

Timeshare Vacation Property Resale

Buying Trends: A 2003-2007 Study

About the Study

This study uses sales data for a five-year period from 2003 through the end of 2007. The intent here is to provide a trend analysis of timeshare resales to consumers, timeshare sellers, industry personnel and other interested parties. In this Study, the resale data are based on those individual sellers that utilized Stroman Realty, Inc., a timeshare resale broker. A timeshare resale is a sale by an individual owner to another consumer. It does not include sales by resorts.

About the Author

As of this writing the authors know of no such work product study, or any similar type of document that uses actual timeshare resale data. The few prior references to resales in other studies were extremely limited. Further, sample sizes were small as to not be statistically significant.

Resort Inventory International, Rii®, is a division of Stroman Realty, Inc. Now celebrating its 29th anniversary, Rii® has conducted this internal timeshare resale study using thousands of in-house resale transactions.

Stroman Realty has sold properties located in 25 countries with buyers and sellers in 94 countries in over 1338 different timeshare resorts. We also market on the Internet to those interested in timeshares as a form of second home ownership. The internet has significantly enhanced marketing efforts nationally and worldwide.

A significant portion of our marketing is domestic direct mail to buyers and sellers who are residents of the United States. We believe study results were influenced by this fact.

Wayne Stroman has spent over 17 years assisting in building the Houston Association of REALTORS® (HAR), Multiple Listing Service (MLS) which is number one in the nation. The Houston Association is looked to by all other REALTOR® associations as having the most advanced technologies and membership rules that are broker, agent and consumer friendly. Their public website (www.HAR.com) has won numerous awards for innovation, unique visitors and best association website.

Having held numerous leadership positions in the Houston, Texas and National Association of REALTORS® (NAR), Mr. Stroman is leading the way for a new era of providing solutions for timeshare buyers, sellers and cooperating resale brokers.

To succeed in such a diverse business says volumes about the quality of the people at RiiStroman.com.

We hope that after reading this time share resale study you will have a greater understanding of this emerging market.

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1. Timeshare Development

Timeshare began over three decades ago when families shared vacation homes in Europe. Companies providing the ability for owners to exchange their timeshare emerged soon after and real industry growth began.

During the 1970's and 80's new timeshare sales practices earned a less than positive reputation. However, because of the natural growth cycles of the industry and efforts from its leaders and more effective regulation, most of the negative practices have been eliminated from the industry.

In the early days the timeshare industry had little respect. However beginning in the 1990s the Vacation Ownership industry experienced a renaissance and it continues to mature. New developer sales and timeshare resales activity continue to grow beginning a new era for this once questionable industry.

Initially timeshare properties were marketed as investments. Timeshares are not in fact investments and one should not buy a timeshare with the expectation of

reselling it for a profit. While one might buy a timeshare property to make an investment in a lifestyle, few timeshares appreciate—only the ones in choice locations during specific seasons.

The increasing positive image of the retail and resale timeshare industry is a result of two main factors. One is the influx of well established companies into the new sales market such as Marriott, Disney, Hilton, Hyatt, Wyndham and others. These corporations have spent significant resources informing the public of the many benefits of timeshare and counteracting the poor reputation that lingered from the early days of the industry. Branding by Marriott, Hilton, Disney, Westin, Hyatt and others has improved product image and helped new timeshare sales & resales.

The second factor is that people are realizing that the concept of timeshare is a real vacation option. With the improved industry reputation, more and more people are attracted to the idea of timesharing as opposed to discrediting the concept because of those early, new sales techniques and marketing. The day has come where consumers are waking to the idea of "Today I am going to look at buying a timeshare."

The timeshare industry is the fastest growing segment of the Travel and Tourism industry. A study released by the ARDA International Foundation (AIF) in 2007 and conducted by Ernst & Young, LLP points out indicators of future growth and accelerated growth in the future. In 2006 14,000 new units were built and 11,000 in 2007. In 2008 and beyond, the current forecast is for about 47,000 new units. The Ernst & Young study showed a new sales growth of 81% over a five year period. Additionally, the number of timeshare owners in the U.S. grew from three million in 2002 to 4.4 million in 2006 with 1,615 resorts operating in the U.S. and 176,232 timeshare units.

The AIF study further found that U.S. new sales reached a new high of \$10 billion in 2006.

Developer/Hoteliers also have found that occupancy rates for timeshared units exceed those of their hotels.

What does that say about the industry? Demand is growing for new timeshare resort vacation products and as resale opportunities are discovered the secondary market will grow proportionately as it has at Stroman Realty.

2. Aspects of the Timeshare Real Estate Market

There are significant differences between timeshare and traditional real estate including the differing amenities associated with a timeshare versus a home. There

are many variables to a timeshare, e.g., season of use, exchangeability, whether it is a “lock-off”.

Like traditional real estate, the timeshare industry also has a primary **Retail** market and a secondary **Resale** market.

Unlike traditional real estate, however, competitive timeshare resale prices are usually lower than retail. When prices improve it will help the viability of the new sale developer future.

Marketing on the Internet has recently exceeded signage as the number one way buyers would find real estate to purchase.

As consumer internet usage has increased, the Timeshare Resale Industry has benefited significantly from the use of the Internet to advertise units for sale. This is because timeshare owners/sellers have never been able to use signage to help with their marketing due to resort restrictions. Since about 1995 the Internet has created an interactive growing conduit for timeshare property information utilized by buyers, wholesalers, brokers and sellers. The Internet is the single largest factor that has improved the market for timeshare resales. In contrast, print media advertising has fallen off in its cost effectiveness in drawing willing buyers. Several of the major real estate franchise firms have cut back their print media budgets.

Web 2.0 is the new lift for timeshare resale marketing. New websites will emerge that will assist buying consumers that are searching the Internet for interesting offers at attractive locations and prices. See for example, www.TimeShareAds.com. It utilizes Google Mapping to locate properties for sale and is intuitive based on the user’s online actions.

Per industry surveys, **58% of all U.S. resorts offer no resale programs for their timeshare owners**. According to the 1997 ARDA U.S. Timeshare Industry Overview and Economic Impact Analysis, it was also found that:

- 46% of all timeshare owners have some degree of interest in selling.
- 22.2% are actively pursuing selling.

According to the 2003 edition of “Resort Timesharing in the United States,” prepared by Ragatz Associates, it was found that a little better than one in four timeshare purchases was a resale.

- 27% of total timeshare acquisitions are **resales**—as follows:
 - 15% consumer resales.
 - 8% POA resales.
 - 4% gift, inherited or other.

This type of information is limited and is all that is available offering estimates of numbers of resales by individual owners. We believe that the survey data above is unreliable because of the limited number of responses to questions about reselling individually-owned timeshare weeks.

3. Issues for the Timeshare Secondary Market

In this study a number of issues for the resale industry were identified.

A. Advertising company abuses. Unlicensed companies practicing real estate dilute timeshare resale efforts. Anyone with a website and "Cart" software can get into the business of advertising timeshares for sale. Many of these sites have no address, phone number and only seem to exist in cyberspace for the benefit of the owner. The distraction of these non-service businesses from companies that are active in resales is another cause for frustration for both buyers and sellers trying to find dedicated timeshare resellers in the market place.

B. Lack of a Multiple Listing Service. A resale MLS for brokers is needed. When cooperating brokers and wholesalers have browser access to timeshare property information, the numbers of sales will increase. As those numbers increase, so should the prices. The market is so large that a successful MLS type system would benefit the individual owners, developers, resort HOAs and facilitate choices for consumers.

A viable timeshare MLS can have geographically dispersed comparable sold information for use by brokers. This can help with listings and sales.

Many issues are involved in forming a successful MLS for brokers. Getting all the participants comfortable with the format for instance can be a challenge. All multi board of REALTORS® owned and operated MLS operations in the U.S. for instance tend to be slower to adopt change and can be inefficient, partly because of the power plays and personalities that dominate their governance.

A few companies have tried unsuccessfully to roll out the MLS program within the timeshare industry. Our first effort in 1985 was a dialup "bulletin board" to post properties for brokers and it failed.

In the last four years we revisited and tackled the problem, created the software and are close to being ready to test the market with an introductory product. Our goal is to create a national listing system for all co-operating timeshare resale agents. We have developed the web based software and will be rolling it out later this year.

Additionally a public website would be helpful to market member brokers' inventories. Such a portal provides aggregated timeshare resale property and broker information for the interested shoppers and eager buyers.

C. Lack of Cooperation Among Timeshare Industry Sectors. To go a step further, there needs to be a higher level of cooperation between competing developers, resort HOAs and brokers. The vacation market is highly competitive and there are many different types of vacation products from which consumers can choose. Individual resellers compete with developers to sell their units. There remains a tension between developers and resellers. Thus, some developers refuse to transfer rewards programs to new owners unless the resale is made through the developer. Other developer's designated brokers will refuse a listing unless the price is within certain parameters set by the developer. In other situations, the developer or homeowner association will refuse to provide covenants and restrictions if the owner wishes to resell.

The developers need to recognize that a resale market is critical to the continued viability of resorts. When intervals are simply abandoned because of the inability to resell, the association loses the needed fees. Without a sufficient owner base to pay maintenance fees, the resorts fall into disrepair. Indeed, this has been a significant problem in Florida. See part 5 – Developer Resale Issues – below.

D. Timeshare resale price commoditization has occurred from massive published resale price information mainly on the Internet. Whenever you have many items for sale that are basically the same, they become a commodity. Price therefore becomes the only real difference in most of the products so marketed. Some resellers for instance use websites like eBay to market developer trade-ins and repossessions, some with prices cheaper than one piece of luggage. If you were an owner and saw the prices they are getting for a similar unit to what you own you would be dissatisfied with your purchase to say the least. You would have to keep repeating to yourself "The value is in its use."

E. High Marketing Costs. On the resale market, the timeshare resorts, the individual sellers and purchasers are dispersed throughout the country and the world. To effect sales requires nationwide advertising and marketing efforts. Indeed, even developer sales and marketing costs, on average, exceed more than 40% of the net sales volume. The Florida legislature enacted a property assessment law for the developers that assessed timeshare resorts at roughly 50% to recognize "that sales and marketing expenses are an important component of the cost of a timeshare unit." The statute provides a "rebuttal presumption that the deduction is 50 percent of the purchase price." Fla. Stat. Ann § 192.037(11).

Advertising is a necessity to accomplish sales. Unlike the developer, however, who has millions of dollars to pour into marketing, the reseller does not have these resources to promote his timeshare interval. It can be done most cost effectively

by pooling the resources of individual resellers to reach widely dispersed market participants.

4. Barriers to an Effective Resale Market - for Brokers

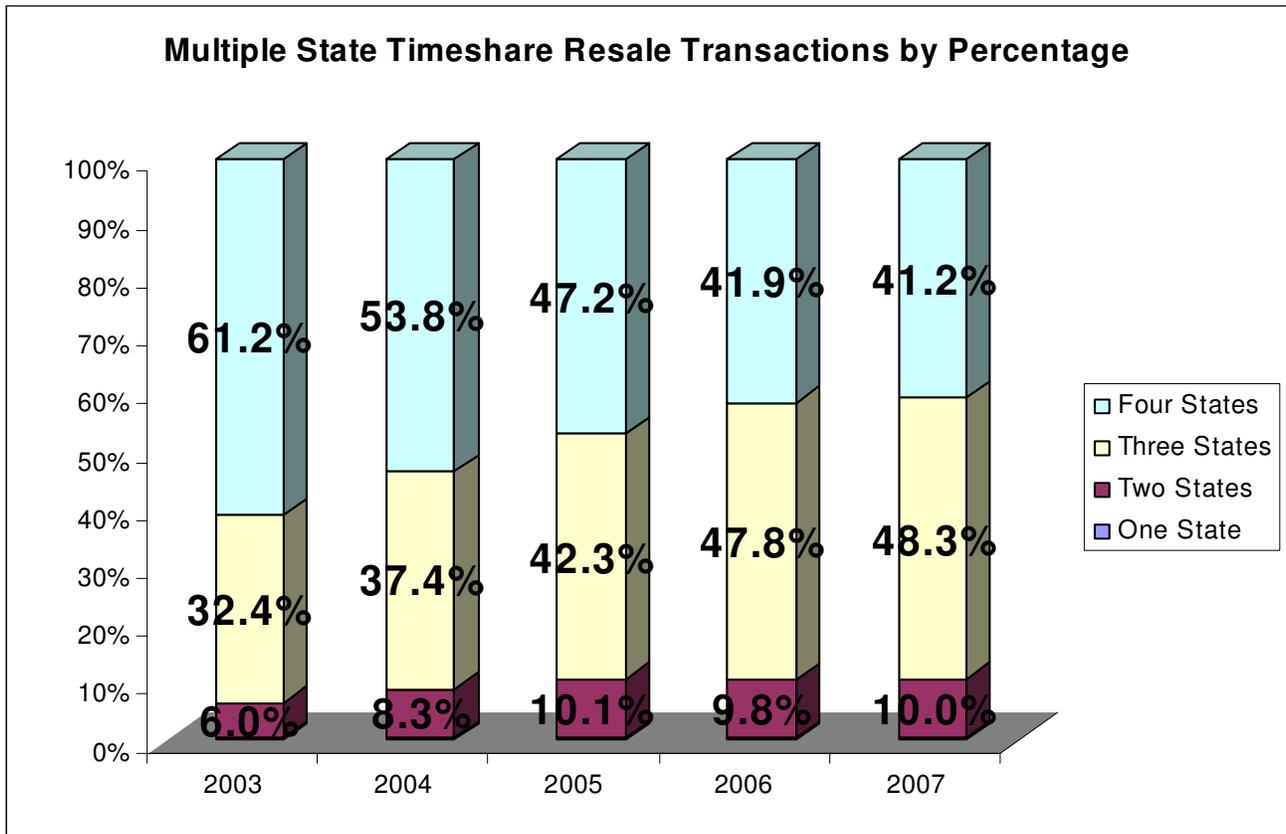
Conflicting regulatory requirements raise barriers to effective resale efforts on behalf of widely dispersed sellers and buyers. If brokers are required to hold multiple licenses, few sales, if any, will be completed.

