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2012 Fourth 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 Fourth 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 February 15, 2013. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

February 25, 2013

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2012 Fourth Quarter Pulse Survey Overview and Key Findings

This survey is a summary of selected key metrics that provide an overview of the vacation timeshare industry in the United States. It is not a comment on any individual company, whose performance may vary from the information included in this study. To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the fourth quarter 2012 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover 23 responding companies with aggregate net originated sales of approximately $1.262 billion in the fourth quarter of 2012. The financial information contained in this survey includes the fourth quarter of 2012 (Q4 2012) compared to the fourth quarter of 2011 (Q4 2011), except for section 2(B) which compared Q4 2012 to the third quarter of 2012 (Q3 2012). The trend associated with the performance indicators were developed based on quantitative factors. For example, each indicator that had a change of 10 percent or greater was considered "Very Positive" or "Very Negative". Indicators for which the change was less than 10 percent were considered "Positive" or "Negative". Indicators for which the change was immaterial (.1 percent or 0) were considered "Neutral". Note that Currency and Delinquencies had both positive and negative trends as compared to Q4 2011 and Q3 2012, respectively, and was thus considered "Neutral".

Key Performance Indicators	Trend
Sales Performance	
<u>Net Originated Timeshare Sales (including Telesales)</u> increased 10.8% from Q4 2011 to Q4 2012, increasing from $1.139 billion to $1.262 billion.	Very Positive
<u>Net Originated Timeshare Sales (including Telesales and Fee-for-service)</u> increased 10.6% from Q4 2011 to Q4 2012, increasing from $1.222 billion to $1.352 billion.	Very Positive
Sales Metrics	
<u>Weighted Average Volume Per Guest</u> increased from $2,620 to $2,634 from Q4 2011 to Q4 2012, an increase of 0.5%.	Positive
<u>Weighted Average Close Rate</u> increased from 15.5% to 15. 6% from Q4 2011 to Q4 2012.	Neutral
<u>Tours</u> increased 5.0% from ~499,000 to ~524,000 tours from Q4 2011 to Q4 2012	Positive
Portfolio Performance	
<u>Currency</u> improved by 0.5 percentage points, increasing from 90.1% in Q4 2011 to 90.6% in Q4 2012. However, currency decreased 0.8 percentage points when compared to the results of our 2012 Third Quarter Pulse Survey.	Neutral
<u>Delinquencies</u> improved by 0.5 percentage points, decreasing from 9.9% in Q4 2011 to 9.4% in Q4 2012. Receivables greater than 120 days past due decreased by 0.2 percentage points. However, delinquencies increased 0.8 percentage points when compared to the results of our 2012 Third Quarter pulse Survey.	Neutral
<u>Charge-Offs</u> remained consistent at 2.0% compared to Q4 2011 at 2.1%.	Neutral

Consumer Finance Experience	
Weighted Average Term decreased from 116.4 months at Q4 2011 to 114.2 months at Q4 2012.	**Positive**
Upgrade Down Payments decreased 0.4 percentage points, decreasing from 39.5% in Q4 2011 to 39.1% in Q4 2012.	**Negative**
Non-Upgrade Down Payments increased 2.3 percentage points, increasing from 19.2% in Q4 2011 to 21.5% in Q4 2012.	**Very Positive**
Interest Rates remained consistent at 13.9% compared to Q4 2011.	**Neutral**
Other Metrics	
Weighted Average Occupancy remained consistent at 77.7% in Q4 2012 compared to 77.8% in Q4 2011.	**Neutral**
Capital Expenditures increased 37.6% from Q4 2011 to Q4 2012, from $103.2 million to $141.9 million.	**Very Positive**

A new question was added to the survey this quarter related to the total net originated sales for which the tour and sales transaction occurred on the same day (referred to as day one sales). Unlike the remainder of the survey, the response was asked to be reported for the entire year (i.e. not specific to Q4 2012). Eighteen respondents reported that day one sales accounted for 87.9 percent of total net originated sales (excluding telesales and home sits) in 2012, a 4.4 percentage point decrease as compared to a year earlier.

Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q4 2012

Companies provided data on a set of key sales indicators. In total, the 22 respondents that provided sales information reported approximately $1.262 billion in net originated timeshare sales[1] (including telesales) in Q4 2012. This was an 10.8 percent increase in Q4 2012 when compared to Q4 2011, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)

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

Fee-for-service arrangements have become an established feature within the industry over the last several years. Overall timeshare sales under these arrangements increased by 8.9 percent when compared to Q4 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 10.6 percent in total net originated timeshare sales when compared to Q4 2011.

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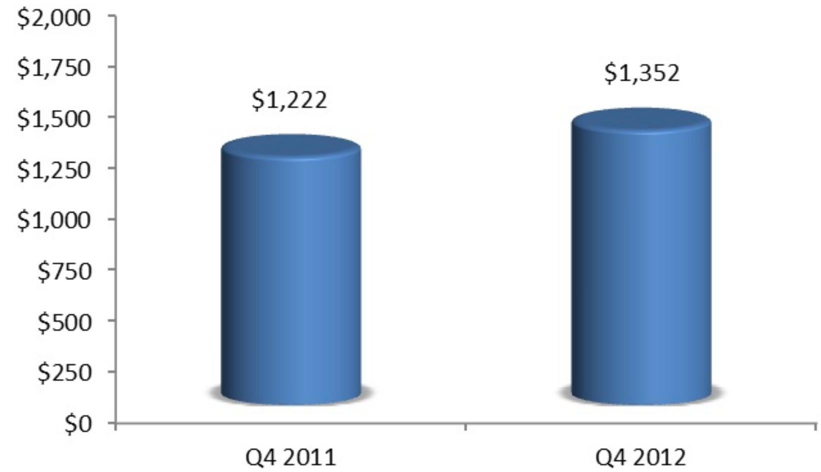
[1] Net originated sales refers to gross sales revenues net of rescissions, but before reduction of revenue for uncollectible accounts.

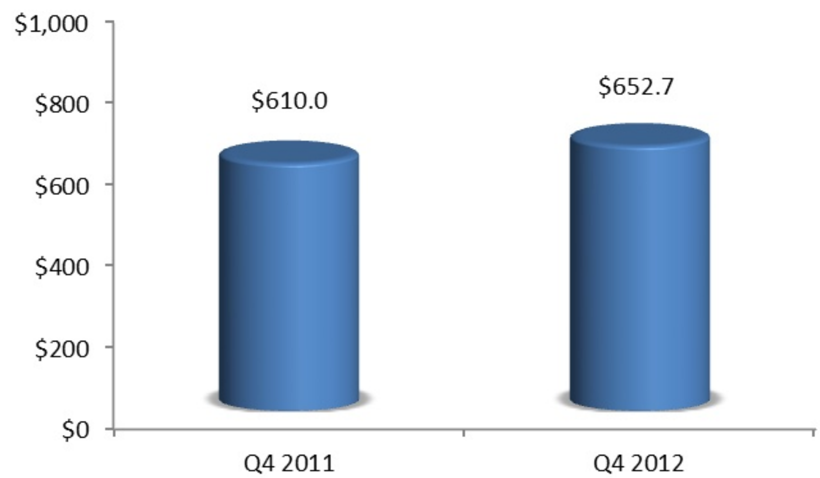
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on 22 company survey responses for net originated sales, and a minimum of 5 respondents reported fee-for-service arrangements

