

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 170
HOUSE BILL 2395

AN ACT

CHANGING THE DESIGNATION OF TITLE 32, CHAPTER 20, ARTICLE 9, ARIZONA REVISED STATUTES, TO "REAL ESTATE TIMESHARES"; AMENDING SECTIONS 32-2101, 32-2121 AND 32-2197, ARIZONA REVISED STATUTES; RENUMBERING SECTIONS 32-2197.01, 32-2197.02, 32-2197.03, 32-2197.04, 32-2197.05, 32-2197.06, 32-2197.07, 32-2197.08, 32-2197.09, 32-2197.10, 32-2197.11, 32-2197.12, 32-2197.13, 32-2197.14, 32-2197.15, 32-2197.17 AND 32-2197.18, ARIZONA REVISED STATUTES, AS SECTIONS 32-2197.02, 32-2197.03, 32-2197.04, 32-2197.06, 32-2197.07, 32-2197.08, 32-2197.09, 32-2197.13, 32-2197.14, 32-2197.15, 32-2197.17, 32-2197.18, 32-2197.23, 32-2197.19, 32-2197.20, 32-2197.22 AND 32-2197.24, RESPECTIVELY; AMENDING TITLE 32, CHAPTER 20, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-2197.01; AMENDING SECTIONS 32-2197.02, 32-2197.03 AND 32-2197.04, ARIZONA REVISED STATUTES, AS RENUMBERED BY THIS ACT; AMENDING TITLE 32, CHAPTER 20, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 32-2197.05; AMENDING SECTIONS 32-2197.06, 32-2197.07, 32-2197.08 AND 32-2197.09, ARIZONA REVISED STATUTES, AS RENUMBERED BY THIS ACT; AMENDING TITLE 32, CHAPTER 20, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING NEW SECTIONS 32-2197.10, 32-2197.11 AND 32-2197.12; AMENDING SECTIONS 32-2197.14, 32-2197.17, 32-2197.18, 32-2197.19 AND 32-2197.20, ARIZONA REVISED STATUTES, AS RENUMBERED BY THIS ACT; AMENDING TITLE 32, CHAPTER 20, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-2197.21; AMENDING SECTIONS 32-2197.22, 32-2197.23 AND 32-2197.24, ARIZONA REVISED STATUTES, AS RENUMBERED BY THIS ACT; RELATING TO REAL ESTATE TIMESHARES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Heading change

3 The article heading of title 32, chapter 20, article 9, Arizona Revised
4 Statutes, is changed from "REAL ESTATE TIME SHARES" to "REAL ESTATE
5 TIMESHARES".

6 Sec. 2. Section 32-2101, Arizona Revised Statutes, is amended to read:

7 32-2101. Definitions

8 In this chapter, unless the context otherwise requires:

9 1. "Acting in concert" means evidence of collaborating to pursue a
10 concerted plan.

11 2. "Advertising" means the attempt by publication, dissemination,
12 exhibition, solicitation or circulation, oral or written, or for broadcast
13 on radio or television to induce directly or indirectly any person to enter
14 into any obligation or acquire any title or interest in lands subject to the
15 provisions of this chapter including the land sales contract to be used and
16 any photographs, drawings or artist's presentations of physical conditions
17 or facilities existing or to exist on the property. Advertising does not
18 include:

19 (a) Press releases or other communications delivered to newspapers,
20 periodicals or other news media for general information or public relations
21 purposes if no charge is made by the newspapers, periodicals or other news
22 media for the publication or use of any part of these communications.

23 (b) Communications to stockholders as follows:

24 (i) Annual reports and interim financial reports.

25 (ii) Proxy materials.

26 (iii) Registration statements.

27 (iv) Securities prospectuses.

28 (v) Applications for listing of securities on stock exchanges.

29 (vi) Prospectuses.

30 (vii) Property reports.

31 (viii) Offering statements.

32 3. "Affiliate" means a person who, directly or indirectly through one
33 or more intermediaries, controls, is controlled by or is under common control
34 with the person specified.

35 4. "Associate broker" means a licensed broker employed by another
36 broker. Unless otherwise specifically provided, an associate broker has the
37 same license privileges as a salesperson.

38 5. "Barrier" means a mountain, cliff, river, canyon, canal or lake
39 that prevents parcels from being united or reunited and that was not caused
40 or created by the owner of the parcels during the five years immediately
41 preceding any sale or lease of the subject property.

42 6. "Blanket encumbrance" means any mortgage, any deed of trust or any
43 other encumbrance or lien, securing or evidencing the payment of money and
44 affecting more than one lot or parcel of subdivided land, or an agreement
45 affecting more than one lot or parcel by which the subdivider holds the

1 subdivision under an option, contract to sell or trust agreement. Blanket
2 encumbrance does not include taxes and assessments levied by public
3 authority.

4 7. "Board" means the state real estate advisory board.

5 8. "Broker", when used without modification, means a person who is
6 licensed as a broker under any of the provisions of this chapter or who is
7 required to be licensed as a broker under any provision of this chapter.

8 9. "Camping site" means a space designed and promoted for the purpose
9 of locating any trailer, tent, tent trailer, pickup camper or other similar
10 device used for camping.

11 10. "Cemetery" or "cemetery property" means any one, or a combination
12 of more than one, of the following, in a place used, or intended to be used,
13 and dedicated for cemetery purposes:

14 (a) A burial park, for earth interments.

15 (b) A mausoleum, for crypt or vault entombments.

16 (c) A crematory, or a crematory and columbarium, for cinerary
17 interments.

18 (d) A cemetery plot, including interment rights, mausoleum crypts,
19 niches and burial spaces.

20 11. "Cemetery broker" means a person other than a real estate broker
21 or real estate salesperson who, for another, for compensation:

22 (a) Sells, leases or exchanges cemetery property or interment services
23 of or for another, or on his THE PERSON'S own account.

24 (b) Offers for another or for his THE PERSON'S own account to buy,
25 sell, lease or exchange cemetery property or interment services.

26 (c) Negotiates the purchase and sale, lease or exchange of cemetery
27 property or interment services.

28 (d) Negotiates the purchase or sale, lease or exchange, or lists or
29 solicits, or negotiates a loan on or leasing of cemetery property or
30 interment services.

31 12. "Cemetery salesperson" means a natural person who acts on the
32 person's own behalf or through and on behalf of a professional limited
33 liability company or a professional corporation engaged by or on behalf of
34 a licensed cemetery or real estate broker, or through and on behalf of a
35 corporation, partnership or limited liability company that is licensed as a
36 cemetery or real estate broker, to perform any act or transaction included
37 in the definition of cemetery broker.

38 13. "Commissioner" means the state real estate commissioner.

39 14. "Common promotional plan" means a plan, undertaken by a person or
40 a group of persons acting in concert, to offer lots for sale or lease. If
41 the land is offered for sale by a person or group of persons acting in
42 concert, and the land is contiguous or is known, designated or advertised as
43 a common unit or by a common name, the land is presumed, without regard to
44 the number of lots covered by each individual offering, as being offered for
45 sale or lease as part of a common promotional plan. Separate subdividers

1 selling lots or parcels in separately platted subdivisions within a master
2 planned community shall not be deemed to be offering their combined lots for
3 sale or lease as part of a common promotional plan.

4 15. "Compensation" means any fee, commission, salary, money or other
5 valuable consideration for services rendered or to be rendered as well as the
6 promise of consideration whether contingent or not.

7 16. "Contiguous" means lots, parcels or fractional interests that share
8 a common boundary or point. Lots, parcels or fractional interests are not
9 contiguous if they are separated by either of the following:

10 (a) A barrier.

11 (b) A road, street or highway that has been established by this state
12 or by any agency or political subdivision of this state, that has been
13 designated by the federal government as an interstate highway or that has
14 been publicly maintained by this state or by any agency or political
15 subdivision of this state and has been used continuously by the public for
16 at least the last five years.

17 17. "Control" or "controlled" means a person who, through ownership,
18 voting rights, power of attorney, proxy, management rights, operational
19 rights or other rights, has the right to make decisions binding on an entity,
20 whether a corporation, a partnership or any other entity.

21 18. "Corporation licensee" means a lawfully organized corporation that
22 is registered with the Arizona corporation commission and that has an officer
23 licensed as the designated broker pursuant to section 32-2125.

24 19. "Department" means the state real estate department.

25 20. "Designated broker" means the natural person who is licensed as a
26 broker under this chapter and who is either:

27 (a) Designated to act on behalf of an employing real estate, cemetery
28 or membership camping entity.

29 (b) Doing business as a sole proprietor.

