



2012 First Quarter Pulse Survey: **A Survey of Timeshare and Vacation Ownership** **Resort Companies**

Prepared for the ARDA International Foundation

American Resort Development Association



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

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2012 First Quarter Pulse Survey: A Survey of Timeshare & Vacation Ownership Resort Companies*. Our services were performed and this report was developed in accordance with our engagement letter dated December 15, 2011, and is subject to the terms and conditions included therein.

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

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available by the survey respondents through May 1, 2012. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, the ARDA International Foundation. Deloitte & Touche disclaims any contractual or other responsibility to others based on its use, and accordingly, this information may not be relied upon by anyone other than the ARDA International Foundation. Recognizing that the ARDA International Foundation may desire to reprint and distribute this report, the report must be reprinted and/or distributed in its entirety. Deloitte & Touche accepts no liability or responsibility to any third party who gains access to this report in its entirety or in part.

A handwritten signature in black ink that reads "Deloitte + Touche up". The signature is stylized and appears to be written in a cursive or semi-cursive script.

May 11, 2012

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

All opinions and estimates included in this report constitute our judgment as of May 11, 2012, and are subject to revision.

2012 First Quarter Pulse Survey

Preamble

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.

Overview and Key Findings

To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the first quarter 2012 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover 25 responding companies with aggregate net originated sales of approximately \$1.125 billion in the first quarter of 2012. The financial information contained in this survey compares the first quarter of 2012 (Q1 2012) to the first quarter of 2011 (Q1 2011), except for section 2(A) which compares Q1 2012 to the fourth quarter of 2011 (Q4 2011). The following summarizes the key findings of the survey.

1. Timeshare sales volume increased in Q1 2012

Aggregate net originated sales, including telesales, increased 14.7 percent from Q1 2011 to Q1 2012. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory there was an increase of 16.3 percent in total net originated timeshare sales when compared to Q1 2011. The average transaction value, a measure of the average dollar value of consumer purchases that reflects multiple factors such as changes in product mix, pricing, and purchasing patterns, was \$17,719 during Q1 2012, a decrease of 0.6 percent from Q1 2011. Volume per guest (VPG), a measure of the average value of consumer purchases per sales tour, was \$2,657 during Q1 2012, an increase of 3.2 percent from Q1 2011. Sales of non-owned timeshare inventory sold under fee-for-service agreements increased from Q1 2011 by 57 percent.

2(A). Consumer timeshare loan portfolios experienced an increase in currency and a decrease in chargeoffs when comparing Q4 2011 and Q1 2012

The amount of consumer timeshare loans that were current or fewer than 31 days past due as of March 31, 2012, increased 1.2 percentage points from one quarter earlier and the percentage of consumer timeshare loans that were more than 120 days delinquent decreased by 0.8 percentage points for the same time periods. The amount charged against the allowance for uncollectible accounts in Q1 2012 decreased by 0.4 percentage points to 2.2 percent.

2(B). Consumer timeshare loan portfolios delinquencies and chargeoffs decreased when comparing Q1 2011 and Q1 2012

Survey respondents reported that payments for 90.7 percent of the dollar value of their consumer timeshare loans were current or fewer than 31 days past due as of March 31, 2012, increasing 2.7 percentage points from one year earlier. As of March 31, 2012, 5.3 percent of consumer timeshare loans were more than 120 days delinquent, which is 2.7 percentage points lower than one year earlier. The amount charged against the allowance for uncollectible accounts in Q1 2012, as a percentage of the gross outstanding portfolio balance, was 2.2 percent, which decreased by 0.5 percentage points from Q1 2011.

3. Resort occupancy increased slightly, remaining strong at 74.1 percent in Q1 2012

Average occupancy levels increased 1.5 percentage points to 74.1 percent in Q1 2012 compared to Q1 2011. One resort company reported a Q1 2011 to Q1 2012 occupancy increase of 8.2 percentage points, while the next largest increase was 4.4 percentage points. One resort company reported a decrease of 12.9 percentage points. Fourteen resort companies reported increased occupancy, eight resort companies reported decreased occupancy, and two resort companies reported no change from Q1 2011. The highest and lowest occupancy rates for Q1 2012 were 89.0 percent and 21.0 percent, respectively.

