Risk Factors Comparison 2024-02-27 to 2023-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

This section describes circumstances or events that could have a negative effect on our financial results or operations or that could change, for the worse, existing trends in our businesses. The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our financial condition, results of operations and cash flows and / or on the trading prices of our common stock. The risks and uncertainties described in this Annual Report are not the only ones facing us. Additional risks and uncertainties that currently are not known to us or that we currently believe are immaterial also may adversely affect our businesses and operations. Risks related to ~~COVID- 19~~ global or regional health concerns, outbreaks, and pandemics **(each a " Health Crisis ")** . The COVID- 19 pandemic ~~has~~ had, and **a future Health Crisis** may ~~continue to~~ have, serious adverse effects on our business, financial condition, cash flows, and results of operations for an unknown period of time ~~and we may face similar health crises in the future~~ . The COVID- 19 pandemic ~~has~~ caused **,** and **a future Health Crisis** may ~~continue to~~ cause **,** significant disruptions in international and U. S. economies and markets and ~~has had an unprecedented~~ **have a material adverse** impact on participants in the travel and hospitality industries, including our Company. **The success of** ~~In the future, COVID- 19 or~~ **our business and our financial results depend, in substantial part, upon** ~~other~~ -- **the** ~~outbreaks / pandemics could~~ **health of the travel industry. Our business and financial results were** materially ~~and~~ adversely **affected by** ~~impact global travel, resulting in declines in our cash flows and results of operations. As the spread of COVID- 19 variants continues, both in the U. S. and globally, there has been and continues to be significant volatility in global economies and financial markets. The severity, magnitude and duration of~~ the COVID- 19 pandemic ~~is uncertain, hard to predict, and can change rapidly. Uncertainties related to health concerns, outbreaks and pandemics include, but are not limited to, an increase~~ in ~~the disruptive effect of the health crisis on the global, regional and local economies, supply chains, business partners, our workforce, traveler sentiment, resort occupancy and periodic mandates from governmental authorities to stay home, avoid non-essential contact and gatherings, self- quarantine or restricting travel to or from particular locations. In~~ 2020 **; for example** , we saw marked declines in occupancy, rentals, and contract sales because of the temporary closure of nearly all of our sales centers **and** ~~, the temporary closure of~~ many of our resorts ~~, the temporary closure of our branded North America vacation ownership resorts for rental stays,~~ and the reduction in operations and amenities at all of our resorts ~~based on government mandates and advisories~~ . **When** ~~Protocols adopted to combat the COVID- 19 pandemic, such as canceling, or implementing alternatives or modifications to, in- person sales tours and customized presentations, and reductions in amenities at our resorts, have resulted, and similar measures implemented in the future as a result of regional or global health~~ **Health** ~~concerns, outbreaks, or pandemics could result, in less effective customer- associate interaction and diminished customer satisfaction, which could adversely impact our financial condition. Extended or further closures in the future may be required nationally, regionally, or in specific locations in the event of a resurgence of coronavirus, new strains, or another widespread or regional health crisis. The success of our business and our financial results depend, in substantial part, upon the health of the travel industry, which has been materially adversely affected by the COVID- 19 pandemic. As new variants of the coronavirus or other health crises~~ **Crises** make headlines from time to time, consumer fear about contracting **an** ~~COVID- 19 or other illnesses~~ -- **illness** and recommendations or mandates from governmental authorities to avoid large gatherings of people or self- quarantine, may increase. These recommendations and mandates have affected, and may affect in the future, resort occupancies. A substantial amount of our sales activity occurs at our resorts, and the number of prospective and current owners who visit our resorts impacts sales volume. Our rental revenue is also substantially impacted by the desire and ability of vacationers to travel. Fear of exposure to ~~the COVID- 19 virus~~ **viruses** or other illnesses, government restrictions on travel, including quarantine requirements, low vaccination rates in some parts of the world and **viruses or other illnesses** ~~variants of COVID- 19~~ that may be resistant to available vaccines ~~have~~ **could** ~~caused~~ - **cause** travelers to cancel or delay plans to travel to our resorts. These changes in vacation and travel patterns ~~have~~ **could** adversely ~~affected~~ -- **affect** our cash flows, revenues, and results of operations ~~, and may continue to do so, particularly for our international operations, such as those in the Asia- Pacific region~~ . Moreover, when travel advisories and restrictions **are** ~~have been~~ lifted, there ~~has been~~ **could be** a resurgence of the virus **or illness** , and as a result, travel demand ~~is~~ **could be** unpredictable and could remain so for a significant period. Adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels, inflation, recession and loss of personal wealth resulting from the impact of **a future Health Crisis** ~~the COVID- 19 pandemic~~ may negatively affect travel demand for a prolonged period. ~~Any future health crises may also adversely affect our business in a similar or more severe manner.~~ The onset of the COVID- 19 pandemic led to an increase in payment delinquencies and defaults for our vacation ownership notes receivable. The number of delinquencies may increase ~~again~~ as the ~~pandemic continues or its~~ **result of a future Health Crisis' s** effect on economic conditions and the ability and desire to travel ~~continues~~ **,** and could lead to defaults on financing that we provide to purchasers of our products in excess of our estimates ~~. Future health crises may also have such adverse effects~~ . Purchaser defaults may cause us to foreclose on vacation ownership notes receivable and reclaim ownership of the financed interests and could impact our ability to secure ABS or warehouse credit facility financing on terms that are acceptable to us, or at all. In addition, the transactions in which we have securitized vacation ownership notes receivable contain certain portfolio performance requirements related to default and delinquency rates, which, if not met, would result in loss or disruption of cash flow until portfolio performance sufficiently improves to satisfy the requirements. The duration and extent of the impact of ~~the COVID- 19 pandemic or~~ a future ~~health~~ **Health** ~~crisis~~ **Crisis** on our business and financial results will largely depend on future developments, including the duration and spread of the ~~pandemic or other health~~ **Health** ~~crisis~~ **Crisis** ~~, the~~

~~extent and severity of any resurgences of the pandemic or other health crisis in the future~~ , the response by all levels of government in their efforts to contain the ~~pandemic or other health~~ **Health** ~~crisis~~ **Crisis** to mitigate the economic disruptions, the related impact on consumer confidence and spending, and how quickly economies and demand for our products and services recover after the ~~pandemic or other health~~ **Health** ~~crisis~~ **Crisis** subsides, all of which are highly uncertain, can rapidly change and cannot be predicted. Such impacts could adversely affect our results of operations, cash flows, and capital resources for a significant period. Further, ~~the COVID- 19 pandemic or~~ a future ~~health~~ **Health** ~~crisis~~ **Crisis** may also adversely affect our cash flows and operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks to our operations. Risks related to our business and industry. Our business may be adversely affected by factors that disrupt or deter travel. Our success and results of operations depend, in substantial part, upon the health of the worldwide vacation ownership and leisure travel industries, and may be adversely affected by a number of factors that can disrupt or deter travel. A substantial amount of our sales activity occurs at our resorts, and sales volume is affected by the number of visitors at our resorts. Fear of exposure to contagious illnesses, such as COVID- 19 or other ~~diseases~~ **Health Crises** , or natural or man- made disasters, and the physical effects of climate change, such as more frequent or severe storms, droughts, hurricanes **, wildfires** , erosion and flooding, have caused and may continue to cause travelers to delay or cancel travel plans, including sales tours at our resorts, with greater frequency. Other factors such as weakened consumer confidence, limited availability or increased costs of consumer credit and damage to infrastructure caused by natural or man- made disasters or other causes that impede travel have caused, and may in the future cause, travelers to delay or cancel plans to tour or visit our resorts. For example, hurricanes **and wildfires** have caused a number of Interval International exchange network resorts and our managed vacation ownership resorts to close for prolonged periods **. The wildfires in Maui last year also resulted in the temporary closure of our resorts and sales centers in Maui, which