Don’t Fall for Deception, Pressure and Traps Disguised as Vacations:

A Better Business Bureau Study of the Missouri Timeshare/Vacation Club Industry

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INTRODUCTION

The timeshare/vacation club industry in the United States continues to flourish. According to research done by the American Resort Development Association (ARDA), timeshares sales volumes in 2017 — the most recent full reporting year — rose to $9.6 billion. That was the eighth straight year of sales gains in the industry. There are more than 1,500 timeshare resorts sprinkled throughout America with more than 206,000 units, according to the ARDA.

The heart of Missouri’s timeshare/vacation club industry is centered in Branson, which is located in the Ozarks in the state’s southwest section near Springfield. The town of 7,500 attracts more than 8 million tourists annually from all over the country thanks to its live entertainment and outdoor activities. Many of those tourists are asked to attend timeshare sales presentations during their visits. Travel/timeshare complaints were among the most-complained-about businesses to the Missouri Attorney General’s Office in 2017 and also ranks high at St. Louis Better Business Bureau (BBB), which serves Eastern and Southwest Missouri and Southern Illinois.

The Attorney General’s office reports complaints received in 2017 “allege consumers were promised guaranteed resale of previously owned timeshares; failing to provide deeds, maintenance fees increase continuously, undisclosed fees, and other services that were promised but not provided.”

In this study, BBB has taken a close look at the industry. BBB investigators have read and analyzed more than 900 complaints received since May 2015 against timeshare-related businesses in this BBB’s service area. BBB has spoken with complainants about their experiences and has been in contact with business owners about patterns of complaints filed against their businesses.

Consumers reported to BBB losses of thousands of dollars, saying felt high pressured by aggressive sales people. In addition to believing they were duped by deceptive sales practices, consumers tell BBB that businesses failed to release them from contracts and issue refunds, were difficult to communicate with and that overall customer service is poor.

Often the business owners responded that they are doing nothing wrong, defending their sales tactics and pointing to contracts the consumers sign as proof of the customers’ commitments.

One of the functions of BBB is to monitor the marketplace and inform the public of questionable, deceptive or unfair practices. In this report, we look at all aspects of the timeshare process — from buying an initial property to attempts by businesses to sell consumers on vacation club memberships to consumer endeavors to divest themselves of their timeshare investments. BBB advises consumers to use extreme caution when considering the purchase of a timeshare or vacation club offering.

BACKGROUND

For nearly 50 years, Americans have been buying timeshares. The first known American timeshare was started in Hawaii in 1969. In 1973, timeshares moved to the contiguous 48 states with a development in Lake Tahoe, California. Developments have been built mainly around popular tourist destinations in places like Las Vegas and Orlando.

In Missouri, Branson has been a hub of timeshare activity for many years. The town experienced a tourism boom in the 1990s thanks to a number of country music and other performers who appeared regularly in the town’s many theaters. The area also offers boating, fishing and other outdoors activities that make it attractive to tourists. As a result, many timeshare facilities have been built in the area.

At its most simple definition, a “timeshare” is the right to a period of time at a vacation home that is owned jointly by a group of people. When timeshares were first sold, consumers bought into a specific location for a specific week on the calendar. Through the years, timeshare ownership has become much more flexible, as consumers can now buy into a specific location with the ability to choose different times to stay. Consumers also can utilize exchange programs where they can trade in their time at one facility for time at a different location within the same network.

Consumers also can purchase points in travel clubs. Travel clubs differ from the traditional timeshare in that the owners don’t own a specific location or time frame. Travel club members purchase points that can be used in various intervals at various locations. Many major hotel and resort chains operate travel clubs. If a consumer buys into a certain chain’s clubs, they usually are limited to staying at facilities owned by that chain.

Southwest Missouri is also home to many timeshare exit companies. These companies offer services for those consumers wanting to relieve themselves of their timeshares.
timeshare responsibilities. Many of these companies ask for up-front fees in order to get the consumer out of their timeshare responsibilities in a certain time frame, usually between 12 and 18 months.

