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FILED

**Jane Dee Hull
Secretary of State**

CHAPTER 122

SENATE BILL 1154

AN ACT

AMENDING SECTIONS 32-2197, 32-2197.01, 32-2197.06, 32-2197.11 AND 32-2197.13, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 20, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-2197.18; RELATING TO REAL ESTATE TIME SHARES.

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 32-2197, Arizona Revised Statutes, is amended to read:

32-2197. Definitions

In this article, unless the context otherwise requires:

1. "DEVELOPER" MEANS ANY PERSON, CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST OR OTHER ENTITY THAT OFFERS FOR SALE, LEASE OR USE TWELVE OR MORE TIME-SHARE INTERVALS IN ONE OR MORE TIME-SHARE PROJECTS.

2. "EXCHANGE PROGRAM" MEANS ANY METHOD, ARRANGEMENT OR PROCEDURE FOR THE VOLUNTARY EXCHANGE AMONG TIME-SHARE INTERVAL OWNERS OF THE RIGHT TO USE AND OCCUPY ACCOMMODATIONS AND FACILITIES IN A TIME-SHARE PROJECT. EXCHANGE PROGRAM DOES NOT INCLUDE AN ASSIGNMENT OF THE RIGHT TO USE AND OCCUPY ACCOMMODATIONS AND FACILITIES TO PURCHASERS OR OWNERS PURSUANT TO A MULTISITE PROJECT RESERVATION SYSTEM.

3. "OFFER" OR "OFFERING" MEANS ANY MARKETING, PROMOTION, SOLICITATION OR ADVERTISING OF ANY KIND THAT IS INTENDED TO INTEREST PROSPECTIVE CUSTOMERS IN THE SALE, LEASE OR USE OF TIME-SHARE INTERVALS, WHETHER NOW OR IN THE FUTURE. OFFER OR OFFERING DOES NOT INCLUDE A GENERAL PROMOTION OF A RESORT NOT INTENDED TO MARKET TIME-SHARE INTERVALS.

4. "PREMIUM" MEANS ANYTHING OF VALUE OFFERED, PROMISED OR GIVEN TO A PROSPECTIVE CUSTOMER AS AN INCENTIVE TO ATTEND A PRESENTATION FOR THE SALE,

1 LEASE OR USE OF A TIME-SHARE INTERVAL OR TO TOUR OR VISIT A TIME-SHARE
2 PROJECT.

3 5. "REDEMPTION CERTIFICATE" MEANS A PREMIUM THAT GRANTS A RIGHT TO OR
4 THE PROMISE OF THE FUTURE DELIVERY OF GOODS OR SERVICES AND THAT IS
5 CONDITIONED ON THE HOLDER'S COMPLIANCE WITH STATED REQUIREMENTS, LIMITATIONS
6 OR CONDITIONS. REDEMPTION CERTIFICATE DOES NOT INCLUDE A PREPAID PREMIUM OR
7 DISCOUNT CERTIFICATE, OTHER THAN A TRAVEL RELATED PREMIUM, THAT IS REDEEMABLE
8 FOR GOODS OR SERVICES AT A BUSINESS LOCATED IN THIS STATE, INCLUDING A
9 RESTAURANT OR RETAIL STORE.

10 ~~1-~~ 6. "Time-share estate" means a right of occupancy in a time-share
11 project which is coupled with an estate in the real property.

12 ~~2-~~ 7. "Time-share interval" means a time-share estate, a time-share
13 use or a time-share period.

14 ~~3-~~ 8. "Time-share project" means a project in which a purchaser
15 receives the right in perpetuity, for life or for a term of years to the
16 recurrent, exclusive use or occupancy of a lot, parcel, unit or segment of
17 real property, annually or on some other periodic basis, for a period of time
18 that has been or will be allotted from the use or occupancy periods into
19 which the project has been divided.

20 ~~4-~~ 9. "Time-share use" means a license or contractual or membership
21 right of occupancy in a time-share project which is not coupled with an
22 estate in the real property.

