

Timeshare Exit Bureau Presents

The good the bad and the ugly of Timeshare Ownership

**THE RICH DAD
RADIO SHOW**
with Robert Kiyosaki



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Good the Bad the Ugly of Timeshare Ownership

This is the Rich Dad Radio Show, The Good News And Bad News About Money. Here's Robert Kiyosaki.

Robert Kiyosaki:

Hello. Hello. Hello. Robert Kiyosaki the Rich Dad Radio Show, The Good News And Bad News About Money, and I'm here with my sweetheart Kim, and we have a very important show today. It's on this business called timeshares, but need to say this right up front, we don't recommend, we don't say buy, sell, and we don't trash too many things, unless we don't like the person, I'll trash them then. But anyway, this a purely objective show about the business of timeshares and we have our Rich Dad advisor, Tom Wheelwright, author of the book, Tax-Free Wealth. And the reason why I especially wanted to have Tom on here is because as a CPA, and Tom has helped us make fricking millions of dollars in real estate, but Tom also owns a timeshare and I always thought that was interesting. And then, here we have Henri Moreau, and he is a timeshare specialist. He's a real estate broker for 17 years.

Robert Kiyosaki:

So, once again, Rich Dad is a purely educational show. We don't recommend, we don't make any commissions, we don't say anything other than to educate people. So, Tom, anything you want to say first, Kim?

Kim Kiyosaki:

This'll be interesting, because I don't know that much about timeshares and I'm interested to find out the pros and cons of timeshares. And of course, when ever talking about real estate, we always have to talk about taxes, and there's a lot of new tax regulation coming down the pike, so always fascinated to hear from Tom because Tom loves reading the tax code. Tom loves studying what's coming down. And so, I'm curious and anxious to hear all the new regulations coming on and how that affects timeshare, something I'm really not familiar with.

Robert Kiyosaki:

But also, technology has brought on Airbnb, and Kim and I have an Airbnb by default. But anyway, the business is all around real estate and real estate's our favorite subject. So, Henri, please introduce yourself, and welcome to the Rich Dad show.

Henri Moreau:

Hey. Thanks. It's really great to be with all of you. I've had the privilege of being a real estate broker for about 17 years. Our company is called Timeshare Properties Inc., but our website is wmcredits.net. We've transferred about 5,000 timeshares over those 17 years. We have an A+ rating with the BBB, and not one complaint in 17 years and we're really proud of that.

Henri Moreau:

Every day I just talk to people about timeshares, the good, the bad, the ugly and I love what I do. Timeshares is one of those things where, when you're done with it, it's kind of like a boat and you just want to sell it. You just can't [crosstalk 00:03:34] anymore. And then those that sell, they're very happy to sell. And those who buy, at least from us, who are buying at 10% of the original cost are really happy.

Henri Moreau:

So, most of the days I spend just making people really happy, whether they're buying or selling a timeshare, and that's really a fun thing to do.

Robert Kiyosaki:

Well, okay. Well, Kim and I have a boat. You can help us out there.

Kim Kiyosaki:

Actually, we are in the process of selling that boat.

Henri Moreau:

Then you know what I'm talking about.

Kim Kiyosaki:

I know exactly what you're talking about.

Robert Kiyosaki:

And it really is true, that the happiest day is when you sell it.

Kim Kiyosaki:

When you sell it.

Henri Moreau:

Exactly.

Robert Kiyosaki:

Anyway, welcome everybody to the program. FYI is that I got interested in timeshare because Rich Dad had a hotel on the island of Kauai and they took a run at it. We actually did the analysis of running it as a regular hotel or running it as a timeshare. And the amount of money as a timeshare is staggering. I mean, talk about leverage. Holy moly.

Kim Kiyosaki:

So, the Kauai hotel was, you were thinking of timesharing with your Rich Dad.

