



RESORT DEVELOPMENT ORGANISATION

PRESS PACK

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RDO BACKGROUND

RDO (Resort Development Organisation) was formed in 1998 and is the sole trade association for timeshare and vacation ownership across the European Union. Its role is to represent reputable companies within the industry, promote ethical practices and foster business development and growth.

Its members, which include resort developers, exchange companies, management and marketing companies, trustees, finance providers and resale companies, provide high quality holiday accommodation around Europe and beyond.

Members include major hospitality groups such as Hilton and Marriott Vacation Club, as well as large independent timeshare developers including Club La Costa, Diamond Resorts® and Seasons Holidays. RCI (part of the Wyndham Group) and Interval International, the leading US timeshare exchange companies, are also members.

RDO members represent the best in European vacation ownership and are committed to high service standards and integrity. They are bound by a code of conduct and an independent mediation and arbitration scheme, providing levels of protection beyond those required by law.

RDO's primary responsibilities are:

- Promoting best practice and fair-trading in all areas of the vacation ownership industry.
- Working closely with governments, consumer bodies and relevant NGOs to ensure that legislation is appropriate and fair.
- Providing educational and business networking opportunities for members.
- Protecting consumers via its code of conduct - RDO offers a complaint resolution service and a dispute resolution scheme. The dispute resolution scheme is independently administered by NetNeutrals.
- Liaising closely with the police, consumer bodies and enforcement agencies, RDO helps the authorities combat fraudulent practices affecting consumers.



RDO CONTACT DETAILS

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TIMESHARE PAST AND PRESENT

Traditional timeshare has delivered outstanding lifestyle choices for millions of families worldwide since the mid 1970s although with changing consumer demands, more and more resort developers have moved to offering short-term products as an alternative to traditional timeshare. These products are not only marketed to the new generation of buyers but also to existing owners, many of whom choose to trade up their traditional timeshare for a more flexible product.

In perpetuity, which was so attractive to those who bought in the 70s and 80s, is rarely sold today; the industry is dealing with a generation of buyer that is sophisticated, digitally savvy and looking for short-term deals, which are far more commonplace in today's timeshare market.

Fractional ownership has also grown in popularity as those who cannot afford to buy a luxury second home outright see the benefits of owning a share of a property that would otherwise be out of their reach.

Like all businesses in hospitality and tourism, the pandemic was tough for timeshare, but the industry is adept at adapting to shifting consumer demands and there is no doubt that it will continue to thrive going forward.

Statistics

Europe (EMEA): There are some 1,300 timeshare resorts in Europe, Middle East and Africa, of which 175 are in the UK and Ireland and 260 in Spain. These resorts, which have year-round occupancy levels of over 75%, provide over 90,000 apartments/cottages to timeshare owners. There is an average of 69 accommodation units at each resort.

The industry employs over 53,500 people, often in the more remote parts of Europe where it is a major contributor to local economies that are often dependent on tourism, especially out of season.

Worldwide: In terms of timeshare around the globe, there are 5,357 resorts in 121 countries, with 527,000 units, generating 18 million bed-nights. With over 2,480 resorts, North America represents 46% of all worldwide resorts, followed by EMEA, representing 25%.

The industry supports 1.3 million jobs, 388,000 of which are direct. Occupancy levels average just under 80% worldwide. The total number of owners worldwide is some 22 million, with 1.4 million in Europe of which 500,00 are from the UK.

THE POSITIVE EFFECT OF TIMESHARE ON LOCAL ECONOMIES

Timeshare is an important major local all year-round employer in some of the more remote areas of the UK where there are fewer employment opportunities such as in the Highlands of Scotland, the West Country and Wales. As an example, the Hilton Grand Vacations resort of Craigendarroch brought a new lease of life to the Highland town of Ballater, which previously had a declining commercial community and reducing tourism appeal. It is now a thriving community with numerous restaurants and shops and a year-round, rather than seasonal, appeal. The resort and its employees have aided population retention and the number of pupils at the primary school. Timeshare itself has high year-round occupancy levels of some 76%.