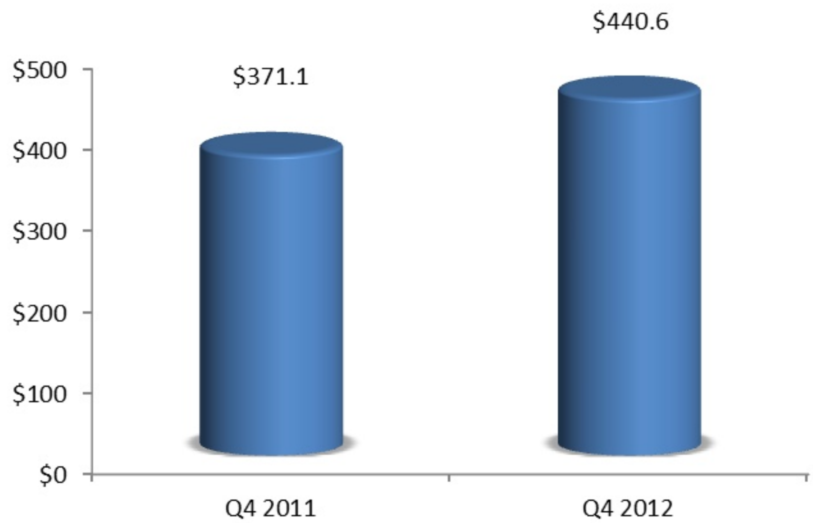
Respondents were asked to report the amount of net originated sales (including telesales) from non-upgrade and upgrade sales. The twenty-one respondent companies that provided non-upgrade sales information reported approximately $652.7 million in non-upgrade net originated timeshare sales (including telesales) in Q4 2012, which is a 7.0 percent increase from Q4 2011, see *Figure 3* below. The eighteen respondent companies that provided upgrade sales information reported approximately $440.6 million in upgrade net originated timeshare sales (including telesales) in Q4 2012, which is an 18.7 percent increase from Q4 2011, see *Figure 4* below. Note the sum of the total non-upgrade sales and upgrade sales differs from the total net originated sales because one respondent did not provide information related to non-upgrade sales and four respondents did not provide information related to upgrade sales.

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



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

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



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

Twenty-three companies reported net originated sales excluding telesales, twenty respondents provided detailed information on the number of tours and twenty-three respondents provided detailed information on the number of sales transactions. The companies reported that the aggregate number of tours[2] increased 5.0 percent, the aggregate number of sales transactions increased 7.2 percent, and the average transaction value increased 0.2 percent. The respondents reported an increase in inventory sold under fee-for-service arrangements of 8.9 percent (see further description below). The net of the changes in the categories above resulted in a 10.6 percent increase in net originated sales (including fee-for-service arrangements).

Services related to sales and marketing arrangements of timeshare interests on behalf of other developers has become a standard feature within the industry in recent years. Respondents were asked a question related to sales for non-owned timeshare inventory sold under fee-for-service agreements. Of the twenty-three respondents, five companies are selling and marketing timeshare on behalf of other developers. Four out of the five respondents providing fee-for-service increased fee-for-service operations in Q4 2012 compared to Q4 2011. In total, the five respondents reported net originated sales for non-owned timeshare inventory sold under fee-for-service agreements of $90.6 million in Q4 2012, which is an increase of 8.9 percent from Q4 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 biennials[3], resorts may have fewer high season intervals available or new resorts may open for sales. As a result, the average transaction value may change even though there were no changes to existing pricing.

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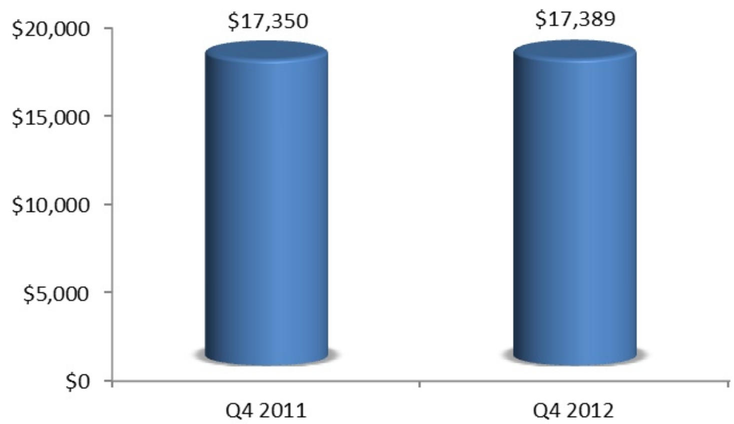
[2] This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

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

As a further reflection of the multiple factors that can impact this measure, the responses differed by company. Ten respondents reported average transaction value had increased from Q4 2011 and thirteen 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 23 company survey responses.

