1. Why does Diamond—a fast-growing, investment-grade vacation ownership company—have a $100mm credit facility with Quorum Federal Credit Union, a much smaller institution? What is the background to the relationship? Does the company currently have an advisory or consulting relationship with Imperial Capital’s Todd Fasanella?

The Quorum Facility was put in place in early 2010. Diamond maintains a relationship with Quorum because of Quorum’s knowledge of, and expertise in, the vacation ownership industry, in particular the consumer finance business. Diamond is only one of multiple companies within the industry that has a facility with Quorum. The facility affords Diamond another avenue to monetize the loans we issue. While maintaining this facility allows Diamond flexibility it is simply one of our several sources of receivables financing. The company does not have an advisory or consulting relationship with Todd Fasanella.

2. In 2014, the regulator for Quorum FCU ordered it to reduce its vacation ownership loan holdings by about 2/3

With Diamond 37% of Quorum’s vacation ownership loan pool, was any of this ~$91.8mm sold back to Diamond last year? Given Quorum’s stated purchase of those loans at a discount of 60%-90%, what would Diamond (or any buyer) typically repurchase them for? Do these loans have a “put” feature? Does a secondary market in vacation ownership whole loans exist? If so, is this market observable?

Diamond did not repurchase any loans from Quorum last year. The loans placed in this facility are whole loan sales, similar to a securitization, and we are under no obligation to purchase the loans back from Quorum. There is also no “put” feature.

We are unaware of Quorum selling their interest in the facility to another investor and therefore would not know at what price they would entertain that, if at any price.

We are not aware of whether there is a secondary market in vacation ownership whole loans.