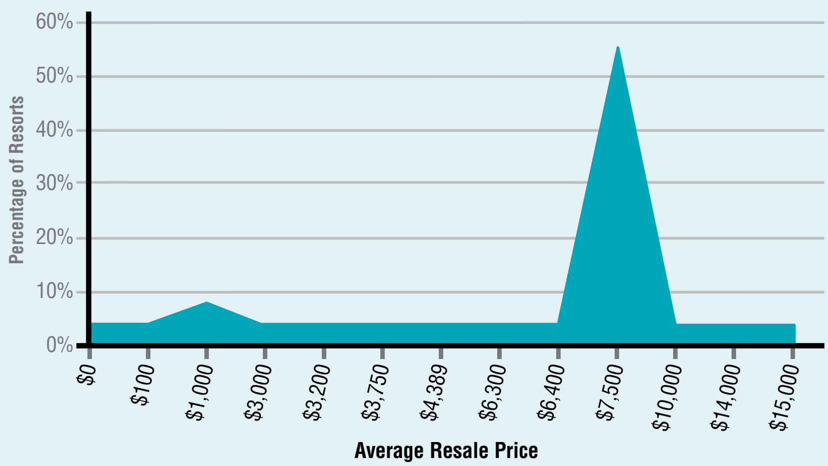


Table 16 **Average Resale Prices**
n=102

Unit Size	Average Resale Price
Studio	$1,626.59
1-bedroom	$2,697.65
2-bedroom	$3,504.78
3+ bedroom	$6,487.55

IX. EXCHANGE

Respondents were asked if the resort had an affiliation agreement or a service contract with an exchange company. Figure 51 shows almost all the resorts (98%) indicated having an affiliation agreement or a service contract with an exchange company.

Figure 51 **Affiliation Agreements**
n=172

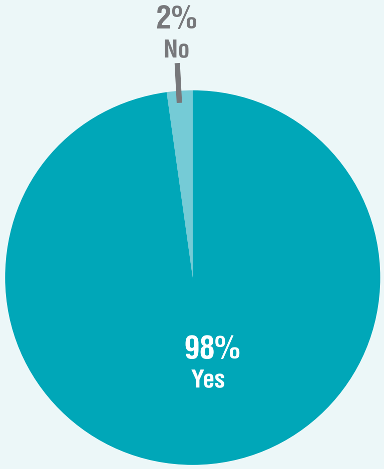
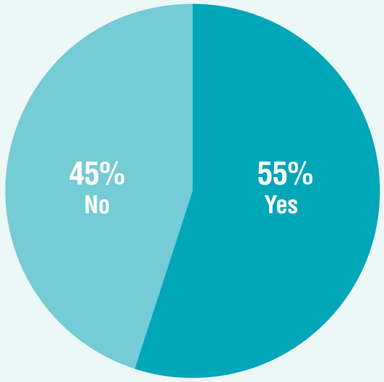


Figure 52 **Internal Exchange Program Participation**
n=170



Over half of the resorts (55%) indicated participating in an internal exchange program (Figure 52). While this may seem to simply reflect the distribution of single or small multi-site resorts participating in the study, a closer examination of the data determined that single site resorts and resort companies with three or less resorts were just as likely to participate in an internal exchange company as resorts affiliated with companies with four or more resorts.

X. SUMMARY OF FINDINGS

The data in this study represents a snapshot of HOA controlled timeshare and vacation ownership resorts. The data was collected for the year 2010 only. As a result, the study cannot predict trends or determine patterns across time. Nevertheless, the data can be used as a catalyst for further inquiry.

There are several sections of the report that suggest further investigation is needed. First, the number of maintenance fee foreclosures requires tracking to determine volatility related to the economy or other factors. Maintenance fee delinquencies are also high enough to warrant further investigation due to similar external influences.

Second, and of similar concern, is that the number of intervals that were vacant for the year 2010 is higher than reported for all resorts in the State of the Industry Reports across the past 5 years. This may suggest that HOA controlled resorts have owners who are presented with challenges in meeting maintenance fee obligations. As can be expected these intervals are not used or are vacant. On a similar note the number of intervals that are owned by rescue, relief and postcard companies warrants additional inquiry.

