# 4Q'09 U.S. Timeshare ABS Delinquencies Improve YOY for 1st Time Since 2007

Contributed by Business Wire

Despite another expected increase in total U.S. timeshare ABS delinquencies and monthly defaults, total delinquencies fell compared to the same period last year for the first year-over-year (YOY) improvement since August 2007, according to the latest timeshare ABS index from Fitch Ratings.

"Delinquency and default levels are still above historical norms and figure to weaken further throughout the rest of the winter," said Director Brad Sohl. "As such, Fitch expects continued declines in asset performance, though ratings should remain stable."

Fourth quarter-2009 (4Q'09) total delinquencies were up to 4.89% from 4.64% at the end of 3Q'09, following seasonal patterns typically seen in timeshare ABS. However, delinquencies decreased by approximately 5% from 5.13% in 4Q'08.

Monthly defaults climbed to .83% in December 2009, up from .76% and .75% for 3Q'09 and 3Q'08, respectively. On an annualized basis (rolling 12 months), default experience continues to breach historical peaks, reaching 9.44% for the index in December, as U.S. timeshare borrowers continue to struggle in the current economic environment.

Fitch's timeshare ABS index is an aggregation of performance statistics on pools of securitized timeshare loans originated by various developers. Expected cumulative gross defaults on underlying transactions can range from 10% to above 20%. While delinquencies and defaults may vary on an absolute basis, most transactions supporting the index exhibit similar overall trends.

The Fitch timeshare performance index summarizes average monthly delinquency (over 30 days) and gross default trends tracked in Fitch's database of timeshare asset backed securities (ABS) dating back to January 1997 and is available on a quarterly basis.