These regulations make it harder to resell a timeshare to the detriment of resale prices and ultimately timeshare consumers' equity. These conflicting regulations further exacerbate the "timeshare resale problem." There are not enough true timeshare resale companies to satisfy demand and supply forces in this market place much less require a licensed broker to represent every state's interest.

Most sales involve more than two states. The graph below shows that approximately 90% of our resale transactions involve three or four states.

In 2007 over 41% of our timeshare transactions the buyer, seller, broker and timeshare property were all in different states. Also in 2007 over 89% of our transactions involve at least three different states.

Graph/Table #1



Year	One State	Two States	Three States	Four States
2003	0.5%	6.0%	32.4%	61.1%
2004	0.6%	8.4%	37.8%	53.3%
2005	0.4%	10.1%	42.4%	47.1%
2006	0.6%	9.8%	47.8%	41.9%
2007	0.5%	10.1%	48.4%	41.1%

On a typical day in a national timeshare resale office the buyer will be living in one state buying a property in another from a seller in even a different state through a broker in a fourth state. Prior to completing a sale, several sellers may have to be called to find the right property involving even more states. It is not feasible to shop each situation for an agent that has the right combination of licenses to conduct such a transaction. The call from each buyer has to be answered and processed on the spot to maximize efficiency or the timeshare shopper may call someone else and the sale will be lost. If every agent or even just the broker had to be licensed in each and every state to be prepared for circumstances like these, those persons would spend half the year maintaining the various continuing education requirements for each license alone.

Timeshare reselling is not the first type of real estate to run into this issue. Ask any commercial broker how they sell in different states. They will tell you that they have been doing it for years.

Look at any major city or town that lies on the border of another state. Most of the brokers on either side of the state line have listings on the other side of the border. Also think about the mobile American broker or agent. Several agents travel into other states. Where ever they go they run into selling opportunities. It is natural for salespeople to sell.

This is why the American Real Estate License Law Officials (ARELLO) have placed license reciprocity on their top ten list of things to accomplish. ARELLO Reports have noted that virtually half the states agree that license reciprocity is appropriate. This is so because the goals of licensing—adequate education, ethical training, and policing of licensee conduct—can be adequately protected by the Broker's licensing by its state of residence.

When one drives across the state line one does not stop at the border to take a driver's license test. This is America and timeshare reselling is truly Interstate Commerce and the framing fathers thought out the system and foresaw states abuse of power favoring their own residents' interests. This type of "Protectionism" is about ensuring the earning potential of the resident broker over the non resident broker rather than actually protecting consumers. Be thankful for the U.S. Constitution.

5. Developer Resale Issues

Some timeshare developer sales practices imply easy resale marketability. This creates a false presumption for the buyer that inflates the timeshare new sale value. When the time comes for owners to sell they are shocked when they learn about resale values.

We also noted that understanding individual owners' resale rights are clouded by confusing language in the condominium closing documents. Some have Right of First Refusal (ROFR) and Exclusive Rights to Resell imbedded deep in the new sale documents--not fully explained to the buyer.

Sometimes there are changes to the timeshare product after purchase by a consumer. The product seems to morph into what is more profitable for the developer and this further confuses the owners as to what they really own and how they can use it.

Many times property showings to resale buyers are blocked or restricted by the resort. Sometimes they are actually 100% occupied. Most of the time resort personnel are not accommodating prospects for owners wanting to resell, and whenever an owner or broker requests a showing to such a prospect. This will disappoint potential buyers and scare off some permanently from that resort. If the concept of reselling in the future is on your mind and it is hard to buy because of such practices, would you purchase at a resort with such restrictions?

Resorts that charge excessive transfer fees to sellers unnecessarily burden the resale process. It has been noted that some resorts use this as a tool to further frustrate resales. This is based on our experience in closing thousands of timeshare resale transactions with willing buyers and sellers.

Point Systems and market values where usage value and rights are controlled by the resort or the exchange company are also falling suspect by not being in the timeshare owner's best interest. The ability to trade for like accommodations is uncertain in the future for those owners. More controls are needed to help support owners' equity.

The timeshare developer new sale industry average of near to 50% marketing costs distorts owners' perceived value and eventual resale expectations. For the most part developers spend upfront thousands of dollars per unit for sales centers, mailings, gifts, mini vacations, promotion, other marketing, commissions, overrides and draws to sell the timeshare. The developer invested upfront thousands of dollars to attract buyers to its marketing regime to sell new timeshares.

Most would argue that without an onsite ongoing organized efficient sales force experienced in selling timeshares, fully funded marketing programs in place, access to showing the units and with market financing, timeshare units cannot be sold for the same price or higher on the resale market.

What would one have to charge to rebuild the scenario to help owners resell as efficiently as the developers' new sale? Would the marketer need to charge a 50% marketing cost when they put the resale on the market for the owner? More than likely the owner has a mortgage and an expectation of some equity.

Who primarily has a vested interest to see that timeshare properties resell? Only the reselling owners and the brokers have such a vested interest in seeing that a viable resale market exists.

6. Reasons People Resell Their Timeshare

There are many reasons timeshare owners want or need to resell: Failure to schedule or use the timeshare; financial issues; and wanting a different timeshare

resort location. These are the main reasons for seeking a sale of a particular unit. Some feel the original sales tactics at the new sales table were misleading and others claim that promises made by the developer were not kept.

Additional reasons include changes in lifestyle (i.e. death in family; unable to use as planned; need for a different size unit, etc.), increasing maintenance fees, and special assessments.

More and more families desire to sell because of problems exchanging for desired destinations through their exchange company.

7. Types of Timeshare Resort Properties

Consumers have choices of various types of vacation ownership products available for purchase in today's market. The original timeshare product was sold as a fixed week and fixed unit. This means the vacationer's use is the same week of the year in the same unit at one location each year.

Next was the introduction of floating use whereby the owner must contact the resort or management company in advance to make reservations based upon availability.

With the advancement of the product and progression of use, you also find some products being sold as biennial which entitles use on an every other year basis. Taking this a step further, some products are even offered once every third year as a "triennial."

An October 2007 AIF study by PricewaterhouseCoopers indicated that 42.3% of the timeshare products now being sold are points based. The points programs offer owners much more flexibility by allowing use by the night and the option to use the balance of allotted points at a later time on a variety of products. This "splitting" of points or weeks was not an option with the traditional product.

8. Types of Timeshare Resellers

- Developer, onsite, Homeowner Association (HOA) controlled owner & repossession resales, including financial institutional repossessions resales.
- Advertising companies.
- "Take the Week" or "Title Transfer" Companies
- Resale Dealers
- Licensed independent resale brokers.

Local traditional
Regional
National and international timeshare resale specialists.

8a. Characteristics of Developer, Onsite, HOA and Institution Resales

- Mostly are on-site and subsidized by the resort.
- Can charge high sales commissions to cover sales and marketing costs unless subsidized by the resort.
- Some are sold for the cost of the closing to get a happy dues paying owner to replace the last non-paying one.
- Does not penetrate the worldwide resale marketplace offering only limited inventory choices for consumers.
- Most have access to units, resort owner information and resort staff.
- Some control pricing

8b. Characteristics of Advertising Companies

- Offer Internet advertising services.
- Some offer unlicensed brokerage services.
- Tell owners "Do it yourself & save commissions" in order to sell ads when sellers can seldom do it themselves because of the complexities of closing requirements.
- Usually transparent to regulators –real estate license not required if advertising only.
- Some are scam artists that provide no service to the seller.
- Lack a code of ethics unless a member of ARDA.
- Most have little or no expertise or wherewithal to actually facilitate a sale.
- Most buyers and sellers want to talk to a person to get advice. Such advisors are typically unavailable.

8c. Characteristics of "Take the Week" or "Title Transfer" Companies

These companies tell owners the property they own is worthless. They paint a picture that timeshares are very hard to sell (which is frequently true), maintenance fees are rising, assessments will happen and they have something better to replace it. It only costs \$1995-5000 with their timeshare property as a down payment and they will assume the responsibilities of the annual maintenance fees etc. and pay the closing costs. The problems arise when the maintenance fee billing comes due and they still have not closed the deal or even worse they put the timeshare in an offshore corporation that never pays the maintenance fees. The resort must foreclose and resell the unit to a responsible party in order to finally collect a maintenance fee.

Some of these companies place the timeshares traded in on auction websites for very low prices just to liquidate them before maintenance fees become due.

As noted in the February 15, 2008 edition of Street Talk – “You pay to get rid of the timeshare, a buyer pays them again, and they get more money in the closing process. Because they are willing to sell most of their inventory at rock bottom prices, this puts downward pressure on the whole resale market, which is not a good thing.”

8d. Resale Dealers

Several companies have formed to buy timeshare resale bargains and resell them at a profit. These efforts help eliminate surplus inventories and help resorts regain a happy dues paying owner.

8e. Characteristics of Licensed Resale Brokers

They will provide real estate services such as:

- Marketing.
- Consulting.
- Brokerage.
- Most offer a full range of services and walk buyers and sellers from marketing through the negotiating, contracting, escrow, closing and funding.
- Multi-jurisdictional reconciliation of transactions.

Standards Required of Licensed Independent Resale Brokers include:

- State of licensure Mandatory Continuing Education.
- Few are REALTORS® that have a Code of Ethics.
- Fiduciary duties and agency laws.
- Compliance with state & federal regulations.

8ei. Characteristics of the Local Traditional Real Estate Broker

- Not usually knowledgeable in the unique aspects of timeshare properties (deed, right to use (RTU), seasons, points, proper contracting, etc.).
- Offers limited inventory choices to consumers.
- Most are only able to target local buyers or sellers.
- Prefers local traditional real estate transactions that yield much higher commissions at less risk.
- Very low market penetration.
- Has access to many owners and buyers in their geographic farm area where they work.

8eii. Characteristics of Regional Timeshare Real Estate Brokers

- Located in resort areas or concentrates only on certain resorts.
- Offer only regional inventory choices for consumers.
- Limited market penetration.
- Has local vacationer traffic for transaction possibilities.
- Some may have access to units, resort owner information, and resort staff (a type of subsidy.)

- Usually experienced with closing properties only in their region.

8eiii. Characteristics of National and International Timeshare Resale Brokers

- Offers national and international timeshare resale property choices with Internet home shopping convenience for buyers which equates to selection, value and informed purchase decisions.
- Knowledgeable in which timeshare title and escrow companies are capable of closing specific timeshare resorts globally. With large size and longevity you have more complete coverage and resort knowledge.
- Provides solutions for timeshare owners/consumers through international and interstate commerce.
- Early brokers like Stroman Realty pioneered these timeshare resale services and led the way for a viable timeshare resale market.