According to research collected by the ARDA, approximately 6.9 percent of U.S. households own one or more types of a shared vacation ownership product, which includes timeshares, travel clubs or private residence clubs. Households that have an annual income of more than $100,000 are the most likely to own a timeshare, with 10.9 percent of those households owning the product, according to ARDA. Three-fifths of all vacation ownership product owners are white, while one-fifth are African-American and just over one in 10 are Asian-American. The overwhelming majority (68 percent) of vacation ownership product owners are married, while 17 percent are single, according to ARDA studies.

THE PROCESS

Many consumers first learn about timeshares while they are vacationing. Timeshare agents often utilize marketing companies to help them get people through their doors.

Travelers looking to visit Branson may do a simple Internet search for “Branson vacation packages,” which brings up a number of different options. Often, consumers will contact the companies offering those packages and they’ll be given the chance to get a discounted rate on their lodging or a show, or are offered other deals, if they agree to attend a presentation during their stay. Consumers usually are told these presentations will last approximately 90 minutes. The consumers are typically promised various gifts, including meal vouchers and discounted show tickets, for participating in the seminar.

This often is when sales representatives make their pitch for their timeshare or travel club memberships. Hoping to capitalize on the consumers’ excitement of being in the area, the sales representative makes the pitch that the consumer can enjoy the area every year if they wish by selling them a timeshare.

What is often lost on the consumer in their moment of euphoria are the long-term effects of signing that contract. In addition to the up-front costs of purchasing the timeshare, which can be tens of thousands of dollars, are regular maintenance fees, costs that can be raised by the seller without notice.

A Carthage, Missouri, woman contacted BBB after visiting Branson in August 2017 for her wedding anniversary. A simple Internet search led her to a Branson company that dealt in ticket sales. The company said it would give her discounted tickets to some shows if she sat through a sales presentation.

With no intention of buying anything on her way into the presentation, the woman walked out as the owner of a vacation club package. After completing the sales seminar, the woman acted immediately in an attempt to find out what she had just purchased.

She told BBB she canceled the contract after doing some research on the company that sold her the package at the seminar she attended.

“I didn’t have a chance to do research,” she said. “I did a Google search on the company to see what was going on, and I wasn’t really happy with what I found.”

She also said that some of the claims during the sales presentation “seemed too good to be true.”

Missouri law states that “a purchaser of a time-share plan or time-share property has five days after the day of purchase to cancel the purchase.” The law also states the seller must give printed notice of the right to cancel to the
buyer in writing. The seller must post the information in large, bold-face type.

While consumers may see some benefit of a timeshare ownership for a period of time, they sometimes reach the point in their lives when they don’t travel as much, or they might become tired of traveling to the same spot for every vacation. There is little the timeshare owner can do to get rid of their timeshare. There is virtually no resale market for timeshares. Timeshare units can be found selling online for as little as $1, with the seller absorbing many of the closing costs in hopes of having someone else buy their stake.

Consumers also have little power in what happens to the timeshare property and how it is maintained. In the event the timeshare property is sold, consumers also will have little control over what the new owners do with the property and how it is maintained.

In addition, consumers report having different problems with vacation club memberships. Consumers tell BBB they are promised huge discounts on travel when buying into the club, only to find that rates offered show little variation from what is readily available to the public through online travel sites.

Others report being duped into believing that the company could help to get rid of their current timeshare and by joining a membership club program they could save money and have more vacation destinations. But they later found themselves committed to two contracts as those promises were not met.

FEELING THE PRESSURE

The timeshare/vacation club industry often receives complaints about high-pressure and deceptive sales tactics.

One industry watchdog told BBB the industry’s reputation is well-earned.

“The industry as a whole has a pretty terrible public perception, and it’s warranted,” Brian Rogers told BBB. Rogers’ family has owned timeshares for decades. His father, Bill, built one of the first timeshare information sites on the Internet -- Timeshare Users Group, which went online in 1993. A decade ago, Brian Rogers took over as director of the site, which offers timeshare users a place to exchange information, as well as buy, share and trade timeshares without paying large upfront fees.

Rogers told BBB consumers “should expect to encounter significant misrepresentations or outright lies as common practice during a sales presentation.” He said he feels the only way units can be sold is by salespeople making sales pitches that are “slanted toward telling the (prospective) owners what they want to hear.”

For instance, Rogers said a common claim made in a timeshare sales pitch is that the value of timeshares has increased steadily over the last 20 years. Technically, Rogers said, that is true. The sale price of timeshares has increased nearly every year during that time frame. Rogers said the companies are the ones who drive that sales price point.