23 Sec. 2. Section 32-2197.01, Arizona Revised Statutes, is amended to
24 read:

25 32-2197.01. Application for final time-share public report

26 A time-share public report must be obtained before offering for sale,
27 ~~or~~ lease OR USE in this state twelve or more time-share estates or time-share
28 uses in any particular time-share project. An application for a final public
29 report for a time-share project must contain the following documents and
30 information:

31 1. The name and address of the owner and developer. If the holder of
32 any ownership interest in the land is other than an individual, ~~such as~~
33 INCLUDING a corporation, partnership ~~or~~, LIMITED LIABILITY COMPANY, trust OR
34 OTHER ENTITY, a statement naming the type of legal entity and listing the
35 interest and the extent of such interest of each principal in the entity.
36 For the purposes of this paragraph, "principal" means any person or entity
37 having a ten per cent or more financial interest or, if the legal entity is
38 a trust, each beneficiary of the trust holding a ten per cent or more
39 beneficial interest.

40 2. A comprehensive statement of the time-share program.

41 3. The legal description and location of the land.

42 4. To the extent required by applicable local or state laws, a
43 recorded map of the project showing book, page and date of recording, and if
44 required by applicable local or state laws, approval by the county or city

1 in which the project is located. A map, survey or location plan is required
2 for incomplete projects. A project involving completed buildings where all
3 purchasers are given an on-site tour prior to a financial commitment may not
4 require a plat map. The need for a map, survey, location plan or building
5 plan on such completed projects will be determined at the time of
6 application.

7 5. A description of the total facility in terms of the number of
8 buildings, number of stories, common areas of the condominium or public use
9 areas in a- ANY hotel, motel or other facility.

10 6. A true statement of assurances for the installation of off-site
11 improvements.

12 7. Proof of adequate financial arrangements for any improvements to
13 be installed by the developer and the estimated schedule for completion of
14 such improvements.

15 8. A true statement of the availability of sewage disposal facilities
16 and other public utilities including water, electricity, gas and telephone
17 facilities in the project and the estimated schedule for their installation.

18 9. A statement of the provisions that have been made for permanent
19 access, and provisions, if any, for health department approved sewage and
20 solid waste collection and public utilities, including water.

21 10. A complete disclosure as to the operating costs of the time-share
22 program, including all of the variable costs of operation, management and
23 reserves and method of assessment, including evidence of financial
24 arrangements which provide for the developer's guarantee of payment of
25 assessment on unsold interests, or if the developer is not paying such costs,
26 the effect such nonpayment will have on operating costs.

27 11. A statement indicating how time-share dwelling units will be
28 assessed for purposes of property taxation.

29 12. A current preliminary title report for all dwelling units
30 comprising the time-share project for which the application is being made.

31 13. The recorded declaration of dedication of the project or other
32 project governing instruments or contracts incorporating all covenants of the
33 grantor or lessor and creating the time-share interests and the provisions
34 of the plan to include organization of an association of time-share interest
35 owners.

36 14. A true statement as to the methods to be used, such as release
37 clauses or other safeguards satisfactory to the commissioner, to provide that
38 the purchaser of a time-share interval will not lose or have ~~his~~ THE
39 PURCHASER'S interest imperiled by the foreclosure of underlying liens,
40 encumbrances or other obligations and that the developer can convey, or cause
41 to be conveyed, the interest in the offering.

42 15. The terms and conditions as to how a purchaser's interest is to be
43 conveyed including examples of all contracts, deeds, fact sheets and other

1 instruments to be used in marketing, financing and conveying of time-share
2 interests.

3 16. A true statement as to title to personal property within the units
4 or project incident to a purchaser's use and how purchasers will receive
5 assured use of personal property during the term offered.

6 17. A true statement of provisions made for financing any community,
7 recreational or other facilities to be included in the offering and evidence
8 of assurances for delivery of such facilities and provisions, if any, for the
9 continued maintenance of such facilities.

10 18. A statement of the provisions made for the management of the
11 project, including a copy of the management agreement, relationship with the
12 developer and whether the management agent will be bonded or insured.

