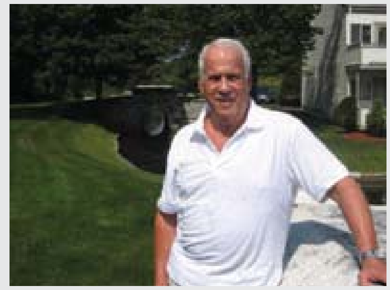
Insider Glance: Board Member Profile



David Wolf, President—Board of Directors
Ponds Association at Fox Hollow
Lenox, Massachusetts

David Wolf is president of the Board of Directors for the Ponds Association at Fox Hollow (Lenox, Massachusetts). Developments *sat down with Mr. Wolf and got a read on what's going on in a typical sold-out New England resort from a grass-roots leadership perspective. The Ponds is a small legacy resort with about 2,000 current owners—many of whom own more than one week.*

The Resort

The Ponds at Fox Hollow Resort sits on a 223-acre estate. It is a secluded resort nestled in the heart of the Berkshire Mountains, in a scenic area where there is a wide variety of recreational and cultural activities during all four seasons.

Brief History

In 1893, George Westinghouse (founder of the Westinghouse Electric Company) had a home built for his family on this land in the Berkshires. The Westinghouse family would vacation on this estate in the fall of the year to enjoy the very colorful New England foliage.

In 1919, Mrs. Albert Vanderbilt purchased the property and rebuilt a more elaborate and larger structure of 47 rooms; the East wing was designed for classical music concerts that she would host (the Berkshire Symphonic Orchestra and then the Boston Symphony Orchestra). She went on to establish a permanent home for the Boston Symphony at Tanglewood, a few miles away.

In 1979, the developer converted the large Vanderbilt home (called Manor House) into a hotel/conference center. In 1980, the first 12 units (six one-bedroom & six two-bedroom units) were built as timeshare units. The resort now offers 24 one-bedroom and 24 two-bedroom units—all overlooking a canoe/rowboat pond with islands and granite bridges.

Details & Amenities

Beyond Tanglewood, other nearby attractions include The Clark Museum, Norman Rockwell Museum, the Shakespeare and Berkshire Theaters, and the Jacobs Pillow Dance Festival. Winter season provides four ski areas nearby the resort, and several golf courses are prime for spring and summer.

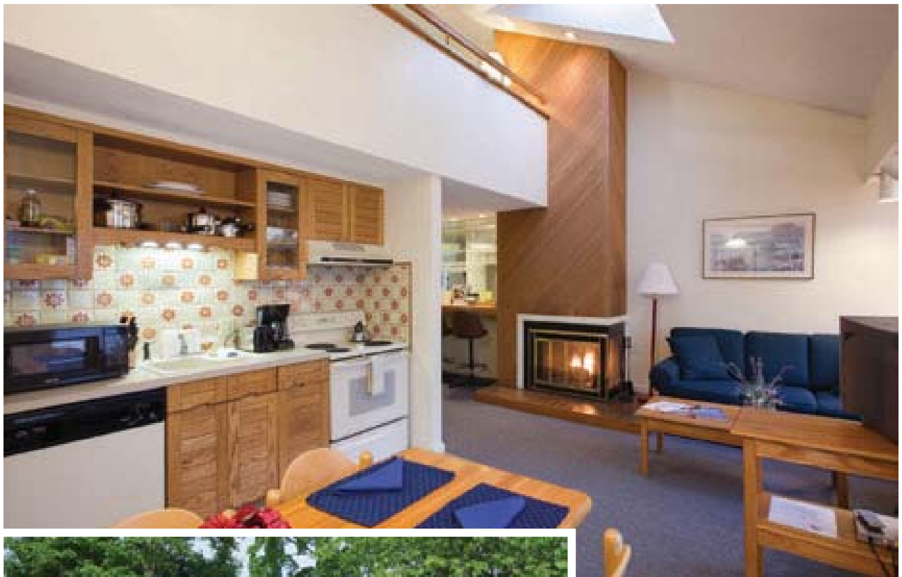
The two-bedroom units have a loft with a sitting room, a second bedroom, and another full bath. All units have a master bathroom with a Jacuzzi tub, a fully equipped kitchen, washer and dryer, a dining area, living area with a double sleeper sofa and TV, and a deck overlooking the pond. There is an indoor amenities building with a heated swimming pool, hot tub, sauna, locker rooms, library lounge area, computer room, and fitness center. Adjacent to the indoor facility is an outdoor pool as well.