had an adverse effect on our business and results of operations for 2023** . At times, beach access at our resorts and our managed resorts has been impeded by weather conditions or due to the effects of erosion. Actual or threatened war, civil unrest and terrorist activity, as well as heightened travel security measures instituted in response to the same, could also interrupt or deter travel plans. In addition, demand for our products and services may decrease if the cost of travel, including the cost of transportation and fuel, increases, airlift to vacation destinations decreases, airline or airport disruptions, flight cancellations or unreliability of various modes of transportation increases, or if general economic conditions decline. Our ability to process exchanges for members and to find purchasers and renters for accommodations we market or manage, as well as the need for the vacation rental and property management services we provide, largely depends on the continued desirability of the key vacation destinations in which our branded, managed or exchange properties are concentrated. Changes in the desirability of the destinations where these resorts are located and changes in vacation and travel patterns may adversely affect our cash flows and results of operations. Our results of operations can be adversely affected by labor shortages, turnover and labor cost increases. A number of factors may adversely affect the labor force available or increase labor costs from time to time, such as high employment levels, **increasing minimum wage rates,** federal unemployment subsidies, including unemployment benefits offered in response to **a** ~~the COVID- 19 pandemic or other health~~ **Health** ~~crises~~ **Crisis** , and other government actions. In 2021, we observed an overall tightening and increasingly competitive labor market. As a result, we had to temporarily close outlets (e. g., food and beverage) or reduce services (e. g., housekeeping performed fewer ~~cleans~~ **cleanings** throughout the week), and we may have to take these or similar steps in the future. Any such changes may harm our revenues, cash flows, profitability or customer satisfaction. We have also incurred, and may incur in the future, additional costs for overtime wages, increased wages, enhanced referral bonuses, increased use of sign on bonuses, and increased marketing for open positions. A sustained labor shortage or increased turnover rates within our employee base, whether due to **a** ~~the impact of COVID- 19 global health~~ **Health** ~~concerns~~ **Crisis** or as a result of general macroeconomic factors, could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees, and could negatively affect our ability to efficiently operate our business. If we are unable to hire and retain employees capable of performing at a high level, our business, including our cash flows, results of operations, owner, guest and associate satisfaction and reputation, could be adversely affected. Significant inflation, higher interest rates or deflation could adversely affect our business and financial results. Inflation can adversely affect us by increasing the costs of carrying unsold inventory, development and other corporate capital expenditures, materials and labor, service contracts, insurance, technology and related hardware or equipment, and interest rates. All of these factors can have a negative impact on the affordability of our products and services. In a high inflationary environment, we may be unable to raise the price of our products and services in a proportional manner, which could reduce our operating margins, including in our financing business, and negatively impact our results or operations. In addition, an increase in the cost of capital, labor and materials could have an adverse impact on our business or financial results. Inflation could also have an indirect adverse impact on our business by making travel more expensive for consumers and reducing consumer discretionary income. Alternatively, deflation could cause an overall decrease in spending and borrowing capacity, which could lead to a deterioration of economic conditions and employment levels. Deflation could also cause the value of our products and services to decline. These, or other factors that increase the risk of significant deflation, could have a negative impact on our business or financial results. We finance more than half of our VOI sales. While we adjust interest rates on our financing programs from time to time, such changes are typically not made in lockstep with the timing and magnitude of changes in broader market rates. As a result, our financing profit margin ~~has~~ declined **in 2023 due to general market interest rate increases, and may decline again in the future** . Increasing our financing rates could negatively impact VOI sales and financing propensity. However, if we are unable to increase our financing rates at the same rate as our costs of funds, our financing profits will be negatively impacted **, as happened in 2023** . Our business is extensively regulated, and any failure to comply with applicable laws could materially adversely affect our business. We are subject to a wide variety of highly complex international, national, federal, state, and local laws, regulations and policies. The vacation ownership industry is subject to extensive regulation around the world. Each jurisdiction where we operate generally requires resort developers to follow a set of specific procedures to develop, market and sell VOIs. Our real estate development activities, marketing and sales activities, lending activities and resort management activities are also heavily regulated. In addition, a myriad of laws, regulations and policies impact multiple areas of our business, such as those regulating the sale and offer of securities, anti- discrimination, anti- fraud, data protection, anti- corruption and bribery or implementing government economic sanctions. Complying with the intricate and multifaceted regulatory structures applicable to our businesses across the globe is complicated, constantly evolving, time- consuming and costly. We may not be able to successfully comply with all laws, regulations and policies to which we are subject. Laws, regulations, policies, and case law precedent may change or be subject to different interpretation in the future, including in ways that could decrease demand for our products and services, increase costs, and subject us to additional liabilities. Failure to comply could have a material adverse effect on our business. For example, failure to comply with applicable law could result in the loss of licenses or registrations we must have in order to operate our business, render sales contracts for our products void or voidable, subject us to fines or other sanctions, and increase our exposure to litigation. Adverse action by governmental authorities or others alleging our failure to comply with applicable laws could adversely affect our business, financial condition, and reputation. Changes in privacy laws could adversely affect our ability to market our products effectively. We rely on a variety of direct marketing techniques, including telemarketing, digital marketing and postal mailings. Adoption of new laws, or changes in existing laws, in any of the jurisdictions in which we operate regulating marketing and solicitation or data protection could adversely affect the effectiveness of our marketing strategies. For example, in the U. S., California enacted the California Consumer Privacy Act of 2018 (“ CCPA ”). The CCPA provides California consumers with certain access, deletion and opt- out rights related to their personal information, imposes civil penalties for violations and affords, in certain cases, a private right of action for data breaches. Similar legislation has been proposed or adopted in other states. In addition, foreign data protection, privacy, consumer protection, content regulation and other laws and regulations may be more restrictive or burdensome than those in the United States. For example, the European Union (“ E. U. ”) General Data Protection Regulation (“ GDPR ”) imposes significant obligations on businesses that sell products or services to E. U. customers or otherwise control or process personal data of E. U. residents. Complying with the GDPR, other international laws and ~~regulation~~ **regulations** , and state and federal laws and ~~regulation~~ **regulations** could subject us to increased costs; and our failure to comply with these laws and regulations could result in significant fines, litigation, losses, third- party damages and other liabilities, any of which may have a material adverse effect on our brands, marketing, reputation, business, financial condition and results of operations. The cost of compliance with privacy laws in the jurisdictions in which we operate has increased and may continue to increase as laws change and we expand into new jurisdictions and become subject to the privacy laws of such jurisdictions. If we are not able to develop adequate alternative marketing strategies, our sales may be adversely affected. We also obtain access to potential customers from travel service providers and other companies with whom we have relationships. If our access to these third- party customer lists is prohibited or restricted, our ability to develop new customers and introduce our products to them could be impaired. Failure to maintain the integrity of internal or customer data or to protect our **information** systems from cyber- attacks could disrupt our business, damage our reputation, and subject us to costs, fines or lawsuits. We collect large volumes of data, including social security numbers and other personally identifiable information of our customers and employees, and retain it in