13 19. Copies of all contracts and promotional material pertaining to a
14 program included in the offering involving the exchange of occupancy rights
15 by owners in the project with owners of interests in other time-share
16 projects.

17 20. If the project is located within the United States, but outside
18 this state, each filing must include evidence that the project is qualified
19 for sale in the home state according to the standards or requirements for the
20 sale of time-share ~~interests~~ INTERVALS existing in the home state at the time
21 of the filing.

22 21. If the project is located outside of the United States, each filing
23 of a foreign project must include evidence establishing that all requirements
24 of the home country have been met for the sale of time-share ~~interests~~
25 INTERVALS or the local equivalent of time-share interests in the home country
26 at the time of the filing.

27 22. Such other information and such other documents and certificates
28 as the commissioner may reasonably require.

29 Sec. 3. Section 32-2197.06, Arizona Revised Statutes, is amended to
30 read:

31 32-2197.06. Issuance of public report by commissioner on
32 time-share project; denial of issuance;
33 additional information; use of another state's
34 public report

35 A. Upon examination of a time-share project, the commissioner shall,
36 unless there are grounds for denial, issue to the developer a public report
37 authorizing the sale or lease in this state of the time-share intervals
38 within this project. The report shall contain the data obtained in
39 accordance with section 32-2197.01 and any other information which the
40 commissioner determines is necessary to implement the purpose of this
41 article. The commissioner shall require the developer to reproduce the
42 report and furnish each prospective customer with a copy, taking a receipt
43 for each copy. In the event of denial, grounds shall be set forth in writing
44 at the time of denial.

1 B. The commissioner may deny issuance of a public report on any of the
2 following grounds:

3 1. Failure to comply with any of the provisions of this article or the
4 rules of the commissioner pertaining to this article.

5 2. The sale or lease would constitute misrepresentation to or deceit
6 or fraud of the purchasers or lessees.

7 3. Inability to demonstrate that adequate financial or other
8 arrangements acceptable to the commissioner have been made for completion of
9 the project, installation of all streets, sewers, electric, gas and water
10 utilities, drainage, flood control and other similar improvements included
11 in the offering.

12 4. The owner, agent, developer, officer, director, partner, developer
13 trust or beneficiary holding ten per cent or more beneficial interest, or,
14 if a corporation, any stockholder owning ten per cent or more of the stock
15 of such corporation, has:

16 (a) Been convicted of a felony or misdemeanor involving theft, fraud
17 or dishonesty or involving the conduct of any business or a transaction in
18 real estate, cemetery property, time-share intervals or membership camping
19 campgrounds or contracts.

20 (b) Been permanently or temporarily enjoined by order, judgment or
21 decree from engaging in or continuing any conduct or practice in connection
22 with the sale or purchase of real estate, cemetery property, time-share
23 intervals, membership camping campgrounds or contracts, or securities or
24 involving consumer fraud or the Arizona racketeering laws.

25 (c) Had an administrative order entered against him by a real estate
26 regulatory agency or securities regulatory agency.

27 (d) Had an adverse decision or judgment entered against him involving
28 fraud or dishonesty or involving the conduct of any business in or a
29 transaction in real estate, cemetery property, time-share intervals or
30 membership camping campgrounds or contracts.

31 (e) Disregarded or violated any of the provisions of this chapter or
32 the rules of the commissioner pertaining to this chapter.

33 (f) Participated in, operated or held an interest in any entity to
34 which subdivision (b), (c), (d), or (e) applies.

35 5. If within this state, the time-share project is incompatible with
36 the existing neighborhood and would introduce into a neighborhood a character
37 of property or use which would clearly be detrimental to property values in
38 that neighborhood.

39 C. If the project is within a groundwater active management area, as
40 defined in section 45-402, the commissioner shall deny issuance of a public
41 report unless the developer has been issued a certificate of assured water
42 supply by the director of water resources, or unless the developer has
43 obtained a written commitment of water service for the project from a city,

1 town or private water company designated as having an assured water supply
2 by the director of water resources pursuant to section 45-576.

