

Timesharing can lead to financial pitfall

Timesharing - the buying or long-term leasing of a few weeks of vacation accommodation every year at the same time in the same unit - has been offered in more and more major holiday locations over the past decade.

But experts at the Ministry of Consumer and Commercial Relations (MCCR) warn holidaying consumers who are tempted to buy a timeshare property to make sure they know exactly what they're getting into.

"In a worst-case scenario, a buyer may pay thousands of dollars for a timeshare condo that doesn't even exist," says Gordon Randall, Registrar of Real Estate with Ontario's consumer ministry. "And our ministry cannot assist the consumer, because the contractual agreement was made outside our jurisdiction," he adds.

Some consumers have lost money to fraud artists who present glossy brochures describing beautiful resorts in a vacation area other than the one they're currently visiting. When they show up to stay at their timeshare unit, they discover there's no such address. Randall says the consumer's only real protection against this scam is to never buy a timeshare unit without having seen it.

"Even if the developer is legitimate, we caution consumers about signing contracts for many thousands of dollars in a place where they know nothing about the legal system," he advises. "Those who don't have the contract carefully checked by an independent lawyer could find that, if the resort's roof caved in, they'd be responsible for replacing it. They might also find they could be liable for any accidents on the property, or any number of other legal nightmares."

Some timeshare unit salespeople have been known to discourage buyers from looking for legal help before they sign, or to suggest using the timeshare company's lawyer. But experts at MCCR say the best choice is an independent local lawyer.

"Sending the contract back home - which is much easier than it used to be now that most offices have facsimile machines - for your own lawyer to see it, isn't a bad idea either," says Randall. "But it's usually best to consult someone who knows the local legal system."

One of the most common complaints among those who've had a bad experience with timeshares is that they got in over their heads financially, without ever having planned to buy the unit in the first place.

"Promoters know that people on holidays may be less likely to be on their guard, are willing to spend money and are thinking about future vacations," says Randall.

Sales representatives will commonly offer a gift or a free trip if potential buyers will watch a sales presentation. While this may sound like a good deal at the time, two hours later many consumers find themselves bombarded by a high-pressure sales pitch. The agents are well-rehearsed and know their best chance of making a sale is to persuade the consumer to buy quickly.

Many who own timeshare units are happy with them, saying the system provides convenient accommodation in a place they like. They prefer timesharing to buying a condo, which requires a much larger financial investment.

But some less-satisfied consumers say prices are too high for what they get. The average timeshare apartment is sold for 50 weeks a year, with the rest of the time used for repairs and service. At an average price of \$8,000 per week, the furnished apartment is being sold for \$400,000, plus maintenance fees.

Randall says anyone interested in finding out more about timeshares should consider the following points:

- No matter how beautiful the resort may look in the promoter's brochure, never sign a contract until you've seen the property

yourself.

- Are you likely to enjoy coming to the same place every year for your holidays? Promoters may say it's easy to trade your time in one unit for others all around the world, but it's often difficult to arrange a swap for a popular area.

- Will the unit continue to be the right size for your family? It may not be easy to upgrade or downscale accommodation, once you've bought.

- Some people say timesharing is a good investment. But experts say the majority of timeshare condos do not go up in value enough to be considered a wise investment. Resale may be difficult or impossible.

- Take a good look at the quality of the facilities, furnishings and maintenance. If the salesperson

says "There's a pool going in there next year," the appearance of the resort should give you confidence they're serious about making improvements.

- Read the contract or purchase agreement carefully. Is there a cooling-off period, if you want to change your mind? Is it "fee-simple," meaning you really own the property, or "right-to-use," which gives you only the holiday time for the individual unit?

- Make sure you won't be held liable for financial problems of the resort company. Also, you should have title insurance, to guarantee you keep possession of your unit, even if the company goes under.

- Find out how much maintenance fees will be during your annual visits. If they increase periodically, how is the new price calculated?

- Once you're sure you understand all the terms and conditions of the agreement, find independent legal assistance to make sure you haven't missed anything. An accountant experienced with timesharing can warn you of possible financial pitfalls.

Consumers wishing to receive the brochure *Shop Smart. It Pays*, which lists the titles of ministry booklets on a variety of consumer issues are invited to write to the Consumer Information Centre, 555 Yonge St., 1st Floor, Toronto, Ontario M7A 2H6.

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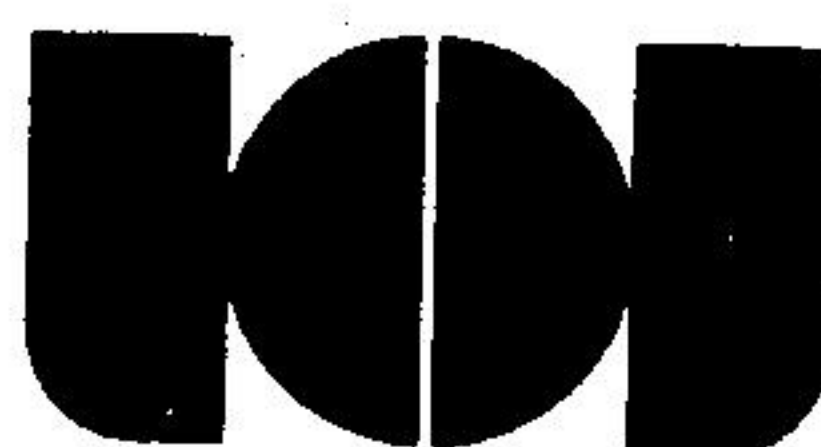
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