

Fractional Ownerships VERSUS Timeshare

The main difference between **fractional ownership** and a timeshare is in the way actual equity is distributed. In a fractional ownership arrangement, the purchaser actual owns a piece of equity in the property. If the property goes up in value, the fractional owner's share of the pie also becomes more valuable. With a timeshare, ownership is not distributed. The owner purchases only weeks or months of enjoyment in a property, and these weeks or months do not rise and fall in value with the value of the property. The title is still owned by the principal owner.

Benefits of Fractional Ownership

Fractional ownership allows an individual to take part of a valuable asset without putting up the cash to purchase the whole asset outright. This is very similar to owning stock in a corporation. In fact, fractional ownership can apply to assets other than real estate. In the case of real estate, fractional ownership allows multiple buyers to grab part of a property title. If the property declines in value, the owner can sell the asset and write off the capital loss. If it increases, the owner can sell the share and receive capital gains.

Pirates Cove Townhomes Fractional Ownerships

- This is a fee simple property. You own 1/8th of the building, the dirt underneath the building and the furniture and fixtures inside.
- There are 6 units in the complex that are fractionally owned. The remaining 32 units are full ownerships.
- Owners have 1 week's use every 8 weeks, which runs from Friday 4 p.m. check-in to Friday 10 a.m. check-out.
- Cleaning of the units take place Fridays 10 a.m. to 4 p.m.
- The schedule is pre-set and backs up by 2 weeks each year. This gives everyone a chance to be there during a major holiday once every 8 years. There is also a perpetual calendar that can be referred to for future share dates.
- The maintenance fee is due every month and covers the following:
 - Interior & Exterior Maintenance
 - Building Insurance – Flood, Windstorm & Hazard
 - All utilities including wifi, cable and landline
 - Cleaning and linen fee
- Galveston Country Club Social Membership required and billed to each individual monthly at \$72/month. Initiation fee is waived.
- Taxes are billed to each individual owner.
- NO PETS ALLOWED with fractional ownerships.
- Currently, assessments are being billed to complete exterior updating. Each fractional owner will be billed \$312.50/year in May 2018, and 2019.