

BLUEGREEN VACATIONS CORP

Form 10-Q

August 03, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-19292

BLUEGREEN VACATIONS CORPORATION

(Exact name of registrant as specified in its charter)

Florida	03-0300793
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4960 Conference Way North, Suite 100, Boca Raton, Florida 33431

(Address of principal executive offices) (Zip Code)

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Registrant's telephone number, including area code: (561) 912-8000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of August 1, 2018, there were 74,734,455 shares of the registrant's common stock, \$.01 par value, outstanding.

BLUEGREEN VACATIONS CORPORATION

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

BLUEGREEN VACATIONS CORPORATION

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands, except share and per share data)

	June 30, 2018	December 31, 2017 *As Adjusted
ASSETS		
Cash and cash equivalents	\$ 205,745	\$ 197,337
Restricted cash (\$20,959 and \$19,488 in VIEs at June 30, 2018 and December 31, 2017, respectively)	53,653	46,012
Notes receivable, net (\$296,016 and \$279,188 in VIEs at June 30, 2018 and December 31, 2017, respectively)	429,647	426,858
Inventory	327,897	281,291
Prepaid expenses	17,037	10,743
Other assets	61,996	52,506
Intangible assets, net	61,912	61,978
Loan to related party	80,000	80,000
Property and equipment, net	87,430	74,756
Total assets	\$ 1,325,317	\$ 1,231,481
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable	\$ 21,189	\$ 22,955
Accrued liabilities and other	86,009	77,317
Deferred income	14,442	16,893
Deferred income taxes	91,181	88,966
Receivable-backed notes payable - recourse	101,582	84,697
Receivable-backed notes payable - non-recourse (in VIEs)	325,512	336,421
Lines-of-credit and notes payable	149,651	100,194
Junior subordinated debentures	70,908	70,384
Total liabilities	860,474	797,827

Commitments and Contingencies - See Note 8

Shareholders' Equity

Common stock, \$.01 par value, 100,000,000 shares authorized; 74,734,455

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shares issued and outstanding at June 30, 2018 and December 31, 2017	747	747
Additional paid-in capital	274,366	274,366
Retained earnings	140,785	115,520
Total Bluegreen Vacations Corporation shareholders' equity	415,898	390,633
Non-controlling interest	48,945	43,021
Total shareholders' equity	464,843	433,654
Total liabilities and shareholders' equity	\$ 1,325,317	\$ 1,231,481

* See Note 2 for summary of adjustments.

See accompanying Notes to Consolidated Financial Statements - Unaudited

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BLUEGREEN VACATIONS CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

AND COMPREHENSIVE INCOME (UNAUDITED)

(In thousands, except share and per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017 *As Adjusted	2018	2017 *As Adjusted
Revenues:				
Gross sales of VOIs	\$ 82,027	\$ 72,738	\$ 146,187	\$ 136,183
Estimated uncollectible VOI notes receivable	(13,454)	(13,333)	(21,473)	(22,542)
Sales of VOIs	68,573	59,405	124,714	113,641
Fee-based sales commission revenue	60,086	63,915	105,940	109,069
Other fee-based services revenue	30,391	29,935	58,415	56,056
Cost reimbursements	14,059	11,893	30,260	26,563
Interest income	21,118	21,991	42,240	44,377
Other income (expense), net	710	244	891	(1)
Total revenues	194,937	187,383	362,460	349,705
Costs and expenses:				
Cost of VOIs sold	6,789	1,749	8,601	4,908
Cost of other fee-based services	16,634	15,374	34,045	31,481
Cost reimbursements	14,059	11,893	30,260	26,563
Selling, general and administrative expenses	109,580	107,488	203,129	197,323
Interest expense	8,495	8,077	16,262	15,721
Total costs and expenses	155,557	144,581	292,297	275,996
Income before non-controlling interest and provision for income taxes	39,380	42,802	70,163	73,709
Provision for income taxes	9,353	15,292	16,554	25,903
Net income	30,027	27,510	53,609	47,806
Less: Net income attributable to non-controlling interest	3,317	3,520	5,924	6,167
Net income attributable to Bluegreen Vacations Corporation shareholders	\$ 26,710	\$ 23,990	\$ 47,685	\$ 41,639
Earnings per share attributable to Bluegreen Vacations Corporation shareholders - Basic and diluted	\$ 0.36	\$ 0.34	(1) \$ 0.64	\$ 0.59 (1)

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Weighted average number of common shares
outstanding:

Basic and diluted	74,734	70,998	(1)	74,734	70,998	(1)
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Cash dividends declared per share	\$ 0.15	\$ 0.28	\$ 0.30	\$ 0.28
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* See Note 2 for summary of adjustments.

(1) The calculation of basic and diluted earnings per share reflects the stock split effected in connection with our initial public offering during November 2017 as if the stock split was effected on January 1, 2017.

See accompanying Notes to Consolidated Financial Statements - Unaudited.

BLUEGREEN VACATIONS CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands)

Common Shares Issued		Total	Equity Attributable to Bluegreen Shareholders			Equity Attributable to Non-Controlling Interest
			Common Stock	Additional Paid-in- Capital	Retained Earnings	
74,734,455	*As adjusted balance at December 31, 2017	\$ 433,654	\$ 747	\$ 274,366	\$ 115,520	\$ 43,021
—	Net income	53,609			47,685	5,924
—	Dividends to shareholders	(22,420)			(22,420)	
74,734,455	Balance at June 30, 2018	\$ 464,843	\$ 747	\$ 274,366	\$ 140,785	\$ 48,945

* See Note 2 for summary of adjustments.

See accompanying Notes to Consolidated Financial Statements - Unaudited.

BLUEGREEN VACATIONS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	For the Six Months Ended June 30,	
	2018	2017 *As Adjusted
Operating activities:		
Net income	\$ 53,609	\$ 47,806
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,597	7,012
Loss on disposal of property and equipment	—	428
Provision for loan losses	21,447	22,546
Provision (benefit) for deferred income taxes	2,215	(4,077)
Changes in operating assets and liabilities:		
Notes receivable	(24,236)	(14,741)
Prepaid expenses and other assets	(16,122)	(17,397)
Inventory	(25,770)	(26,351)
Accounts payable, accrued liabilities and other, and deferred income	4,475	8,795
Net cash provided by operating activities	23,215	24,021
Investing activities:		
Purchases of property and equipment	(15,105)	(5,407)
Net cash used in investing activities	(15,105)	(5,407)
Financing activities:		
Proceeds from borrowings collateralized by notes receivable	73,706	148,374
Payments on borrowings collateralized by notes receivable	(68,531)	(133,244)
Proceeds from borrowings collateralized by line-of-credit facilities and notes payable	50,042	30,000
Payments under line-of-credit facilities and notes payable	(24,671)	(16,039)
Payments of debt issuance costs	(187)	(2,839)
Dividends paid	(22,420)	(20,000)
Net cash provided by financing activities	7,939	6,252
Net increase in cash and cash equivalents and restricted cash	16,049	24,866
Cash, cash equivalents and restricted cash at beginning of period	243,349	190,228
Cash, cash equivalents and restricted cash at end of period	\$ 259,398	\$ 215,094

BLUEGREEN VACATIONS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

For the Six Months
Ended
June 30,
2018 2017

Supplemental schedule of operating cash flow information:

Interest paid, net of amounts capitalized	\$ 14,250	\$ 13,071
Income taxes paid	\$ 14,618	\$ 26,406

Supplemental schedule of non-cash investing and financing activities:

Acquisition of inventory, property, and equipment for notes payable	\$ 24,258	\$ —
Restricted cash received on securitization, pending provision of additional collateral	\$ —	\$ 14,578

* See Note 2 for summary of adjustments.

See accompanying Notes to Consolidated Financial Statements - Unaudited.

BLUEGREEN VACATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. Organization and Basis of Presentation

Bluegreen Vacations Corporation is referred to in this report together with its consolidated subsidiaries as “Bluegreen Vacations”, “Bluegreen”, “the Company”, “we”, “us” and “our”. Bluegreen has prepared the accompanying unaudited consolidated financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

In our opinion, the financial information furnished herein reflects all adjustments consisting of normal recurring items necessary for a fair presentation of our financial position, results of operations, and cash flows for the interim periods reported in this Quarterly Report on Form 10-Q. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and, accordingly, actual results could differ from those estimates. The results of operations for the three and six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018 or any other future interim or annual periods. The accompanying financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2017, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 7, 2018.

Initial Public Offering

The initial public offering of our common stock was closed on November 17, 2017. In the initial public offering, we sold 3,736,723 shares of our common stock at the public offering price of \$14.00 per share, less underwriting discounts and commissions. We received net proceeds of approximately \$47.3 million from our sale of shares in the initial public offering. In addition, BBX Capital Corporation (NYSE: BBX) (“BBX Capital”), our sole shareholder prior to the initial public offering, as selling shareholder, sold 3,736,722 shares of our common stock in the initial public offering, including 974,797 shares sold on December 5, 2017 pursuant to the underwriters’ exercise of their option to purchase additional shares, at the public offering price of \$14.00 per share, less underwriting discounts and commissions. We did not receive any proceeds from the sale of shares by BBX Capital. BBX Capital continues to own 90% of our outstanding common stock. Our common stock began trading on the New York Stock Exchange (the “NYSE”) on November 17, 2017 under the symbol “BXG.” In connection with the initial public offering, we effected a 709,977-for-1 stock split. All share and per share amounts herein reflect, or are calculated after giving effect to, such stock split.

Our Business

We are a leading vacation ownership company that markets and sells vacation ownership interests (“VOIs”) and manages resorts in leisure and urban destinations. Our resort network includes 45 Club Resorts (resorts in which owners in the Bluegreen Vacation Club (“Vacation Club”) have the right to use most of the units in connection with their VOI ownership) and 24 Club Associate Resorts (resorts in which owners in our Vacation Club have the right to use a limited number of units in connection with their VOI ownership). Our Club Resorts and Club Associate Resorts are primarily located in popular, high-volume, “drive-to” vacation locations, including Orlando, Las Vegas, Myrtle Beach and Charleston, among others. Through our points-based system, the approximately 215,000 owners in our Vacation Club have the flexibility to stay at units available at any of our resorts and have access to approximately 11,100 other hotels and resorts through partnerships and exchange networks. We have a robust sales and marketing platform supported by exclusive marketing relationships with nationally-recognized consumer brands, such as Bass Pro and Choice Hotels. These marketing relationships drive sales within our core demographic.

Prior to 2009, our vacation ownership business consisted solely of the sale of VOIs in resorts that we developed or acquired (“developed VOI sales”). While we continue to conduct such sales and development activities, we now also derive a significant portion of our revenue from our capital-light business model, which utilizes our expertise and infrastructure to generate both VOI sales and recurring revenue from third parties without the significant capital investment generally associated with the development and acquisition of resorts. Our capital-light business activities include sales of VOIs owned by third-party developers pursuant to which we are paid a commission (“fee-based sales”) and sales of VOIs that we purchase

under just-in-time (“JIT”) arrangements with third-party developers or from secondary market sources. In addition, we provide resorts and resort developers with other fee-based services, including resort management, mortgage servicing, title services and construction management. We also offer financing to qualified VOI purchasers, which generates significant interest income.

Principles of Consolidation and Basis of Presentation

Our unaudited consolidated financial statements include the accounts of all of our wholly-owned subsidiaries, entities in which we hold a controlling financial interest, including Bluegreen/Big Cedar Vacations, LLC (a joint venture in which we are deemed to hold a controlling financial interest based on our 51% equity interest, our active role as the day-to-day manager of its activities, and our majority voting control of its management committee (“Bluegreen/Big Cedar Vacations”), and variable interest entities (sometimes referred to herein as “VIEs”) of which we are the primary beneficiary, as defined by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Consolidations (Topic 810). We do not consolidate the statutory business trusts formed by us to issue trust preferred securities as these entities represent VIEs in which we are not the primary beneficiary. The statutory business trusts are accounted for under the equity method of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Significant Accounting Policies

Reclassification of Prior Period Presentation

Certain amounts for prior periods have been reclassified for consistency with current period presentation. These reclassifications, did not materially affect previously reported cash flows from operations, from investing activities, or from financing activities in the unaudited Consolidated Statements of Cash Flows, and had no effect on the unaudited Consolidated Statements of Income and Comprehensive Income for any period.

Revenue Recognition

Sales of VOIs. Revenue is recognized for sales of VOIs after the legal rescission period has expired on a properly executed VOI sales agreement and the collectibility of the note receivable from the buyer, if any, is reasonably assured. Transfer of control of the VOI to the buyer occurs after the legal rescission period has expired as the risk and rewards associated with VOI ownership are transferred to the buyer at that time. We record customer deposits from contracts within the legal rescission period in Restricted cash and Accrued liabilities and other in our Consolidated Balance Sheets as such amounts are refundable until the legal rescission period has expired. In cases where construction and development of our developed resorts has not been substantially completed, we defer all of the revenues and associated expenses for the sales of VOIs until construction is substantially complete and the resort may

be occupied.

For sales of VOIs for which we provide financing, we have reduced the transaction price for expected loan losses which we consider to be variable consideration. Our estimates of the variable consideration are based on the results of our static pool analysis, which relies on historical payment data for similar VOI notes receivable. Our policies regarding the estimation of variable consideration on our notes receivable are discussed in further detail under “Notes Receivable” below.

Under timeshare accounting rules, rental operations, including accommodations provided through the use of our sampler program, are accounted for as incidental operations whereby incremental carrying costs in excess of incremental revenues are expensed as incurred. Conversely, incremental revenues in excess of incremental carrying costs are recorded as a reduction to the carrying cost of VOI inventory. Incremental carrying costs include costs that have been incurred by us during the holding period of unsold VOIs, such as developer subsidies and maintenance fees on unsold VOI inventory. During each of the periods presented, our aggregate rental revenue and sampler revenue was less than the aggregate carrying cost of our VOI inventory. Accordingly, we recorded such revenue as a reduction to the carrying cost of VOI inventory which is included in Cost of other fee-based services in our Consolidated Statements of Income and Comprehensive Income for each period.

Fee-based sales commission revenue. Revenue is recognized when a sales transaction with a VOI purchaser is consummated in accordance with the terms of the fee-based sales agreement with the third-party developer and the related consumer rescission period has expired.

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Other fee-based services revenue and cost reimbursements. Revenue in connection with our other fee-based services (which are described below) is recognized as follows:

- Resort and club management revenue and related cost reimbursements are recognized as services are rendered. These services provided to the resort homeowner associations (“HOAs”) are comprised of day-to-day services to operate the resort, including management services and certain accounting and administrative functions. Management services provided to the Vacation Club include managing the reservation system and providing owner, billing and collection services. Our management contracts are typically structured as cost-plus with an initial term of three years and automatic one-year renewals. We believe these services to be a series of distinct goods and services to be accounted for as a single performance obligation over time and recognize revenue as the customer receives the benefits of our services. We allocate variable consideration to the distinct good or service within the series, such that revenue from management fees and cost reimbursements is recognized in each period as the uncertainty with respect to such variable consideration is resolved.
- Resort title fee revenue is recognized when escrow amounts are released and title documents are completed.
- Rental revenues are recognized on a daily basis which is consistent with the period for which the customer benefits from such service.
- Mortgage servicing revenue is recognized over time as services are rendered.

Our cost of other fee-based services consists of the costs associated with the various activities described above, as well as developer subsidies and maintenance fees on our unsold VOIs.

Interest Income. We provide financing for a significant portion of sales of our owned VOIs. We recognize interest income from financing VOI sales on the accrual method as earned based on the outstanding principal balance, interest rate and terms stated in each individual financing agreement. See Notes Receivable below for further discussion of the policies applicable to our VOI notes receivable.

Revenue disaggregated by category was as follows (in thousands):

	For the Three Months Ended June 30, 2018		For the Six Months Ended June 30, 2018	
	2017		2017	
Sales of VOIs (1)	\$ 68,573	\$ 59,405	\$ 124,714	\$ 113,641
Fee-based sales commission revenue (2)	60,086	63,915	105,940	109,069
Resort and club management revenue (2)	25,562	22,660	49,514	44,687
Cost reimbursements (2)	14,059	11,893	30,260	26,563
Title fees (1)	3,175	5,737	5,863	8,554
Other revenue (2)	1,654	1,538	3,038	2,815
Revenue from customers	173,109	165,148	319,329	305,329
Interest income (1)	21,118	21,991	42,240	44,377

Other income, net	710	244	891	(1)
Total revenues	\$ 194,937	\$ 187,383	\$ 362,460	\$ 349,705

(1) Included in our sales of VOIs and financing segment described in Note 11.

(2) Included in our resort operations and club management segment described in Note 11.

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Notes receivable

Our notes receivable are carried at amortized cost less an allowance for loan losses. Interest income is suspended, and previously accrued but unpaid interest income is reversed, on all delinquent notes receivable when principal or interest payments are more than 90 days contractually past due and is not resumed until such loans are less than 90 days past due. As of June 30, 2018 and December 31, 2017, \$15.5 million and \$12.9 million, respectively, of our VOI notes receivable were more than 90 days past due, and accordingly, consistent with our policy, were not accruing interest income. After 120 days, our VOI notes receivable are generally written off against the allowance for loan losses.

To the extent we determine that it is probable that a significant reversal of cumulative revenue recognized may occur, we record an estimate of variable consideration as a reduction to the transaction price of the sales of VOIs until the uncertainty associated with the variable consideration is resolved. Our estimates of the variable consideration are based on the results of our static pool analysis, which relies on historical payment data for similar VOI notes receivable and tracks uncollectibles for each period's sales over the entire life of the notes. We also consider whether historical economic conditions are comparable to then current economic conditions, as well as variations in underwriting standards. We review our estimate of variable consideration on at least a quarterly basis. Loan origination costs are deferred and recognized over the life of the related notes receivable.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" as subsequently amended ("ASU 2014-09"). ASU 2014-09 replaces numerous requirements in GAAP, including industry-specific requirements, and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The new standard specifies how and when to recognize revenue from contracts with customers by providing a principle-based framework and requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. We adopted the new guidance on January 1, 2018 using the full retrospective method. We restated financial information previously presented to reflect the full retrospective method of transition to ASU 2014-09.

