

HOW TO READ THIS GUIDE



This Consumer's Guide is for timeshare owners who would like to end their timeshare ownership. Depending on where you are in this process, there are a couple of ways you can read this document:

- If you are in a hurry, you can skim through the Table of Contents and review the various sections below. But don't ignore "Why I Wrote This Guide", as it also has helpful information.
- If you are nearing the end of your search for help, you can scroll to the bottom and print out the checklist, which shows you what to look for in a timeshare exit company or attorney, and several red flags to watch out for.

Regardless of how you read the document, we recommend that you sit down and revisit this guide word-for-word before committing to any timeshare exit strategy.

DISCLAIMERS:

NO RENDERING OF ADVICE. The content of this guide is an expression of Gordon Newton's experience, beliefs, and opinions. The information contained within this Guide is provided

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accuracy of Information. While we make reasonable efforts to furnish accurate and up-to-date information, we do not warrant that any information contained in or made available through this Guide is accurate, complete, reliable, current or error-free. We assume no responsibility for any errors or omissions in the content of this Guide or such other materials or communications.



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WHY I WROTE THIS GUIDE



"Timeshare exit" is the process of having timeshare ownership transferred out of an owner's name and relieving the owner and their family of any current and/or future financial or ownership obligations. The exit process can take place in various ways: such as by sale, transfer, settlement, or cancellation under certain circumstances. Regardless of how one exits their timeshare, there are many aspects to be aware of and red flags to look out for.

I created this guide to help timeshare owners make conscientious and informed decisions when they decide to end their timeshare ownership. Having been an executive in the timeshare exit industry since 2005, it has become abundantly clear to me that consumers, journalists, and even well-meaning consumer advocates struggle with the process of vetting timeshare exit companies and/or timeshare exit attorneys.

Timeshare owners are never more vulnerable than when they've made the decision to end their timeshare ownership. The resale market is flooded, the resorts have stacked the deck, and con artists are waiting to take advantage of their situation. This is why reading this guide is so important to all timeshare owners—whether looking to exit your timeshare now or not. At some point, the life cycle of timeshare ownership will come full circle, and consumers need to know how to safely and responsibly exit their timeshare.

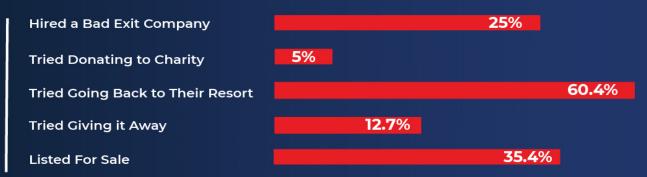
This comprehensive Guide helps timeshare owners understand what to look for in hiring an ethical timeshare exit company and/or attorney. My experience has led me to believe that most exit companies prefer to keep their customers in the dark, but I want to shed light on the industry. In doing so, I would like to share with you insider knowledge of the timeshare exit industry in hopes that you will succeed in eliminating your timeshare ownership while avoiding some of the more common pitfalls.

Gordon Newton

President & Co-Founder, Newton Group

TIMESHARE EXIT - AN INDUSTRY BOTH NEEDED AND IN NEED OF REFORM

How Timeshare Owners tried ending their timeshare ownership before hiring the Newton Group:



*Data in graph compiled from 8,000 recent Newton Group questionnaires

I first published the Consumer's Guide to Timeshare Exit in 2018 because, as the Co-Founder of one of the nation's longest-standing timeshare exit companies, I had spent over 15 years working with timeshare owners and hearing first-hand from countless consumers who have been taken advantage of when trying to end their timeshare ownership.

While the Consumer's Guide received national attention and provided much needed consumer education—more needs to be done.

The fact is an astounding 25% of our clients, that's 1 in 4 timeshare owners, who tried ending their ownership before hiring Newton Group, had previously hired a bad exit company who failed—costing them more time, money and aggravation. A whopping 60% initially asked their resort (see graph) to terminate their ownership but were denied or even upsold. These numbers paint a bleak picture of desperate consumers and strikes at the heart of why the exit industry is both needed and in need of reform.

The lack of effective regulation has led to the proliferation of timeshare exit companies—many of which are not able to fulfill their promises to their customers, regardless of whether their intentions are good or bad (see section 3). In fact, I published a Consumer Alert informing consumers that six well-known timeshare exit firms had either gone out of business or filed for bankruptcy within a year. Since my alert was issued, the number of failed exit companies has grown—financially damaging even more consumers who are still stuck with their timeshares. But the threat to timeshare owners doesn't stop at a lack of effective regulation—one large resort developer is calling for the end of the entire exit industry as means of preventing consumers from having access to a third party exit professional.

TIMESHARE EXIT - AN INDUSTRY BOTH NEEDED AND IN NEED OF REFORM

In the last 2 years since we originally published the guide, countless Exit Companies have faced BBB issues.

Companies that had BBB alerts	12
Companies that have gone bankrupt or closed	6
Companies with "a pattern of complaints"	12

Companies who's BBB rating was revoked or no

*Data in graph compiled from Better Business Bureau Profiles

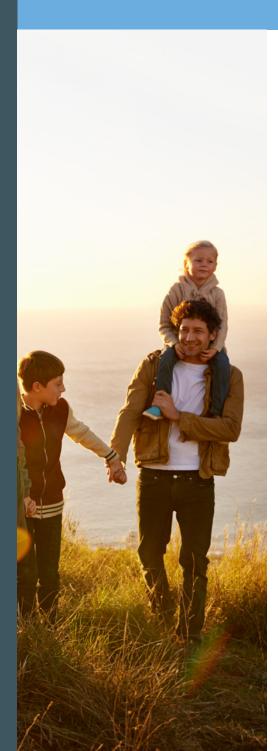
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But it's clear there wouldn't be an exit industry in our free market economy if there was no consumer demand. A trustworthy, legitimate, third party exit company is a valuable part of a healthy life cycle of timeshare ownership. Without a reliable third party exit company, consumers would have no choice but to rely on the resorts—who, as our data shows, have a clear interest in selling timeshares, not exiting them.

longer accredited

This is why at Newton Group we believe in education for timeshare owners and regulation of the timeshare exit industry. I have updated the Consumer's Guide to share new information with you to be safe and knowledgeable in your timeshare exit. Whether or not you choose to use Newton Group, we remain at your service with a free no obligation consultation. You can reach us at 877-323-9923.