Volume per guest (VPG)[4], a measure of sales efficiency, is calculated as net originated sales per tour, increased by 0.5 percent from Q4 2011 to Q4 2012.

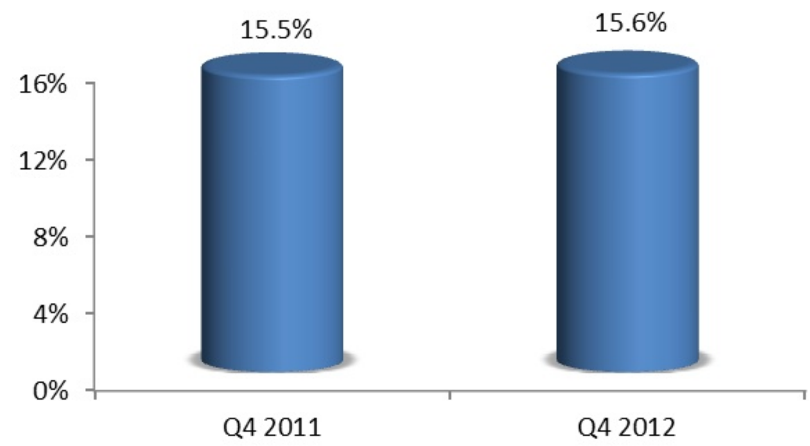
Figure 6. Weighted average volume per guest

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

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

The close rate, another measure of sales efficiency, is the number of sales transactions generated from tour flow, increased by 0.1 percentage points from Q4 2011 to Q4 2012.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 20 company survey responses

The averages reported above are weighted averages; however, we also disclose the simple averages for the close rate, volume per guest, and average transaction value herein, see *Figure 8* below.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q4 2011	Weighted Average Q4 2012	Simple Average Q4 2011	Simple Average Q4 2012
Fourth Quarter				
Volume per guest	$2,620	$2,634	$2,349	$2,419
Average transaction value	$17,350	$17,389	$15,797	$15,932
Close rate	15.5%	15.6%	14.9%	15.2%

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

Among the companies that provided key sales indicators, nineteen provided rescission information. The weighted average rescission rate[5] among those companies was 12.8 percent in Q4 2012 which is a 0.7 percentage point decrease from Q4 2011. Ten companies reported a decrease in rescissions between Q4 2011 and Q4 2012 and nine companies reported an increase.

Respondents were asked a question related to rescission information on upgrade and non-upgrade sales. For the sixteen 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 9.5 percent in Q4 2011 to 8.7 percent in Q4 2012. For the seventeen 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) increased from 12.0 percent in Q4 2011 to 12.3 percent in Q4 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 delinquencies and charge-offs decreased when comparing Q4 2011 and Q4 2012.

The composition of receivables portfolios was evaluated as of December 31, 2012, and compared to composition as of December 31, 2011. The total aggregate receivables for the 23 companies that provided receivables data was $11.17 billion as of December 31, 2012, and $11.01 billion as of December 31, 2011.

Receivables portfolios delinquencies decreased overall by 0.5 percentage points (greater than 31 days past due) at December 31, 2012, compared to one year earlier. Respondents reported that payments for 90.6 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2012, an increase of 0.5 percentage points from one year earlier. Also, as of December 31, 2012, 5.3 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, 0.2 percentage points lower than one year earlier. Although delinquencies decreased in Q4 2012 compared to Q4 2011, the default rate remained relatively consistent during this timeframe due to the weighted average calculation placing a higher weight on larger portfolios, which remained relatively consistent from Q4 2011 to Q4 2012.