4. Consumer financing terms and down payments decreased slightly in Q4 2011

The results of this survey indicate that the average new consumer timeshare loan term was shorter by 0.7 months at approximately 115.4 months in Q1 2012 compared to 116.1 months in Q1 2011. The average down payment on non-upgrade sales decreased by 1.5 percentage points to 19.6 percent from Q1 2011 to Q1 2012 while interest rates decreased 0.2 percentage points to 13.9 percent.

5. Capital expenditures related to timeshare inventory decreased overall in Q1 2012 when compared to Q1 2011

Survey respondents were asked to provide total capital expenditures related to new timeshare inventory projects and completion of existing timeshare inventory projects. The results of the survey indicate that capital expenditures related to new timeshare inventory projects increased by 47 percent from Q1 2011 to Q1 2012 while capital expenditures related to existing timeshare inventory projects decreased by 32 percent from Q1 2011 to Q1 2012. Overall, capital expenditures related to timeshare inventory decreased by 28 percent in Q1 2012 compared to Q1 2011.

Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q1 2012

Companies provided data on a set of key sales indicators. In total, the 25 respondents that provided sales information reported approximately \$1.125 billion in net originated timeshare sales¹ (including telesales) in Q1 2012. This was a 14.7 percent increase in Q1 2012 when compared to Q1 2011, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)



Source: Deloitte & Touche based on 25 company survey responses.

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

Fee-for-service arrangements continue to gain popularity within the timeshare industry. Overall timeshare sales under these arrangements increased by over 57 percent when compared to Q1 2011. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory, there was an increase of 16.3 percent in total net originated timeshare sales when compared to Q1 2011.

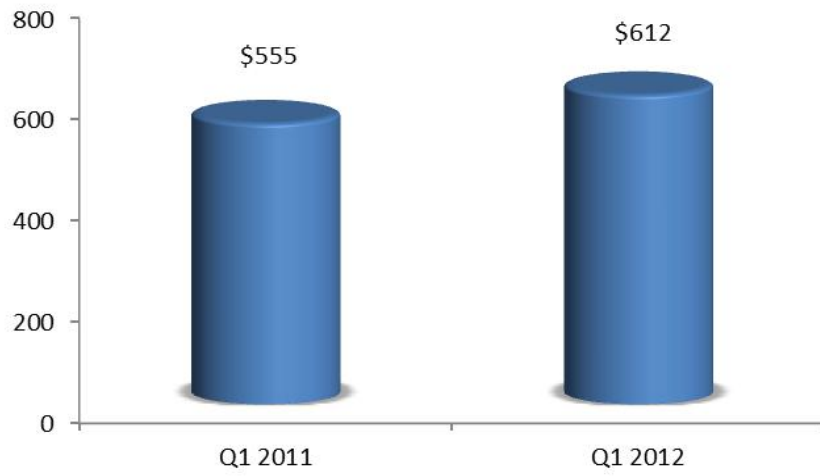
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on 25 company survey responses for net originated sales, and a minimum of 5 respondents reported fee-for-service arrangements

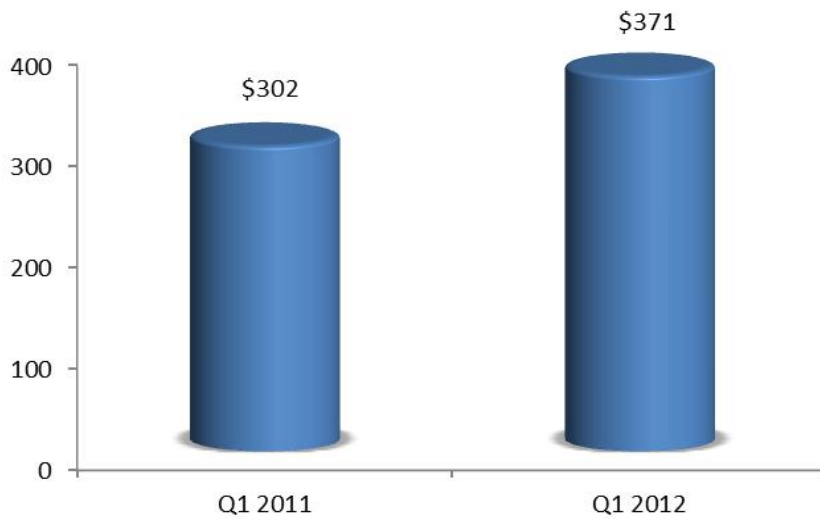
Respondents were asked to report the amount of net originated sales (including telesales) from non-upgrade and upgrade sales. The twenty-three respondent companies that provided non-upgrade sales information reported approximately \$612 million in non-upgrade net originated timeshare sales (including telesales) in Q1 2012, which is a 10.1 percent increase from Q1 2011, see figure 3 below. The twenty respondent companies that provided upgrade sales information reported approximately \$371 million in upgrade net originated timeshare sales (including telesales) in Q1 2012, which is a 22.8 percent increase from Q1 2011, see figure 4 below. Note the sum of the total non-upgrade sales and upgrade sales does not agree to the total net originated sales because two respondents did not provide information related to non-upgrade sales and five respondents did not provide information related to upgrade sales.