Robert Kiyosaki:

Yeah. It was about a six month project. We kept evaluating it and all this, and the money was staggering but I was just talking before we went on air, the money is so staggering, but greed is good and people jump in there and got greedy. Another way I was a part of the timeshare was, I started working with a lot of people who sold timeshares because selling is a basic skill of being an entrepreneur. We met a lot of people who had to sell timeshare, and they were great to work with because they're ambitious, they live and died by the sale and all this stuff, so it's always been an interesting industry for me.

Robert Kiyosaki:

I've looked at buying a timeshare, because it's really attractive. You can buy a timeshare in Hilo or Kona but you can vacation in Spain. I thought, boy, that's a good idea. It's really an attractive industry. Lots of money, lots of leverage, but a lot of pitfalls also.

Kim Kiyosaki:

But I remember, the one timeshare we went to look at, and it was that deal. It was like, you buy this timeshare and you can have timeshares all over the world, and it was great. And so we started calling some of the people that had timeshares there with this company, and they were like, "Well, yeah, it's great, except they're always booked and you can never get any time on any of them." So, okay, that didn't work. So, Henri, what are some of the pros and cons?

Henri Moreau:

People ask me all the time, are timeshares good? And always ask the question right back to them, is marriage good? Because in lots of ways, timeshares are like a marriage. When you're in a really good marriage, there's nothing closer to heaven. But when you're in a bad marriage, there's nothing closer to hell. In lots of ways, timeshares are the exact same thing.

Henri Moreau:

When you own a really good timeshare, you love it. And when you own a bad timeshare, you really, really hate it and are in a bad spot. And honestly, Kim, it depends if you're in timeshare heaven or hell on how you bought it and how you sell it. And when you get both of those right, I think you have a chance to be in timeshare heaven.

Henri Moreau:

Now, this week, for example, I had many different clients that were in either case. And many times, I feel like I'm more of a timeshare therapist than I am a real estate broker. One of our clients who bought five years ago at a really low price on the resell market called just to say thank you. They were vacationing now four or five times a year and their family was loving it. They were taking their kids and their kids' friends, and they were making memories, so they were in timeshare heaven.

Henri Moreau:

At the same time, and I think you'll appreciate this, I got a phone call from a lady named Christine, who is 62 year old, and she said, "Henri, I owe \$115,000 on my timeshare. Can you help me?" 62 years old. She's paying \$3,000 a month in maintenance fees and her loan costs. So, that's \$36,000 a year in over a 10 year period until her loan's paid off, she will pay \$360,000 for that timeshare that's worth \$30,000.

Henri Moreau:

So, two situations, two timeshares. Some people in misery and some people in bliss at the exact same time.

Robert Kiyosaki:

Thank you. So, Tom, as a CPA and all this, and you own a timeshare, are you in heaven or hell?

Tom Wheelwright:

Henri, I'm one of those that bought the great timeshare. First of all, I think some of it depends on why you're buying the timeshare. I loved the property. I loved the location. It's just north of Kona on the big island of Hawaii. And it's run by Hilton, and Hilton does an amazing job. Absolutely. They are one of the best companies I've ever worked with. From a customer standpoint, they are just absolutely amazing.

Tom Wheelwright:

And what I liked about it is, it was a forced vacation. So, I actually was talking to a timeshare salesperson once and they said that the profession that buys timeshares the most are accountants, which they find as an endorsement, but all it is is that we need a reason to take a vacation, because otherwise we won't take a vacation.

Tom Wheelwright:

I will say that I have rarely used my timeshare outside of my home property, so I thought that was very important. Plus, in Hawaii, now from a tax standpoint, in Hawaii, it's a little different than some other timeshares. In Hawaii, it's actually a fee simple ownership,

meaning you own an undivided interest in the real estate. It's very much like a tenancy in common, Kim, if you really look at it that way. But on top of that, you have a membership so that you can go other places. I can actually use it at Hilton hotels if I want to. I don't even have to use it at a timeshare.

Tom Wheelwright:

By way, Henri, I bought ... so, I have two weeks, and one of them, I bought on the resell market and was very fortunate that in that resell, I still got Hilton Point, because that's not common, as I understand it. So, I'm in timeshare bliss, for sure. I love it.