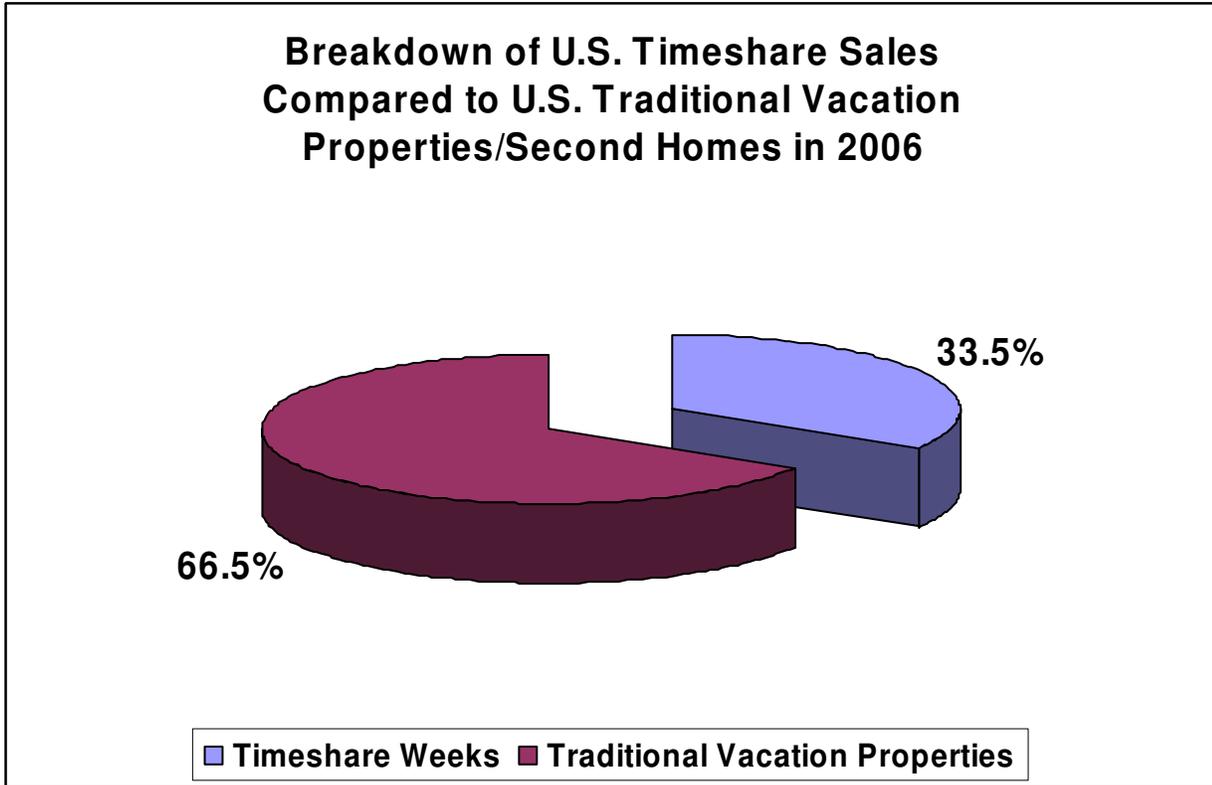
9. Introduction of Findings

The National Association of REALTORS® 2007 Investment and Vacation Home Buyers Survey states there were 1.067 million units, of vacation properties purchased in 2006 which is up from 2005.

Statistics from the State of the Vacation Timeshare Industry: United States Study, 2007 Edition conducted by Ernst & Young, LLP for the ARDA International Foundation (AIF), states there were 538,000 new timeshare units purchased in the U.S. during 2006. This means that 33.5% of all types of vacation properties sold were new timeshares.

A. Percentage of timeshare Weeks as part of the second home market.

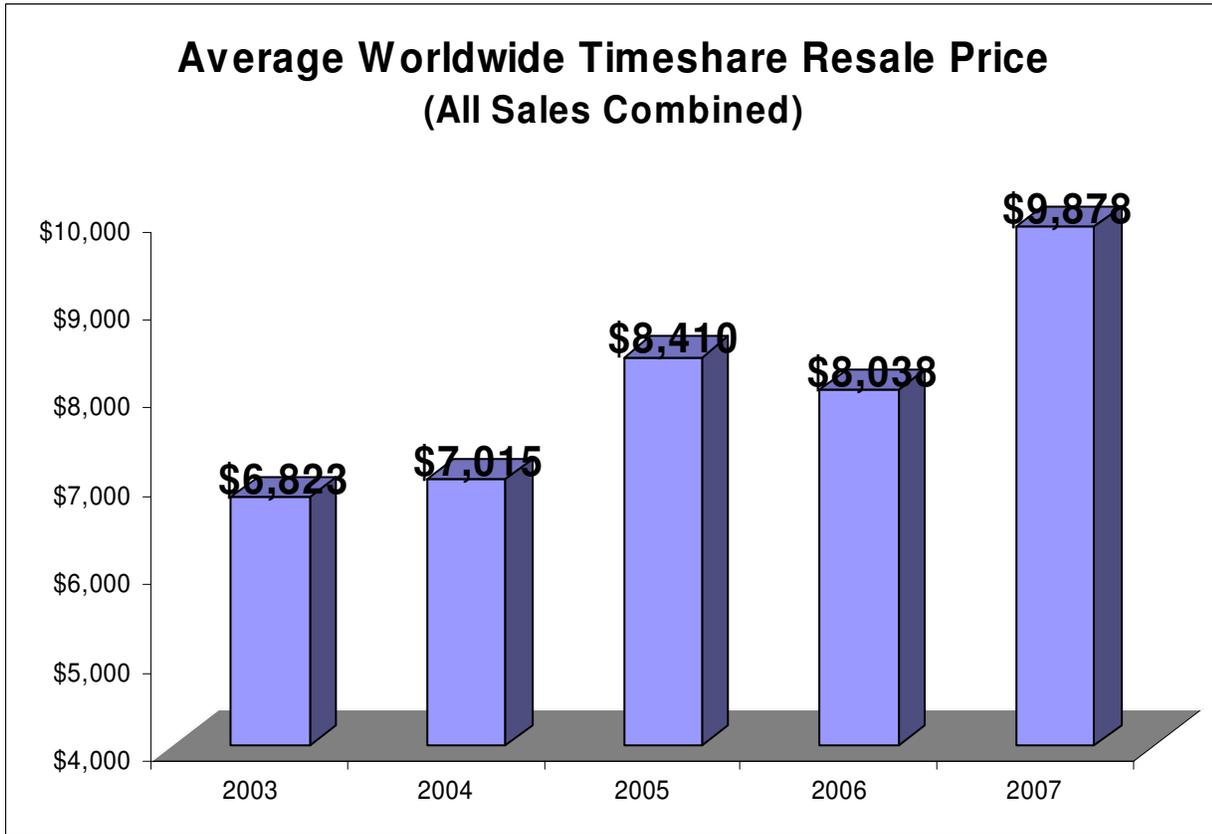
Graph #1A



B. Average Resale Price is Increasing

In Graph 2 the average worldwide timeshare resale price at Stroman Realty has grown from \$6,823 in 2003 to almost \$10,000 in 2007

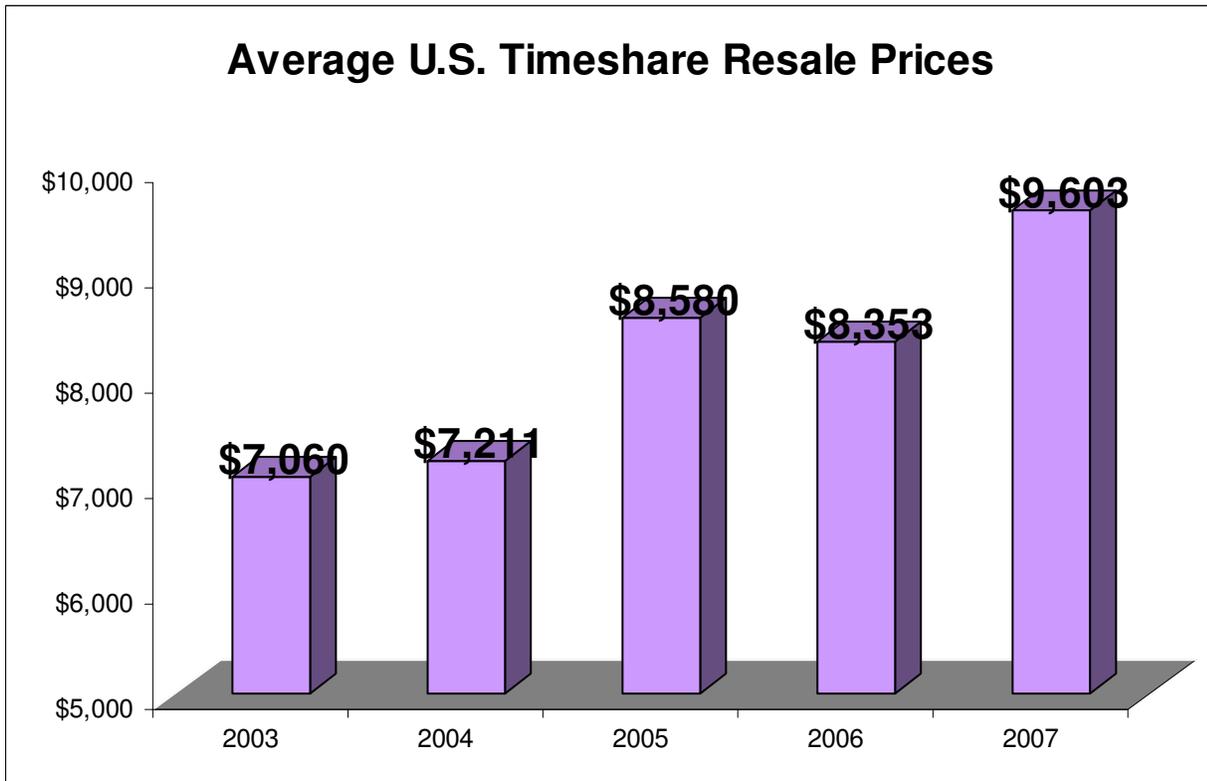
Graph #2



It's interesting that for the past 10 years the average U.S. timeshare resale price at Rii®Stroman rose 119%.

The following graph 2A is the average U.S. timeshare resale price at Stroman Realty for all sales combined.

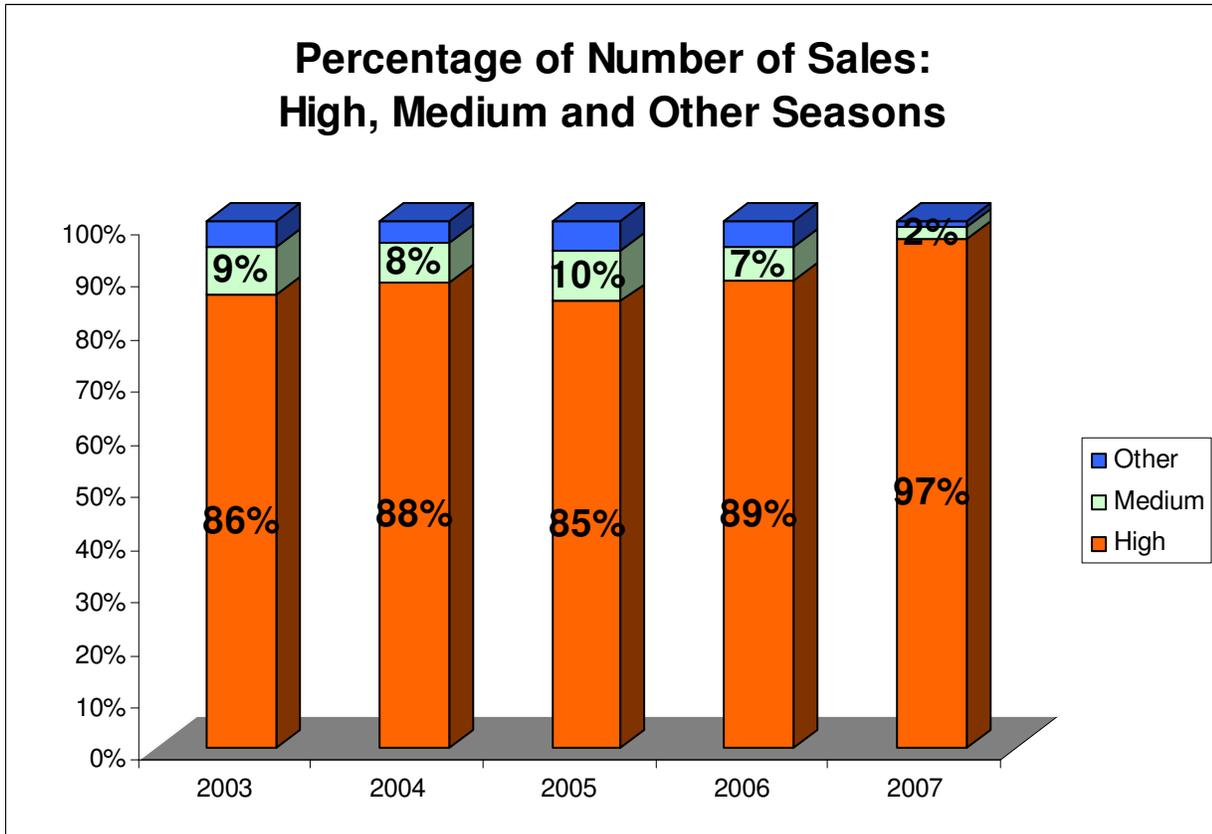
Graph #2A



C. Resale Buyers, Like Original Developer Buyers Seek High Season Units

The majority of timeshares are classified as Prime time – high season. This is also the most desired time in which to own. The following graph depicts Worldwide Stroman’s sales compared to seasonality.

