Presale:

BXG Receivables Note Trust 2023-A

June 1, 2023

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Preliminary ratings

Class	Preliminary rating	Preliminary amount (mil. $)	Subordination and overcollateralization (%)
A	AAA (sf)	96.635	61.5
B	A- (sf)	67.017	34.8
C	NR	50.953	14.5

Note: This presale report is based on information as of June 1, 2023. The ratings shown are preliminary. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. This report does not constitute a recommendation to buy, hold, or sell securities. NR--Not rated.

Profile

Expected closing date	June 15, 2023.
Collateral	Vacation ownership interest (timeshare) loans.
Issuer	BXG Receivables Note Trust 2023-A.
Structuring lead manager	KeyBanc Capital Markets Inc.
Depositor	BRFC 2023-A LLC.
Originator, administrator, and servicer	Bluegreen Vacations Corp.
Indenture trustee	U.S. Bank Trust Co. N.A.
Custodian	U.S. Bank N.A.
Backup servicer	Equiant Financial Services Inc.
Owner trustee	Wilmington Trust Co.

Rationale

The preliminary ratings assigned to BXG Receivables Note Trust 2023-A's (BXG) timeshare loan-backed, fixed-rate notes reflect our opinion of the credit enhancement available in the form of subordination, overcollateralization, a reserve account, and available excess spread. The preliminary ratings also reflect our view of Bluegreen Vacations Corp.'s (Bluegreen) servicing ability and experience in the timeshare market.

Demand in the leisure travel industry has held up well following the COVID-19 pandemic with timeshare occupancy levels remaining strong. At the end of 2022, many timeshare operators continued to experience strong demand as evidenced by elevated rating upgrade activity and increasing new buyer interest. Timeshare cost increases have also been lower than hotels and are expected to remain muted in order to increase tour flow and attract more new owners. Timeshare occupancy has remained persistently high as the value proposition of this vacation product has compared well to the rising cost of hotels.

According to our corporate analysts, leisure demand will remain strong through the early part of 2023. This is due, in part, to demand in the first quarter of 2022 being muted by the spread of the omicron variant. "However, sales growth for full-year 2023 depends on how well consumers hold up under continued high prices and an anticipated shallow U.S. recession in the first half of the year," said our corporate analysts (see "Industry Top Trends 2023: Hotels, Gaming, And Leisure," published Jan. 23, 2023).

To derive the base-case gross default rate--as we move away from the pandemic, and in consideration of timeshare securitization performance through that period and in its aftermath--we focused our analysis on performance data from 2011-2021 and long-term performance trends, rather than emphasizing more recent vintages, as we did in 2022.

Our preliminary ratings on BXG Receivables Note Trust 2023-A's timeshare loan-backed notes reflect the fact that the transaction structure is able to pay timely interest and ultimate principal by legal maturity on all the notes under our stressed cash flow scenarios, as well as the recovery rate and credit stability sensitivity scenarios.

Environmental, Social, And Governance (ESG) Factors

Our rating analysis considered the potential exposure of the transaction to ESG credit factors. We have not identified any material ESG credit factors in our analysis. Therefore, there is no rating impact due to ESG considerations.

The timeshare securitization sector has a neutral exposure to environmental factors. Although climate events such as extreme storms, floods, or wildfire could affect consumers' ability to travel, the geographic diversity of timeshare resort locations and flexibility in booking vacations offer relief against environmental factors. We have not seen evidence that the consumer payment behavior would be altered significantly.

Social credit factors are neutral for the timeshare securitization sector. The U.S. lodging sector was one of the hardest-hit sectors by the pandemic, with unprecedented declines in revenue due to the containment measures to slow the spread of COVID-19; however, the performance of timeshare loan securitizations held up well due to the points programs offered and the ability of obligors to bank points for future use in a diversified network. More recently, demand from current owners for upgrades and an increase in new owner tours is driving growth.

Governance credit factors are neutral for timeshare securitizations given that the collateral pools are typically managed by the originator/servicer. The roles and responsibilities of each transaction party and the allocation of cash flows are well defined, and transactions are structured to isolate the assets from the originators/sellers. However, the originators may repurchase or substitute defaulted collateral in the collateral pools, and as such, governance shortfalls at the originator or servicer could affect collateral quality. Additionally, the originators/servicers are responsible for maintenance of the resort properties, which is directly related to customer satisfaction and timely payment.

Business Description

Together with their subsidiaries, Bluegreen (a Florida corporation) and Bluegreen Properties N.V. (an Aruba corporation and an indirect wholly owned subsidiary of Bluegreen) develop, exchange, market, sell, and manage vacation ownership resorts and originate loans to finance the purchase of timeshare interests in the resorts. Bluegreen's stock began trading on the NYSE on Nov. 17, 2017, under the symbol 'BXG' and ceased trading publicly on May 5, 2021, when the company became a wholly owned subsidiary of Bluegreen Vacations Holding Corporation which trades on the NYSE under the BVH symbol.

Bluegreen is one of the largest vacation ownership interval (VOI) developers and managers in the U.S. Compared with many developers that have resorts only in destination locations, Bluegreen has resorts in regional and destination locations. The regional drive-to locations, which are within a few hours of Bluegreen's timeshare owner base, make up the majority of the company's resorts.

Bluegreen markets and sells VOIs at 24 sales locations across the U.S. As of March 31, 2023, approximately 217,000 VOI owners participated in the Bluegreen Vacation Club. All of Bluegreen's club members are part of the worldwide exchange network managed by RCI LLC.

The Bluegreen Vacation Club was created in 1994 under a trust agreement to provide VOI owners with the flexibility of a points-based system. The club permits its members to use their points for vacations at the club's 71 resorts. Bluegreen has stated that it created the club because the owners wanted the flexibility to customize their vacation experience, location, and length of stay.