3 D. In addition to providing to each prospective customer a copy of the
4 public report as required in subsection A of this section, the developer
5 shall also provide to each customer before the close of any transaction any
6 additional information the commissioner deems appropriate, including
7 information and materials that identify any time-share exchange companies
8 currently under contract and that explain how they work.

9 E. THE COMMISSIONER MAY AUTHORIZE FOR USE IN THIS STATE A CURRENT
10 PUBLIC REPORT THAT IS ISSUED BY ANOTHER STATE OR AN EQUIVALENT REGISTRATION
11 AND DISCLOSURE DOCUMENT THAT IS REQUIRED BEFORE OFFERING A TIME-SHARE PROJECT
12 FOR SALE, LEASE OR USE AND THAT IS ISSUED BY ANOTHER STATE. THIS
13 AUTHORIZATION DOES NOT CONSTITUTE AN EXEMPTION FROM OTHER APPLICABLE
14 REQUIREMENTS OF THIS ARTICLE.

15 Sec. 4. Section 32-2197.11, Arizona Revised Statutes, is amended to
16 read:

17 32-2197.11. Advertising and promotional requirements;
18 telemarketing and promotional employees;
19 presentations and tours, drawings and contests;
20 commissioner's authority

21 A. The developer shall file with the commissioner, ~~FOR APPROVAL~~
22 ~~before use,~~ a copy of any ~~original~~ promotional and advertising material THAT
23 WILL BE used in connection with ~~sales~~ THE SALE, LEASE OR USE of ~~the~~
24 time-share intervals ~~and copies of any material changes therein.~~ ~~The~~
25 ~~developer shall file with the commissioner, before use, any subsequent~~
26 ~~advertising of any kind used directly or indirectly in connection with the~~
27 ~~purchase, sale or lease of time share intervals subject to the provisions of~~
28 ~~this article~~ IF THE MATERIAL INCLUDES OR WILL BE USED IN CONJUNCTION WITH THE
29 OFFERING OR PROMISE OF A PREMIUM. It is not necessary to make repetitive
30 filings of material which is the same IN CONTENT AND USE as or varies only
31 in minor details AND USE from material which has previously been filed with
32 the commissioner for the time-share intervals. THE COMMISSIONER SHALL
33 APPROVE OR DENY THE USE OF ANY MATERIAL WITHIN FIFTEEN DAYS OF RECEIVING ALL
34 INFORMATION AND DOCUMENTS. IF THE COMMISSIONER DENIES THE USE OF PROMOTIONAL
35 AND ADVERTISING MATERIAL, SPECIFIC GROUNDS SHALL BE SET FORTH IN WRITING.
36 THE COMMISSIONER MAY GRANT PROVISIONAL APPROVAL FOR PROMOTIONAL AND
37 ADVERTISING MATERIAL IF THE DEVELOPER AGREES TO CORRECT ANY DEFICIENCIES.

38 B. Any advertising, communication or sales literature of any kind,
39 including oral statements by salespeople or any other person, shall not
40 contain:

41 1. Any untrue statement of material fact or any omission of material
42 fact which would make such statements misleading in light of the
43 circumstances under which such statements were made.

1 2. Any statement or representation that the time-share intervals are
2 offered without risk or that loss is impossible.

3 3. Any statement or representation or pictorial presentation of
4 proposed improvements or nonexistent scenes without clearly indicating that
5 the improvements are proposed and the scenes do not exist.

6 C. All PROMOTIONAL AND advertising ~~and sales literature~~ MATERIAL shall
7 be consistent with the information contained in the notice of intention
8 pursuant to section 32-2197.01 and the public report pursuant to section
9 32-2197.06 AND SHALL CLEARLY INDICATE THAT THE MATERIAL IS BEING USED TO
10 PROMOTE THE SALE, LEASE OR USE OF A TIME-SHARE INTERVAL.

11 D. If it appears to the commissioner that any person is engaging or
12 has engaged in advertising or promotional practices in violation of this
13 article, the commissioner may hold a hearing as a contested case under title
14 41, chapter 6 and issue such order or orders as ~~he~~ THE COMMISSIONER deems
15 necessary to protect the public interest, or the commissioner may bring an
16 action in any court of competent jurisdiction against such person to enjoin
17 that person from continuing such violation.