SECTION 1: WHY CAN'T I SELL MY TIMESHARE?



Your Timeshare Is Not a Financial Asset.

Sadly, it is when consumers try ending their timeshare ownership that many first discover their timeshare is a liability and not an asset. This is because timeshare buyers are often misled at the time of purchase to believe that their timeshare is an investment that may appreciate in value or has financial value for sale on a secondary or "resale" timeshare market.

Below is an example of language taken directly from one U.S. timeshare resort's public offering statement. Many resorts use similar language in their owner manuals, master agreements, or public offering statements.

"The purchase of a Unit Week should be based on its value as a vacation experience or for spending leisure time, and not considered for purposes of acquiring an appreciating investment or with an expectation that the Unit Week may be resold."

"Units (other than Commercial Units) and Unit Weeks are offered for sale for personal use and enjoyment only and should not be purchased by any prospective purchaser for resale or as an investment opportunity or with any expectation of achieving rental income, capital appreciation, or any other financial return or valuable benefit, including but not limited to any tax benefit.

Owners attempting to resell or rent their Unit or Unit Week would have to compete, at a substantial disadvantage, with the Developer in the sale or rental of its unsold Units or Unit Weeks. Generally, there is no established market for the resale of Units and Unit Weeks or for the rental of Units and Unit Weeks in the Condominium."

This language was taken from a public offering statement that is 249 pages in length. I would be curious to know the percentage of people who have read this far into their documents. How many of you would have purchased a timeshare from this resort after having read the information above?

With almost every type of property we purchase—home, boat, car, living room lamp, you name it—the owner can place an advertisement online and sell the item for a fair price or simply give it away and not have to think of it again. That is not the case with timeshares. Regardless of what you may have been told or led to believe, the resale market for timeshares is virtually nonexistent.



LET'S EXPLORE WHY.

The first, and perhaps most obvious, reason timeshare owners struggle to sell their timeshare is that the resale market is flooded with "devalued" inventory—which means the resale market consists almost entirely of sellers, without any buyers. According to a recent press release by the American Resort Development Association (ARDA), there are 9.2 million households that own timeshare intervals in the United States.¹

Further, it is estimated that, at any given time, there are roughly 1 million owners looking to end their timeshare ownership. A quick and simple online search reveals thousands of timeshares listed for less than \$1 or even free—with no interested buyers.

That leads us to the second, lesser-known, obstacle to a viable resale market. Some resort developers view it as a threat to their revenue stream and have taken direct and intentional action to suppress it—including restricting rights and benefits for owners who purchase their timeshares on the resale market.

This is a tactic used by some resorts to help ensure any potential timeshare purchaser views a timeshare interest sold by the resort as more valuable than one sold by a timeshare owner. Some of the largest resorts admit this in their public filings with the United States Securities and Exchange Commission (SEC), wherein resorts have disclosed that timeshare resales have a negative impact on their business model.



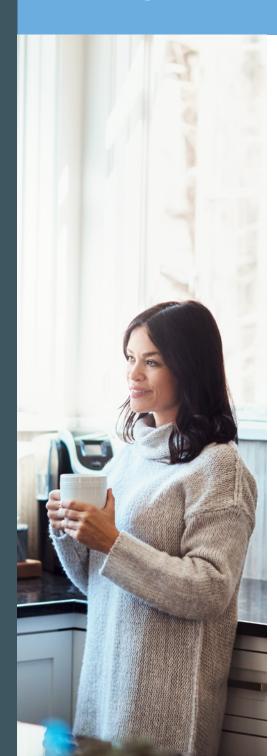
IN THEIR OWN WORDS

Here are just a few examples taken directly from some of the largest United States resort developers in their SEC filings:

(Note: VOI is the acronym for Vacation Ownership Interest, which is simply another way of referring to timeshare ownership)

- "The sale of vacation ownership interests in the secondary market by existing owners could cause our sales revenues and profits to decline."
- "The resale market for VOIs could adversely affect our business."
- "If a viable VOI resale market were to develop in the future, our members may choose to resell their interest to their parties."
- "There is not currently an active, organized or liquid resale market for VOIs, and resales of VOIs generally are made at sales prices substantially below their original customer purchase prices."
- "If the secondary market for VOIs were to become more organized and liquid, the resulting availability of resale VOIs (particularly where the VOIs are available for sale at lower prices than ours) could adversely affect our sales and our sales prices."

Clearly, resort developers have a substantial financial incentive to prevent a viable secondary resale market from taking hold. The reasons are plain: Resales negatively impact a resort's revenue and profit because secondary market sales reduce a resort's ability to sell new inventory at higher prices. Resorts admit this in their SEC filings, but did the resort sales staff disclose this to you when they were selling you your timeshare interest?



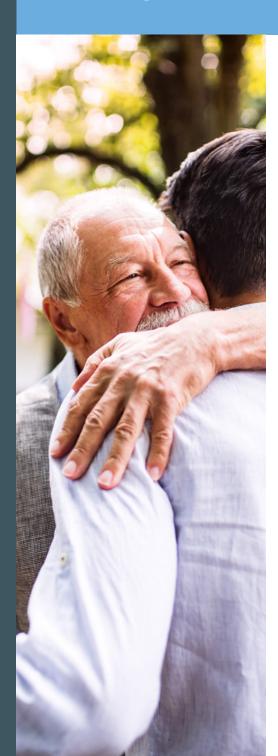
Now that we know some resorts consider a viable resale market a legitimate threat to their business model and bottom line, the next question is, what are they doing about it?

Here is what one major U.S. resort developer had to say about the approach they are taking to ensure little to no competition from timeshare owners themselves. Again, this is in their own words — taken directly from their SEC filings:

"Owners generally can offer their vacation ownership interests for resale on the secondary market, which can create pricing pressure on the sale of developer inventory. However, owners who purchase vacation ownership interests on the secondary market typically do not receive all of the benefits that owners who purchase products directly from us receive."

Yes, the resort is telling us that any buyer of a timeshare interest in the secondary market is penalized in terms of restrictions. Essentially, the resort is stating that they generously allow timeshare owners to advertise their timeshares for sale—much to their perceived peril—but they draw the line at providing new owners who bought their timeshares on the resale market with the same benefits as owners who purchased their contract according to the resort's terms.