When a prospective owner purchases a VOI, the new owner, by entering into the purchase agreement, directs Bluegreen to convey the ownership interest in the VOI to the Bluegreen Vacation Club trustee. The trustee holds the ownership interest for the owner's benefit, and the owner then becomes a Bluegreen Vacation Club member and receives an annual or biennial allotment of points. Because Bluegreen's marketing is geared toward selling the club versus a specific resort, the ownership interest sold and conveyed will not necessarily be the resort the owner is visiting at the time of sale.

In addition to the company's traditional vacation ownership operations, in recent years, the company has pursued a business strategy, which it refers to as the "capital-light" business strategy, involving activities that typically do not require the significant costs and capital investments generally incurred in connection with the acquisition and development of timeshare properties under the company's traditional vacation ownership business. Bluegreen believes this strategy enables it to leverage its expertise and existing infrastructure in resort management, sales and marketing, mortgage servicing, title services, and construction management to generate recurring revenues from third parties. As of March 31, 2023, Bluegreen's capital-light business activities consisted of fee-based sales and marketing arrangements, just-in-time inventory acquisition arrangements, secondary market arrangements, and other fee-based services.

Timeshare Property Regimes

A VOI loan is typically an installment sale or mortgage loan with an original term of 10 years, and is secured by a right to use the property or by a deeded interest, as applicable. Historically, timeshares were sold on a fixed-week, fixed-unit basis, which gives the timeshare owner the right to use a designated unit in a specified property for a defined time period each year in perpetuity. Since the early 1990s, some VOIs have been sold through a points program, whereby purchasers buy points in a system that entitles them to use any of the properties within a developer's system at any time during the year, subject to availability. While most fixed-week VOIs are exchangeable, the points system allows VOI owners greater flexibility because the owner can determine when, where, and how long each timeshare vacation occurs.

Customer Financing And Loan Underwriting

Bluegreen generally offers prospective buyers financing for up to 90% of the VOI purchase price if they meet certain FICO score-based standards, and has offered zero down for certain qualifying consumers based on prior club purchases. There is typically no prepayment penalty, and if the loan is paid in full within the first 30 days, the transaction is considered a full-cash purchase.

Collections And Servicing

Unless circumstances dictate otherwise, when a Bluegreen Vacation Club owner's (the obligor's) account is 10 or more days past due, Bluegreen (the servicer) initiates collections efforts by phone and by email. After an account is 30-days delinquent, Bluegreen sends a letter advising the obligor (if the obligor is a U.S. resident) that the delinquency will be reported to the credit reporting agencies if the loan is not made current. At 60-days delinquent, the servicer sends a letter advising the obligor that they may be prohibited from making future reservations for lodging at Bluegreen's resorts. At 90-days delinquent, the servicer sends a notice informing the obligor that his or her membership in the Bluegreen Vacation Club will be terminated unless the delinquency is cured within 30 days from the notice date. If the delinquency is not cured, at approximately 120 days past due, the servicer typically sends a termination letter to the obligor. Then the account is deemed in default, the owner's beneficial interest in the timeshare property is terminated, and the VOI may be sold to a new purchaser.

Due to Bluegreen Vacation Club's legal structure, the servicer may terminate the obligor's ownership interest in the timeshare property without resorting to judicial recovery. Bluegreen manages its collections and servicing businesses at its corporate headquarters in Boca Raton, Fla.

Transaction Structure

The series 2023-A transaction includes three classes of fixed-rate notes. The notes will pay interest and principal monthly. The class B and C interest may be deferred if the aggregate outstanding note balance is greater than the loan balance.

Table 1

Payment waterfall

Priority	Payment
1	Trustee fees and expenses (trustee expenses related to a servicing transfer are capped at $30,000 per quarter and $100,000 in aggregate, and all other trustee expenses are capped at $50,000 per year).
2	Owner trustee fee.
3	Administrator fee.
4	Custodian fee.
5	Lockbox fees.
6	Servicing fee (1.50% per year, calculated each month based on beginning period loan balance).

Table 1

Payment waterfall (cont.)

Priority	Payment
7	Backup servicer fees.
8	Class A interest.
9	Class B interest.
10	Class C interest.
11	If a trigger event has occurred, all available funds to pay down the class A principal until it is reduced to zero; then the class B principal until it is reduced to zero; then the class B deferred interest amount until it is reduced to zero; then the class C principal until it is reduced to zero; and then the class C deferred interest amount until it is reduced to zero.
12	Class A principal.
13	Class B principal.
14	Class C principal.
15	Any funds required to fill the reserve account to its required amount.
16	The principal advance reduction amount, pari passu and pro rata, to the class A, B, and C noteholders.
17	If a lockout event has occurred and is continuing, all remaining available funds to the class A, B, and C noteholders pari passu and pro rata.
18	Any deferred interest amount to the class B noteholders.
19	Any deferred interest amount to the class C noteholders.
20	All remaining amounts to the force majeure loan reserve account until the required amount is reached.
21	Any indenture trustee extraordinary out-of-pocket expenses to the indenture trustee, to the extent not paid in item 1.
22	Any amounts owed to lockbox bank under the lockbox agreement not paid in item 5.
23	Any remaining available funds for distribution to the certificate distribution account according to the trust agreement.

The transaction uses a pro rata principal structure that pays principal collection plus the balance of all defaulted loans pro rata between the class A, B, and C notes (items 12, 13, and 14 in the payment waterfall), subject to performance triggers. In addition, the class B and C notes may defer interest payments without triggering an event of default, and such deferred interest on the note balance write-down amount will not be part of the class B and C note interest due in items 9 and 10 above; rather, it would be payable in items 18 and 19 above. In our cash flow results below, the full repayment of deferred interest is paid by legal final maturity.

