

## Live in the Lap of Luxury with Fractional Ownership



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Now, you can be a fractional owner of everything from a racehorse to a yacht to a work of art to a vineyard.

ONCE UPON A TIME, THERE WAS NETJETS: A WAY TO own a corporate jet without having to worry about how many hours it was sitting on the tarmac, unused. The idea was to share ownership of the jet with other users who also needed to use it only from time to time. All of the users could be partial or 'fractional' owners, without paying the full price to buy it or bearing the full cost of operating it. Cool idea.

Now, you can be a fractional owner of everything from a racehorse to a yacht to a work of art to a vineyard. You can even own fractional shares of a Ferrari, a Lamborghini or an Aston Martin (James Bond's car of choice). And, of course, you can now be the fractional owner of a top-of-the-line home in a desirable resort community. Why pay \$2.5 million for a condo at

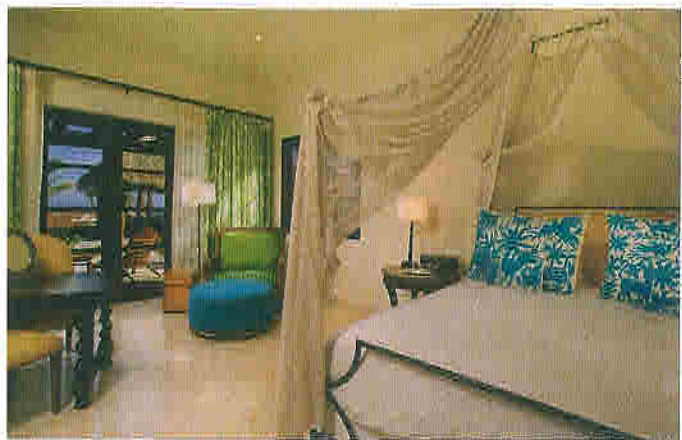
Jackson Hole or a luxury home in Hilton Head, Orlando, or St. Thomas if you're only going to use it a few weeks—or months—each year? Why not pay \$100,000, \$250,000 or \$500,000 and own the place with eight or ten other folks?

Let's be clear up front: Fractional ownership is NOT the same thing as owning a timeshare. (Some of the fractional ownership websites can be a little snooty on this point.) The biggest difference is that when you own a timeshare, you don't actually 'own' anything. You own the right to use something for a specified period of time.

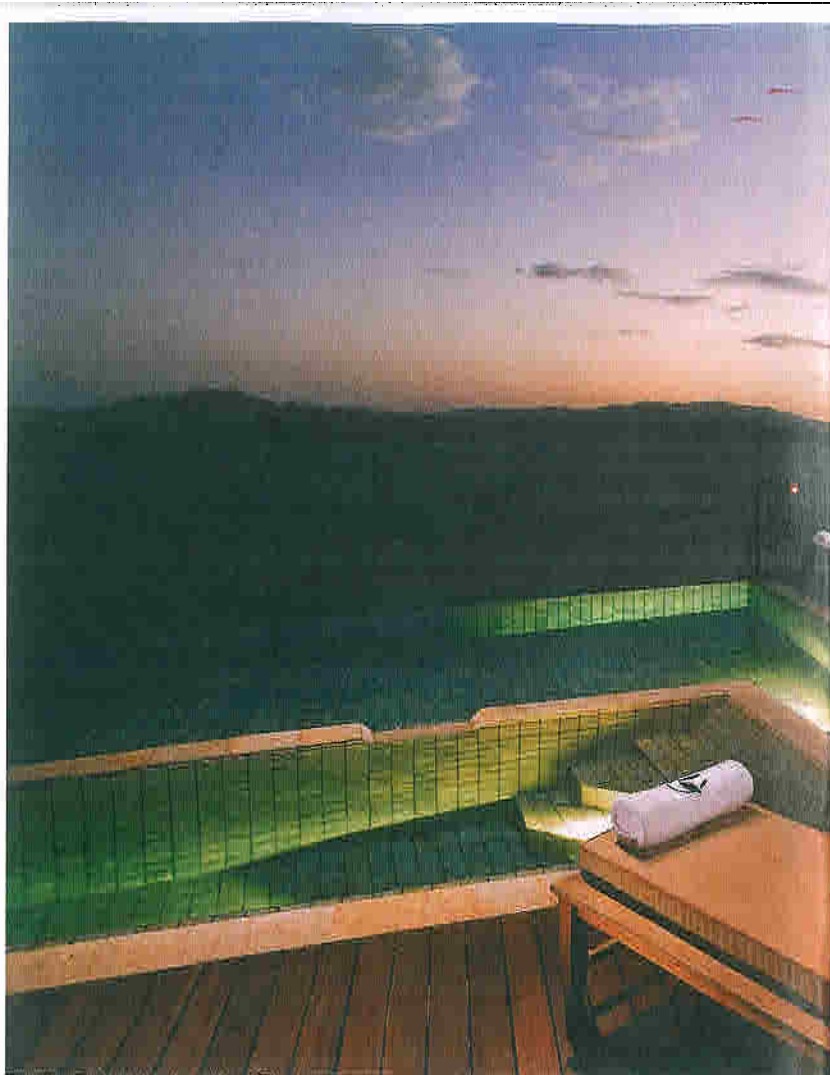
Not so with fractional ownership, in which you are literally the part-owner of a jet, racehorse or house. You have a title or a deed, and you can leave your share of the property in your will, sell it or do pretty much anything you can do