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



Source: Deloitte & Touche based on 23 company survey responses.

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



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

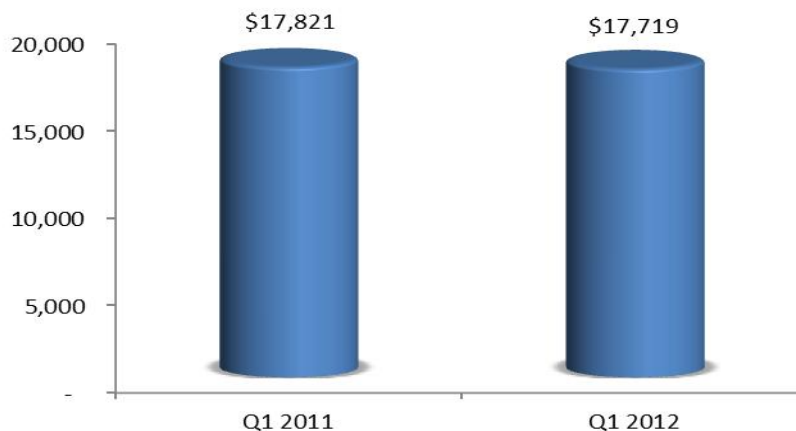
Twenty-four companies reported net originated sales excluding telesales, twenty-two respondents provided detailed information on the number of tours and twenty-four respondents provided detailed information on the number of sales transactions. The companies reported that the aggregate number of tours² increased 6.3 percent, the aggregate number of sales transactions increased 11.6 percent, and the average transaction value decreased 0.6 percent. In addition to the increases in tours and sales transactions, the respondents also reported a significant increase in inventory sold under fee-for-service arrangements (see further description below). The increases in the categories above resulted in a 16.3 percent increase in net originated sales (including fee-for-service arrangements).

Services related to sales and marketing arrangements in the form of sale of timeshare interests on behalf of other developers is gaining popularity within the industry. Respondents were asked a question related to sales for non-owned timeshare inventory sold under fee-for-service agreements. Of the 25 respondents, five companies are selling and marketing timeshare on behalf of other developers. Of the five respondents providing fee-for-service, four companies increased fee-for-service operations in Q1 2012 compared to Q1 2011. In total, the five respondents reported net originated sales for non-owned timeshare inventory sold under fee-for-service agreements of \$57.5 million in Q1 2012, which is an increase of 57 percent from Q1 2011.

Average transaction value is calculated as the dollar value of net originated sales divided by the number of sales transactions and excludes amounts such as closing costs that are not included in net originated sales. Responses are weighted by the dollar value of net originated sales (excluding telesales). It is a measure of the average purchase amount per buyer during a given period and is potentially influenced by numerous factors, including the mix of timeshare products sold. For example, in a given period, buyers may purchase a greater mix of one-bedroom units or biennials³, resorts may have fewer high season intervals available or new resorts may open for sales. As a result, the average transaction value may change even though there were no changes to existing pricing.

As a further reflection of the multiple factors that can impact this measure, the responses differed by company. Six respondents reported average transaction value had increased from Q1 2011 and fifteen respondents reported the value had decreased. Figure 5 below illustrates the average transaction value calculated using a weighted average.

Figure 5. Weighted average transaction value



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

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.