our information systems and those of our service providers. It is critical that we maintain the integrity of and protect this data, which we rely on to make business decisions and which our customers and employees expect that we will protect. **may be required to** expend significant capital and other resources to enhance the security of our data.Our information systems and records,including those we maintain with our service providers or licensors,may be subject to security breaches,cyber- attack or cyber- intrusion,system failures,viruses, ~~malicious software,~~ operator error or inadvertent releases of data ~~,or other cybersecurity incidents~~ .Data breaches have increased in recent years as the number,intensity and sophistication of attacks have increased.The techniques used to obtain unauthorized access,disable or degrade service,or sabotage systems change frequently and may be difficult to detect for long periods of time.Neither we nor our service providers may be able to prevent,detect and contain unauthorized activity and misuse or human errors compromising the efficacy of security measures.A breach in the security of our information systems or those of our service providers or licensors could lead to an interruption in the operation of our systems,resulting in operational inefficiencies and a negative impact to our results of operations.A significant ~~cybersecurity incident~~ **cyber- attack** or theft,loss ~~,disclosure~~ ,or fraudulent use of our customer,employee or company data could adversely impact our reputation and result in remedial and other expenses, **fines or litigation.We** The regulatory environment in the jurisdictions where we operate **,** and the requirements imposed on us by the payment card industry regarding information, security and privacy ~~is~~ **, are** increasingly demanding. Many of the laws applicable to us in different jurisdictions vary from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Our efforts to comply with these requirements may require significant additional resources and time and may not be successful. We may be required to expend significant capital...... expenses, fines or litigation. We and the companies we work with have experienced ~~cyber security~~ **cybersecurity** threats to our data and systems, including ransomware and other forms of malware and computer virus attacks, unauthorized access, systems failures and temporary disruptions. We have experienced ~~cyber~~ **cybersecurity** incidents in the past, and have previously disclosed those with material operational or financial implications to the Company or our stakeholders. Routinely, we partner with and use third- party service providers and products that host, manage, or control sensitive data. The failure of any such service providers or products to comply with our privacy policies or privacy laws and regulations, or any unauthorized release of personally identifiable information or other user data, could damage our reputation, discourage potential users from trying our products and services, breach certain agreements under which we have obligations with respect to network security, and result in fines and proceedings against us by governmental agencies, service providers and consumers **. To the extent our liability insurance covers claims and losses arising from cybersecurity incidents or attacks, such insurance might not be sufficient in type or amount to cover us against such claims or losses** . Any of the foregoing could materially adversely affect our business, financial condition and results of operations. Our international operations expose us to risks that could negatively impact our financial results or disrupt our business. Our international operations expose us to a number of additional risks, any of which could negatively impact our results of operations or disrupt our business, such as: compliance with laws of non- U. S. jurisdictions, including foreign ownership restrictions, import and export controls, data privacy and usage, and trade restrictions, and U. S. laws affecting our activities outside of the U. S.; anti- American sentiment; war, political or civil unrest and terrorism; difficulties of managing operations in many different countries; local economic risks; foreign currency exchange risks; and uncertainty as to the enforceability of contract and intellectual property rights under local laws, which can change or be interpreted in ways that could negatively impact our business. Inadequate or failed technologies could lead to interruptions in our operations and materially adversely affect our business, financial position, results of operations or cash flows. Our operations and competitive position depend on our ability to maintain existing systems and implement new technologies. Our information technology systems and our databases are potentially susceptible to ~~manmade~~ **man- made** and natural disasters, as well as power losses, computer and telecommunications failures, technological breakdowns, cyber- attacks, acts of war or terrorism and other events. System interruption, delays, obsolescence, loss of critical data and lack of integration and redundancy in our information technology systems and infrastructure may adversely affect our ability to provide services, operate websites, process and fulfill transactions, respond to customer inquiries and generally maintain cost- efficient operations. Our backup systems only relate to certain aspects of our operations; these systems are not fully redundant and disaster recovery planning ~~is not sufficient for~~ **cannot anticipate and address** all eventualities. Projects to upgrade or replace our technologies may be extremely complex and require significant resources and time **,** and may adversely affect our ability to provide services, operate websites, process and fulfill transactions, and respond to customer inquiries during the upgrade or replacement process. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If our information technology systems fail to adequately support our strategic, operational or compliance needs, our business, financial position, results of operations or cash flows, as well as our disclosure controls and procedures and internal control over financial reporting, may be adversely affected. Spanish court rulings voiding certain timeshare contracts have increased our exposure to litigation that may materially adversely affect our business and financial condition. A series of Spanish court rulings **starting in** ~~that, since~~ 2015 ~~, have voided certain timeshare contracts has~~ increased our exposure to litigation that may materially adversely affect our business and financial condition. These rulings voided certain timeshare contracts entered into after January 1999 related to certain resorts in Spain if a resort' s timeshare structure did not meet requirements prescribed by Spanish timeshare laws enacted in 1998, even if the structure was lawful prior to 1998 and adapted pursuant to mechanisms specified in the 1998 laws. These rulings have led to an increase in lawsuits by owners seeking to void timeshare contracts in Spain, including ~~certain contracts~~ **lawsuits by owners** at certain of our resorts in Spain **which are currently pending** . However, the Supreme Court of Spain has not yet substantively opined on the issue as it pertains to the Company' s timeshare contracts. If the Supreme Court of Spain rules adversely to us and determines that our timeshare contracts are voidable, that may materially adversely affect the results of operations of our Vacation Ownership segment, as well as our business and financial condition. Defending these lawsuits has required, and may continue to require, the Company to incur legal fees and reserve for judgments. If additional owners at our resorts in Spain file similar lawsuits, this may: void certain of those owners' timeshare contracts; cause us to incur material litigation and other costs, including judgment or settlement payments; and materially adversely affect the results of operations of our Vacation Ownership segment, as well as our business and financial condition. The increased ability for owners of Spanish timeshares to void their contracts has negatively impacted other developers with resorts in Spain and led to a ~~significant~~ decrease in the number of resorts located in Spain in the Interval ~~International network~~ **Network** with active sales and the loss of members who own VOIs at those resorts. The industries in which our businesses operate are competitive, which may impact our ability to compete successfully. Our businesses will be adversely impacted if they cannot compete effectively in their respective industries, each of which is highly competitive. A number of highly competitive companies participate in the vacation ownership industry. Our brands compete with the vacation ownership brands of major hotel chains in national and international venues, as well as with the vacation rental options (such as hotels, resorts and condominium rentals) offered by the lodging industry. Our competitors may have greater access to capital resources and broader marketing, sales and distribution capabilities than we do. Competitive pressures may cause us to reduce our fee structure or potentially modify our business models, which could adversely affect our business, financial condition and results of operations. Our principal exchange network administered by Interval International included more than 3, 200 resorts located in over 90 countries and territories as of December 31, ~~2022~~ **2023** . Interval International' s primary competitor, RCI, has a greater number of affiliated resorts than we have. Through the resources of its corporate affiliates, particularly, Travel Leisure Co., which is engaged in vacation ownership sales, RCI may have