

WINTER VACATIONS AND THE TIMESHARE OPTION

With the grip of winter now fully upon us, many folks head for warmer climates, maybe for just a week or two, but sometimes for several months. These winter travels often involve timeshare lodgings, so this is probably a good time to write on that topic. I receive one or two complaints every month on scams involving timeshares. That sounds pretty trivial, but the losses are usually high-dollar, involving thousands or tens of thousands of dollars.

The Federal Trade Commission (FTC) just announced on December 22, they charged several people in Florida with running a phony timeshare re-selling operation. This scheme bilked \$15 million from timeshare owners. These crooks used telemarketers to call timeshare owners, claiming they had buyers or renters for their property ready to buy. They convinced the owners to pony up \$2500 up front to market the timeshare. And then nothing happened.

You should know this about timeshares – they are not money makers. The FTC writes, “The value of these options is in their use as vacation destinations, not as investments...the resale value of yours is likely to be a good deal lower than what you paid.” So you need to realize that right out of the chute.

Two timeshare ownership options are on the market:

Deeded Timeshare Ownership

You buy this, you own it for the rest of your life, or the duration of the purchase contract, or until you sell it. This is real property. You own the right to use a specific unit at a specific time each year, and you can rent it out, sell it, or exchange, or leave it to your heirs. You will also pay an annual maintenance fee, which will probably go up every year, and the property taxes.

“Right to Use” Vacation Interval Option

You buy the right to use an interval, such as weeks or points, at a resort, typically for ten to fifty years. This is personal property. The actual resort is owned by the developer, but you will pay an annual maintenance fee. You are not guaranteed the same unit each time you visit, it can change. Vacation intervals can also offer ownership options giving flexibility in timing of your stays, or exchanging stays at other locations.

Many timeshares are marketed to visitors to resorts lured by “three nights free lodging” or a similar promotion. As part of the visit, you’re required to attend a sales presentation. These can be very high-pressure. This is probably the worst place to decide on buying a timeshare. Don’t be pressured or act on an impulse. Treat this like buying any other piece of real estate. Do your homework. And here are a few homework assignments:

- Get EVERYTHING in writing. If a promise is not in writing, it won't happen.
- Check for complaints on the resort developer or management company. This is easily done on the internet
- Do comparison shopping. Answer the question, "Is it cheaper to rent here than own?"
- Find out about the cancellation policy. If you cancel, do it in writing, and send it certified mail with a return receipt.

Most of the people complaining to me about timeshares got in trouble by trying to re-sell the property. People tell me they bought a timeshare ten or twenty years ago. Now they are unable or unwilling to travel due to aging, or lost interest in that location. Their kids aren't interested in the property. The market for re-selling is very poor. In some areas, no one is buying re-sold timeshares. People get desperate to get out from under this obligation. As mentioned, each timeshare comes with an ever-increasing maintenance fee, whether you stay there or not.

So we have folks highly motivated to sell, and a poor market. Enter the re-selling crooks. Through telemarketing and emails, they make claims about how "hot" the market is, with buyers waiting in the wings. But they demand upfront fees to market the property. Paying those fees is a really bad idea.

You can re-sell timeshare, but be extra wary. Here's some advice from the FTC on hiring a re-selling broker:

- Get EVERYTHING in writing.
- Make sure the re-seller is licensed to deal in real estate. Don't take their word for it. Check it out with the state real estate licensing authority.
- Be prepared to take a loss
- Avoid paying upfront fees if at all possible
- Ask for, and check references from other customers

There is considerable more information on this topic on the FTC website at www.consumer.ftc.gov/articles/0073-timeshares-and-vacation-plans, if you are inclined to dig deeper.

Timeshares can be a good option for folks who have a consistent vacationing pattern, favoring a particular location or type of accommodation over all others. But this is an area all too much beset with scams, so go in with eyes wide open.

LOCAL FRAUDS

I keep getting a steady drip-drip-drip of complaints on the phony DISH caller. This is the scenario – someone, usually with a foreign accent, calls DISH subscribers and tells them they

need to pay \$150 immediately to upgrade their service, or face a disconnect. The caller may even spoof the DISH phone number, to fool those screening their calls with Caller ID. It's a scam. Don't go there. The caller is looking for a credit card number or other personal information.

CONTACT SENIORS VS. CRIME

Let me know about scams, fraud, or other crookedness you run across. Most of what I learn, I learn from you. Contact me at Seniors vs. Crime, Clinton County Sheriff's Office, 563-242-9211 extension 4433, or email me at randymeier@gapa911.us

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