"When an owner purchases a vacation ownership interest directly from us, the owner receives certain entitlements that are tied to the underlying vacation ownership interest, such as the right to reserve a resort unit that underlies their vacation ownership interest in order to occupy that unit or exchange its use for use of a unit at another resort through an outside exchange service provider, as well as benefits that are incidental to the purchase of the vacation ownership interest. While a purchaser on the secondary market will receive all of the entitlements that are tied to the underlying vacation ownership interest, the purchaser is not entitled to receive certain incidental benefits. For example, owners who purchase our products on the secondary market have restricted access to our internal exchange programs and are not entitled to trade their usage rights for Rewards points. Therefore, those owners are only entitled to use the inventory that underlies the vacation ownership interests they purchased."



Yes, when you want to sell your timeshare interest, you are competing with the resorts for new buyers, and they rig the game in their favor. The resort explains that owners who buy directly from them have the right to reserve a unit to use or exchange, whereas resale purchasers have limited exchange rights—locking them into the same timeshare year after year. As a result, the resorts are manipulating the secondary market and intentionally devaluing your timeshare.

"Additionally, most of our vacation ownership interests provide us with a right of first refusal on secondary market sales. We monitor sales that occur in the secondary market and exercise our right of first refusal when it is advantageous for us to do so, whether due to pricing, desire for the particular inventory, or other factors. All owners, whether they purchase directly from us or on the secondary market, are responsible for the annual maintenance fees, property taxes and any assessments that are levied by the relevant property owners' association, as well as any exchange service membership dues or service fees."

In summary, anyone who purchases a timeshare on the resale market, with restricted benefits and privileges, has to pay the same ongoing fees to own that timeshare as a person who buys directly from the resort. Furthermore, this developer reserves the right to override any purchases made on the resale market when it suits their needs.

SECTION 2:
FINDING A RELIABLE
AND REPUTABLE
TIMESHARE EXIT
COMPANY





THE GOLD STANDARD DUAL SERVICE MODEL

Few exit companies and/or law firms have the experience, knowledge, and service model to see your timeshare exit through to the end, which is why who you choose to help end your timeshare is so important. Foremost, look for a professional who specializes in timeshare exit—not an inexperienced real estate agent, lawyer, or mortgage broker.

The best protection and service is provided by an exit company that offers a dual service model combining significant timeshare exit experience with individual legal representation for one flat fee. To be clear, individual legal representation means the exit company retains a personal attorney to work directly with you to advise you regarding your legal rights as you navigate through the timeshare exit process. Although the exit company is paying for the legal representation, the attorney works on behalf of the client, independent from any outside interference. Don't be fooled by the statements "we have an attorney" or "attorneys on staff", as those attorneys would represent that company and not you. Whereas a personal attorney will send you a letter of representation outlining the terms of your legal agreement.

This dual service model is the gold standard of the timeshare exit industry. It provides unprecedented access to justice due to the affordable flat fee structure. You benefit from the expertise of a timeshare exit company with the means to offer multiple exit pathways backed by affordable individual legal representation. This sort of consumer protection safeguards the timeshare owner and provides unparalleled service and peace of mind.

FINDING A RELIABLE EXIT COMPANY

A SINGLE FEE PROTECTS YOU

Attorneys typically bill by the hour and timeshare exit can be time consuming

Protects you from additional fees acquired in the event of litigation



Hiring An Attorney Directly

If considering hiring an attorney directly, make sure to retain a licensed attorney who understands and has experience in timeshare exits and is in good standing with the State Bar of each state in which the attorney is licensed. Be wary of startup firms, or firms new to the timeshare exit industry.

Timeshare exit is a niche speciality and newly established law firms may lack knowledge and experience required to end your timeshare. You don't want an attorney trying to learn timeshare law while billing you by the hour, and you don't want the process to take any longer than necessary. You should ask how long they have been practicing in timeshare exit.

We recommend that you find an attorney who will represent you for one all-encompassing fee. The difficulty being many attorneys prefer to bill by the hour and most require a significant retainer. However, with a timeshare exit, the number of hours involved is unknown.

This could leave you exposed to outrageous legal fees such that it is more expensive to hire an attorney than to continue suffering the financial burdens of timeshare ownership. Having one allencompassing fee assures that your attorney is aligned with your goals of ending your timeshare ownership as soon as possible. Keep in mind, you could still be subject to additional settlement fees from the resort.

FINDING A RELIABLE AND REPUTABLE EXIT COMPANY



SOLID WRITTEN AGREEMENT

No matter who you choose to help end your timeshare ownership, you should be sure to have everything promised to you in writing, including everything you can expect the company to do on your behalf. Make sure you are paying for a service that is intended to free you from your timeshare obligation—and not just a listing fee or negotiation fee.

Timeshare exits can vary greatly in length, so it's absolutely vital you work with a company that is invested in you. Any contract you sign with an exit company should explicitly state the exact service and terms of agreement for a single all-encompassing fee. This means that if the exit is successful, and your ownership is terminated, you'll never have to pay another dime to the exit company.

THE UPFRONT FEE

ARDA (the American Resort Development Association) and resort developers have been warning against paying upfront fees to end your timeshare ownership for years. However, you should know that timeshare exit is not an immediate transaction. The duration of the process varies in time because there are multiple parties involved with unique requirements at each stage in the process.

Despite what timeshare sales representatives may tell you, a timeshare typically has little-to-no resale value. Therefore, the exit process can be expected to take more time to complete than the sale of other types of property, such as residential and commercial real estate. Because timeshare exit companies cannot earn commissions on a transaction involving an asset with no value, that justifies the exit companies charging an upfront fee. This protects the exit company from performing a successful exit for a client who decides not to pay when the work is done.

But you should know the value of the services you are paying for—when an exit company offers dual services backed by a solid written agreement the value is real rather than perceived. You know your fee is paying for legal representation, in addition to specialized services offered by a timeshare exit company.

FINDING A RELIABLE AND REPUTABLE EXIT COMPANY



SUCCESSFUL TRACK RECORD

There are too many inexperienced and untrustworthy exit companies and/or law firms competing for your business. You should be wary of trusting anyone who cannot show you a documented history of success helping people end their timeshare contracts.

You should verify that an exit company and/or law firm has a proven track record of success for at least five years. In my experience, it is difficult for a company to be in business for at least five years and not leave some sort of footprint on the Internet that you can easily locate and review. This means you should be able to research the exit company through the Better Business Bureau, your state's Attorney General, consumer protection agencies, and your preferred Internet search engine.

