



AMERICAN RESORT DEVELOPMENT ASSOCIATION
CONSUMER ADVISORY ON RESALE COMPANIES

ADVISORY V

July 15, 2010

ARDA has become aware of a deceptive solicitation practice, commonly referred to as transfer or repurchase solicitations, being used by some unethical transfer companies aimed at timeshare owners. ARDA cautions consumers to be aware of this practice and provides useful tips to avoid becoming a victim of a scam.

According to a June 29 release issued by the Vermont Attorney General, transfer companies solicit consumers to transfer ownership of their unused timeshares and, thus, “unburden” themselves of maintenance fees, taxes, and other costs. These solicitations mislead the consumer and may imply that the company will offer to pay consumers for their timeshares when, in fact, the owners get nothing and are required to pay up to several thousand dollars (a multiple of 3 to 5 times the annual maintenance fee) to supposedly transfer ownership.

No Guarantees

Although some transfer companies legally transfer timeshare product ownership after charging consumers fees (ranging from \$2,000 to \$5,000 or more), others keep the title in the owner’s name. This results in overdue maintenance fees and taxes in addition to the high out-of-pocket fee a consumer has already paid to the transfer company.

Do not accept tax deduction or other legal advice from a transfer company. Instead, check with your own legal or financial advisor(s). If a company claims to guarantee eligibility for tax deductions or other compensation after receiving a large fee – use caution and walk away. And, never provide credit card information over the phone or during a high pressure sales seminar to a company you have not thoroughly investigated.

Be sure you have exhausted all other inexpensive or free methods of renting, selling or giving away your timeshare before using even a reliable transfer company. The fees for such transfers are generally more expensive than other listed alternatives. Most timeshare owners should be able to sell, donate or deed back their resort interest without paying large fees.

Endorsements/ Affiliation Scams

Another misleading solicitation practice is when the company falsely uses the name of a legitimate timeshare company to misrepresent an affiliation with that company. For example, one company recently solicited an owner claiming to represent a major timeshare exchange company, while another company claimed it was endorsed by ARDA.

Consumers should always contact the organization to verify its affiliation or endorsement with the transfer company. As a trade association, ARDA does not endorse, set fees, or recommend specific companies or services.

(continued)



Resale or Transfer Guidelines

If you find that you can no longer use your timeshare, check first with your resort developer, resort management entity, or homeowners association to see if they offer a resale or transfer program, or are affiliated with a licensed real estate broker to handle resales. In addition, some non-profit organizations accept timeshares as a donation. Before transferring your product, make sure you research the organization and understand the process.

If you are solicited by a company offering to “take your timeshare off your hands,” be extremely cautious, especially if they make it sound as though they will pay you for your timeshare.

Top Questions to Ask a Timeshare Transfer Company:

1. Ask what you must pay in order to transfer the timeshare to the company and how they will accomplish the transfer.
2. Ask your resort’s homeowner’s association (HOA) or management entity to see if they are familiar with the transfer or resale company and what their experience has been.
3. Ask if they will require you to sign a “power of attorney” and, if so, ask them to send you a copy so you can have your attorney review it before you sign it.
4. Ask the company what they will do with your timeshare. (Some of these companies sell the timeshares on Ebay or other websites for a few dollars. You could do this yourself and save thousands in the transfer fee). Also, you do not want to be a party to a default which hurts other owners and could possibly hurt your credit rating if your name is not properly transferred off the deed.
5. Ask if the company will notify your resort and exchange company of the transfer and will provide proof of these notifications.
6. Ask how soon your timeshare will be legally transferred, i.e. now, in 30 days, 90 days, etc.
7. Ask who will be responsible for paying your costs of ownership (maintenance fees, taxes, etc.) while the transfer is pending.
8. Get all of the answers to your questions in writing before you pay any money, and have a knowledgeable friend or professional advisor review the information with you.
9. Ask for the names and phone numbers of other timeshare owners who have used the company’s transfer services so you can call and ask about their experience.
10. Finally, do not succumb to pressure. If this is a legitimate company offering a reputable service, they should encourage you to take the necessary time to research the company and make an informed decision. If you are being pressured to do this now, walk away.

For more consumer guidelines and tips, visit ARDA’s consumer website:
<http://www.VacationBetter.org/selling-your-timeshare>.