Henri Moreau:

Very good, Tom.

Kim Kiyosaki:

So, Henri, for people that don't know, what exactly is a timeshare?

Henri Moreau:

Yeah. Great question. It's the right to be able to use a resort for a certain period of time. Most timeshares go on a week schedule, so you'll buy a timeshare for that particular week, week one through week 52. You'll have access to those seven days. You'll pay one time for the use of that week forever.

Henri Moreau:

And then you have to pay what's called maintenance fees, which the resort uses to keep that resort nice. And those last forever and ever and ever. So, you have to weigh the two costs. The cost to purchase and then the cost to have ongoing maintenance fees.

Henri Moreau:

And then some, like Tom's system with Hilton, he has bought the right to use that Hilton at his home resort, but he also own points that he can convert and he can use those points to stay at other Hilton properties, and ... and not sure if Tom has done that, he can exchange

those points through other exchange companies like RCI or Interval International, that would give him 3,000 to 5,000 other resorts to choose from.

Henri Moreau:

So, if you use it correctly, there's massive flexibility, the ability to be able to travel, really all over the world. Hilton is a really good property because has some of the highest trading power, which means he is able to give away his Hilton and get other like-minded or higher minded resorts for again, places all over the world.

Robert Kiyosaki:

Wow. Any comments on that, Tom?

Tom Wheelwright:

Yeah. I mean, I love, for example, they have a property in Tuscany. They have properties in the UK. They have a lot of properties, and they are high end properties. I mean, these are not your low end properties.

Tom Wheelwright:

My cost basis is like practically nothing. I think for two weeks, I probably paid \$35,000 for two weeks in that Hilton, which would be probably three, four times that if you bought it today, I think. So, it was a good buy for me.

Tom Wheelwright:

And the maintenance fees are, I pay about \$200 a night is basically what I'm paying, but for a \$600 a night condo, so basically the purchase price pays down annual and if you use it every year.

Tom Wheelwright:

The other thing I like about it is that sometimes, if I can't use it, I'll give it away. And there's nothing ... and that's actually how I learned to like timeshares. One of my clients gave me a week, actually a couple of weeks in Kona, downtown Kona on the beach. And I'm going,

"This is awesome. This is absolutely fantastic." I mean, he couldn't use it, he gave it away and I find that some of the best things I've ever done is give away weeks at the timeshare.

Kim Kiyosaki:

So, Tom, let me ask, because what you're talking about, a lot of commonalities in the real estate world. You've got to buy it right. You've got to get the right terms. Its management is key. What about the taxes? How do taxes compare on the timeshare?

Tom Wheelwright:

Yeah. So, again, that's very different. So, depending on whether it's a fee simple ownership or whether it's just a membership. So, a membership, on mine, I get to deduct my real estate taxes, because I own the real estate, whereas if it were a membership, you would not. Now, the other thing of course is, if you use it for business, then it's going to be deductible whether or not it's a membership or whether it's real estate. So, that's really one of the keys from a tax standpoint is, just make sure you're using it for business, then it's deductible.

Robert Kiyosaki:

Henri, comments?

Henri Moreau:

Yeah. I agree with Tom 100%.

Robert Kiyosaki:

Oh God, this is a timeshare sales pitch here this is.

Kim Kiyosaki:

This is an infomercial.

Robert Kiyosaki:

Let's go to Tuscany.

Henri Moreau:

I like Tom. One of the ways that I actually started is, I bought my first timeshare on the resale market and we'll talk about that a little bit later, Tom alluded to it very quickly. And then, for a period of three years, I would buy a timeshare, I would strip out the points or the credits and I would give those points away to people that needed a vacation, whether it's a husband or wife or kids. And I have probably given away 30 different weeks to people that are going on a honeymoon and need a cheap place to go or inexpensive, I should say, place to go.

Henri Moreau:

So, I love being able to give away what I call the gift of rest. And I don't know if there's a more important gift nowadays for people to just be able to get away, take a breath, unwind, reset and get back to what's most important to them after having a period of just rest and relaxation. It really does change you to be able to take that breather and go back and be who you are really made to be.