Trigger event

If the transaction trips any of the following triggers, all of the available funds will be used for the principal payments in item 11 of the payment waterfall:

- The three-month average 61-plus-day delinquency level is greater than 6.00%;
- The three-month rolling average default level exceeds 0.90% in periods 1-6; 1.20% in periods 7-18; and 1.50% for periods 19 and greater;
- A note balance writedown amount to the class C notes is applicable (that is, the aggregate note balance exceeds the loan balance); or

- The cumulative net default level exceeds the following levels: 2.75% in months 1-6, 4.10% in months 7-12, 7.50% in months 13-15, 8.50% in months 16-18, 9.00% in months 19-21, 9.50% in months 22-24, 12.50% in months 25-36, 16.00% in months 37-47, and 19.00% in month 48 and thereafter.

Lockout event

The following triggers will shut off the residual cash flow to the issuer in item 15 in the payment waterfall:

- The three-month rolling average default level exceeds 0.60% in months 1-12 or 0.75% thereafter;
- The three-month rolling average recovery ratio is less than 25.00%; or
- The cumulative net default level exceeds the following levels: 2.25% in months 1-6, 3.60% in months 7-12, 6.75% in months 13-24, 9.38% in months 25-36, 14.40% in months 37-47, and 18.00% in month 48 and thereafter.

Lockout events associated with the default levels can cure if the default levels are at or below the levels specified above for five consecutive periods.

Trigger events can cure if the delinquency level is at or below the level specified above for three consecutive periods or if the default level is at or below the levels specified above for five consecutive periods.

General reserve account

The issuer will initially fund the reserve account with 2.50% of the aggregate closing date collateral balance. Prior to the occurrence and continuance of a lockout event, the required reserve amount will be 2.00% for the 13th payment date, then stepdown to 1.50% for the 14th payment date, and 1.00% thereafter. During a lockout period, the required reserve amount will be 5.00% of the current pool balance. If the lockout period is cured, the required reserve will gradually step down to 1.00% of the current pool balance monthly in 1.00% decrements. The reserve account will have a floor of 0.25% of the aggregate closing date collateral balance. The reserve account can be drawn on to fund any shortfall in items 1-14 (inclusive) in the payment waterfall.

Prefunding account

The transaction includes a prefunding account that will be funded from the initial bond proceeds. The issuer may use the prefunding account to purchase up to approximately $4.0 million of additional timeshare loans (1.59% of the total collateral), according to the transaction's eligibility criteria. The issuer will deposit all unused funds in the prefunding account into the collection account 120 days after closing.

The loans purchased from the prefunding account are required to have the following characteristics, among others:

- A weighted-average interest rate greater than 14.25%;
- A weighted-average seasoning greater than or equal to 6.0 months for the loans in the pool,

including the loans purchased from the prefunding account;

- A FICO score greater than 650 for new timeshare loans;
- One payment, at least, made by the related obligor for each loan;
- A weighted-average FICO score higher than 737;
- No foreign obligors, inclusive of obligors residing in Canada; and
- "Owner" loans (discussed in the Collateral section, below) represent at least 50% of the prefunding amount; and
- A stated maturity no later than November 2033.

To account for additional collateral that the issuer will purchase from the originator during the prefunding period, we constructed a worst-case pool based on the portfolio limitations. This worse-case pool analysis is incorporated into our expected gross default assumption.

Collateral

The series 2023-A collateral pool is seasoned approximately seven months. The weighted-average remaining life of the collateral pool is approximately 113 months. The weighted-average FICO score of the pool is 735. There are no loans below 600 FICO. The percentage of loans originated to first-time customers in the pool is 40% ("frontline"), which is lower than the 48% in the series 2022-A transaction. Historically, the "frontline" loans have exhibited higher levels of defaults than loans made to existing owners of vacation ownership interests ("owner"). In addition to economic factors including inflation, average loan size increased in the 2023-A transaction from 2022-A due partly to an emphasis on add-on loans for the owner borrowers during COVID-19. Add-on loans allow the borrower to purchase additional points in a separate loan to combine with the points from their original purchase rather than refinancing which rolls the original loan into a new loan.

As of the cut-off date, no principal or interest payment is 30 days or more delinquent, and all have made at least one scheduled payment (not including a down payment).

We compared the series 2023-A transaction's pool characteristics with those of previous timeshare transactions from the same developer (see table 2A). The weighted-average coupon is in line with the preceding transactions, while the weighted average-FICO is higher than in prior transactions. The weighted-average seasoning is roughly 50% lower than 2022-A and 2020-A.

Table 2A

Statistical portfolio characteristics

	BXG 2023-A	BXG 2022-A	BXG 2020-A	BXG 2018-A	BXG 2017-A	BXG 2016-A	BXG 2015-A
Aggregate loan balance ($)	246,550,121	185,008,141	138,917,835	109,009,326	116,583,073	122,863,549	103,746,168
No. of loans	12,609	13,787	10,191	7,638	10,190	12,178	12,077
Range of loan balances ($)	25.03-215,460	1,000-98,725	1,001-128,905	1,045-156,668	1,014-134,773	1,003-108,652	1,002-71,629

Table 2A

Statistical portfolio characteristics (cont.)

	BXG 2023-A	BXG 2022-A	BXG 2020-A	BXG 2018-A	BXG 2017-A	BXG 2016-A	BXG 2015-A
Avg. loan balance ($)	19,554	13,419	13,631	14,272	10,686	10,089	8,590
Range of coupon rates (%)	6.00-17.99	6.00-17.99	6.00-17.99	6.00-17.99	6.00-17.99	6.00-17.99	6.00-17.99
Weighted avg. coupon rate (%)	14.88	15.48	14.46	14.54	14.85	15.54	16.20
Range of original terms (mos.)	36-120	36-120	36-120	36-120	60-120	60-120	60-120
Weighted avg. original term (mos.)	119.9	119.8	119.7	119.3	119.0	118.6	118.0
Range of remaining terms (mos.)	15-119	10-119	10-119	12-119	12-120	12-119	13-120
Weighted avg. remaining term (mos.)	113.0	108.7	105.4	109.6	102.8	100.0	99.0
Range of seasoning (mos.)	1-85	1-110	1-110	1-108	0-108	1-108	0-107
Weighted avg. seasoning (mos.)	6.9	11.1	14.3	9.7	16.2	18.6	18.0
Range of FICO scores	600-844	570-844	572-844	560-842	568-844	570-844	571-844
Weighted avg. non-zero FICO score	735	724	726	718	713	707	708
No FICO (foreign obligors) (%)	0.00	0.19	0.53	0.91	1.40	0.00	0.00
No FICO (domestic obligors) (%)	0.07	0.18	0.30	0.20	0.30	2.40	3.00

Table 2A

Statistical portfolio characteristics (cont.)