18 E. The commissioner may adopt such ~~rules and~~ WRITTEN guidelines as ~~he~~
19 THE COMMISSIONER deems necessary to protect the public interest and to assure
20 that all advertising and promotional practices with respect to land subject
21 to the provisions of this article are not false or misleading.

22 F. It is unlawful for any owner, developer, agent or employee of any
23 time-share project or other person with intent directly or indirectly to sell
24 or lease time-share intervals subject to the provisions of this article to
25 authorize, use, direct or aid in any advertising, communication, sales
26 literature or promotional practice which violates this section.

27 G. This section does not apply to the owner or publisher of a
28 newspaper or magazine or to any other publication of printed matter in which
29 such advertisement appears or to the owner or operator of a radio or
30 television station which disseminates such advertisement if the owner,
31 publisher or operator has no knowledge of the intent, design or purpose of
32 the advertiser.

33 H. A telemarketing or ANY other promotional employee involved in
34 activities whose primary duties ~~consist of~~ ARE LIMITED TO soliciting initial
35 interest, scheduling or confirming persons for appointments, ~~or~~ HANDING OUT
36 PROMOTIONAL LITERATURE OR explaining promotional incentives and related
37 duties is not required to hold a real estate license. ~~if the employee is~~ TO
38 THE EXTENT THAT A TELEMARKETING OR ANY OTHER PROMOTIONAL EMPLOYEE IS ENGAGED
39 IN SOLICITING INTEREST IN THE ACTUAL PURCHASE, LEASE OR USE OF TIME-SHARE
40 INTERVALS, THE EMPLOYEE SHALL BE employed and supervised, ~~directly or~~
41 ~~indirectly~~, by a ~~licensed~~ real estate broker WHO IS LICENSED IN THIS STATE
42 SUBJECT TO THE FOLLOWING:

1 1. SUPERVISION OF UNLICENSED TELEMARKETING AND OTHER PROMOTIONAL
2 EMPLOYEES SHALL BE PERFORMED DIRECTLY BY A BROKER OR A LICENSED REAL ESTATE
3 SALESPERSON UNDER THE SUPERVISION OF THE BROKER.

4 2. ~~The~~ AN UNLICENSED employee in the course of ~~his~~ THE EMPLOYEE'S
5 duties shall not engage in discussions about any ~~particulars~~ DETAILS OR
6 BENEFITS of the property TRANSACTION being promoted, including ~~amenities,~~
7 dimensions OF THE PROPERTY, CONTRACT TERMS, DISCOUNTS, EXCHANGE BENEFITS,
8 price and financing.

9 3. THE AMOUNT AND MANNER IN WHICH AN UNLICENSED EMPLOYEE IS
10 INDIVIDUALLY COMPENSATED MAY NOT BE BASED, IN WHOLE OR IN PART, ON THE
11 COMPLETION OF A TIME-SHARE TRANSACTION.

12 4. FOR THE PURPOSES OF THE SUPERVISION REQUIRED UNDER THIS SUBSECTION,
13 A DEVELOPER MAY:

14 (a) OPERATE ITS OWN PROMOTIONAL PROGRAM AND PROVIDE SUPERVISION OF ITS
15 UNLICENSED TELEMARKETING OR OTHER PROMOTIONAL EMPLOYEES THROUGH ITS
16 DESIGNATED BROKER.

17 (b) ESTABLISH A BRANCH OFFICE THAT IS MANAGED BY A LICENSED REAL
18 ESTATE SALESPERSON UNDER THE SUPERVISION OF THE DEVELOPER'S DESIGNATED BROKER
19 AND WHO PROVIDES SUPERVISION OF THE DEVELOPER'S UNLICENSED TELEMARKETING OR
20 OTHER PROMOTIONAL EMPLOYEES.