Third, resorts can utilize vacant or unused intervals through rental programs. Despite the high maintenance fee delinquency rate, and the high rate of need for foreclosure, only sixty percent of the HOA controlled resorts indicated a rental program to help rent intervals owned by the HOA and even less, 54%, indicated a rental program to help owners. Resale assistance is even lower than rental assistance. Only 44% of the HOA controlled resorts reported having a resale program to help owners with only about one in four(28%) of the HOA controlled resorts reported having a resale program to help owners.

Fourth, on the surface the data suggests that the HOA controlled resorts have owners who are no longer using their intervals, and are not current in maintenance fee payments. This would suggest a need for increased rental and resale assistance to help utilize the intervals and to keep maintenance fee payments current. Resale prices for intervals owned by the HOAs are well below the market pricing for new intervals, again suggesting a need for assistance to the HOA and owners with the resale process.

Fifth, resort participation in external exchange programs was very high (98%). Resorts experienced a healthy exchange process with exchange guests accounting for 24% of the occupancy. These numbers suggest that the delinquency, rental and resale problems are not related to a lack of exchange capabilities. It is important to note that this data does not lend information as to owner understanding of exchange, and so it is possible that further owner education of exchange opportunities could be explored.

Sixth, the data that summarizes metrics for resort operations suggest that resort operations as a whole for HOA controlled resorts are in fairly good shape. Contrary to complaints from the consumers, maintenance fee increases have not been reported as significant for most of the resorts. Examination of the data does show that resorts reported higher maintenance fee increases several years ago. However these increases have flattened in the past year. Maintenance fees for HOA controlled resorts compare well to all resorts as reported in the 2011 State of the Industry Report. Very few resorts have had to issue special assessments, or plan to in the near future. The reserve funding that remains on hand for this group of HOA controlled resorts does imply sound fiduciary practices as referenced by 69% of the resorts reporting that they had 51% or more of such funds available.

Lastly, consumers experience lifecycle changes across time, affecting vacation patterns and processes. Resorts also experience product cycle changes across time. Many financial markets have experienced downturns in recent years. These factors combined can occasionally result in an owner who no longer values the vacation interval. Resorts can engage in reeducation processes to help owners find value despite changes to personal life and resort product cycles. For owners in financial distress, resorts need to take a proactive stance on rental and resale assistance for the owners to alleviate delinquencies and foreclosures. The data from this study suggests that there is a need for assistance to HOAs with both the rental and the resale process, and with reserve studies.

XI. TABLES AND FIGURES

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XII. APPENDIX A *Participating States in this Study*