30 21. "Developer" means a person who offers real property in a
31 development for sale, lease or use, either immediately or in the future, on
32 the person's own behalf or on behalf of another person, under any of the
33 provisions of this chapter. Developer does not include a person whose
34 involvement with a development is limited to the listing of property within
35 the development for sale, lease or use.

36 22. "Development" means any division, proposed division or use of real
37 property that the department has authority to regulate, including subdivided
38 and unsubdivided lands, cemeteries, condominiums, ~~time-shares~~ TIMESHARES,
39 membership campgrounds and stock cooperatives.

40 23. "Employing broker" means a person who is licensed or is required
41 to be licensed as a:

42 (a) Broker entity pursuant to section 32-2125, subsection A.

43 (b) Sole proprietorship if the sole proprietor is a broker licensed
44 pursuant to this chapter.

1 24. "Fractional interest" means an undivided interest in improved or
2 unimproved land, lots or parcels of any size created for the purpose of sale
3 or lease and evidenced by any receipt, certificate, deed or other document
4 conveying the interest. Undivided interests in land, lots or parcels created
5 in the names of a husband and wife as community property, joint tenants or
6 tenants in common, or in the names of other persons who, acting together as
7 part of a single transaction, acquire the interests without a purpose to
8 divide the interests for present or future sale or lease shall be deemed to
9 constitute only one fractional interest.

10 25. "Improved lot or parcel" means a lot or parcel of a subdivision
11 upon which lot or parcel there is a residential, commercial or industrial
12 building or concerning which a contract has been entered into between a
13 subdivider and a purchaser that obligates the subdivider directly, or
14 indirectly through a building contractor, to complete construction of a
15 residential, commercial or industrial building on the lot or parcel within
16 two years from the date on which the contract of sale for the lot is entered
17 into.

18 26. "Inactive license" means a license issued pursuant to article 2 of
19 this chapter to a licensee who is on inactive status during the current
20 license period and who is not engaged by or on behalf of a broker.

21 27. "Lease" or "leasing" includes any lease, whether it is the sole,
22 the principal or any incidental part of a transaction.

23 28. "License" means the whole or part of any agency permit,
24 certificate, approval, registration, public report, charter or similar form
25 of permission required by this chapter.

26 29. "License period" means the two year period beginning with the date
27 of original issue or renewal of a particular license.

28 30. "Licensee" means a person to whom a license for the current license
29 period has been granted under any provision of this chapter, and, for
30 purposes of section 32-2153, subsection A, shall include original license
31 applicants.

32 31. "Limited liability company licensee" means a lawfully organized
33 limited liability company that has a member or manager who is a natural
34 person and who is licensed as the designated broker pursuant to section
35 32-2125.

36 32. "Lot reservation" means an expression of interest by a prospective
37 purchaser in buying at some time in the future a subdivided or unsubdivided
38 lot, unit or parcel in this state. In all cases, a subsequent affirmative
39 action by the prospective purchaser must be taken to create a contractual
40 obligation to purchase.

41 33. "Master planned community" means a development that consists of two
42 or more separately platted subdivisions and that is either subject to a
43 master declaration of covenants, conditions or restrictions, is subject to
44 restrictive covenants sufficiently uniform in character to clearly indicate

1 a general scheme for improvement or development of real property or is
2 governed or administered by a master owner's association.

3 34. "Member" means a member of the real estate advisory board.

4 35. "Membership camping broker" means a person, other than a
5 salesperson, who, for compensation:

6 (a) Sells, purchases, lists, exchanges or leases membership camping
7 contracts.

8 (b) Offers to sell, purchase, exchange or lease membership camping
9 contracts.

10 (c) Negotiates or offers, attempts or agrees to negotiate the sale,
11 purchase, exchange or lease of membership camping contracts.

12 (d) Advertises or holds himself out as being engaged in the business
13 of selling, buying, exchanging or leasing membership camping contracts or
14 counseling or advising regarding membership camping contracts.

15 (e) Assists or directs in the procuring of prospects, calculated or
16 intended to result in the sale, purchase, listing, exchange or lease of
17 membership camping contracts.

18 (f) Performs any of the foregoing acts as an employee or on behalf of
19 a membership camping operator or membership contract owner.

20 36. "Membership camping contract" means an agreement offered or sold
21 in this state evidencing a purchaser's right or license to use the camping
22 or outdoor recreation facilities of a membership camping operator and
23 includes a membership that provides for this use.

24 37. "Membership camping operator" means an enterprise, other than one
25 that is tax exempt under section 501(c)(3) of the internal revenue code of
26 1986, as amended, that solicits membership paid for by a fee or periodic
27 payments and has as one of its purposes camping or outdoor recreation
28 including the use of camping sites primarily by members. Membership camping
29 operator does not include camping or recreational trailer parks that are open
30 to the general public and that contain camping sites rented for a per use fee
31 or a mobile home park.

32 38. "Membership camping salesperson" means a natural person who acts
33 on the person's own behalf or through and on behalf of a professional limited
34 liability company or a professional corporation engaged by or on behalf of
35 a licensed membership camping or real estate broker, or by or on behalf of
36 a corporation, partnership or limited liability company that is licensed as
37 a membership camping or real estate broker, to perform any act or participate
38 in any transaction in a manner included in the definition of membership
39 camping broker.

40 39. "Partnership licensee" means a partnership with a managing general
41 partner who is licensed as the designated broker pursuant to section 32-2125.

42 40. "Permanent access", as required under article 4 of this chapter,
43 means permanent access from the subdivision to any federal, state or county
44 highway.

1 41. "Perpetual or endowed-care cemetery" means a cemetery wherein lots
2 or other burial spaces are sold or transferred under the representation that
3 the cemetery will receive "perpetual" or "endowed" care as defined in this
4 section free of further cost to the purchaser after payment of the original
5 purchase price for the lot, burial space or interment right.

6 42. "Perpetual-care" or "endowed-care" means the maintenance and care
7 of all places where interments have been made of the trees, shrubs, roads,
8 streets and other improvements and embellishments contained within or forming
9 a part of the cemetery. This shall not include the maintenance or repair of
10 monuments, tombs, copings or other man-made ornaments as associated with
11 individual burial spaces.

12 43. "Person" means any individual, corporation, partnership or company
13 and any other form of multiple organization for carrying on business, foreign
14 or domestic.

15 44. "Promotion" or "promotional practice" means advertising and any
16 other act, practice, device or scheme to induce directly or indirectly any
17 person to enter into any obligation or acquire any title or interest in or
18 use of real property subject to the provisions of this chapter, including
19 meetings with prospective purchasers, arrangements for prospective purchasers
20 to visit real property, travel allowances and discount, exchange, refund and
21 cancellation privileges.

22 45. "Real estate" includes leasehold-interests and any estates in land
23 as defined in title 33, chapter 2, articles 1 and 2, regardless of whether
24 located in this state.

25 46. "Real estate broker" means a person, other than a salesperson, who,
26 for another and for compensation:

27 (a) Sells, exchanges, purchases, rents or leases real estate or
28 ~~time-share intervals~~ TIMESHARE INTERESTS.

29 (b) Offers to sell, exchange, purchase, rent or lease real estate or
30 ~~time-share intervals~~ TIMESHARE INTERESTS.

31 (c) Negotiates or offers, attempts or agrees to negotiate the sale,
32 exchange, purchase, rental or leasing of real estate or ~~time-share intervals~~
33 TIMESHARE INTERESTS.

34 (d) Lists or offers, attempts or agrees to list real estate or
35 ~~time-share intervals~~ TIMESHARE INTERESTS for sale, lease or exchange.

36 (e) Auctions or offers, attempts or agrees to auction real estate or
37 ~~time-share intervals~~ TIMESHARE INTERESTS.

38 (f) Buys, sells, offers to buy or sell or otherwise deals in options
39 on real estate or ~~time-share intervals~~ TIMESHARE INTERESTS or improvements
40 to real estate or ~~time-share intervals~~ TIMESHARE INTERESTS.

41 (g) Collects or offers, attempts or agrees to collect rent for the use
42 of real estate or ~~time-share intervals~~ TIMESHARE INTERESTS.

43 (h) Advertises or holds himself out as being engaged in the business
44 of buying, selling, exchanging, renting or leasing real estate or ~~time-share~~

1 ~~intervals~~ TIMESHARE INTERESTS or counseling or advising regarding real estate
2 or ~~time-share intervals~~ TIMESHARE INTERESTS.

3 (i) Assists or directs in the procuring of prospects, calculated to
4 result in the sale, exchange, leasing or rental of real estate or ~~time-share~~
5 ~~intervals~~ TIMESHARE INTERESTS.

6 (j) Assists or directs in the negotiation of any transaction
7 calculated or intended to result in the sale, exchange, leasing or rental of
8 real estate or ~~time-share intervals~~ TIMESHARE INTERESTS.