LOOK FOR A SOLID REPUTATION

Any exit company you hire should make it easy for you to research them. A reputable organization will have nothing to hide and be proud to operate in a transparent manner.

The exit company's website should prominently display links to its licensing, reviews, testimonials, and the Better Business Bureau so that you can easily verify the company's integrity.

As with any business, you might find negative reviews for trusted companies that have been around for years. Make sure there are more positive reviews than negative reviews, and take note how each company responds to negative reviews.

- ARE THEY POLITE?
- ARE THEY COURTEOUS?
- ARE THEY HUMBLE?
- DO THEY ADMIT THEIR MISTAKES?
- ARE THEY WILLING TO MAKE THINGS RIGHT?

The company should also be willing (and eager) to let you speak with former customers. What better way to find out about a company than to ask their former customers?

It's not enough to simply read several reviews on a timeshare exit company's Better Business Bureau (BBB) webpage. Like a sleuth, you must fit together pieces of evidence to build a more complete picture of an exit company's reputation, experience and practices.

BBB ACCREDITATION DOES MATTER

The BBB is more than a customer review platform. If a comThpany is accredited with the BBB it means the company filed an application which was reviewed and accepted. Additionally, the BBB continually monitors the company to verify compliance with their eight "Standards for Trust" principles. These Standards include: a positive track record, honesty in advertising, an honest representation of products and services and adherence to all written agreements and verbal representations. A company that has been accredited agrees to uphold these principles and more. However, some timeshare exit companies claim BBB accreditation is meaningless and make excuses for not maintaining BBB membership. The truth is, BBB accreditation is an important element in building consumers' trust. It's an agreement to adhere to certain ethical business practices—an agreement that should be easy for all companies to make and to work to uphold. It essentially means a timeshare exit company believes in its services enough to be transparent. Because if the BBB revokes a company's accreditation, consumers know the reason why and see evidence of it in the BBB reviews. In timeshare exit—an industry with little regulation—it's essential that exit companies be willing to make the commitment to BBB accreditation.

BEYOND THE BBB RATING

The BBB rating system uses an A+ through F grade scale. The letter grades correspond to BBB's level of confidence in the company's adherence to the "Standards of Trust" principles. The rating takes into account 16 objective factors, such as number of unanswered, unresolved and/or serious complaints, as well as "actual incidences of a business' behavior". But a BBB rating alone does not offer a complete picture of a company's integrity. Here's what to look for:

The BBB displays the following timestamps:

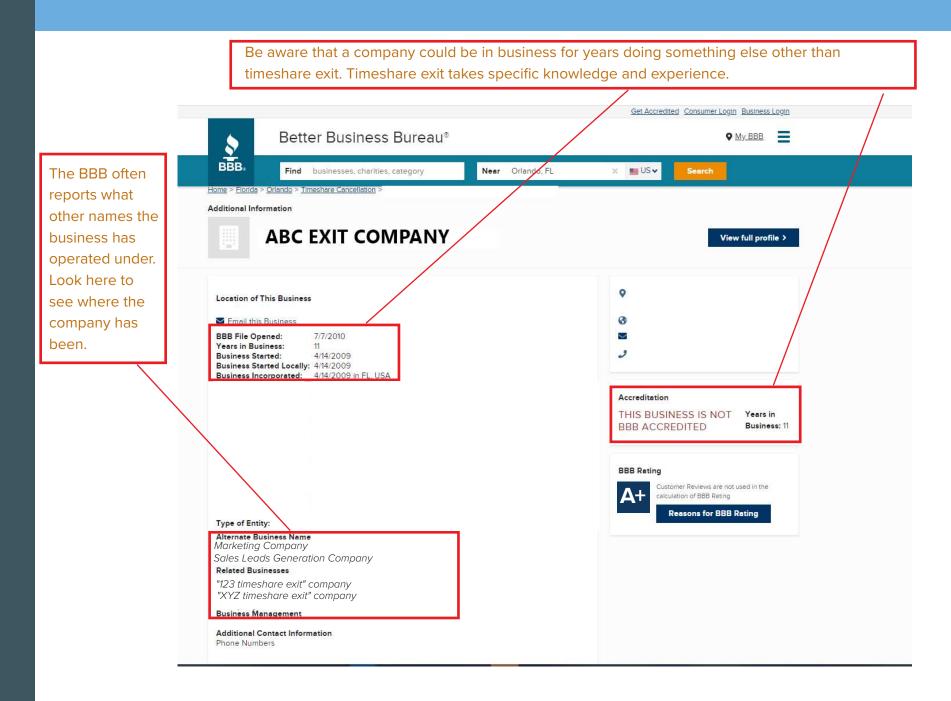
BBB open file date (note: a company does not have to be an accredited member for the BBB to open a file and rate a business)

BBB accreditation date

Incorporation date (i.e. filled out the paperwork to be an official business)

Years in business

This is all good information to have, but unfortunately an exit company's "Years in Business" as listed on the BBB webpage doesn't necessarily reflect how long that company has been providing timeshare exit services. For example, a business could have filed for incorporation several years before starting active operations.



BEYOND THE BBB RATING

Or, a business could have been operating under a different name, providing different services, but then file a "Doing Business As (DBA) and update their name and profile on the BBB.

You should look for "Alternate Business Name" on the BBB profile page to see if anything shows there, but if the BBB is unaware of a name change, it won't show on the page. One quick way to verify they were operating in timeshare exit—for at least three years—is to check the date on the oldest complaint and/or review. A company's timeshare exit-related BBB reviews should go back at least three years. You won't' find any older than that, as the BBB only keeps complaints and/or reviews for three years.