21 (c) PURSUANT TO A WRITTEN PROMOTION AGREEMENT:

22 (i) CONTRACT WITH AN UNLICENSED TELEMARKETER OR ANY OTHER PROMOTER IF
23 THE AGREEMENT REQUIRES THE DEVELOPER'S DESIGNATED BROKER TO PROVIDE
24 SUPERVISION OF THE TELEMARKETER'S OR PROMOTER'S UNLICENSED TELEMARKETING OR
25 OTHER PROMOTIONAL EMPLOYEES.

26 (ii) CONTRACT WITH A TELEMARKETER OR ANY OTHER PROMOTER WHO IS
27 LICENSED AS A BROKER IN THIS STATE IF THE AGREEMENT REQUIRES THE DESIGNATED
28 BROKER OF THE TELEMARKETER OR OTHER PROMOTER TO PROVIDE SUPERVISION OF
29 UNLICENSED TELEMARKETING OR OTHER PROMOTIONAL EMPLOYEES.

30 5. THE COMMISSIONER MAY EXEMPT FROM THE SUPERVISION REQUIREMENTS OF
31 THIS SECTION A TIME-SHARE DEVELOPER THAT IS NOT BASED IN THIS STATE AND THAT
32 DESIRES TO CONDUCT TELEMARKETING SOLICITATIONS OF RESIDENTS OF THIS STATE OR
33 A DEVELOPER THAT IS BASED IN THIS STATE BUT THAT DESIRES TO USE THE SERVICES
34 OF A TELEMARKETER THAT IS NOT LOCATED IN THIS STATE TO CONDUCT TELEMARKETING
35 SOLICITATIONS OF RESIDENTS OF THIS STATE ON WRITTEN APPLICATION CONTAINING
36 INFORMATION ABOUT THE DEVELOPER, THE TIME-SHARE PROJECT AND THE MARKETING
37 PROCEDURES THAT WILL BE USED. THE COMMISSIONER MAY GRANT SUCH AN EXEMPTION
38 ON A SHOWING THAT SUPERVISION EQUIVALENT TO THAT REQUIRED UNDER THIS SECTION
39 EXISTS. IF THE DEVELOPER DOES NOT ADHERE TO THE MARKETING PROCEDURES
40 SUBMITTED WITH ITS APPLICATION FOR EXEMPTION OR IF THERE IS ANY MATERIAL
41 CHANGE IN THE INFORMATION SUBMITTED WITH THE APPLICATION, THE EXEMPTION MAY
42 BE DENIED OR REVOKED.

43 I. ~~No lotteries, drawings or contests of any kind may be used~~ A
44 TIME-SHARE DEVELOPER MAY HOLD A DRAWING OR CONTEST to solicit interest in or

1 promote ~~time share sales~~ TIME-SHARES IF ALL OF THE FOLLOWING REQUIREMENTS ARE
2 MET:

3 1. THE TIME-SHARE PROJECT HAS IN EFFECT A CURRENT PUBLIC REPORT.

4 2. THE DEVELOPER IS NOT THE SUBJECT OF AN ONGOING INVESTIGATION BY THE
5 COMMISSIONER, UNLESS THE COMMISSIONER IN THE COMMISSIONER'S DISCRETION GIVES
6 WRITTEN PERMISSION TO THE DEVELOPER TO HOLD A DRAWING OR CONTEST.

7 3. THE DEED OR TITLE TO THE PRIZE, THE CASH AMOUNT, THE PRIZE ITSELF
8 OR A GUARANTEE OF THE PRIZE IS HELD BY A DISINTERESTED THIRD PARTY IN A
9 NEUTRAL ESCROW ACCOUNT PENDING AWARD OF THE PRIZE TO THE DRAWING OR CONTEST
10 WINNER.

11 4. THE DRAWING OR CONTEST IS LIMITED IN TIME, SCOPE AND GEOGRAPHIC
12 LOCATION.

13 5. THE ESTIMATED ODDS OF WINNING AND ALL OTHER MATERIAL TERMS OF THE
14 DRAWING OR CONTEST ARE FULLY DISCLOSED TO ALL PARTICIPANTS.