9 (k) Incident to the sale of real estate negotiates or offers, attempts
10 or agrees to negotiate a loan secured or to be secured by ~~a~~ ANY mortgage or
11 other encumbrance upon or transfer of real estate or ~~time-share intervals~~
12 TIMESHARE INTERESTS subject to the provisions of section 32-2155,
13 subsection C. The provisions of this subdivision do not apply to mortgage
14 brokers as defined in and subject to the provisions of title 6, chapter 9,
15 article 1.

16 (l) Engages in the business of assisting or offering to assist another
17 in filing an application for the purchase or lease of, or in locating or
18 entering upon, lands owned by the state or federal government.

19 (m) Claims, demands, charges, receives, collects or contracts for the
20 collection of an advance fee in connection with any employment enumerated in
21 this section, including employment undertaken to promote the sale or lease
22 of real property by advance fee listing, by furnishing rental information to
23 a prospective tenant for a fee paid by the prospective tenant, by
24 advertisement or by any other offering to sell, lease, exchange or rent real
25 property or selling kits connected therewith. This shall not include the
26 activities of any communications media of general circulation or coverage not
27 primarily engaged in the advertisement of real estate or any communications
28 media activities that are specifically exempt from applicability of this
29 article under section 32-2121.

30 (n) Engages in any of the acts listed in subdivisions (a) through (m)
31 of this paragraph for the sale or lease of other than real property if a real
32 property sale or lease is a part of, contingent on or ancillary to the
33 transaction.

34 (o) Performs any of the acts listed in subdivisions (a) through (m)
35 of this paragraph as an employee of, or in behalf of, the owner of real
36 estate, or interest in the real estate, or improvements affixed on the real
37 estate, for compensation.

38 47. "Real estate sales contract" means an agreement in which one party
39 agrees to convey title to real estate to another party upon the satisfaction
40 of specified conditions set forth in the contract.

41 48. "Real estate salesperson" means a natural person who acts on the
42 person's own behalf or through and on behalf of a professional limited
43 liability company or a professional corporation engaged by or on behalf of
44 a licensed real estate broker, or by or on behalf of a limited liability
45 company, partnership or corporation that is licensed as a real estate broker,

1 to perform any act or participate in any transaction in a manner included in
2 the definition of real estate broker subject to the provisions of section
3 32-2155.

4 49. "Sale" or "lease" includes every disposition, transfer or offer or
5 attempt to dispose of or transfer real property, or an interest, use or
6 estate in the real property, including the offering of the property as a
7 prize or gift if a monetary charge or consideration for whatever purpose is
8 required.

9 50. "Salesperson", when used without modification, means a natural
10 person who acts on the person's own behalf or through and on behalf of a
11 professional limited liability company or a professional corporation licensed
12 under any of the provisions of this chapter or any person required to be
13 licensed as a salesperson under any of the provisions of this chapter.

14 51. "School" means a person or entity that offers a course of study
15 towards completion of the education requirements leading to licensure or
16 renewal of licensure under any of the provisions of this chapter.

17 52. "Stock cooperative" means a corporation to which all of the
18 following apply:

19 (a) The corporation is formed or used to hold title to improved real
20 property in fee simple or for a term of years.

21 (b) All or substantially all of the shareholders of the corporation
22 each receives a right of exclusive occupancy in a portion of the real
23 property to which the corporation holds title.

24 (c) The right of occupancy may only be transferred with the concurrent
25 transfer of the shares of stock in the corporation held by the person having
26 the right of occupancy.

27 53. "Subdivider" means any person who offers for sale or lease six or
28 more lots, parcels or fractional interests in a subdivision or who causes
29 land to be subdivided into a subdivision for himself THE SUBDIVIDER or for
30 others, or who undertakes to develop a subdivision, but does not include a
31 public agency or officer authorized by law to create subdivisions.

32 54. "Subdivision" or "subdivided lands" means improved or unimproved
33 land or lands divided or proposed to be divided for the purpose of sale or
34 lease, whether immediate or future, into six or more lots, parcels or
35 fractional interests. Subdivision or subdivided lands include a stock
36 cooperative and include lands divided or proposed to be divided as part of
37 a common promotional plan. This paragraph shall not apply to leasehold
38 offerings of one year or less or to the division or proposed division of land
39 located in the state of Arizona into lots or parcels each of which is, or
40 will be, thirty-six acres or more in area including to the center line of
41 dedicated roads or easements, if any, contiguous to the lot or parcel and
42 provided further that this definition shall not be deemed to include the
43 leasing of agricultural lands, or of apartments, offices, stores, hotels,
44 motels, pads or similar space within an apartment building, industrial
45 building, rental recreational vehicle community, rental manufactured home

1 community, rental mobile home park or commercial building, except that
2 residential condominiums as defined in title 33, chapter 9 shall be included
3 in this definition, nor shall this definition include the subdivision into
4 or development of parcels, plots or fractional portions within the boundaries
5 of a cemetery that has been formed and approved pursuant to this chapter.
6 55. "~~Time share~~" "TIMESHARE" or "~~time-share~~ TIMESHARE property" means
7 real property ownership or right of occupancy in real property pursuant to
8 article 9 of this chapter. For the purposes of this chapter, a ~~time-share~~
9 TIMESHARE is not a security unless it meets the definition of a security
10 under section 44-1801.

11 56. "Trustee" means:

12 (a) A person designated under section 32-2194.11 to act as a trustee
13 for an endowment-care cemetery fund.

14 (b) A person holding bare legal title to real property under a
15 subdivision trust. A trustee shall not be deemed to be a developer,
16 subdivider, broker or salesperson within the provisions of this chapter.

17 57. "Unimproved lot or parcel" means a lot or parcel of a subdivision
18 that is not an improved lot or parcel.

19 58. "Unsubdivided lands" means land or lands divided or proposed to be
20 divided for the purpose of sale or lease, whether immediate or future, into
21 six or more lots, parcels or fractional interests and the lots or parcels are
22 thirty-six acres or more each but less than one hundred sixty acres each, or
23 that are offered, known or advertised under a common promotional plan for
24 sale or lease, except that agricultural leases shall not be included in this
25 definition.

26 Sec. 3. Section 32-2121, Arizona Revised Statutes, is amended to read:

27 32-2121. Applicability of article; exemption

28 A. The provisions of this article do not apply to:

29 1. A natural person, a corporation through its officers, a partnership
30 through its partners or a limited liability company through its members or
31 managers that deals in selling, exchanging, purchasing, renting, leasing,
32 managing or pledging the person's or entity's own property, including
33 cemetery property and membership camping contracts, and that does not receive
34 special compensation for a sales transaction or does not receive special
35 compensation or other consideration including property management fees or
36 consulting fees for any property management services performed, if the
37 majority of an officer's, partner's, member's or manager's activities do not
38 involve the acts of a real estate broker, cemetery broker or membership
39 camping broker as defined in section 32-2101.

40 2. A person holding a valid power of attorney that is being used for
41 a specific purpose in an isolated transaction and not as a method of
42 conducting a real estate business.

43 3. An attorney in the performance of the attorney's duties as an
44 attorney. Nothing in this paragraph shall be construed to allow an attorney
45 to otherwise engage in any acts requiring a license under this article.

1 4. Any receiver, a trustee in bankruptcy or any other person acting
2 under an order of a court.

3 5. A trustee selling under a deed of trust.

4 6. Natural persons who are acting as residential leasing agents or
5 managers of residential rental property, who are performing residential
6 leasing activities on residential income property at no more than one
7 location during the period of the agents' or managers' regular workday, who
8 do not receive special compensation for the acts described in subdivisions
9 (a) through (e) of this paragraph and who are employed by the owner or the
10 owner's licensed management agent to perform the duties customarily
11 associated with that employment. A bonus that is paid to a residential
12 leasing agent or manager working under the supervision of a licensed real
13 estate broker and that is based on performance, that is received no more
14 frequently than monthly and that does not exceed one-half of the agent's or
15 manager's total compensation for the time period does not constitute special
16 compensation for the acts described in subdivisions (a) through (e) of this
17 paragraph. For purposes of this paragraph "residential leasing agents or
18 managers" means natural persons employed by the owner or the owner's licensed
19 management agent whose normal duties and responsibilities include any one or
20 a combination of the following:

21 (a) Preparing and presenting to any person a residential lease,
22 application or renewal or any amendment of the lease.

23 (b) Collecting or receiving a security deposit, a rental payment or
24 any related payment for delivery to and made payable to a property, a
25 property manager, an owner or the location.

26 (c) Showing a residential rental unit to any prospective tenant.

27 (d) Executing residential leases or rental agreements adopted under
28 title 33, chapter 10.