	BXG 2023-A	BXG 2022-A	BXG 2020-A	BXG 2018-A	BXG 2017-A	BXG 2016-A	BXG 2015-A
<=600 (%)	0.02	0.01	0.20	0.10	0.20	0.20	0.20
601-650 (%)	5.53	10.62	11.10	14.30	16.40	17.70	18.50
651-700 (%)	23.66	25.40	22.10	24.30	26.60	28.50	26.60
701-750 (%)	27.22	28.50	27.10	27.40	26.00	26.50	25.30
751+ (%)	43.51	35.20	38.50	32.80	29.10	24.70	26.30

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In addition, we compared the series 2023-A transaction's pool characteristics with those of other developers (see table 2B). The 2023-A pool has a lower-end average loan balance, reflecting its target customer base. The weighted-average FICO is in line with Sierra, but slightly lower than Hilton and slightly higher than MVW and HINNT. The concentration of loans to foreign obligors is quite low relative to other developers.

Table 2B

Statistical portfolio characteristics(i)

	BXG 2023-A	Sierra 2022-3	Hilton 2022-2	Sierra 2022-2	HINNT 2022-A	MVW 2022-1	BXG 2022-A	Hilton 2022-1D
Aggregate loan balance ($)	246,550,121	285,714,299	279,518,471	303,879,354	205,385,329	286,410,626	185,008,141	224,521,669
No. of loans	12,609	11,867	9,982	12,838	11,701	13,225	13,787	6,784
Range of loan balances ($)	25-215,460	503-99,893	395-249,483	501–100,000	2,502-323,126	1,005-252,814	1,000-98,725	1,038-149,516
Avg. loan balance ($)	19,554	24,076	28,002	23,670	17,553	21,657	13,419	33,096
Range of coupon rates (%)	6.00-17.99	6.00-18.49	6.90-21.79	6.00-18.49	0.00-17.99	6.66-19.90	6.00-17.99	6.00-24.99
Weighted avg. coupon rate (%)	14.88	14.98	13.30	14.82	14.58	13.41	15.48	15.42
Range of original terms (mos.)	36-120	24-180	60-180	36-180	12-180	24-240	36-120	120-120
Weighted avg. original term (mos.)	120	120	122	120	119	146	120	120
Range of remaining terms (mos.)	15-119	1-178	2-151	2-169	1-180	3-180	10-119	11-120
Weighted avg. remaining term (mos.)	113	112	106	111	109	132	109	107
Range of seasoning (mos.)	1-85	0-174	1-169	0-134	0-115	0-233	1-110	0-109

Table 2B

Statistical portfolio characteristics(i) (cont.)

	BXG 2023-A	Sierra 2022-3	Hilton 2022-2	Sierra 2022-2	HINNT 2022-A	MVW 2022-1	BXG 2022-A	Hilton 2022-1D
Weighted avg. seasoning (mos.)	7	8	16	9	10	15	11	13
Range of FICO scores	600-844	600-850	600-843	600-818	600-850	550-844	570-844	552-844
Weighted avg. FICO score	735	731	746	733	729	726	724	740
Weighted avg. down payment/original equity (%)	24.29	33.62	24.0	37.2	19.4	26.3	13.5	29.8
Foreign/U.S. (%)	.01/99.99	0.20/99.80	8.18/91.82	0.20/99.80	3.08/96.92	3.90/96.10	0.20/98.80	0.19/99.81
Closing date	6/15/2023(ii)	10/20/2022	8/11/2022	7/21/2022	6/2/2022	5/19/2022	4/29/2022	4/21/2022

(i)All fields are as of each transaction cutoff date. (ii)Expected closing date. BXG 2023-A--BXG Receivables Note Trust 2023-A. Sierra 2022-3--Sierra Timeshare 2022-3 Receivables Funding LLC. Hilton 2022-2--Hilton Grand Vacations Trust 2022-2. Sierra 2022-2--Sierra Timeshare 2022-2 Receivables Funding LLC. HINNT 2022-A--HIN Timeshare Trust 2022-A. MVW 2022-1--MVW 2022-1 LLC. BXG 2022-A--BXG Receivables Note Trust 2022-A. Hilton 2022-1D--Hilton Grand Vacations Trust 2022-1D.

S&P Global Ratings' Expected Gross Default Assumptions: Total Pool (Including Foreign): 24.5%

To derive the base-case gross default rate for the 2023-A transaction, we examined the outstanding asset-backed securities (ABS) pools' performance in addition to the "frontline" and "owner" static loan pools' historical gross default performance, broken down by the following FICO score ranges:

- 575-600;
- 601-625;
- 626-650;
- 651-700;
- 701-750;
- 751-850;
- U.S. no FICO; and
- International no FICO.

"Frontline" static pools for fourth-quarter 2011 through second-quarter 2014 and "owner" static pools for fourth-quarter 2011 through first-quarter 2015 each had less than approximately 5.00% of their original aggregate loan balances outstanding. We used the loan balance data from these pools to construct a weighted-average default timing curve based on originations for each FICO score range.

We then estimated the expected defaults for each FICO score range sub-pool using the actual cumulative default data to date and the applicable default timing curve. We determined the default proxy for each cohort by averaging projections for the fourth-quarter 2011 through third-quarter 2021 vintages. We then considered those loans in the pools that were seasoned at least 18 months. We assumed a lower default rate for loans outstanding beyond 24 months to reflect the slowing speed of increases in defaults as loans age. We then weighted these expected default rates by pool composition to form an expected default rate assumption for the pool.