There has been considerable debate over the years about the adverse effect all-inclusive holidays can have on local economies, to the extent that tourists staying at these resorts tend to stay on site and put little if nothing back into the local economy.

By contrast, as timeshare is self-catering (although most resorts have restaurants etc) owners are encouraged and incentivised to explore and enjoy the area in which the resort is located, thereby directly putting money into the local economy.

TIMESHARE LEGISLATION

Timeshare has been subject to consumer protection legislation since the implementation across Europe of the 1994 Timeshare Directive. In 2011, a new EU Timeshare Directive to strengthen consumer protection in respect of certain aspects of timeshare, long-term holiday products, resale and exchange services was introduced across the EU.

Included in the new EU Timeshare Directive is a universal 14-day cooling off period for prospective purchasers, which allows them the right of withdrawal without any cost obligation during this period. Other requirements include a ban on taking upfront deposits and the introduction of greater transparency in the contract documentation, which should be drafted in the purchasers' own language and incorporate clear definitions of the product being sold.

Fractional property transactions also come under the remit of the new legislation and fractional purchasers are offered the same consumer protection as that enjoyed by the buyers of timeshare.

Buyers from the UK, which left the EU at the end of January 2020, are fully protected through the UK's timeshare legislation, which provides for a 14-day cooling off period and other rights as outlined above in the EU Timeshare Directive.

Holiday Clubs are also subject to this legislation, but must additionally provide the consumer with the right to withdraw from the contract on an annual basis.

ENFORCEMENT

The growth of the internet has, as with many industries, led to an increase in fraud and deceptive practices by companies operating on the fringes of the industry, for example bogus holiday clubs, companies claiming to offer a way out of timeshare ownership or even self-styled class action schemes. These companies are causing owners to lose considerable sums of money and inevitably damage the image of the legitimate industry.

RDO's code of conduct protects owners looking to dispose of their timeshare and covers serious illness and death of a co-owner, plus the beneficiaries of a will do not have to take on a timeshare if they do not wish to do so. In all other cases, owners may hand back their timeshare on payment of a set number of years of management fees although some RDO members simply require current year management fees to be paid with no additional service or admin charges.

Together with EUROCC, the European Resort Owners' Coalition, which represents the interests of timeshare owners and their resorts in Europe, intelligence on businesses where potential breaches of law may have occurred is collected and where necessary, shared with the appropriate law enforcement agencies. EUROCC provides free information and guidance to consumers who have concerns over any matters involving timeshare and related products. Its service has been approved by UK Trading Standards.

Over the years, the enforcement programme has been extremely successful and has been instrumental in helping protect the reputation of the industry and safeguard holidaymakers. Since the programme was set up, a number of rogue companies have been shut down and individuals involved charged and convicted in court. Some have been sentenced to jail.

Significant enforcement news: Early in 2022, the Crown Prosecution Service (CPS) authorised the South West Regional Organised Crime Unit (SW ROCU) to charge 18 people with 79 counts related to a large-scale fraud targeting timeshare owners.

The 18 people were charged with conspiracy to commit fraud while being directors, sales people and administrators of Monster Group Travel, Monster Credits, Monster Rewards and sellmytimeshare.com

RDO AND THE CONSUMER

Through its website www.rdo.org, RDO provides news and advice on matters relating to vacation ownership.

The site includes guidance on how to buy and sell safely, who are members are, how customers of our members are protected, as well as warnings about practices to avoid.

Strengthening the code of conduct

RDO is aware of the problems faced by some timeshare owners, who bought their timeshare back in the 1980's and 90's, the so-called "legacy cases" when timeshare weeks were sold in what was called "perpetuity" and could be up to 80 years in length. As a result, RDO updated its code of conduct to provide more options to owners who wish to dispose of their timeshare.