29 (e) Acting on behalf of the owner or the owner's licensed management
30 agent to deliver notice pursuant to title 12, chapter 8 and title 33,
31 chapters 10 and 11.

32 7. Any officer or employee of a governmental agency who is not a
33 contract or temporary employee of the agency in the conduct of the officer's
34 or employee's official duties.

35 8. One natural person who acts as a property manager for one
36 nonresidential income property or for two or more contiguous nonresidential
37 income properties that are under common ownership and who is employed by the
38 owner or the owner's licensed management agent to perform the duties
39 customarily associated with that employment.

40 9. Natural persons who are in the employ of an employing broker or of
41 a person or entity exempt under this section, who perform clerical,
42 bookkeeping, accounting and other administrative and support duties, who are
43 not engaged in any other acts requiring a license under this chapter and
44 whose employment is not conditioned on or designed to perform duties
45 otherwise requiring a license under this chapter.

1 10. Natural persons who are in the employ of an employing broker and
2 who perform telemarketing services that are limited to soliciting interest
3 in engaging the services of a licensee or broker or gathering demographic
4 information that will be used by a licensee or broker to solicit prospective
5 buyers, sellers, lessees and lessors.

6 11. Communications media or their representatives that are primarily
7 engaged in advertising real estate and that perform no other acts requiring
8 a real estate license, if:

9 (a) The communications media or their representatives do not, directly
10 or indirectly, compile or represent that they compile information about
11 specific prospective purchasers or tenants, except that general information
12 about prospective purchasers or tenants, such as demographic and marketing
13 information, may be compiled.

14 (b) The communications media or their representatives do not make
15 representations to prospective real property sellers or landlords, or their
16 representatives, concerning specific prospective purchasers or tenants or
17 specific sales or leasing leads.

18 (c) The fee charged for advertising is based solely on the advertising
19 services provided.

20 (d) The advertisements provide for direct contact between the seller
21 or landlord and the prospective buyers or tenants, or for contact through a
22 licensed real estate broker or property management firm. The communications
23 media or their representatives shall not act as intermediaries or assist in
24 any intermediary action between prospective parties to a real estate
25 transaction, except that additional information about advertised properties
26 may be provided to prospects upon request.

27 12. Persons who perform residential property management services or
28 marketing and promotional services solely for nursing care institutions as
29 defined in section 36-401 or pursuant to life care contracts as defined in
30 section 20-1801.

31 13. A person who offers to sell or lease property that constitutes a
32 security as defined in section 44-1801 and that is offered, sold or leased
33 in compliance with title 44, chapter 12 if the person is a registered
34 securities dealer or salesperson pursuant to title 44, chapter 12, article 9.

35 14. A person who manages a hotel, motel or recreational vehicle park.

36 15. A person who, on behalf of another, solicits, arranges or accepts
37 reservations or money, or both, for occupancies of thirty-one or fewer days
38 in a dwelling unit in a common interest development.

39 16. An escrow agent in the performance of the escrow agent's duties as
40 an escrow agent, a title insurer in the performance of the title insurer's
41 duties as a title insurer or a title insurance agent in the performance of
42 the title insurance agent's duties as a title insurance agent. Nothing in
43 this paragraph shall be construed to allow an escrow agent, a title insurer
44 or a title insurance agent to otherwise engage in acts requiring a license
45 under this article.

1 17. Notwithstanding ~~subsection A~~, paragraph 1 of this section
2 SUBSECTION, a corporation through its officers and employees that purchases,
3 sells, exchanges, rents, leases, manages or pledges its property if both of
4 the following apply:

5 (a) The activity is only incidental to the business of the
6 corporation.

7 (b) The officers and employees engaged in the activity do not receive
8 special compensation or other consideration for the activity.

9 18. A trust company owned by a bank holding company regulated by the
10 federal reserve board of ~~the United States~~ or a bank in exercising its
11 fiduciary duties under the terms of a trust agreement to which real property
12 is subject.

13 19. A person who receives a finder fee pursuant to section 32-2176 OR
14 32-2197.21.

15 B. The commissioner may grant an exemption from the licensure
16 requirements of this article to any corporation that applies for an exemption
17 on a finding that both of the following apply:

18 1. The corporation is a nonprofit corporation that provides
19 project-based housing services and operates solely as a charitable
20 organization as defined in section 44-6551.

21 2. The corporation's sole activities related to real estate involve
22 ownership or management of residential property owned or controlled by the
23 corporation.

24 Sec. 4. Section 32-2197, Arizona Revised Statutes, is amended to read:
25 32-2197. Definitions

26 In this article, unless the context otherwise requires:

27 1. "ACCOMMODATION" MEANS ANY APARTMENT, CONDOMINIUM OR COOPERATIVE
28 UNIT, CABIN, LODGE, HOTEL OR MOTEL ROOM, OR OTHER PRIVATE OR COMMERCIAL
29 STRUCTURE CONTAINING TOILET FACILITIES THAT IS DESIGNED AND AVAILABLE FOR USE
30 AND OCCUPANCY AS A RESIDENCE BY ONE OR MORE INDIVIDUALS AND THAT IS INCLUDED
31 IN THE OFFERING OF A TIMESHARE PLAN.

32 2. "ADVERTISEMENT" MEANS ANY WRITTEN, ORAL OR ELECTRONIC COMMUNICATION
33 THAT IS DIRECTED TO OR TARGETED TO PERSONS IN THIS STATE AND THAT CONTAINS
34 A PROMOTION, INDUCEMENT, PREMIUM OR OFFER TO SELL A TIMESHARE PLAN, INCLUDING
35 BROCHURES, PAMPHLETS, RADIO AND TELEVISION SCRIPTS, ELECTRONIC MEDIA,
36 TELEPHONE AND DIRECT MAIL SOLICITATIONS AND OTHER MEANS OF PROMOTIONS.

37 3. "ASSOCIATION" MEANS ANY ORGANIZED BODY CONSISTING OF THE PURCHASERS
38 OF INTERESTS IN A TIMESHARE PLAN.

39 4. "ASSESSMENT" MEANS THE SHARE OF FUNDS REQUIRED FOR THE PAYMENT OF
40 COMMON EXPENSES THAT THE MANAGING ENTITY ASSESSES PERIODICALLY AGAINST EACH
41 PURCHASER.

42 5. "COMPONENT SITE" MEANS A SPECIFIC GEOGRAPHIC LOCATION WHERE
43 ACCOMMODATIONS THAT ARE PART OF A MULTISITE TIMESHARE PLAN ARE LOCATED.
44 SEPARATE PHASES OF A SINGLE TIMESHARE PROPERTY IN A SPECIFIC GEOGRAPHIC
45 LOCATION AND UNDER COMMON MANAGEMENT ARE A SINGLE COMPONENT SITE.

1 ~~1.~~ 6. "Developer" means EITHER OF THE FOLLOWING:

2 (a) Any person, corporation, partnership, limited liability company,
3 ~~trust or other entity that offers for sale, lease or use twelve or more~~
4 ~~time-share intervals in one or more time-share projects, OTHER THAN A SALES~~
5 ~~AGENT, THAT CREATES A TIMESHARE PLAN OR IS IN THE BUSINESS OF SELLING~~
6 ~~TIMESHARE INTERESTS OR EMPLOYS SALES AGENTS TO SELL TIMESHARE INTERESTS.~~

7 (b) ANY PERSON OR ENTITY THAT SUCCEEDS TO THE INTEREST OF THE
8 DEVELOPER BY SALE, LEASE, ASSIGNMENT, MORTGAGE OR OTHER TRANSFER IF THE
9 PERSON OFFERS AT LEAST TWELVE TIMESHARE INTERESTS IN A PARTICULAR TIMESHARE
10 PLAN AND THE PERSON IS IN THE BUSINESS OF SELLING TIMESHARE INTERESTS OR
11 EMPLOYS SALES AGENTS TO SELL TIMESHARE INTERESTS.

12 7. "DISPOSE" OR "DISPOSITION" MEANS A VOLUNTARY TRANSFER OR ASSIGNMENT
13 OF ANY LEGAL OR EQUITABLE INTEREST IN A TIMESHARE PLAN OTHER THAN THE
14 CREATION, TRANSFER, ASSIGNMENT OR RELEASE OF A SECURITY INTEREST.

15 8. "EXCHANGE COMPANY" MEANS ANY PERSON OWNING OR OPERATING OR BOTH
16 OWNING AND OPERATING AN EXCHANGE PROGRAM.

