

Cambridge Time-Share Condominium Perceptions

1.) A resort time-share condominium is a different animal than a wholly owned condominium. The type of ownership may be different, but, whether wholly owned, time-share estates or owned by a corporation for rental purposes, they are all used for vacation purposes.

a.) The wholly owned condominium is purchased at a much higher price, but the owner has to pay the mortgage for that acquisition over a period of years. He/she will still have to pay a management fee for the care of the common areas, all the taxes, heat, air conditioning, electricity bills, interior furnishings and upkeep over the years owned, property and liability insurance. He/she has the right to use it for themselves only or can rent it, if they so desire. Should they decide to vacation for a week elsewhere, they will pay the full boat for that vacation.

b.) The time-share estate owner purchases a segment of time to use a vacation condominium. It may be for a week, 2 weeks or a period of time (say 16 weeks that is shared with two other owners). The cost of this type of ownership is much less than what the purchaser of the wholly owned condominium paid. He/she has to pay a shared management fee with the other time-share estate owners to cover all expenses for the running and upkeep of the condominium. In this management fee is the cleaning of the unit prior to entering the unit and also upon leaving the unit. This includes the repair of any spills, broken dishes, fireplace logs or cleaning fluids used, and dirty linen washed (much like leaving a hotel room for the next guest). He/she has the right to rent the time period or to exchange it for a vacation in another resort. There is usually a small charge for the exchange, but no charge for the unit's use.

c.) The resort can build condominiums to rent, much like a hotel, but has found that selling them as time-share estates became the better option. Due to the high management fees charged and the bad eye given to the industry over the years, this option of selling time-share estates has lost favor to potential buyers. Instead, options like Club Wyndham have blossomed in the selling of vacations, not time-share estates, and are run more like a hotel operation. There is no record of what Club Wyndham charges for these vacation rights.

2.) The property tax portion of the management fee is the reason for the high management fees. A three-bedroom time-share condominium, if taxed at the whole condominium value of \$300,000, would have paid approximately \$6,500 in property taxes in 2020. The management fee for a three-bedroom unit is between \$55,000 and \$60,000. The property tax represents approximately 12% of the total management fee. Mr. Dom DeCarlo testified before you that the management fee went down the first year after the appeal, but then went up the next year due to higher costs for other items in the management fee structure. The management fee has become the reason why many time-share estate owners are leaving. The town's survey indicated this and also the fact that the owner's, as a family, had outgrown the use of it as a vacation. Eventually Club Wyndham will be the owner of the great majority of the time-share estates as these time-share estate owners give back their ownership rights.