RDO's updated requirements go over and above those covered by law and in addition to it being mandatory for members to have an exit programme in place, the following specific new elements have been adopted (although in the case of some members and their clubs such practices have been in place already for a number of years):

- In the event of the death of a joint owner, the surviving owner can surrender their timeshare if they wish and additionally, the beneficiaries of a will are not obliged to take on the timeshare if they do not wish to do so.
- A timeshare owner who has been declared bankrupt may hand back the timeshare without charge.
- If a sole owner or either of the joint owners is suffering from a long-term illness that prevents them from travelling to their resort for the foreseeable future, the timeshare interest may be surrendered.
- In all other cases, an owner may surrender their timeshare interest at any time, subject to the agreement of the RDO member. In such cases any surrender fee shall not exceed a sum equivalent to 3 years current maintenance fees.



Whilst one of timeshare's greatest selling points in the past was that it gave owners many years of high-quality holidays with the possibility of passing this on to their children, the change in buyers' commitments to long-term ownership, ultimately led RDO to review and update its code.

**Maintenance fees must be up to date for the surrender to be accepted and any on-going loan repayments will be the responsibility of the owner.*



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ANNUAL MAINTENANCE FEES

Timeshare owners pay an annual fee towards the maintenance of their resort, irrespective of whether they choose to holiday at their 'home' resort or use the exchange system to holiday elsewhere. The fee typically covers cleaning, maintenance, staff salaries, taxes, insurance, energy supplies and the operation of any common facilities eg swimming pools, spas, children's play areas, tennis courts, golf courses, restaurants and cafes. A portion of the management fee is set aside to build up reserves to pay for non-recurring costs such as furniture and appliances.

There is a common misconception that annual maintenance fees are used by the developer to extract extra income from owners and are too high. Fees rise with inflation and major factors affecting fees in over the years have been the rise in employment costs in the countries where the resorts are based (Spain saw particularly steep rises in 2008/9) and the Euro/Sterling exchange rate, which has been poor from the Sterling perspective.

It should however be emphasized that maintenance fees need to be looked at in the light of what it would cost the owner of a holiday home in terms of annual running costs and a comparison made on that basis.

Developers have no incentive to set fees any higher than they need to be to ensure owners receive a high standard of accommodation and facilities and of course annual fees are inevitably reviewed and approved by the owners' committees where there is one and subsequently approved at the owners' annual general meeting.



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REASONS TO BUY TIMESHARE

Quality - timeshare offers superior accommodation at top-of-the-range resorts with excellent on-site facilities such as golf courses, leisure complexes, tennis courts & spas.

More than just a hotel room – timeshare accommodation tends to be far more spacious than other accommodation types. Apartments range in size from studios sleeping two, to three-bedded apartments sleeping eight - with three bathrooms, kitchen and sizeable living/dining room. Some may even have a private sauna or pool.

The world's your oyster - you're not restricted to going to the same resort each year. Through the exchange system, a global network of accommodation will give you access to some of the most beautiful places in the world.

It's family orientated – as well as kids' clubs, nannies and play facilities, many resorts offer exceptional entertainment for both children and adults such as bands, magicians, dancers and local art and cultural events.

Flexibility - with the advent of points, timeshare is more flexible than ever and you can take a number of short breaks instead of a week or a two week holiday.

Many operators now offer shorter-term timeshare contracts of, say 10 or 15 years, appealing to the new generation of buyers.

Versatility – it's not just cottages, villas, apartments and lodges that are available to stay at if you own timeshare. How about a catamaran, a houseboat or a cruise ship?

It's hassle free – unlike owning a property outright, the maintenance of the resort is taken care of by the management company, so owners are free to relax & enjoy their holidays.

Price - you're paying for tomorrow's holidays at today's prices.

It's personal – many owners like to go back to resorts they know well to meet up with friends they have made over the years.