17 ~~2.~~ 9. "Exchange program" means any method, arrangement or procedure
18 ~~for the voluntary exchange among time-share interval owners of the right to~~
19 ~~use and occupy accommodations and facilities in a time-share project OF~~
20 ~~TIMESHARE INTERESTS OR OTHER PROPERTY INTERESTS. Exchange program does not~~
21 ~~include an assignment of the right to use and occupy accommodations and~~
22 ~~facilities to purchasers or owners pursuant to a multisite project~~
23 ~~reservation system OF TIMESHARE INTERESTS WITHIN A SINGLE SITE TIMESHARE~~
24 ~~PLAN.~~

25 10. "MANAGING ENTITY" MEANS THE ASSOCIATION OR OTHER PERSON THAT
26 UNDERTAKES THE DUTIES, RESPONSIBILITIES AND OBLIGATIONS OF THE MANAGEMENT OF
27 A TIMESHARE PLAN.

28 11. "MULTISITE TIMESHARE PLAN" INCLUDES A SPECIFIC TIMESHARE INTEREST
29 OR A NONSPECIFIC TIMESHARE INTEREST.

30 12. "NONSPECIFIC TIMESHARE INTEREST" MEANS THE RIGHT TO USE
31 ACCOMMODATIONS AT MORE THAN ONE COMPONENT SITE CREATED BY OR ACQUIRED THROUGH
32 THE TIMESHARE PLAN'S RESERVATION SYSTEM, BUT NOT INCLUDING A SPECIFIC RIGHT
33 TO USE ANY PARTICULAR ACCOMMODATIONS.

34 ~~3.~~ 13. "Offer" or "offering" means any marketing, promotion,
35 solicitation or advertising of any kind that is intended to interest
36 prospective customers in the sale, lease or use of ~~time-share intervals~~ A
37 TIMESHARE INTEREST IN A TIMESHARE PLAN, OTHER THAN AS SECURITY FOR AN
38 OBLIGATION, whether now or in the future. Offer or offering does not include
39 a general promotion of a resort not intended to market ~~time-share intervals~~
40 TIMESHARE INTERESTS.

41 14. "PERSON" MEANS A NATURAL PERSON, CORPORATION, LIMITED LIABILITY
42 COMPANY, PARTNERSHIP, JOINT VENTURE, ASSOCIATION, ESTATE, TRUST, FEDERAL OR
43 STATE GOVERNMENT, POLITICAL SUBDIVISION OR OTHER LEGAL ENTITY OR ANY
44 COMBINATION OF THESE ENTITIES.

1 4. 15. "Premium" means anything of value offered, promised or given
2 to a prospective customer as an incentive to attend a presentation for the
3 sale, lease or use of a ~~time-share interval~~ TIMESHARE INTEREST or to tour or
4 visit a ~~time-share project~~ TIMESHARE PROPERTY.

5 16. "PROMOTION" MEANS A PLAN OR DEVICE, INCLUDING ONE INVOLVING THE
6 POSSIBILITY OF A PROSPECTIVE PURCHASER RECEIVING A VACATION, DISCOUNT
7 VACATION, GIFT OR PRIZE, USED BY A DEVELOPER OR THE DEVELOPER'S EMPLOYEE, OR
8 ON THE DEVELOPER'S BEHALF BY AN AGENT OR THE AGENT'S EMPLOYEE, AN INDEPENDENT
9 CONTRACTOR OR THE INDEPENDENT CONTRACTOR'S EMPLOYEE IN CONNECTION WITH THE
10 OFFERING AND SALE OF TIMESHARE INTERESTS IN A TIMESHARE PLAN.

11 17. "PURCHASER" MEANS ANY PERSON, OTHER THAN A DEVELOPER, WHO, BY MEANS
12 OF A VOLUNTARY TRANSFER, ACQUIRES A LEGAL OR EQUITABLE INTEREST IN A
13 TIMESHARE PLAN OTHER THAN A SECURITY FOR AN OBLIGATION.

14 18. "PURCHASE AGREEMENT" MEANS A DOCUMENT THAT LEGALLY OBLIGATES A
15 PERSON TO SELL OR BUY A TIMESHARE INTEREST.

16 5. 19. "Redemption certificate" means a premium that grants a right
17 to or the promise of the future delivery of goods or services and that is
18 conditioned on the holder's compliance with stated requirements, limitations
19 or conditions. Redemption certificate does not include a prepaid premium or
20 discount certificate, other than a travel related premium, that is redeemable
21 for goods or services at a business located in this state, including a
22 restaurant or retail store.

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

25 7. ~~"Time-share interval" means a time-share estate, a time-share use~~
26 ~~or a time-share period.~~

27 8. ~~"Time-share project" means a project in which a purchaser receives~~
28 ~~the right in perpetuity, for life or for a term of years to the recurrent,~~
29 ~~exclusive use or occupancy of a lot, parcel, unit or segment of real~~
30 ~~property, annually or on some other periodic basis, for a period of time that~~
31 ~~has been or will be allotted from the use or occupancy periods into which the~~
32 ~~project has been divided. A project that has been divided into fewer than~~
33 ~~twelve use or occupancy periods is not a time-share project.~~

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

37 20. "RESERVATION SYSTEM" MEANS THE METHOD, ARRANGEMENT OR PROCEDURE IN
38 WHICH A PURCHASER, IN ORDER TO RESERVE THE USE OR OCCUPANCY OF ANY
39 ACCOMMODATION OF A MULTISITE TIMESHARE PLAN FOR ONE OR MORE TIMESHARE
40 PERIODS, IS REQUIRED TO COMPETE WITH OTHER PURCHASERS IN THE SAME MULTISITE
41 TIMESHARE PLAN, REGARDLESS OF WHETHER THE RESERVATION SYSTEM IS OPERATED AND
42 MAINTAINED BY THE MULTISITE TIMESHARE PLAN MANAGING ENTITY, AN EXCHANGE
43 COMPANY OR ANY OTHER PERSON. IF A PURCHASER IS REQUIRED TO USE AN EXCHANGE
44 PROGRAM AS THE PURCHASER'S PRINCIPAL MEANS OF OBTAINING THE RIGHT TO USE AND
45 OCCUPY ACCOMMODATIONS, THAT ARRANGEMENT IS A RESERVATION SYSTEM. RESERVATION

1 SYSTEM DOES NOT INCLUDE THE USE BY AN EXCHANGE COMPANY OF A MECHANISM FOR THE
2 EXCHANGE OF USE OF TIMESHARE PERIODS AMONG MEMBERS OF AN EXCHANGE PROGRAM.

3 21. "SALES AGENT" MEANS A PERSON WHO, DIRECTLY OR THROUGH THE PERSON'S
4 EMPLOYEES, AGENTS OR INDEPENDENT CONTRACTORS, SELLS OR OFFERS TO SELL ONE OR
5 MORE TIMESHARE INTERESTS IN A TIMESHARE PLAN TO ANY INDIVIDUAL IN THIS STATE.

6 22. "SINGLE SITE TIMESHARE PLAN" MEANS THE RIGHT TO USE ACCOMMODATIONS
7 AT A SINGLE TIMESHARE PROPERTY.

8 23. "SPECIFIC TIMESHARE INTEREST" MEANS THE RIGHT TO USE ACCOMMODATIONS
9 AT A SPECIFIC TIMESHARE PROPERTY, TOGETHER WITH USE RIGHTS IN ACCOMMODATIONS
10 AT ONE OR MORE OTHER COMPONENT SITES CREATED BY OR ACQUIRED THROUGH THE
11 TIMESHARE PLAN'S RESERVATION SYSTEM.

12 24. "TIMESHARE ESTATE" MEANS THE RIGHT OF OCCUPANCY IN A TIMESHARE
13 PROPERTY THAT IS COUPLED WITH AN ESTATE IN REAL PROPERTY.

14 25. "TIMESHARE INTEREST" INCLUDES EITHER A TIMESHARE ESTATE OR A
15 TIMESHARE USE.

16 26. "TIMESHARE INSTRUMENT" MEANS ONE OR MORE DOCUMENTS CREATING OR
17 GOVERNING THE OPERATION OF A TIMESHARE PLAN.

18 27. "TIMESHARE PERIOD" MEANS THE PERIOD OF TIME WHEN THE PURCHASER OF
19 A TIMESHARE PLAN IS AFFORDED THE OPPORTUNITY TO USE THE ACCOMMODATIONS OF A
20 TIMESHARE PLAN.

21 28. "TIMESHARE PLAN" MEANS ANY ARRANGEMENT, PLAN OR SIMILAR DEVICE,
22 OTHER THAN AN EXCHANGE PROGRAM, WHETHER BY MEMBERSHIP AGREEMENT, SALE, LEASE,
23 DEED, LICENSE OR RIGHT-TO-USE AGREEMENT OR BY ANY OTHER MEANS, IN WHICH A
24 PURCHASER, IN EXCHANGE FOR CONSIDERATION, RECEIVES OWNERSHIP RIGHTS IN OR THE
25 RIGHT TO USE ACCOMMODATIONS FOR A PERIOD OF TIME LESS THAN A FULL YEAR DURING
26 ANY GIVEN YEAR, BUT NOT NECESSARILY FOR CONSECUTIVE YEARS. A TIMESHARE PLAN
27 MAY BE A SINGLE SITE TIMESHARE PLAN OR A MULTISITE TIMESHARE PLAN.