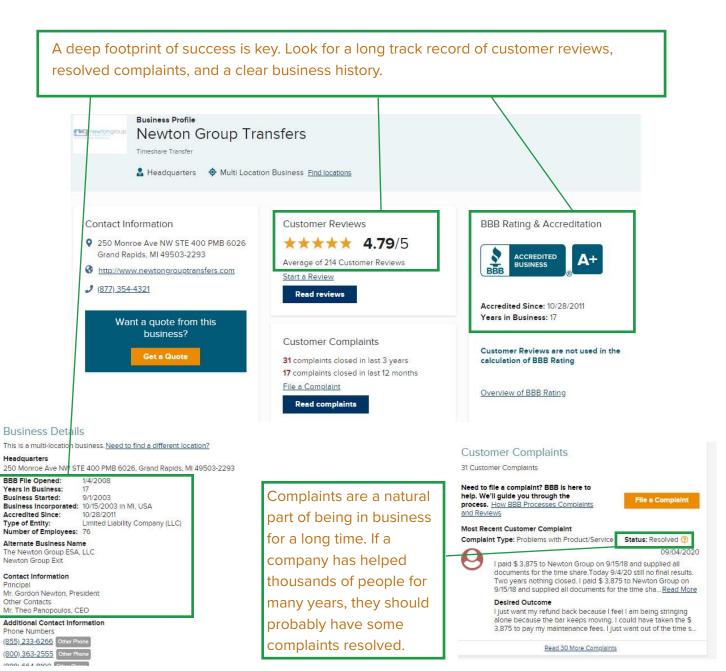
Another piece of the puzzle is to look at the number of reviews in relation to how long a company has been in business. For instance, if a company claims to have been providing timeshare exit for 15 years—helping thousands of timeshare owners—there should be a couple hundred reviews, not 18-20.

they should have more than 23 reviews and 5 complaints. Make sure their advertising claims match up to their record. Better Business Bureau® BBB. Orlando, FL Find businesses, charities, category Near ■ US V me > Florida > Orlando > Timeshare Cancellation > Share Print **Business Profile** ABC EXIT COMPANY Timeshare Cancellation ADDITIONAL BUSINESS INFORMATION See all additional business information Additional Information: Company management is known to BBB from other companies including Company Name B Company Name C Company Name D Separate business reviews are available BBB Rating & Accreditation Contact Information Customer Reviews **** **4.57**/5 Average of 23 Customer Reviews Start a Review Email this Business THIS BUSINESS IS NOT BBB ACCREDITED Read reviews Years in Business: 11 Customer Complaints Customer Reviews are not used in the calculation of BBB Rating o complaints closed in last 3 years 5 complaints closed in last 12 months File a Complaint Reasons for BBB Rating Read complaints

You want to look for a footprint. If a company has helped thousands of clients for years,

A DEEP FOOTPRINT OF SUCCESS

The BBB is not the Police. The BBB acts as quickly as it can on the information they are provided, but it's important consumers do their own sleuthing using the BBB site and other avenues of research. Follow the steps above and avoid being in the same situation as other timeshare owners who hired an exit company based on an A+ BBB rating and later found it had been dropped to an F. As stated earlier in the Guide: an astounding 25% of Newton Group clients, that's 1 in 4 timeshare owners, who tried ending their ownership before hiring us, had previously hired a bad exit company who failed. You must assure a timeshare exit company has left a deep, well-documented footprint.



SECTION 3:

RED FLAGS IN THE

TIMESHARE EXIT

PROCESS



The Money Back Guarantee Mirage

The money back guarantee is one of the most used marketing tools in the timeshare exit industry.

Unfortunately, it has also become one of its most concerning.

Unproven timeshare exit companies are exploiting the promise of a money back guarantee in order to gain consumers' trust even when they may have little or no timeshare exit expertise and possibly an unstable business model.

The exit industry has changed in recent years. In most cases, timeshare exit is neither quick nor easy, and regrettably, a money back guarantee does not equate to quality of service. Timeshare owners are not paying for the opportunity to get their money back—they are paying for a guarantee of service outlined by a solid contract.

Making matters worse, the money back guarantee transitions from concerning to dangerous when timeshare exit companies tie it to a guaranteed time frame and use it to grow their business too quickly. This is best explained through a story, so come aboard with me as I illustrate how the money back guarantee iceberg sinks the S.S. Timeshare Exit Titanic.

Let's say a timeshare exit company offers a three-year money back guarantee. They start boarding timeshare owners on the S.S. Timeshare Exit Titanic and the ship sets sail. A couple years pass as some timeshare owners disembark via a timeshare exit. But for many, the voyage continues. Meanwhile, the promise of a three-year maximum voyage has attracted even more timeshare owners who continuously board the ship. The timeshare owners who have been aboard since the start are getting restless, and some complaints are filed. It's nothing the customer service department can't handle, so the ship sails on. But now the first three years have passed, and upset passengers begin to ask for their money back. Some are lured into sailing a little longer, but as the months go by, more and more contracts become due with more and more passengers wanting full refunds. This is it. The ship hits the money back iceberg and begins to sink. The captain boards the lifeboats along with a few key crew members and the passengers are left sinking holding a bankruptcy notice and their timeshare obligation.

This is not a fairytale analogy. The hard truth is, at the time of this writing, six major exit companies filed for bankruptcy and closed their doors in the last 18 months. Each bankruptcy created turmoil for hundreds—even thousands—of unwitting timeshare owners who saw their money-back guarantee rendered useless. Even worse, these unstable exit companies left consumers—many elderly and on fixed income—without the financial means to hire a reputable exit company to help them.

To help you look beyond the money back guarantee to find a reputable, experienced timeshare exit company, read Section 2: Finding a Reliable and Reputable Timeshare Exit Company



Unauthorized Practice of Law

The contract that binds your timeshare ownership is a legal document and therefore any consideration of transfer, payment cessation, etc. should only be done under the advice of a personal attorney specializing in timeshare exit. Beware of timeshare exit companies who advise you to stop paying your timeshare mortgage or timeshare fees and be sure any legal advice you obtain is from a licensed attorney who represents you.

A consideration to stop making your payments should be discussed with your individual legal counsel with whom you have a letter of representation. Make sure your attorney clearly explains the potential risks and/or benefits of such a decision. Generally, failing to pay your timeshare-related fees could result in collection. efforts by your resort, which could damage your credit for years to come. You could receive interest and penalties on what you owe, and then the collection calls can start. If you still refuse to pay your bills, the resort may do anything to collect, including, in worse case scenarios, putting a lien on your personal property. Ultimately, the resort could foreclose on the timeshare—severely damaging your credit and impacting your financial future.