“What they don’t tell you is that resale value for timeshares has been zero or close to it for the last decade or more,” Rogers said. “They (probably) would never sell any units if they had to tell the truth during their sales presentations.

“The industry is masterful at parting people from their money. That goes for the legitimate side of the industry with the sales people and those who operate as scammers on the other side.”

Consumers tell BBB those 90-minute presentations often last much longer once sales associates with the timeshare companies meet with them individually after a general address to the group as a whole. Consumers tell BBB they are kept by sales associates for several hours on end in an attempt to get them to purchase.

In October 2013, a Bismarck, Missouri, couple visited Branson on a $99 weekend rate. They had to sit through a sales presentation as part of the package. At the time of their trip, the husband was 70 years old, had trouble hearing and was in bad health. The wife was 65 years old and used a wheelchair after having both of her legs amputated.

In 2018, their daughter told BBB that her parents were subjected to a seven-hour sales pitch that ended with them spending more than $10,000 on a timeshare. She did not learn about how much her parents spent on the timeshare until she started handling her parents’ finances shortly before her mother’s death in May 2015. She believes the stress of trying to keep up with payments for the timeshare helped lead to her mother’s death.

“I was a little surprised (by the price),” the daughter said. “They are smart people. But my mother was under the influence of painkillers and physical stress at the time. She was a pleaser. She would have signed anything. “You have a double amputee and a gray, old man in bib overalls who can’t hear anything. I feel like they were taken advantage of by those salespeople.”

The couple’s experience is a common one heard by BBB when it comes to timeshare sales. It’s one which a retiree from Benton, Arkansas, can relate.

The woman visited Branson in September 2015. She was given an opportunity to stay at a timeshare resort for
two nights if she would listen to a sales presentation. The woman told BBB the presentation was supposed to last 90 minutes, but the sales pitch lasted five hours. She said she had no interest in buying a timeshare.

“They talked me into it,” she told BBB. “I’m a diabetic. After five hours of talk, talk, talk, talk, talk, I just gave in. I needed something to eat.”

The woman said the timeshare sale was filled with what she believed were empty promises, including the promise to buy back the property. She said it was a “very high-pressure” sales presentation.

Rogers told BBB he would not buy a retail timeshare directly from a resort because of the inflated prices they charge consumers. He said, with the number of timeshare properties on the resale market that he encourages people to look there, where they are literally being given away for nothing.

JOINING THE VACATION CLUB?

BBB also hears from consumers who purchase points in vacation clubs. Those who buy into these plans regularly are promised exclusive savings on travel and vacation packages. Consumers tell BBB that once they look into booking travel, the savings are minimal and that booking trips at the times they want to travel can be difficult.

Consumers will spend thousands of dollars up front to join the program and then are charged annual fees, usually around $300, for club membership.

A retired couple from Oronoco, Minnesota, told BBB they visited Branson in November 2017 and wound up buying an $8,500 travel club membership. The couple was skeptical of some of the claims made in the presentation but purchased, telling BBB they felt pressured by the sales pitch made to them.

The couple said they were told that they would be given immediate access to a website with exclusive travel deals for members. They said they waited a week before finally getting a code to access the site. Once they began to search the site, they found the savings were not as good as what they were told. The husband told BBB the prices were not much better than what the general public could find on any number of online travel sites.

The couple looked up a destination in Illinois where they like to stay and said they found through their travel club membership, they could only save $7.

“How long is it going to take us to get our money back at $7 savings per trip?” the husband told BBB. At that rate, it will take the couple 1,215 trips to recoup their $8,500 purchase price.

The wife told BBB she felt the businesses’ sales practices were “very deceptive.”

“They just pushed and pushed and pushed,” she said. “We would have been much better off just getting up and walking out of there.”

The couple said those in attendance at the presentation they attended were split into groups. If someone in the room was already a timeshare owner, they said, they were pitched on disposing their timeshare and joining a travel club. For people like the couple who did not own a timeshare, they were pitched the travel club membership.

Rogers said anyone who attends a timeshare or discount travel club membership sales seminar needs to be aware of what sales people are going to try to sell them.

“No matter what, it is always cheaper to buy on the resale market unless you have a specific week for a specific resort that you want to go to,” he said.