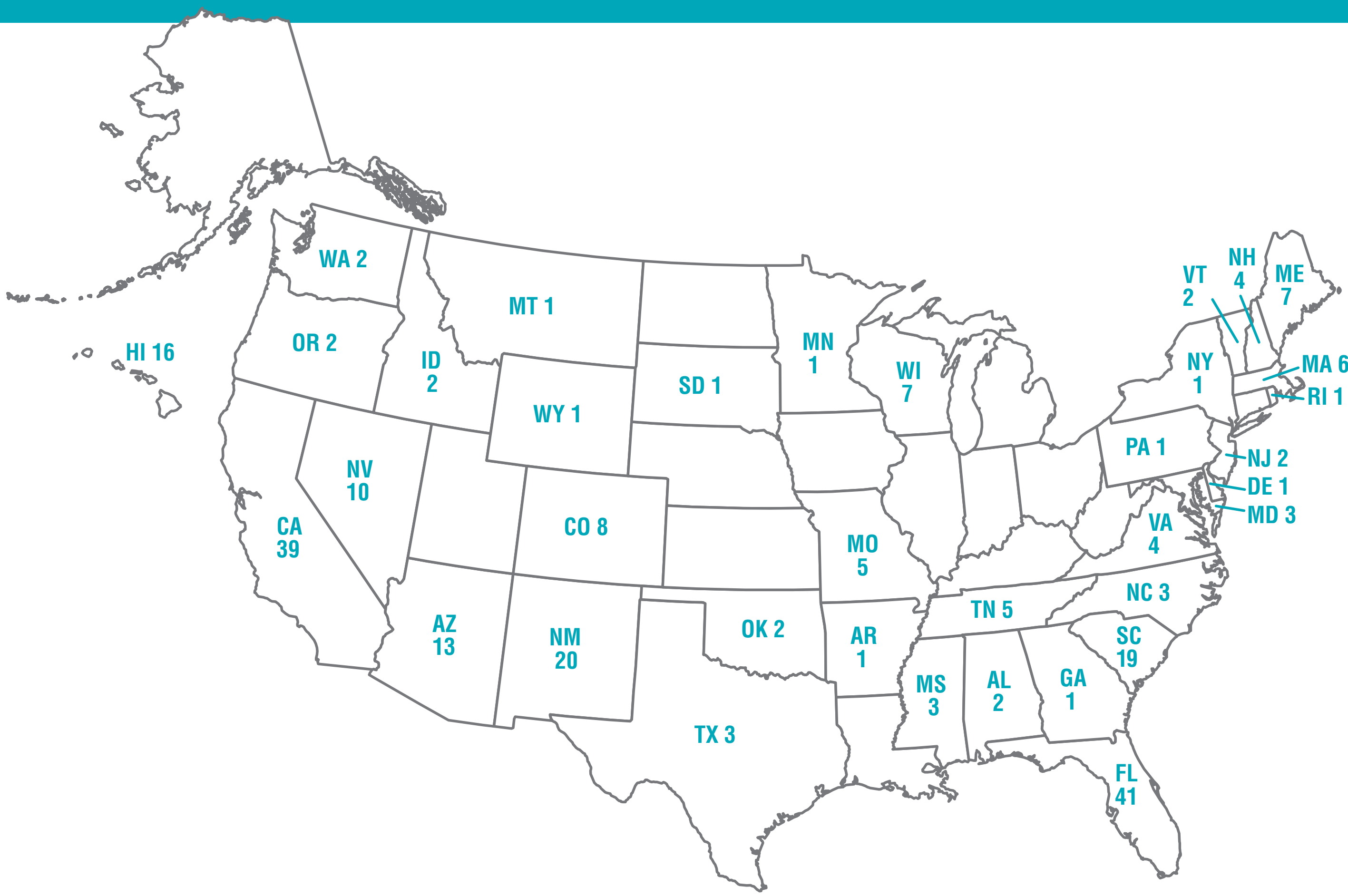

Table 17 **Participating States in this Study** n=218

State	Resorts	State	Resorts	State	Resorts
AL	2	MD	3	OR	2
AZ	13	MA	6	PA	1
AR	1	MN	1	RI	1
CA	39	MS	3	SC	19
CO	8	MO	5	TN	5
DE	1	MT	1	TX	3
FL	41	NV	10	VT	2
GA	1	NH	4	VA	4
HI	16	NJ	2	WA	2
ID	2	NY	1	WI	7
ME	7	NC	3	WY	1

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Please be assured that the information collected through this survey will be kept confidential. Published results will NOT identify individual resorts or respondents. For the purposes of this study Condominium Owners Associations (COAs), Property Owners Associations (POAs) and Home Owners Associations (HOAs) are synonymous. If you have a POA or a COA please answer the questions regarding HOAs as if they were one and the same.

Please provide your relevant contact information below:

Name ____________________

Title ____________________

Address ____________________

City, State ____________________

☐ I do not reside in the United States Country____________________

Email____________________ Phone ____________________

Is the resort controlled by:

- ☐ HOA (s)
- ☐ Developer

What is (was) the name of the timeshare resort development company?

____

Who manages the timeshare resort's day-to-day operation?

- ☐ Self-managed by HOA(s)
- ☐ Managed by a management company that is affiliated with the resort developer
- ☐ Managed by a third party management company

What is the name of the management company?

____

How many timeshare resorts does the management company currently manage?

- ☐ 1–5
- ☐ 6–10
- ☐ 11–50
- ☐ More than 50
- ☐ Not sure

Does the resort have a Home Owners Association?

☐ Yes ☐ No

Is there more than one HOA on the property?

☐ Yes ☐ No

How many HOAs are there on property?

- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5
- ☐ more than 5

What is the name of the HOA?

____

____

What are the names of the HOAs? (use comma to separate HOAs)

____

____

____

At what development stage is the timeshare resort currently?

- ☐ Presales (the resort is not yet open)
- ☐ In active sales (or sales of intervals by the developer or development company)
- ☐ Sold out
- ☐ Sold out, but still has a few resales or other sales
- ☐ Closed
- ☐ Other, please specify ____________________

Who is actively marketing and selling the intervals or vacation product?

- ☐ Developer
- ☐ HOA(s)
- ☐ Other, please specify ____________________

At what percent of sell out did the HOA(s) gain control of the resort?

____

How many members comprise the HOA's Board of Directors?

____

How are the HOA Board members chosen to serve?