15 6. NO FEE IS CHARGED TO ANY PERSON WHO PARTICIPATES IN A DRAWING OR
16 CONTEST.

17 7. NO PARTICIPANT IN A DRAWING OR CONTEST, AS A CONDITION OF
18 PARTICIPATION, IS REQUIRED TO ATTEND A TIME-SHARE SALES PRESENTATION OR TAKE
19 A SITE TOUR.

20 8. THE DEVELOPER IS IN COMPLIANCE WITH ALL APPLICABLE FEDERAL, STATE
21 AND LOCAL LAWS INVOLVING DRAWINGS OR CONTESTS.

22 9. THE DEVELOPER IS RESPONSIBLE AT ALL TIMES FOR THE LAWFUL AND PROPER
23 CONDUCT OF ANY DRAWING OR CONTEST.

24 10. THE DEVELOPER SUBMITS THE DETAILS OF THE DRAWING OR CONTEST,
25 INCLUDING THE METHOD OF AWARDING ANY PRIZE, TO THE DEPARTMENT FOR REVIEW AND
26 APPROVAL AT LEAST THIRTY DAYS BEFORE THE DRAWING OR CONTEST IS HELD.

27 J. A ~~gift~~ PREMIUM may be given to persons who visit time-share sites
28 or who attend a ~~sales~~ TIME-SHARE presentation, if no person is required to
29 attend any presentation or tour for longer than one hundred twenty minutes
30 to receive the ~~gift~~ PREMIUM. The ~~seller~~ DEVELOPER shall make complete and
31 clear written disclosure that minimally includes detailed information about
32 any ~~gift~~ PREMIUM offered as an incentive, including its ~~market~~ ESTIMATED
33 RETAIL value and any conditions that must be met OR LIMITATIONS THAT APPLY
34 to receive the ~~gift~~ PREMIUM, and about the one hundred twenty minute limit
35 placed on a site tour or sales presentation to each time-share ~~sales~~ prospect
36 before any ~~site visit or~~ presentation OR TOUR.

37 K. A DEVELOPER OR A REPRESENTATIVE OF A DEVELOPER CONDUCTING
38 TIME-SHARE PRESENTATIONS OR TOURS MAY OFFER A TIME-SHARE PROSPECT A
39 REDEMPTION CERTIFICATE IN RETURN FOR PARTICIPATION IN A PRESENTATION OR TOUR
40 IF ALL OF THE FOLLOWING REQUIREMENTS ARE MET:

41 1. THE DEVELOPER HAS ESTABLISHED AND THE DEPARTMENT HAS ACCEPTED A
42 VERIFICATION PROCEDURE TO REASONABLY GUARANTEE THE DELIVERY OF THE GOODS OR
43 SERVICES PROMISED IN THE CERTIFICATE. THIS PROCEDURE MAY INCLUDE A
44 REQUIREMENT THAT THE CERTIFICATE RECIPIENT REASONABLY PROVE TIMELY

1 SATISFACTION OF THE CONDITIONS AND REQUIREMENTS FOR REDEMPTION AND REASONABLY
2 COOPERATE WITH THE VERIFICATION PROCEDURE.

3 2. THE DEVELOPER HAS ESTABLISHED ACCEPTABLE FINANCIAL ASSURANCES TO
4 GUARANTEE DELIVERY OF THE GOODS OR SERVICES PROMISED IN THE CERTIFICATE,
5 THEIR REASONABLE SUBSTITUTE OR PAYMENT OF THE ESTIMATED RETAIL VALUE OF THE
6 GOODS AND SERVICES IF NORMAL DELIVERY OF THE GOODS OR SERVICES DOES NOT
7 OCCUR.