We have elected to use the following practical expedients as part of our implementation of ASU 2014-09:

- We have utilized the transaction price upon completion of the contract for certain contracts with customers.
- We do not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less or unsatisfied performance obligations or unsatisfied promises to transfer a distinct good or service that forms a part of a single performance obligation recognized over time. See above for further description of variable consideration identified in our contracts with customers.
- We expense all marketing and sales costs as they are incurred.
- In determining the transaction price for contracts with a customer, we exclude all taxes assessed by a governmental authority that are imposed on a specified transaction concurrent with the closing thereof and collected by us from a

customer.

We do not believe that the use of these practical expedients materially impacted the unaudited consolidated financial statements and disclosures herein.

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The following represents the impact of the adoption of ASU 2014-09 on our consolidated balance sheets as of December 31, 2017 and, December 31, 2016 and our consolidated statements of income for the three and six months ended June 30, 2017 and the years ended December 31, 2017 and 2016 (in thousands, except per share data):

	For the Three Months Ended June 30, 2017		
	Prior to Adoption	New Revenue Standard Adjustment	As Adjusted
Income Statement:			
Sales of VOIs	\$ 56,695	\$ 2,710	\$ 59,405
Cost reimbursements	—	11,893	11,893
Cost reimbursements	—	11,893	11,893
Cost of VOIs sold	1,135	614	1,749
Selling, general and administrative expenses	106,782	706	107,488
Income before non-controlling interest and provision for income taxes	41,413	1,389	42,802
Provision for income taxes	14,798	494	15,292
Net income	26,615	895	27,510
Less: Net income attributable to non-controlling interest	3,481	39	3,520
Net income attributable to Bluegreen Vacations Corporation shareholders	\$ 23,134	\$ 856	\$ 23,990
Basic and diluted earnings per share	\$ 0.33	\$ 0.01	\$ 0.34

	For the Six Months Ended June 30, 2017		
	Prior to Adoption	New Revenue Standard Adjustment	As Adjusted
Income Statement:			
Sales of VOIs	\$ 111,152	\$ 2,489	\$ 113,641
Cost reimbursements	—	26,563	26,563
Cost reimbursements	—	26,563	26,563
Cost of VOIs sold	4,453	455	4,908
Selling, general and administrative expenses	196,766	557	197,323
Income before non-controlling interest and provision for income taxes	72,233	1,476	73,709
Provision for income taxes	25,324	579	25,903
Net income	46,909	897	47,806
Less: Net income attributable to non-controlling interest	6,288	(121)	6,167
Net income attributable to Bluegreen Vacations Corporation shareholders	\$ 40,621	\$ 1,018	\$ 41,639
Basic and diluted earnings per share	\$ 0.57	\$ 0.02	\$ 0.59

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As of and for the Year ended December
31, 2017

		New Revenue	
	As Previously Reported	Standard Adjustment	As Adjusted

Balance Sheet:			
Notes receivable, net	\$ 431,801	\$ (4,943)	\$ 426,858
Deferred income	36,311	(19,418)	16,893
Deferred income taxes	83,628	5,338	88,966
Total shareholders' equity	\$ 424,517	\$ 9,137	\$ 433,654

Income Statement:			
Sales of VOIs	\$ 239,662	\$ 2,355	\$ 242,017
Cost reimbursements	—	52,639	52,639
Cost reimbursements	—	52,639	52,639
Cost of VOIs sold	17,439	240	17,679
Selling, general and administrative expenses	420,746	453	421,199
Income before non-controlling interest and provision for income taxes	135,336	1,662	136,998
Provision (benefit) for income taxes	(2,974)	629	(2,345)
Net income	138,310	1,033	139,343
Less: Net income attributable to non-controlling interest	12,784	(24)	12,760
Net income attributable to Bluegreen Vacations Corporation shareholders	\$ 125,526	\$ 1,057	\$ 126,583
Basic and diluted earnings per share	\$ 1.76	\$ 0.01	\$ 1.77

As of and for the Year ended December
31, 2016

		New Revenue	
	As Previously Reported	Standard Adjustment	As Adjusted

Balance Sheet:			
Notes receivable, net	\$ 430,480	\$ (4,680)	\$ 425,800
Deferred income	37,015	(17,493)	19,522
Deferred income taxes	126,278	4,711	130,989
Total shareholders' equity	\$ 290,208	\$ 8,103	\$ 298,311

Income Statement:			
Sales of VOIs	\$ 266,142	\$ 7,732	\$ 273,874
Cost reimbursements	—	49,557	49,557
Cost reimbursements	—	49,557	49,557
Cost of VOIs sold	27,346	1,483	28,829
Selling, general and administrative expenses	418,357	1,572	419,929
Income before non-controlling interest and provision for income taxes	124,948	4,676	129,624
Provision for income taxes	40,172	1,448	41,620

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Net income	84,776	3,228	88,004
Less: Net income attributable to non-controlling interest	9,825	300	10,125
Net income attributable to Bluegreen Vacations Corporation			
shareholders	\$ 74,951	\$ 2,928	\$ 77,879
Basic and diluted earnings per share	\$ 1.06	\$ 0.04	\$ 1.10

On March 7, 2018, we filed our 2017 Annual Report which included in Item 8 – Note 2 to the consolidated financial statements the expected impacts to recorded results of the retrospective adjustments to our financial statements for the years ended December 31, 2017 and 2016 due to the adoption of ASU 2014-09. Subsequent to the March 7, 2018 filing date, we revised our calculation of the expected impact of the full retrospective adoption of this standard, and the amounts included in the above tables reflect these revisions. Adoption of the standards related to revenue recognition did not impact the total cash from or used in operating, financing, or investing activities on our consolidated cash flow statements. As previously noted above, certain amounts for prior periods have been reclassified for consistency with current period presentation.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations – Clarifying the Definition of a Business”, which is intended to clarify the determination of whether a company has acquired or sold a business. The definition of a business affects many areas of accounting, including acquisitions, disposals, goodwill and consolidations, and the standard aims to help entities determine whether transactions should be accounted for as acquisitions or disposals of assets or businesses. The standard is expected to result in more acquisitions being accounted for as asset purchases instead of business combinations. The guidance is effective for fiscal years beginning after December 15, 2017. We adopted this standard on January 1, 2018 using the prospective transition method. The adoption of this standard resulted in our acquisition of Éilan Hotel & Spa in April 2018 qualifying as an asset acquisition and consequently, all transaction costs were capitalized as part of the assets acquired.

In March 2018, the FASB issued ASU 2018-05, “Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118” (“ASU 2018-05”). ASU 2018-05 amended ASC Topic 740, “Income Taxes” (“ASC 740”) for the guidance previously provided by SEC Staff Accounting Bulletin No. 118 (“SAB 118”), for the application of ASC 740 in the reporting period in which the U.S. Tax Cuts and Jobs Act (the “Tax Cuts and Jobs Act”) was signed into law. Our adoption of ASU 2018-05 as of March 31, 2018 had no impact on our accounting for income taxes for the six months ended June 30, 2018. Additional information regarding the accounting for income taxes for the Tax Cuts and Jobs Act is contained in Note 9, Income Taxes.

Future Adoption of Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, as subsequently amended by ASU 2018-01 and ASU 2018-11, “Leases (Topic 842)” (“ASU 2016-02”). This update will require assets and liabilities to be recognized on the balance sheet of a lessee for the rights and obligations created by leases of assets with terms of more than 12 months. For income statement purposes, the update retained a dual model, requiring leases to be classified as either operating or finance based on largely similar criteria to those applied in current lease accounting, but without explicit bright lines. ASU 2016-02 also requires extensive quantitative and qualitative disclosures, including significant judgments made by management, to provide greater insight into the extent of revenue and expense both recognized and expected to be recognized from existing leases. This standard will be effective for us on January 1, 2019. Entities have the option to adopt the standard under a modified retrospective approach which applies the transition guidance at the beginning of the earliest period presented or an optional transition method which applies the transition guidance on the date of adoption with a cumulative-effect adjustment to the opening balance of retained earnings. We expect that the implementation of this new standard will have a material impact on our consolidated financial statements and disclosures. We anticipate the recognition of additional assets and corresponding liabilities related to these leases on our consolidated statements of income and comprehensive income.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326)” (“ASU 2016-13”), which introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. ASU 2016-13 also expands the disclosure requirements regarding an entity’s assumptions, models, and methods for estimating the allowance for loan losses. Further, public entities will be required to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination (i.e., by vintage year). This standard will be effective for us on January 1, 2020. Early adoption is permitted beginning on January 1, 2019. We are currently evaluating the impact that ASU 2016-13 may have on our consolidated financial statements.

3. Notes Receivable

The table below provides information relating to our notes receivable and our allowance for loan losses as of June 30, 2018 and December 31, 2017 (dollars in thousands):

	As of June 30, 2018	December 31, 2017
Notes receivable secured by VOIs:		
VOI notes receivable - non-securitized	\$ 170,296	\$ 184,971
VOI notes receivable - securitized	381,886	364,349
	552,182	549,320
Allowance for loan losses - non-securitized	(37,628)	(38,497)
Allowance for loan losses - securitized	(85,870)	(85,161)
VOI notes receivable, net	\$ 428,684	\$ 425,662
Allowance as a % of VOI notes receivable	22%	23%
Notes receivable secured by homesites: (1)		
Homesite notes receivable	1,070	1,329
Allowance for loan losses	(107)	(133)
Homesite notes receivable, net	\$ 963	\$ 1,196
Allowance as a % of homesite notes receivable	10%	10%
Total notes receivable:		
Gross notes receivable	\$ 553,252	\$ 550,649
Allowance for loan losses	(123,605)	(123,791)
Notes receivable, net	\$ 429,647	\$ 426,858
Allowance as a % of gross notes receivable	22%	22%

(1) Notes receivable secured by homesites were originated through a business, substantially all the assets of which were sold by us in 2012.

The weighted-average interest rate on our notes receivable was 15.4% and 15.3% at June 30, 2018 and December 31, 2017, respectively. All of our VOI loans bear interest at fixed rates. The weighted-average interest rate charged on our notes receivable secured by VOIs was 15.4% and 15.3% at June 30, 2018 and December 31, 2017, respectively.

Credit Quality for Financed Receivables and the Allowance for Loan Losses

The activity in our allowance for loan losses (including with respect to our homesite notes receivable) was as follows (in thousands):

	For the Six Months Ended June 30, 2018
Balance, beginning of period	\$ 123,791
Provision for loan losses	21,447
Less: Write-offs of uncollectible receivables	(21,633)
Balance, end of period	\$ 123,605

We hold large amounts of homogeneous VOI notes receivable and assess uncollectibility based on pools of receivables. In estimating variable considerations, management does not use a single primary indicator of credit quality but instead evaluates our VOI notes receivable based upon a static pool analysis that incorporates the aging of the respective receivables, default trends and prepayment rates by origination year, as well as the FICO scores of the borrowers.

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The following table shows the delinquency status of our VOI notes receivable as of June 30, 2018 and December 31, 2017 (in thousands):

	As of	
	June 30, 2018	December 31, 2017
Current	\$ 527,487	\$ 525,482
31-60 days	5,825	6,088
61-90 days	3,368	4,897
Over 91 days (1)	15,502	12,853
Total	\$ 552,182	\$ 549,320

(1) Includes \$11.0 million and \$7.6 million as of June 30, 2018 and December 31, 2017, respectively, related to VOI notes receivable that, as of such date, had defaulted, but the related VOI note receivable balance had not yet been charged off in accordance with the provisions of certain of our receivable-backed notes payable transactions. These VOI notes receivable have been reflected in the allowance for loan losses.

4. Variable Interest Entities

We sell VOI notes receivable through special purpose finance entities. These transactions are generally structured as non-recourse to us and are designed to provide liquidity for us and to transfer the economic risks and benefits of the notes receivable to third parties. In a securitization, various classes of debt securities are issued by the special purpose finance entities that are generally collateralized by a single tranche of transferred assets, which consist of VOI notes receivable. We service the securitized notes receivable for a fee pursuant to servicing agreements negotiated with third parties based on market conditions at the time of the securitization.

In these securitizations, we generally retain a portion of the securities and continue to service the securitized notes receivable. Under these arrangements, the cash payments received from obligors on the receivables sold are generally applied monthly to pay fees to service providers, make interest and principal payments to investors, and fund required reserves, if any, with the remaining balance of such cash retained by us; however, to the extent the portfolio of receivables fails to satisfy specified performance criteria (as may occur due to, among other things, an increase in default rates or credit loss severity) or other trigger events occur, the funds received from obligors are required to be distributed on an accelerated basis to investors. Depending on the circumstances and the transaction, the application of the accelerated payment formula may be permanent or temporary until the trigger event is cured. As of June 30, 2018, we were in compliance with all material terms under our securitization transactions, and no trigger events had occurred.

In accordance with applicable accounting guidance for the consolidation of VIEs, we analyze our variable interests, which may consist of loans, servicing rights, guarantees, and equity investments, to determine if an entity in which we have a variable interest is a VIE. The analysis includes a review of both quantitative and qualitative factors. We base our quantitative analysis on the forecasted cash flows of the entity. We base our qualitative analysis on the structure of the entity, including our decision-making ability and authority with respect to the entity, and relevant financial agreements. We also use a qualitative analysis to determine if we must consolidate a VIE as the primary beneficiary. In accordance with applicable accounting guidance, we have determined these securitization entities to be VIEs of which we are the primary beneficiary and, therefore, we consolidate the entities into our financial statements.

Under the terms of certain of our VOI note sales, we have the right to repurchase or substitute a limited amount of defaulted notes for new notes at the outstanding principal balance plus accrued interest. Voluntary repurchases and substitutions by us of defaulted notes during the six months ended June 30, 2018 and 2017 were \$3.1 million and \$4.9 million, respectively. Our maximum exposure to loss relating to our non-recourse securitization entities is the difference between the outstanding VOI notes receivable and the notes payable, plus cash reserves and any additional residual interest in future cash flows from collateral.

The assets and liabilities of our consolidated VIEs are as follows (in thousands):

	As of June 30, 2018	December 31, 2017
Restricted cash	\$ 20,959	\$ 19,488
Securitized notes receivable, net	296,016	279,188
Receivable backed notes payable - non-recourse	325,512	336,421

The restricted cash and the securitized notes receivable balances disclosed in the table above are restricted to satisfy obligations of the VIEs.

5. Inventory

Our VOI inventory consists of the following (in thousands):

	As of June 30, 2018	December 31, 2017
Completed VOI units	\$ 238,839	\$ 194,503
Construction-in-progress	18,269	22,334
Real estate held for future development	70,789	64,454
	\$ 327,897	\$ 281,291

The interest expense reflected in our unaudited Consolidated Statements of Income and Comprehensive Income is net of capitalized interest. Interest capitalized to VOI inventory was \$1.0 million and \$1.1 million at June 30, 2018 and December 31, 2017, respectively.

6. Debt

Lines-of-Credit and Notes Payable

We have outstanding borrowings with various financial institutions and other lenders. Financial data related to our lines of credit and notes payable (other than receivable-backed notes payable, which are discussed below) as of June 30, 2018 and December 31, 2017, was as follows (dollars in thousands):

	As of June 30, 2018			December 31, 2017		
	Balance	Interest Rate	Carrying Amount of Pledged Assets	Balance	Interest Rate	Carrying Amount of Pledged Assets
2013 Notes Payable	\$ 39,375	5.50%	\$ 33,773	\$ 46,500	5.50%	\$ 29,403
Pacific Western Term Loan	2,500	7.31%	8,568	2,715	6.72%	9,884
Fifth Third Bank Note Payable	3,957	4.98%	7,981	4,080	4.36%	8,071
NBA Line of Credit	3,547	5.23%	17,853	5,089	4.75%	15,260
NBA Éilan Loan	24,258	5.23%	34,509	—	—	—
Fifth Third Syndicated LOC	55,000	4.88%	86,907	20,000	4.27%	75,662
Fifth Third Syndicated Term	23,125	4.84%	26,796	23,750	4.32%	23,960
Unamortized debt issuance costs	(2,111)			(1,940)	—	—
Total	\$ 149,651		\$ 216,387	\$ 100,194		\$ 162,240

NBA Éilan Loan. On April 17, 2018, we purchased the Éilan Hotel & Spa in San Antonio, Texas for approximately \$34.3 million. In connection with the acquisition, we entered into a non-revolving acquisition loan with (the “NBA Éilan Loan”) with the National Bank of Arizona (“NBA”). The NBA Éilan Loan provides for advances of up to \$27.5 million, \$24.3 million of which was used to fund the acquisition of the resort and up to an additional \$3.2 million which may be drawn upon to fund certain future improvement costs over a 12-month advance period. Principal payments will be effected through release payments from sales of VOIs at Éilan Hotel & Spa that serve as collateral for the NBA Éilan Loan, subject to a minimum amortization schedule, with the remaining balance due at maturity in April 2023. Borrowings under the NBA Éilan Loan bear interest at an annual rate equal to one month LIBOR plus 3.25%, subject to a floor of 4.75%. As of June 30, 2018, there was \$24.3 million outstanding on the NBA Éilan Loan.

Other than the NBA Éilan Loan, there were no new debt issuances or significant changes related to the above listed lines-of-credit or notes payable during the six months ended June 30, 2018. See Note 8 to our Consolidated Financial Statements included in the 2017 Annual Report on Form 10-K for additional information regarding our other lines-of-credit and notes payable listed above.

