



TIME SHARE & VACATION OWNERSHIP

A) What is Time Share? Referral chains & Condominiums

1) Time –Share Hotels:

Timeshare, also known as Vacation Ownership, offers the opportunity to own condominium-style accommodations at quality resorts in popular domestic and international destinations. Timeshare accommodations typically offer spacious floor plans and home-like amenities when compared with traditional hotels, and may include kitchens, laundry facilities, living room space and multiple bedrooms. Today, there are more than 7 million timeshare owners!

Timeshare ownership entails payment of an upfront sum plus yearly maintenance fees. The timeshare business is divided into 52 weeks and each week is a unit. The price of the week depends upon the season for which one is buying a slot. For different location resorts the period for peak or lean season may differ depending upon the demand and supply. In hills the summer season may be peak season whereas at beaches it may not be the lean season. The seasons are usually described with the colour codes and a resort may use the different colour codes to describe peak, lean season. The following are the colour codes for describing the season's popularity. **The most common time share in India is Mahindra and Mahindra, Nanda Tourist Corporation, Sterling Holiday's Resorts, Avelon Resorts etc.**

- Purple: Peak Season
- Red: Best Season, Vacation Time
- White: Mid Season
- Blue: Off Season

Advantage

1) Long-term savings over hotels

The basic timeshare concept is simple: you pay a onetime purchase fee that entitles you to a week every year (or sometimes every other year) at a resort. Instead of renting your vacations, you now own them. Here's an example:

\$1,400
x 30



	----- \$42,000
Your weekly cost for a hotel room (Assuming \$200/night)	
Number of years of vacationing	
Total cost in today's dollar	

With a timeshare, let's assume you find a deal on RedWeek.com for \$8,000 with an annual maintenance fee of \$550. Your equation becomes:

	\$550 x 30 ----- \$16,500 + 8,000 ----- \$24,500
Your annual maintenance fee	
Years of vacationing	
Total maintenance fees* (Assuming maintenance fee remains constant)	
Upfront purchase price	
Total cost in today's dollars**	

Using this calculation, you could pay as much as \$25,500 upfront for a timeshare and break even with comparable hotel vacation costs. This is more like the high end new sales prices of timeshares sold today.

2) **Home-like accommodations**

Most timeshare units have floor plans that closely resemble two bedroom, two bathroom condos or apartments, usually with an additional sleeper sofa in the living room. Timeshare unit sizes vary from studios to four bedrooms, allowing plenty of room for families.

3) **Real property ownership**

If you buy a "deeded" timeshare, you are buying real property. You can give it away, will it to your heirs, rent it, sell it, and so on.

4) **Ability to exchange**



Exchange is consistently a top reason people buy into timeshare. When you own a timeshare, you have the ability to exchange for another resort.

5) **Guaranteed vacations**

When buying a timeshare, you're making a significant upfront investment and may be more motivated to take valuable time with your family annually. If you buy an annual fixed week, you are guaranteed that same week each year at a resort you are familiar with, and don't have the hassle of vacation planning year after year. It is a fact that timeshare owners are more likely to use their vacations than those who don't own. A lifestyle decision to build memories with your family and friends.

6) **Flexibility**

If unexpected circumstances arise, or you simply cannot take your vacation one year, timeshares afford other options. You can bank your timeshare with one of the timeshare exchange companies.

7) **Less maintenance**

- a. **Pay only for the time you use:** If you only plan to use a few weeks a year, why keep an expensive vacation home vacant during the time you're not there? Timeshare is most frequently sold in one week intervals, but there are more options now than ever before, like "fractional," allowing you some flexibility if you prefer longer vacations.
- b. **Lower upfront costs:** While vacation homes can cost hundreds of thousands of dollars, timeshares are much more reasonable.
- c. **Lower maintenance costs on an annual basis:** With a timeshare, you are literally sharing time with other travellers. As such, the maintenance fees are also shared and obviously will be much less than keeping a vacation home year-round.
- d. **Already decorated and furnished:** Timeshares come fully furnished, saving you thousands of dollars on the furnishings and decor you would need to purchase for a vacation home. They also have almost all of the cooking utensils, plates, glasses, cups, and silverware needed for a normal home-like vacation.

Disadvantage.

- 1. Identifying the customer.
- 2. Designing timeshare according to the customer requirement.
- 3. Costly Advertising.



- 8) **Condominium:** Condominium units also called as Condo are purchased outright and owned by the guest as second homes.

Condominium hotels have single owners instead of multiple owners sharing the hotel. In condominium hotels, the owner informs the management company when they would occupy the unit. The management company is free to rent the unit for the remainder of the year, and this revenue goes to the owner.

Owner purchases a unit and has full right of an unit he has purchased and shares the cost common to the complex such as takes, insurance, Maintenance, and upkeep of public areas including swimming, pool, health, clubs, parking, security, air conditioning, broadband etc. Each owner can occupy or sell his unit independently but is required to follow the rules and regulations laid by the management. In some cases the management can help the owner in renting out the properties. They take full responsibility of the owner's unit's safety and also pay to the owner a major portion of the rent earned from renting out. Usually the management request the owner to rent out in case of major conferences. The management earns a major portion by renting out conferences hall and from catering.

The Resorts and condominium inns group of Singapore are among the most popular example of such properties.