Volume per guest (VPG)⁴, a measure of sales efficiency, is calculated as net originated sales per tour, increased by 3.2 percent from Q1 2011 to Q1 2012.

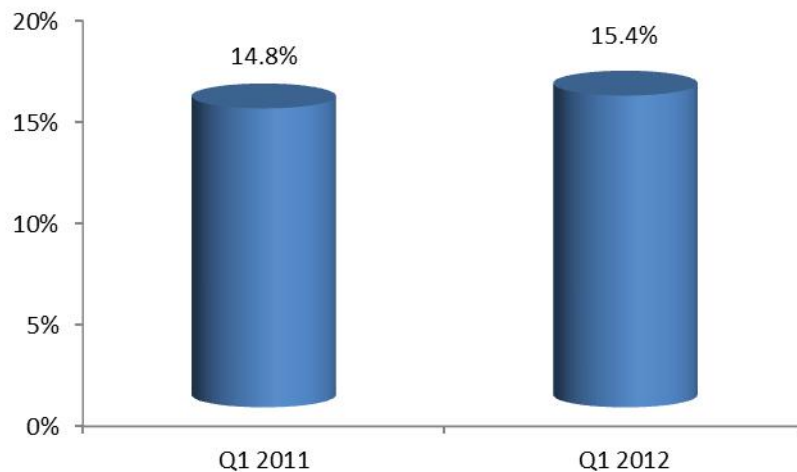
Figure 6. Weighted average volume per guest



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

The close rate, another measure of sales efficiency, is the number of sales transactions generated from tour flow, increased by 0.6 percentage points from Q1 2011 to Q1 2012.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 21 company survey responses

⁴ VPG is calculated as net originated sales not including telesales, divided by the number of tours, responses are weighted by the dollar value of net originated sales (excluding telesales).

The 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.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q1 2011	Weighted Average Q1 2012	Simple Average Q1 2011	Simple Average Q1 2012
First Quarter				
Volume per guest	\$2,575	\$2,657	\$2,127	\$2,405
Average transaction value	\$17,821	\$17,719	\$14,849	\$15,992
Close rate	14.8%	15.4%	14.3%	15.0%

Source: Deloitte & Touche based on a minimum of 21 company survey responses

Among the companies that provided key sales indicators, 21 provided rescission information. The weighted average rescission rate⁵ among those companies was 13.9 percent in Q1 2012, a decrease of 0.5 percentage points from Q1 2011. Ten companies reported a decrease in rescissions between Q1 2011 and Q1 2012, while eleven reported an increase.

Respondents were asked a question related to rescission information on upgrade and non-upgrade sales. For the twenty respondent companies that provided rescission information on upgrade sales, the weighted average rescission rate (dollar value of rescissions as a percentage of gross sales) decreased from 8.7 percent in Q1 2011 to 8.1 percent in Q1 2012. For the twenty respondent companies that provided rescission information on non-upgrade sales, the weighted average rescission rate (dollar value of rescissions as a percentage of gross sales) decreased from 16.1 percent in Q1 2011 to 15.6 percent in Q1 2012.

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

2(A). Consumer timeshare loan portfolios experienced a slight increase in currency when comparing Q4 2011 and Q1 2012.

The composition of receivables portfolios⁶ was evaluated as of March 31, 2012, and compared to the composition as of December 31, 2011. The total aggregate receivables for the companies that provided receivables data was \$11.0 billion as of March 31, 2012 and \$11.3 billion as of December 31, 2011.

Receivables portfolios showed a decrease in delinquencies (greater than 31 days past due) as of March 31, 2012, compared to one quarter earlier. Respondents reported that payments for 90.7 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2012, 1.2 percentage points higher than one quarter earlier. Also, as of March 31, 2012, 5.3 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, a decrease of 0.8 percentage points compared to one quarter earlier. Eighteen of the respondents reported an increase in share of current loans, while only two reported a decrease in share of current loans.

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

	December 31, 2011	March 31, 2012	Increase/(Decrease)
Current	89.5%	90.7%	1.2%
31 to 60 days	2.1%	1.8%	(0.3%)
61 to 90 days	1.2%	1.1%	(0.1%)
91 to 120 days	1.1%	1.1%	0.0%
More than 120 days	6.1%	5.3%	(0.8%)
Total	100%	100%	

Source: Deloitte & Touche based on 24 company survey responses.
The fourth quarter 2011 data herein was obtained from the 2011 Fourth Quarter Pulse Survey.