Receivable-Backed Notes Payable

Financial data related to our receivable-backed notes payable facilities was as follows (dollars in thousands):

	As of June 30, 2018		December 31, 2017			
	Debt Balance	Interest Rate	Principal Balance of Pledged/ Secured Receivables	Debt Balance	Interest Rate	Principal Balance of Pledged/ Secured Receivables
Receivable-backed notes						
payable - recourse:						
Liberty Bank Facility	\$ 41,529	4.75%	\$ 49,127	\$ 24,990	5.00%	\$ 30,472
NBA Receivables Facility	41,623	4.73%	53,857	44,414	4.10%	53,730
Pacific Western Facility	18,430	6.24%	23,761	15,293	6.00%	19,516
Total	101,582		126,745	84,697		103,718
Receivable-backed notes						
payable - non-recourse:						
KeyBank/DZ Purchase Facility	\$ 32,160	4.84%	\$ 39,866	\$ 16,144	4.31%	\$ 19,866
Quorum Purchase Facility	29,743	4.75-5.50%	33,465	16,771	4.75-6.90%	18,659
2012 Term Securitization	18,926	2.94%	21,340	23,227	2.94%	25,986
2013 Term Securitization	32,257	3.20%	34,565	37,163	3.20%	39,510
2015 Term Securitization	50,854	3.02%	54,590	58,498	3.02%	61,705
2016 Term Securitization	72,553	3.35%	81,021	83,142	3.35%	91,348
2017 Term Securitization	94,365	3.12%	106,014	107,624	3.12%	119,582
Unamortized debt issuance costs	(5,346)	---	—	(6,148)	---	—
Total	325,512		370,861	336,421		376,656
Total receivable-backed debt	\$ 427,094		\$ 497,606	\$ 421,118		\$ 480,374

Except as described below, there were no new debt issuances or significant changes related to the above listed facilities during the six months ended June 30, 2018.

Liberty Bank Facility. Since 2008, we have maintained a revolving VOI notes receivable hypothecation facility (the “Liberty Bank Facility”) with Liberty Bank which provides for advances on eligible receivables pledged under the Liberty Bank Facility, subject to specified terms and conditions, during a revolving credit period. On March 12, 2018, we amended and restated the Liberty Bank Facility to extend the revolving credit period from March 2018 to March 2020, extend the maturity date from November 2020 until March 2023, and amend the interest rate on borrowings as

described below. Subject to its terms and conditions, the Liberty Bank Facility provides for advances of (i) 85% of the unpaid principal balance of Qualified Timeshare Loans assigned to agent, and (ii) 60% of the unpaid principal balance of Non-Conforming Timeshare Loans assigned to agent, during the revolving credit period of the facility. Maximum permitted outstanding borrowings under the Liberty Bank Facility are \$50.0 million, subject to the terms of the facility. Through March 31, 2018, borrowings under the Liberty Bank Facility bore interest at the Wall Street Journal (“WSJ”) Prime Rate plus 0.50% per annum, subject to a 4.00% floor. Pursuant to the March 2018 amendment to the Liberty Bank Facility, effective April 1, 2018, all borrowings outstanding under the facility bear interest at an annual rate equal to the WSJ Prime Rate, subject to a 4.00% floor. Principal and interest due under the Liberty Bank Facility are paid as cash is collected on the pledged receivables, with the remaining balance being due upon maturity.

Quorum Purchase Facility. We and Bluegreen/Big Cedar Vacations have a VOI notes receivable purchase facility (the “Quorum Purchase Facility”) with Quorum Federal Credit Union (“Quorum”), pursuant to which Quorum has agreed to purchase eligible VOI notes receivable in an amount of up to an aggregate \$50.0 million purchase price, subject to certain conditions precedent and other terms of the facility. On April 6, 2018, the Quorum Purchase Facility was amended to extend the revolving purchase period from June 30, 2018 to June 30, 2020, and provide for a fixed interest rate of 4.95% per annum

on advances made through September 30, 2018. The interest rate on advances made after September 30, 2018 will be set at the time of funding based on rates mutually agreed upon by all parties. The amendment also reduced the loan purchase fee applicable to future advances from 0.50% to 0.25% and extended the maturity of the Quorum Purchase Facility from December 2030 to December 2032. Of the amounts outstanding under the Quorum Purchase Facility at June 30, 2018, \$2.4 million accrues interest at a rate per annum of 5.5%, \$18.9 million accrues interest at a rate per annum of 4.95%, \$2.9 million accrues interest at a rate per annum of 5.0%, and \$5.5 million accrues interest at a rate per annum of 4.75%. The Quorum Purchase Facility provides for an 85% advance rate on eligible receivables sold under the facility, however Quorum can modify this advance rate on future purchases subject to the terms and conditions of the Quorum Purchase Facility. Eligibility requirements for VOI notes receivable sold include, among others, that the obligors under the VOI notes receivable sold be members of Quorum at the time of the note sale. Subject to performance of the collateral, we or Bluegreen/Big Cedar Vacations, as applicable, will receive any excess cash flows generated by the VOI notes receivable transferred to Quorum under the facility (excess meaning after payment of customary fees, interest and principal under the facility) on a pro-rata basis as borrowers make payments on their VOI notes receivable. While ownership of the VOI notes receivable included in the Quorum Purchase Facility is transferred and sold for legal purposes, the transfer of these VOI notes receivable is accounted for as a secured borrowing for financial reporting purposes. The facility is nonrecourse.

See Note 8 to our Consolidated Financial Statements included in the 2017 Annual Report on Form 10-K for additional information regarding our other receivable-backed notes payable facilities listed above.

Junior Subordinated Debentures

Financial data relating to our junior subordinated debentures are as follows:

Trust	Carrying Value as of June 30, 2018 (1)	Initial Equity In Trust (2)	Issue Date	Interest Rate	Interest Rate at June 30, 2018	Maturity Date	Carrying Value as of December 31, 2017 (1)
				3-month LIBOR			
BST I	\$ 14,814	\$ 696	3/15/2005	+ 4.90%	7.21%	3/30/2035	\$ 14,703
				3-month LIBOR			
BST II	16,593	774	5/4/2005	+ 4.85%	7.21%	7/30/2035	16,472
				3-month LIBOR			
BST III	6,717	310	5/10/2005	+ 4.85%	7.21%	7/30/2035	6,670
				3-month LIBOR			
BST IV	9,875	464	4/24/2006	+ 4.85%	7.16%	6/30/2036	9,802
				3-month LIBOR			
BST V	9,875	464	7/21/2006	+ 4.85%	7.16%	9/30/2036	9,802
				3-month LIBOR			
BST VI	13,034	619	2/26/2007	+ 4.80%	7.16%	4/30/2037	12,935
	\$ 70,908	\$ 3,327					\$ 70,384

- (1) Amounts include purchase accounting adjustments which reduced the total carrying value by \$39.9 million and \$40.4 million as of June 30, 2018 and December 31, 2017, respectively.
- (2) Initial Equity in Trust is recorded as part of other assets in the unaudited Consolidated Balance Sheets.

As of June 30, 2018, we were in compliance with all financial debt covenants under our debt instruments. As of June 30, 2018, we had availability of approximately \$140.5 million under our receivable-backed purchase and credit facilities, inventory lines of credit and corporate credit line, subject to eligible collateral and the terms of the facilities, as applicable.

7. Fair Value of Financial Instruments

ASC 820 Fair Value Measurements and Disclosures (Topic 820) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability

Level 3: Unobservable inputs for the asset or liability

The carrying amounts of financial instruments included in the consolidated financial statements and their estimated fair values are as follows (in thousands):

	As of June 30, 2018		As of December 31, 2017	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Cash and cash equivalents	\$ 205,745	\$ 205,745	\$ 197,337	\$ 197,337
Restricted cash	53,653	53,653	46,012	46,012
Notes receivable, net	429,647	520,000	426,858	525,000
Lines-of-credit, notes payable, and receivable-backed notes payable	576,745	575,900	521,312	529,400
Junior subordinated debentures	70,908	91,000	70,384	88,500

Cash and cash equivalents. The amounts reported in the unaudited Consolidated Balance Sheets for cash and cash equivalents approximate fair value.

Restricted cash. The amounts reported in the unaudited Consolidated Balance Sheets for restricted cash approximate fair value.

Notes receivable, net. The fair value of our notes receivable is estimated using Level 3 inputs and is based on estimated future cash flows considering contractual payments and estimates of prepayments and defaults, discounted at a market rate.

Lines-of-credit, notes payable, and receivable-backed notes payable. The amounts reported in the unaudited Consolidated Balance Sheets approximate fair value for indebtedness that provides for variable interest rates. The fair value of our fixed-rate, receivable-backed notes payable was determined using Level 3 inputs by discounting the net cash outflows estimated to be used to repay the debt. These obligations are to be satisfied using the proceeds from the consumer loans that secure the obligations.

Junior subordinated debentures. The fair value of our junior subordinated debentures is estimated using Level 3 inputs based on the contractual cash flows discounted at a market rate or based on market price quotes from the over-the-counter bond market.

8. Commitments and Contingencies

In lieu of paying maintenance fees for unsold VOI inventory, we provide subsidies to certain HOAs to provide funds to operate and maintain vacation ownership properties in excess of assessments collected from owners of the VOIs. During the six months ended June 30, 2018 and 2017, we made payments related to such subsidies of \$0.6 million and \$0.1 million, respectively. As of June 30, 2018, we had \$4.6 million accrued for such subsidies, which is included in accrued liabilities and other in the unaudited Consolidated Balance Sheets as of such date herein. As of December 31, 2017, we had no accrued liabilities for such subsidies. As of June 30, 2018, we were providing subsidies to ten HOAs.

In September 2017, we entered into an agreement with a former executive in connection with his retirement. Pursuant to the terms of the agreement, we agreed to make payments totaling approximately \$2.9 million through March 2019. As of June 30, 2018, \$1.6 million remained payable under this agreement. Also, during the second half of 2017, we commenced an initiative designed to streamline our operations in certain areas to facilitate future growth. Such initiative resulted in \$5.8 million of severance accrued as of December 31, 2017 and \$0.6 million accrued as of June 30, 2018, such amounts are included in accrued liabilities and other in the unaudited Consolidated Balance sheets herein.

In October 2013, we entered into an agreement to purchase from an unaffiliated third party completed VOI inventory at the Lake Eve Resort in Orlando, Florida over a five-year period. The total purchase commitment was \$35.1 million. During the six months ended June 30, 2018, we paid the final \$4.6 million under this agreement. There are no remaining amounts payable under this agreement.

In March 2018, we approved in principle the material terms of an Executive Leadership Incentive Plan (the “ELIP”), which provides for the grant of cash-settled performance units (“Performance Units”) and cash-settled stock appreciation rights (“SARs”) to participants in the ELIP. It is contemplated that each participant will be granted award opportunities representing a percentage of his or her base salary (the “Target LTI”). In the case of certain of our executive officers, the award will be divided 30% to SARs and 70% to Performance Units. For other participants, including our senior vice presidents, certain vice presidents and certain other employees, the award will be 100% in Performance Units. Performance Units will represent the right of the recipient to receive a cash payment based on the achievement of levels of EBITDA and return on invested capital (“ROIC”) during a two-year period. SARs granted under the ELIP, upon exercise after vesting, will entitle the holder to a cash payment in an amount equal to the excess of the market price of our common stock on the date of exercise over the exercise price of the SAR. The SARs will vest in equal annual installments on the first, second and third anniversary of the date of grant and have a five-year term. In March 2018, our Compensation Committee approved grants of 639,643 SARs at an exercise price of \$19.72 per share to certain of our officers. As of June 30, 2018, we had \$2.1 million accrued for the ELIP included in accrued liabilities and other in the unaudited Consolidated Balance Sheet as of such date.

In the ordinary course of business, we become subject to claims or proceedings from time to time relating to the purchase, sale, marketing, or financing of VOIs or our other business activities. Additionally, from time to time in the ordinary course of business, we become involved in disputes with existing and former employees, vendors, taxing jurisdictions and various other parties, and we also receive individual consumer complaints, as well as complaints received through regulatory and consumer agencies, including Offices of State Attorneys General. We take these matters seriously and attempt to resolve any such issues as they arise.

Reserves are accrued for matters in which management believes it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. Management does not believe that the aggregate liability relating to known contingencies in excess of the aggregate amounts accrued will have a material impact on our results of operations or financial condition. However, litigation is inherently uncertain and the actual costs of resolving legal claims, including awards of damages, may be substantially higher than the amounts accrued for these claims and may have a material adverse impact on our results of operations or financial condition.

Management is not at this time able to estimate a range of reasonably possible losses with respect to matters in which it is reasonably possible that a loss will occur. In certain matters, management is unable to estimate the loss or reasonable range of loss until additional developments provide information sufficient to support an assessment of the loss or range of loss. Frequently in these matters, the claims are broad and the plaintiffs have not quantified or factually supported their claim.

On August 24, 2016, Whitney Paxton and Jeff Reeser filed a lawsuit against Bluegreen Vacations Unlimited, Inc. (“BVU”), our wholly-owned subsidiary, and certain of its employees, seeking to establish a class action of former and current employees of BVU and alleging violations of plaintiffs’ rights under the Fair Labor Standards Act of 1938 (the “FLSA”) and breach of contract. The lawsuit also claims that the defendants terminated plaintiff Whitney Paxton as retaliation for her complaints about alleged violations of the FLSA. The lawsuit seeks damages in the amount of the unpaid compensation owed to the plaintiffs. During July 2017, a magistrate judge entered a report and recommendation that the plaintiffs’ motion to conditionally certify collective action and facilitate notice to potential class members be granted with respect to certain employees and denied as to others. During September 2017, the judge accepted the recommendation and granted preliminary approval of class certification. Based on that conditional class certification, all potential class members were provided Consent Forms to opt-in to the lawsuit, which opt-in period has since expired, and a set number of opt-ins has been determined

(approximately 80). Class-wide discovery was subsequently served and plaintiffs filed a Motion for Protective Order which is pending. We intend to seek to compel 59 of the currently named opt-in plaintiffs to submit their respective claims to arbitration on an individual basis. We believe that the lawsuit is without merit and intend to vigorously defend the action.

On September 22, 2017, Stephen Potje, Tamela Potje, Sharon Davis, Beafus Davis, Matthew Baldwin, Tammy Baldwin, Arnor Lee, Angela Lee, Gretchen Brown, Paul Brown, Jeremy Estrada, Emily Estrada, Michael Oliver, Carrie Oliver, Russell Walters, Elaine Walters, and Mike Ericson, individually and on behalf of all other similarly situated, filed a purported class action lawsuit against us which asserted claims for alleged violations of the Florida Deceptive and Unfair Trade Practices Act and the Florida False Advertising Law. In the complaint, the plaintiffs alleged the making of false representations in connection with our sales of VOIs, including representations regarding the ability to use points for stays or other experiences with other vacation providers, the ability to cancel VOI purchases and receive a refund of the purchase price and the ability to roll over unused points, and that annual maintenance fees would not increase. The complaint sought to establish a class of consumers who, since the beginning of the applicable statute of limitations, purchased VOIs from us, had their annual maintenance fees relating to our VOIs increased, or were unable to roll over their unused points to the next calendar year. The plaintiffs sought damages in the amount alleged to have been improperly obtained by us, as well as any statutory enhanced damages, attorneys' fees and costs, and equitable and injunctive relief. On November 20, 2017, we moved to dismiss the complaint and, in response, the plaintiffs filed an amended complaint dropping the claims relating to the Florida Deceptive and Unfair Trade Practices Act and adding claims for fraud in the inducement and violation of the Florida Vacation Plan and Timesharing Act. On March 20, 2018, the plaintiffs withdrew their motion for class action certification and on March 23, 2018, the court ordered dismissal of the suit. On April 24, 2018, the plaintiffs filed a new lawsuit against BVU, for substantially the same claims, but only on behalf of the 18 named individuals and not as a class action. We believe that the lawsuit is without merit and intend to vigorously defend the action.

On January 4, 2018, Gordon Siu, individually and on behalf of all others similarly situated, filed a lawsuit against BVU and others, Choice Hotels International, Inc. which asserted claims for alleged violations of California law that relates to the recording of telephone conversations with consumers. Plaintiff alleges that after staying at a Choice Hotels resort, defendants placed a telemarketing call to plaintiff to sell the Choice Hotels customer loyalty program and a vacation package at a Choice hotel via the Bluegreen Getaways vacation package program. Plaintiff alleges that he was not timely informed that the phone conversation was being recorded and is seeking certification of a class comprised of other persons recorded on calls without their consent within one year before the filing of the original complaint. After BVU moved to dismiss the complaint, plaintiff amended his complaint to dismiss one of the two causes of action in the original complaint on the basis that that particular statute only concerns land line phones. Plaintiff and Choice agreed to a confidential settlement and Choice has been dismissed from this lawsuit. Plaintiff seeks money damages and injunctive relief. We believe the lawsuit is without merit and intend to vigorously defend the action.

On May 3, 2018, Katja Anderson and George Galloway, individually and on behalf of all other persons similarly situated, filed a lawsuit against us which asserted violations of the Telephone Consumer Practices Act. The plaintiffs claim that they received multiple telemarketing calls in the spring of 2015 despite their requests not to be called. Plaintiffs seek certification of a class of individuals in the United States who received more than one telephone call made by us or on our behalf within a 12-month period; to a telephone number that has been registered with the National Do Not Call Registry for at least 30 days. Plaintiffs seek money damages, attorneys' fees and a court order requiring us to cease all unsolicited telephone calling activities. We have moved to dismiss the lawsuit, and our

motion is pending. We believe the lawsuit is without merit and intend to vigorously defend the action.

On June 28, 2018, Melissa S. Landon, Edward P. Landon, Shane Auxier and Mu Hpare, individually and on behalf of all others similarly situated, filed a purported class action lawsuit against the Company and BVU asserting claims for alleged violations of the Wisconsin Timeshare Act, Wisconsin law prohibiting illegal referral selling, and Wisconsin law prohibiting illegal attorney's fee provisions. Plaintiffs allegations include that we failed to disclose the identity of the seller of real property at the beginning of its initial contact with the purchaser; that we misrepresented who the seller of the real property was; that we misrepresented the buyer's right to cancel; that we included an illegal attorney's fee provision in its sales document(s); that we offered an illegal "today only" incentive to purchase; and that we utilize an illegal referral selling program to induce the sale of VOIs. Plaintiffs seek certification of a class consisting of all persons who, in Wisconsin, purchased from us one or more VOIs within six years prior to the filing of this lawsuit. Plaintiffs seek statutory damages, attorneys' fees and injunctive relief. We believe the lawsuit is without merit and intend to vigorously defend the action.