Tom Wheelwright:

Henri, you mention the flexibility, which is something I like, but at least with my timeshare, and I'm sure they're not all like this, if I don't use it one year, I can carry those points over and I can use it the next year, and I can push or I can give it away or I can convert it to Hilton points where I can use at a hotel. So, to me, the flexibility is a key in what you're buying.

Tom Wheelwright:

Like you say, Kim, any real estate, a lot of what you've got to pay attention to in the contract are the terms, it's not just the actual real estate itself, but it's actually the terms of the real estate, and I think that's something very important to be looking for in a timeshare.

Robert Kiyosaki:

Right now, we sound like a timeshare pitch but-

Kim Kiyosaki:

We do. I want to hear about the other side.

Robert Kiyosaki:

I want to hear it. So, we'll come back-

Kim Kiyosaki:

The bad side.

Robert Kiyosaki:

So, when we come back, we'll talk about the stupid mistakes that stupid people make because it's really ... I still remember, so many times getting sucked into those timeshare presentations.

Kim Kiyosaki:

Sales pitches, yeah.

COMMERCIAL BREAK

Robert Kiyosaki: And they're really enticing. They're really, really exciting. But given that I don't know much and I don't ever read the contract, it's best I don't buy anything. So, when we come back, we'll be talking more about what the bad side of timeshare is. We've heard about the good side and we'll be right back.

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Back to the Timeshare Podcast

Robert Kiyosaki:

Welcome back. Robert Kiyosaki of the Rich Dad Radio Show, The Good News And Bad News About Money. Today is a very special project that's about vacations and enjoying life. It's about timeshares and it's a very interesting subject. I've heard pros, cons, good, bad and anyway, it's been a good program. We talked about the good, it's all exciting, now we're going to find out about the bad. Anything-

Kim Kiyosaki:

Yeah. We're going to find out about some of the pitfalls because there are pros and cons to every real estate deal out there. And so, if I could ask Henri, you were talking about the 62 year old woman who had this disaster of a timeshare. What happened and what didn't she see or what mistakes was she making?

Henri Moreau:

Right. She made the cardinal mistake. The biggest pitfall, the worst thing that you can do when buying a timeshare, and that's, she bought her timeshare brand new from the developer. Now, in your book, Robert, you talk about when you buy a car and you buy it off the showroom floor it's worth 25% about less as soon as you drive it off the lot. When you buy a timeshare from a developer, it's worth between 90 and 95% less instantly, immediately.

Robert Kiyosaki:

Wow.

Kim Kiyosaki:

90 to 95?

Henri Moreau:

90 to 95% instantly.

Kim Kiyosaki:

Holy mackerel.

Robert Kiyosaki:

So, it's like buying a new Ferrari. I pay, let's say, 100,000. I drive off, it's worth 40,000. You can't resell it right away and all that.

Tom Wheelwright:

It would be worth like, 5,000.

Robert Kiyosaki:

Not a Ferrari, come on, give me a break.

Tom Wheelwright:

Not a Ferrari, but a timeshare.

Kim Kiyosaki:

Wow.

Henri Moreau:

So, Kim, what you were talking about is, you'd go to these meetings and it is exciting. You have someone like Tom whose talking about timeshares and how amazing it is. You need a forced vacation. You want to take your kids. You want to develop memories. You need a break. And these high powered very, very wise smart sales people, they tell you all the things that you want to hear, and are very good things, and you didn't plan on sending \$60,000. You didn't plan on having 15% interest, but at the end of that two or three hours, you walk away like Christine did, and now she has this massive debt that she can never ever recover from.=

Henri Moreau:

Christine, Kim, has two different options. She can just keep paying for the next 10 years \$360,000. Or she could just say, "Forget it." Get out of the timeshare, quit paying, and then it'll become a foreclosure. And basically what happens at that point, she'll get mass of credit collection agencies after her and then eventually, they will just foreclose on it and then she'll have about seven years of a totally trash credit score and have to try to rebuild that.