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the first quarter, as a percentage of gross outstanding portfolio balance at period-end. The weighted average default rate in Q1 2012 was 2.2 percent, down from 2.6 percent in Q4 2011. Forty-three percent of respondents reported a decrease in the default rate from Q4 2011 to Q1 2012, and twenty-six percent of respondents reported no change in the default rate.

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

2(B). Consumer timeshare loan portfolios delinquencies and chargeoffs decreased when comparing Q1 2011 and Q1 2012

The composition of receivables portfolios was evaluated as of March 31, 2012, and compared to composition as of March 31, 2011. The total aggregate receivables for the 24 companies that provided receivables data was \$11.0 billion as of March 31, 2012, and \$11.5 billion as of March 31, 2011.

Receivables portfolios delinquencies decreased overall by 2.7 percentage points (greater than 31 days past due) at March 31, 2012, compared to one year earlier. Respondents reported that payments for 90.7 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2012, an increase of 2.7 percentage points from one year earlier. Also, as of March 31, 2012, 5.3 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, 2.7 percentage points lower than one year earlier. Fifteen respondents reported an increased share of current loans and five respondents reported a decreased share of current loans, while the remaining 4 respondents reported no change.

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

	March 31, 2011	March 31, 2012	Increase/(Decrease)
Current	88.0%	90.7%	2.7%
31 to 60 days	1.9%	1.8%	(0.1%)
61 to 90 days	1.1%	1.1%	0.0%
91 to 120 days	1.0%	1.1%	0.1%
More than 120 days	8.0%	5.3%	(2.7%)
Total	100.0%	100.0%	

Source: Deloitte & Touche based on 24 company survey responses.

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the first quarter, as a percentage of gross outstanding portfolio balance at period-end. The weighted average default rate in Q1 2012 was 2.2 percent, which is 0.5 percentage points lower than Q1 2011. Fourteen respondents reported a decrease in the default rate when comparing Q1 2012 to Q1 2011, however, four respondents reported an increased default rate, five respondents reported no change in default rate, and two companies did not respond.

3. Resort occupancy increased slightly, remaining strong at 74.1 percent in Q1 2012

Survey respondents were asked to provide information on timeshare unit occupancy. For the 24 companies that provided quarterly occupancy data, representing approximately 8.0 million room nights in Q1 2012, the average occupancy rate increased 1.5 percentage points to 74.1 percent in Q1 2012, compared to 72.6 percent in Q1 2011.

4. Consumer financing terms and average down payments decreased slightly in Q1 2012

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated.⁷ The average interest rate on new consumer loans in Q1 2012 was 13.9 percent, a decrease of 0.2 percentage points from Q1 2011. There was a 0.7 month decrease in the term for which loans are made, with average loan terms in Q1 2012 of approximately 115.4 months.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales.⁸ This is because purchasers of upgrades use the equity in their existing vacation ownership interest toward the down payment that they are making on the upgrade interest. As a result, down payments on upgrade sales are typically higher than on non-upgrade sales, and a change in the mix of upgrade and non-upgrade sales could impact the overall average down payment. Twenty-five respondents reported that the average down payment on non-upgrade sales decreased 1.5 percentage points to 19.6 percent of the stated sales price on financed sales in Q1 2012 compared to Q1 2011. Twenty-five respondents reported that the down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interest, was 39.9 percent in Q1 2012, an increase of 1.4 percentage points from Q1 2011.

Figure 11. Characteristics of consumer timeshare loan financing

	Q1 2011	Q1 2012	Difference
First Quarter			
Average:			
Interest rate (annual)	14.1%	13.9%	(0.2%)
Term (months)	116.1	115.4	(0.7) (months)
Non-upgrade down payment (% of price)	21.1%	19.6%	(1.5%)
Upgrade down payment (% of price)	38.5%	39.9%	1.4%

Source: Deloitte & Touche based on a minimum of 24 company survey responses

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.

