

Best Practices Guide

PART I: BEST PRACTICES FOR BUYERS

1. Understand what you're buying

Before signing anything, clarify:

- Is it deeded real property or a right-to-use (RTU) product?
- What is the term length (perpetual vs. 20–50 years)?
- Is it fixed week, floating week, or points-based?
- Confirm first year of usage for the interval(s) or fractional
- What reservation system governs usage?
- Are there exchange affiliations (e.g., RCI or Interval International)?

2. Review financial obligations carefully

Timeshare ownership includes ongoing obligations:

- Maintenance Fees
- Special Assessments (if any)
- Property Taxes
- Exchange fees (if any)
- Reservation fees (if any)

Ask for:

- Historical maintenance fee increases
- Current reserve funding status
- Pending capital improvement plans
- Condominium Documents/By Laws

A financially underfunded association often leads to large special assessments.

3. Verify legal & compliance protections

Buyers should confirm:

- Proper rescission period disclosures
- Escrow handling of deposits
- Seller's authority to convey title
- Clear title (no liens)

✓ Use a licensed closing agent familiar with timeshare law.

4. Know the exit options before purchasing

Ask:

- Is there a deed-back program?
- Are rentals permitted?
- Are there restrictions on transfer?

Timeshares are lifestyle purchases, not investments.

PART II: BEST PRACTICES FOR SELLERS

1. Confirm Your Ownership Status

Before listing:

- Verify deed or membership certificate
- Confirm account is current
- Request estoppel letter from resort
- Check for outstanding assessments

Associations may require:

- Right of First Refusal
- Transfer fee payment
- Board approval in some jurisdictions

2. Price Realistically

Many resale values are far below the original purchase price.

✓ Research:

- Closed resale transactions
- Comparable listings
- Maintenance fee vs. market demand

Avoid:

- “We guarantee a buyer” upfront-fee resale companies
- Paying marketing fees without escrow protections

3. Use Proper Documentation

Seller should provide:

- Fully executed purchase agreement
- Required disclosures
- Clear chain of title
- Transfer paperwork required by association

4. Understand Tax Implications

Possible considerations:

- Capital gains (if any gain)
- Loss treatment (typically non-deductible personal loss)
- 1099-S reporting if applicable

Consult a CPA for property-specific guidance.

5. Work With Reputable Professionals

Consider:

- Licensed real estate broker (if deeded property)
- Experienced timeshare closing company
- Escrow protection for funds

Never:

- Wire funds directly to an unknown third party

- Sign a blank deed
- Transfer before payment clears

PART III: COMMON PITFALLS (BUYERS & SELLERS)

- ▶ High-pressure same-day decision demands
- ▶ Upfront resale fees
- ▶ “Guaranteed rental income” promises
- ▶ No written confirmation of maintenance fee status
- ▶ Unclear reservation priority
- ▶ Failure to understand points expiration rules