28 29. "TIMESHARE PROPERTY" MEANS ONE OR MORE ACCOMMODATIONS SUBJECT TO
29 THE SAME TIMESHARE INSTRUMENT, TOGETHER WITH ANY OTHER PROPERTY OR RIGHTS TO
30 PROPERTY APPURTENANT TO THOSE ACCOMMODATIONS.

31 30. "TIMESHARE USE" IS THE RIGHT TO OCCUPY A TIMESHARE PROPERTY THAT
32 IS NOT COUPLED WITH AN ESTATE IN REAL PROPERTY.

33 Sec. 5. Renumber

34 Sections 32-2197.01, 32-2197.02, 32-2197.03, 32-2197.04, 32-2197.05,
35 32-2197.06, 32-2197.07, 32-2197.08, 32-2197.09, 32-2197.10, 32-2197.11,
36 32-2197.12, 32-2197.13, 32-2197.14, 32-2197.15, 32-2197.17 and 32-2197.18,
37 Arizona Revised Statutes, are renumbered as sections 32-2197.02, 32-2197.03,
38 32-2197.04, 32-2197.06, 32-2197.07, 32-2197.08, 32-2197.09, 32-2197.13,
39 32-2197.14, 32-2197.15, 32-2197.17, 32-2197.18, 32-2197.23, 32-2197.19,
40 32-2197.20, 32-2197.22 and 32-2197.24, respectively.

1 Sec. 6. Title 32, chapter 20, article 9, Arizona Revised Statutes, is
2 amended by adding a new section 32-2197.01, to read:

3 32-2197.01. Creation of timeshare plans; ratio

4 A TIMESHARE PLAN MAY BE CREATED IN ANY ACCOMMODATION UNLESS PROHIBITED
5 BY ANY LAW OR COUNTY, CITY OR TOWN ZONING ORDINANCE OR REGULATION TO THE
6 CONTRARY. ALL TIMESHARE PLANS SHALL MAINTAIN A ONE-TO-ONE PURCHASER-TO
7 ACCOMMODATION RATIO SO THAT THE TOTAL NUMBER OF PURCHASERS ELIGIBLE TO USE
8 THE ACCOMMODATIONS OF THE TIMESHARE PLAN DURING A GIVEN CALENDAR YEAR NEVER
9 EXCEEDS THE TOTAL NUMBER OF ACCOMMODATIONS AVAILABLE FOR USE IN THE TIMESHARE
10 PLAN DURING THE SAME CALENDAR YEAR. FOR PURPOSES OF CALCULATING THE RATIO,
11 A PURCHASER WHO IS DELINQUENT IN THE PAYMENT OF TIMESHARE PLAN ASSESSMENTS
12 SHALL CONTINUE TO BE CONSIDERED ELIGIBLE TO USE THE ACCOMMODATIONS OF THE
13 TIMESHARE PLAN.

14 Sec. 7. Section 32-2197.02, Arizona Revised Statutes, as renumbered
15 by this act, is amended to read:

16 32-2197.02. Notice of intent to sell; application for timeshare
17 plan public report; authorization for pre-sales

18 A. ANY PERSON WHO SELLS, OFFERS TO SELL OR ATTEMPTS TO SOLICIT
19 PROSPECTIVE PURCHASERS LOCATED IN THIS STATE TO PURCHASE A TIMESHARE INTEREST
20 OR ANY PERSON WHO CREATES A TIMESHARE PLAN WITH AN ACCOMMODATION IN THIS
21 STATE, WHETHER OR NOT THE PLAN IS SOLD OR OFFERED FOR SALE IN THIS STATE,
22 SHALL REGISTER A NOTICE OF INTENT TO SELL AND APPLICATION FOR A PUBLIC REPORT
23 WITH THE DEPARTMENT.

24 B. ~~A time-share public report must be obtained before offering for~~
25 ~~sale, lease or use in this state twelve or more time-share estates or~~
26 ~~time-share uses in any particular time-share project. An application for a~~
27 ~~final public report for a time-share project~~ EXCEPT AS OTHERWISE PROVIDED IN
28 SUBSECTION C OF THIS SECTION, AN APPLICATION FOR A PUBLIC REPORT FOR A
29 TIMESHARE PLAN must contain the following documents and information:

30 1. The name and address of the owner and developer. If the holder of
31 any ownership interest in the land is other than an individual, including a
32 corporation, partnership, limited liability company, trust or other entity,
33 a statement naming the type of legal entity and listing the interest and the
34 extent of such interest of each principal in the entity. For the purposes
35 of this paragraph, "principal" means any person or entity having a ten per
36 cent or more financial interest or, if the legal entity is a trust, each
37 beneficiary of the trust holding a ten per cent or more beneficial interest.

38 2. A comprehensive statement of the ~~time-share program~~ TIMESHARE PLAN.

39 3. The legal description and location of the ~~land~~ TIMESHARE PROPERTY
40 BEING OFFERED.

41 4. To the extent required by applicable local or state laws, a
42 recorded map of the project TIMESHARE PROPERTY showing book, page and date
43 of RECORDING OR INSTRUMENT NUMBER AND DATE OF recording, and if required by
44 applicable local or state laws, approval by the county or city in which the
45 project TIMESHARE PROPERTY is located. A map, survey or location plan

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

7 5. A description of the total facility TIMESHARE PROPERTY in terms of
8 the number of buildings, number of stories, NUMBER OF UNITS, common areas of
9 the condominium TIMESHARE PROPERTY or public use areas in any hotel, motel
10 or other facility.

11 6. ~~A true statement of~~ PROOF OF ADEQUATE FINANCIAL ARRANGEMENTS AND
12 assurances for the ~~installation of off-site~~ COMPLETION OF ANY IMPROVEMENTS
13 INCLUDED IN THE OFFERING TO BE INSTALLED BY THE DEVELOPER, THE ESTIMATED
14 SCHEDULE FOR COMPLETION OF THE IMPROVEMENTS AND PROVISIONS, IF ANY, FOR THE
15 CONTINUED MAINTENANCE OF THE improvements.

16 ~~7. Proof of adequate financial arrangements for any improvements to~~
17 ~~be installed by the developer and the estimated schedule for completion of~~
18 ~~such improvements.~~

19 ~~8.~~ 7. A true statement of the availability of sewage disposal
20 facilities and other public utilities including water, electricity, gas and
21 telephone facilities in the project TIMESHARE PROPERTY and the estimated
22 schedule for their installation.

23 ~~9.~~ 8. A statement of the provisions that have been made for permanent
24 access, and provisions, if any, for health department approved sewage and
25 solid waste collection and public utilities, including water.

26 ~~10.~~ 9. A complete disclosure as to the operating costs of the
27 ~~time-share program~~ TIMESHARE PLAN, including all of the variable costs of
28 operation, management and reserves and method of assessment, including
29 evidence of financial arrangements which provide for the developer's
30 guarantee of payment of assessment on unsold interests, or if the developer
31 is not paying such costs, the effect such nonpayment will have on operating
32 costs.

33 ~~11.~~ 10. A statement indicating ~~how time-share dwelling units will be~~
34 ~~assessed for purposes of property taxation.~~ THAT THE DEVELOPER MUST NOTIFY
35 THE COMMISSIONER IF A TIMESHARE PLAN ACCOMMODATION MAY BECOME SUBJECT TO A
36 TAX OR OTHER LIEN ARISING OUT OF CLAIMS AGAINST OTHER PURCHASERS IN THE SAME
37 TIMESHARE PLAN. THE COMMISSIONER MAY REQUIRE THE DEVELOPER TO NOTIFY A
38 PROSPECTIVE PURCHASER OF ANY POTENTIAL TAX OR LIEN THAT WOULD MATERIALLY AND
39 ADVERSELY AFFECT THE PROSPECTIVE PURCHASER.

40 ~~12.~~ 11. A current preliminary title report for all dwelling units
41 ACCOMMODATIONS comprising the ~~time-share project~~ TIMESHARE PROPERTY for which
42 the application is being made.

