

Tremblant Timeshare Facing the Courts

by Stéphanie Grammond, La Presse

If you needed more proof that purchasing a timeshare is a poor investment, the grassroots movement against Club Intrawest will convince you.

The disillusioned members of this club, now known as Embarc, have just won their first round in court. On Tuesday, the Quebec Superior Court authorized a class action against the timeshare system that manages amongst other resort properties a resort in Mont-Tremblant.

The class action representative, Martin Robichaud, alleges that the club prevents its members from reselling their points, which has cost them three quarters of their value. He wants to be reimbursed for the depreciation of the points as well as for the annual fees he paid to date. He also claims punitive damages of \$ 5,000 per member.

For Robichaud, it all started in 2009 with an invitation to attend a 90-minute presentation, in exchange for a free weekend at the Club.

In a "cubicle", the sales representative extols the merits of the program which allows "members" to stay in one of the nine Canadian resort properties of the Club (Tremblant, Vancouver, Whistler, etc.), and even elsewhere in the world thanks to the exchange system ExtraOrdinary Escapes (EE).

Considering the reluctance of Mr. Robichaud to purchase points, the representative states that members can later resell their points to a third party or he can have the Club buy back his points after five years from the original purchase.

In the sales presentation, everything suggests that it will be easy to recover his down payment of \$ 30,560.

Mr. Robichaud signs. The representative opens the champagne. It is time to celebrate!

However, five years later, the Club buyback program is totally congested. The sale of points to a third party is subjected to a floor price, failing which the EE program does not apply, and this condition considerably reduces the value of the points. Nevertheless, these crucial informations were never revealed at the time of sale, says Mr Robichaud.

"People signed a contract with Intrawest based on false and misleading information" added Sébastien Richemond, lawyer of the law firm Woods and leading this case for the plaintiff. On the other hand, Intrawest prefers not to comment on the case.

This class action sheds light on the enormous shortcomings of the timeshare industry, which has often made headlines for its high-pressure sales tactics.

Contrary to what some people think, members of timeshare vacation clubs do not possess any ownership rights to the properties. They pay an exorbitant price just for the right to occupy the premises, which requires them to pay annual fees until the end of their days.

The numbers are disheartening.

In 2009, for example, \$ 30,560 had to be paid to purchase 160 Club Intrawest points (\$ 191 per point) to qualify for one week of vacation per year. Buyers who financed the purchase over 10 years, were charged a high interest rate of 13.9%, adding \$ 24,000 to the bill. Ouch! The total cost added up to nearly \$ 55,000.

But that's not all. Each year, members must pay maintenance fees that have increased from \$1,092 in 2010 to \$1,294 in 2016, which is significantly more than the rate of inflation.

To make matters worse, these fees alone are almost as high as the price the club currently charges on the internet for renting a similar unit to non-members (\$ 1550 for 4 people).

So, you should not be surprised of finding out that the value of the points became practically nil! Some recent resales have come in at just \$ 10 per point on websites - that's almost one tenth what people paid in 2009.

Some members end up relinquishing their points altogether. Moreover, the Club can confiscate points from members who have not paid their resort maintenance fees for 18 months. The Club can then resell them to other purchasers at a much higher price. In other words, it can profit repeatedly with the same points. Excellent business model!

Now, nearly 3800 dissatisfied members have formed the "Club Intrawest Owners Group" (CIOG) on Facebook. They are asking for more transparency, fairness and control, says Patrick Cormier, head of the Volunteer Coordination Committee for this group.

Patrick Cormier deplores the fact that board meetings are always held *in camera* and that the annual general meetings have been systematically canceled for 20 years, depriving members of key information.

Members, who own about 95% of the points, also complain about difficulty booking a unit during busy weeks, while the Club, which holds only 5% of the points, rents out units to non-members for the same dates on the Internet. This raises an issue of fairness.

Even as a minority points holder, the Club controls the rules of the game, because club owned (non-sold) points have 15 times more voting rights than those of the members. Thus, the Club can increase the annual fees or change the clubs that are part of its network, as has happened in the past, without the members having any input.

In terms of ethics and sound governance, it could be way better.

