



Licensing Program

The Neptune House Owners Association offers licensing, for exchange purposes, of its shoulder season weeks. These are weeks 18 through 23 and weeks 38 through 43. A license grants a right to use property; it does not convey an ownership interest in property (licensees would not be owners as defined in the resort's governing documents).

Key aspects of the program are:

- Licenses are for new buyers to consider. A buyer would purchase a five year license to use in conjunction with Interval International's Club Interval Gold points program. A license can be issued for a longer term (such as 7 or 10 years) or a slightly shorter term (3 years or more) if desired.
- A license is for a particular unit and week each year, worth a set number of points each year.
- Licenses can be sold by a third-party marketer or directly by the resort.
- It is anticipated that prospective licensees will be interested in points that they can exchange through Interval International. The annual license fee can be equal to 1.2 to 1.5 cents/point, resulting in an annual license fee that is typically less than 50% of the \$1,400 average owner maintenance fee.
- In addition to annual license fees, there will be an up-front charge of, typically, \$2,500 to \$3,400. The up-front fee will help secure buy-in from a new licensee and may either be paid to a third party marketer for its services or retained by the Association if the license is sold directly by the Association (if the resort sells a license directly, VRI will arrange for participation by the licensee in the Club Interval Gold points program). Alternatively, a higher up-front fee can be charged (such as \$5,000 or \$6,000), in which case there would be no annual license fee.
- If a licensee cancels the license before the end of the term, he/she will owe the annual license fees for the remainder of the term.
- License fees are due on the same schedule as maintenance fees, payable to the resort, and the resort's Assessment Billing and Collection Policy applies.
- At the end of the license period, a licensee can walk away, sign up for a new license, or become an owner. At the appropriate time, the Board will consider pricing and benefits to encourage either ownership or a renewed license.
- If a licensee wishes to stay at the Neptune House, the licensee will need to "exchange in" to the resort through the Club Interval Gold points program.
- In order for licensing to be attractive, a Club Interval Gold membership will be sold in tandem with the license, and paid for out of the up-front fee. The licensee will need to pay Interval International's membership and exchange fees each year.
- If an owner wishes to convert to licensing in order to obtain the lower license fee, he/she can pay two years maintenance fees for the resort to take back his/her share, plus the up-front cost of the license. For most owners, it would take 5-10 years to recover the up-front costs by paying lower annual licensing fees. If the license program is successful in drawing new individuals to the resort, the resort may develop a program to allow current owners to switch to licenses, which could include waiving some portion of the costs of switching.