Commencing in 2015, it came to our attention that our collection efforts with respect to our VOI notes receivable were being impacted by a then emerging, industry-wide trend involving the receipt of “cease and desist” letters from attorneys purporting to represent certain VOI owners. Following receipt of these letters, we are unable to contact the owners unless allowed by law. We believe these attorneys have encouraged such owners to become delinquent and ultimately default on their obligations and that such actions and our inability to contact the owners are a primary contributor to the increase in our annual default rates. Our average annual default rates have increased from 6.9% in 2015 to 8.4% in 2018. We also estimate that approximately 15.4% of the total delinquencies on our VOI notes receivable as of June 30, 2018 related to VOI notes receivable subject to these letters. We have in a number of cases pursued, and we may in the future pursue, legal action against the VOI owners.

We have an exclusive marketing agreement with Bass Pro, a nationally-recognized retailer of fishing, marine, hunting, camping and sports gear, that provides us with the right to market and sell vacation packages at kiosks in each of Bass Pro’s retail locations and through certain other means. As of June 30, 2018, we were selling vacation packages in 68 of Bass Pro’s stores. We compensate Bass Pro based on VOI sales generated through the program. No compensation is paid to Bass Pro under the agreement on sales made at Bluegreen/Big Cedar Vacations’ resorts. During the six months ended June 30, 2018 and 2017, VOI sales to prospects and leads generated by the agreement with Bass Pro accounted for approximately 14% and 15%, respectively, of our VOI sales volume. On October 9, 2017, Bass Pro advised us that it believed the amounts paid to it as VOI sales commissions should not have been adjusted for certain purchaser defaults. We previously had informed Bass Pro that the aggregate amount of such adjustments for defaults charged back to Bass Pro between January 2008 and June 2017 totaled approximately \$4.8 million. While we believed and continue to believe that these adjustments were appropriate and consistent with both the terms and the intent of the agreements with Bass Pro, in October 2017, in order to demonstrate our good faith, we paid the amount at issue to Bass Pro pending future resolution of the matter. We have continued to make payments to Bass Pro as we believe appropriate and consistent with the agreements, which continue to be adjusted for defaults and Bass Pro has accepted these payments as historically calculated. On July 23, 2018, Bass Pro again raised the issue regarding adjustments for defaults and requested additional information regarding the calculation of commissions payable to Bass Pro and other amounts payable under the agreements, including reimbursements paid to Bluegreen. The issues raised by Bass Pro have not impacted current operations under the marketing agreement or relative to Bluegreen/Big Cedar Vacations. We intend to formally respond to Bass Pro with our view on these matters and intend to provide Bass Pro with all appropriately requested information. Our agreements with Bass Pro provide that in the event of any dispute or disagreement between the parties, either party may give notice and thereafter the CEOs of the parties are required to communicate promptly with each other with a view to resolving the dispute or disagreement. Accordingly, it is anticipated that such process will be followed in good faith and that the parties will appropriately resolve any issues. While we do not believe that any material additional amounts are due to Bass Pro as a result of these matters, any change in the calculations utilized in connection with payments or reimbursements required under the agreements could impact future results.

9. Income Taxes

We file income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. With certain exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2014 for federal returns and 2012 for state returns.

Our effective income tax rate was approximately 26% and 38% during the six months ended June 30, 2018 and 2017, respectively. On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. In addition to changes or limitations to certain tax deductions, the Tax Cuts and Jobs Act permanently lowers the corporate tax rate to 21% from the previous maximum rate of 35%, effective for tax years commencing January 1, 2018. As a result of the reduction of the corporate tax rate to 21%, we were required by GAAP to revalue our deferred tax assets and liabilities as of the date of enactment and to account for the resulting tax effects in continuing operations in the reporting period of enactment. We recorded a one-time, after tax benefit of approximately \$47.7 million during the fourth quarter of 2017 based on the revaluation of our net deferred tax liability. The impact of the Tax Cuts and Jobs Act may differ, possibly materially, from the provisional amounts recorded due to among other things, additional analysis, changes in interpretations and assumptions made by us, and additional regulatory guidance that may be issued. Any such revisions will be treated in accordance with the measurement period guidance outlined in SAB 118 and ASU 2018-05. As such, we expect to complete our analysis no later than December 22, 2018.

Effective income tax rates for interim periods are based upon our current estimated annual rate. Our effective income tax rate varies based upon the estimate of taxable earnings as well as on the mix of taxable earnings in the various states in which we operate.

Certain of our state filings are under routine examination. While there is no assurance as to the results of these audits, we do not currently anticipate any material adjustments in connection with these examinations.

We are party to an Agreement to Allocate Consolidated Income Tax Liability and Benefits with BBX Capital and its subsidiaries pursuant to which, among other customary terms and conditions, the parties agreed to file consolidated federal tax returns. Under the agreement, the parties calculate their respective income tax liabilities and attributes as if each of them was a separate filer. If any tax attributes are used by another party to the agreement to offset its tax liability, the party providing the benefit will receive an amount for the tax benefits realized. We paid BBX Capital or its affiliated entities \$9.9 million and \$14.9 million during the three months ended June 30, 2018, and 2017, respectively, and \$13.8 million and \$25.4 million during the six months ended June 30, 2018 and 2017, respectively, pursuant to this Agreement.

As of June 30, 2018, we did not have any significant amounts accrued for interest and penalties or recorded for uncertain tax positions.

10. Related Party Transactions

BBX Capital may be deemed to be controlled by Alan B. Levan, Chairman of BBX Capital, and John E. Abdo, Vice Chairman of BBX Capital. Together, Messrs. Levan and Abdo may be deemed to beneficially own shares of BBX Capital's Class A Common Stock and Class B Common Stock representing approximately 77% of BBX Capital's total voting power. Mr. Levan and Mr. Abdo serve as our Chairman and Vice Chairman, respectively.

In April 2015, pursuant to a Loan Agreement and Promissory Note, one of our wholly owned subsidiaries provided an \$80.0 million loan to BBX Capital. Amounts outstanding on the loan bore interest at a rate of 10% per annum until July 2017 when the interest rate was reduced to 6% per annum. Payments of interest are required on a quarterly basis, with all outstanding amounts being due and payable at the end of the five-year term. BBX Capital is permitted to prepay the loan in whole or in part at any time, and prepayments will be required, to the extent necessary, in order for us or our subsidiaries to remain in compliance with covenants under outstanding indebtedness. We recognized interest income on the loan to BBX Capital of \$1.2 million and \$2.4 million during the three and six months ended June 30, 2018, respectively, and \$2.0 million and \$4.0 million during the three and six months ended June 30, 2017 respectively.

We paid or reimbursed BBX Capital or its affiliated entities \$0.3 million and \$0.6 million during the three and six months ended June 30, 2018, respectively, and \$0.4 and \$0.8 million during the three and six months ended June 30, 2017, respectively, for management advisory, risk management, administrative and other services. We accrued \$0.3 million and \$0.1 million for the services described above as of June 30, 2018 and December 31, 2017, respectively. BBX Capital or its affiliates paid or reimbursed us \$0.2 million and \$0.3 million during the three and six months ended June 30, 2018, respectively and \$0.1 million during both the three and six months ended June 30, 2017, for other shared services. As of June 30, 2018 and December 31, 2017, \$0.1 million and \$0.2 million, respectively, was due to us from BBX Capital for these services.

During the six months ended June 30, 2018, we paid \$0.4 million for the acquisition of VOI inventory from a company whose President is the son of David L. Pontius, our Executive Vice President and Chief Operating Officer.

See also the description of the Agreement to Allocate Consolidated Income Tax Liability and Benefits under Note 9 above.

11. Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is regularly reviewed by the chief operating decision maker in assessing performance and deciding how to allocate resources. Reportable segments consist of one or more operating segments with similar economic characteristics, products and services, production processes, type of customer, distribution system or regulatory environment.

We report our results of operations through two reportable segments: (i) sales of VOIs and financing; and (ii) resort operations and club management.

Our sales of VOIs and financing segment includes our marketing and sales activities related to the VOIs that we own, including VOIs we acquire under just-in-time and secondary market inventory arrangements, our sale of VOIs through fee-for-service arrangements with third-party developers, our consumer financing activities in connection with sales of VOIs that we own, and our title services operations through a wholly-owned subsidiary.

Our resort operations and club management segment includes our provision of management services activities for our Vacation Club and for a majority of the HOAs of the resorts within our Vacation Club. In connection with those services, we also provide club reservation services, services to owners and billing and collections services to our Vacation Club and certain HOAs. Additionally, we generate revenue within our resort operations and club management segment from our Traveler Plus program, food and beverage and other retail operations, our rental services activities, and our management of construction activities for certain of our fee-based developer clients.

The information provided for segment reporting is obtained from internal reports utilized by management. The presentation and allocation of results of operations may not reflect the actual economic costs of the segments as standalone businesses. Due to the nature of our business, assets are not allocated to a particular segment, and therefore management does not evaluate the balance sheet by segment. If a different basis of allocation were utilized, the relative contributions of the segments might differ but the relative trends in the segments' operating results would, in management's view, likely not be impacted.

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The table below sets forth our segment information for the three months ended June 30, 2018 (in thousands):

	Sales of VOIs and financing	Resort operations and club management	Corporate and other	Elimination	Total
Revenues:					
Sales of VOIs	\$ 68,573	\$ —	\$ —	\$ —	\$ 68,573
Fee-based sales commission revenue	60,086	—	—	—	60,086
Other fee-based services revenue	3,175	27,216	—	—	30,391
Cost reimbursements	—	14,059	—	—	14,059
Mortgage servicing revenue	1,471	—	—	(1,471)	—
Interest income	19,658	—	1,460	—	21,118
Other income, net	—	—	710	—	710
Total revenues	152,963	41,275	2,170	(1,471)	194,937
Costs and expenses:					
Cost of VOIs sold	6,789	—	—	—	6,789
Net carrying cost of VOI inventory	1,650	—	—	(1,650)	—
Cost of other fee-based services	1,115	13,869	—	1,650	16,634
Cost reimbursements	—	14,059	—	—	14,059
Selling, general and administrative expenses	90,834	—	18,870	(124)	109,580
Mortgage servicing expense	1,347	—	—	(1,347)	—
Interest expense	4,622	—	3,873	—	8,495
Total costs and expenses	106,357	27,928	22,743	(1,471)	155,557
Income (loss) before non-controlling interest and provision for income taxes	\$ 46,606	\$ 13,347	\$ (20,573)	\$ —	\$ 39,380
Add: Depreciation and amortization	1,649	403			
Segment Adjusted EBITDA (1)	\$ 48,255	\$ 13,750			

(1) See Management's Discussion and Analysis of Financial Condition and Results of Operations for information regarding Adjusted EBITDA, including how we define Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income.

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The table below sets forth our segment information for the three months ended June 30, 2017 (in thousands):

	Sales of VOIs and financing	Resort operations and club management	Corporate and other	Elimination	Total * As Adjusted
Revenues:					
Sales of VOIs	\$ 59,405	\$ —	\$ —	\$ —	\$ 59,405
Fee-based sales commission revenue	63,915	—	—	—	63,915
Other fee-based services revenue	5,737	24,198	—	—	29,935
Cost reimbursements	—	11,893	—	—	11,893
Mortgage servicing revenue	1,256	—	—	(1,256)	—
Interest income	19,824	—	2,167	—	21,991
Other income, net	—	—	244	—	244
Total revenues	150,137	36,091	2,411	(1,256)	187,383
Costs and expenses:					
Cost of VOIs sold	1,749	—	—	—	1,749
Net carrying cost of VOI inventory	707	—	—	(707)	—
Cost of other fee-based services	1,140	13,527	—	707	15,374
Cost reimbursements	—	11,893	—	—	11,893
Selling, general and administrative expenses	93,017	—	14,461	10	107,488
Mortgage servicing expense	1,266	—	—	(1,266)	—
Interest expense	4,544	—	3,533	—	8,077
Other expense, net	—	—	—	—	—
Total costs and expenses	102,423	25,420	17,994	(1,256)	144,581
Income (loss) before non-controlling interest and provision for income taxes	\$ 47,714	\$ 10,671	\$ (15,583)	\$ —	\$ 42,802
Add: Depreciation and amortization	1,497	397			
Segment Adjusted EBITDA (1)	\$ 49,211	\$ 11,068			

* See Note 2 for summary of adjustments.

(1) See Management's Discussion and Analysis of Financial Condition and Results of Operations for information regarding Adjusted EBITDA, including how we define Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income.

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The table below sets forth our segment information for the six months ended June 30, 2018 (in thousands):

Revenues:	Sales of VOIs and financing	Resort operations and club management	Corporate and other	Elimination	Total
Sales of VOIs	\$ 124,714	\$ —	\$ —	\$ —	\$ 124,714
Fee-based sales commission revenue	105,940	—	—	—	105,940
Other fee-based services revenue	5,863	52,552	—	—	58,415
Cost reimbursements	—	30,260	—	—	30,260
Mortgage servicing revenue	2,916	—	—	(2,916)	—
Interest income	39,272	—	2,968	—	42,240
Other income, net	—	—	891	—	891
Total revenues	278,705	82,812	3,859	(2,916)	362,460
Costs and expenses:					
Cost of VOIs sold	8,601	—	—	—	8,601
Net carrying cost of VOI inventory	4,167	—	—	(4,167)	—
Cost of other fee-based services	2,357	27,521	—	4,167	34,045
Cost reimbursements	—	30,260	—	—	30,260
Selling, general and administrative expenses	162,650	—	40,462	17	203,129
Mortgage servicing expense	2,933	—	—	(2,933)	—
Interest expense	9,332	—	6,930	—	16,262
Total costs and expenses	190,040	57,781	47,392	(2,916)	292,297
Income (loss) before non-controlling interest and provision for income taxes	\$ 88,665	\$ 25,031	\$ (43,533)	\$ —	\$ 70,163
Add: Depreciation and amortization	3,316	798			
Segment Adjusted EBITDA (1)	\$ 91,981	\$ 25,829			

(1) See Management's Discussion and Analysis of Financial Condition and Results of Operations for information regarding Adjusted EBITDA, including how we define Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income.

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The table below sets forth our segment information for the six months ended June 30, 2017 (in thousands):

	Sales of VOIs and financing	Resort operations and club management	Corporate and other	Elimination	Total * As Adjusted
Revenues:					
Sales of VOIs	\$ 113,641	\$ —	\$ —	\$ —	\$ 113,641
Fee-based sales commission revenue	109,069	—	—	—	109,069
Other fee-based services revenue	8,554	47,502	—	—	56,056
Cost reimbursements	—	26,563	—	—	26,563
Mortgage servicing revenue	2,417	—	—	(2,417)	—
Interest income	40,021	—	4,356	—	44,377
Other income (expense), net	—	—	(1)	—	(1)
Total revenues	273,702	74,065	4,355	(2,417)	349,705
Costs and expenses:					
Cost of VOIs sold	4,908	—	—	—	4,908
Net carrying cost of VOI inventory	2,381	—	—	(2,381)	—
Cost of other fee-based services	2,426	26,674	—	2,381	31,481
Cost reimbursements	—	26,563	—	—	26,563
Selling, general and administrative expenses	167,023	—	29,960	340	197,323
Mortgage servicing expense	2,757	—	—	(2,757)	—
Interest expense	8,850	—	6,871	—	15,721
Total costs and expenses	188,345	53,237	36,831	(2,417)	275,996
Income (loss) before non-controlling interest and provision for income taxes	\$ 85,357	\$ 20,828	\$ (32,476)	\$ —	\$ 73,709
Add: Depreciation and amortization	3,015	804			
Segment Adjusted EBITDA (1)	\$ 88,372	\$ 21,632			

* See Note 2 for summary of adjustments.

(1) See Management's Discussion and Analysis of Financial Condition and Results of Operations for information regarding Adjusted EBITDA, including how we define Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income.

12. Subsequent Events

Subsequent events have been evaluated through the date the financial statements were available to be issued. As of such date there were no subsequent events identified that required recognition or disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2017.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Forward-looking statements include all statements that do not relate strictly to historical or current facts and can be identified by the use of words such as "anticipates," "estimates," "expects," "intends," "plans," "believes," "projects," "predicts," "will," "should," "would," "may," "could," "outlook," "potential," and similar expressions or words and phrases of similar import. Forward-looking statements include, among others, statements relating to our future financial performance, our business prospects and strategy, anticipated financial position, liquidity and capital needs and other similar matters. These statements are based on management's current expectations and assumptions about future events, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those expressed in, or implied by, the forward-looking statements as a result of various factors, including, among others:

- adverse trends or disruptions in economic conditions generally or in the vacation ownership, vacation rental and travel industries;
- adverse changes to, or interruptions in, business relationships, including the expiration or termination of our management contracts, exchange networks or other strategic alliances;
- the risks of the real estate market and the risks associated with real estate development, including a decline in real estate values and a deterioration of other conditions relating to the real estate market and real estate development;
- our ability to maintain an optimal level of inventory of vacation ownership interests ("VOIs") for sale;
- the availability of financing and our ability to sell, securitize or borrow against our consumer loans;

- decreased demand from prospective purchasers of VOIs;
- adverse events or trends in vacation destinations and regions where the resorts in our network are located, including weather-related events;
- our indebtedness may impact our financial condition and results of operations, and the terms of our indebtedness may limit, among other things, our activities and ability to pay dividends, and we may not comply with the terms of our indebtedness;
- changes in our senior management;
- our ability to comply with regulations applicable to the vacation ownership industry;
- our ability to successfully implement our growth strategy or maintain or expand our capital light business relationships or activities;
 - our ability to compete effectively in the highly competitive vacation ownership industry;
- risks associated with, and the impact of, regulatory examinations or audits of our operations, and the costs associated with regulatory compliance;

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- our customers' compliance with their payment obligations under financing provided by us, and the impact of defaults on our operating results and liquidity position;
- the ratings of third-party rating agencies, including the impact of any downgrade on our ability to obtain, renew or extend credit facilities, or otherwise raise funds;
- changes in our business model and marketing efforts, plans or strategies, which may cause marketing expenses to increase or adversely impact our revenue, operating results and financial condition;
- the impact of the resale market for VOIs on our business, operating results and financial condition;
- risks associated with our relationships with third-party developers, including that third-party developers who provide VOIs to be sold by us pursuant to fee-based services or just-in-time arrangements may not provide VOIs when planned and that third-party developers may not fulfill their obligations to us or to the homeowners associations that maintain the resorts they developed;
- risks associated with legal and other regulatory proceedings, including claims of noncompliance with applicable regulations or for development related defects, and the impact they may have on our financial condition and operating results;
- audits of our or our subsidiaries' tax returns, including that they may result in the imposition of additional taxes;
- environmental liabilities, including claims with respect to mold or hazardous or toxic substances, and their impact on our financial condition and operating results;
- our ability to maintain the integrity of internal or customer data, the failure of which could result in damage to our reputation and/or subject us to costs, fines or lawsuits;
- risks related to potential business expansion that we may pursue, including that we may not pursue such expansion when or to the extent anticipated or at all, and any such expansion may involve significant costs and the incurrence of significant indebtedness and may not be successful;
- the updating of, and developments with respect to, technology, including the cost involved in updating our technology and the impact that any failure to keep pace with developments in technology could have on our operations or competitive position;
- uncertainty associated with the Tax Cuts and Jobs Act and the impact it may have on our future results; and
-

other risks and uncertainties inherent to our business, the vacation ownership industry and the ownership of our common stock, including those discussed in the “Risk Factors” section of, and elsewhere in, our Annual Report on Form 10-K.