43 ~~13.~~ 12. The recorded declaration of dedication of the project
44 TIMESHARE PROPERTY or other project governing TIMESHARE instruments or
45 contracts incorporating all covenants of the grantor or lessor and creating

1 the ~~time-share~~ TIMESHARE interests and the provisions of the plan, IF ANY,
2 to include organization of an association of ~~time-share interest owners.~~

3 ~~14.~~ 13. A true statement as to the methods to be used, ~~such as release~~
4 ~~clauses or other safeguards satisfactory to the commissioner,~~ IN ACCORDANCE
5 WITH SECTION 32-2197.12 to provide that the purchaser of a time-share
6 interval TIMESHARE INTEREST will not lose or have the purchaser's interest
7 imperiled by the foreclosure of underlying liens, encumbrances or other
8 obligations and that the developer can convey, or cause to be conveyed, the
9 interest in the offering.

10 ~~15.~~ 14. The terms and conditions as to how a purchaser's interest is
11 to be conveyed including examples of all contracts, PURCHASE AGREEMENTS,
12 deeds, fact sheets and other instruments to be used in marketing, financing
13 and conveying ~~time-share~~ TIMESHARE interests.

14 ~~16.~~ 15. A true statement as to title to personal property within the
15 units or project TIMESHARE PROPERTY incident to a purchaser's use and how
16 purchasers will receive assured use of personal property during the term
17 offered.

18 ~~17.~~ A true statement of provisions made for financing any community,
19 recreational or other facilities to be included in the offering and evidence
20 of assurances for delivery of such facilities and provisions, if any, for the
21 continued maintenance of such facilities.

22 ~~18.~~ 16. A statement of the provisions made for the management of the
23 project TIMESHARE PLAN, including a copy of the management agreement,
24 relationship with the developer and whether the management agent ENTITY will
25 be bonded or insured.

26 17. THE NAME, STREET ADDRESS, MAILING ADDRESS AND TELEPHONE NUMBER OF:

27 (a) THE DESIGNATED BROKER, IF ANY, USED BY THE DEVELOPER.

28 (b) A MANAGING ENTITY OF THE TIMESHARE PLAN.

29 ~~19.~~ 18. Copies of all contracts and promotional material pertaining
30 to a ANY EXCHANGE program included in the offering involving the exchange of
31 occupancy rights by owners in the project with owners of interests in other
32 time-share projects.

33 ~~20.~~ 19. If the project TIMESHARE PROPERTY OR TIMESHARE PLAN BEING
34 REGISTERED is located within the United States, but outside this state, each
35 filing must include evidence that the project TIMESHARE PROPERTY OR TIMESHARE
36 PLAN is qualified for sale in the home state WHERE THE TIMESHARE PROPERTY OR
37 TIMESHARE PLAN IS LOCATED according to the standards or requirements for the
38 sale of ~~time-share intervals~~ TIMESHARE INTERESTS existing in the home state
39 at the time of the filing.

40 ~~21.~~ If the project is located outside of the United States, each filing
41 of a foreign project must include evidence establishing that all requirements
42 of the home country have been met for the sale of ~~time-share intervals or the~~
43 ~~local equivalent of time-share interests in the home country at the time of~~
44 ~~the filing.~~

1 20. IF THE TIMESHARE PROPERTY OR TIMESHARE PLAN BEING REGISTERED IS
2 LOCATED OUTSIDE THE UNITED STATES, EACH FILING OF A FOREIGN TIMESHARE
3 PROPERTY OR TIMESHARE PLAN MUST INCLUDE EVIDENCE ESTABLISHING THAT ALL
4 REQUIREMENTS OF THE COUNTRY WHERE THE TIMESHARE PROPERTY OR TIMESHARE PLAN
5 IS LOCATED HAVE BEEN MET FOR THE SALE OF TIMESHARE INTERESTS OR THE LOCAL
6 EQUIVALENT OF TIMESHARE INTERESTS IN THE HOME COUNTRY AT THE TIME OF THE
7 FILING.

8 21. A PUBLIC REPORT THAT COMPLIES WITH THE REQUIREMENTS OF SECTION
9 32-2197.08.

10 22. Such other information and such other documents and certificates
11 as the commissioner may reasonably require.

12 C. AT THE DEVELOPER'S REQUEST THE COMMISSIONER MAY AUTHORIZE THE
13 DEVELOPER TO CONDUCT PRE-SALES OF THE TIMESHARE PLAN BEFORE THE ISSUANCE OF
14 A PUBLIC REPORT IF THE APPLICATION FOR A PUBLIC REPORT IS ADMINISTRATIVELY
15 COMPLETE, AS DETERMINED BY THE COMMISSIONER OR AS ESTABLISHED BY RULE. THE
16 AUTHORIZATION FOR PRE-SALES ALLOWS THE DEVELOPER TO BEGIN OFFERING AND
17 SELLING TIMESHARE INTERESTS WHILE THE APPLICATION FOR THE TIMESHARE PUBLIC
18 REPORT IS IN PROCESS. TO OBTAIN AN AUTHORIZATION TO CONDUCT PRE-SALES, THE
19 DEVELOPER SHALL DO ALL OF THE FOLLOWING:

20 1. SUBMIT A FORMAL WRITTEN REQUEST TO THE COMMISSIONER FOR AN
21 AUTHORIZATION TO CONDUCT PRE-SALES.

22 2. SUBMIT AN ADMINISTRATIVELY COMPLETE APPLICATION FOR A TIMESHARE
23 PUBLIC REPORT TO THE COMMISSIONER, INCLUDING ALL APPROPRIATE FEES AND
24 EXHIBITS REQUIRED UNDER SUBSECTION B OF THIS SECTION.

25 3. PROVIDE EVIDENCE ACCEPTABLE TO THE COMMISSIONER THAT ALL MONIES
26 RECEIVED BY THE DEVELOPER WILL BE PLACED IN AN INDEPENDENT ESCROW ACCOUNT
27 WITH INSTRUCTIONS THAT MONIES WILL NOT BE RELEASED UNTIL A TIMESHARE PUBLIC
28 REPORT HAS BEEN GRANTED.

29 4. GIVE EACH PURCHASER AND PROSPECTIVE PURCHASER A COPY OF THE
30 PROPOSED TIMESHARE PUBLIC REPORT THAT THE DEVELOPER HAS SUBMITTED TO THE
31 DEPARTMENT WITH THE INITIAL APPLICATION.

32 5. GIVE EACH PURCHASER THE OPPORTUNITY TO CANCEL THE PURCHASE
33 AGREEMENT IN ACCORDANCE WITH SECTION 32-2197.03. THE PURCHASER SHALL HAVE
34 AN ADDITIONAL OPPORTUNITY TO CANCEL IN ACCORDANCE WITH SECTION 32-2197.03 ON
35 THE ISSUANCE OF AN APPROVED TIMESHARE PUBLIC REPORT ONLY IF THE COMMISSIONER
36 DETERMINES THAT THERE IS A MATERIAL AND ADVERSE CHANGE IN THE DISCLOSURES
37 CONTAINED IN THE APPROVED TIMESHARE PUBLIC REPORT FROM THOSE GIVEN TO THE
38 PURCHASER IN THE PROPOSED TIMESHARE PUBLIC REPORT.

39 Sec. 8. Section 32-2197.03, Arizona Revised Statutes, as renumbered
40 by this act, is amended to read:

41 32-2197.03. Rescission of contract or agreement

42 A. ~~Any contract or agreement to purchase or lease a time-share~~
43 ~~interval may be rescinded by~~ The purchaser MAY RESCIND THE PURCHASE AGREEMENT
44 without cause of any kind by sending or delivering written notice of
45 rescission by midnight of the seventh calendar day following the day on which

1 the purchaser or prospective purchaser executed the ~~contract or~~ PURCHASE
2 agreement. THE RESCISSION RIGHTS SHALL BE CONSPICUOUSLY DISCLOSED IN THE
3 PURCHASE AGREEMENT. IF THE DEVELOPER ALLOWS THE RESCISSION PERIOD TO EXTEND
4 BEYOND THE SEVEN CALENDAR DAYS, THE RESCISSION PERIOD DISCLOSURE IN THE
5 PURCHASE AGREEMENT SHALL REFLECT THE LONGER PERIOD OF TIME. THE DISCLOSURE
6 REQUIRED BY THIS SUBSECTION SHALL BE PRINTED IMMEDIATELY BEFORE THE SPACE
7 RESERVED IN THE PURCHASE AGREEMENT FOR THE SIGNATURE OF THE PURCHASER AND
8 SHALL INCLUDE THE FOLLOWING INFORMATION:

9 1. THE PURCHASER MAY CANCEL THE PURCHASE AGREEMENT WITHOUT A PENALTY
10 OR OBLIGATION WITHIN SEVEN CALENDAR DAYS AFTER THE PURCHASER SIGNS THE
11 PURCHASE AGREEMENT.

12 2. IF THE PURCHASER DECIDES TO CANCEL THE PURCHASE AGREEMENT, THE
13 PURCHASER SHALL NOTIFY THE SELLER IN WRITING OF THE PURCHASER'S INTENT TO
14 CANCEL.