- ☐ All elected by the timeshare owners of the resort
- ☐ All appointed by the developer
- ☐ Some elected by the owners/some appointed by the developer
- ☐ Other, please specify ____________________

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How long is the term of an HOA board member? (select all that apply)

- ☐ 1 year
- ☐ 2 years
- ☐ 3 years
- ☐ 4 years
- ☐ 5 years
- ☐ 6 or more years

Is there a term limit?

☐ Yes ☐ No

How many board meetings are held each year?

____

Are the board meetings conducted by any of the following methods? (select all that apply)

- ☐ Telephone
- ☐ Internet or an online meeting
- ☐ Meeting in person
- ☐ Other, please specify ____________________

Does the HOA(s) reimburse HOA(s) Board members for expenses incurred in the course of their association duties, such as attending meetings?

☐ Yes ☐ No

Other than reimbursement for the expenses occurred in the course of association duties, does the HOA(s) pay or otherwise compensate HOA(s) Board members?

☐ Yes ☐ No

What type of compensation package is offered to the HOA(s) Board members? (select all that apply)

- ☐ Salary
- ☐ Honorarium
- ☐ Bonus
- ☐ Other, please specify ____________________

Does the HOA(s) have an annual audit of its financial statements by an outside CPA firm?

☐ Yes ☐ No

Other than individual timeshare owners, the HOA(s) and the developer, do any of the following entities own timeshare inventory at the resort? If so, how many of each entity own timeshare inventory at the resort?

☐ Timeshare clubs ______________________________

☐ Travel clubs (provide members with services, discounts or other benefits, usually for three years or less, on the use or purchase of transportation, accommodations (that may include timeshare units) or other services related to travel. Generally, such clubs do not actually own any accommodations but may lease them on a short-term or as needed basis)

____

☐ Rescue, relief, postcard type companies (companies that, for an up-front fee, offer to transfer ownership of one or more timeshare interests from a current owner to that company or another person)

____

☐ Other, please specify, and include how many

____

Number of timeshare units by size as of December 31, 2010.

	Count lock offs as one unit	Count lock offs as separate units
Studios	__________	__________
One-bedroom	__________	__________
Two-bedroom	__________	__________
Three-bedroom +	__________	__________

Points based resorts may calculate weeks unsold on an implied interval week conversion factor based on internal measures or values assigned by a points program provider. Please count biennial sales as 1/2 of a week and triennial sales as 1/3 of a week.

What was the total number of weekly equivalent intervals owned by owners at your resort as of December 31, 2010?

____

What was the total number of weekly equivalent intervals which were unsold as of December 31, 2010? (Please do not include foreclosed weeks as unsold inventories)

____

What was the total number of unsold weekly equivalent intervals which were owned by the HOA(s) as of December 31, 2010? (Please do not include foreclosed weeks as unsold inventories)

____

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If your resort's owners own interests in real estate, check below all that best describe the legal structure of their timeshare interests:

- ☐ Undivided interest (UDI)
- ☐ Deeded weeks
- ☐ Points
- ☐ Deeds held in trust
- ☐ Condominium
- ☐ Interest in a cooperative corporation (an association or corporation owned by individual consumers whose interest (often shares of stock) in the cooperative entitles them to use the timeshare accommodations that the coop owns)
- ☐ Both deeded and right-to-use owners
- ☐ Other, please specify ____________________

If your resort's owners do NOT own any interest in real estate (your product can best be defined as "right-to-use"), check below all that best describe the legal structure of their timeshare interests:

- ☐ Points
- ☐ Right to use
- ☐ Membership
- ☐ License
- ☐ Lease
- ☐ Both deeded and right-to-use owners
- ☐ Other, please specify ____________________

Which of the following special types of intervals does this timeshare resort have currently?
(select all that apply)

- ☐ Biennials
- ☐ Triennials
- ☐ Other, please specify ____________________

Timeshare occupancy mix by type for 2010

Please report based on physical occupancy, meaning actual guest or owner check-in occurred. Calculate percentages using weekly equivalent timeshare intervals as the denominator. This corresponds to all units with certificates of occupancy, whether intervals are sold or unsold. Answers must total 100%.

______ Owner or owner's guest
______ Exchange guest
______ Renter
______ Marketing guest
______ Vacant

What were the annual Maintenance Fees billed per unit per interval in 2010 including contributions to reserves but excluding special assessments and real property taxes (in $)**?**

__________ Studios ________ One-bedroom
__________ Two-bedroom ________ Three-bedroom +

How do the Maintenance Fees compare to Maintenance Fees in previous years?