My Story

In 1982, my fiancé and I took a sales tour of the resort. I went on this free weekend as simply a chance to get away at no cost to us. As a 45-year-old self-employed owner of a very busy plumbing, heating, and residential fuel oil company, I was less than enthusiastic about purchasing a timeshare—I also had no knowledge of what the product actually was.

We were to be married in September with five children of various ages between us from our previous marriages. On that weekend, we purchased a prime week in July and a foliage week in October. Over the years, we have purchased three additional weeks at the resort. Now, our grown children bring their young children up for weekends whenever they can get away.

During the construction period, the developer was also the managing agent who provided all sorts of amenities to make the sales more inviting. When checking in for your week, each unit had fresh cut flowers,



a bottle of wine, match books with our name on it, all kitchen supplies, bathroom amenities, and very low maintenance fees—subsidized by the developer. Once a certain amount of units were sold, the developer allowed three members of the newly established HOA to be elected to the Board of Directors. Each year, additional association members would be elected to the board—replacing the developer's directors. At the annual meeting in November 1983, I was elected to the Board of Directors.

In January 1985, the association took over complete control of the Board of Directors (with only association members as directors). We went through all the typical growing problems of a new association. Since we only have 48 units with limited income, we realized that we could no longer provide the expensive amenities and maintain the low maintenance fees. We also realized that we had to establish a reserve account, which hadn't previously existed.

In November 1985, I was nominated and elected to fill the position of the president of the BOD and have been in this position over the past 27-28 years. In 1987, we were on the doorstep of bankruptcy. We ended up firing the managing agent/developer, filed a class action suit, and in 1989-90, the suit resulted in the developer providing the association with an additional parcel of land and sufficient funds for construction of our own indoor facility, outdoor pool, and two tennis courts. In 1993, we bought out any unsold inventory from the developer, and we became the "Declarant." In January 2005, we hired Defender Resorts as our managing agent.

The Outcome

Over the years, I've learned a thing or two about a good resort. One of the key components to a financially successful timeshare resort is definitely good management. With the combination of our Board of Directors and our new project manager, we had no maintenance fee increases for four straight years and still maintain a budget of over a million dollars.

We depend on income from our in-house rental program, as well as owners paying their maintenance fees on time. Our Board has a very conservative spending policy—we do not spend unless we have the money put aside for the expenditure (unless safety or necessity requires the repair, etc.). We maintain substantial reserves, budgeting $252,000 per year out of our maintenance fee income pool; these fees are based on both seasonal times of the year and the size of the unit. Fees range from $262/year (one bedroom, off season) to $873 (two bedroom, prime season). We retain a company who provides us with a long term Capital Needs Assessment, as well as a Replacement Reserve Analysis. This report is very detailed, and although it anticipates capital needs and replacement costs over a 20-year period, we hire the company to do a revised assessment and analysis about every seven to 10 years.

The Future?

Our resort is now about 34 years old, and we experience similar challenges as other legacy resorts. Many years ago, Defender introduced us to ARDA-ROC and all it has done and is doing for our industry. ARDA-ROC has kept us up to date on the many changes in the laws and new legislation.

Like many other resorts, we have lost some older members because they no longer can or want to use or exchange their week, and their adult children are not interested in taking over the ownership. A few owners in good standing have also gotten swept up in postcard/transfer company scams. This leaves our association with the loss of much needed maintenance fee income. We have a very active marketing company who has been very successful in the resale of association-owned weeks—most of which we re-acquired over the years through foreclosures and our abandonment procedures.

Through the efforts of ARDA-ROC and similar groups, we have been able to take advantage of educational programs, seminars, and conferences. In the end, we want to continue to provide memorable vacations at the Ponds with a spirit of great hospitality.

Owners, guests, renters, and exchangers all want to be and deserve to be taken care of, and this is our core goal. ■