Rogers said travel clubs are “a money grab,” and that it is impossible to make up the thousands companies charge up front for the travel club.

“You just threw that money away,” he said.

NO EASY WAY OUT

Whether consumers believe they were duped into buying a timeshare or if they’ve had the timeshare for many years, eventually they may want to get rid of it. Many consumers who have spoken to BBB said aging and health were the biggest factors causing them to want to sell. They tell BBB they are paying for something they rarely, if ever, use.

Toss in mounting maintenance fees charged by the resorts in order to keep up the property, and owning a timeshare can be a hardship for older consumers who may be on fixed incomes in their retirement years.

With the way contracts are structured, there is no easy out. Unlike selling a house or a used car, there is virtually no resale market for the units. Although consumers are
told they are making an investment when they purchase the timeshare, the chances of them getting any significant return on the investment are close to zero, as supply far exceeds demand.

The glut of people wanting to get out of their timeshare responsibilities has helped open an avenue for potential scammers. In one such scam, companies contact timeshare owners and say they have someone in a foreign country - which is usually Mexico - who wants to purchase their timeshare. However, in order to make the transaction happen, the seller needs to send money to pay transfer fees. Once the money is exchanged, there is no sale and the person who brokers the deal disappears, leaving the seller out hundreds, or even thousands, of dollars.

A COSTLY EXIT STRATEGY

The greater Springfield area is home to many timeshare exit companies. For a fee, these businesses promise to get timeshare owners out of their timeshare responsibilities. The businesses market themselves as being advocates for timeshare owners and sometimes claim to use lawyers to help break their clients out of their timeshare commitments.

The companies make claims of helping thousands of consumers and tout money-back guarantees. These companies typically charge between $2,500 and $7,000 per timeshare to dispose of them.

Consumers tell BBB many of these companies promise to get them free of their timeshare within six or 12 months. BBB has spoken with consumers who have hired these companies and waited more than two years to convey their timeshare. In the meantime, some of those consumers continued to pay maintenance fees and could not utilize their timeshares.

Rogers said there is no benefit to the third-party liquidation companies and discourages anyone from hiring them.

“If they are able to get someone out of their timeshare, they did work that the owners could have done themselves,” Rogers said.

He said these companies prey on people who have put their units on the market with no luck. Rogers said the majority of those who try to sell their timeshares do not set the right price point, saying they price them like they’re selling a used car. “That’s so out of touch with the resale market,” he said.

Rogers said, in most cases, the only way to sell a timeshare is to virtually give it away. He said those who are successful in selling timeshares offer to pay closing costs for the deal and usually a year’s worth of maintenance fees. He said they might also add value to the deal by offering a gift card of some sort. By paying closing costs and other fees, the timeshare owner rids himself of the property and thousands of dollars in future maintenance fees.

He said those third-party liquidation companies often utilize a similar method to rid their client of their timeshare. He said if the business incurs $1,500 to settle closing and maintenance fee costs and charges $3,000 to the consumer, then the business has made a tidy profit. Rogers said this is all work the owner could have done by themself.

The liquidation companies contact timeshare owners and invite them to seminars held at hotels near the owner’s home. Consumers tell BBB those sales pitches also use high-pressure tactics. One of the big points the third-party liquidators make to consumers is that the timeshare will convey to their children after death. Salespeople tell consumers it is vital for the properties to be disposed of now so that their heirs don’t incur what could be a financial hardship.

Rogers said that was a scare tactic.

“It’s a flat-out lie,” he said. “No heirs are forced to inherit a timeshare unless their name is on the deed. They can certainly accept the timeshare after the owners die, but that’s a conversation that needs to be had. Parents who own timeshares need to talk with their children.”

If the children do not want the property, they have to alert the timeshare company that the deed holders have died. Rogers said the timeshare will continue to send bills for maintenance fees until they are informed that the deed holders have died.

AN ESCAPE ROUTE

So is there a way to get out of a timeshare? Some of the bigger timeshare companies now offer deed-back programs. Among those that have programs are Wyndham, Diamond Resorts and Worldmark, Rogers said.

These programs aren’t widely publicized, but they do exist. The first place a timeshare owner
looking to get out of ownership should turn is the business that sold them the deed.