8 3. IF FOR ANY REASON THE GOODS OR SERVICES ARE NOT PROVIDED IN THE
9 TIME FRAME STATED IN OR ARE NOT AS REPRESENTED IN THE REDEMPTION CERTIFICATE
10 AND THE RECIPIENT PROVIDES PROOF OF TIMELY SATISFACTION OF ALL CONDITIONS AND
11 REQUIREMENTS FOR REDEMPTION, THE DEVELOPER DOES THE FOLLOWING:

12 (a) WITHIN FIFTEEN DAYS OF RECEIPT OF NOTICE FROM THE TIME-SHARE
13 PROSPECT OF THE PROVEN NONRECEIPT OF THE GOODS OR SERVICES, PROVIDES THE
14 PROMISED GOODS OR SERVICES OR A REASONABLE SUBSTITUTE OF EQUAL OR GREATER
15 VALUE.

16 (b) IF UNABLE TO PROVIDE THE GOODS OR SERVICES OR A REASONABLE
17 SUBSTITUTE WITHIN THE FIFTEEN DAY PERIOD, IMMEDIATELY PAYS THE REDEMPTION
18 CERTIFICATE RECIPIENT AN AMOUNT EQUAL TO THE ESTIMATED RETAIL VALUE OF THE
19 PREMIUM AS ADVERTISED IN THE CERTIFICATE PROMOTIONAL MATERIAL OR, IF THE
20 VALUE WAS NOT ADVERTISED, PAYS THE ESTIMATED RETAIL VALUE OF THE PREMIUM.

21 4. ALL ADVERTISING AND OFFERS REFERRING TO REDEMPTION CERTIFICATES
22 SHALL CLEARLY AND CONSPICUOUSLY SET FORTH ANY TERMS, CONDITIONS, RESTRICTIONS
23 OR LIMITATIONS GOVERNING THE USE OF THE CERTIFICATES.

24 Sec. 5. Section 32-2197.13, Arizona Revised Statutes, is amended to
25 read:

26 32-2197.13. Power of commissioner to exempt time-share projects

27 A. The commissioner may by special order exempt from the provisions
28 of this article time-share projects upon written petition and upon a showing
29 by the petitioner, satisfactory to the commissioner, that compliance with the
30 provisions of this article is not essential to the public interest or for the
31 protection of buyers by reason of the special characteristics of the project.

32 B. Special orders issued pursuant to this section shall relate to
33 specific projects.

34 C. A petition filed under this section shall be accompanied by an
35 initial fee of three hundred dollars. A fee is not returnable irrespective
36 of the nature of the action upon the petition.

37 D. IN ADDITION TO SPECIAL ORDERS ISSUED PURSUANT TO SUBSECTION A, THE
38 COMMISSIONER BY SPECIAL ORDER MAY EXEMPT FROM THE PROVISIONS OF THIS ARTICLE:

39 1. AN ASSOCIATION OF TIME-SHARE INTERVAL OWNERS THAT ACCUMULATES
40 TWELVE OR MORE TIME-SHARE INTERVALS DUE TO THE FAILURE OF TIME-SHARE INTERVAL
41 OWNERS TO PAY PROJECT ASSESSMENTS.

42 2. A FINANCE COMPANY THAT ACCUMULATES TWELVE OR MORE TIME-SHARE
43 INTERVALS DUE TO THE COMPANY'S FORECLOSURE ON INTERVALS ON WHICH IT WAS A
44 CREDITOR. THE COMMISSIONER MAY NOT EXEMPT A FINANCE COMPANY UNDER THIS

1 SUBSECTION IF THE COMPANY ALSO ACTS AS A DEVELOPER OF A TIME-SHARE PROJECT
2 UNDER THIS ARTICLE.

3 Sec. 6. Title 32, chapter 20, article 9, Arizona Revised Statutes, is
4 amended by adding section 32-2197.18, to read:

5 32-2197.18. Applicability of article

6 A. THIS ARTICLE APPLIES TO AN OFFERING IN THIS STATE OF TWELVE OR MORE
7 TIME-SHARE INTERVALS TO RESIDENTS OF THIS STATE, WHETHER THE TIME-SHARE
8 PROJECT OR PROJECTS ARE LOCATED WITHIN OR OUTSIDE THIS STATE.

9 B. THIS ARTICLE DOES NOT APPLY TO AN EXCHANGE PROGRAM.

APPROVED BY THE GOVERNOR APRIL 9, 1996.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 10, 1996