

# 9

## INSIGHTS YOU NEED BEFORE YOU SELL YOUR TIMESHARE

### TIMESHARE DEVELOPERS DO NOT HAVE A PLAN FOR YOU

Timeshare companies are in the business of **selling timeshares and financing timeshare sales**. Many developers do not even manage the resorts they build and brand. Before one resort is sold out, developers are on to the next one, building new timeshares to presell before the units are even ready to occupy.

The company from which you bought your timeshare doesn't have a strategy for what you can do with your timeshare when you are ready to get out of it. Whether your timeshare company actually financed your timeshare sale or just facilitated the financing of it through a lender with which it has a partnership, the timeshare company still made money from selling you a timeshare and even more money by financing the timeshare mortgage for you.

Focused on selling and financing, timeshare companies fail to offer their owners an exit strategy or a functional buy-back plan. With owners on their own (and in the dark) about how to resell, the environment is right to make owners highly vulnerable to timeshare resale fraud and scammers.

### WARNING:

Complaints filed with the FTC about timeshare resales have skyrocketed from 819 complaints in 2009 to over 5,000 complaints filed last year alone.



## 9 HIGHLY IMPORTANT INSIGHTS YOU NEED BEFORE YOU **SELL YOUR TIMESHARE** (PAGE 2)

*Read on to learn about 9 highly important insights you need to know before you try to sell your timeshare.*

**1.) DON'T EXPECT HELP FROM YOUR TIMESHARE RESORT WHEN IT COMES TO RESELLING YOUR TIMESHARE.** Resorts and developers have their own inventory of timeshare properties to sell and when you try to resell your unit, you simply become another competitor in the marketplace.



**2.) TIMESHARE SALES LAWS AND RESALE RESTRICTIONS VARY FROM COUNTRY TO COUNTRY, STATE TO STATE, MUNICIPALITY TO MUNICIPALITY, AND RESORT TO RESORT.** If you are considering selling your timeshare on your own, without assistance from a timeshare professional or state licensed timeshare broker, recognize that one of your biggest challenges will be navigating real estate transaction and closing laws, especially since you may be dealing with laws in a state (or country) in which neither you nor the buyer is a resident.

**3.) DONATING A TIMESHARE IS NOT AN "APPLES TO APPLES" SITUATION.** You will never be able to claim a tax deduction that equals (or even comes close) to the price you paid for your timeshare if you purchased it from the developer. Donating your timeshare comes with inherent obstacles.

You cannot donate a timeshare unit you do not wholly own. If you are currently making payments on a timeshare, then that property is still your responsibility. You can't just turn it over to a charity organization. Also, many nonprofits organizations will not be interested in receiving your timeshare. They do not want to be timeshare owners any more than you do. To donate a timeshare to a charity you must find an organization willing to accept your donation; you must own that unit or interval free and clear; and you must be prepared to pay transfer fees and other costs in order to "give" your timeshare away.

Expect state and federal government tax agencies to limit the value you can claim as a deduction for giving your timeshare away. Your deduction (if one applies) is the market value of your timeshare—which in many cases may be only \$1.



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**4.) IF YOU CHOOSE TO WORK WITH A TIMESHARE REALES COMPANY OR TIMESHARE BROKER, REQUIRE THAT ALL OF THE TERMS OF YOUR AGREEMENT BE GIVEN TO YOU IN WRITING.** You cannot base your timeshare resale agreement on terms given to you in a phone conversation or notes you take while talking. Require a copy of all documents, agreements, and terms regarding your timeshare sale be mailed to you. Then allow time to study everything you receive, before you sign anything.

**5.) SET REALISTIC EXPECTATIONS ABOUT TIMESHARE REALE.** If you find a timeshare reseller or brokerage company with whom you do feel comfortable doing business, establish a personal plan addressing what is acceptable to you and then stick with it. Consider how much you are willing to pay upfront in order to advertise your timeshare, if the company you have chosen requires an upfront advertising fee. Recognizing that your

timeshare may not sell quickly, consider how long you are willing to continue to pay your annual fees as well as monthly payments if you are currently making payments on your timeshare while you wait for your timeshare to sell. When you reach the limits you have set for yourself, and your timeshare has not sold, be prepared to cut your losses with the company with which you are working.

**6.) KNOW THE REFUND POLICY OF THE COMPANY YOU CHOOSE TO HELP YOU WHEN YOU WANT TO SELL YOUR TIMESHARE.** Related to Insight #5 is the issue of a timeshare company's refund policy. When you work with a resale company or timeshare broker, you may later decide the company has not lived up to its promises (promises you should have obtained in writing before you agreed to work with them). Should this happen, you will want to have reviewed the company's refund policy, in case you choose to act on it. Be prepared that timeshare scammers may not have a refund policy, and even if they do, there is no expectation that they will honor it.

**7.) DON'T PAY FOR A TIMESHARE APPRAISAL AS PART OF A TIMESHARE SALE.** This scam is easy to fall for because many people are familiar with the need to include a property appraisal as one of the steps in a residential real estate sale. Appraisals are part of the residential or commercial real estate buying process when a mortgage lender needs to have the value confirmed of the property



### SET LIMITS

If you choose to work with a timeshare resale company, decide in advance how long you are willing to wait for your timeshare to sell.



that is being used to collateralize the debt. When you buy timeshares, you are not dealing with traditional financing in which the timeshare is held as security or used to indemnify the loan.

Timeshare loans are based on a person's creditworthiness, not on the value of the timeshare unit itself. If a timeshare resale company tries to get you to pay for a property appraisal as part of the sales process, recognize that this company is probably trying to create add-on fees.

There are a few circumstances in which a timeshare appraisal *might* be necessary, but these are most likely to be related to estate settlements or taxation issues. When you are dealing with matters of these types, you are typically already working with either an attorney, or a financial advisor, and can defer to his or her guidance regarding a timeshare appraisal.

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**8.) BE WARY OF COMPANIES THAT OVER PROMISE AS THEY OFTEN UNDER DELIVER.** Although it sounds harsh, the reality of timeshare resales is that there are many businesses that will be around today and gone tomorrow. They will take your money and give you nothing in return. By the time you realize you have been defrauded, these bad apples will be long gone. And perhaps worst of all, they will resurface later in a different city or under a different name to rip off other timeshare owners. Check the credentials of any company with which you are considering working. Find out how long they have been in business, if they have a real office (or they only exist in cyberspace), if they can give you references from other clients, and whether they are members of the Better Business Bureau, the Chamber of Commerce in cities they serve, or are members of professional timeshare associations such as American Resort Development Association (ARDA) or Canadian Resort Development Association (CRDA). The more positive information you learn about them, the more likely they are to be a reliable company.

**9.) IF YOU CHOOSE TO WORK WITH A BROKER, CHOOSE THE RIGHT ONE.** A timeshare broker must have an active real estate license. Yet not all real estate brokers are good choices for selling your timeshare. Effectively selling timeshare is different from selling houses or office buildings and the best person to sell your timeshare is not the same realtor who has helped you buy or sell other types of property. Pick a broker who specializes in timeshare and vacation ownership resales and rentals and then confirm your choice by checking with the state real estate regulatory agency to confirm that the broker's license number is valid and current.

**Find out more about how you can get out of your timeshare at [www.TimeshareOut.com](http://www.TimeshareOut.com) or call 888-444-8503.**