We caution that the foregoing factors are not exclusive. When considering forward-looking statements, the reader should keep in mind the risks, uncertainties and other cautionary statements above and elsewhere in this Quarterly Report on Form 10-Q. The reader should not place undue reliance on any forward-looking statement, which speaks only as of the date made. This Quarterly Report on Form 10-Q also contains information regarding our past performance, and the reader should note that prior or current performance is not guarantee or indication of future performance.

Terms Used in this Quarterly Report on Form 10-Q

Except as otherwise noted or where the context requires otherwise, references in this Quarterly Report on Form 10-Q to “Bluegreen Vacations,” “Bluegreen,” “the Company,” “we,” “us” and “our” refer to Bluegreen Vacations Corporation, together with its consolidated subsidiaries.

Non-GAAP Financial Measures

This Quarterly Report on Form 10-Q includes discussion of terms that are not recognized terms under generally accepted accounting principles in the United States (“GAAP”), and financial measures that are not calculated in accordance with GAAP, including system-wide sales of VOIs, guest tours, sale to tour conversion ratio, average sales volume per guest, Adjusted EBITDA, and Segment Adjusted EBITDA. Refer to “Key Business and Financial Metrics and Terms Used by Management” below for further discussion of these financial metrics. In addition, see “Results of Operations” below for a reconciliation of Adjusted EBITDA to net income and system-wide sales of VOIs to gross sales of VOIs.

Critical Accounting Policies and Estimates

For a discussion of critical accounting policies, see Note 2 to our consolidated financial statements included in Item 1 of this report and “Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2017.

New Accounting Pronouncements

See Note 2 to our consolidated financial statements included in Item 1 of this report for a discussion of new accounting pronouncements applicable to us.

Executive Overview

We are a leading vacation ownership company that markets and sells VOIs and manages resorts in popular leisure and urban destinations. Our resort network includes 45 Club Resorts (resorts in which owners in our Vacation Club have the right to use most of the units in connection with their VOI ownership) and 24 Club Associate Resorts (resorts in which owners in our Vacation Club have the right to use a limited number of units in connection with their VOI ownership). Our Club Resorts and Club Associate Resorts are primarily located in popular, high-volume, “drive-to” vacation locations, including Orlando, Las Vegas, Myrtle Beach and Charleston, among others. Through our points-based system, the approximately 215,000 owners in our Vacation Club have the flexibility to stay at units available at any of our resorts and have access to approximately 11,100 other hotels and resorts through partnerships and exchange networks. We have a robust sales and marketing platform supported by exclusive marketing relationships with nationally-recognized consumer brands Bass Pro and Choice Hotels. These marketing relationships drive sales within our core demographic.

VOI Sales and Financing

Our primary business is the marketing and selling of deeded VOIs, developed either by us or third parties. Customers who purchase these VOIs receive an annual allotment of points, which can be redeemed for stays at one of our resorts or at approximately 11,100 other hotels and resorts available through partnerships and exchange networks. Historically, VOI companies have funded the majority of the capital investment in connection with resort development with internal resources and acquisition and development financing. In 2009, we began selling VOIs on behalf of third-party developers and have successfully diversified from a business focused on capital-intensive resort development to a more flexible model with a balanced mix of developed and capital-light inventory. Our relationships with third-party developers enable us to generate fees from the sales and marketing of their VOIs without incurring the significant upfront capital investment generally associated with resort acquisition or development. While sales of acquired or developed inventory typically result in greater Adjusted EBITDA contribution, fee-based sales typically require no initial investment or development financing risk. Both acquired or developed VOI sales and fee-based VOI sales drive recurring, incremental and long-term fee streams by adding owners to our Vacation Club and new resort management contracts. In conjunction with our VOI sales, we also generate interest income by originating loans to qualified purchasers. Collateralized by the underlying VOIs, our loans are generally structured as 10-year, fully-amortizing loans with a fixed interest rate ranging from approximately 12% to 18% per annum. As of June 30, 2018, the weighted-average interest rate on our VOI notes receivable was 15.4%. In addition, we earn fees for various other services including, title and escrow services in connection with the closing of VOI sales, and for mortgage servicing.

Resort Operations and Club Management

We enter into management agreements with the HOAs that maintain most of the resorts in our Vacation Club and earn fees for providing management services to those HOAs and our approximately 215,000 Vacation Club owners. These resort management services include oversight of housekeeping services, maintenance, and certain accounting and administration functions. Our management contracts yield highly predictable, recurring cash flows and do not have the traditional risks associated with hotel management contracts that are linked to daily rate or occupancy. Our management contracts are typically structured as “cost-plus,” with an initial term of three years and automatic one-year renewals. In connection with the management services provided to the Vacation Club, we manage the reservation system and provide owner, billing and collection services. We have not lost any of the 45 Club Resort management contracts. In addition to resort and club management services, we earn fees for various other services that produce recurring, predictable and long term-revenue, including construction management services for third-party developers.

Principal Components Affecting our Results of Operations

Principal Components of Revenues

Fee-Based Sales. Represent sales of third-party VOIs where we are paid a commission.

JIT Sales. Represent sales of VOIs acquired from third parties in close proximity to when we intend to sell such VOIs.

Secondary Market Sales. Represent sales of VOIs acquired from HOAs or other owners, typically in connection with maintenance fee defaults. This inventory is generally purchased at a greater discount to retail price compared to developed VOI sales and JIT sales.

Developed VOI Sales. Represent sales of VOIs in resorts that we have developed or acquired (not including inventory acquired through JIT and secondary market arrangements).

Financing Revenue. Represents revenue from the financing of VOI sales, which includes interest income and loan servicing fees. We also earn fees from providing mortgage servicing to certain third-party developers relating to VOIs sold by them.

Resort Operations and Club Management Revenue. Represents recurring fees from managing the Vacation Club and transaction fees for certain resort amenities and certain member exchanges. We also earn recurring management fees under our management agreements with HOAs for day-to-day management services, including oversight of housekeeping services, maintenance, and certain accounting and administrative functions.

Other Fee-Based Services. Represents revenue earned from various other services that produce recurring, predictable and long-term revenue, such as title services.

Principal Components of Expenses

Cost of VOIs Sold. Represents the cost at which our owned VOIs sold during the period were relieved from inventory. In addition to inventory from our developed VOI business, our owned VOIs also include those that were acquired by us under JIT and secondary market arrangements. Compared to the cost of our developed VOI inventory, VOIs acquired in connection with JIT arrangements typically have a relatively higher associated cost of sales as a percentage of sales while those acquired in connection with secondary market arrangements typically have a lower cost of sales as a percentage of sales as secondary market inventory is generally obtained from HOAs at a significant discount to retail price. Cost of VOIs sold as a percentage of sales of VOIs varies between periods based on the relative costs of the specific VOIs sold in each period and the size of the point packages of the VOIs sold (primarily due to offered volume discounts, and taking into account consideration of cumulative sales to existing owners). Additionally, the effect of changes in estimates under the relative sales value method, including estimates of projected sales, future defaults, upgrades and incremental revenue from the resale of repossessed VOI inventory, are reflected on a retrospective basis in the period the change occurs. Cost of sales will typically be favorably impacted in periods where a significant amount of secondary market VOI inventory is acquired or actual defaults and equity trades are higher and the resulting change in estimate is recognized. While we believe that additional inventory will be available through the secondary market at favorable prices in the future, there can be no assurance that such inventory will be available as expected.

Net Carrying Cost of VOI Inventory. Represents the maintenance fees and developer subsidies for unsold VOI inventory paid or accrued to the HOAs that maintain the resorts. We attempt to offset this expense, to the extent possible, by generating revenue from renting our VOIs and through utilizing them in our sampler programs. We net such revenue from this expense item.

Selling and Marketing Expense. Represents costs incurred to sell and market VOIs, including costs relating to marketing and incentive programs, tours, and related wages and sales commissions. Revenues from vacation package sales are netted against selling and marketing expenses.

Financing Expense. Represents financing interest expense related to our receivable-backed debt, amortization of the related debt issuance costs and expenses incurred in providing financing and servicing loans, including administrative costs associated with mortgage servicing activities for our loans and the loans of certain third-party developers. Mortgage servicing activities include, among other things, payment processing, reporting and collections services.

Resort Operations and Club Management Expense. Represents costs incurred to manage resorts and the Vacation Club, including payroll and related costs and other administrative costs to the extent not reimbursed by the Vacation Club or HOAs.

General and Administrative Expense. Primarily represents compensation expense for personnel supporting our business and operations, professional fees (including consulting, audit and legal fees), and administrative and related expenses.

Key Business and Financial Metrics and Terms Used by Management

Sales of VOIs. Represent sales of our owned VOIs, including developed VOIs and those acquired through JIT and secondary market arrangements, reduced by equity trade allowances and our provision for loan losses. In addition to the factors impacting system-wide sales of VOIs (as described below), sales of VOIs are impacted by the proportion of system-wide sales of VOIs sold on behalf of third-parties on a commission basis, which are not included in sales of VOIs.

System-wide Sales of VOIs. Represents all sales of VOIs, whether owned by us or a third party immediately prior to the sale. Sales of VOIs owned by third parties are transacted as sales of VOIs in our Vacation Club through the same selling and marketing process we use to sell our VOI inventory. We consider system-wide sales of VOIs to be an important operating measure because it reflects all sales of VOIs by our sales and marketing operations without regard

to whether we or a third party owned such VOI inventory at the time of sale. System-wide sales of VOIs is not a recognized term under GAAP and should not be considered as an alternative to sales of VOIs or any other measure of financial performance derived in accordance with GAAP or to any other method of analyzing our results as reported under GAAP.

Guest Tours. Represents the number of sales presentations given at our sales centers during the period.

Sale to Tour Conversion Ratio. Represents the rate at which guest tours are converted to sales of VOIs and is calculated by dividing the number of sales transactions by the number of guest tours.

Average Sales Volume Per Guest (“VPG”). Represents the sales attributable to tours at our sales locations and is calculated by dividing VOI sales by guest tours. We consider VPG to be an important operating measure because it measures the effectiveness of our sales process, combining the average transaction price with the sale-to-tour conversion ratio.

Adjusted EBITDA. We define Adjusted EBITDA as earnings, or net income, before taking into account interest income (excluding interest earned on VOI notes receivable), interest expense (excluding interest expense incurred on debt secured by our VOI notes receivable), income and franchise taxes, loss (gain) on assets held for sale, depreciation and amortization, amounts attributable to the non-controlling interest in Bluegreen/Big Cedar Vacations (in which we own a 51% interest), and items that we believe are not representative of ongoing operating results. For purposes of the Adjusted EBITDA calculation, no adjustments were made for interest income earned on our VOI notes receivable or the interest expense incurred on debt that is secured by such notes receivable because they are both considered to be part of the operations of our business.

We consider our total Adjusted EBITDA and our Segment Adjusted EBITDA to be an indicator of our operating performance, and it is used by us to measure our ability to service debt, fund capital expenditures and expand our business. Adjusted EBITDA is also used by companies, lenders, investors and others because it excludes certain items that can vary widely

across different industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. Adjusted EBITDA also excludes depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies.

Adjusted EBITDA is not a recognized term under GAAP and should not be considered as an alternative to net income (loss) or any other measure of financial performance or liquidity, including cash flow, derived in accordance with GAAP, or to any other method or analyzing our results as reported under GAAP. The limitations of using Adjusted EBITDA as an analytical tool include, without limitation, that Adjusted EBITDA does not reflect (i) changes in, or cash requirements for, our working capital needs; (ii) our interest expense, or the cash requirements necessary to service interest or principal payments on our indebtedness (other than as noted above); (iii) our tax expense or the cash requirements to pay our taxes; (iv) historical cash expenditures or future requirements for capital expenditures or contractual commitments; or (v) the effect on earnings or changes resulting from matters that we consider not to be indicative of our future operations or performance. Further, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements. In addition, our definition of Adjusted EBITDA may not be comparable to definitions of Adjusted EBITDA or other similarly titled measures used by other companies.

Results of Operations

Adjusted EBITDA for the three and six months ended June 30, 2018 and 2017:

We evaluate the operating performance of our business segments as described in Note 11: Segment Reporting to our unaudited consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q, using Segment Adjusted EBITDA. See above for a discussion of our definition of Adjusted EBITDA, how management uses it to manage our business and material limitations on its usefulness. The following tables set forth Segment Adjusted EBITDA, total Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, the most comparable GAAP financial measure:

For the Three Months Ended June 30,	For the Six Months Ended June 30,
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(in thousands)	2018	2017	2018	2017
Adjusted EBITDA - sales of VOIs and financing	\$ 48,255	\$ 49,211	\$ 91,981	\$ 88,372
Adjusted EBITDA - resort operations and club management	13,750	11,068	25,829	21,632
Total Segment Adjusted EBITDA	62,005	60,279	117,810	110,004
Less: Corporate and other	(20,107)	(17,093)	(42,634)	(34,828)
Total Adjusted EBITDA	\$ 41,898	\$ 43,186	\$ 75,176	\$ 75,176

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2018	2017	2018	2017
Net income attributable to shareholder(s)	\$ 26,710	\$ 23,990	\$ 47,685	\$ 41,639
Net income attributable to the non-controlling interest in Bluegreen/Big Cedar Vacations	3,317	3,520	5,924	6,167
Adjusted EBITDA attributable to the non-controlling interest in Bluegreen/Big Cedar Vacations	(3,292)	(3,413)	(5,884)	(5,973)
Loss (Gain) on assets held for sale	11	18	(9)	40
Add: depreciation and amortization	2,989	2,309	5,917	4,669
Less: interest income (other than interest earned on VOI notes receivable)	(1,381)	(2,091)	(2,816)	(4,195)
Add: interest expense - corporate and other	3,873	3,533	6,930	6,871
Add: franchise taxes	43	28	124	55
Add: provision for income taxes	9,353	15,292	16,554	25,903
Corporate realignment cost	275	—	751	—
Total Adjusted EBITDA	\$ 41,898	\$ 43,186	\$ 75,176	\$ 75,176

The following table reconciles system-wide sales of VOIs to gross sales of VOIs, the most comparable GAAP financial measure.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2018	2017	2018	2017
Gross sales of VOIs	\$ 82,027	\$ 72,738	\$ 146,187	\$ 136,183
Add: Fee-Based sales	89,934	93,612	158,618	159,793
System-wide sales of VOIs	\$ 171,961	\$ 166,350	\$ 304,805	\$ 295,976

	As of and for the Three Months Ended June 30,		As of and for the Six Months Ended June 30,	
	2018	2017	2018	2017
Other Financial Data:				
System-wide sales of VOIs	\$ 171,961	\$ 166,350	\$ 304,805	\$ 295,976

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Total Adjusted EBITDA	\$ 41,898	\$ 43,186	\$ 75,176	\$ 75,176
Adjusted EBITDA - sales of VOIs and financing	\$ 48,255	\$ 49,211	\$ 91,981	\$ 88,372
Adjusted EBITDA - resort operations and club management	\$ 13,750	\$ 11,068	\$ 25,829	\$ 21,632
Number of Bluegreen Vacation Club / Vacation Club Associate resorts at period end	69	65	69	65
Total number of sale transactions	11,235	10,851	20,004	19,040
Average sales volume per guest	\$ 2,646	\$ 2,366	\$ 2,653	\$ 2,403

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For the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017

Sales of VOIs and Financing

	For the Three Months Ended June 30, 2018		2017	
	Amount	% of System- wide sales of VOIs (5)	Amount	% of System- wide sales of VOIs (5)
(in thousands)				
Developed VOI sales (1)	\$ 80,715	47%	\$ 65,214	39%
Secondary Market sales	55,258	32	40,316	24
Fee-Based sales	89,934	52	93,612	56
JIT sales	15,314	9	17,490	11
Less: Equity trade allowances (6)	(69,260)	(40)	(50,282)	(30)
System-wide sales of VOIs	171,961	100%	166,350	100%
Less: Fee-Based sales	(89,934)	(52)	(93,612)	(56)
Gross sales of VOIs	82,027	48	72,738	44
Provision for loan losses (2)	(13,454)	(16)	(13,333)	(18)
Sales of VOIs	68,573	40	59,405	36
Cost of VOIs sold (3)	(6,789)	(10)	(1,749)	(3)
Gross profit (3)	61,784	90	57,656	97
Fee-Based sales commission revenue (4)	60,086	67	63,915	68
Financing revenue, net of financing expense	15,160	9	15,270	9
Other fee-based services - title operations, net	2,060	1	4,597	3
Net carrying cost of VOI inventory	(1,650)	(1)	(707)	0
Selling and marketing expenses	(83,323)	(48)	(86,672)	(52)
General and administrative expenses - sales and marketing	(7,511)	(4)	(6,345)	(4)
Operating profit - sales of VOIs and financing	46,606	27%	47,714	29%
Add: Depreciation	1,649		1,497	
Adjusted EBITDA - sales of VOI and financing	\$ 48,255		\$ 49,211	

(1) Developed VOI sales represent sales of VOIs acquired or developed by us as part of our developed VOI business. Developed VOI sales do not include Secondary Market sales, Fee-Based sales or JIT sales.