FALLING VICTIM TO SCAMMERS COULD:

- Hurt your wallet if a fraudulent caller asks for a deposit
- Damage your credit if someone falsely advises you to stop paying timeshare mortgage or fees
- Cause problems with the IRS if you donate your timeshare and claim an invalid deduction
- Fool you to believe you'll be rid of your timeshare within a certain timeframe





Proprietary Process

Any company claiming their entire timeshare exit process is "proprietary" and can't be shared probably has something to hide. Exiting a timeshare does not require the use of black magic or secret incantations. It requires an extensive knowledge of the timeshare industry and its law applications backed by a solid company and a written agreement. Without this, the exit company could be engaging in risky and/or unlawful processes to end your timeshare ownership. Perhaps the most common mistake consumers make when looking for an exit company is they shop based on price alone. This puts consumers at the highest risk of getting scammed. Don't fall for the line: "No need to worry about how we get you out—we have a 100% money back guarantee." As discussed in the "The Money Back Guarantee Mirage" section of the Guide—that guarantee may be from an exit company that can't honor it.

Timeshare ownership is bound by a legal contract, yet most exit companies rely on non-attorney employees to contact the resort on your behalf with phone and letter writing campaigns. It seems logical that a settlement negotiation or discussion to end a legal contract is best carried out by an attorney hired to represent you and to act in your best interest. But timeshare exit companies and their "proprietary" services often defy this logic. Some exit companies will even lead their clients through the foreclosure

process without the client being aware of what the exit company is doing or of the consequences. As opposed to a personal attorney who will represent you and protect your legal rights and choices. Any consideration to stop making timeshare payments should be discussed with legal counsel. I cannot stress this point enough. Make sure you are working with an experienced timeshare attorney—with whom you have a letter of representation—and who will clearly explain the potential risks and/or benefits of any timeshare exit strategy.

Even if your timeshare qualifies for a transfer of ownership, it's best to have an attorney review the transaction or you could be at risk of entering into a "Viking Ship" scheme—another red flag in the Consumer's Guide. Essentially, you can discover—even one to three years later—that your Quit Claim Deed was not valid and your timeshare is being transferred back into your name, along with all the unpaid maintenance fees.

These are all reasons why working with an experienced and reputable timeshare exit company that outlines their services and offers individual legal representation is so important—you know exactly what is happening with your timeshare exit, every step of the way. This protects you from illegal exit practices and offers the best in timeshare exit service.



"VIKING SHIP" SCHEMES

A "Viking Ship" scheme refers to a process by which a timeshare exit company will transfer a timeshare property into a "shell" company, which is a corporation or limited liability company (LLC) that is created without any assets or real operations.

This shell company is set up exclusively for the exit company to transfer your timeshare into in order to make it appear to the timeshare resort that the "shell" company is the new owner of your timeshare.

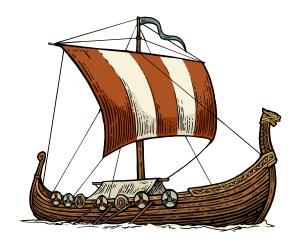
The exit company then transfers as many timeshare interests into it as possible for the sole purpose of having the timeshare resort charge the "shell" company all maintenance fees, special assessments, and taxes, but the exit company intends that the "shell" company will never make payment for those fees, assessments, and taxes.

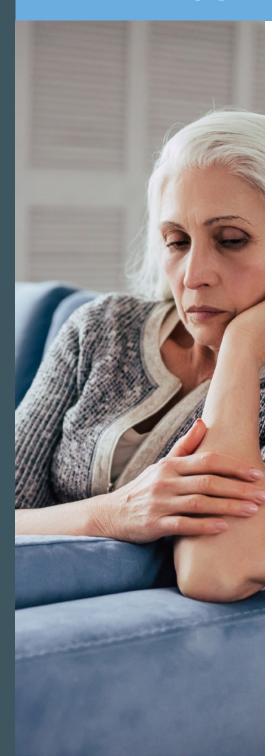
Eventually, the resort is forced to initiate foreclosure against these unpaid timeshare interests. Ultimately, you (the timeshare owner) may be responsible for all these unpaid payments and the risk of foreclosure against you.

The "Viking Ship" scheme became so common that laws were enacted to protect the timeshare resorts against it. The laws state that where this scheme is put into effect, the timeshare would

actually revert back to you, the timeshare owner meaning that you would resume your timeshare ownership and all related financial responsibilities.

There is no way for you as the timeshare owner to know if this scheme is happening behind the scenes. Therefore this is another important reason why you should choose an exit company that offers exit services combined with individual legal representation—you get double the service and double the protection.





TIMESHARE SALES SCAMS

If a timeshare exit deal sounds too good to be true, it probably is. Beware of phone solicitors telling you someone has a buyer for your timeshare. The FBI has warned that victims often report receiving phone calls from fraudulent sales representatives telling them they need an immediate answer because there is a willing timeshare buyer on the other line or in their office. Then they ask for a credit card deposit to secure the sale, as a transfer fee, or as any other exitrelated payment. Once the payment is made, you never hear from the company again.



"DONATE YOUR TIMESHARE" PROGRAMS

These programs could get you in serious hot water with the IRS if you claim an invalid deduction. Timeshares don't hold value, so the amount you would be able to deduct is negligible. If a timeshare like yours is being sold for \$1, then the market value is likely somewhere close to \$1. So, if you are deducting the market value of \$1, it's not even worth it. If you attempt to deduct an amount that is greater than fair market value, you might invite an audit of your tax returns from the IRS. Furthermore, it is unlikely that a charity, in general, would want to receive donated timeshares because they are a liability. If the charity takes a timeshare as a donation, the charity becomes liable for all related fees. Even if the charity rents it out, it will most likely be unable to recoup these costs.

SECTION 4:
HIGH-RISK
TIMESHARE EXIT
STRATEGIES





CONTACTING THE RESORT - A CLEAR CONFLICT OF INTEREST

The resorts make billions of dollars selling timeshare interests. They are experts at getting people into timeshares—not out of them. For this reason and more, it is dangerous to contact them for assistance in exiting your timeshare. Resorts have essentially disclosed in their

SEC filings (as referenced in the "Why Can't I Sell My Timeshare" section above) that they have no financial incentive to remove you from your contract. In fact, it's quite the opposite—many representatives are trained to use this as an opportunity to do what they do best, which is sell more timeshares.

Obviously, these resorts have a vested financial interest in keeping you as a fee-paying owner of a timeshare they have already sold you. They employ people trained and experienced in delivering powerful presentations that seek to manipulate your emotions.