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

	December 31, 2011	December 31, 2012	Increase/(Decrease)
Current	90.1%	90.6%	0.5%
31 to 60 days	2.1%	2.0%	(0.1%)
61 to 90 days	1.2%	1.1%	(0.1%)
91 to 120 days	1.1%	1.0%	(0.1%)
More than 120 days	5.5%	5.3%	(0.2%)
Total	**100%**	**100%**	

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

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the fourth quarter, as a percentage of gross outstanding portfolio balance at period-end. The weighted average default rate in Q4 2012 was 2.0 percent, which is consistent with Q4 2011 of 2.1 percent. Thirteen respondents reported a decrease in the default rate when comparing Q4 2012 to Q4 2011, seven respondents reported an increased default rate, one respondent reported no change in default rate, and two companies did not respond. Note one of the twenty-three respondents reported the aging of consumer timeshare loans but did not report gross defaults, and one respondent did not have active receivables or defaults.

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing Q3 2012 and Q4 2012.

The composition of receivables portfolios[6] was evaluated as of December 31, 2012, and compared to the composition as of September 30, 2012. The total aggregate receivables for the companies that provided receivables data was $11.17 billion as of December 31, 2012 and $10.97 billion as of September 30, 2012.

[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.

Receivables portfolios showed an increase in delinquencies (greater than 31 days past due) as of December 31, 2012, compared to one quarter earlier. Respondents reported that payments for 90.6 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2012, 0.8 percentage points lower than one quarter earlier. Also, as of December 31, 2012, 5.3 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, an increase of 0.6 percentage points compared to one quarter earlier. Seven of the respondents reported an increase in share of current loans, eleven reported a decrease in share of current loans, and four reported no change in share of current loans.

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

	September 30, 2012	December 31, 2012	Increase/(Decrease)
Current	91.4%	90.6%	(0.8%)
31 to 60 days	1.9%	2.0%	0.1%
61 to 90 days	1.0%	1.1%	0.1%
91 to 120 days	1.0%	1.0%	0.0%
More than 120 days	4.7%	5.3%	0.6%
Total	**100%**	**100%**	

Source: Deloitte & Touche based on 23 company survey responses.
The third quarter 2012 data herein was obtained from the 2012 Third Quarter Pulse Survey. (Based on 22 responses in the third quarter 2012 survey)

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the fourth quarter, as a percentage of gross outstanding portfolio balance at period-end. The weighted average default rate in Q4 2012 was 2.0 percent, consistent with the 2.1 percent in Q3 2012. Nine of the respondents reported a decrease in the default rate from Q3 2012 to Q4 2012, while eleven of the respondents reported an increase in the default rate, one respondent reported no change, and two did not respond. Note one of the twenty-three respondents reported the aging of consumer timeshare loans but did not report gross defaults, and one respondent did not have active receivables or defaults.

3. Resort occupancy decreased slightly, remaining strong at 77.7 percent in Q4 2012

Survey respondents were asked to provide information on timeshare unit occupancy. For the 22 companies that provided quarterly occupancy data, representing approximately 8.65 million room nights in Q4 2012, the average occupancy rate decreased 0.1 percentage points to 77.7 percent in Q4 2012, compared to 77.8 percent in Q4 2011. Available room nights increased 6.0 percent from Q4 2011 to Q4 2012; increasing from 8.16 million room nights to 8.65 million room nights.

4. Consumer financing terms decreased while average down payments increased in Q4 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 Q4 2012 was 13.9 percent, which was consistent with the 13.9 percent in Q4 2011. There was a 2.2 month decrease in the term for which loans are made, with average loan terms in Q4 2012 of approximately 114.2 months.

[7] To calculate the average interest rate, down payment, and term, responses were weighted by the dollar value of net originated sales (including telesales).

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-two respondents reported that the average down payment on non-upgrade sales increased 2.3 percentage points to 21.5 percent of the stated sales price on financed sales in Q4 2012 compared to Q4 2011. Twenty respondents reported that the down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interest, was 39.1 percent in Q4 2012, a decrease of 0.4 percentage points from Q4 2011.