- (2) Percentages for provision for loan losses are calculated as a percentage of gross sales of VOIs, which excludes Fee-Based sales (and not as a percentage of system-wide sales of VOIs).
- (3) Percentages for costs of VOIs sold and gross profit are calculated as a percentage of sales of VOIs (and not as a percentage of system-wide sales of VOIs).
- (4) Percentages for Fee-Based sales commission revenue are calculated as a percentage of Fee-Based sales (and not as a percentage of system-wide sales of VOIs).
- (5) Represents the applicable line item, calculated as a percentage of system-wide sales of VOIs unless otherwise indicated in the above footnotes.
- (6) Equity trade allowances are amounts granted to customers upon trading in their existing VOIs in connection with the purchase of additional VOIs.

	For the Six Months Ended June 30,			
	2018		2017	
	Amount	% of System-wide sales of VOIs (5)	Amount	% of System-wide sales of VOIs (5)
(in thousands)				
Developed VOI sales (1)	\$ 128,246	42%	\$ 138,544	47%
Secondary Market sales	131,547	43	78,979	26
Fee-Based sales	158,618	52	159,793	54
JIT sales	18,683	6	23,068	8
Less: Equity trade allowances (6)	(132,289)	(43)	(104,408)	(35)
System-wide sales of VOIs	304,805	100%	295,976	100%
Less: Fee-Based sales	(158,618)	(52)	(159,793)	(54)
Gross sales of VOIs	146,187	48	136,183	46
Provision for loan losses (2)	(21,473)	(15)	(22,542)	(17)
Sales of VOIs	124,714	41	113,641	38
Cost of VOIs sold (3)	(8,601)	(7)	(4,908)	(4)
Gross profit (3)	116,113	93	108,733	96
Fee-Based sales commission revenue (4)	105,940	67	109,069	68
Financing revenue, net of financing expense	29,923	10	30,831	10
Other fee-based services - title operations, net	3,506	1	6,128	2
Net carrying cost of VOI inventory	(4,167)	(1)	(2,381)	(1)
Selling and marketing expenses	(149,006)	(49)	(153,924)	(52)
General and administrative expenses - sales and marketing	(13,644)	(4)	(13,099)	(4)
Operating profit - sales of VOIs and financing	88,665	29%	85,357	29%
Add: Depreciation	3,316		3,015	
Adjusted EBITDA - sales of VOIs and financing	\$ 91,981		\$ 88,372	

- (1) Developed VOI sales represent sales of VOIs acquired or developed by us as part of our developed VOI business. Developed VOI sales do not include Secondary Market sales, Fee-Based sales or JIT sales.
- (2) Percentages for provision for loan losses are calculated as a percentage of gross sales of VOIs, which excludes Fee-Based sales (and not as a percentage of system-wide sales of VOIs).
- (3) Percentages for costs of VOIs sold and gross profit are calculated as a percentage of sales of VOIs (and not as a percentage of system-wide sales of VOIs).
- (4) Percentages for Fee-Based sales commission revenue are calculated as a percentage of Fee-Based sales (and not as a percentage of system-wide sales of VOIs).
- (5) Represents the applicable line item, calculated as a percentage of system-wide sales of VOIs unless otherwise indicated in the above footnotes.
- (6) Equity trade allowances are amounts granted to customers upon trading in their existing VOIs in connection with the purchase of additional VOIs.

Sales of VOIs. Sales of VOIs were \$68.6 million and \$124.7 million during the three and six months ended June 30, 2018, respectively, and \$59.4 million and \$113.6 million during the three and six months ended June 30, 2017, respectively. Gross sales of VOIs were reduced by \$13.5 million and \$21.5 million during the three and six months

ended June 30, 2018, respectively, and \$13.3 million and \$22.5 million during the three and six months ended June 30, 2017, respectively, for the provision for loan losses. The provision for loan losses varies based on the amount of financed, non-fee based sales during the period and changes in our estimates of future notes receivable performance for existing and newly originated loans. Our provision for loan losses as a percentage of gross sales of VOIs was 16% and 15% during the three and six months ended June 30, 2018, respectively, and 18% and 17% for the three and six months ended June 30, 2017, respectively. The percentage of our sales which were realized in cash within 30 days from sale decreased to 44% during the three months ended June 30, 2018 from 45% during the three months ended June 30, 2017, and decreased to 43% during the six months ended June 30, 2018 from 44% during the six months ended June 30, 2017. The decrease in the provision for loan loss is due primarily to the impact of additional reserves on prior years' originations taken in the second quarter of 2017, as well as the impact of an increase in our weighted-average FICO® score in 2018 compared to prior years. We have in recent years experienced an increase in our default rates. We believe that a significant portion of the default increase in recent years is due to the receipt of letters from attorneys who purport to represent certain VOI owners and who have encouraged such owners to become

delinquent and ultimately default on their obligations. See Note 8 to our consolidated financial statements included in Item 1 of this report for additional information regarding such letters and actions taken by us in connection with these letters. While we believe our notes receivable are adequately reserved at this time, actual defaults may differ from the estimates and the reserve may not be adequate. In addition to the factors described below impacting system-wide sales of VOIs, sales of VOIs are impacted by the proportion of system-wide sales of VOIs sold on behalf of third parties on a commission basis, which are not included in sales of VOIs.

System-wide sales of VOIs. System-wide sales of VOIs were \$172.0 million and \$304.8 million during the three and six months ended June 30, 2018, respectively, and \$166.4 million and \$296.0 million during the three and six months ended June 30, 2017, respectively. This growth reflected an increase in the sale-to-tour conversion ratio, partially offset by a decrease in the average sales price per transaction and the number of guest tours. The sale-to-tour conversion ratio increased by 12% and 13%, respectively, for the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. During 2017, we began several initiatives to screen the credit qualifications of potential marketing guests, resulting in a higher VPG and a lower number of tours. We believe our screening of marketing guests has resulted in improved efficiencies in our sales process, however there is no assurance that such efficiencies will continue. Our sales increases are substantially all due to “same store” sales increases, as we only added one small sales office primarily focused on sales to existing owners since the June 30, 2017.

Included in system-wide sales are Fee-Based Sales, JIT Sales, Secondary Market Sales and developed VOI sales. Sales by category are tracked based on which deeded VOI is conveyed in each transaction. We manage which VOIs are sold based on several factors, including the needs of fee-based clients, our debt service requirements and default resale requirements under term securitization and similar transactions. These factors contribute to fluctuations in the amount of sales by category from period to period.

The following table sets forth certain information for system-wide sales of VOIs for the three and six months ended June 30, 2018 and 2017:

	For the Three Months Ended			For the Six Months Ended		
	June 30, 2018	2017	% Change	June 30, 2018	2017	% Change
Number of sales offices at period-end	24	23	4	24	23	4
Number of active sales arrangements with third-party clients at period-end	14	13	8	14	13	8
Total number of VOI sales transactions	11,235	10,851	4	20,004	19,040	5
Average sales price per transaction	\$ 15,442	\$ 15,475	—	\$ 15,351	\$ 15,675	(2)
Number of total guest tours	65,570	70,972	(8)	115,767	124,208	(7)
	17.1%	15.3%	12	17.3%	15.3%	13

Sale-to-tour conversion ratio—
total marketing guests

Number of new guest tours	41,628	47,197	(12)	71,507	80,613	(11)
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Sale-to-tour conversion ratio—
new marketing guests

	14.8%	12.5%	18	14.8%	12.6%	17
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Percentage of sales to existing owners	49.0%	47.4%	3	51.2%	49.2%	4
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Average sales volume per guest	\$ 2,646	\$ 2,366	12	\$ 2,653	\$ 2,403	10
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The average annual default rates and delinquency rates (more than 30 days past due) on our VOI notes receivable were as follows:

	For the Twelve Months Ended June 30, 2018 2017	
Average annual default rates	8.43%	7.96%
	As of June 30, 2018 2017	
Delinquency rates	2.53%	2.59%

See Note 8 to our consolidated financial statements included in Item 1 of this report for information regarding letters we have received from attorneys who purport to represent VOI owners and who have encouraged VOI owners to become delinquent and ultimately default on their obligations, which we believe have adversely impacted our delinquency and default rates.

Cost of VOIs Sold. During the three months ended June 30, 2018 and 2017, cost of VOIs sold was \$6.8 million and \$1.7 million, respectively, and represented 10% and 3%, respectively, of sales of VOIs. During the six months ended June 30, 2018 and 2017, cost of VOIs sold was \$8.6 million and \$4.9 million, respectively, and represented 7% and 4%, respectively, of sales of VOIs. Cost of VOIs sold as a percentage of sales of VOIs varies between periods based on the relative costs of the specific VOIs sold in each period and the size of the point packages of the VOIs sold (due to offered volume discounts, including consideration of cumulative sales to existing owners). Additionally, the effect of changes in estimates under the relative sales value method, including estimates of project sales, future defaults, upgrades and incremental revenue from the resale of repossessed VOI inventory, are reflected on a retrospective basis in the period the change occurs. Therefore, cost of sales will typically be favorably impacted in periods where a significant amount of Secondary Market VOI inventory is acquired or actual defaults and equity trades are higher than originally estimated and the resulting change in estimate is recognized. During the three months ended June 30, 2017, we implemented a revised VOI pricing matrix. These changes increased the average selling price of VOIs by approximately 4%. As a result of this pricing change, we also increased our estimate of total gross margin that will be generated on the sale of our VOI inventory under the relative sales value method. Accordingly, during the second quarter of 2017, we recognized a benefit to cost of VOI sold of \$5.1 million (\$3.1 million, net of tax, and \$0.04 EPS), with no such price increase and cost of sales benefit in 2018.

Fee-Based Sales Commission Revenue. During the three months ended June 30, 2018 and 2017, we sold \$89.9 million and \$93.6 million, respectively, of third-party VOI inventory under commission arrangements and earned sales and marketing commissions of \$60.1 million and \$63.9 million, respectively, in connection with those

sales. During the six months ended June 30, 2018 and 2017, we sold \$158.6 million and \$159.8 million, respectively, of third-party VOI inventory under commission arrangements and earned sales and marketing commissions of \$105.9 million and \$109.1 million, respectively, in connection with those sales. We earned an average sales and marketing commission of 67% and 68% during the three and six months ended June 30, 2018 and 2017, respectively, which is net of a reserve for commission refunds in connection with early defaults and cancellations, pursuant to the terms of certain of our fee-based service arrangements. The decrease in sales and marketing commissions as a percentage of fee-based sales for the three and six months ended June 30, 2018 is primarily related to the mix of developer sales at higher commission rates in the 2017 periods, as well as higher commission refunds associated with defaults and cancellations.

Financing Revenue, Net of Financing Expense — Sales of VOIs. Interest income on VOIs notes receivable was \$19.7 million and \$19.8 million during the three months ended June 30, 2018 and 2017, respectively, which was partially offset by interest expense on receivable-backed debt of \$4.6 million and \$4.5 million, respectively. Interest income on VOIs notes receivable was \$39.3 million and \$40.0 million during the six months ended June 30, 2018 and 2017, respectively, which was partially offset by interest expense on receivable-backed debt of \$9.3 million and \$8.9 million, respectively. The decrease in finance revenue net of finance expense is a result of our higher cost of borrowing and lower weighted average interest rates on VOI notes receivable in connection with the introduction of “risk-based pricing” pursuant to which buyer’s interest rates are determined based on their FICO score at the point of sale, partially offset by an increase in our VOI notes receivable portfolio. Revenues from mortgage servicing during the three and six months ended June 30, 2018 of \$1.5 million and \$2.9 million, respectively, compared to \$1.3 million and \$2.4 million during the three and six months ended June 30, 2017, respectively,

are included in financing revenue, net of mortgage servicing expenses of \$1.3 million and \$2.9 million during the three and six months ended June 30, 2018, respectively, compared to \$1.3 million and \$2.8 million during the three and six months ended June 30, 2017, respectively.

Other Fee-Based Services — Title Operations, net. During the three months ended June 30, 2018 and 2017, revenue from our title operations was \$3.2 million and \$5.7 million, respectively, which was partially offset by expenses directly related to our title operations of \$1.1 million for both periods. During the six months ended June 30, 2018 and 2017, revenue from our title operations was \$5.9 million and \$8.6 million, respectively, which was partially offset by expenses directly related to our title operations of \$2.4 million for both periods. Resort title fee revenue is recognized when escrow amounts are released and title documents are completed. Resort title fee revenue varies based on sales volumes as well as the relative title costs in the jurisdictions where the inventory being sold is located. We also realized additional title fee revenue in the 2017 periods in connection with curing a backlog in those periods.

Net Carrying Cost of VOI Inventory. The carrying cost of our VOI inventory was \$7.2 million and \$4.3 million during the three months ended June 30, 2018 and 2017, respectively, which was partly offset by rental and sampler revenues of \$5.5 million and \$3.5 million, respectively. The carrying cost of our inventory was \$12.9 million and \$8.4 million during the six months ended June 30, 2018 and 2017, respectively, which was partly offset by rental and sampler revenues of \$8.7 million and \$6.0 million, respectively. The increase in carrying costs during the six months ended June 30, 2018 is primarily due to our acquisition of the Éilan Hotel & Spa during April 2018, which added \$1.2 million to the carrying costs of our VOI inventory, and increased maintenance fees and developer subsidies associated with our increase in VOI inventory.

Selling and Marketing Expenses. Selling and marketing expenses were \$83.3 million and \$149.0 million during the three and six months ended June 30, 2018, respectively, and \$86.7 million and \$153.9 million during the three and six months ended June 30, 2017, respectively. As a percentage of system-wide sales of VOIs, selling and marketing expenses decreased to 48% during the three months ended June 30, 2018 from 52% during the three months ended June 30, 2017 and decreased to 49% during the six months ended June 30, 2018 from 52% during the six months ended June 30, 2017. Selling and marketing expenses vary as a percentage of sales from period to period based in part on the relative proportion of marketing methods utilized during such periods, most notably the percentage of sales to our existing owners, which has a relatively lower cost compared to other methods. Existing owner sales increased to 49% of system-wide sales during the three months ended June 30, 2018 from 47% during the three months ended June 30, 2017 and increased to 51% during the six months ended June 30, 2018 from 49% during the six months ended June 30, 2017. In addition, the corporate realignment initiative commenced during the fourth quarter of 2017, as described in further detail in our Annual Report on Form 10-K for the year ended December 31, 2017, reduced certain selling and marketing expenses. See also “Commitments” below for additional information regarding the corporate realignment initiative.

General and Administrative Expenses — Sales and Marketing Operations. General and administrative expenses attributable to sales and marketing operations were \$7.5 million and \$13.6 million during the three and six months ended June 30, 2018, respectively, and \$6.3 million and \$13.1 million during the three and six months ended June 30, 2017, respectively. As a percentage of system-wide sales of VOIs, general and administrative expenses attributable to sales and marketing operations were 4% during each of the three and six months ended June 30, 2018 and the three and six months ended June 30, 2017. Certain sales within Bluegreen/Big Cedar Vacations involve the incurrence of

higher general and administrative expenses as a result of brand and licensing fees paid to Bass Pro in connection with such sales. The corporate realignment initiative commenced during the fourth quarter of 2017 reduced certain general and administrative expenses in our sales and marketing operations.

Resort Operations and Club Management

(in thousands)	For the Three Months Ended				For the Six Months Ended			
	June 30,				June 30,			
	2018		2017		2018		2017	
Resort operations and club management revenue	\$ 41,275		\$ 36,091		\$ 82,812		\$ 74,065	
Resort operations and club management expense	(27,928)		(25,420)		(57,781)		(53,237)	
Operating profit - resort operations and club management	13,347	32%	10,671	30%	25,031	30%	20,828	28%
Add: Depreciation	403		397		798		804	
Adjusted EBITDA - resort operations and club management	\$ 13,750		\$ 11,068		\$ 25,829		\$ 21,632	

Resort Operations and Club Management Revenue. Resort operations and club management revenue increased 14% and 12% during the three and six months ended June 30, 2018, as compared to the three months and six ended June 30, 2017, respectively. We provide management services to the Vacation Club and to a majority of the HOAs of the resorts within the Vacation Club. In connection with our management services, we also manage the Vacation Club reservation system, provide services to owners and perform billing and collection services to the Vacation Club and certain HOAs. The resort properties we managed increased from 47 as of June 30, 2017 to 49 as of June 30, 2018 due to new resorts under management in New Orleans, Louisiana and Banner Elk, North Carolina. Resort operations and club management revenues increased during the 2018 periods compared to the 2017 periods primarily as a result of such increase in the number of managed resorts. Additionally, we generate revenues from our Traveler Plus program, food and beverage operations at the resorts and other retail operations. We also earn commissions from providing rental services to third parties and fees from managing the construction activities of certain of our fee based third-party developer clients.

Resort Operations and Club Management Costs. During the three and six months ended June 30, 2018, cost of other fee-based services increased 10% and 9%, respectively compared to the three and six months ended June 30, 2017, respectively. This increase was primarily due to the higher costs associated with programs provided to VOI owners and the increased costs of providing management services as a result of the increase in the number of managed resorts.

