

TIME SHARE & VACATION OWNERSHIP

World Tourism Organisation (WTO) defines time share as the advance purchase of time in holiday accommodation. The purchaser pays a capital sum to acquire the time share and then pays an annual contribution towards the maintenance of the property. The period of time is usually based on modules or week. This also known as 'vacation ownership' or 'holiday ownership' concept. The concept is that for a set period which may be one week or more each year and for a number of years the person gets the right to enjoy stay and other facilities and service in any type of an apartment or any other type of lodging in a tourist complex. It is like advance purchase of time in holiday accommodation. The fee paid usually covers services such as cleaning and maintenance of apartments and public areas, electricity, gas and water, insurance, operation of resort facilities

E.g.- swimming pool, local taxes, and funds for redecoration and replacements of equipments etc.

The property in which the owner makes his first investment is referred to as his "home property".

Time share concept was started in 1960 in France and Switzerland. Paul Doumier who introduced the concept in France came up with the marketing slogan "No need to rent the room, buy the hotel, it is cheaper", to popularize timeshare.

Condominiums

It involves a joint ownership of a complex. Each owner purchases and has full benefit of unit such as guest rooms, suite, apartments or a villa and shares the cost common to the whole complex such as taxes, maintenance and upkeep of buildings and parks, grounds etc.

Each owner can occupy or sell his unit independently but is obliged under the terms of the contract to contribute towards the pools of common facilities and services. Condominiums have many advantages over simply leased properties. In a

condominium the capital appreciates with the rising value particularly on coast or lake sides. It relieves the owner of maintenance and upkeep worries the owner can enjoy extensive recreational facilities exclusive to the complex. Condominium management looks after the unit in absence of the owner and if required let it out to provide income. In some instances letting or lease-back conditions may be written into contract, particularly where the condominium unit in a complex may be used as a back up to a hotel operation.

It may be necessary for the developer to appoint an independent management agent in the initial stages and for subsequent control to be exercised by an association of owners. In some cases the developer may act as an estate manager.

Classification of time shares

Fixed time shares: The most basic timeshare unit is a fixed week, the resort will have a calendar enumerating the weeks roughly starting with the first calendar week. A timeshare owner may own a deed to use a unit for a single specified week every year.

Floating time share: Sometimes a timeshare is sold as floating weeks. The ownership will be specific on how many weeks you own and from which weeks you may select for your stay. As example of this, a timeshare may be floating summer weeks where the owner may request any weeks during the summer season. In this case there would be competition for prime holiday weeks. The weeks when schools may still be in session would not be so high in demand. Some floating contracts exclude major holidays so they may be sold as fixed weeks

Rotating: Some time shares are sold as rotating weeks. In an attempt to give all owners a chance for the best weeks, the weeks are rotated forward or backward through the calendar, so one year the owner may have the use of weeks 25 and 26 whereas in the next year it would be 27 and 28. This method does give each owner the use of prime weeks but its not flexible.

Deeded v/s right to use timeshare

A major difference in type of timeshare ownership is that between deeded and right to use contracts. With *deeded contracts*, the use of timeshare resort is usually divided into week long increments and these are sold as fractional ownership and are real property. As with any other piece of real estate, you may use your weeks, rent your weeks, give it away or leave it to your heirs. While this form of ownership can offer additional security to the owner as a form of physical ownership, deeded timeshare ownership can be as complex as outright property ownership in that the structure of the deed varies according to local property laws. Leasehold deeds are common and offer ownership for a fixed period of time after which the ownership reverts to the property owner. Deeded timeshares are also called fee simple timeshares.

With *right to use*, the timeshare purchaser has the right to use the property in accordance with the contract but at some point the contract ends and all rights revert to the property owner.

Vacation Clubs

Vacation clubs are organizations that may own timeshare units in multiple resorts in different locations. Some clubs consist only of individual weeks at other developer's resorts. They are sold both as deeded or right to use and club members may reserve vacation time at any of the owner resort units based on availability.

Methods of use of timeshare Timeshare owners may elect to : Use their usage time

Rent out their owned usage Give it as a gift

Exchange internally within the same resort or resort group Exchange externally into thousands of other timeshare resorts Bank your week and use it the next year

Timeshares offer owners the possibility of exchanging their week, either independently or through several exchange agencies, to stay at one of the thousands of other resorts worldwide. Resort Condominium International (RCI)

and Interval International (I I) are examples of timeshare vacation exchange network agencies.

Types and size of time shares

Time share properties tend to be apartment style units ranging from studio units to three and four bedroom units. These larger units can comfortably house large families. Timeshare properties could be apartments, castles, ski lodges, bungalows, cottages, villas, restored farmhouses. Timeshare units normally include fully equipped kitchens with a dining area, dishwasher, television, VCRs and more. It is not uncommon to have washers and dryers in the unit. Kitchens are equipped to the size of the unit, so that four persons should have at least four glasses, plates, knives, spoons, and bowls so that all four guests can sit and eat at once.

Timeshare units are usually listed by how many will sleep in the unit and how many will sleep privately. Sleep 2/2 will generally be a bedroom or a studio, sleep 6/4 would be a two bedroom with a sleeper sofa.

Sleep privately refers to the number of guests who will not have to walk through another guest's sleeping area to use the restroom. Time share resorts tend to be strict on the number of guests per unit. Unit size can affect demand at a given resort where a two bedroom unit will be in higher demand than a one bedroom unit. The same does not hold true for resorts in different locations. A one bedroom with a great location may still be in demand than an inland resort. The concept of timeshare has been extended to luxury cars and planes.

Advantages and Disadvantages of Timeshare Advantages:

Time share units are usually self catering with a full or partial kitchen and have readily available laundry facilities.

Vacation flexibility is the premium advantage of timeshare ownership. Owners can exchange their weeks for other resorts anywhere in the world and at their desired vacation time.

Timeshare owners benefit financially as well. They have the option to sell their timeshare, rent their unused weeks or even give it as a gift.

Timeshare properties make it easy to enjoy luxury accommodations year after year without having spent time at expensive hotels or sub par motels with no amenities.

Timeshare hotels provide home like surroundings and are good choices for families with young children as they provide more space and the option for preparing meals at home.

They come in many sizes such as one bedroom apartment, two bedroom or three bedroom homes with a patio, lounge area and many bathrooms.

Timeshares are also a good way to save money on your lodging expenses. Timeshare owners vacation year after year and are not dependent on hotel pricing fluctuation because their vacations are already paid for.

Timeshares build customer loyalty and maximizes repeat business, thus enhancing brand loyalty.

Disadvantages:

The timeshare requires a major payment up front. Doubts exist as to whether timeshare buyers ever recover their money spent.

The biggest issues for exchange are that it depends on another owner to deposit a desired week which may not happen.

Another issue is some exchange systems have rules and the unit may not strong enough to allow the owners to get the vacation they want. Also some owners can not make a decision on when to vacation or where to vacation until the last minute which often results in a bad exchange or no exchange at all.

Yearly maintenance fee, other complaints involves issue surrounding the fees like home owners fee, rental fee, fees for trading property taxes and an assortment of hidden fees that buyers were not aware of. When they bought timeshare. In addition, if a resort suffers as a result of a natural disaster, it may need special assessments.



IHM NOTES

- Some of the Major Timeshare Brands:
- Marriott Vacation Club International
- Hyatt Vacation Club
- Four Seasons
- Hilton Grand Vacations
- Starwood
- Disney Vacation Club
- Mahindra Holidays
- Shell Vacations
- Wyndham Timeshare Resort Group



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