greater access to a significant segment of new vacation ownership purchasers and a broader platform for participating in industry consolidation. In addition, Interval International competes with developers that create, operate and expand internal exchange and vacation club systems, which decreases their reliance on external vacation ownership exchange programs, including those we offer, and adversely impacts the supply of resort accommodations available through our external exchange ~~networks~~ - **network** . The effects of such competition on our exchange business are more pronounced as the proportion of vacation club corporate members in the Interval ~~International network~~ **Network** increases. Our businesses also compete for leisure travelers with other leisure lodging operators, including both independent and branded properties, as well as with alternative lodging marketplaces, which operate websites that market furnished, privately- owned residential properties throughout the world which can be rented on a nightly, weekly or monthly basis. Negative public perception regarding our industry could have an adverse effect on our operations. Negative public perception regarding our industry resulting from, among other things, consumer complaints regarding sales and marketing practices, consumer financing arrangements, and restrictions on exit related to our products, as well as negative comments on social media, could result in increased regulatory scrutiny, which could result in reputational damage, more onerous laws, regulations, guidelines and enforcement interpretations in jurisdictions in which we operate. These actions may lead to operational delays or restrictions, as well as increased operating costs, regulatory burdens and risk of litigation. Changes in tax regulations or their interpretation could negatively impact our cash flows and results of operations. Changes in tax and other revenue raising laws, regulations and policies in the jurisdictions where we do business could impose new restrictions, costs or prohibitions on our practices and negatively impact our results of operations. In addition, interpretation of tax regulations requires us to exercise our judgment and taxing authorities or our independent registered public accounting firm may reach conclusions about the application of such regulations that differ from our conclusions. Our effective tax rate reflects the fact that income earned and reinvested outside the U. S. is generally taxed at local rates that can be higher or lower than U. S. tax rates or based on a different tax base than U. S. jurisdictions, as well as our ability to carry forward losses in certain jurisdictions from prior years to offset future profits. Changes to U. S. or international tax laws, regulations or interpretations could impact the tax treatment of our earnings and adversely affect our cash flows and financial results. For example, if such changes significantly increase the tax rates on non- U. S. income, our effective tax rate could increase, our financial results and cash flows could be negatively impacted, and if such increases were a result of our status as a U. S. corporation, we could be placed at a disadvantage to our non- U. S. competitors that are subject to lower local tax rates. We are subject to audit in various jurisdictions, and these jurisdictions may assess additional taxes against us. Developments in an audit, litigation, or laws, regulations, administrative practices, principles, and interpretations could have a material effect on our operating results or cash flows. The final outcome of tax audits, investigations, and any related litigation could be materially different from our historical tax provisions and accruals. Concentration of some of our resorts, sales centers and exchange destinations in particular geographic areas exposes our business to the effects of severe weather and other regional events in these areas. Our business is susceptible to the effects of natural or man- made disasters, including earthquakes, windstorms, tornadoes, hurricanes, typhoons, tsunamis, volcanic eruptions, floods, drought, fires, oil spills, erosion and nuclear incidents, in the areas where some of our resorts, sales centers and exchange destinations are concentrated, such as Florida, California, South Carolina and Hawaii. ~~For example, properties~~ **Properties** in these markets have had to close in the past, including for extended periods, in order to repair **or assess** damage caused by disasters **. For example, we temporarily closed our resorts and sales centers last year as a result of wildfires in Maui** . Depending on the severity of future disasters, the resulting damage could require closure of all or substantially all of our properties in one or more of these markets while we complete renovations. Our insurance may not cover all damages caused by any such event, including the loss of sales of VOIs at sales centers that are not fully operational. In ~~addition~~ **2023** , **our cost to insure our properties in these areas increased significantly. Our** insurance costs may ~~increase~~ **rise again in the future** and coverage levels may decrease for properties in these areas as a result of the number and magnitude of recent natural disasters in these areas. Our business is also susceptible to the effects of adverse economic developments in these areas, such as regional economic downturns, significant increases in the number of our competitors' products in these markets and potentially higher labor, real estate, tax or other costs in these geographic markets. Because of this geographic concentration of properties, we face a greater risk of a negative effect on our results of operations if these areas are affected by severe weather, man- made disasters or adverse economic and competitive conditions. If we are not able to successfully identify, finance, integrate and manage costs related to acquisitions, our business operations and financial position could be adversely affected. We have expanded in part through acquisitions of other businesses and may continue to do so in the future. Our acquisition strategy depends on our ability to identify, and the availability of, suitable acquisition candidates. We may incur costs in connection with proposed acquisitions, but may ultimately be unable or unwilling to consummate any particular proposed transaction for various reasons. In addition, acquisitions involve numerous risks, including risks that we will not be able to: successfully integrate acquired businesses in an efficient and cost- effective manner; properly measure or identify all risks associated with the acquisition; achieve anticipated benefits of an acquisition, including expected synergies; control potential increases in operating costs; manage geographically remote operations; successfully expand our system of internal controls or our technological infrastructure to include an acquired business; avoid potential disruptions in ongoing operations during an acquisition process or integration efforts; successfully enter markets in which we have limited or no direct experience, including foreign markets whose practices or laws may pose increased risk; and retain key employees, clients, vendors and business partners of the acquired businesses. Failure to achieve the anticipated benefits of any acquisition may adversely affect our financial condition, operating results and prospects. Acquisitions may also significantly increase our debt or result in dilutive issuances of our equity securities, **impairments** ~~write- offs~~ of goodwill or substantial amortization expenses associated with other intangible assets. Our use of different estimates and assumptions in the application of our accounting policies could result in material changes to our reported financial condition and results of operations, and changes in accounting standards or their interpretation could significantly impact our reported results of operations. Our accounting policies are critical to the manner in which we present our results of operations and financial condition. Many of these policies, including policies relating to the recognition of revenue and determination of cost of sales, are highly complex and involve many assumptions, estimates and judgments. We are required to review these assumptions, estimates and judgments regularly and revise them when necessary. Our actual results of operations vary from period to period based on revisions to these estimates. For example, in response to the COVID- 19 pandemic, we increased our reserve for vacation ownership notes receivable due to higher default expectations and revised our estimates of the fair value of our reporting units, resulting in the impairment of goodwill. **See the " Critical Accounting Estimates " section of Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations for further information.** In addition, the regulatory bodies that establish accounting and reporting standards, including the SEC and the Financial Accounting Standards Board, periodically revise or issue new financial accounting and reporting standards that govern the preparation of our consolidated financial statements. Changes to these standards or their interpretation could significantly impact our reported results in future periods. See Footnote 2 " Summary of Significant Accounting Policies " to our Financial Statements for more information regarding changes in accounting standards that we recently adopted or expect to adopt in the future. The growth of our business and execution of our business strategies depend on the services of our senior management and our associates. Our business is based on successfully attracting and retaining talented associates. The market for highly skilled associates and leaders in our industry is extremely competitive. If we are less successful in our recruiting efforts, or if we are unable to retain management and other key associates, our ability to develop and deliver successful products and services may be adversely affected. Effective succession planning is also important to our long- term success. The departure of a key executive or associate or the failure to ensure an effective transfer of knowledge and a smooth transition upon such departure may be disruptive to the business and could hinder our strategic planning and execution. Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks. Companies are facing increasing and frequently evolving scrutiny globally from customers, regulators, investors, employees and other stakeholders related to their **environmental, social, and governance ("** ESG **")** practices and disclosure. Investor advocacy groups, investment funds and influential investors are also increasingly focused on these practices, especially as they relate to the environment, health and safety, board and workforce diversity, labor conditions, human rights, and cybersecurity and data privacy. Third parties have also developed proprietary ratings or analyses of companies based on certain ESG metrics. **ESG disclosure rules have been adopted by California and the European Union, and are being considered by the SEC.** Increased ESG- related compliance costs could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or other stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, and stock price **, and result in penalties** . New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. Our ~~ESG~~ **corporate responsibility** initiatives and goals **are** ~~may be~~ based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future. As we report on our ~~ESG~~ **corporate responsibility** initiatives or goals, we may be subject to heightened reputational and operational risk and compliance costs related to these matters. **Our** ~~Also, we do not exercise complete~~ control over ~~all~~ resorts and properties that we manage ~~; rather, our control over these properties~~ is generally limited by the terms of the applicable management agreements. As a result, our ability to achieve some or all of our ~~ESG~~ **corporate responsibility** initiatives or goals may be limited without additional support or action by the owners' associations of the vacation ownership resorts and properties we manage. Complying with increased regulations could increase our costs and adversely impact our results of operations. Our inability or failure to meet, or the perceived failure to meet, such stakeholders' expectations, as well as adverse incidents, could negatively impact our stock price, results of operations, or reputation and increase our cost of capital. Risks related to our vacation ownership business. The termination of our license agreements with Marriott International or Hyatt, or our rights to use their trademarks at our existing or future properties, could materially harm our business. Our success depends, in part, on our relationships with Marriott International and Hyatt. These relationships are governed by various agreements, including long-term license agreements that expire between 2090 and 2095, subject to renewal. However, if we breach our obligations under a license agreement **and remain in breach after the applicable notice and cure period** , the applicable licensor may be entitled to terminate the license agreement and our rights to use its brands in connection with our businesses. In addition, if any of our properties does not meet applicable brand standards, the applicable licensor can terminate our right to use its trademarks at the subject properties. The termination of our license agreements with Marriott International, Hyatt or their affiliates would materially harm our business and results of operations and materially impair our ability to market and sell our products and maintain our competitive position, and could have a material adverse effect on our financial position, results of operations or cash flows. Our inability to rely on the strength of the Marriott, Sheraton, Westin, or Hyatt brands to attract qualified prospects in the marketplace would likely cause our results of operations to decline and our marketing and sales expenses to increase. Our inability to market to guests in hotels affiliated with our licensors that are located near one of our sales locations or maintain our marketing ~~partnerships~~ **relationships** with Marriott International or Hyatt reservation centers would **likely** cause our sales to decline, which could adversely affect our financial condition and results of operations. In addition, we would not be able to use the brand websites as channels through which to rent available inventory, which would cause our rental revenue to decline materially. Our license agreements also allow us to ~~offer points~~ **market directly** to members of the customer loyalty programs associated with the Marriott, Sheraton, Westin and Hyatt brands, ~~which provides us with the opportunity to market directly to these members~~ **and offer points in such loyalty programs as premiums for related promotional offers** . The termination of the license agreements with Marriott International or Hyatt would eliminate this valuable marketing channel. We must ~~also~~ obtain the applicable licensor' s consent to use its trademarks in connection with properties we acquire or develop in the future. If our licensors do not consent to such use **as required by the applicable license agreement** , our ability to expand our business and remain competitive may be materially adversely affected. Deterioration in the quality or reputation of the brands associated with our portfolio could adversely affect our market share, reputation, business, financial condition and results of operations. We offer vacation ownership products and services under the Marriott, Sheraton, Westin, The Ritz- Carlton, and Hyatt brands. Our success depends in part on the continued success of Marriott International and Hyatt and their respective brands. If market recognition or the positive perception of Marriott International or Hyatt is reduced or compromised, the goodwill associated with these brands may be adversely affected, which may adversely affect our market share, reputation, business, financial condition or results of operations. The positioning and offerings of any of these brands or their related customer loyalty programs could change in a manner that adversely affects our business. Marriott International or Hyatt could compete with our vacation ownership business in the future. Under ~~the~~ **our** license agreements with Marriott International, if other international hotel operators offer new products and services as part of their respective hotel businesses that may directly compete with our vacation ownership products and services, then Marriott International may also offer such new products and services, and use its trademarks in connection with such offers. Under the Hyatt license agreement, Hyatt may compete with us under certain circumstances, **such as** ~~e. g.,~~ if we fail to meet certain performance standards or if Hyatt acquires a new hotel brand that Hyatt ~~determines~~ **desires** to license for timeshare and we are unsuccessful **in** negotiating **such** license rights pursuant to our right of first offer. If Marriott International or Hyatt offers new vacation ownership products and services **as contemplated under certain circumstances** under their ~~trademarks~~ **respective license agreements** , they may compete directly with our vacation ownership products and services, and we may not be able to distinguish our vacation ownership products and services from those offered by Marriott International or Hyatt. Our ability to remain competitive and to attract and retain owners depends on our success in distinguishing the quality and value of our products and services from those offered by others. If we cannot compete successfully in these areas, this could limit our operating margins, diminish our market share and reduce our earnings. If a branded hotel property co- located with one of our resorts ceases to be affiliated with the same brand as our resort or a related brand, our business could be harmed. Approximately ~~20~~ **25** % of our Vacation Ownership segment resorts are co- located with same- branded or affiliated hotel properties. If a branded hotel property with which one of our resorts is co- located ceases to be operated by or affiliated with the same brand as our resort, which has happened in the past, we could lose benefits such as sharing amenities, infrastructure and staff, integration of services, and other cost efficiencies. Our owners could lose access to the more varied and elaborate amenities that are generally available at the larger campus of an integrated vacation ownership and hotel resort. We expect our overhead and operating costs for such resorts would increase. We could also lose our on- site access to hotel customers, including brand customer loyalty program members, at such resorts, which is a cost- effective marketing channel for our vacation ownership products, and our sales may decline. We may not have inventory available for sale when needed or we may have excess inventory. We may enter into capital- efficient transactions to source inventory in which third parties agree to deliver completed units to us at pre- agreed prices in the future. These transactions expose us to additional risk as we will not control development activities or timing of development completion. If our counterparties default on their obligations, or exercise their right to sell inventory to a different buyer, we may not acquire the inventory we expect on time or at all, or it may not be within agreed upon