5. Capital expenditures related to timeshare inventory decreased overall in Q1 2012 when compared to Q1 2011.

Survey respondents were asked to provide total capital expenditures related to new timeshare inventory projects and completion of existing timeshare inventory projects. The results of the survey indicate that capital expenditures related to new timeshare inventory projects increased by 47 percent from Q1 2011 to Q1 2012, while capital expenditures related to existing timeshare inventory projects decreased by 32 percent from Q1 2011 to Q1 2012. Overall, capital expenditures decreased by 28 percent in Q1 2012 compared to Q1 2011. Of the 15 respondents, 67 percent increased capital expenditures related to timeshare inventory and 33 percent decreased capital expenditures related to timeshare inventory.

Figure 12. Capital Expenditures (Millions)



Source: Deloitte & Touche based on 5 company survey responses related to new inventory and 15 company survey responses related to existing inventory.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – 2012 First Quarter Pulse Survey					
2012 First Quarter End Results	Quarter Ending March 31 2011	Quarter Ending March 31 2012	Increase/ (Decrease)	Increase/ (Decrease) Percent	Survey Responses
General Characteristics					
1. Ownership status (public or private)	Public: 28% Private: 72%	Public: 24% Private: 76%			25
2. Are fee-for-service activities being provided by another developer on your behalf?	Yes: 4% No: 96%	Yes: 4% No: 96%			
Receivables Portfolio					
3. The following questions refer to the portfolio of receivables (total held and/or serviced receivables, including securitized and/or hypothecated receivables), including receivables for sales made in earlier years.					
a. Gross outstanding portfolio balance, at period end (in dollars)	\$11,537,315,198	\$11,020,997,192	(\$516,318,006)	-4.5%	24
4. At period end, on a contractual basis what percentage of the dollar amount of this portfolio was:					
Current (current or fewer than 31 days delinquent)	88.0%	90.7%	2.7%	3.1%	24
Between 31 to 60 days delinquent	1.9%	1.8%	-0.1%	-5.3%	24
Between 61 to 90 days delinquent	1.1%	1.1%	0.0%	0.0%	24
Between 91 to 120 days delinquent	1.0%	1.1%	0.1%	10.0%	24
More than 120 days delinquent	8.0%	5.3%	-2.7%	-33.8%	24
Total should equal 100%	100.0%	100.0%			
5. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	2.7%	2.2%	-0.5%	-18.5%	23
Inventory					
6. Capital expenditures related to timeshare inventory (current year)	\$4,068,756	\$5,984,210	\$1,915,454	47.1%	5
7. Capital expenditures related to timeshare inventory (prior years)	\$94,716,964	\$64,878,297	(\$29,838,667)	-31.5%	15
Total capital expenditures related to timeshare inventory	\$98,785,720	\$70,862,507	(\$27,923,213)	-28.3%	15
Resort Occupancy					
8. 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)	72.6%	74.1%	1.5%	2.1%	24
b. Vacant	27.4%	25.9%	-1.5%	-5.5%	24
Total should equal 100%	100.0%	100.0%			
9. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)	7,648,567	8,037,199	388,632	5.1%	24

Selected Sales Metrics (Including telesales and home sits)

Sales metrics. Include telesales in the following responses.

10. Net originated sales (in dollars)	\$980,310,494	\$1,124,795,615	\$144,485,121	14.7%	25
11. Net originated sales that were not upgrade sales (in dollars):	\$555,377,969	\$611,742,486	\$56,364,517	10.1%	23
12. Net originated sales that were upgrade sales (in dollars):	\$301,989,643	\$370,980,897	\$68,991,254	22.8%	20
13. Rescissions	14.4%	13.9%	-0.5%	-3.5%	21
14. Rescissions that were not upgrade sales	16.1%	15.6%	-0.5%	-3.1%	20
15. Rescissions that were upgrade sales	8.7%	8.1%	-0.6%	-6.9%	20

Selected Sales Metrics (Excluding telesales)