Henri Moreau:

But that's what people do when they haven't done any research. And it's funny, people research to buy a car, to buy a house, to send your kids to college. But yet to buy a timeshare, in one split second, someone could make or break their financial future, so that is a pitfall and people have to be very, very careful.

Kim Kiyosaki:

So, Tom, do you see any other options for Christine?

Tom Wheelwright:

Boy, she's in trouble. She really is. Now, when she does take it, she gets a loss. If she can call investment part, but the worst thing is, this is probably a vacation home and she probably doesn't get a loss at all because it's probably personal. So, if she's made these mistakes, she's probably also made the mistake that this is non investment property. It's not set up as investment property, rather it's a personal vacation property and so when she gets out, she wouldn't even get any tax benefit for getting out of it.

Henri Moreau:

I would say I probably get a call like that three or four times a week, Robert. The other day I got a call from an old client named Doug, who had actually purchased from me many years ago. And on a whim about a month ago, he went to a timeshare presentation without his wife because he wanted to gift her, bless her and them with a lifetime of more vacations.

Henri Moreau:

So, he came home, told his wife that he had spent \$60,000 on this timeshare and he told me and you could hear the tears coming from the other end of the phone that she was so mad, so angry at him, felt that she could no longer trust him because he made a decision without her that put them in financial peril times. Seriously, they don't have the money to spend \$60,000 at 15% in a timeshare.

Kim Kiyosaki:

15%, is that typical?]

Henri Moreau:

That's pretty typical, correct.

Kim Kiyosaki:

Wow. Wow.

Henri Moreau:

Yeah.

Robert Kiyosaki:

What's 15% mean?

Kim Kiyosaki:

Interest rate on their loan.

Tom Wheelwright:

You'd think usury laws would prevent that.

Henri Moreau:

Well, most banks won't finance a timeshare, because here's the deal. If someone doesn't pay that timeshare bill, the bank doesn't get the interest to that timeshare. The timeshare company does. And so, they'll finance it on their own at a really high rate.

Tom Wheelwright:

So, Henri, most timeshares are not fee simple ownership?

Henri Moreau:

It depends on which ones that you're buying. So, Marriott, you would actually own a deed to, for example, a Marriott property. You do for Hilton. But there's other timeshares like Diamond, WorldMark Wyndham, what you are basically buying just the right to use points forever. Basically, you pay forever for this timeshare until you stop paying the maintenance fees.

Henri Moreau:

And for Doug, it was devastating. He got off the end of the phone with me and he basically said, "Henri, because of this one decision, I don't think our marriage is going to work." So, Kim, these are real stories. And we've talked about the good, you asked for the bad. These are really bad situations that I hear probably three or four times every single week.

Tom Wheelwright:

So, let me ask you a question, Henri. So, that \$60,000 timeshare, either that one or the one Christine had, what would that sell for on the used market?

Henri Moreau:

It would sell for about \$6,000.

Tom Wheelwright:

Wow.

Kim Kiyosaki:

Oh.

Henri Moreau:

Christine's would sell for 30,000. Doug's would sell for 6,000. So, 60,000 to 6,000 as soon as he had signed the contract.

Kim Kiyosaki:

90%. Jeez.

Tom Wheelwright:

Wow. Wow.

Kim Kiyosaki:

So, what other pitfalls, what other terms of the contract or what other pitfalls should people be aware of?

Henri Moreau:

The other pitfall I think is really important is what the maintenance fees are. And I'm just shocked when people spend all this money to actually buy the timeshare and then they really don't know or research what the maintenance fees are. The average maintenance fee across the board is about \$1,000 per year for a normal timeshare.

Henri Moreau:

But there are some, Tom mentioned his is more than that. There are some timeshares it would be \$2,000 or \$3,000 a year. And what you're hoping for is that the use that you get is more than what it would cost to actually rent that same property, exactly as Tom was doing. [crosstalk 00:27:39].

Tom Wheelwright:

I'm curious ...

Henri Moreau:

Go ahead, Tom.