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with something you own 100%. Your fractional interest in a home can even be regarded as an investment: If you choose your location wisely and the price of your condo or house goes up, you will profit when you sell your fractional interest down the road. Conversely, the value of many timeshares actually *decreases* over time.

There are a number of other significant differences between timeshares and fractional ownership communities, more frequently called 'private residence clubs.' The latter tend to be more upscale and exclusive, and have many more luxury amenities than timeshare communities. Homes in private residence clubs tend to be larger than timeshares, typically having three to five bedrooms. Timeshares usually give you access to a community for only one or two weeks a year, whereas fractionals typically offer four to 13 weeks, depending on the percentage you own. Getting a loan or mortgage for a timeshare can be a real challenge, because many lenders regard them as depreciating assets. By contrast, most financial institutions consider fractionals to be an appreciating asset and will often treat them as any other second-home purchase.

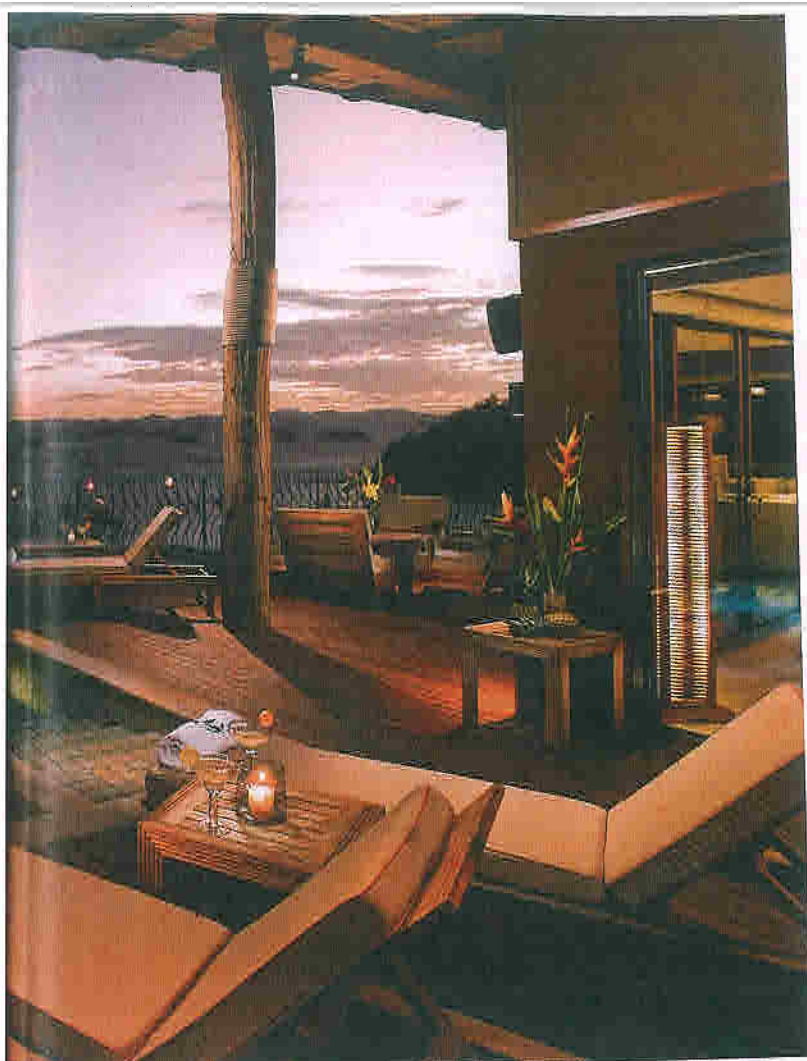
Private residence clubs are open or currently being built in such 'name' destinations as Hilton Head Island (SC), Jupiter and Orlando (FL), St. Thomas (U.S. Virgin Islands), Aspen and Bachelor Gulf (CO) and Lake Tahoe (CA). Some of the biggest names in the high-end hospitality industry—Four Seasons, Ritz-Carlton and Starwood (owner of the Westin hotel chain)—have jumped in to build, own and run these private residence clubs.