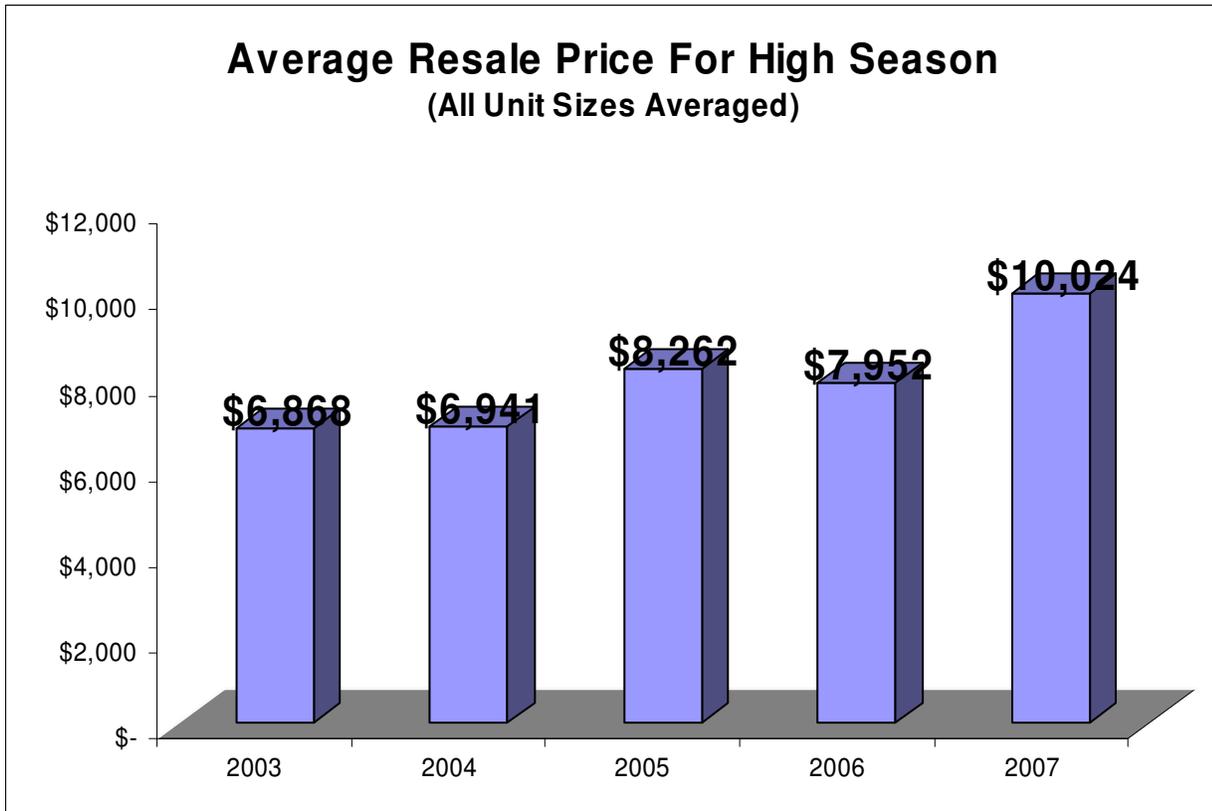
Graph/Table #3



Year	High	Medium	Other
2003	86%	9%	5%
2004	88%	8%	4%
2005	85%	10%	5%
2006	89%	7%	5%
2007	97%	2%	1%
5 yr ave	88%	7%	5%

We compiled Worldwide High season sale prices at Stroman by year and the result is the following graph.

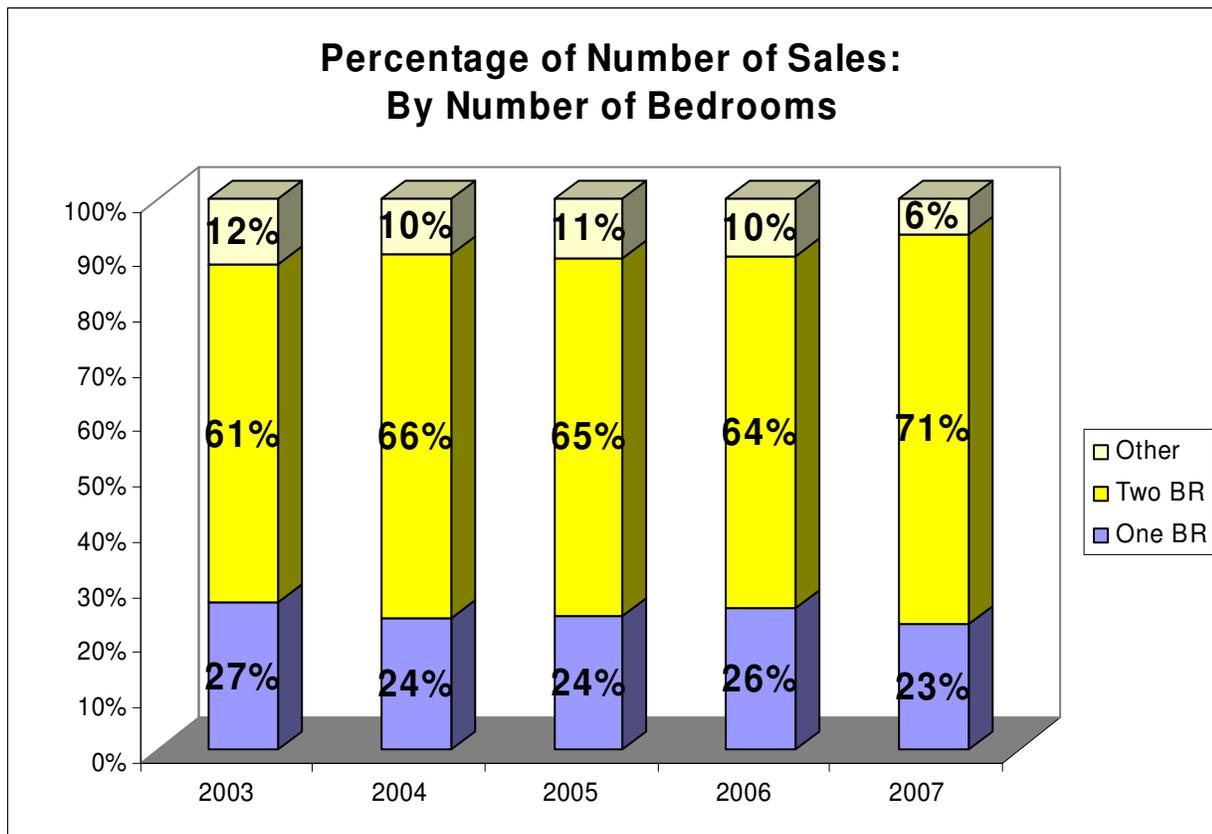
Graph #4



D. Impact of Other Amenities on Sales

Here are the Worldwide Stroman numbers for 1 bedroom vs. 2 bedrooms vs. all others.

Graph #5



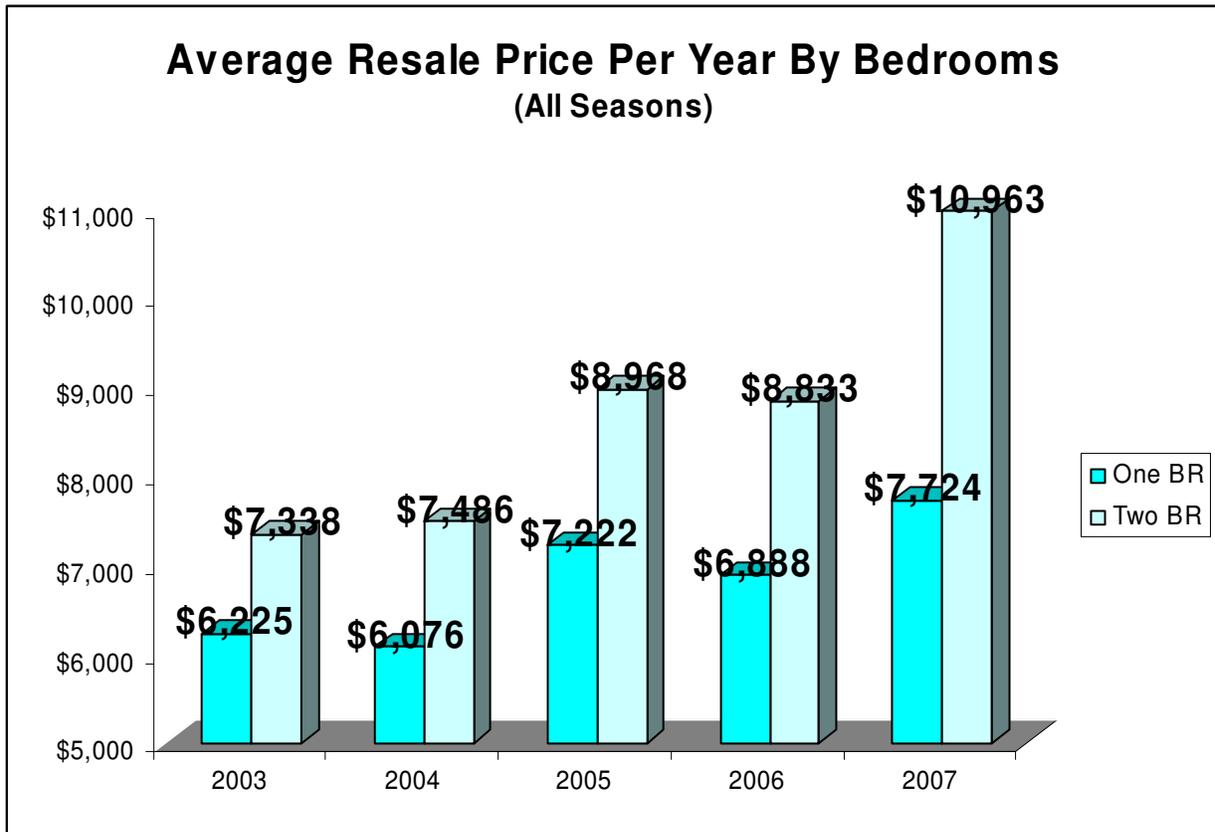
According to the Ernst & Young survey previously referenced concerning new developments, "Two-bedroom units represent the most common size (63 percent), followed by one-bedroom (22 percent), three-bedroom or larger (nine percent), and studios (less than six percent)."

"Timeshare resale buyers are acquiring units in roughly the same ratios of bedroom sizes as the developers are building."

Worldwide Timeshare resale prices at Stroman are broken down by bedrooms in the next graph which shows the differences and the rapid growth in prices of both one and two bedroom timeshares.

In 2007 the average price for a two bedroom resale timeshare at Stroman was \$11,031 for high season and \$10,963 all seasons.