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

16. Number of tours. Represents the number of tours taken by guests in the company's efforts to sell timeshares. Include all tours of sales prospects, whether they occur on-site or at an off-site sales center.	422,486	449,094	26,608	6.3%	22
17. Number of sales transactions (exclude rescissions) (Transactions should include: week sales, EOY sales, multiple-week sales, upgrades (that count as zero weeks), points sales, and reloads (which should be part of all categories above, except upgrades). Transactions should not include sales of Sampler programs.)	60,521	67,525	7,004	11.6%	24
Close rate (excludes sales that are canceled through rescission, calculated based on formula)	14.8%	15.4%	0.6%	4.1%	21
18. Net originated sales excluding telesales	\$898,672,710	\$1,079,856,865	\$181,184,155	20.2%	24
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)	\$2,575	\$2,657	\$82	3.2%	21
Average transaction value (this is calculated based on net originated sales and excludes any charges not reflected in net originated sales, such as closing costs)	\$17,821	\$17,719	(\$102)	-0.6%	21
19. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements	\$36,595,223	\$57,461,966	\$20,866,743	57.0%	5
20. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements	\$0	\$0	\$0	0	0
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	\$1,016,905,717	\$1,182,257,581	\$165,351,864	16.3%	25

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.

21. Average interest rate.	14.1%	13.9%	-0.2%	-1.4%	24
22. Average term (in months).	116.1	115.4	-0.7	-0.6%	24
Average down payment.					
23. Average down payment on non-upgrade sales	21.1%	19.6%	-1.5%	-7.1%	25
24. Average down payment on upgrade sales	38.5%	39.9%	1.4%	3.6%	25

Method

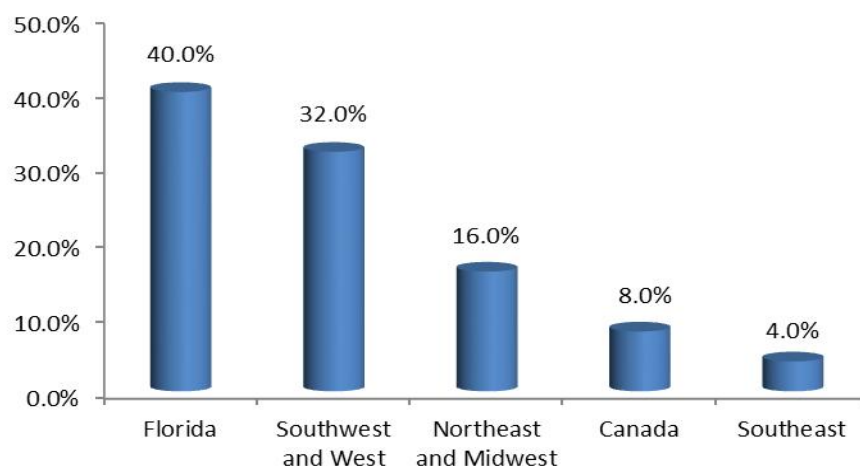
The 2012 First Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 50 timeshare and vacation ownership companies on April 9, 2012. 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 April 27, 2012, though additional responses received after the deadline were included in the analysis. By May 1, 2012, 25 companies, or 50 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 25 responses were collected, most questions (other than headquarters location) were not answered by all 25 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 25 respondents that provided sales information reported aggregate Q1 2012 net originated sales, including telesales and excluding fee-for-service arrangements, of \$1.125 billion. Six of the 25 companies are publicly traded companies, and six of the 25 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 and Midwest region, Southwest and West region, and Canada also responded.⁹

Figure 13. Distribution of companies by headquarters location, 2012



Source: Deloitte & Touche based on 25 company survey responses.

⁹ Regional definitions: Florida (FL); Northeast and Midwest (CT, DC, DE, IA, IL, IN, KS, KY, MA, MD, ME, MI, MN, MO, ND, NE, NH, NJ, NY, OH, PA, RI, SD, VA, VT, WI, WV); Southeast (AL, AR, GA, LA, MS, NC, SC, TN); and Southwest and West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OK, OR, TX, UT, WA, WY).

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

The companies that participated in this survey are not identical to those that participated in prior editions of the Pulse Survey or of the Financial Performance Survey, which is an annual survey conducted on behalf of the ARDA International Foundation. The most recent previous Pulse Survey reported on activity through the fourth quarter of 2011. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the first quarter of 2012. Due to the relatively large size of some of the companies participating, the changing composition of the response base can materially impact the results reported in this version compared to previous editions. Also, the timeshare industry experiences changes in activity levels during different seasons of the year. It is not accurate to compare the Q1 2011 and Q1 2012 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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