Corporate and Other

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(in thousands)	2018	2017	2018	2017
General and administrative expenses - corporate and other	\$ (18,870)	\$ (14,461)	\$ (40,462)	\$ (29,960)
Adjusted EBITDA attributable to the non-controlling interest in Bluegreen/Big Cedar Vacations	(3,292)	(3,413)	(5,884)	(5,973)
Other income (expense), net	710	244	891	(1)
Add: Financing revenue - corporate and other	1,460	2,167	2,968	4,356
Less: Interest income (other than interest earned on VOI notes receivable)	(1,381)	(2,091)	(2,816)	(4,195)
Franchise taxes	43	28	124	55
Loss (Gain) on assets held for sale	11	18	(9)	40
Depreciation and amortization	937	415	1,803	850
Corporate realignment cost	275	—	751	—
Corporate and other	\$ (20,107)	\$ (17,093)	\$ (42,634)	\$ (34,828)

General and Administrative Expenses — Corporate and Other. General and administrative expenses directly attributable to corporate overhead were \$18.9 million and \$40.5 million during the three and six months ended June 30, 2018, respectively, and \$14.5 million and \$30.0 million during the three and six months ended June 30, 2017, respectively. The increase in the six months ended June 30, 2018, as compared to the comparable prior year period was primarily due to higher executive leadership and long-term incentive compensation expenses, higher outside legal expenses in connection with a new focus on defending litigation which we believe to be frivolous, higher self-insured health care costs, depreciation expense, executive severance expense, including those related to corporate realignment activities commenced in December 2017, and expenses related to investor and public relations activities associated with being a public company.

Adjusted EBITDA Attributable to Non-Controlling Interest in Bluegreen/Big Cedar Vacations. We include in our consolidated financial statements the results of operations and financial condition of Bluegreen/Big Cedar Vacations, our 51%-owned subsidiary. The non-controlling interest in Adjusted EBITDA of Bluegreen/Big Cedar Vacations is the portion of Bluegreen/Big Cedar Vacations' Adjusted EBITDA that is attributable to Big Cedar LLC, which holds the remaining 49% interest in Bluegreen/Big Cedar Vacations. Adjusted EBITDA attributable to the non-controlling interest in Bluegreen/Big Cedar Vacations was \$3.3 million and \$5.9 million during the three and six months ended June 30, 2018, respectively, and \$3.4 million and \$6.0 million during the three and six months ended June 30, 2017, respectively.

Interest Expense. Interest expense not related to receivable-backed debt was \$3.9 million and \$6.9 million during the three and six months ended June 30, 2018, respectively, and \$3.5 million and \$6.9 million during the three and six months ended June 30, 2017, respectively. The increase in interest expense during the three months ended June 30, 2018 is primarily due to higher notes payable and lines-of-credit balances, and a higher weighted-average cost of borrowing.

Provision for Income Taxes. Provision for income taxes was \$16.6 million and \$25.9 million for the six months ended June 30, 2018 and 2017, respectively. Our effective income tax rate was approximately 26% and 38% for the six months ended June 30, 2018 and 2017, respectively. The decrease in taxes was primarily due to the Tax Cuts and Jobs Act which was signed into law on December 22, 2017. Among other things, the Tax Cuts and Jobs Act permanently lowers the federal corporate tax rate to 21% from the previous maximum rate of 35%. The Tax Cuts and Jobs Act was effective for us on January 1, 2018. Effective income tax rates for interim periods are based upon our current estimated annual rate. Our annual effective income tax rate varies based upon the estimate of taxable earnings as well as on the mix of taxable earnings in the various states in which we operate. For further information, see Notes 2 and 9 to our unaudited Consolidated Financial Statements included in Item 1 of this report.

Changes in Financial Condition

The following table summarizes our cash flows for the periods indicated (in thousands):

	For the Six Months Ended June 30,	
	2018	2017
Net cash provided by operating activities	\$ 23,215	\$ 24,021
Net cash used in investing activities	(15,105)	(5,407)
Net cash provided by financing activities	7,939	6,252
Net increase in cash, cash equivalents, and restricted cash	\$ 16,049	\$ 24,866

Cash Flows from Operating Activities

Our operating cash flow decreased \$0.8 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 due primarily to increased spending on the acquisition and development of inventory in the 2018 period and decreases in working capital, partially offset by a reduction in income tax payments.

Cash Flows from Investing Activities

Cash used in investing activities increased \$9.7 million during the six months ended June 30, 2018 compared to the same period in 2017, reflecting increased purchases of property and equipment in the 2018 period. The increase was primarily related to \$4.9 million in sales office expansions and increased information technology spending.

Cash Flows from Financing Activities

Cash provided by financing activities increased \$1.7 million during the six months ended June 30, 2018 compared to the same period of 2017, primarily due to increased net borrowings on Lines-of-credit and notes payable. These borrowings were partially offset by lower net borrowing on receivable-backed debt and \$2.4 million in higher dividend payments made to our shareholders compared to the 2017 period.

For additional information on the availability of cash from existing credit facilities, as well as repayment obligations, see “Liquidity and Capital Resources” below.

Seasonality

We have historically experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations. This seasonality has resulted, and may continue to result, in fluctuations in our quarterly operating results. Although more potential customers typically visit our sales offices during the quarters ending in June and September, our recognition of the resulting sales during these periods may be delayed due to applicable revenue recognition rules.

Liquidity and Capital Resources

Our primary sources of funds from internal operations are: (i) cash sales; (ii) down payments on VOI sales which are financed; (iii) proceeds from the sale of, or borrowings collateralized by, notes receivable; (iv) cash from finance operations, including mortgage servicing fees and principal and interest payments received on the purchase money mortgage loans arising from sales of VOIs; and (v) net cash generated from sales and marketing fee-based services and other fee-based services, including resort management operations.

While the vacation ownership business has historically been capital intensive and we may from time to time pursue transactions or activities which may require significant capital investment and adversely impact cash flows, we have generally sought to focus on the generation of “free cash flow” (defined as cash flow from operating activities, less capital expenditures) by: (i) incentivizing our sales associates and creating programs with third-party credit card companies to generate a higher percentage of sales in cash; (ii) maintaining sales volumes that focus on efficient marketing channels; (iii) limiting our capital and inventory expenditures; (iv) utilizing sales and marketing, mortgage servicing, resort management services, title and construction expertise to pursue fee-based-service business relationships that generally require minimal up-front capital investment and have the potential to produce incremental cash flows; and (v) more recently, by selling VOIs obtained through secondary market or JIT arrangements. In 2018, we have invested more of our free-cash flow in additional sales offices and sales office expansions as well as information technology expenditures which we expect to drive and support growth in future years. In addition, during April 2018, we acquired the Éilan Hotel & Spa in San Antonio, Texas for \$34.3 million, and borrowed \$24.3 million to help fund the acquisition.

VOI sales are generally dependent upon providing financing to buyers. The ability to sell and/or borrow against notes receivable from VOI buyers has been a critical factor in our continued liquidity. A financed VOI buyer is generally only required to pay a minimum of 10% of the purchase price in cash at the time of sale; however, selling, marketing and administrative expenses attributable to the sale are primarily cash expenses that generally exceed a buyer’s minimum required down payment. Accordingly, having financing facilities available for the hypothecation, sale or transfer of our VOI notes receivable has been a critical factor in our ability to meet our short and long-term cash needs. We have attempted to maintain a number of diverse financing facilities. Historically, we have relied on our ability to sell receivables in the term securitization market in order to generate liquidity and create capacity in our receivable facilities. In addition, maintaining adequate VOI inventory to sell and pursue growth into new markets has historically required us to incur debt for the acquisition, construction and development of new resorts. Development expenditures during 2018 are expected to be in a range of \$20.0 million to \$30.0 million, which primarily relate to Bluegreen/Big Cedar Vacations’ resorts and development at our Fountains resort in Orlando, Florida.

We expect to seek to acquire or develop additional VOI inventory, which may increase our acquisition and development expenditures as compared to prior periods and may involve or require the incurrence of additional debt.

In connection with our capital-light business activities, we have entered into agreements with third-party developers that allow us to buy VOI inventory, typically on a non-committed basis, prior to when we intend to sell such VOIs. Our capital-light business strategy also includes secondary market sales, pursuant to which we enter into secondary market arrangements with certain HOAs and others on a non-committed basis, which allows us to acquire VOIs generally at a significant discount, as such VOIs are typically obtained by the HOAs through foreclosure in connection with maintenance fee defaults. Acquisition of JIT and secondary market inventory in 2018 is expected to range from \$10.0 million to \$20.0 million.

In addition, capital expenditures in connection with sales and marketing facilities as well as for information technology capital expenditures are expected to be in a range of \$30.0 million to \$40.0 million in 2018.

Available funds may also be used to acquire other businesses or assets, invest in other real estate based opportunities, or to fund loans to affiliates or others.

During each of the first and second quarter of 2018, we paid a cash dividend of \$0.15 per share on our common stock, which totaled \$11.2 million each quarter and \$22.4 million in the aggregate. During the six months ended June 30, 2017, we paid a cash dividend of \$0.28 per share, or \$20.0 million in the aggregate, to BBX Capital, our sole shareholder prior to our initial public offering in November 2017. We intend to pay regular quarterly cash dividends on our common stock, subject to declaration by, and the discretion of, our board of directors and limitations contained in our credit facilities. On July 18, 2018, we declared a quarterly cash dividend payable in the third quarter of 2018 of \$0.15 per share on our common stock, or \$11.2 million in the aggregate.

In April 2015, one of our wholly-owned subsidiaries provided an \$80.0 million loan to BBX Capital. Amounts outstanding on the loan bore interest at a rate of 10% per annum until July 2017 when the interest rate was reduced to 6% per annum. Payments of interest are required on a quarterly basis, with all outstanding amounts being due and payable at the end of the five-year term of the loan. BBX Capital is permitted to prepay the loan in whole or in part at any time, and prepayments will be required, to the extent necessary, in order for us to remain in compliance with covenants under our outstanding indebtedness. During the three months ended June 30, 2018 and 2017, we recognized \$1.2 million and \$2.0 million, respectively, of interest income on the loan to BBX Capital. During the six months ended June 30, 2018 and 2017, we recognized \$2.4 million and \$4.0 million, respectively, of interest income on the loan to BBX Capital.

Our level of debt and debt service requirements have several important effects on our operations, including the following: (i) significant debt service cash requirements reduce the funds available for operations and future business

opportunities and increase our vulnerability to adverse economic and industry conditions, as well as conditions in the credit markets, generally; (ii) our leverage position increases our vulnerability to economic and competitive pressures; (iii) the financial covenants and other restrictions contained in indentures, credit agreements and other agreements relating to our indebtedness require us to meet certain financial tests and may restrict our ability to, among other things, pay dividends, borrow additional funds, dispose of assets or make investments; and (iv) our leverage position may limit funds available for acquisitions, working capital, capital expenditures, dividends and other general corporate purposes. Certain of our competitors operate on a less leveraged basis and have greater operating and financial flexibility than we do.

Credit Facilities for Receivables with Future Availability

We maintain various credit facilities with financial institutions which allow us to borrow against or sell our VOI notes receivable. As of June 30, 2018, we had the following credit facilities with future availability, all of which are subject to revolving availability terms during the advance period and therefore provide for additional availability as the facility is paid down, subject in each case to compliance with covenants, eligible collateral and applicable terms and conditions during the advance period (dollars in thousands):

	Borrowing Limit as of June 30, 2018	Outstanding Balance as of June 30, 2018	Availability as of June 30, 2018	Advance Period Expiration; Borrowing Maturity as of June 30, 2018	Borrowing Rate; Rate as of June 30, 2018
Liberty Bank Facility	\$ 50,000	\$ 41,529	\$ 8,471	March 2020; March 2023 September 2020;	Prime Rate; floor of 4.00%; 4.75%
NBA Receivables Facility	50,000 (1)	41,623	8,377	(1) March 2025 September 2018;	30 day LIBOR+2.75%; floor of 3.50%; 4.73%
Pacific Western Facility	40,000	20,930 (2)	19,070	(2) September 2021 December 2019;	30 day LIBOR+3.50% to 4.50%; 6.24%
KeyBank/DZ Purchase Facility	80,000	32,160	47,840	December 2022 June 2020;	30 day LIBOR +2.75%; 4.84% (3)
Quorum Purchase Facility	50,000	29,743	20,257	December 2032	(4)
	\$ 270,000	\$ 165,985	\$ 104,015		

(1) The borrowing limit excludes the \$20.0 million borrowing limit under the NBA Line of Credit discussed below.

(2) The outstanding balance includes \$2.5 million outstanding as of June 30, 2018 under the Pacific Western Term Loan discussed below.

(3) Borrowings accrue interest at a rate equal to either LIBOR, a “Cost of Funds” rate or commercial paper rates plus 2.75%. As described in further detail below, the interest rate will increase to the applicable rate plus 4.75% upon the expiration of the advance period.

(4) Of the amounts outstanding as of June 30, 2018, \$2.4 million bears interest at a fixed rate of 5.5%, \$18.9 million bears interest at a fixed rate of 4.95%, \$2.9 million bears interest at a fixed rate of 5.00%, and \$5.5 million bears interest at a fixed rate of 4.75%. The interest rate on future borrowings will be set at the time of funding based on

rates mutually agreed upon by all parties; however advances made between April 2018 and September 2018 will bear interest at a fixed rate of 4.95%.

Liberty Bank Facility. Since 2008, we have maintained a revolving VOI notes receivable hypothecation facility (the “Liberty Bank Facility”) with Liberty Bank which provides for advances on eligible receivables pledged under the Liberty Bank Facility, subject to specified terms and conditions, during a revolving credit period. On March 12, 2018, we amended and restated the Liberty Bank Facility to extend the revolving credit period from March 2018 to March 2020, extend the maturity date from November 2020 until March 2023, and amend the interest rate on borrowings as described below. Subject to its terms and conditions, the Liberty Bank Facility provides for advances of (i) 85% of the unpaid principal balance of Qualified Timeshare Loans assigned to agent, and (ii) 60% of the unpaid principal balance of Non-Conforming Timeshare Loans assigned to agent, during the revolving credit period of the facility. Maximum permitted outstanding borrowings under the Liberty Bank Facility are \$50.0 million, subject to the terms of the facility. Through March 31, 2018, borrowings under the Liberty Bank Facility bore interest at the Wall Street Journal (“WSJ”) Prime Rate plus 0.50% per annum, subject to a 4.00% floor. Pursuant to the March 2018 amendment to the Liberty Bank Facility, effective April 1, 2018, all borrowings outstanding under the facility bear interest at an annual rate equal to the WSJ Prime Rate, subject to a 4.00% floor. Principal and interest due under the Liberty Bank Facility are paid as cash is collected on the pledged receivables, with the remaining balance being due upon maturity.

NBA Receivables Facility. Bluegreen/Big Cedar Vacations has a revolving VOI hypothecation facility (the “NBA Receivables Facility”) with National Bank of Arizona (“NBA”). The NBA Receivables Facility provides for advances at a rate of 85% on eligible receivables pledged under the facility, subject to eligible collateral and specified terms and conditions, during a revolving credit period expiring in September 2020 and allows for maximum borrowings of up to \$50 million (exclusive of outstanding borrowings under the NBA Line of Credit). The maximum borrowings may increase by up to an additional \$20 million (to a total of \$70 million, at our option); provided, however, that any such increase will result in a corresponding decrease in the maximum borrowings under the NBA Line of Credit, described below. The maturity date for the facility is March 2025. The interest rate applicable to future borrowings under the NBA Receivables Facility is equal to the 30-day LIBOR plus 2.75% (with an interest rate floor of 3.50%). All principal and interest payments received on pledged

receivables are applied to principal and interest due under the facility. The NBA Receivables Facility is cross-collateralized and is subject to cross-default with the NBA Line of Credit.

Pacific Western Facility. We have a revolving VOI notes receivable hypothecation facility (the “Pacific Western Facility”) with Pacific Western Bank, which provides for advances on eligible VOI notes receivable pledged under the facility, subject to specified terms and conditions, during a revolving credit period. Maximum outstanding borrowings under the Pacific Western Facility are \$40.0 million (inclusive of outstanding borrowings under the Pacific Western Term Loan described below), subject to eligible collateral and customary terms and conditions. The revolving advance period expiration date is September 2018, subject to an additional 12-month extension at the option of Pacific Western Bank. Eligible “A” VOI notes receivable that meet certain eligibility and FICO score requirements, which we believe are typically consistent with loans originated under our current credit underwriting standards, are subject to an 85% advance rate. The Pacific Western Facility also allows for certain eligible “B” VOI notes receivable (which have less stringent FICO score requirements) to be funded at a 53% advance rate. Borrowings under the facility bear interest at 30-day LIBOR plus 4.50%; however, with a portion of future borrowings, to the extent such borrowings are in excess of established debt minimums, will bear interest at the 30-day LIBOR plus 3.50% to 4.00%. Principal repayments and interest on borrowings under the Pacific Western Facility are paid as cash is collected on the pledged VOI notes receivable, subject to future required decreases in the advance rates after the end of the revolving advance period, with the remaining outstanding balance maturing in September 2021, subject to an additional 12-month extension at the option of Pacific Western Bank. The Pacific Western Facility is cross-collateralized and is subject to cross-default with the Pacific Western Term Loan. We have signed a non-binding term sheet for an amendment to renew the Pacific Western Facility and are negotiating the definitive legal documentation. There can be no assurance that this amendment will be closed on acceptable terms, if at all.

KeyBank/DZ Purchase Facility. We have a VOI notes receivable purchase facility (the “KeyBank/DZ Purchase Facility”) with DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt AM Main (“DZ”), and KeyBank National Association (“KeyBank”) which permits maximum outstanding financings of \$80.0 million, with an advance period expiring in December 2019 and an advance rate of 80%. The KeyBank/DZ Purchase Facility will mature and all outstanding amounts will become due 36 months after the revolving advance period has expired, or earlier under certain circumstances set forth in the facility. Interest on amounts outstanding under the facility is tied to an applicable index rate of the LIBOR rate, in the case of amounts funded by KeyBank, and a cost of funds rate or commercial paper rates, in the case of amounts funded by or through DZ. The interest rate payable under the facility is the applicable index rate plus 2.75% until the expiration of the revolving advance period and thereafter will be the applicable index rate plus 4.75%. Subject to the terms of the facility, we will receive the excess cash flows generated by the VOI notes receivable sold (excess meaning after payment of customary fees, interest and principal under the facility) until the expiration of the VOI notes receivable advance period, at which point all of the excess cash flow will be paid to the note holders until the outstanding balance is reduced to zero. While ownership of the VOI notes receivable included in the facility is transferred and sold for legal purposes, the transfer of these VOI notes receivable is accounted for as a secured borrowing for financial reporting purposes. The facility is nonrecourse.