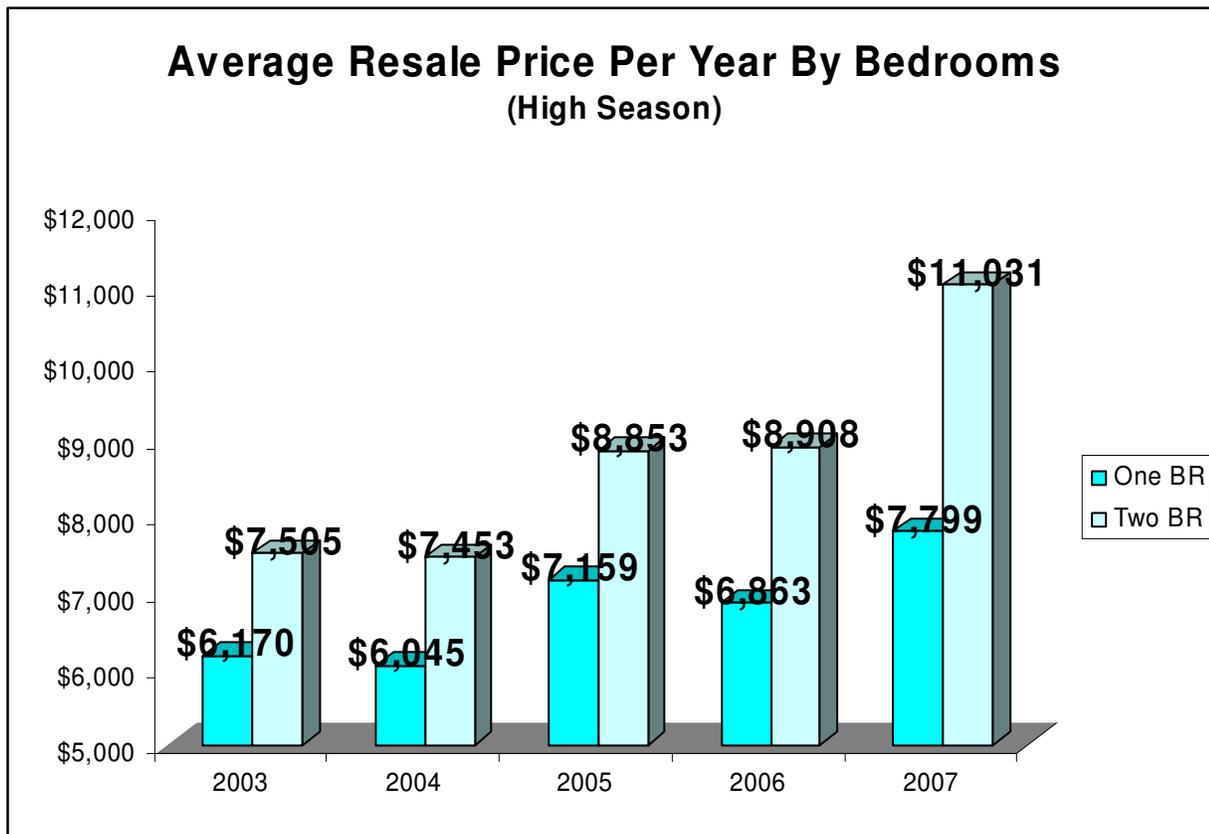
Graph #6



In 2007, the two bedroom resale prices increased faster and show a trend in demand and values for larger units.

The next graph 6A is like 6 but the data is restricted to Worldwide "High Season."

Graph 6A

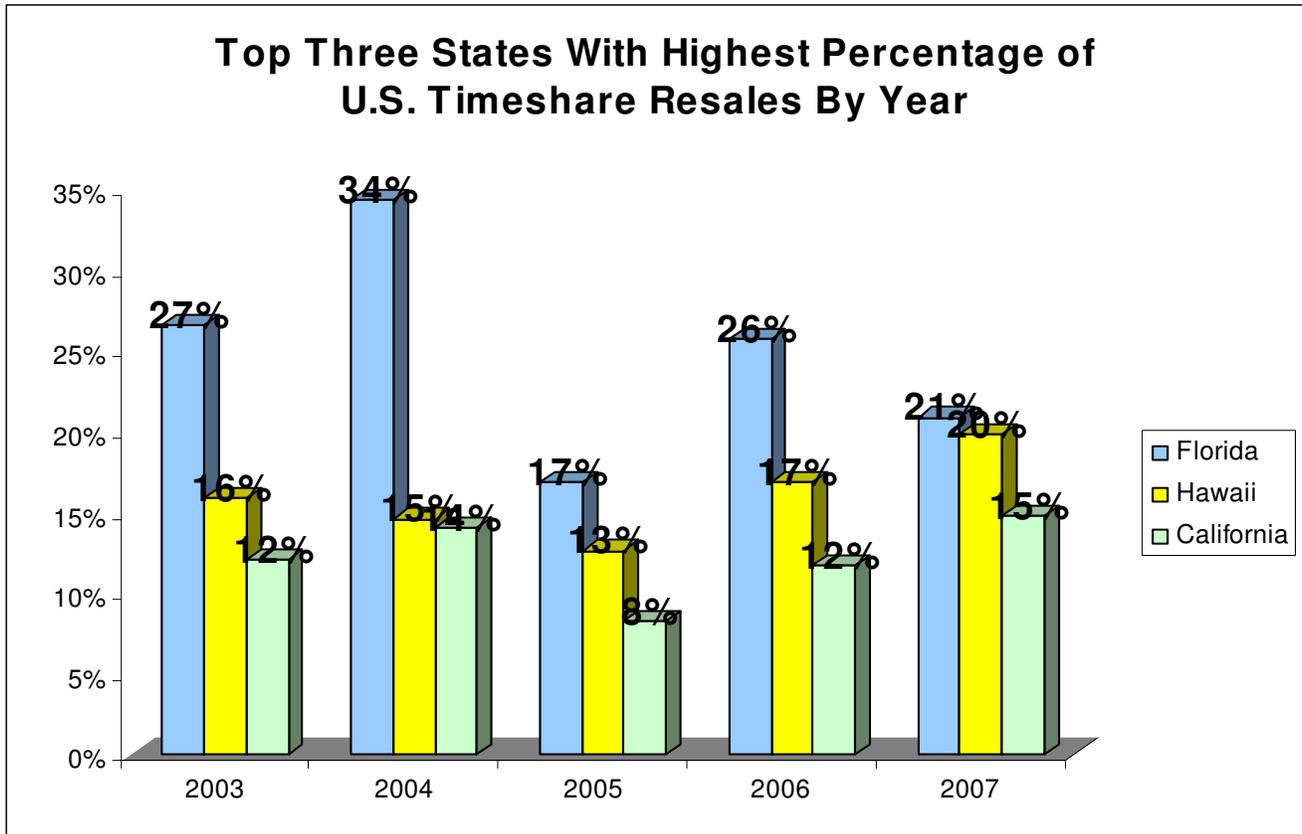


10. Location of the Timeshare and Buyer as Affecting Resales

The ARDA 2006 survey data previously referenced indicates that Florida led the nation with the largest part of the sales market at 23%, followed by California (8%) and South Carolina (7%).

The sales data from Stroman Realty, Inc. for 2007 shows that timeshare properties located in the State of Florida held the largest part of the resale market at 21%. Very close behind at 19.8% was Hawaii. Coming in third was California with 15% of the resale market.

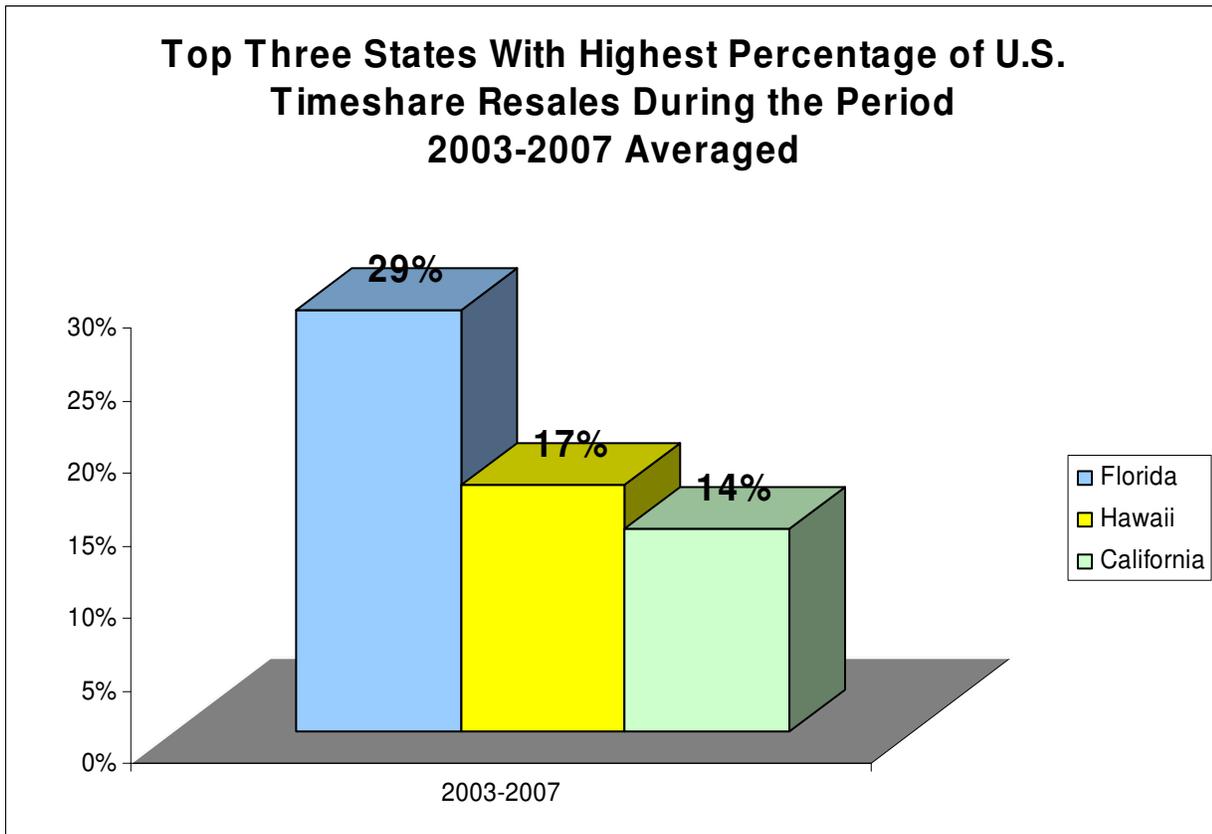
Graph/Table #7



	2003	2004	2005	2006	2007
FL	27%	34%	17%	26%	21%
HI	16%	15%	13%	17%	20%
CA	12%	14%	8%	12%	15%

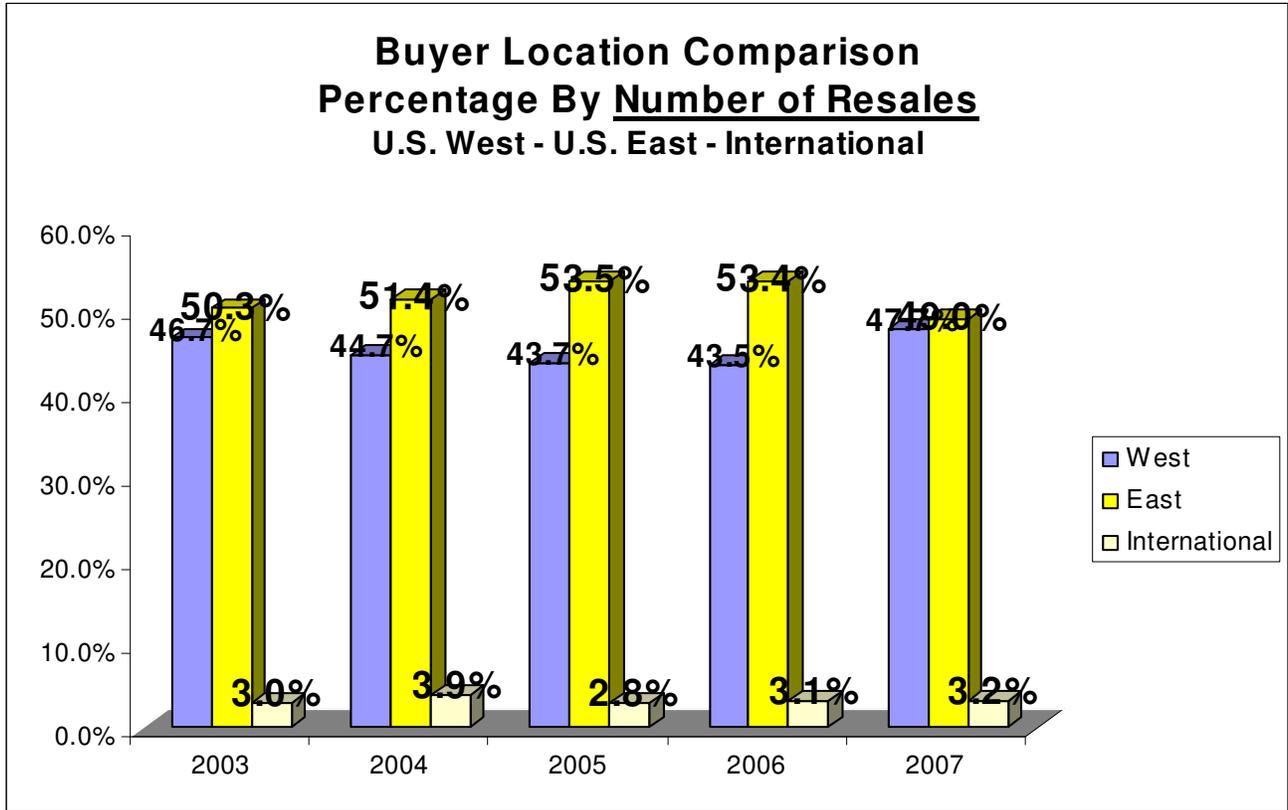
For the five year period 2003 – 2007 at Stroman, Florida ranked first at 29% and Hawaii at 17%. In third place was California at 14%.