IT DOESN'T MATTER WHO YOU ARE OR HOW LONG YOU'VE OWNED YOUR PROPERTY, MEETING WITH THESE RESORT REPRESENTATIVES TO ASK FOR AN EXIT CAN BE RISKY, AND NO ONE IS IMMUNE TO THEIR TACTICS—THEY ARE THAT GOOD.

Just imagine the conversation where you tell these resort representatives how you aren't using your timeshare and don't like the fees—only for them to start countering those objections.

They might find those hot buttons that convinced you to buy a timeshare in the first place, and you could end up with a "new and better" vacation ownership plan from the resort. They might sell you on why the "points system" is better than deeded ownership or why you need more points to vacation better. Before you know it, rather than exiting your timeshare, you are perhaps sold another timeshare. Think about it: Would the resort incentivize one of their representatives for letting a fee-paying owner end their contract? Not likely. Instead, more likely, these representatives are incentivized by significant financial rewards for keeping you in your timeshare one way or another.

THE RESORTS ARE EXPERTS AT SELLING TIMESHARES TO PEOPLE WHO ARE NOT ACTIVELY LOOKING TO BUY THEM.

For instance, how many of you went into your original timeshare presentation having made a pact with your significant other that you absolutely would not buy a timeshare regardless of the sales pitch? Yet, here you are. Nobody purchases more timeshares than existing timeshare owners, which affirms the notion that you are part of a captive audience.

Case in point, according to an article in CNBC, the U.S. timeshare industry's overall net sales nearly doubled from \$4.63 billion in 2010 to \$9.2 billion in 2016. Alarmingly, much of that growth is being generated by existing owners (i.e., relying on a captive audience). The CNBC article reported: "About 50 percent of all new sales comes (sic) from existing owners, who experts say are much easier to upsell than a brand-new buyer. Those sales pitches can be hard to ignore." ²



Here's a real-life example

from one owner who came to Newton Group for help exiting his timeshare contract after having gone to his resort for help:

An 83-year-old gentleman in failing health met with his resort to ask them to take back his timeshare. Naturally, the resort representative first tried convincing him to keep it. After that didn't work, the representative told this gentleman that since he currently owned a "deeded week," he didn't qualify for their takeback program. Instead, the representative suggested they convert him to a points-based package in order to have his timeshare reabsorbed by the resort.

The gentleman agreed, and a few weeks later, he received his updated paperwork. He immediately called the resort to request they take back his original timeshare per their oral agreement—only to discover that not only did they not convert his deeded week, but they actually sold him an additional timeshare.

Essentially, this man contacted the resort to inquire about giving back his timeshare and instead of being given an exit, he was duped into "owning" an additional \$40,000 worth of timeshare he did not want (bringing his grand total owed to the resort to more than \$100,000), and he was stunned by how that happened. After hearing this, my company immediately helped retain an experienced timeshare exit attorney to represent this gentleman.

Sadly, we hear stories like this often. **MORAL OF THE STORY:** It's dangerous to contact your resort about giving back your timeshare. They are trained to manipulate these situations and financially incentivized to do so.

CAN YOU REALLY TRUST THE RESORT?

A fundamental question you, as a timeshare owner, need to ask yourself is: "Can I really trust the resort?" There is much publicly available information from well respected news publications and even Attorneys General informing the public that timeshare representatives have been heard to stretch the truth during the sales process. "How can they do this?" you might ask. Unfortunately, most people are not given the opportunity to read their timeshare contracts closely before signing, which can be detrimental because many of these contracts contain what has become commonly known as a "license to lie" clause.

With a "license to lie" clause, resort representatives can (and have been known to) say things that may or may not be true during sales presentations to convince potential owners to sign a contract and purchase a timeshare.

Below are just two examples of "license to lie" clauses taken directly from the contracts used by two of the largest timeshare developers in the United States.

"You understand and acknowledge that no salesperson, broker or other person has any authority whatsoever to make any representation, agreement, or warranty, express or implied, for Us, except those expressly set forth in writing in this Agreement..."

"Oral representations of Seller or Seller's agents should not be relied upon by Purchaser as correctly stating the representations of Seller. For correct representations, Purchaser should rely entirely on this Agreement and the documents and instruments contained by reference.

The language in bold is emphasized to show that the resorts themselves are disclaiming the "oral representations" that their staff tells you to persuade you to purchase the timeshare. The resorts pay handsome commissions or salaries to their staff to convince you to purchase a timeshare, while at the same time attempting to absolve themselves from anything their staff might say (true or otherwise) to persuade you to purchase that timeshare.

Whatever the representative tells you is irrelevant in comparison to what is in your written contract. In other words, the resorts believe that oral representations are not necessarily factual representations. The resorts believe, without telling you, that any and all real representations can be found buried deep in the resort's lengthy, complex contract and in the contract alone.



Many of my clients have shared with me that the resort told them it was, in fact, their fault for relying on the "oral representations" of sales representatives and referenced the "license to lie" provision that my clients unwittingly signed. The resorts seem to rely on the idea that their representatives can say whatever they want—even false and misleading statements. Whether or not this holds up in court is another matter.

Further, resort representatives have been known to write down aspects of their discussions on a piece of loose paper with their initials next to their words in a veiled attempt to alleviate concerns and legitimize their claims.

Below is an example of a resort's contract provision, which purports to condone this behavior.

"This Agreement supersedes any previous understandings and agreements between Buyer and Seller and, together with the Membership Documents, represents the entire agreement between Buyer and Seller. No previous representations or inducements not included in this Agreement shall be of any force or effect and Buyer acknowledges that Buyer is not relying on representations other than those included in this agreement and the Membership Documents"

Again, resorts often use clauses like this to evade liability arising from their sales team using false or misleading written or verbal statements to sell you the timeshare interest.

The inherent danger is this: These agreements are not short nor easy to read. Most people do not have the opportunity to read them fully or closely, either themselves or with their own legal counsel, before signing. Because of this, most owners did rely on what the resort representatives described to them—and why wouldn't they?

Isn't the representative's job to truthfully help you better understand what you are purchasing to make the buying process easier and more effective for everyone involved? Isn't that what we believe our laws are designed to ensure—truthful sales pitches? Yet, time and time again, many timeshare owners are confused about what they actually purchased because they were misled by their representative and failed to read and understand their contracts. And, just as important, it's not only what they did tell you that matters, but also what they may not have told you (or intentionally omitted) about your timeshare before purchasing.