Tom Wheelwright:

I'm curious, Henri. How has Airbnb affected your business and the timeshare business? I would think, I mean, to me, if you're not absolutely sure, "Man, I want to be here all the time," it seems to me like Airbnb would be a great alternative.

Henri Moreau:

It's interesting, great question by the way. I think it's helped and it's harmed. I think it's actually helped my business, because I can tell people now, "Hey, if you can't go on vacation this year, just put your timeshare on Airbnb." And for a lot of our clients, they are now buying more points and more timeshares because they're making more on Airbnb than their maintenance fees.

Tom Wheelwright:

Interesting.

Robert Kiyosaki:

That's amazing.

Henri Moreau:

Some can take the maintenance fees that they would normally pay for four weeks of use, rent it out on Airbnb for two weeks and they have two weeks free to use their timeshare for their maintenance fees. So, in that way, I think it's really helping.

Henri Moreau:

Also, I'm finding that the fees that Airbnb or VRBO both that you charge in addition to just taking the vacation, all the fees that they put in are oftentimes way higher than the maintenance fees that you would pay in a timeshare.

Robert Kiyosaki:

So, Henri, we're running short on time here, so you buy and sell, right? If somebody's in trouble, you'll pick it up and then you'll resell it for them and then stuff like ...

Henri Moreau:

Yes.

Robert Kiyosaki:

So, could you explain how your services work?

Henri Moreau:

Yes. We specialize in a timeshare called WorldMark by Wyndham. It's a points based system. Although I can help anybody through any timeshare. So, if anybody needs help, regardless if it's WorldMark by Wyndham, feel free to give me a call or email me.

Henri Moreau:

So, we will offer to buy their timeshare and pay them within 120 days. And then I take the timeshare that's now in my name, and I'm paying maintenance fees on it, so I want to try to sell it as fast as I can to be honest with you. And then I sell to somebody else, and it's usually somebody that's gone to a presentation and was offered this time type of program for \$50,000, I offer it to them for \$5,000. So, again, it's one of this situations where everybody wins.

Kim Kiyosaki:

So, is one of the golden rules never to buy from a slick presentation?

Henri Moreau:

Never buy retail. Always buy resell.

Kim Kiyosaki:

Okay. That's a good rule.

Robert Kiyosaki:

We have that boat.

Kim Kiyosaki:

Yeah, we're kind of Airbnbing it, the boat.

Robert Kiyosaki:

Tom, any tax advice or any other advice for people when they consider ... because this, it's vacation, it's attractive, it's sexy, you know what I mean?

Tom Wheelwright:

Yeah. I would say a couple of things. First of all, there are times when you want to own that within a business or a limited liability company. That's how I own mine. I don't own mine personally. And it's on the deed that I don't own it personally, and they always wonder, "So,

who's this so and so?" when I go in. I have to explain, I'm the owner because I know that's unusual. But I own it that way for a couple of reasons.

Tom Wheelwright:

One is, I think there is some asset protection issues which Garret Sutton could talk about some time. But also, from a tax standpoint, if you are using it for business, it's much easier to show business use when your business owns the timeshare as opposed to when you're just getting reimbursed for something. It's a pretty tough argument that this is used for business if you're not really doing business while you're at your timeshare.

Robert Kiyosaki:

Okay.

Kim Kiyosaki:

Do most people, Henri, buy it in their own personal name?

Henri Moreau:

Most of them do. I would say what Tom is doing is very wise but very rare.

Kim Kiyosaki:

But anybody could do that, Tom, right? Anybody could put it [crosstalk 00:31:40].

Tom Wheelwright:

Anybody could do it. Anybody could do it.

Kim Kiyosaki:

... for asset protection alone. Yeah.

Tom Wheelwright:

Yep.

Robert Kiyosaki:

So, Henri, I mean, I've gone to those presentations. They really fun. So, you're saying, don't do that?

Henri Moreau:

I would say to be very careful. Most people aren't like you Robert, because people can't say no. You're probably better at saying no.

Robert Kiyosaki:

No. Kim says no.