Figure 11. Characteristics of consumer timeshare loan financing

	2011	2012	Difference
Fourth Quarter			
Average:			
Interest rate (annual)	13.9%	13.9%	0.0%
Term (months)	116.4	114.2	(2.2) months
Non-upgrade down payment (% of price)	19.2%	21.5%	2.3%
Upgrade down payment (% of price)	39.5%	39.1%	(0.4%)

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

5. Capital expenditures related to timeshare inventory increased overall in Q4 2012 when compared to Q4 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 110.6 percent from Q4 2011 to Q4 2012, while capital expenditures related to existing timeshare inventory projects decreased by 14.3 percent from Q4 2011 to Q4 2012. Overall, capital expenditures increased by 37.6 percent in Q4 2012 compared to Q4 2011. Of the seventeen respondents, 29 percent decreased capital expenditures related to timeshare inventory and 71 percent increased capital expenditures related to timeshare inventory.

Figure 12. Capital Expenditures (Millions)

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

[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.

6. Percentage of total net originated sales (excluding telesales and home sits) that were day one sales

A new question was added during the current quarter asking respondents to report the percentage of total net originated sales (excluding telesales and home sits) that were day one sales. These represent sales for which the tour and sales transaction occurred on the same day. Eighteen respondents reported that for the year ended 2012 day one sales accounted for 87.9 percent of total net originated sales, 4.4 percentage points lower than one year earlier. Note the results were based on a weighted average calculation of day one sales as a percentage of Q4 2012 total net originated sales (excluding telesales and home sits). The simple average of the eighteen respondent companies was 76.7 percent for the year ended 2012 as compared to the 2011 average of 78.8 percent.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – 2012 Fourth Quarter Pulse Survey					
2012 Fourth Quarter End Results	**Quarter Ended Dec 31 2011**	**Quarter Ended Dec 31 2012**	**Increase/ (Decrease)**	**Increase/ (Decrease) Percent**	**Survey Responses**
General Characteristics					
1. Ownership status (public or private)	Public: 26% Private: 74%	Public: 26% Private: 74%			23
2. Are fee-for-service activities being provided by another developer on your behalf?	N/A N/A	Yes: 0% No: 100%			23
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)	$11,006,158,280	$11,167,411,099	$161,252,819	1.5%	23
b. At period end, on a contractual basis what percentage of the dollar amount of this portfolio was:					
Current (current or fewer than 31 days delinquent)	90.1%	90.6%	0.5%	0.6%	23
Between 31 to 60 days delinquent	2.1%	2.0%	-0.1%	-4.8%	23
Between 61 to 90 days delinquent	1.2%	1.1%	-0.1%	-8.3%	23
Between 91 to 120 days delinquent	1.1%	1.0%	-0.1%	-9.1%	23
More than 120 days delinquent	5.5%	5.3%	-0.2%	-3.6%	23
Total should equal 100%	100.0%	100.0%			
c. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	2.1%	2.0%	-0.1%	-4.8%	21
Inventory					
4a. Capital expenditures related to timeshare inventory (current year)	$42,831,306	$90,191,384	$47,360,078	110.6%	17
4b. Capital expenditures related to timeshare inventory (prior years)	$60,321,126	$51,719,622	($8,601,504)	-14.3%	17
4c. Total capital expenditures related to timeshare inventory	$103,152,432	$141,911,006	$38,758,574	37.6%	17

Resort Occupancy

5. 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)	77.8%	77.7%	-0.1%	-0.1%	22
b. Vacant	22.2%	22.3%	0.1%	0.5%	22
Total should equal 100%					
c. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)	8,162,519	8,654,933	492,414	6.0%	22

Selected Sales Metrics (Including telesales and home sits)

6. Sales metrics. Include telesales in the following responses.					
a. Net originated sales (in dollars)	$1,139,060,387	$1,261,525,326	$122,464,939	10.8%	22
a1. Net originated sales that were not upgrade sales (in dollars):	$610,022,214	$652,732,275	$42,710,061	7.0%	21
a2. Net originated sales that were upgrade sales (in dollars):	$371,090,928	$440,631,509	$69,540,581	18.7%	18
a3. Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$1,222,236,097	$1,352,143,291	$129,907,194	10.6%	22
b. Rescissions	13.5%	12.8%	-0.7%	-5.2%	19
6b1. Rescissions that were not upgrade sales	12.0%	12.3%	0.3%	2.5%	17
6b2. Rescissions that were upgrade sales	9.5%	8.7%	-0.8%	-8.4%	16

