

**OVERLAY TIMESHARE DECLARATIONS
PROVIDE ALTERNATIVE SALES STRATEGY
TO TROUBLED WHOLE UNIT CONDOMINIUM DEVELOPERS**

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Whole unit condominium developers who are stuck with excessive condominium inventory and are facing financial pressures from their lenders might consider converting certain of their inventory from whole unit condominiums to timeshared or fractional ownership condominiums.

We have been successful in creating new sets of covenants and restrictions to which specified whole unit condominiums are subjected. These new covenants and restrictions allow the developer to sell timeshare intervals or fractional ownership interests to third party purchasers. Developers and lenders are finding that the capital markets are, in certain instances, more willing to provide financing for timeshare intervals ranging from \$10,000 to \$30,000 per interval as opposed to providing long term permanent financing for multi-hundred-thousand-dollar whole unit condominiums. In fact, traditional whole unit construction lenders who, historically, would never have considered timeshare project financing have actually embraced our structure as an alternative finance exit strategy. Our structure has dramatically improved cash flow to both developers and lenders who are stuck in a complicated real estate and capital market environment.

Traditionally, we subject a limited number of “test” whole units to a separate timeshare regime. This avoids the need to seek often-times complicated amendments to the pre-existing whole unit condominium documents. Whole unit lenders who traditionally shy away from timeshare financing have proven quite willing to allow for interval by interval releases of their underlying mortgage upon the payment of appropriate interval by interval release fees. Developers have found that their ability to attract creditworthy timeshare purchasers is substantially easier than their ability to identify creditworthy whole unit condominium purchasers.

Permanent lenders, title insurance companies, hypothecation lenders, sales and marketing experts and home owners associations have all acknowledged and recognized our timeshare overlay structure and have found, in these troubling economic times, that this structure represents a better way to generate operating profits, debt service and property association dues.

Please contact Heartsill Ragon III for any additional information that you might require or for answers to any questions you might have. His contact information is 425 West Capitol Avenue, Suite 3801, Little Rock, Arkansas 72201, 501-376-3800.