

Consumer News & Views

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Consumer Confidence Improves in May. The Conference Board *Consumer Confidence Index*[®] increased in May, following a modest decline in April (after a downward revision). The Index now stands at 128.0 (1985=100), up from 125.6 in April.

"Consumer confidence increased in May after a modest decline in April," said Lynn Franco, Director of Economic Indicators at The Conference Board. "Consumers' assessment of current conditions increased to a 17-year high (March 2001, 167.5), suggesting that the level of economic growth in Q2 is likely to have improved from Q1. Consumers' short-term expectations improved modestly, suggesting that the pace of growth over the coming months is not likely to gain any significant momentum. Overall, confidence levels remain at historically strong levels and should continue to support solid consumer spending in the near-term."



Consumers' assessment of current conditions improved in May. Those claiming business conditions are "good" increased from 34.8 percent to 38.4 percent, while those claiming business conditions are "bad" decreased from 12.3 percent to 12.0 percent. Consumers' assessment of the labor market was somewhat mixed. The percentage of consumers stating jobs are "plentiful" improved from 38.2 percent to 42.4 percent, while those claiming jobs are "hard to get" also increased, from 15.5 percent to 15.8 percent.

Consumers were modestly more positive about the short-term outlook in May. The percentage of consumers anticipating business conditions will improve over the next six months decreased from 23.6 percent to 23.1 percent, while those expecting business conditions will worsen also decreased, from 9.8 percent to 8.3 percent.

Consumers' outlook for the labor market was mixed. The proportion expecting more jobs in the months ahead increased from 18.6 percent to 19.7 percent, while those anticipating fewer jobs also increased, from 13.2 percent to 13.9 percent. Regarding their short-term income prospects, the percentage of consumers expecting an improvement declined, from 21.8 percent to 21.3 percent, while the proportion expecting a decrease rose from 7.9 percent to 8.2 percent.

Time Shares: A Good Deal or a Bad Deal? The following article was written by Daniel Goldstein, [Personal finance Reporter for MarketWatch](#).



Timeshare vacation plans have been around in the U.S. since 1969 — the first opened in Kauai, Hawaii — and they generated \$8.6 billion in annual sales in 2015, up 9% from a year ago, according to the American Resort Development Association (ARDA) which represents many timeshare developments.

For some people, timeshares are a good option and about one out of every 12 Americans (7.9%) owned one in 2014, up from 7.2% in 2012, ARDA says. Timeshares can guarantee you vacation time since they often come with fixed annual dates for right-of-use. On top of that, timeshare resorts typically offer larger accommodations (often two bedrooms or more) and more in-room amenities, such as kitchens and washing machines, than a hotel room. Timeshare owners can also “exchange” their shares for accommodations at other resorts around the world.

ARDA says that the image of timeshare owners as elderly seniors playing shuffleboard has changed too, with timeshare owners becoming younger and more ethnically diverse with a median age of 39 for owners, and more than 40% of U.S. owners either African-American or Hispanic. Nearly three-quarters of owners have college degrees and 23% have graduate degrees, and have a median income of nearly \$95,000, ARDA says.

Timeshares have also been huge profit centers for hotel companies. Before it agreed to be bought by Bethesda, Md.-based Marriott, Starwood Hotels & Resorts Worldwide had sold more than \$6 billion in vacation timeshare properties to more than 220,000 owners over the past 30 years.

Shortly before the merger with Marriott, Starwood planned to spin off its timeshare business with more than \$923 million in annual revenue as a separate company to be known as Vistana, but it was bought by Miami-based Interval Leisure Group for \$1.5 billion in October 2015.

Interval Leisure Group said in the announcement it had more than 280,000 timeshare owners and annual revenue of more than \$670 million.

But timeshares are also associated with high-pressure sales tactics that get mocked relentlessly in pop culture and they're often sold at a loss when it comes time to unload one. Plus, they come with annual maintenance fees that can easily top several thousand dollars and which often increase each year whether you use the timeshare or not.