Graph #7A



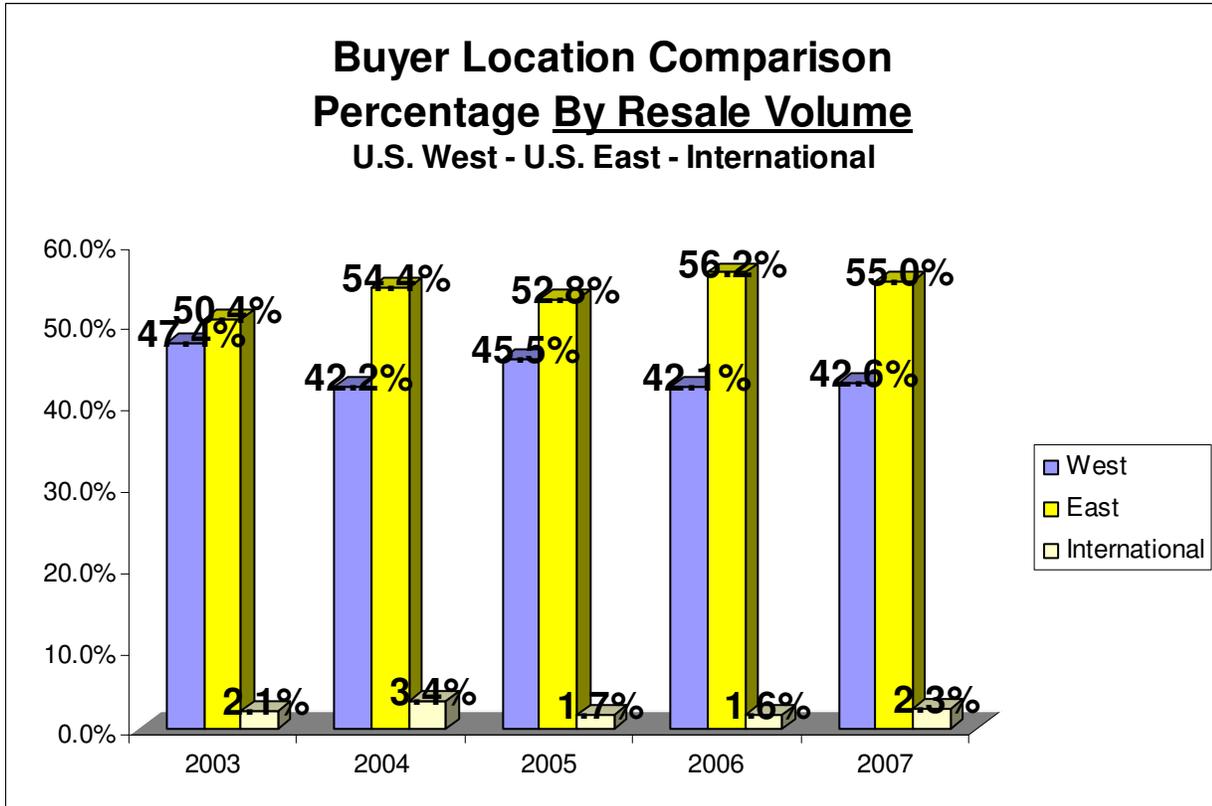
In Graphs #8 and 8A, Stroman’s data indicate that where buyers live influenced prices paid for resale timeshares. Except for 2003 and 2005, U.S. residents from the Eastern half of the U.S. bought slightly more expensive timeshare resales than the Western U.S. buyers.

Graph/Table #8



Year	West	East	International
2003	46.7%	50.3%	3.0%
2004	44.7%	51.4%	3.9%
2005	43.7%	53.5%	2.8%
2006	43.5%	53.4%	3.1%
2007	47.7%	49.0%	3.2%

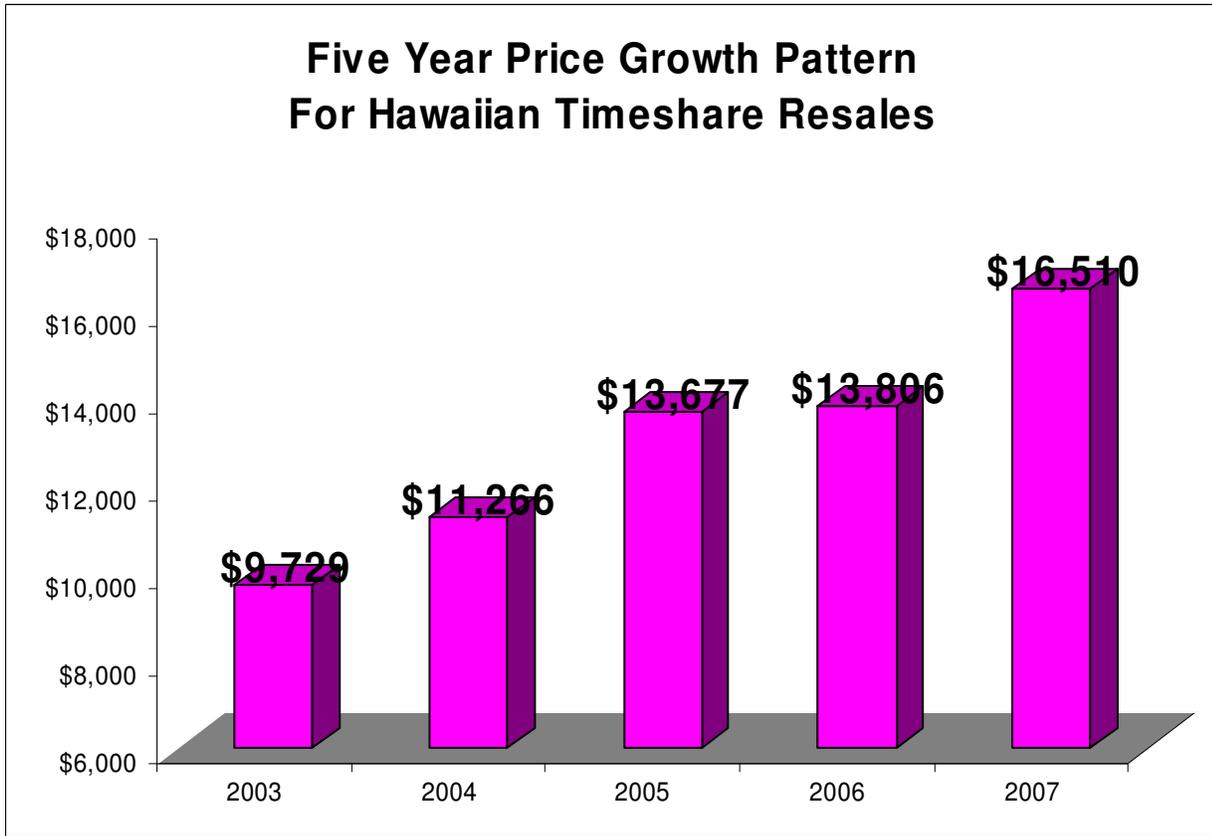
Graph/Table #8A



Year	West	East	International
2003	47.4%	50.4%	2.1%
2004	42.2%	54.4%	3.4%
2005	45.5%	52.8%	1.7%
2006	42.1%	56.2%	1.6%
2007	42.6%	55.0%	2.3%

Hawaii had a large increase in resale prices at Stroman. The average price for 2 Bedroom units in 2003 climbed 70% in five years.

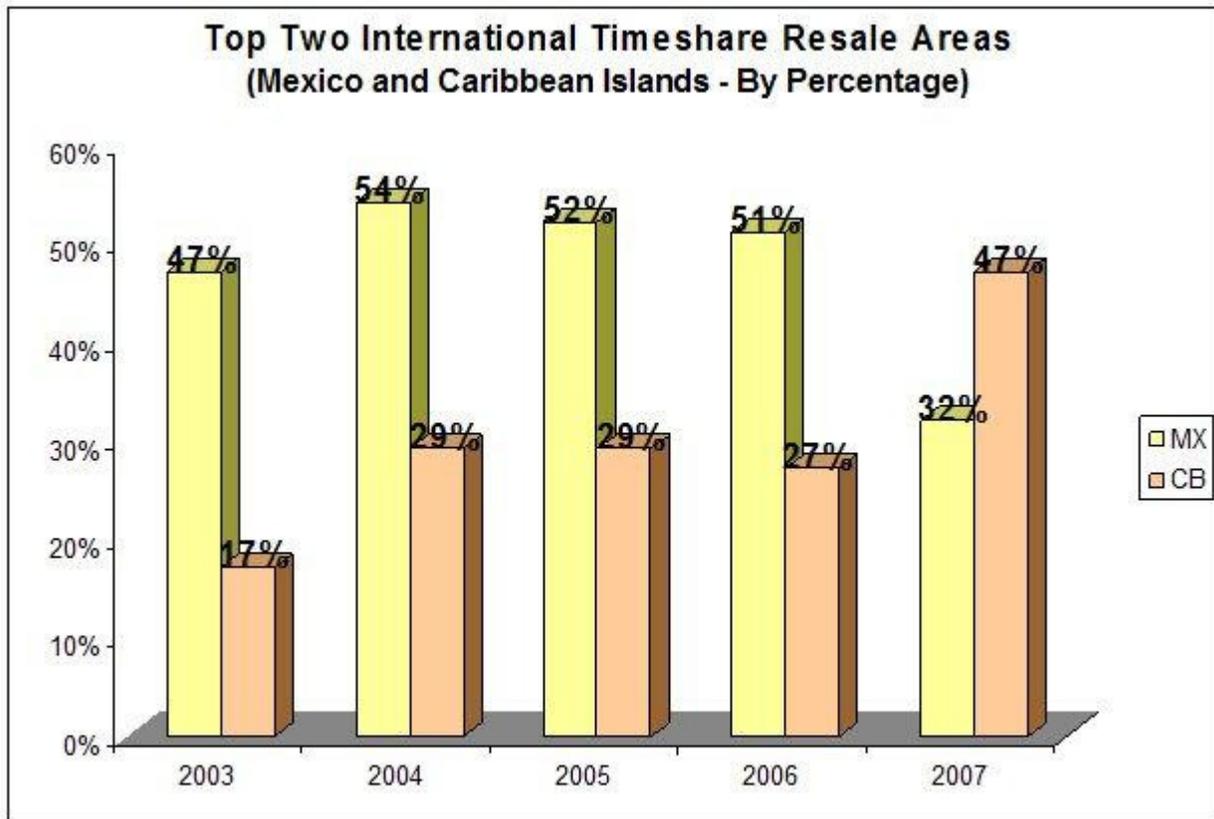
Graph #9



11. International Sales Data

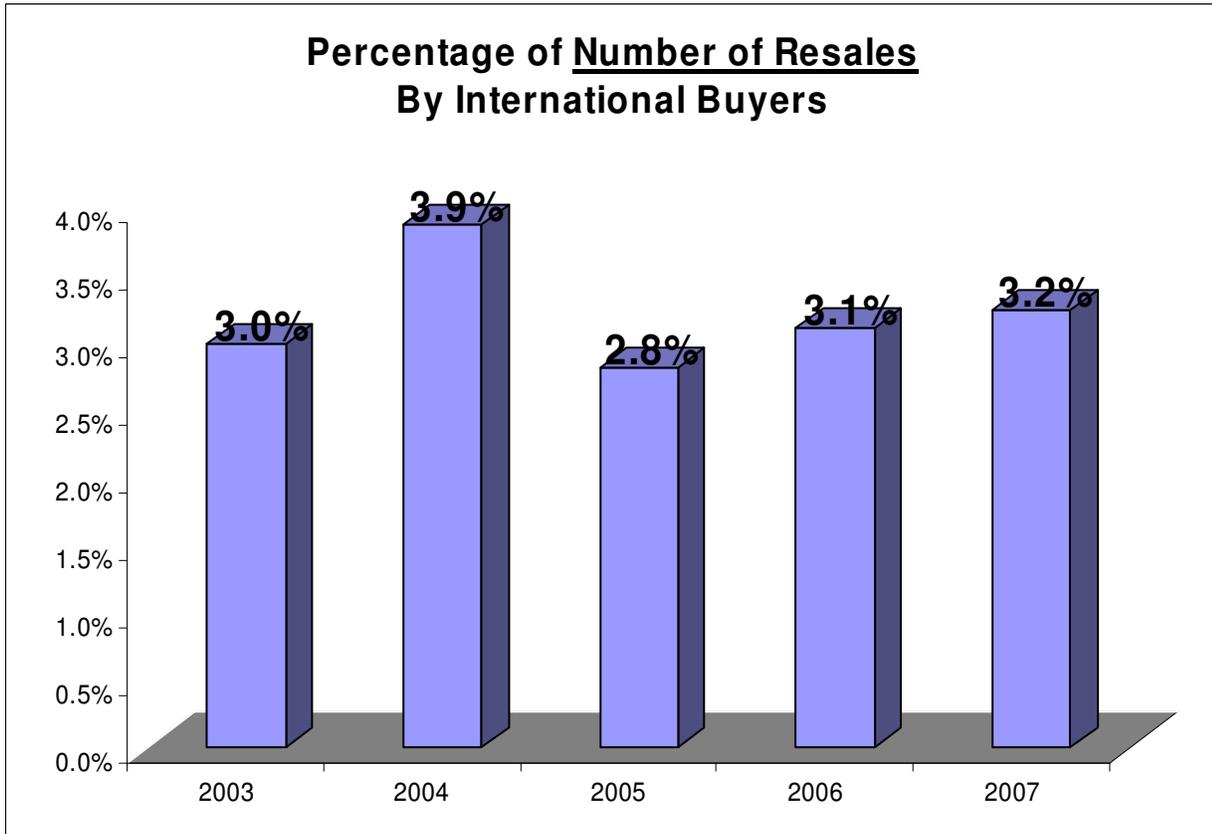
The two largest selling international areas were Mexico and the Caribbean islands.

