



RESORT DEVELOPMENT ORGANISATION

# **CODE OF CONDUCT GUIDANCE NOTES**

**2<sup>nd</sup> April 2015**

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The RDO Board has adopted a number of requirements that supplement the Code of Conduct, reflecting an on-going strategy to promote excellence, responsibility and integrity amongst the membership. The provisions, which are outlined below, provide increased protection to timeshare owners when trading in, selling or relinquishing their timeshare ownership.

### **Timeshare Exit Programmes**

All members are required have some form of an exit programme in place and must provide details to the Secretariat. In addition, they must comply with the following:

#### "Death and Bankruptcy"

- i) In the event of the death of a joint owner, the surviving owner can surrender their timeshare if they wish.
- ii) Members cannot obligate the beneficiaries of a will/ a beneficiary under the intestacy rules, including a spouse to take on a timeshare if they do not wish to do so and
- iii) In the case of bankruptcy of the sole owner or a joint owner, the individual may hand back their timeshare without charge.

#### Illness

If a sole owner or either of the joint owners is suffering from a long-term illness that prevents them from travelling to their home resort/using their timeshare product for the foreseeable future and can provide proof of this by way of a recognised medical certificate/doctor's letter, the timeshare interest may be surrendered without any notice period, subject to the maintenance fees being fully up-to-date.

#### General Surrenders

Other than cases of death of a spouse or partner, personal bankruptcy, and/or long-term illness, an owner may surrender their timeshare interest at any time, subject to the agreement of the RDO member. In such cases any surrender fee that may be applied shall not exceed a sum equivalent to three-years current maintenance fees. In cases where exit options, which include annual use rights, are offered, the exit period shall not exceed 5 years

*\*Customers should be reminded that all maintenance fees must be up to date for any surrender to be accepted, and that they will continue to have an obligation to maintain and complete any loan repayments for any finance taken out irrespective of the form of future disposal or surrender. RDO suggests that suitable wording to this effect should be inserted into the communication confirming the exit and also in the information statement or purchase agreement for future sales.*

### **Resale**

- i) Resale companies must ensure that all payments taken from both buyers and sellers are fully protected, for example through an independent escrow facility
- ii) They may not make any cold calls to members of the public
- iii) They must not falsely claim that they have a buyer ready to acquire a seller's timeshare

### **Trade-ins and Transfers**

Where an RDO member sells inventory to an owner, who owns inventory with another RDO member and that inventory is taken in as a trade-in, then unless the member taking the trade-in has a written agreement with the other developer, then they are obliged to register any inventory taken in with their Sales Company or other appropriate company. It is explicit in that event that the Sales Company or other company becomes and is liable for any maintenance payments on that inventory, unless and until it is legitimately disposed of by the Sales Company. If no agreement with the other member exists, and the developer taking in the inventory does not wish to take ownership, then provided the owner agrees, the member can "cession " the inventory into the club and in such a case the owner remains liable for the maintenance. In such an event, it should be made clear to the owner that he retains this continued liability and this fact is clearly recorded. Failure to put in place such an agreement and or register such weeks will be considered to be a Breach of the RDO Code in that it brings and/or can bring the industry into disrepute, where the owner is unwittingly left liable for maintenance on inventory he thought he had traded-in.