“You were told to close the deal and tell them whatever you had to tell them,” said Dana Micallef, a former timeshare salesman who spent a week in 2000 in Orlando selling before quitting in what he said was disgust at the process. “Dress it up (as an investment) and promise them world that they can resell it, when the chances of selling it are slim to none.”

Micallef, 40, now runs a company called American Consumer Credit in Ormond Beach, Fla. which he started in 2004 to help people get out of their timeshare obligations. Now that he's on the other side of the table, he “was finally able to tell

(timeshare owners) the truth,” he said.

Here are some things experts say to keep in mind before you buy a timeshare:

Don't pay full price:

Like most real-estate transactions (even hotel stays), the price is usually negotiable. Timeshare initial prices typically average almost \$16,000. The timeshare industry likes to point out that over a 20-year period, a family of four could save over \$25,000 on accommodations by staying in a timeshare compared with what they would pay for hotel stays.

Nevertheless, considering how many options you have when it comes to vacations, you've got the leverage when it comes to price. As such, timeshare companies like to offer free gifts like dinners and show tickets, or free “try-it-out” rentals to prospective buyers.

Andy Doran, a now 44 year-old scientist at the Lawrence Berkeley National Laboratory in Berkeley, Calif. recalls taking a timeshare company up on its offer for a free Las Vegas vacation if he and his fiancée attended a presentation across the Bay from their Berkeley home in Burlingame, a San Francisco suburb. “It was a traumatic couple of hours of hard, hard, hard sell,” he said in an interview. “We managed to exit with the coupon and no timeshare, but we never cashed it in,” he said.

Often the “hard-sell” approach from some timeshare companies is because they have so much competition and sales and marketing costs are so high, sometimes as high as 55%, says Gary Prado, director of marketing and business development for RedWeek.com, a timeshare sales and rental site. “The reason why timeshares continually get mocked is the way they get sold,” he said. “People don't go out and say, ‘I want to buy a timeshare today’, it's sold as a heavy impulse buy,” he said.

Moreover, single site resorts have to spend more to attract buyers than name brands like Marriott (which recently bought the Starwood brands), Hyatt and Hilton. “We're a sold good, not a sought good,” said Howard Nusbaum, the president of ARDA says. “People love the product but hate the (sales) process.”

Micallef, however, disagrees, saying his experience is that about eight of every 10 clients he sees looking to unload their property have actually never used their timeshare.

Know what you are actually buying:

Because timeshare companies know that you can likely find cheaper options from existing buyers, often from websites such as Timeshare Users Group and RedWeek.com, where all you pay is a small listing fee, they usually offer closing incentives and other perks. But those perks don't usually recoup the money you would save from buying from an existing owner.

It's also important to know what kind of real estate interest you actually own when you purchase a timeshare. In about 95% of timeshare sales in the U.S. you'll actually get a deed to a property, called a “timeshare estate” under state law, which often means you can rent the share out, sell it or exchange it, and pass it on to your heirs. “It's like any other deed in real estate,” says ARDA's Nusbaum. “You can hold it in perpetuity,” he said, though you have to pay the maintenance fees each year, just like property taxes. In addition, if you don't make your payments, the timeshare company can foreclose, Nusbaum warns.

Most others outside the U.S. (such as in Mexico) are simply known as “timeshare licenses” or “memberships” which typically only give you a “right-to-use” for only as long as the contract permits and can have other restrictions. In addition, if you sign a contract outside the U.S. for a timeshare in another country, you will not be protected by U.S. laws.

Finally, if you are buying a timeshare in an unfinished property, the Federal Trade Commission recommends that money should be placed in an escrow account registered to a local bank until the property is completed and include a “non-performance” clause in the sales contract. That way, the timeshare developer goes bankrupt or defaults before the property and unit are finished, you can get your money back, the FTC says.

In addition, besides the regular maintenance fees each year, there can be often special assessments. One shocked group of several thousand timeshare owners in Kauai, Hawaii found themselves on the hook for nearly \$5,800 in special assessment maintenance fees one year, on top of their \$1,400 in annual fees, when the resort owner, Diamond Resorts International, said in 2011 the resort on Poipu Beach would have to be virtually rebuilt for \$65 million because of water damage.