Graph #10



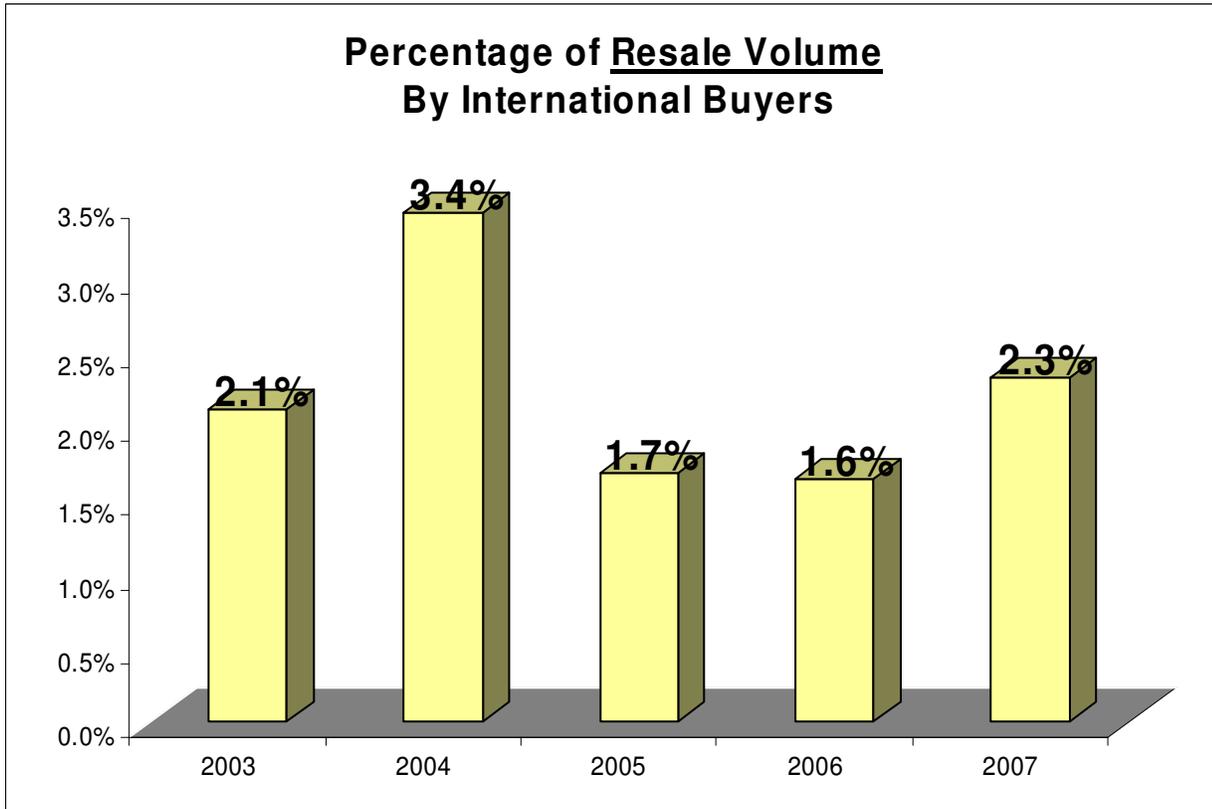
Sales to international residents were low because the majority of our marketing budget is targeted to U.S. residents as stated previously. We have multiple bilingual personnel on staff and our website allows direct routing of web form purchase requests to agents with language skills of English, French, Spanish, and Italian.

Graph #11



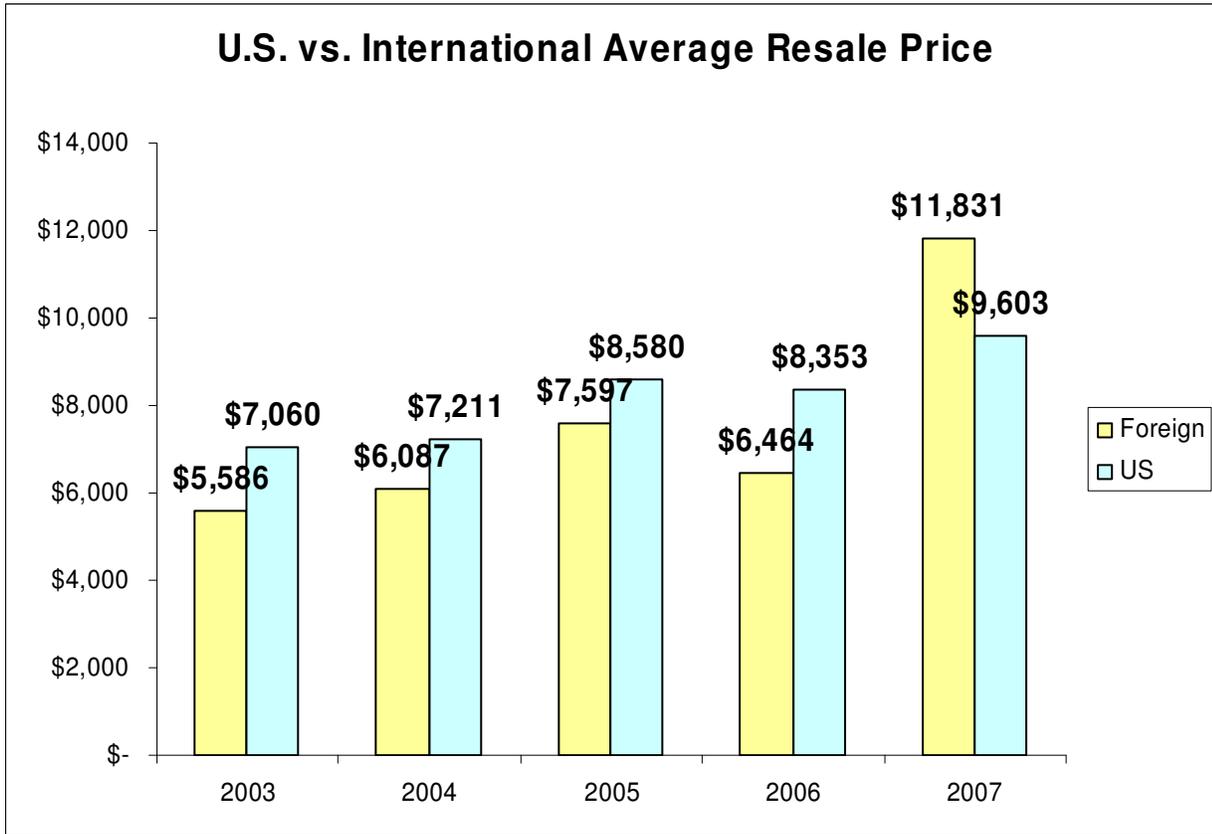
Graph #11 compared with Graph #12 shows that internationally residing purchasers bought less expensive timeshare units than the average timeshare resale. Graph #11 shows the number of units purchased and Graph #12 shows the dollar volume for the same five years. In every year, the dollar volume percentage was lower than the sales numbers percentage.

Graph #12



2007 saw a significant rise in the average price of an international timeshare resale. The average U.S. timeshare resale price at Stroman was \$9,603 and the average international timeshare resale price was \$11,831.

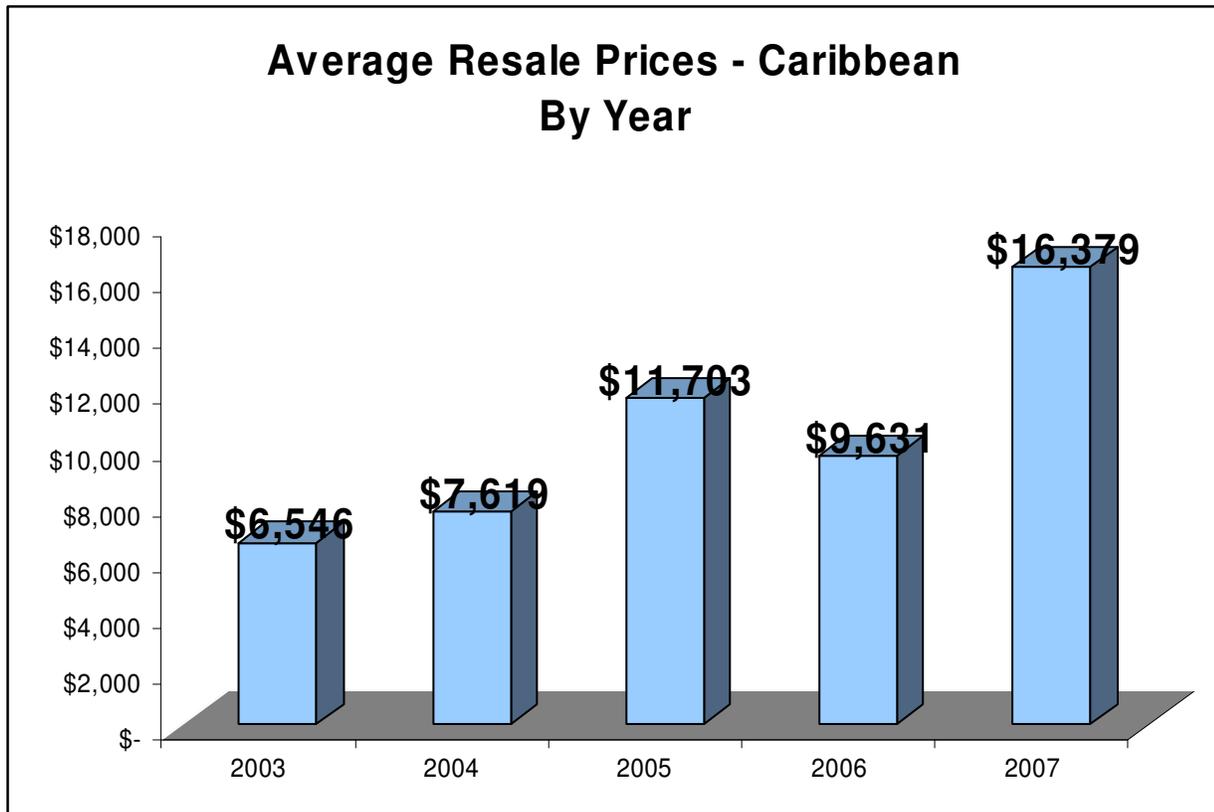
Graph #13



Caribbean

The average price of a Caribbean timeshare resale increased by 150% at Stroman. Higher priced Marriott, Westin, and Harborside Atlantis timeshares helped to increase the average resale price. These resorts are in the top tier year after year.