Comparing 2010 to 2009

Maintenance Fees
- ☐ Were less
- ☐ Stayed about the same
- ☐ Increased at about the same rate
- ☐ Increased slightly more
- ☐ Increased significantly more

Comparing 2009 to 2008

Maintenance Fees
- ☐ Were less
- ☐ Stayed about the same
- ☐ Increased at about the same rate
- ☐ Increased slightly more
- ☐ Increased significantly more

Comparing 2008 to 2007

Maintenance Fees
- ☐ Were less
- ☐ Stayed about the same
- ☐ Increased at about the same rate
- ☐ Increased slightly more
- ☐ Increased significantly more

As of 31 December 2010, what percent of your total billed Maintenance Fees were in each of the following categories. Please do not include Maintenance Fees billed for 2011.
Total should equal 100%

______ Current (fewer than 30 days delinquent)
______ 31–60 days delinquent
______ 61–90 days delinquent
______ 91–120 days delinquent
______ 121+ days delinquent

How has the Maintenance Fee delinquency rate changed in the last 3 years?

- ☐ Increased
- ☐ Decreased
- ☐ Remained the same

How many Maintenance Fee (assessment lien) foreclosures were completed by the HOA(s) in 2010?

____

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Are there intervals that should be in foreclosure but due to time and cost constraints foreclosures have not been pursued?

☐ Yes ☐ No

How many intervals should be in foreclosure but due to time and cost constraints have not been pursued?

____

What was the average cost to foreclose an assessment lien in 2010 (in $)**?**

____

How many timeshare mortgage foreclosures were completed by the HOA(s) in 2010?

____

Were there any special assessments levied by the HOA(s) in the last 3 years?

☐ Yes ☐ No

How many times in the last 3 years were special assessments levied by the HOA(s)?

☐ Once
☐ Twice
☐ 3 times
☐ 4 times
☐ 5 times
☐ More than 5 times, please specify: ________________________

Why was the special assessment(s) necessary?
(select all that apply)

☐ Natural disaster (such as a hurricane, a flood, etc...)
☐ Unanticipated expansion of resort product or amenities
☐ Planned expansion of resort product or amenities
☐ Unanticipated or premature failure of capital assets (NOT related to natural disaster)
☐ Unanticipated refurbishment (NOT related to natural disaster)
☐ Planned refurbishment (NOT related to natural disaster)
☐ Other, please specify: ____________________

Are there any special assessments planned for the next 12 months?

☐ Yes ☐ No

Why is the special assessment necessary
(select all that apply)**?**

☐ Natural disaster (such as a hurricane, a flood, etc...)
☐ Unanticipated expansion of resort product or amenities
☐ Planned expansion of resort product or amenities
☐ Unanticipated or premature failure of capital assets (NOT related to natural disaster)
☐ Unanticipated refurbishment (NOT related to natural disaster)
☐ Planned refurbishment (NOT related to natural disaster)
☐ Other, please specify: ____________________

Does the HOA(s) have a reserve fund?

☐ Yes ☐ No

What was the reserve balance at the end of 2010? (in $)

____

What were the reserve fund expenditures for 2010? (in $)

____

Were the reserve fund expenditures higher than budgeted for 2010?

☐ Yes ☐ No

Why were the reserve fund expenditures higher than budgeted for 2010? (select all that apply)

☐ Natural disaster (such as a hurricane, a flood, etc...)
☐ Unanticipated expansion of resort product or amenities
☐ Unanticipated or premature failure of capital assets (NOT related to natural disaster)
☐ Unanticipated refurbishment (NOT related to natural disaster)
☐ Other, please specify: ____________________

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How often does your timeshare resort conduct a reserve study (comprehensive plan that predicts when various capital items are expected to wear out and estimates the funds set aside for replacement)?

- ☐ Every year
- ☐ Every 2 years
- ☐ Every 3 years
- ☐ Every 4 years
- ☐ Every 5 years
- ☐ Other, please specify ____________________

When was the most recent reserve study conducted for the timeshare resort?

- ☐ 2011 ☐ 2010
- ☐ 2009 ☐ 2008
- ☐ 2007 ☐ 2006
- ☐ 2005 ☐ 2004
- ☐ 2003 ☐ 2002
- ☐ before 2002

What percentage of the billed maintenance fees were contributed to the reserve fund in 2010?