Know your state's right of refusal on timeshare contracts:

Because of many documented cases of abuse on timeshare sales and resales, most states have put in fairly generous opt-out clauses for consumers, known as the “right of rescission.” Typically, consumers can have up to a week to rescind a sales contract for a timeshare, for any reason. In Florida, for example, where nearly 25% of U.S. timeshares are located, it is 10 days, and money must be refunded back to the consumer within 20 days after receiving a cancellation notice.

In addition, if you do buy a timeshare, be aware that some states have stronger rights of rescission than others, and timeshare companies are well aware which are weaker. Be wary of any company that requires you to sign the contract documents in a different state than where you plan to buy as you may be entering into a contract in a state that has fewer protections.

If you opt out, the FTC recommends you send a letter via certified mail or hand-delivered with a signed receipt. In addition, be sure to keep records of any correspondence and who you talked with, the FTC says.

Know how to trade your timeshare interval or exchange it for a timeshare at another resort when you can't use it:

If you want to trade to another resort, you have to know how to do so. Often a trade can be made internally if your resort is part of a larger group or resort. Otherwise, you'll have to go through an exchange company — RCI is the most prominent — where you'll have to pay additional membership and exchange fees. And even then, you're not guaranteed of getting the exchange you want.

Even booking time at your own timeshare can be difficult since many timeshare resorts are moving away from fixed times. "If you call a year in advance, you'll be fine," said Jeff Weir, a spokesman for RedWeek.com. "If you call four months in advance, there's usually no room at the inn," he said. Weir says however if you're willing to pack up and go within 30 to 60 days, you can often get the slot of your choice.

Beware of scams:

Some dissatisfied timeshare owners may encounter a scheme where they're cold-called and offered a "buyer" for their timeshare, typically for an inflated price over the price they originally paid. "If someone calls you up to buy something from you that you haven't advertised, you should hang up," says Gary Prado of RedWeek.com.



Very often the company on the other end of the phone will collect hundreds or even thousands of dollars in so-called "deed transfer" or "marketing" fees but then never complete the "sale," said Micaleff. "They promise you to stop the bleeding, but those are all scams," he said. The Federal Trade Commission, along with states like Florida, in recent years have cracked down on timeshare resale scams and the FTC offers guidelines on how not to be taken in when you want to unload your timeshare.

Micaleff said he's been able to help consumers unwind their sales, typically looking for errors in the sales process or contract. "There's a million laws they break on a regular basis" during the sales pitch and buying process, he said. But his service isn't cheap, typically costing between \$1,800 and \$3,400 depending on the number of timeshares the client owns.

Still, Micaleff says most timeshare companies prefer to release individual owners out of their contract rather than go to court and risk losing. "They'd rather avoid the embarrassment and releasing the client is easier," he said.

It isn't a real-estate investment:

Nusbaum, ARDA's president, cautions that timeshare properties aren't for those who are looking to make money on real estate but for planning future vacations. In addition, he says, to get the most out of a timeshare, you have to use it. "Timeshares should never be thought of as financial investments," he says. Instead, the only investment timeshare owners are making is good vacation memories. "People don't wake up wanting a timeshare, but people do want to go on vacation," he said.

ACC's Annual Meeting Scheduled for June 15 in Carlsbad, CA. The 2018 annual meeting of the American Consumer Council is scheduled for Friday, June 15, at 10:00 am at the Park Hyatt Aviara located in Carlsbad, CA. The meeting is open to members of ACC. For more information, please contact ACC's meetings department at 1-800-544-0414.



ACC's Friend of the Consumer Award Recognizes Outstanding Businesses.

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally-mandated standards and are touted by consumers as "consumer friendly."

Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."



To apply for the "Friend of the Consumer" Award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.asp>

Green CSM Certification Accepting Applications for 2018 Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green CSM Certification**. Applications for the 2018 cycle are now being accepted through August 31, 2018.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green CSM Certification** criteria can be viewed at ACC's website located at:

<http://americanconsumercouncil.org/greenc.asp>