Kim Kiyosaki:

Oh no, he's not.

Robert Kiyosaki:

Kim says no. I don't say no.

Henri Moreau:

I'm sure he's probably [crosstalk 00:32:07].

Kim Kiyosaki:

You don't say no.

Henri Moreau:

But what happens is, people go because they get the free jet ski rentals. Or if they're in Hawaii, they get a free \$2,000 luau and it ropes them in. They hear how great it is and then pretty soon they walk out \$30,000 or \$40,000 less money.

Kim Kiyosaki:

I have to say this too, Henri, and this is advice I would give to somebody, because when we asked the questions about the finances and expenses, "Oh, we'll have to get back to you on that." They were not forthcoming with it. They were not.

Henri Moreau:

Right. Yes.

Robert Kiyosaki:

When you said that guy was crying on the phone because his wife was angry at him, that was me.

Kim Kiyosaki:

And they don't give you much time to get out of it, do they? Once you sign it, how much time do you have until you can change it?

Henri Moreau:

Most deeds will give you seven to 10 days to get out of it. You have to send a written notice to some ... usually some address. It's very small print in the back of the contract, but if you don't send it by that amount of time, you're pretty much stuck. Their lawyers are really good about writing up those contracts.

Henri Moreau:

And if someone ever does need to cancel within that timeframe, I always encourage them to send the letter return receipt requested certified so the timeshare company can't say, "We never got it," because they've been known to do that, unfortunately.

Kim Kiyosaki:

So, obviously your friend did not cancel in time. He was surprising his wife.

Henri Moreau:

Correct.

Robert Kiyosaki:

So, final words, Tom.

Tom Wheelwright:

So, to me, I think a lot of that's come up is asking the right questions. Ask the right questions about the timeshare. Ask yourself the right questions about, is this something that ... okay, 20 years from now, because this is not a short term purchase. 20 years from now, do I still see myself using it? And I've been using mine for 20 years, so if you say, "Yeah, this is some place I can come. There's different things to do, I just love this."

Tom Wheelwright:

And I would also suggest, vacation in that location a couple of times before you buy that timeshare to make sure, okay, the first time is, it's always romantic, it's always awesome. The second time, it's still pretty good. By the third time, you either know this is the place for you or this is not the place for you. And I know for me, for example, when I see that moon like surface that I'm coming into in Kona when we're landing, I'm going, "I'm home." And that's how I feel. I feel like I'm home when I fly in there. So, that's the feeling I think you want to have.

Tom Wheelwright:

And then the other thing is, I think Henri's got some really go ideas here that buying used as always, can be good. I would say there are some downsides to buying used. For example, on mine, if you bought mine used, you would not get the Hilton points. You would only get the timeshare. You would not get the Hilton. The Hilton doesn't transfer, the timeshare does. So, you do have to be very careful about the terms, about what you really get, about what the payments are, all of those things are very, very important.

Robert Kiyosaki:

Okay. Thank you. Henri, final words. By the way, Tom's website is www.wealthability.com. His book is Tax-Free Wealth. He's our personal advisor. He's made us millions of dollars without paying taxes. So, Henri, final words.

Henri Moreau:

A couple of final words. We've talked about buying the timeshare. We haven't really talked about selling one.

Robert Kiyosaki:

Oh, that's a good point.

Henri Moreau:

Timeshares probably have the reputation for the most scams in any industry worldwide. So, if you're going to sell your timeshare, the biggest scam is, number one, people contact you out of the blue, you immediately know it's a scam. And the second thing is, don't ever, ever, ever send money upfront to a company or a marketing agency to get out of your timeshare. Once you send that money as the seller, you will never see that money ever, ever again.

Henri Moreau:

So, a timeshare broker or an organization should only get paid once they perform. Don't ever send them money upfront until that money is in escrow in a normal trust real estate account.

Robert Kiyosaki:

Thank you. So, this is Henri Moreau, M-O-R-E-A-U. His website is www.wmcredits.net. So, I want to thank the two of you. I mean, it was very informative.