____

At the end of 2010 what were the estimated reserve funds on hand as a percentage of estimated total reserve funding? (Estimated total reserve funding is defined as the amount that would be necessary to completely replace all items contained in your reserve study to the extent an amount or portion thereof should have been set aside for the item as of a certain date, for example- if your reserve study stated the roof would cost $50,000 to replace and it was at 1/2 its estimated useful life, your reserve should contain 50 % of the costs of roof replacement, $25,000 at the certain date)

- ☐ 0–10% ☐ 11–20%
- ☐ 21–30% ☐ 31–40%
- ☐ 41–50% ☐ 51–60%
- ☐ 61–70% ☐ 71–80%
- ☐ 81–90% ☐ 91–100%

Has the HOA(s) been able to refurbish and replace according to the reserve plan or refurbishment schedule?

- ☐ For the most part, Yes
- ☐ For the most part, No

Does the HOA(s) receive any financial support from the developer?

- ☐ Yes ☐ No

Over the last 3 years, has the financial support from your developer increased, decreased or remained the same?

- ☐ Increased
- ☐ Decreased
- ☐ Remained the same

What was the percent of total revenue for each of the following revenue sources for your HOA(s) in 2010? Total should equal 100%

______ Maintenance fees (excluding taxes)
______ Special assessments, if any
______ Recreational use fees (bike rentals, videos, etc.)
______ Reserve
______ Rental of units
______ Resale of timeshares (commissions, fees, etc.)
______ Food & beverage
______ Laundry
______ Housekeeping
______ Telecommunication (telephone, Internet etc.)
______ Developer subsidy
______ Other, please specify: ___________________

Does the HOA(s) have a rental program to help rent weeks that are owned by any of the following? (select all that apply)

- ☐ Owners
- ☐ HOA(s)
- ☐ No or none of the above

Who manages the HOA's rental program?

- ☐ HOA(s)
- ☐ The resort management company
- ☐ Contracted to a separate outside entity

What types of rental programs do you offer?
(select all that apply)

- ☐ Daily rentals
- ☐ Weekly rentals
- ☐ Monthly rentals
- ☐ Rental programs for marketing guests
- ☐ Discount programs for owners
- ☐ Other, please specify ____________________

What was the total number of nights rented during calendar year 2010?

____

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What was the total rental revenue for the calendar year 2010 (in $)**?**

____

What was the commission rate paid by interval owners for rental assistance?

____

Does the HOA(s) have a resale program to help sell weeks that are owned by any of the following? (select all that apply)

- ☐ Owners
- ☐ HOA(s)
- ☐ No or none of the above

Who manages the HOA's resale program?

____

What channels does the HOA use to promote resale? (select all that apply)

- ☐ The resort's own website
- ☐ An onsite licensed real estate broker who is affiliated with your resort (HOA)
- ☐ An offsite licensed real estate broker who specializes in timeshare and is affiliated with your resort (HOA)
- ☐ A full service online licensed real estate brokerage that specializes in timeshare
- ☐ A licensed real estate broker that specializes in timeshare but is independent from your resort
- ☐ A licensed real estate broker who does not specialize in timeshare
- ☐ A website that specializes in advertising timeshares for sale or rent (not a licensed broker)
- ☐ An offline timeshare resale listing company
- ☐ A general advertising or auction website that does not specialize in timeshare, such as Craig's list or eBay
- ☐ A classified ad in a traditional printed periodical, such as a newspaper or magazine (which may also appear online, such as USA Today)
- ☐ A classified ad in a printed timeshare periodical, such as a catalogue or magazine (which may also appear online, such as *Timesharing Today*).
- ☐ Other, please specify ____________________

What was the average resale price for HOA(s) owned inventory resales (in $)**?**

________ Studios
________ One-bedroom
________ Two-bedroom
________ Three-bedroom +

Does the timeshare resort have an affiliation agreement or service contract with an exchange company?

☐ Yes ☐ No

With which of the following exchange companies does the timeshare resort have a service contract? (select all that apply)

- ☐ RCI
- ☐ II
- ☐ Others, please specify ____________________

Does the timeshare resort have or participate in an internal exchange program? (Internal exchange program is defined as a program where owners at your resort can exchange among themselves or would have access to inventory in other resorts that are managed and/or developed by the same company)

☐ Yes ☐ No

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