IF THE EXIT COMPANY HAS ATTORNEYS ON STAFF, THEY HAVE LEGAL COUNSEL YOU DON'T.

These "staff attorneys" owe a duty of loyalty to the exit company that employs them (full time, part time, or per file) — and not to you.

ADVOCACY GROUPS OR EXIT COMPANIES WITH "ATTORNEYS ON STAFF"

Many timeshare exit companies position themselves as "advocacy" groups or "consumer protection" groups that have attorneys on staff. At first glance, this might give you a sense of confidence. But if these attorneys aren't representing you, the timeshare owner, directly, the fact that they have "attorneys on staff" or even work with a network of attorneys is irrelevant.

Promising an "attorney on staff" could cause consumers to be misled into believing the attorney is working for them when they are not. You should be suspicious of any company marketing to you in this way.

To be clear, if the exit company has attorneys on staff, they have legal counsel—YOU DON'T. These "staff attorneys" owe a legal duty of loyalty to the exit company that employs them (full time, part time, or per file). In other words, these attorneys have a fiduciary duty to do what's best for their client and their client is the exit company—not you. Consequently, these exit company attorneys may not be acting in your best interests, but rather in the best interests of the exit company.

Often, such groups engage in the practice of sending "form letters asserting boilerplate claims that are meritless" in the words of one resort in a recent press release.

That same resort stated, "Frequently, attorneys for the exit firms do not even appear in court to represent the customers they purport to represent." The key word here is "purport" because in most cases they do not actually represent the client, which means the timeshare owner is not protected.

The same referenced press release states the following:

"...if a meritless claim is presented, (the resort) will not respond or negotiate with the exit firms and will instead vigorously seek to enforce its contractual rights, including but not limited to, filing suit in a court of law where appropriate."

So there you have it in writing from a major timeshare resort developer. They might actually sue you—their own customer—if they feel your exit company is presenting a frivolous claim. This is an example of why you need real legal representation serving you and your interests, not an "attorney on staff" with a duty of loyalty to their employer.

If you don't have a letter of representation with an attorney, you don't have legal representation looking out for YOUR interests.



TIMESHARE LISTING COMPANIES

There are companies that charge hundreds or even thousands of dollars to help you list your timeshare for sale. Unfortunately, timeshares on the secondary market have very little resale value. A simple online search will result in thousands of timeshares for sale listed at \$1 or less, and people are still not interested in purchasing them. Never pay solely for an upfront listing, and even if a listing company offers their services for free, do not get your hopes up, because there is little demand for timeshares on the resale market and you'll continue to pay maintenance fees.

Further, many listing companies that are unable to sell your property will often sell your contact information or offer a service to put you in touch with another company—for a minor fee, of course. Always read the fine print to ensure that your information is not being sold.

SECTION 5: YOUR ROLE IN YOUR TIMESHARE EXIT PROCESS





YOUR ROLE IN YOUR TIMESHARE EXIT PROCESS

You should expect to play a role in your exit process. It's more than just signing a contract and writing a check. You must act as a willing partner—signing documents, returning phone calls, getting documents notarized, tracking your progress, etc. Your exit company and/or attorney will do the lion's share of the work, but they will require a bit of light lifting on your part from time to time.

NOW YOU HAVE THE FACTS: IT'S TIME TO TAKE ACTION!

If you've decided your lifecycle of timeshare ownership has come full circle, do not delay. Take action to end your financial obligation and become timeshare free once and for all.

Experienced consultation is key, **CONTACT THE TIMESHARE EXIT HOTLINE AT (877) 323-9923** to receive a free, no-pressure consultation from one of our experienced consumer advisors. During our call, we can discuss your situation, determine your options, and develop an exit plan together.

Timeshare exit strategies and scams will continue to evolve, and as they do, my team and I will continue to keep timeshare owners informed by updating this guide. If you have any questions, feedback, or topics you would like us to cover in future updates, please email us at GUIDE@NGEXIT.COM.

Gordon Newton
President & Co-Founder, Newton Group

BEFORE YOU SIGN WITH ANY TIMESHARE EXIT COMPANY OR ATTORNEY, USE THIS CHECKLIST TO MAKE SURE YOU ARE WORKING WITH A TRUSTED EXPERT.

USE THIS CHECKLIST WHEN EVALUATING TIMESHARE EXIT COMPANIES:

Does the company provide a written agreement for their services? Will they allow you to review the agreement prior to signing it?
Can the company show a successful track record of timeshar exits for at least 5 years?
Research the company's standing on Better Business Bureau (BBB) website:
☐ Accreditation status?
☐ Unresolved complaints?
☐ Alerts issued against it?
Does the company have positive online reviews?
Has the company professionally addressed any negative online reviews?
Will the company allow you to speak with their previous customers?
SE THIS CHECKLIST WHEN EVALUATING ATTORNEYS ID/OR LAW FIRMS:
Does the attorney/firm specialize in timeshare law?
Does the attorney/firm represent your interests? Will they provide you with a letter of representation?
Will the attorney/firm charge a single all-encompassing fee to advise you through a timeshare exit process?

RED FLAG CHECKLIST!

If you check any of these boxes, you may be in danger of working with a fraudulent company and potentially losing your money:

- ☐ Is the company telling you that they have a buyer who wants your timeshare, but you have to come up with some closing costs (i.e. put money in escrow)?
- ☐ Is the company promising to get you out of your timeshare in a specific amount of time or give you your money-back?
- ☐ Is someone telling you stop paying your timeshare mortgage or timeshare maintenance fees, other than your attorney with whom you may discuss your legal rights and risks in doing so?
- Is the company suggesting that you donate your timeshare for a tax deduction?
- ☐ Are they asking you to wire money outside of the country?
- Does the company claim their entire timeshare exit process is "proprietary"?

No Rendering of Advice The content of this guide is an expression of Gordon Newton's experience, beliefs, and opinions. The information contained within this Guide is provided for informational purposes only and is not intended to substitute for obtaining legal, accounting, tax, or financial advice from a professional tax planner, financial planner, and/or attorney. Presentation of the information via this Guide is not intended to create, and receipt does not constitute, an attorney, tax planner-client or financial-planner-client relationship. Users and readers of this Guide are advised not to act upon this information without seeking the service of a professional.

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