Based on the static pool analysis and the 2023-A pool's collateral mix, in addition to outstanding ABS performance trends (which show a reversion to pre-pandemic performance), we expect the pool to experience a cumulative gross default rate of approximately 24.5% as a base case. The 0.01% foreign obligor pool concentration was included in the cumulative gross default rate. Unlike the 2022 transaction, in this transaction, we did not assign additional weight to recent vintages given the trends observed in the historical static pool default data.

Stressed Expected Gross Default Assumptions: 72.4% ('AAA') And 51.0% ('A-')

We applied compressed multiples to arrive at a gross default rate of 72.4% under a 'AAA' scenario after giving credit to the seasoning in the collateral pool, and 51.0% under a 'A-' scenario.

In the series 2023-A transaction, we believe that, depending on the default timing and voluntary prepayment rate assumptions, the transaction can withstand cumulative gross default rates of 65%-74% for the class A notes and 51%-55% for the class B notes assuming a 10% CPR and 72%-77% for the class A notes assuming a 5% CPR.

We determined these rates after considering that the transaction must pay the full and timely interest and ultimate principal payments on the rated notes (see the Cash Flow Assumptions And Sensitivity Analysis section below for the different scenarios we reviewed). In our analysis, we did not assume any recovery on the loans. If the cumulative percentage of defaults rises higher than the assumed stressed expected gross default assumption, or if the loans' prepayment rate or their default timing is different from what we have assumed in our analysis, the series 2023-A notes may experience an interest or principal payment default.

Credit Support

Credit support for the notes is provided by:

- The class B and C notes' 47.00% as subordination for the class A notes' benefit;
- The class C notes' 20.30% as subordination for the class B notes' benefit;
- The initial 14.50% overcollateralization;
- The initial reserve account, which is funded at closing with 2.50% of the collateral balance, stepping down to 1.00% after month 14, subject to a floor of 0.25% of the initial collateral balance;
- The excess spread; and
- Performance-based triggers (as described in the Transaction Structure section above).

Cash Flow Assumptions And Sensitivity Analysis

According to our criteria for rating timeshare loan securitizations, we ran various cash flow scenarios to determine the appropriate preliminary ratings for the series 2023-A notes given the transaction's credit enhancement, and we tested the transaction's sensitivity to changes in default timing and different voluntary prepayment assumptions. We applied our expected gross default assumption and default timing patterns to the collateral pool in the aggregate. Our methodology distributes defaults among the collateral to match as closely as possible, in aggregate, our gross default assumptions and default timing patterns. Depending on how the collateral pool is represented, some collateral groups may experience higher or lower defaults based on their seasoning.

In our cash flow modeling, the deferred interest (carry-over or carry-forward interest) is paid by the legal final maturity date even though a failure to pay deferred interest might not be an event of default under the transaction documents. We ran several gross default rate timing curves to test the transaction under stressed gross default rate assumptions applied under different timing scenarios (see table 3) and each default timing scenario (or curve) under various voluntary prepayment assumptions.

Table 3

Gross default timing curves for cash flow modeling (%)

Year	A	B	C	D	E	F	G	H	I	S1	S2
1	0.13	0.50	0.50	0.50	0.50	0.45	0.40	0.40	0.10	0.15	0.18
2	0.47	0.25	0.25	0.05	0.50	0.30	0.30	0.25	0.15	0.27	0.26
3	0.22	0.15	0.25	0.05	0.00	0.03	0.15	0.15	0.15	0.19	0.18
4	0.10	0.10	0.00	0.05	0.00	0.03	0.02	0.03	0.20	0.14	0.13
5	0.05	0.00	0.00	0.05	0.00	0.03	0.02	0.03	0.20	0.10	0.09
6	0.01	0.00	0.00	0.05	0.00	0.03	0.02	0.03	0.10	0.07	0.07
7	0.01	0.00	0.00	0.05	0.00	0.03	0.02	0.03	0.10	0.05	0.04
8	0.01	0.00	0.00	0.05	0.00	0.03	0.02	0.03	0.00	0.02	0.02
9	0.00	0.00	0.00	0.05	0.00	0.03	0.02	0.03	0.00	0.01	0.01
10	0.00	0.00	0.00	0.10	0.00	0.03	0.02	0.03	0.00	0.00	0.00

Break-even gross defaults

We also determined what we believe to be the break-even gross default levels for each scenario (see table 4). Given the high expected gross default assumptions, we ran various stress scenarios under a 10% constant prepayment rate (CPR) voluntary prepayment assumption and 5% CPR for the Class A. We believe the results under the 5% CPR assumption are more appropriate because the high default proxy for the Class A combined with a higher CPR results in targeted defaults exceeding the life of the collateral in our analysis.

For the class A notes at a 10% CPR, not all of the scenarios we ran have a break-even default level greater than 72.4% (the 'AAA' default assumption). All results across the default patterns (except the I & S1 curves) have a break-even rate greater than 72.4% and these two curves run out of collateral in the run. At a 5% CPR, all of the scenarios for the class A notes exceed the 'AAA' default assumption except the I curve which runs out of collateral. For class B, all of the scenarios we ran at a 10% CPR voluntary prepayment assumption have a break-even default level greater than 51.0% (the 'A-' default assumption). See table 4 for further details on break-evens.

Table 4

Break-even gross defaults (%)

	Class A		Class B
Pattern	10% CPR	5% CPR	10% CPR
Curve A	72.73	75.53	52.55
Curve B	73.39	75.23	51.96
Curve C	73.22	74.96	51.69
Curve D	73.88	76.26	52.98
Curve E	72.76	74.32	51.16
Curve F	73.84	76.08	52.82
Curve G	73.93	76.14	52.82
Curve H	74.00	76.30	52.96
Curve I	64.88	72.11	54.80
Curve S1	72.19	77.49	53.56
Curve S2	73.44	77.35	53.46

CPR--Constant prepayment rate.