Kim Kiyosaki:

This is good, I learned a lot. Yeah, I learned a lot. This is fantastic. Wonderful.

Robert Kiyosaki:

Final words, Kim, on this.

Kim Kiyosaki:

Well, there's so many way to do real estate and this is another option for people. It will work for some it won't work for others, but I think the most important takeaway here is you've really got to do your homework. I love the idea, Tom, of vacationing there a few times. Look at the numbers, ask the tough questions, really understand what you're getting into.

Robert Kiyosaki:

Yeah. Anywaym, thank you both to Henri and Tom and thank you all to listening to the Rich Dad Company. Have a good vacation.

Henri Moreau:

Thanks, Robert.

Robert Kiyosaki:

Okay.

Kim Kiyosaki:

Thank you.

Robert Kiyosaki:

Welcome back. Robert Kiyosaki of the Rich Dad Radio Show, The Good News And Bad News About Timeshare, and the really good and ugly about the whole thing. Any words, Kim?

Kim Kiyosaki:

No, it was great. It was really informative because I didn't know much about timeshares and how they operate. One of the biggest takeaways is you buy from a developer and your value of your property drops 90 to 95% once you sign that paper. What kind of investment is that?

Robert Kiyosaki:

I think Henri is going to be swamped with calls.

Kim Kiyosaki:

I think so, and maybe more with people wanting to get out than wanting to get in.

Robert Kiyosaki:

I should have talked to him earlier on this whole thing. What do you think, Sarah?

Sarah:

Well, same as Kim. I mean, the numbers are shocking, 90%. What investment do you sign and you lose 90% of your money? You would think that that's insane.

Robert Kiyosaki:

Oh, I could find one.

Kim Kiyosaki:

I know you could.

Sarah:

Yeah, you could. We've learned. But I thought this was a super informative episode, and I love the conversation. We obviously have two experts who love timeshares but were open and transparent about the pitfalls, and I think that's what this show's all about so I was really happy with it.

Kim Kiyosaki:

And I think too, Henri maybe took a big took a big takeaway is that, everybody that buys a timeshare should not put it in their personal name. This is one thing we teach for all types of real estate is you put it into an entity like an LLC because that gives you asset protection. So, if somebody came and sued you, they could take your timeshare.

Sarah:

Yeah. That was a very good point.

Kim Kiyosaki:

That's really important for ...

Sarah:

Yeah.

Robert Kiyosaki:

And that's why we have Garret Sutton as part of our team. You have to have a really good team, especially in today's world. But it was a fantastic show. I got excited. I wanted to go call Henri and go find a timeshare.

Sarah:

I remember, so just a quick story back ... I was 22. I was working at Scottsdale Fashion Square in retail, and Marriott had a timeshare table setting out front.

Kim Kiyosaki:

I remember that.

Sarah:

So, every day I watched people, "Oh, we're opening this new timeshare. You have to come ..." and the guy would pitch me every day. I'm like, "Do you realize, first of all, I make

\$30,000 a year?" It was funny. So, that's my only timeshare experience, was being hassled every day in the mall.

Kim Kiyosaki:

Yeah. And the other reason I liked Tom's point about should vacation there, because the one we looked at was up in Sedona, remember? And we don't even go to Sedona, and we're only an hour and a half away and we don't go there.

Robert Kiyosaki:

But we own a hotel in Sedona.

Kim Kiyosaki:

We own a hotel there.

Robert Kiyosaki:

And we still don't go there.

Kim Kiyosaki:

So, you can get so wrapped up in that sales pitch. Oh, my goodness.

Sarah:

Well, because they sell relaxation and vacation. I mean, here I am, exhausted retail worker, I'm like, "Yes, I would really enjoy a vacation but ..." So, yeah, you can get sucked in.

Kim Kiyosaki:

Yeah, it was really interesting, the pros and cons. It was fascinating.

Robert Kiyosaki:

It was a great show. So, I thank you all for listening to our Rich Dad Radio Show. Thanks to Tom Wheelwright and Henri Moreau. Thanks for all listening to Rich Dad's show.