

## **Club Sevilla Internal Exchange (IEX) Program Changes**

As we reported earlier, Club Sevilla's IEX program had hit an impasse due to a lack of available inventory. In November, the Boards of CSI and CSII voted to suspend exchanges until we could provide a solution that is fair, viable and cost-effective. Following many hours of meetings and work, we believe that we have found such a solution, reflected in the new policies that we are issuing as of February 1, 2018.

A successful IEX program requires swappable inventory. Over the last few years, that inventory has diminished considerably. Owners rent their units through the on-site realty company, or list their units on multiple websites (e.g. VRBO, eBay, Craig's List, etc.) or deposit their units with RCI or Interval International, or just don't show up for their weeks at all! In each of these situations, the Association has no legal authority to use those units for IEXes -- even if they are empty.

So, we have come up with a plan that should be fair for all, but it may cost us money and if it costs us too much, we will have to come up with something else, or else tweak the system some more. Here is the plan:

Both Associations are going to contribute Association-owned weeks to "seed" the IEX program. These are foreclosed units that have not yet been sold to the third-party. Ideally, we would like to have 104 units – two per week – always in the IEX inventory. We don't have enough yet, but we are getting closer. Now, remember that foreclosed units do not pay maintenance fees. This means that we are not getting roughly \$65,000 in fees on those units. Therefore, in order to try to recoup at least some of the fees of the IEX program, we will be charging a \$79 fee for each exchange. In addition, any seeded unit not used for an IEX will be put up for rent and the rental proceeds will go to the Association.

Finally, we are changing the procedures for an exchange. First off, owners may only exchange the full 2-BR, or the 1-BR Villa. Lock-offs no longer will be accepted for exchange. You may use the lock-off or put it up for rent, but no more swapping just the lock-offs. Secondly, there will be no wait-list. Owners must submit an executed policy acknowledgement form. Once the form has been received, owners will get a phone call from CS staff (probably Monique) and you will complete a swap on the phone that will only be confirmed once the \$79 has been paid, preferably by credit card over the phone. Then you will receive a written confirmation. If there is no unit available for exchange that meets your needs then you will have to keep calling periodically to see if inventory changes. It will be up to owners to continue to check. But, to be clear, you will not be relinquishing use of your unit unless and until a swap has been confirmed and the fee has been paid.

These new rules are effective February 1, 2018. If you were on the waiting list for 2017 and carried over, or already put in an IEX request in January, the fee does not apply. We will be monitoring the program constantly to ensure that it is working the way we envision and may make changes as necessary. We believe that this system will be fair to all unit owners, including those who own weeks in the latter part of the year.

Thank you all for your understanding and patience.