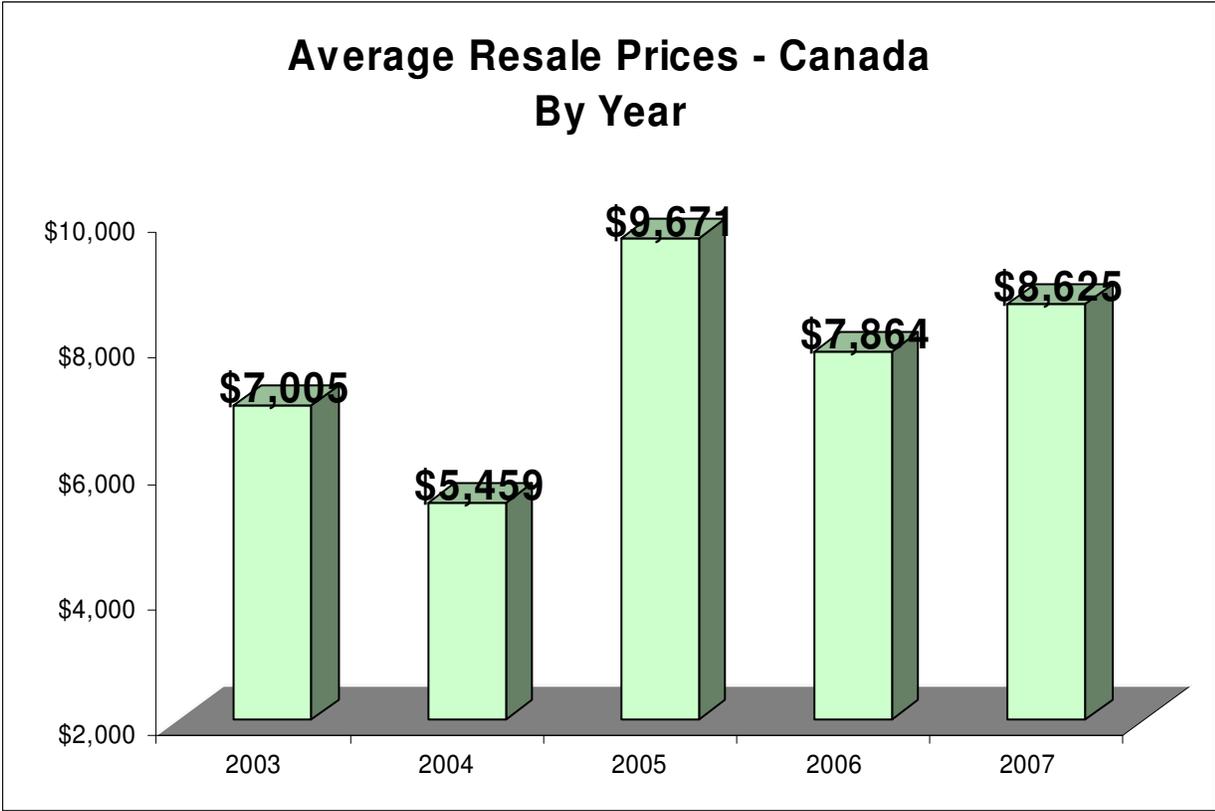
Graph #14



Canada

The Intrawest and Shell Resorts resales at Stroman dominated the top resale prices in Canada, especially for 2005. The top three resorts in Canada saw their best resale prices in 2005 and 2006. Intrawest Resorts enjoyed most of the top resale price increases during the five year period. When comparing Mexico and Canada, Canadian resale price growth increased over the five year period by 23%.

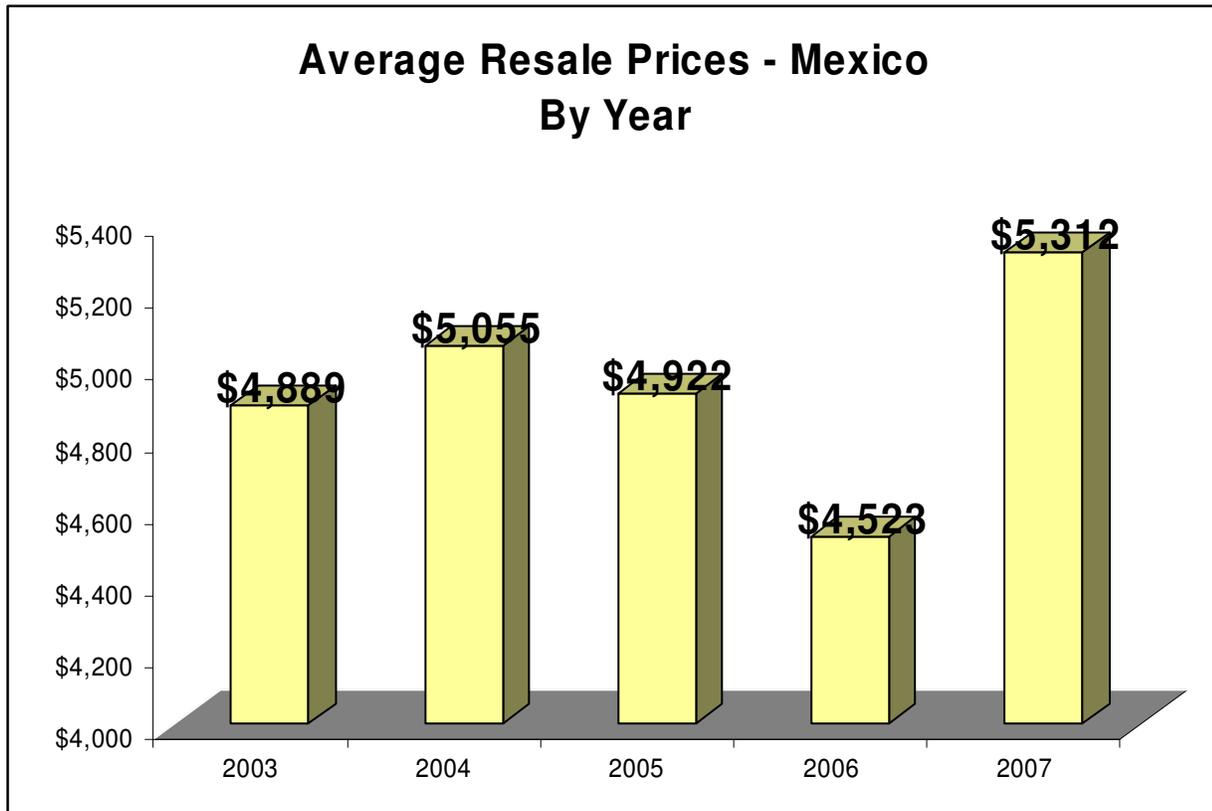
Graph #15



Mexico

In Mexico, there was an increase in the resale price of approximately 9% over the five year period at Stroman.

Graph #16



12. Stroman's Top 10 Best Selling Timeshare Resorts

Sheraton Vistana Orlando, FL
The Manhattan Club, NY, NY
Orange Lake Country Club, Orlando, FL
Marriott's Desert Springs Villas Palm Desert, CA
Hilton Grand Vacation Club Flamingo Las Vegas, NV
Hilton Grand Vacation Club Sea World Orlando, FL
Worldmark by Wyndham Resorts
Marriott's Cypress Harbour, Orlando, FL
Marriott's Desert Spring Villas II Palm Desert, CA
Marriott's Grande Ocean Resort, Orlando, FL

13. The Timeshare Resale Future

With baby boomers reaching their peak earning years and as their aging parents are passing their assets to their children, the monetary capacity to purchase timeshare resales has never been as high for the target buying market.

We're seeing the largest transfer of wealth in our country's history right now. Timeshares only will to grow as a place for households to park some of that wealth. Given differences in timeshare resort unit quality and in the different market areas, timeshare resale prices vary widely across the country. In general, buyers for new timeshares today can expect to pay an average of \$18,500 retail price, plus annual timeshare maintenance fees, for a two-bedroom high season timeshare unit that they can use one week a year. In contrast, resales are available for significantly less.

Resale units can sell 25 to 50 percent or more below the original price, making timeshare resales a popular value with cost conscious, vacationing households.

The absence of appreciation is not a hindrance for most buyers. Unlike those in the primary home ownership market, timeshare buyers are mainly looking for the cost-effective use of the unit and the resort facilities for vacations.

Although timeshare values can appreciate in highly desirable markets such as Hawaii, and New York City, most timeshares have little appreciation when bought at the retail price. Compare the vacation cost economics represented at the new sales table with a resale price and the vacation savings numbers make more sense.

Timeshare resale buyers shop for the best value and most pay cash. They usually want someone else to handle contracts and closings.

Some buy to exchange to different resorts. Many buy for a specific location or region like mountain, golf, waterfront or beach resorts. Also they will buy additional time in units at a resort where they already own.

More brokers will enter this timeshare resale specialty and learn how to market and close timeshare resales as a sole profession.

Important Trends

- The ever expanding internet will continue to help timeshare resales.
- More timeshare resorts will be built.
- First time buyers will seek resort resale values.
- Consumers will fully understand that timeshare "Resale beats Retail" for value.
- A timeshare multiple listing system will attract cooperating brokers.

14. Timeshare Resale Consumer Advice

Buyers and sellers: Seek a timeshare specialized licensed broker to get resale advice. Title companies unfamiliar with timeshare closings may have difficulty qualifying and closing timeshare sales when as many as four states are involved in the transaction. With international sales, it becomes even more difficult.

Information from the National Association of REALTORS® about the real estate industry supports the findings that REALTORS® get as much as 16% higher prices for properties. So choose a member of the National Association of REALTORS® when selling timeshares or any other type of real estate.

Prices can also vary because of buyer's perception of the market and what a willing buyer will offer and a seller will accept.

- Buyers: Choose a broker with a large inventory of resort vacation choices. Also carefully select financing terms and rates. There are several who will finance vacation ownership properties without needing a lien on the timeshare for security.
- Sellers: Choose a timeshare broker that has many buyers and can guide you from marketing to the conclusion of the sale.

15. Misconceptions of the Timeshare Resale Industry

The most common misconception is when today's resale prices are compared to today's new sale prices. That is usually followed by a negative statement about how they go down significantly in value. This is a significant disservice to timeshare consumer/owners by the media. The average time share resale is approximately 10 years old. Actual resale data of a particular resort can be compared to the sale price when it was originally sold. This result will give you a real gain or loss if you do not consider the opportunity costs or the time value of the monies invested.

16. More about Stroman Realty, Inc.

- Stroman Realty was established in 1979.
- We operate independent of timeshare developer and resort control.

- **TimeShareLink.com** an online timeshare catalog, containing sales, rental and exchange information on properties in timeshare resorts worldwide.
- Our RPMLS database of timeshare buyers and owners is thought to be the third largest in the world next to Resort Condominiums International (RCI) and Interval International (II) the two largest timeshare exchange companies.
- All Stroman timeshare resale agents are Texas licensed and members of the National Association of REALTORS® (NAR). They represent the seller and this reduces fiduciary conflicts.
- Our agents have mandatory continuing education requirements, (MCE), mandated by the Texas Real Estate Commission, (TREC) and receive specialized timeshare jobs training required by Stroman policy as Certified Vacation Specialists, (CVS).
- We advertise in newspapers, travel magazines and trade journals and have mailed over four million pieces annually since 1990. That is over 80 million letters to people that have voiced an interest in timesharing.
- We cherish timeshare referrals. We cooperate with brokers and pay referral fees through our VacationWay© program offered to real estate licensees and the over 1.3 million members of NAR.
- There has been a major improvement in the way new timeshares and resale timeshares are sold since we entered the resort property resale business in 1979. Those improvements, which move the industry away from its hard-sell tactics of the past, are well received and long over due.
- The value of a timeshare resale has grown substantially in the last five years proving demand is steady. At Stroman Realty, we plan to continue providing premium services for this expanding marketplace.
 - ✓ Member of NAR (**The world's largest professional association**) since 1979
 - ✓ Member of ARDA (U.S.) since 1984
 - ✓ Member of CRDA (Canada) since 1997
 - ✓ Member of AMDETUR (Mexico) since 1995

Our network of REALTORS® are here to help those that need or want to sell and know the ropes to navigate a contract through to closing, funding and the transfer of the owner's usage rights at the resort.

Benefits of Stroman Realty and TimeShareLink.com

- Largest selection of vacation destinations worldwide for consumer one stop shopping.
- Completed transactions for owners at over 1331 different resorts by December 2007.
- One of the few companies that **do service** the majority of U.S. **resorts that do not offer resale assistance to their owners.**
- Provide due diligence investigating timeshare title and escrow companies capable of closing timeshare resales.
- Our sales provide new and excited owners that pay maintenance fees.
- Timeshare resort knowledge base electronically accessible with sophisticated web based software by timeshare specialized licensed professionals that have resold timeshares properties located in 47 states and 25 different countries.
- Developed the web based .Net RPMLS.com software for Customer Relations Management, CRM with a Transaction Manager, TM that facilitates escrow and closings all with access for agents, escrow department personnel and consumers. The system integrates fully with the phone switch, data, electronic files image server, direct mail and email servers for ultimate user ease and resulting efficiencies. The software has been praised as "top of the line" and "very comprehensive" by several industry experts.

Disclaimer

1. Stroman Realty, Inc. has used its best efforts to ensure that the data contained in this Study reflects the most accurate and timely information available from its analysis of its own internal historical data.

2. This Study is based on resales data, estimates and other information developed by Stroman Realty, Inc. from its independent research effort and general knowledge of the industry. Statements or references to timeshare property values or pricing are given for informational purposes only and are specifically not to be relied upon for any commercial purpose. Any usage of the same is not warranted or permitted by this author.

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