Selected Sales Metrics (Excluding telesales)

7. Sales metrics. Exclude telesales from the following responses. Include sales to existing owners and other in-house guests.					
a. 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.	498,899	523,641	24,742	5.0%	20
b. 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.)	74,174	79,516	5,342	7.2%	23
c. Close rate (excludes sales that are canceled through rescission, calculated based on formula)	15.5%	15.6%	0.1%	0.6%	20
d. Net originated sales excluding telesales	$1,171,760,710	$1,266,873,062	$95,112,352	8.1%	23
e. 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)	$2,620	$2,634	$14	0.5%	20
f. 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)	$17,350	$17,389	$39	0.2%	23
g. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements	$83,175,710	$90,617,965	$7,442,255	8.9%	5
h. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements	$0	$0	$0	0.0%	0
i. Percentage of total net originated sales that were day one sales. (This is the percentage of total net originated sales for which the tour and sales transaction occurred on the same day)	92.3%	87.9%	-4.4%	-4.8%	18

Consumer Financing

8. 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.

a. Average interest rate.	13.9%	13.9%	0.0%	0.0%	22
b. Average term (in months).	116.4	114.2	-2.2	-1.9%	22
c. Average down payment.					
c1. Average down payment on non-upgrade sales	19.2%	21.5%	2.3%	12.0%	22
c2. Average down payment on upgrade sales	39.5%	39.1%	-0.4%	-1.0%	20

Method

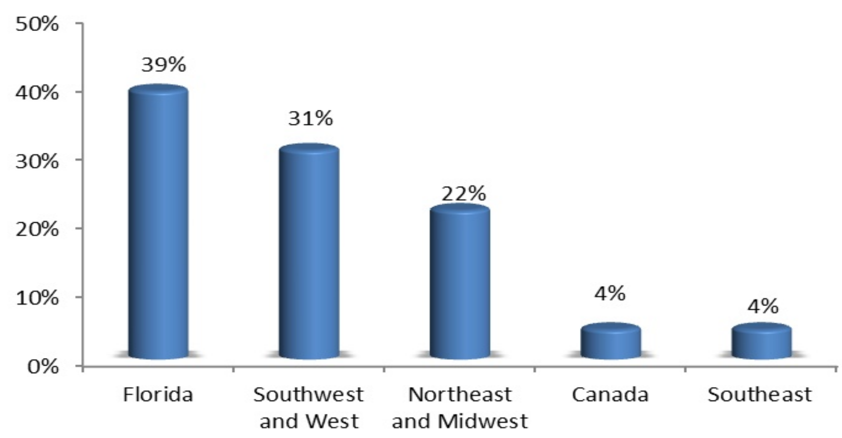
The 2012 Fourth Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 219 timeshare and vacation ownership companies on January 21, 2013. 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 February 15, 2013. By February 15, 2013, 23 companies, or 10.5 percent of those surveyed, responded.

During the data analysis phase, Deloitte & Touche contacted several of the respondents with follow-up questions about specific answers they provided. Responses to some questions that were left blank or were unusual were ultimately excluded from the analysis. Though a total of 23 responses were collected, most questions (other than headquarters location) were not answered by all 23 respondent companies as indicated in the "survey responses" column on the "Aggregate Results" tables.

The response base includes major companies in the U.S. timeshare sector. The 22 respondents that provided sales information reported aggregate Q4 2012 net originated sales, including telesales and excluding fee-for-service arrangements, of $1.262 billion. Six of the 23 companies are publicly traded companies, and sixof the 23 are affiliated with major hotel brands. The survey is focused on the U.S.; considering the location of companies' headquarters provides an indication of the geographic regions represented by the response base. Many of the U.S. respondents are based in the Southeast, including nine in Florida and one in another Southeastern U.S. location, though companies in the Northeast 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 23 company survey responses.

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[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 third quarter of 2012. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the fourth 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 Q4 2011 and Q4 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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ARDA
American Resort Development Association