Under each of these simulated default scenarios and respective prepayment assumptions, the cash flow modeling exercise indicates that the noteholders will be paid timely interest and ultimate principal even if the series 2023-A loan pool's cumulative defaults increase to the levels listed in Table 4.

Under certain default patterns, such as the I curve, the transaction can withstand defaults that are below our default assumptions. We note that if defaults under these patterns were to exceed our default assumptions, the classes may experience a shortfall in the payment of carry-forward interest on the legal final maturity date. However, given that the break-evens pass in all other default scenarios, while applying the conservative assumptions simultaneously on all other variables, we believe the results are still consistent with the assigned preliminary ratings.

Recovery Rate Trigger

Similar to other recent timeshare transactions, the series 2023-A transaction includes a recovery rate trigger in the payment waterfall. Under our current default timing assumptions and cash flow modeling, we typically assume zero recovery for defaulted timeshare loans. In our view, timeshare loan recovery levels and timing are subject to several variables, such as whether the developer has an active sales channel to remarket the defaulted loans and discretion regarding resale timing.

When modeling the recovery rate trigger, we believe the break-even default levels may be inflated because we assume there will be zero recoveries, the recovery rate trigger test will fail immediately, and the transaction will begin to make turbo payments to the rated notes. Therefore, a transaction with this trigger appears able to withstand higher default stress scenarios than one without the trigger. Furthermore, transactions structured with this type of trigger may have classes that appear marginally weaker than those without the trigger (or without modeling for the trigger in the cash flow) under our current default timing assumptions and cash flow modeling.

In addition to our customary default stress scenarios, we ran other stress scenarios and sensitivity analyses. To simulate a scenario in which there is a period of time before the onset of a representative rating-level stress environment, we developed a revised set of default patterns that delay the onset of stress by one year ("delayed onset"). In year one, we model base-case defaults that are derived by taking the product of the base-case cumulative gross loss assumption on the collateral pool (24.5%) and the year-one defaults under the developer-specific loss curve (see curve S2 in table 5), adjusting for the stressed expected gross default assumption for that class. During the first 12 months only, we model recoveries at a level slightly above the recovery rate trigger level. Based on this scenario for the first year, we developed the revised sensitivity default patterns shown in table 5.

Table 5

Revised sensitivity default patterns

Year	A	B	C	D	E	F	G	H	I	S1	S2
Class A (%)											
1	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16	6.16
2	13.00	50.00	50.00	50.00	50.00	45.00	40.00	40.00	10.00	14.76	18.18
3	47.00	25.00	25.00	5.00	43.84	30.00	30.00	25.00	15.00	26.53	26.31
4	22.00	15.00	18.84	5.00	0.00	3.13	15.00	15.00	15.00	19.38	18.44
5	10.00	3.84	0.00	5.00	0.00	3.13	2.16	2.86	20.00	13.69	13.36
6	1.84	0.00	0.00	5.00	0.00	3.13	2.14	2.86	20.00	9.97	9.49
7	0.00	0.00	0.00	5.00	0.00	3.13	2.14	2.86	10.00	6.97	6.61
8	0.00	0.00	0.00	5.00	0.00	3.12	2.14	2.86	3.84	2.54	1.44
9	0.00	0.00	0.00	5.00	0.00	3.12	0.26	2.40	0.00	0.00	0.00
10	0.00	0.00	0.00	8.84	0.00	0.08	0.00	0.00	0.00	0.00	0.00
Class B (%)											
1	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75
2	13.00	50.00	50.00	50.00	50.00	45.00	40.00	40.00	10.00	14.76	18.18
3	47.00	25.00	25.00	5.00	41.25	30.00	30.00	25.00	15.00	26.53	26.31
4	22.00	15.00	16.25	5.00	0.00	3.13	15.00	15.00	15.00	19.38	18.44
5	9.25	1.25	0.00	5.00	0.00	3.13	2.16	2.86	20.00	13.69	13.36
6	0.00	0.00	0.00	5.00	0.00	3.13	2.14	2.86	20.00	9.97	9.49
7	0.00	0.00	0.00	5.00	0.00	3.13	1.95	2.86	10.00	6.92	5.46
8	0.00	0.00	0.00	5.00	0.00	3.12	0.00	2.67	1.25	0.00	0.00
9	0.00	0.00	0.00	5.00	0.00	0.61	0.00	0.00	0.00	0.00	0.00
10	0.00	0.00	0.00	6.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The proportion of stressed defaults allocated to year one for the two classes increases as one moves down the capital structure. This suggests that the structure should be able to withstand a greater proportion of losses at the higher rating levels once the stresses begin after the first year. In addition, we model the transaction without the recovery rate trigger.

In determining the applicable rating consistent with previous transactions, we look at the maximum break-even for each default pattern under both the delayed onset and no recovery rate trigger scenarios. Depending on qualitative factors, including the collateral characteristics, we might not require the transaction to pass all default patterns under the sensitivity at a given rating level.

Under these stress assumptions and sensitivity scenarios, which, in our opinion, are commensurate with the assigned preliminary ratings, we expect the series 2023-A transaction's cash flows to be sufficient for the full and timely interest and ultimate principal payments on the notes. We believe that the additional sensitivity analysis that we performed on the series 2023-A notes is sufficient to address the recovery trigger's effect on the cash flow results.

We compared this transaction's credit and cash flow characteristics with those of prior timeshare transactions from the same issuer, including base-case cumulative gross default assumptions, and with other recent new issuances (see tables 6A and 6B).