specifications. If we cannot obtain inventory from alternative sources on a timely basis, we may not be able to achieve sales forecasts. Conversely, if we procure or commit to procure inventory based on an expected sales plan and fail to achieve that plan, we could have excess inventory, potentially negatively impacting our margins and results of operations. The sale of VOIs in the secondary market by existing owners could cause our sales revenues, margins, and results of operations to decline. Sales of VOIs by existing owners, which are typically at lower prices than the prices at which we would sell interests, can create pricing pressure on our sale of vacation ownership products and cause our sales revenues, margins and results of operations to decline. In addition, unlawful or deceptive third- party VOI resale schemes involving interests in our resorts could damage our reputation and brand value and adversely impact our sales revenues and results of operations. Development of a more robust secondary market may also cause the volume of lower- cost VOI inventory that we are able to repurchase to supplement our inventory needs to decline, which could adversely impact our development margin. Borrower defaults on the vacation ownership notes receivable our business generates could reduce our results of operations and cash flows. In connection with our vacation ownership business, we provide loans to purchasers to finance their purchase of VOIs. Accordingly, we are subject to the risk that those borrowers may default on the financing that we provide. The risk of borrower defaults may increase due to man- made or natural disasters or a recession or other economic downturn, which cause financial hardship for borrowers. The risk of borrower defaults may also increase if we do not evaluate accurately the creditworthiness of the customers to whom we extend financing or due to the influence of timeshare relief firms. Borrower defaults have caused, and may continue to cause, us to foreclose on vacation ownership notes receivable and reclaim ownership of the financed interests, both for loans that we have not securitized and in our role as servicer for the vacation ownership notes receivable we have securitized through the ABS market or the Warehouse Credit Facility. If default rates for our borrowers increase, we have been required, and may in the future be required, to increase our reserve on vacation ownership notes receivable, which ~~may~~ **would** reduce our earnings. If default rates increase beyond current projections and result in higher than expected foreclosure activity, our results of operations ~~could~~ **would** be adversely affected. Borrower defaults could impact our ability to secure ABS or warehouse credit facility financing on terms that are acceptable to us, or at all. In addition, the transactions in which we have securitized vacation ownership notes receivable contain certain portfolio performance requirements related to default and delinquency rates, which, if not met, would result in loss or disruption of cash flow until portfolio performance sufficiently improves to satisfy the requirements. Also, if a purchaser of a VOI defaults on the related loan during the early part of the amortization period, we may not have recovered the marketing, selling and general and administrative costs associated with the sale of that VOI. If we are unable to recover any of the principal amount of the loan from a defaulting borrower, or if the allowances for losses from such defaults are inadequate, the revenues and profits that we derive from the vacation ownership business could be reduced materially. Our points- based product forms expose us to an increased risk of temporary inventory depletion. Selling VOIs in a system of resorts under a points- based business model increases the risk of temporary inventory depletion. Currently, our VOI sales are made primarily through a limited number of trust entities that issue VOIs. These structures can lead to a temporary depletion of inventory available for sale caused by: (1) delayed delivery of inventory under construction by us or third parties; (2) delayed receipt of required governmental registrations of inventory for sale; or (3) significant unanticipated increases in sales pace. If the inventory available for sale for a particular trust were to be depleted before new inventory is added and available for sale, we would be required to temporarily suspend sales until inventory is replenished or shift to selling an alternative product **,** which may increase marketing and sales costs and lower **volume per guest ("** VPG **")** . Our efforts to avoid the risk of temporary inventory depletion by maintaining a surplus supply of completed inventory based on our forecasted sales pace, and by employing other mitigation strategies such as accelerating completion of resorts under construction, acquiring VOIs on the secondary market, or reducing sales pace by adjusting prices or sales incentives, may not be successful. A depletion of VOI inventory could decrease our financing revenues generated from purchasers of VOIs and fee revenues generated by providing club, management, exchange, sales, and marketing services. In addition, any temporary suspension of sales due to lack of inventory could reduce our cash flow and have a negative impact on our results of operations. Our development activities expose us to project cost and completion risks. Our project development activities entail risks that may cause project delays or increased project costs and therefore may adversely impact our results of operations, cash flows and financial condition, including: • construction delays or cost overruns; • shortages of skilled labor; • claims for construction defects, including claims by purchasers and owners' associations; • the discovery of hazardous or toxic substances, or other environmental, culturally- sensitive, or related issues; • an inability to timely obtain required governmental permits and authorizations; • compliance with zoning, building codes and other local regulations; • performance by third parties involved in the financing and development of our projects; • the cost or availability of raw materials; and • interference of weather- related, geological or other events, such as hurricanes, earthquakes, floods, tsunamis, fires, and volcanic eruptions. Our resort management business may be adversely affected by the loss of management contracts, failure of resorts to comply with brand standards, increased maintenance fees and disagreements with owners. Owners of our VOIs are required to pay maintenance fees to maintain and refurbish the vacation ownership properties and keep them in compliance with brand standards. If a resort fails to comply with applicable brand standards, the applicable licensor could terminate our rights to use its trademarks at the resort, which would result in the loss of management fees, decreased customer satisfaction, and impairment of our ability to market and sell our products at the non- compliant locations. Increases in maintenance fees to keep pace with **operating expenses,** maintenance and other costs may make our products less desirable, which could negatively impact sales and cause an increase in defaults on our vacation ownership notes receivable portfolio. If the owners' associations that we manage are unable to collect sufficient maintenance fees to cover operating and maintenance costs, the related resorts may have to close or file for bankruptcy, which may result in termination of our management agreements. We may also lose resort management contracts if they are not renewed when they expire, or the contract terms may be renegotiated in a manner adverse to us. The loss or renegotiation of a significant number of our management contracts may adversely affect our cash flows and results of operations. From time to time, disagreements arise between us and the owners of VOIs and owners' associations. For example, owners of our VOIs have disagreed, and may in the future disagree, with changes we make to our products or programs. Sometimes, disagreements with VOI owners and owners' associations result in litigation and the loss of management contracts. If any such litigation results in a significant adverse judgment or settlement, we could suffer significant losses, our margins and results of operations could be reduced, our reputation could be harmed and our future ability to operate our business could be constrained. Damage to, or other potential losses involving, properties that we own or manage may not be covered by insurance. We procure insurance for general liability, property, business interruption, directors and officers liability, and other insurable risks with respect to our business operations and as customarily carried by companies in the hospitality industry. Market forces beyond our control may limit the scope, terms, and conditions of the insurance coverage we are able to obtain or our ability to obtain coverage at reasonable rates, which may affect our ability to maintain customary insurance coverages and deductibles at acceptable costs. Certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes **, wildfires,** and floods, or terrorist acts, may be uninsurable or the price of coverage for such losses may be too expensive to justify obtaining insurance. The effects of climate change, such as increased storm intensity and rising temperatures or sea levels over time, may also increase the cost of property insurance and decrease our coverage levels. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost property or property of owners of VOIs or third party liability. In some cases, insurance may not provide a recovery for any part of a loss due to deductibles / retentions, policy limits, coverage limitations, uninsured parts of a loss or other factors. As a result, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenue from the property, and we could remain obligated under guarantees or other financial obligations related to the property. In addition, we could lose the management contract for the property and, to the extent such property operates under a licensed brand, the property may lose operating rights under the associated brand. We may also incur liabilities or losses in the operation of our business that are only partially covered by insurance, or not covered at all. Any of these events could have a material adverse effect on our business, financial condition and results of operations. Risks related to our exchange and third- party management business. Our Exchange & Third- Party Management business depends on relationships with developers, members and others, and any adverse changes in these relationships could adversely affect our business, financial condition, and results of operations. Our Interval International business depends on vacation ownership developers for new members and on members and participants to renew their existing memberships and otherwise engage in transactions. Developers and members also supply resort accommodations for use in exchanges and Getaways. Our third- party management business depends on relationships with vacation property and hotel owners. If we are unable to negotiate new affiliation agreements with resort developers or secure renewals with existing members or developers in our Interval ~~International network~~ **Network** , as has occurred in the past, the number of new and existing members, the supply of resort accommodations available through our exchange ~~networks~~ **network** and related revenue could decrease. The failure to secure the renewal of affiliation agreements with developers with corporate member relationships, where the developer renews Interval International membership fees for all of its active owners, has a greater adverse effect. The loss or renegotiation on less favorable terms of several of our largest affiliation agreements could materially adversely impact our financial condition and results of operations. Our ability to maintain affiliation agreements with resort developers is also impacted by consolidation in the vacation ownership industry. In addition, we depend on third parties to make certain benefits available to members of the Interval International exchange network. The loss of such benefits could result in a decrease in the number of Interval International members, which could have a material adverse effect on our business, financial condition and results of operations. Similarly, the failure of our third- party management business to maintain existing or negotiate new management agreements with vacation property and hotel owners, as a result of the sale of property to third parties, contract disputes or otherwise, or the failure of vacationers to book vacation rentals through our businesses would result in a decrease in related revenue, which would have an adverse effect on our business, financial condition and results of operations. Insufficient availability of exchange inventory may adversely affect our results of operations. Our exchange network' s transaction levels depend on the supply of inventory in the system and demand for the available inventory. Exchange inventory is deposited in the system by members, or by developers on behalf of members, to support current or anticipated exchanges. Inventory supply and demand for specific regions and on a broader scope are influenced by a variety of factors, such as: economic conditions; health and safety concerns, including concerns and travel restrictions relating to ~~health~~ **Health** ~~crises~~ **Crises** such as the COVID- 19 pandemic; the occurrence or threat of natural disasters and severe weather; and owner decisions to travel to their home resort / vacation club system or otherwise not deposit exchange inventory. The factors that affect demand for specific destinations could significantly reduce the number of accommodations available in such areas for exchanges. The level of inventory in our system also depends on the number of developers whose resorts are in our exchange network, and the numbers of members of such resorts. The number of developers affiliated with our exchange network may decrease for a variety of reasons, such as consolidation and contraction in the industry and competition. If inventory supply and demand do not keep pace, transactions may decrease or we may purchase additional inventory to fulfill the demand, both of which could negatively affect our results of operations. Risks related to our indebtedness. Our indebtedness may restrict our operations. As of December 31, ~~2022~~ **2023** , we had approximately $ 3 ~~.1~~ billion of total corporate indebtedness outstanding and could borrow an additional $ ~~749~~ **621** million under **a revolving corporate credit facility with a borrowing capacity of $ 750 million (** the **“** Revolving Corporate Credit Facility **”)** . The credit agreement that governs ~~the~~ **our corporate credit facility (“** Corporate Credit Facility **”)** and the indentures that govern our various senior notes impose significant operating and financial restrictions on us, which among other things limit our ability and the ability of certain of our subsidiaries to incur debt, pay dividends and make other restricted payments, make loans and investments, incur liens, sell assets, enter into affiliate transactions, enter into agreements restricting certain subsidiaries' ability to pay dividends and consolidate, merge or sell all or substantially all of their assets. All of these covenants and restrictions limit how we conduct our business. The Corporate Credit Facility also requires us to maintain a specified leverage ratio. These restrictions could restrict our flexibility to react to changes in our businesses, industries and economic conditions and increase borrowing costs. We must dedicate a portion of our cash flow from operations to debt servicing and repayment of debt, which reduces funds available for strategic initiatives and opportunities, dividends, share repurchases, working capital, and other general corporate needs. It also increases our vulnerability to the impact of adverse economic and industry conditions. If we are unable to comply with our debt agreements, or to raise additional capital when needed, our business, cash flow, liquidity, and results of operations could be harmed. Our ability to make scheduled cash payments on and to refinance our indebtedness depends on our ability to generate significant operating cash flow in the future, which, to a significant extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to maintain a sufficient level of cash flow from operating activities to permit us to pay the principal, premium, if any, and interest on our indebtedness. In addition, our credit ratings will impact the cost and availability of future borrowings and, accordingly, our cost of capital. Downgrades in our ratings could adversely affect our businesses, cash flows, financial condition, operating results and share and debt prices, as well as our obligations with respect to our capital efficient inventory acquisitions. Failure to make scheduled cash payments on our existing debt, or to comply with the restrictive covenants and other requirements in our debt agreements, could result in an event of default, which, if not cured or waived, could result in acceleration of our debt repayment obligations. We may not have sufficient cash to repay any accelerated debt obligations, which would immediately and materially harm our business, results of operations and financial condition. We may be required to raise additional capital to refinance our existing debt, or to expand or support our operations. Our access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings, and the outlook for our industry as a whole. The terms of future debt agreements could include more restrictive covenants or require incremental collateral, which may further restrict our business operations or adversely affect our ability to obtain additional financing. There is no guarantee that debt or equity financings will be available in the future on terms favorable to us or at all. If we are unable to access additional funds on acceptable terms, we may have to adjust our business operations, and our ability to acquire additional vacation ownership inventory, repurchase VOIs, or make other investments in our business could be impaired, any of which may adversely affect our cash flows and results of operations. We may incur substantially more debt, which could exacerbate further the risks associated with our leverage. We and our subsidiaries may incur substantial additional indebtedness in the future, including secured indebtedness, as well as obligations that do not constitute indebtedness as defined in our debt agreements. To the extent that we and our subsidiaries incur additional indebtedness or such other obligations, the risks associated with our substantial indebtedness described above will increase. If the default rates or other credit metrics underlying our vacation ownership notes receivable deteriorate, our vacation ownership notes receivable securitization program and VOI financing program could be adversely affected. Our vacation ownership notes receivable portfolio performance and securitization program could be adversely affected if any vacation ownership notes receivable pool fails to meet certain ratios, which could occur if the default rates or other credit metrics of the underlying vacation ownership notes receivable deteriorate. Default rates may deteriorate due to many different reasons, including those beyond our control, such as financial hardship of