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Aspen National Collections

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Aspen National Collections: Aging Resorts; Escalating Unpaid Maintenance Fees

Timeshare resort collection professionals Buzz Waloch and David Combs of Aspen National Collections, the timeshare (or shared ownership) industry's premier collection agency, are sharing advice and tips to help timeshare resort operators protect their portfolio of installment receivables and/or annual maintenance fees. Last month, we discussed the emergency of transfer, relief or postcard companies. These are nominally legal entities that are engaged in the unscrupulous act of pressuring timeshare owners – usually seniors who own weeks at aging resorts – to pay them thousands of dollars to 'take their weeks off their hands.' In reality, they fully intend to place the deeds in an LLC and allow it to go into bankruptcy rather than pay for annual maintenance fee obligations. If you missed their prior bulletins on this and other topics, you can download them at www.AspenNational.com. Here, now, is the fifth in our series:

Bulletin #5: Alternatives for Aging Resorts

A recent gathering of timeshare homeowners identified their principle concern to be the rising delinquency rate of annual maintenance fees. Aspen National Collections' David Combs attended the meeting and had some suggestions for resorts dealing with this:

There are actually several alternative procedures a resort can look at implementing when faced with escalating unpaid maintenance fees. Now, with the passage in Florida, South Carolina and elsewhere allowing for the non-judicial foreclosure of timeshare property, it may be tempting to simply get a resort's weeks back. But if your resort is not in active sales, it often becomes more costly to try to promote the marketing sales of weeks than finding a remedy elsewhere.

Before you consider foreclosing, perhaps you might want to implement a "cascade" of resolutions. These may include offering customers settlements-with-use and deed-in-lieu agreements that call for the owner to pay all or a portion of past due amount. If your internal collection activity is unsuccessful, you may wish to outsource this procedure to a collection agency. Often, customers see the entrance of a collection professional as more serious than calls from the resort. And, indeed, professional bill collectors are trained to use tonality, language and timing to make a greater impact. At Aspen, our collectors are taught to be polite, professional, yet unflinchingly firm. There is definitely a different atmosphere attending a conversation between a professional collector and a debtor.

Once all other collection efforts are exhausted, your board of directors can authorize your collection agency implement an effective deed-in-lieu program with the ability to settle for all or a portion of past due balance. By having the owner pay all or a portion of past due balance, the agency creates a win/win

for everyone: The owner no longer has payment obligations and the resort has a clean deed, monies to offset administrative costs and an opportunity to sell an interval to a paying owner.

“During the meeting, I heard a novel approach,” says Combs. “One resort had created a ‘five-year buy-in ownership.’ A new ‘member’ pays the first year’s fees on the spot. They are then billed along with the other owners over the next four years. At the end of that period can renew for another five years. They have all rights of a current owner (even ability to exchange), but have no right to vote. There is no mortgage, just closing costs. They become a new owner immediately by paying that year’s maintenance fee and moving forward.”

“A number of owners at the meeting were from mature resorts that had been allowed to decline and had too much deferred maintenance to be covered by the current receipts,” adds Combs. “It was reported that one resort with multiple buildings and a reduced number of owners had simply relocated the owners, as needed, to consolidate timeshare use to a few buildings. It then converted the other space to multi-use, including whole ownership and rentals.”

A more drastic alternative discussed was the dissolution of a failing resort. For some resorts this is inevitable and will start to occur more and more. The problem with this is getting unanimous consent from all the owners, many of whom have disappeared, is much too difficult. Attendees were advised to engage legal assistance to simply amend the documents to provide for a majority quorum.

Has this been helpful?

Email Buzz@AspenNational.com or DCombs@AspenNational.com and send us your questions. Let us know what you think!

Did you miss our previous bulletins? Would you like to hear more of our thoughts about managing your portfolio of timeshare or shared ownership loans and/or maintenance fees? Give us a call (contact Buzz Waloch at 1-888-855-5333, (760) 840-9678 or David Combs at 1-800-283-2797, 1-970-250-6592) or go to our web site AspenNational.com and to download previous and sign up to receive future bulletins. Aspen has been in the timeshare collections business for more than 20 years. Why not tap into these resources?

About Aspen National Collections

Aspen National Collections is a national agency with specialized expertise in consumer debt collections for companies involved in timeshare or vacation ownership resorts. Professional collectors are carefully trained in reminding owners/members of the value of their vacation purchase. They are skilled at performing their work in a firm, assertive manner, while adhering to Aspen National’s commitment to high ethical standards. Aspen customizes collection programs to fit the resort’s needs and prides itself on working every account to the fullest. For more information, contact Buzz Waloch at 1-888-855-5333, (760) 840-9678, buzz@aspennational.com or David Combs at 1-800-283-2797, 1-970-250-6592, dcombs@aspennational.com. Visit AspenNational.com for more information and to subscribe to the series, “Aspen Tips for Better Portfolio Management.”

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