As long as the timeshare owner is up-to-date on their maintenance fees, they should be eligible for these programs, which cost little for the consumer, Rogers said.

Consumers should contact the owners’ association for the timeshare company by writing a letter and sending it to the address where maintenance fees are sent. Owners need to explain in detail why they no longer want the property.

Rogers said more and more companies are allowing owners an out via deed-back programs like those recently started at Wyndham, Diamond and Worldmark. As recently as five years ago, programs like these did not exist, he said.

CONSUMER TIPS

Look on the secondary market first. If you are interested in buying a timeshare, you may save thousands buying on the resale market. Be fully aware of what you are purchasing and from whom you are buying to ensure a smooth transaction. Make sure you have in writing the terms of the sale and what each side is responsible for paying at closing. Read the contract carefully and ask questions of the seller.

Don’t bow to pressure. Take time to think about your decision. Ask the salesperson to send you written information about your possible purchase, including a contract that you can review. There is nothing that says you have to sign the first thing that is shown to you. Let the deal breathe before you figure out if it is right for you.

Do your research. Compare travel savings with online travel services or local travel agents. Also, check out the company with BBB at bbb.org.

Act fast if you are not satisfied. If you sign a contract for a timeshare or travel club, you have a short window to cancel the contract if you don’t like what you purchased. Don’t wait until after you get back from your trip to take a second look at the contract and research the company you are dealing with or it may be too late. Also, always pay with a credit card so you can challenge the charge should something go wrong with the purchase.

Do it yourself. If you ant to get out of a timeshare commitment, do the work yourself. First, turn to the property from which you purchased the deed to see if there is a deed-back program in place. If that does not work, you may have to turn to the resale market. You likely will have to make a deal with a buyer to sell the timeshare. That option often is still cheaper than dealing with a resale or liquidation company that may charge you thousands of dollars to do the same work for you.

THE INDUSTRY

More honesty from the industry. The timeshare industry needs to develop and adhere to a set of ethical standards to address widespread reports of high-pressure and deceptive sales practices and to deliver accurate, honest sales pitches to consumers. Reputable companies do not pressure consumers over several hours to purchase services they had little interest in buying or, in some instances, can’t even afford. If presentations are held, consumers should not be detained past the scheduled time or express a false sense of urgency to act immediately. Avoid telling consumers something that will entice them to sign but is later contradicted by your contract.

Honor promises. Provide tickets or other promotional items at the time of the presentation. Do not mail them later or make the consumer obtain them from another source.

Do not mislead about timeshare inheritance. Too often misleading statements or scare tactics are used to encourage those who have inherited a timeshare to believe they are liable for it. Don’t misrepresent the law or circumstances for financial gain.

Do not require consumers to initial documents “under duress.” Too often consumers are faced with presentations consisting of long hours; eventually succumbing to high pressure sales tactics.

More transparency from the industry. If a consumer is referred to another company or person to complete the presentation process, be transparent about the process (ie. obligation to sit through a two hour presentation to obtain discounted tickets) and amount of time it will actually take to possibly alleviate someone from their timeshare.

Eliminate company mediation. Do not require consumers to mediate through the company’s internal program should a dispute arise. Instead, use neutral, third-party mediation source such as Better Business Bureau or American Arbitration Association.

RECOMMENDATIONS FOR
**Easier exits.** The recent establishment of deed-back programs may be a step in the right direction. More consumers should be able to take advantage of these programs. The establishment of more deed-back programs is likely to lead in a decrease in fraud seen in the resale and exit markets.

**RECOMMENDATIONS FOR GOVERNMENT**

**Tougher law enforcement action.** Regulatory agencies have reported receiving an increasing number of complaints about the timeshare industry. Bringing action against any bad actors in the industry could help consumers and deter companies from violating consumer protection laws.

**New laws.** BBB hears from many senior citizens who have been affected by the timeshare industry. Missouri legislators should consider special protections for those 65 and older who enter into agreements with timeshare and travel club companies. An extended right of rescission period could help seniors who may not totally understand what they have purchased. All consumers should receive pertinent information - such as access to websites and passwords - at point of purchase so that they can check potential savings and actual values of timeshares on resale market so that if they decide to cancel, they can take advantage of the recission period.

For more information about this study, to obtain a Business Profile or register a complaint, contact BBB at bbb.org.