purchasers. In addition, if we offer loans to our customers with terms longer **or different** than those generally offered in the industry, our ability to securitize those loans may be adversely impacted. Instability in the credit markets may impact the timing and volume of the vacation ownership notes receivable that we are able to securitize, as well as the financial terms of such securitizations. If ABS issued in our securitization programs are downgraded by credit agencies in the future, our ability to complete securitization transactions on acceptable terms or at all could be jeopardized, and we could be forced to rely on other potentially more expensive and less attractive funding sources, to the extent available. We are subject to risks relating to our convertible notes. Holders of our convertible notes may convert the convertible notes after the occurrence of certain dates or events. See Footnote 16 " Debt " to our Financial Statements for additional information. If any holders elect to convert their convertible notes, we may elect to settle all or a portion of our conversion obligation through the payment of cash, which could adversely affect our liquidity. The way we account for our convertible notes may impact our ~~reported or future~~ financial results and the market price of our common stock. For example, in 2022, we adopted a new accounting standard that requires the use of the " if- converted " method for calculating diluted earnings per share, which resulted in the reduction of our reported diluted earnings per share. See Footnote 16 " Debt " and Footnote 2 " Summary of Significant Accounting Policies " to our Financial Statements for additional information regarding the accounting for our convertible notes. We are subject to risks relating to our convertible note hedges and warrants. In connection with the convertible notes, we entered into privately negotiated convertible note hedges to reduce potential dilution to our common stock and offset cash payments we must make in excess of the principal amount, in each case, upon any conversion of convertible notes. We also issued warrants to the hedge counterparties. The warrants could have a dilutive effect on our shares of common stock to the extent that the market price per share exceeds the applicable strike price of the warrants on one or more of the applicable expiration dates. Alternatively, if settled in cash, the warrants could have a negative impact on cash flow and liquidity. In connection with establishing their initial hedges of the convertible note hedges and the warrants, the hedge counterparties and their respective affiliates advised us that they expected to purchase shares of our common stock in secondary market transactions and enter into various derivative transactions with respect to our common stock. These parties may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and buying or selling our common stock in the secondary market. Any of these activities could cause or prevent an increase or a decline in the market price of our common stock. We are subject to the risk that one or more of the hedge counterparties may default under the convertible note hedges. If any of the hedge counterparties become subject to insolvency proceedings, we will become an unsecured creditor with a claim equal to our exposure at that time under our transactions with such counterparties. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in the market price and in the volatility of our common stock. In addition, upon a default by a hedge counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. Risks related to ownership of our common stock. Our share repurchase program may not enhance long- term ~~shareholder~~ **stockholder** value and could increase the volatility of the market price of our common stock and diminish our cash. Our share repurchase program does not obligate us to repurchase any shares of our common stock. The timing and amount of any repurchases depend upon several factors, including market conditions, business conditions, statutory and contractual restrictions, the trading price of our common stock and the nature of other investment opportunities available to us. In addition, repurchases of our common stock could affect our stock price and increase its volatility. The existence of a share repurchase program could cause our stock price to be higher than it would be absent the program and could reduce market liquidity for our stock. Use of our funds to repurchase shares could diminish our cash reserves, which may impact our ability to finance growth, pursue strategic opportunities, and discharge liabilities. Our share repurchases may not enhance ~~shareholder~~ **stockholder** value because the market price of our common stock may decline below the prices at which we repurchased shares and short- term stock price fluctuations could reduce the program' s effectiveness. Our ability to pay dividends on our stock is limited. We may not declare or pay dividends in the future at any particular rate or at all. Our Board ~~of Directors~~ makes all decisions regarding our payment of dividends, subject to an evaluation of our financial condition, results of operations and capital requirements, as well as applicable law, regulatory and contractual constraints, industry practice and other business considerations that our Board ~~of Directors~~ considers relevant. Certain of the agreements governing our indebtedness restrict our ability and the ability of our subsidiaries to pay dividends, and the terms of agreements governing debt that we may incur in the future may also limit or prohibit dividend payments. The payment of certain cash dividends may also result in an adjustment to the conversion rate of the Convertible Notes and related warrants in a manner adverse to us. We may not have sufficient surplus under Delaware law to be able to pay any dividends, which may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures or increases in reserves. Anti- takeover provisions in our organizational documents, Delaware law and in certain of our agreements could delay or prevent a change in control. Provisions of our Charter and Bylaws, as well as provisions in the agreements with our licensors, may delay or prevent a merger or acquisition that a ~~shareholder~~ **stockholder** may consider favorable. For example, our Charter and Bylaws ~~provide for a classified board,~~ require advance notice for ~~shareholder~~ **stockholder** proposals and nominations, place limits on convening ~~shareholder~~ **stockholder** meetings and authorize our Board of Directors to issue one or more series of preferred stock. Delaware law also restricts some business combinations between any holder of 15 % or more of our outstanding common stock and us. The fact that these provisions and statutory restrictions may discourage acquisition proposals or delay or prevent a change in control could harm our stock price. Delaware law also restricts some business combinations between any holder of 15 % or more of our outstanding common stock and us. Further, a change in control could result in an acceleration of our obligations under the Corporate Credit Facility or the indentures that govern our senior notes. The threat of our debt being accelerated in connection with a change in control could make it more difficult for us to attract potential buyers or to consummate a change in control transaction that would otherwise be beneficial to our stockholders. Risks related to the Vistana Spin- Off. The ILG Acquisition could result in material liability if it causes the Vistana Spin- Off to be taxable. In connection with Vistana' s spin- off from Starwood and acquisition by ILG (the " Vistana Spin- Off "), ILG and Vistana entered into a Tax Matters Agreement that restricts them from actions or omissions that would cause the Vistana Spin- Off to become taxable. Failure to adhere to these restrictions, including in certain circumstances that may be outside of our control, could result in tax being imposed on Starwood or its ~~shareholders~~ **stockholders** for which we may be obligated to indemnify Starwood. Even if we are not responsible for such tax liabilities under the Tax Matters Agreement, we may be liable under applicable tax law for such liabilities if Starwood fails to pay such taxes. For two years after the Vistana Spin- Off, the Tax Matters Agreement prohibited Vistana and ILG from taking certain actions involving their stock or Vistana' s assets because the Vistana Spin- Off would be taxable to Starwood (but not to Starwood ~~shareholders~~ **stockholders**

) pursuant to Section 355 (e) of the Internal Revenue Code if there was a direct or indirect 50 % or greater change in Vistana' s ownership as part of a plan or series of related transactions including the Vistana Spin- Off. The Vistana acquisition was not expected to violate this rule because Starwood ~~shareholders~~ **stockholders** held over 50 % by vote and value of ILG stock (and, thus, indirectly, of Vistana) immediately after the Vistana acquisition. However, the ILG Acquisition diluted the indirect ownership of Vistana by its former ~~shareholders~~ **stockholders** below 50 %. We received an opinion from KPMG LLP that entering into the ILG Acquisition would not affect the tax- free status of the Vistana Spin- Off; however, this opinion does not bind the Internal Revenue Service (the " IRS ") or any court. If the IRS asserts that the ILG Acquisition is part of a plan or series of related transactions including the Vistana Spin- Off and the Vistana acquisition, and this assertion is sustained, the Vistana Spin- Off would be subject to the application of Section 355 (e) of the Code, and we would be liable to indemnify Starwood (or Marriott International) for any resulting tax liability pursuant to the Tax Matters Agreement.