- 9) **Referral Groups:** It consists of independent hotel which have grouped together for some common purpose. Though the properties in the referral group may be different from each other but there is sufficient consistency in the quality of service to satisfy guest expectations. The member hotels recommend guest to other member hotels. Some examples are Best Western international, one of the largest hotel chains, is the best example of referral groups.

B) How it is different from hotel business?

Inns/Sarai's came in origin many centuries ago and the latest trend of the same is Timeshare. It also comes under the category hotel and falls in the hospitality industry. Usually these hotels/ timeshare are at resort places and are patronised by the visitors for pleasure purposes. The time share /vacation ownership gives you right to have yearly vacation with the facility of worldwide exchange. The timeshare slot is sold for a particular week of a year. (Total 52 Slots in a year).

Example: Suppose that there is a hotel in Goa with 20 apartments. The various apartments of the hotel can be sold to different people for different periods of time for a specific number of years. The total no. of one week allots may be calculated as under:



No. of one week slot owners= no of apartments (guest rooms) X No. of weeks in the year.

$$= 20 \times 52 = 1,040$$

Thus the same property can be sold to 1,040 individual owners for specific time slots during the year. These individuals are the owners for specific time slots during the year. These individuals are the owners of the apartments for that time duration. They can either enjoy their time slots or can rent them out to a management company to run the hotel.

Methods of use

Owners can:

- Use their usage time.
- Rent out their owned usage.
- Give it as a gift.
- Donate it to a charity (should the charity choose to accept the burden of the associated maintenance payments).
- Exchange internally within the same resort or resort group.
- Exchange externally into thousands of other resorts.
- Sell it either through traditional or online advertising or by using a licensed broker.

Recently, with most point systems, owners may elect to:

- Assign their usage time to the point system to be exchanged for airline tickets, hotels, travel packages, cruises, and amusement park tickets.
- Instead of renting all their actual usage time, rent part of their points without actually getting any usage time and use the rest of the points;
- Rent more points from either the internal exchange entity or another owner to get a larger unit, more vacation time, or at a better location.
- Save or move points from one year to another.

C) Classification of timeshare.

- 1) **Fixed Timeshare:** This kind of timeshare is only for a particular week or days of the year. For example, week 26 normally includes the Fourth of July holiday, week



51, Christmas and so on. If an owner owned Week 26 at a resort he or she could use that week every year.

- 2) **Floating Timeshare**: Sometimes units are sold as floating weeks. The ownership will be specific on how many weeks the owner owns and from which weeks the owner may select for the owner's stay. An example of this may be a floating summer week where the owner may request any week during the summer season, generally weeks 22 through 36.

Fixed and floating timeshare arrangements can either be **deeded or non-deeded** (also known as right-to-use). Deeded timeshares are considered real property that can be sold or passed on to the next generation. Non-deeded or right-to-use timeshares function more like leases, where an owner can use the unit for a specified number of years.

3) **Rotating/Flex week ownership**

Some are sold as rotating weeks, commonly referred to as *flex* 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 in year 1 the owner may have use of week 25, then week 26 in year 2, and then week 27 in year 3. This method give each owner a fair opportunity for prime week.

4) **Lock off or Lockout**

These units allow vacation owners to occupy a portion of the unit and offer the remaining space for rental or exchange. These units typically consist of two bedrooms and two baths or three bedrooms or 3 baths.

5) **Split Weeks**

These are popular with consumer who prefer shorter vacation , as the owner may split use of the interval into two separate visits to the resorts, such as one three- night and one four-night stay at two different times of the year. Reservation are usually granted on first-come, first served basis and are based on availability.

D) Types of accommodation and their size:

These properties tend to be apartment-style units ranging in size from studio units (with room for two to three and four bedroom units. These larger units can comfortably house large families. Units normally include fully equipped kitchens with a dining area, dishwasher, televisions, DVD players, and more. It is not uncommon to have washers and dryers either in the unit or easily accessible on the resort. Kitchens are equipped to the size of the unit, so that a unit that sleeps four should have at least four glasses, plates, forks, knives, spoons, and bowls so that all four guests can sit and eat at once.

Units are usually listed by how many the unit will sleep and how many the unit will sleep privately.

- Sleeps 2/2 would normally be a one bedroom or studio



- Sleeps 6/4 would normally 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 a restroom. These 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 may be in higher demand than a one-bedroom unit at the same resort. The same does not hold true comparing resorts in different locations. A one-bedroom unit in a desirable location may still be in higher demand than a resort with less demand. An example of this may be a one-bedroom at a desirable beach resort compared to a two-bedroom unit at a resort located inland from the same beach.

The following are the types of accommodation available for the timeshare guest:

- 1) Apartments
- 2) Castles
- 3) Ski lodges
- 4) Bungalows
- 5) Condos
- 6) Vilas
- 7) Camp sites
- 8) Cottages
- 9) Restored Farmhouse
- 10) Private Residence Clubs
- 11) Second Homes

Timeshare has the following type of accommodation

- 1) Studio : For 3 adults or 2 adults +2 children
- 2) One Bed Apartment : For 4 adults and consists of Drawings room, Dining Room, Bed Room, balcony and Kitchen
- 3) Double Bed Apartment : For 6 adults

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