Table 6A

Base-case default assumptions and credit enhancement

	BXG 2023-A	BXG 2022-A	BXG 2020-A	BXG 2018-A	BXG 2017-A	BXG 2016-A
Base case default assumption (%)	24.5	25.6	26.8	20.0	19.5	19.4
Subordination and overcollateralization						
AAA	61.5	63.6	67.4	63.1		
AA+						
AA						
AA-						
A+						
A				38.5	35.0	34.0
A-	34.8	34.6	35.2			
BBB+						
BBB						
BBB-				12.8	12.0	10.0
BB						
BB-						
B+						
B						

BXG--BXG Receivables Note Trust

Table 6B

Base-case default assumptions and advance rates(i)

	BXG 2023-A	Sierra 2022-3	Hilton 2022-2	Sierra 2022-2	HINNT 2022-A	MVW 2022-1	BXG 2022-A	Hilton 2022-1D
Base-case default assumption(%)	24.54	25.05	15.10	24.69	31.50	15.90	25.60	21.10
Weighted avg. seasoning (mos.)	7	8	16	9	11	15	11	13

Table 6B

Base-case default assumptions and advance rates(i) (cont.)

	BXG 2023-A	Sierra 2022-3	Hilton 2022-2	Sierra 2022-2	HINNT 2022-A	MVW 2022-1	BXG 2022-A	Hilton 2022-1D
Weighted avg. FICO Score	735	731	746	733	729	726	724	740
Advance rate (%)								
AAA	38.5	33.9	54.8	36.4	24.5	57.5	36.5	40.9
AA-								
A+								
A		56.0		58.0	47.0	77.8		
A-	65.2						65.5	73.3
BBB+			80.9					
BBB		78.3		80.8	65.8	90.3		81.9
BBB-								
BB			90.1					
BB-		87.5		90.5		98.0		94.7
B								
B-			96.3					

(i)All fields are as of each transaction cutoff date. BXG 2023-A--BXG Receivables Note Trust 2023-A. Sierra 2022-3--Sierra Timeshare 2022-3 Receivables Funding LLC. Hilton 2022-2--Hilton Grand Vacations Trust 2022-2. Sierra 2022-2--Sierra Timeshare 2022-2 Receivables Funding LLC. HINNT 2022-A--HIN Timeshare Trust 2022-A. MVW 2022-1--MVW 2022-1 LLC. BXG 2022-A--BXG Receivables Note Trust 2022-A. Hilton 2022-1D--Hilton Grand Vacations Trust 2022-1D.

In table 7, we indicate a range for the break-even gross default levels' average observed cushions with respect to each default timing curve over the stressed expected gross default assumptions for each rating level, as well as a range for the minimum observed cushions.

Table 7

Standard default patterns: average/minimum cushion

	BXG 2023-A(ii)	BXG 2022-A(ii)	BXG 2020-A(ii)	BXG 2018-A	BXG 2017-A	BXG 2016-A	Sierra 2022-3	Hilton 2022-2
Recovery rate trigger?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Class A								
Greater than 5.00%							Avg.	Avg./min.
2.00%-4.99%	Avg.(i)	Avg.(i)						
1.00%-1.99%			Avg.		Avg.	Avg.		
0.10%-0.99%				Avg.	Min.			
Less than 0.10%(i)	Min.(i)	Min.(i)	Min.	Min.		Min.	Min.	

Table 7

Standard default patterns: average/minimum cushion (cont.)

	BXG 2023-A(ii)	BXG 2022-A(ii)	BXG 2020-A(ii)	BXG 2018-A	BXG 2017-A	BXG 2016-A	Sierra 2022-3	Hilton 2022-2
Class B								
Greater than 5.00%			Avg.				Avg.	
2.00%-4.99%			Min.	Avg.	Avg.	Avg.		Avg./min.
1.00%-1.99%	Avg.	Avg.		Min.	Min.			
0.10%-0.99%	Min.	Min.				Min.	Min.	
Less than 0.10%(i)								
Class C								
Greater than 5.00%								
2.00%-4.99%				Avg.			Avg.	
1.00%-1.99%								Avg.
0.10%-0.99%				Min.			Min.	Min.
Less than 0.10%(i)								
Class D								
Greater than 5.00%								
2.00%-4.99%							Avg.	
1.00%-1.99%								Avg.
0.10%-0.99%							Min.	
Less than 0.10%(i)								Min.

(i)Includes figures below 0.00%. (ii)Results assuming a 5% CPR for class A and 10% CPR for class B. BXG--BXG Receivables Note Trust. Hilton 2022-2--Hilton Grand Vacations Trust 2022-2. Sierra 2022-3--Sierra Timeshare 2022-3 Receivables Funding LLC. CPR--Constant prepayment rate.

In table 8, we present a range for the observed cushion of the break-even gross default levels in our sensitivity runs pertaining to the recovery rate trigger over the stressed expected gross default assumptions for each rating level.

Table 8

Recovery rate trigger sensitivity: average/minimum cushion

	BXG 2023-A	BXG 2022-A	BXG 2020-A	BXG 2018-A	BXG 2017-A	BXG 2016-A	Sierra 2022-3	Hilton 2022-2
Class A								
Greater than 5.00%								Avg.
2.00%-4.99%							Avg.	
1.00%-1.99%				Avg.	Avg.	Avg.		Min.

Table 8

Recovery rate trigger sensitivity: average/minimum cushion (cont.)

	BXG 2023-A	BXG 2022-A	BXG 2020-A	BXG 2018-A	BXG 2017-A	BXG 2016-A	Sierra 2022-3	Hilton 2022-2
0.10%-0.99%					Min.			
Less than 0.10%(i)	Avg./min.	Avg./min.	Avg./min.	Min.		Min.	Min.	
Class B								
Greater than 5.00%							Avg./min.	
2.00%-4.99%			Avg.	Avg./min.	Avg.	Avg.		Avg.
1.00%-1.99%			Min.		Min.			
0.10%-0.99%						Min.		Min.
Less than 0.10%(i)	Avg./min.	Avg./min.						
Class C								
Greater than 5.00%								
2.00%-4.99%				Avg.			Avg./min.	
1.00%-1.99%				Min.				Avg.
0.10%-0.99%								Min.
Less than 0.10%(i)								
Class D								
Greater than 5.00%							Avg.	
2.00%-4.99%							Min.	Avg.
1.00%-1.99%								Min.
0.10%-0.99%								
Less than 0.10%(i)								

(i)Includes figures below 0.00%. BXG--BXG Receivables Note Trust. Hilton 2022-2--Hilton Grand Vacations Trust 2022-2. Sierra 2022-3--Sierra Timeshare 2022-3 Receivables Funding LLC.