Owning a fractional is intended to be hassle-free, without worries about repairs, maintenance or housekeeping. After the purchase price, you pay a relatively small annual fee for membership dues which cover all of the above. This annual fee also buys access to a variety of members-only amenities, such as clubhouse, spa, fitness center, golf course, etc.

The amenities at private residence clubs can really separate fractional ownership communities from timeshares or from a vacation home you own 100%. Many of these facilities will stock your kitchen and refrigerator in advance, pick you up at the airport, rent a car and have it waiting for you in your parking spot, make dinner reservations, purchase ski lift tickets before you get there,

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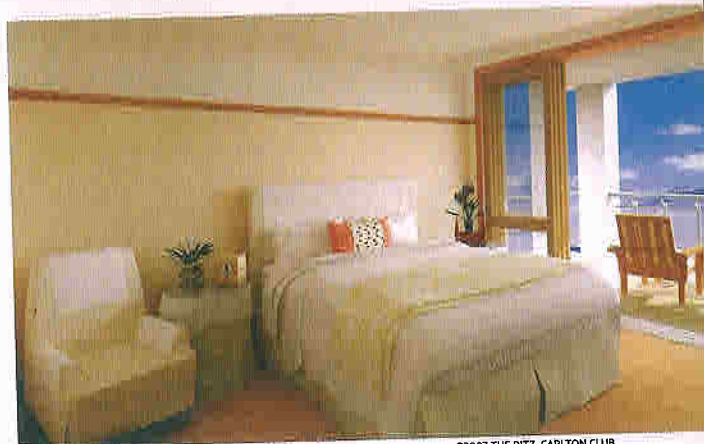
Top Left: The Discovery house at Carnegie Abbey Club in Newport, RI features traditional New England decor. Bottom Left: The master bedroom at Exclusive Resorts' Villa Las Conchas #303 in Los Cabos, Mexico.



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etc. It is truly like being a member of an exclusive club at a fraction of the price.

As the industry grows and matures, a variety of fractional ownership models will evolve. For example, at the Trump Las Olas Beach Resort in Ft. Lauderdale (currently pre-selling units and beginning construction in the fall of 2007), you can purchase shares in 1/17th increments for prices ranging from \$120,000 (for a one bedroom/two bathroom unit) to \$230,000 (for a two bedroom/three bathroom unit). Annual dues range from \$1,845 to \$5,111. Your 1/17th share buys three weeks usage—two weeks in-season (October to May) and one week off-season (June to September). Instead of buying three specific weeks, you call the concierge and reserve your weeks up to a year in advance.

One nice perk of owning at Las Olas is that, anytime you want to come, you are guaranteed a unit the same size as the one you own. For example, if you want to visit for Thanksgiving week and one of your fellow owners has already reserved 'your' unit, you are guaranteed a comparable unit elsewhere on the property. If you aren't able to use one of the weeks you own, you put the unit into the rental pool and get 70% of the rent

for that week (Las Olas gets the other 30%).

In Orlando, Lighthouse Key is selling fractional shares in 1/13th increments (which gives you four weeks of usage) from \$40,000 for a two-bedroom unit to \$80,000 for a four-bedroom unit. If you don't use all four weeks in a given year, you can put them into the rental program. Dues at Lighthouse Key average around \$2,000 per year, which includes access to the 26,000-square-foot clubhouse containing a movie theatre, billiard room, bar, fitness center and European-style spa. Lighthouse Key will also be building a manmade beach on its 69-acre lake.

How do you know if fractional ownership is right for you and your family? Look carefully at the market, the cost of entry and the likelihood of appreciation. More importantly, be realistic about whether this is a house or condo you are actually going to use and want to go back to year after year. If so, fractional ownership is a great way to own part of an expensive luxury home in an outstanding resort location and enjoy great vacations for years to come. ☀

For more information on fractional ownership, go to [www.fractionallife.com](http://www.fractionallife.com), [www.partialowner.com](http://www.partialowner.com), [www.ritzcarltonclub.com](http://www.ritzcarltonclub.com), or [www.condohotelcenter.com](http://www.condohotelcenter.com).

Center: Stunning views from Venado #1 at Exclusive Resorts' Peninsula Papagayo in Costa Rica. Top Right: Exclusive Resorts' Ironwood residences in Deer Valley, UT feature floor-to-ceiling windows in the living rooms. Bottom Right: The developer's conceptual rendering of a bedroom at the Ritz-Carlton Club, Kapaiua Bay, HI.