Quorum Purchase Facility. We and Bluegreen/Big Cedar Vacations have a VOI notes receivable purchase facility (the “Quorum Purchase Facility”) with Quorum Federal Credit Union (“Quorum”), pursuant to which Quorum has agreed to purchase eligible VOI notes receivable in an amount of up to an aggregate \$50.0 million purchase price, subject to certain conditions precedent and other terms of the facility. On April 6, 2018, the Quorum Purchase Facility was amended to extend the revolving purchase period from June 30, 2018 to June 30, 2020, and provide for a fixed interest rate of 4.95% per annum on advances made through September 30, 2018. The interest rate on advances made after

September 30, 2018 will be set at the time of funding based on rates mutually agreed upon by all parties. The amendment also reduced the loan purchase fee applicable to future advances from 0.50% to 0.25% and extended the maturity of the Quorum Purchase Facility from December 2030 to December 2032. Of the amounts outstanding under the Quorum Purchase Facility at June 30, 2018, \$2.4 million accrues interest at a rate per annum of 5.50%, \$18.9 million accrues interest at a rate per annum of 4.95%, \$2.9 million accrues interest at a rate per annum of 5.0%, and \$5.5 million accrues interest at a rate per annum of 4.75%. The Quorum Purchase Facility provides for an 85% advance rate on eligible receivables sold under the facility, however Quorum can modify this advance rate on future purchases subject to the terms and conditions of the Quorum Purchase Facility. Eligibility requirements for VOI notes receivable sold include, among others, that the obligors under the VOI notes receivable sold be members of Quorum at the time of the note sale. Subject to performance of the collateral, we or Bluegreen/Big Cedar Vacations, as applicable, will receive any excess cash flows generated by the VOI notes receivable transferred to Quorum under the facility (excess meaning after payment of customary fees, interest and principal under the facility) on a pro-rata basis as borrowers make payments on their VOI notes receivable. While ownership of the VOI notes receivable included in

the Quorum Purchase Facility is transferred and sold for legal purposes, the transfer of these VOI notes receivable is accounted for as a secured borrowing for financial reporting purposes. The facility is nonrecourse.

Credit Facilities for Inventories with Future Availability

NBA Line of Credit. Bluegreen/Big Cedar Vacations has a revolving line of credit with NBA (the “NBA Line of Credit”) with a borrowing limit of \$20 million (subject to decrease as described above in connection with any increase in the borrowing limit under the NBA Receivables Facility). The NBA Line of Credit provides for a revolving advance period expiring in September 2020 and maturity in March 2025, and is secured by unsold inventory and a building under construction at Bluegreen/Big Cedar Vacations’ The Cliffs at Long Creek Resort. Borrowings under the NBA Line of Credit accrue interest at a rate equal to the one month LIBOR plus 3.25% (with an interest rate floor of 4.75%). Interest payments are paid monthly. Principal payments are effected through release payments upon sales of VOIs in The Cliffs at Long Creek Resort that serve as collateral for the NBA Line of Credit, subject to mandatory principal reductions. The NBA Line of Credit is cross-collateralized and is subject to cross-default with the NBA Receivables Facility described above. As of June 30, 2018, there was \$3.5 million outstanding on the NBA Line of Credit.

Pacific Western Term Loan. We have a non-revolving term loan (the “Pacific Western Term Loan”) with Pacific Western Bank, as successor-by-merger to CapitalSource Bank, secured by unsold inventory and undeveloped land at the Bluegreen Odyssey Dells Resort. As of June 30, 2018, there was \$2.5 million outstanding on the Pacific Western Term Loan. The Pacific Western Term Loan matures in June 2019 and bears interest at 30-day LIBOR plus 5.25%. Interest payments are paid monthly. Principal payments are effected through release payments upon sales of VOIs in the Bluegreen Odyssey Dells Resort that serve as collateral for the Pacific Western Term Loan subject to mandatory principal reductions pursuant to the terms of the loan agreement. The Pacific Western Term Loan is cross-collateralized and is subject to cross-default with the Pacific Western Facility described above.

NBA Éilan Loan. On April 17, 2018, we purchased the Éilan Hotel & Spa in San Antonio, Texas for approximately \$34.3 million. In connection with the acquisition, we entered into a non-revolving acquisition loan with NBA (the “NBA Éilan Loan”), which provides for advances of up to \$27.5 million, \$24.3 million of which was used to fund the acquisition of the resort and up to an additional \$3.2 million which may be drawn upon to fund certain future improvement costs over a 12-month advance period. Principal payments will be effected through release payments from sales of VOIs at Éilan Hotel & Spa that serve as collateral for the NBA Éilan Loan, subject to a minimum amortization schedule, with the remaining balance due at maturity in April 2023. Borrowings under the NBA Éilan Loan bear interest at an annual rate equal to one month LIBOR plus 3.25%, subject to a floor of 4.75%. As of June 30, 2018, there was \$24.3 million outstanding on the NBA Éilan Loan.

Other Credit Facilities

Fifth Third Syndicated Line-of-Credit and Fifth Third Syndicated Term Loan. In December 2016, we entered into a \$100.0 million syndicated credit facility with Fifth Third Bank, as administrative agent and lead arranger, and certain other bank participants as lenders. The facility includes a \$25.0 million term loan (the “Fifth Third Syndicated Term Loan”) with quarterly amortization requirements and a \$75.0 million revolving line of credit (the “Fifth Third Syndicated Line-of-Credit”). Amounts borrowed under the facility generally bear interest at LIBOR plus 2.75% - 3.75% depending on our leverage ratio, are collateralized by certain of our VOI inventory, sales center buildings, management fees and short-term receivables, and will mature in December 2021. As of June 30, 2018, outstanding borrowings under the facility totaled \$78.1 million, including \$23.1 million under the Fifth Third Syndicated Term Loan with an interest rate of 4.84%, and \$55.0 million under the Fifth Third Syndicated Line of Credit with an interest rate of 4.88%.

We also have outstanding obligations under various credit facilities and securitizations that have no remaining future availability as the advance periods have expired.

Commitments

Our material commitments include the required payments due on our receivable-backed debt, lines-of-credit and other notes payable, junior subordinated debentures, commitments to complete certain projects based on our sales contracts with customers, subsidy advances to certain HOAs, inventory purchase commitments under JIT arrangements and commitments under non-cancelable operating leases.

The following table summarizes the contractual minimum principal and interest payments required on all of our outstanding debt, non-cancelable operating leases and inventory purchase commitments by period due date, as of June 30, 2018 (in thousands):

Contractual Obligations	Payments Due by Period				Unamortized Debt Issuance Costs	Total
	Less than 1 year	1 – 3 Years	4 – 5 Years	After 5 Years		
Receivable-backed notes payable	\$ —	\$ —	\$ 108,976	\$ 323,464	\$ (5,346)	\$ 427,094
Lines-of-credit and notes payable	29,509	33,310	88,943	—	(2,111)	149,651
Jr. subordinated debentures (1)	—	—	—	110,827	—	110,827
Inventory purchase commitment	—	—	—	—	—	—
Noncancelable operating leases	8,335	10,570	8,823	14,653	—	42,381
Total contractual obligations	37,844	43,880	206,742	448,944	(7,457)	729,953
Interest Obligations (2)						
Receivable-backed notes payable	16,633	33,266	29,131	81,291	—	160,321
Lines-of-credit and notes payable	6,978	10,632	2,310	—	—	19,920
Jr. subordinated debentures	7,965	15,930	15,930	100,553	—	140,378
Total contractual interest	31,576	59,828	47,371	181,844	—	320,619
Total contractual obligations	\$ 69,420	\$ 103,708	\$ 254,113	\$ 630,788	\$ (7,457)	\$ 1,050,572

- (1) Amounts do not include purchase accounting adjustments for junior subordinated debentures of \$39.9 million.
(2) Assumes that the scheduled minimum principal payments are made in accordance with the table above and the interest rate on variable rate debt remains the same as the rate at June 30, 2018.

In September 2017, we entered into an agreement with a former executive in connection with his retirement. Pursuant to the terms of the agreement, we agreed to make payments totaling approximately \$2.9 million through March 2019. As of June 30, 2018, \$1.6 million remained payable under this agreement. In addition, during the second half of 2017, we implemented an initiative designed to streamline our operations in certain areas to facilitate future growth. Such initiative resulted in \$5.8 million of severance accrued as of December 31, 2017 and \$0.6 million accrued as of June 30, 2018 which amounts are included in accrued liabilities and other in the unaudited Consolidated Balance Sheets as of such dates.

In lieu of paying maintenance fees for unsold VOI inventory, we may enter into subsidy agreements with certain HOAs. During the six months ended June 30, 2018 and 2017, we made payments related to such subsidies of \$0.6 million and \$0.1 million, respectively. As of June 30, 2018, we had \$4.6 million accrued for such subsidies, which is included in accrued liabilities and other in the unaudited Consolidated Balance Sheets as of such date. As of December 31, 2017, we had no accrued liabilities for such subsidies.

We believe that our existing cash, anticipated cash generated from operations, anticipated future permitted borrowings under existing or future credit facilities, and anticipated future sales of notes receivable under existing, future or replacement purchase facilities will be sufficient to meet our anticipated working capital, capital expenditure and debt service requirements, including the contractual payment of the obligations set forth above, for the foreseeable future, subject to the success of our ongoing business strategy and the ongoing availability of credit. We will continue our efforts to renew, extend or replace any credit and receivables purchase facilities that have expired or that will expire in the near term. We may, in the future, also obtain additional credit facilities and may issue corporate debt or equity securities. Any debt incurred or issued may be secured or unsecured, bear interest at fixed or variable rates and may be subject to such terms as the lender may require. In addition, our efforts to renew or replace credit facilities or receivables purchase facilities which have expired or which are scheduled to expire in the near term may not be successful, and sufficient funds may not be available from operations or under existing, proposed or future revolving credit or other borrowing arrangements or receivables purchase

facilities to meet our cash needs, including debt service obligations. To the extent we are unable to sell notes receivable or borrow under such facilities, our ability to satisfy our obligations would be materially adversely affected.

Our receivables purchase facilities, credit facilities, indentures and other outstanding debt instruments include what we believe to be customary conditions to funding, eligibility requirements for collateral, cross-default and other acceleration provisions and certain financial and other affirmative and negative covenants, including, among others, limits on the incurrence of indebtedness, payment of dividends, investments in joint ventures and other restricted payments, the incurrence of liens and transactions with affiliates, as well as covenants concerning net worth, fixed charge coverage requirements, debt-to-equity ratios, portfolio performance requirements and cash balances, and events of default or termination. In the future, we may be required to seek waivers of such covenants, but may not be successful in obtaining waivers, and such covenants may limit our ability to pay dividends, raise funds, sell receivables or satisfy or refinance our obligations, or otherwise adversely affect our financial condition and results of operations. In addition, our future operating performance and ability to meet our financial obligations will be subject to future economic conditions and to financial, business and other factors, many of which may be beyond our control.

We have an exclusive marketing agreement with Bass Pro, a nationally-recognized retailer of fishing, marine, hunting, camping and sports gear, that provides us with the right to market and sell vacation packages at kiosks in each of Bass Pro's retail locations and through certain other means. As of June 30, 2018, we were selling vacation packages in 68 of Bass Pro's stores. We compensate Bass Pro based on VOI sales generated through the program. No compensation is paid to Bass Pro under the agreement on sales made at Bluegreen/Big Cedar Vacations' resorts. During the six months ended June 30, 2018 and 2017, VOI sales to prospects and leads generated by the agreement with Bass Pro accounted for approximately 14% and 15%, respectively, of our VOI sales volume. On October 9, 2017, Bass Pro advised us that it believed the amounts paid to it as VOI sales commissions should not have been adjusted for certain purchaser defaults. We previously had informed Bass Pro that the aggregate amount of such adjustments for defaults charged back to Bass Pro between January 2008 and June 2017 totaled approximately \$4.8 million. While we believed and continue to believe that these adjustments were appropriate and consistent with both the terms and the intent of the agreements with Bass Pro, in October 2017, in order to demonstrate our good faith, we paid the amount at issue to Bass Pro pending future resolution of the matter. We have continued to make payments to Bass Pro as we believe appropriate and consistent with the agreements, which continue to be adjusted for defaults and Bass Pro has accepted these payments as historically calculated. On July 23, 2018, Bass Pro again raised the issue regarding adjustments for defaults and requested additional information regarding the calculation of commissions payable to Bass Pro and other amounts payable under the agreements, including reimbursements paid to Bluegreen. The issues raised by Bass Pro have not impacted current operations under the marketing agreement or relative to Bluegreen/Big Cedar Vacations. We intend to formally respond to Bass Pro with our view on these matters and intend to provide Bass Pro with all appropriately requested information. Our agreements with Bass Pro provide that in the event of any dispute or disagreement between the parties, either party may give notice and thereafter the CEOs of the parties are required to communicate promptly with each other with a view to resolving the dispute or disagreement. Accordingly, it is anticipated that such process will be followed in good faith and that the parties will appropriately resolve any issues. While we do not believe that any material additional amounts are due to Bass Pro as a result of these matters, any change in the calculations utilized in connection with payments or reimbursements required under the agreements could impact future results.

Off-balance-sheet Arrangements

As of June 30, 2018, we did not have any “off-balance sheet” arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate risk and risks relating to inflation and changing prices. Our exposure to market risk has not materially changed from what we previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of June 30, 2018. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2018, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act has been recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and has been accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the six months ended June 30, 2018, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Except as described below, there have been no material changes in our legal proceedings from those disclosed in the “Legal Proceedings” section of our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.

Gordon Siu, on behalf of himself and all others similarly situated v. Choice Hotels International, Inc. Bluegreen Vacations Unlimited, Inc., DBA Bluegreen Getaways; and Does 1-10, inclusive of each of them, Case No. 18-cv-00022, United States District Court, Southern District of California

On January 4, 2018, Gordon Siu, individually and on behalf of all others similarly situated, filed a lawsuit against BVU and others, Choice Hotels International, Inc. which asserted claims for alleged violations of California law that relates to the recording of telephone conversations with consumers. Plaintiff alleges that after staying at a Choice Hotels resort, defendants placed a telemarketing call to plaintiff to sell the Choice Hotels customer loyalty program and a vacation package at a Choice hotel via the Bluegreen Getaways vacation package program. Plaintiff alleges that he was not timely informed that the phone conversation was being recorded and is seeking certification of a class compared of other persons recorded on calls without their consent within one year before the filing of the original complaint. After BVU moved to dismiss the complaint, plaintiff amended his complaint to dismiss one of the two causes of action in the original complaint on the basis that that particular statute only concerns land line phones. Plaintiff and Choice agreed to a confidential settlement and Choice has been dismissed from this lawsuit. Plaintiff seeks money damages and injunctive relief. We believe the lawsuit is without merit and intend to vigorously defend the action.

Katja Anderson and George Galloway, individually and on behalf of all other persons similarly situated v. Bluegreen Vacations Corporation, Case No. 18-cv-00127, United States District Court, Western District of Texas, Waco Division

On May 3, 2018, Katja Anderson and George Galloway, individually and on behalf of all other persons similarly situated, filed a lawsuit against us which asserted violations of the Telephone Consumer Practices Act. The plaintiffs claim that they received multiple telemarketing calls in the spring of 2015 despite their requests not to be called. Plaintiffs seek certification of a class of individuals in the United States who received more than one telephone call made by us or on our behalf within a 12-month period; to a telephone number that has been registered with the National Do Not Call Registry for at least 30 days. Plaintiffs seek money damages, attorneys’ fees and a court order requiring us to cease all unsolicited telephone calling activities. We have moved to dismiss the lawsuit, and our motion is pending. We believe the lawsuit is without merit and intend to vigorously defend the action.

Melissa S. Landon, Edward P. Landon, Shane Auxier and Mu Hpare, on behalf of themselves and all others similarly situated v. Bluegreen Vacations Unlimited, Inc. and Bluegreen Vacations Corporation, Case No. 18-cv-994, United States District Court, Eastern District of Wisconsin

On June 28, 2018, Melissa S. Landon, Edward P. Landon, Shane Auxier and Mu Hpare, individually and on behalf of all others similarly situated, filed a purported class action lawsuit against the Company and BVU asserting claims for alleged violations of the Wisconsin Timeshare Act, Wisconsin law prohibiting illegal referral selling, and Wisconsin law prohibiting illegal attorney's fee provisions. Plaintiffs allegations include that we failed to disclose the identity of the seller of real property at the beginning of its initial contact with the purchaser; that we misrepresented who the seller of the real property was; that we misrepresented the buyer's right to cancel; that we included an illegal attorney's fee provision in its sales document(s); that we offered an illegal "today only" incentive to purchase; and that we utilize an illegal referral selling program to induce the sale of VOIs. Plaintiffs seek certification of a class consisting of all persons who, in Wisconsin, purchased from us one or more VOIs within six years prior to the filing of this lawsuit. Plaintiffs seek statutory damages, attorneys' fees and injunctive relief. We believe the lawsuit is without merit and intend to vigorously defend the action.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in the “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2017.

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Item 6. Exhibits.

EXHIBIT INDEX

Exhibit Number	Description
<u>10.1</u>	Employment Agreement between Bluegreen Vacations Corporation and Shawn B. Pearson, dated May 9, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-09292) filed on May 14, 2018).
<u>31.1</u>	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>31.2</u>	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>32.1</u> †	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<u>32.2</u> †	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels LinkBase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

† Exhibit is furnished, not filed, with this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BLUEGREEN VACATIONS CORPORATION

August 3, 2018 By: /s/ Anthony M. Puleo

Anthony M. Puleo

Executive Vice President, Chief Financial Officer and Treasurer; President, Bluegreen Treasury Services