As a sensitivity test, we reviewed the maximum break-even for each default pattern under both the delayed onset and no recovery rate trigger scenarios. In table 8, we indicate, with respect to the maximum break-even for each of these two sensitivity scenarios at the 'AAA' and 'A-'rating levels, the range for the average observed cushions and the minimum observed cushion.

Additional Sensitivities For Liquidity And Credit Stability

In addition to analyzing break-even cash flows and the incremental stressed scenarios discussed above, we also conducted a sensitivity analysis to see whether under a moderate ('BBB') stress scenario, all else being equal, our preliminary ratings would remain within the tolerances allowed by our rating stability criteria. Under a 'BBB' stress environment, we don't expect our ratings on the class A notes to be lowered by more than one rating category and the class B notes to be lowered by more than two rating categories from our preliminary ratings within the next 12 months. These rating movements are within the tolerances specified by our credit stability criteria (see "Methodology: Credit Stability Criteria," published May 3, 2010).

Property Visit

In May 2023, we toured Bluegreen's the Fountains property. The Fountains represents approximately 16.9% of the series 2023-A portfolio by aggregate principal balance. Construction of the first building in The Fountains was started in 1998, and the last building was completed in 2019. There are 842 units, mostly two-bedroom suites, with some three-bedroom units and a few presidential units. It is near Orlando airport and a short drive from the Disney parks. There is a sales center located on the property. Amenities include a café with take-out, a bar, an arcade, three pools, and a fitness center with spa service.

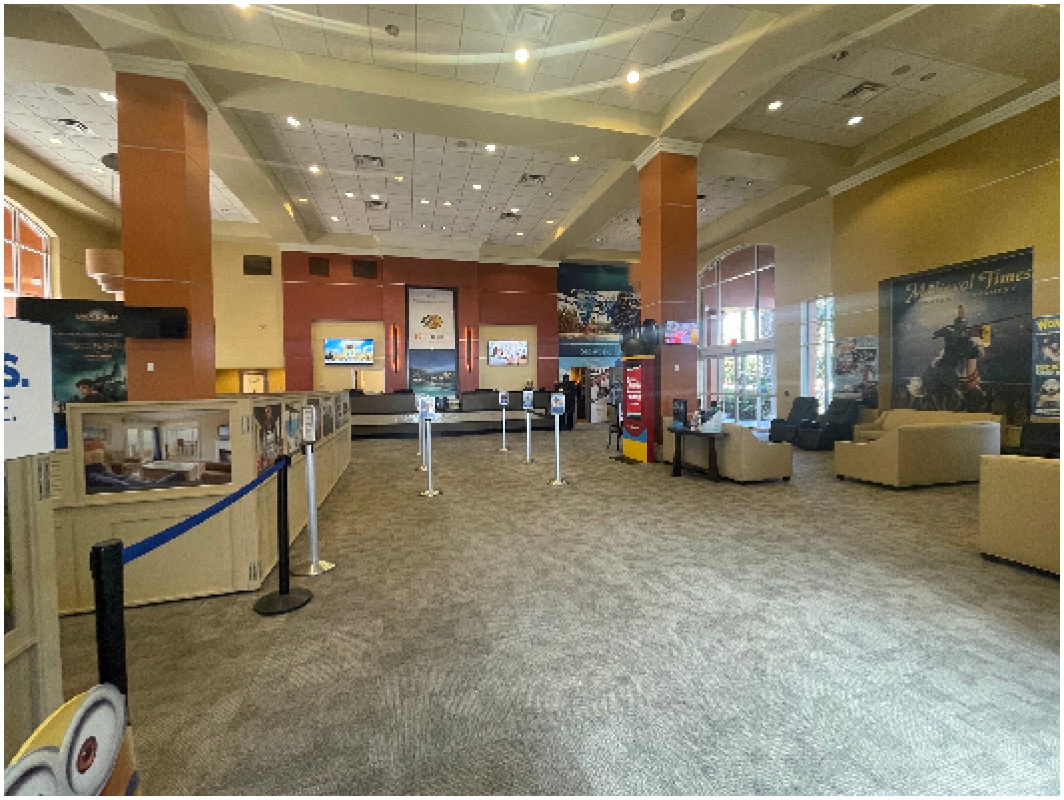
Fountains

Fountains

Fountains

Fountains

Fountains



Fountains

Legal Review/Structure

In rating this transaction, S&P Global Ratings will review the legal matters that it believes are relevant to its analysis, as outlined in our criteria.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings , Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities , Dec. 22, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And

Special-Purpose Entity Criteria , May 15, 2019

- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions , March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions , Jan. 30, 2019
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions , Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts , May 31, 2012
- General Criteria: Principles Of Credit Ratings , Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment , May 28, 2009
- Criteria | Structured Finance | ABS: Rating Criteria For U.S. Timeshare Loan Securitizations , Oct. 8, 2003

Related Research

- Economic Outlook U.S. Q2 2023: Still Resilient, Downside Risks Rise, March 27, 2023
- Industry Top Trends 2023: Hotels, Gaming, And Leisure , Jan. 23, 2023
- U.S. Business Cycle Barometer: Constrained By Tight Monetary Policy And Global Slowdown, Jan. 25, 2023
- Global Structured Finance 2023 Outlook, Jan. 11, 2023