15 3. THE PURCHASER'S NOTICE OF CANCELLATION IS EFFECTIVE ON THE DATE THE
16 CANCELLATION IS SENT AND SHALL BE SENT TO THE SELLER AT THE SELLER'S ADDRESS.
17 THE SELLER'S ADDRESS AND TELEPHONE NUMBER SHALL BE LISTED ON THE PURCHASE
18 AGREEMENT.

19 4. THE PURCHASER MAY EXECUTE ALL CLOSING DOCUMENTS IN
20 ADVANCE. HOWEVER, THE CLOSING, AS EVIDENCED BY DELIVERY OF THE DEED OR OTHER
21 DOCUMENT, IS PROHIBITED BEFORE THE SEVEN CALENDAR DAY CANCELLATION PERIOD
22 EXPIRES.

23 B. This section applies to any ~~time-share project~~ TIMESHARE PLAN
24 approved by the commissioner pursuant to either article 4 of this chapter or
25 this article, regardless of the date of issuance of the public report.

26 Sec. 9. Section 32-2197.04, Arizona Revised Statutes, as renumbered
27 by this act, is amended to read:

28 32-2197.04. Notification of material change

29 A. The developer of a ~~time-share project~~ which TIMESHARE PLAN THAT is
30 the subject of an outstanding TIMESHARE public report shall immediately
31 report to the department relevant details concerning any material change in
32 the project TIMESHARE PLAN itself or in the program for marketing the
33 ~~time-share~~ TIMESHARE interests. ~~A material change in the project or in the~~
34 ~~offering includes:~~

35 1. ~~The sale, the conveyance or the granting of an option to another~~
36 ~~to acquire twelve or more time-share estates or time-share uses in the~~
37 ~~project.~~

38 2. ~~Deletion of a dwelling unit from the project or addition of a~~
39 ~~dwelling unit not authorized under an existing time-share public report for~~
40 ~~the project.~~

41 3. ~~Change in the name or form of organization of the developer such~~
42 ~~as incorporation, dissolution of a corporation, or a change in the corporate~~
43 ~~or fictitious business name.~~

1 ~~4. Change in the instruments used in the marketing or the conveying~~
2 ~~of time-share interests previously approved by the department with regard to~~
3 ~~blanket encumbrances or the creation by the developer of an encumbrance~~
4 ~~affecting more than one time-share interest in the project if one or more of~~
5 ~~such interests is subject to a public report issued by the commissioner.~~

6 ~~5. An amendment to any provision of the recorded time-share~~
7 ~~declaration.~~

8 ~~6. A change in any aspect of the offering for the project which will~~
9 ~~cause information in the current public report for the project to be~~
10 ~~incorrect or misleading.~~

11 B. On receipt of a written notice of a material change, the
12 commissioner, if he THE COMMISSIONER determines such action to be necessary
13 for the protection of purchasers, may suspend his approval of the sale or
14 lease pending amendment of the public report. FOR SALES MADE AFTER THE
15 MATERIAL CHANGE AND PENDING AMENDMENT OF THE PUBLIC REPORT, THE COMMISSIONER
16 MAY REQUIRE THE DEVELOPER TO FULLY DISCLOSE THE CHANGE IN A PREPARED
17 SUPPLEMENT TO THE PUBLIC REPORT. THE SUPPLEMENT SHALL BE DELIVERED WITH THE
18 PREVIOUSLY APPROVED PUBLIC REPORT TO ALL PROSPECTIVE PURCHASERS UNTIL THE NEW
19 PUBLIC REPORT IS ISSUED. THE COMMISSIONER SHALL NOT REQUIRE THE DEVELOPER
20 TO DELIVER THE AMENDED PUBLIC REPORT TO OR OBTAIN A RECEIPT FROM PRIOR
21 PURCHASERS UNLESS THE COMMISSIONER SPECIFICALLY FINDS THAT THE DEVELOPER'S
22 DISCLOSURE OF THE CHANGES WAS NOT AN ADEQUATE DISCLOSURE.

23 Sec. 10. Title 32, chapter 20, article 9, Arizona Revised Statutes,
24 is amended by adding a new section 32-2197.05, to read:

25 32-2197.05. Escrow or trust account; agreement; evidence of
26 completion; financial assurance

27 A. A DEVELOPER OF A TIMESHARE PLAN SHALL DEPOSIT IN AN ESCROW OR TRUST
28 ACCOUNT IN A FEDERALLY INSURED DEPOSITORY ONE HUNDRED PER CENT OF ALL MONIES
29 THAT ARE RECEIVED DURING THE PURCHASER'S RESCISSION PERIOD. THE DEPOSIT OF
30 THESE MONIES SHALL BE EVIDENCED BY AN EXECUTED AGREEMENT BETWEEN THE ESCROW
31 OR TRUST ACCOUNT AGENT AND THE DEVELOPER THAT INCLUDES THE FOLLOWING
32 PROVISIONS:

33 1. MONIES MAY BE DISBURSED TO THE DEVELOPER BY THE ESCROW OR TRUST
34 ACCOUNT AGENT FROM THE ACCOUNT ONLY AFTER EXPIRATION OF THE PURCHASER'S
35 RESCISSION PERIOD AND IN ACCORDANCE WITH THE PURCHASE AGREEMENT, SUBJECT TO
36 SUBSECTION B.

37 2. IF A PURCHASER CANCELS THE PURCHASE AGREEMENT PURSUANT TO THE
38 AGREEMENT'S TERMS, THE MONIES SHALL BE PAID TO THE PURCHASER OR PAID TO THE
39 DEVELOPER IF THE PURCHASER'S MONIES HAVE BEEN PREVIOUSLY REFUNDED BY THE
40 DEVELOPER.

41 B. IF A DEVELOPER CONTRACTS TO SELL A TIMESHARE INTEREST AND THE
42 CONSTRUCTION OF ANY TIMESHARE PROPERTY IN WHICH THE TIMESHARE INTEREST IS
43 LOCATED HAS NOT BEEN COMPLETED, WHEN THE RESCISSION PERIOD EXPIRES THE
44 DEVELOPER SHALL CONTINUE TO MAINTAIN IN AN ESCROW OR TRUST ACCOUNT ALL MONIES
45 RECEIVED BY THE DEVELOPER OR ON THE DEVELOPER'S BEHALF FROM THE PURCHASER

1 UNDER A PURCHASE AGREEMENT EITHER BEFORE OR AFTER THE RESCISSION PERIOD
2 EXPIRES. THE TYPES OF DOCUMENTATION THAT SHALL BE REQUIRED FOR EVIDENCE OF
3 COMPLETION INCLUDE A CERTIFICATE OF OCCUPANCY, A CERTIFICATE OF SUBSTANTIAL
4 COMPLETION OR AN EQUIVALENT PUBLIC SAFETY INSPECTION FROM AN AGENCY IN THE
5 APPLICABLE JURISDICTION OR OTHER EVIDENCE OF COMPLETION ACCEPTABLE TO THE
6 COMMISSIONER OR AS PROVIDED BY RULE. MONIES SHALL BE RELEASED FROM ESCROW
7 AS FOLLOWS:

8 1. IF A PURCHASER PROPERLY CANCELS THE PURCHASE AGREEMENT PURSUANT TO
9 THE AGREEMENT'S TERMS, THE MONIES SHALL BE PAID TO THE PURCHASER OR PAID TO
10 THE DEVELOPER IF THE DEVELOPER HAS PREVIOUSLY REFUNDED THE PURCHASER'S
11 MONIES.

12 2. IF A PURCHASER DEFAULTS IN THE PERFORMANCE OF THE PURCHASER'S
13 OBLIGATIONS UNDER THE PURCHASE AGREEMENT, THE MONIES SHALL BE PAID TO THE
14 DEVELOPER.

15 3. IF THE DEVELOPER DEFAULTS IN THE PERFORMANCE OF THE DEVELOPER'S
16 OBLIGATIONS UNDER THE PURCHASE AGREEMENT, THE MONIES SHALL BE PAID TO THE
17 PURCHASER.

18 4. IF THE MONIES OF A PURCHASER HAVE NOT BEEN PREVIOUSLY DISBURSED IN
19 ACCORDANCE WITH PARAGRAPH 2 OF THIS SUBSECTION, THE MONIES MAY BE DISBURSED
20 TO THE DEVELOPER BY THE ESCROW AGENT ON THE ISSUANCE OF ACCEPTABLE EVIDENCE
21 OF COMPLETION OF CONSTRUCTION.

22 C. IN LIEU OF PLACING MONIES IN ESCROW IN ACCORDANCE WITH THIS
23 SECTION, THE COMMISSIONER MAY ACCEPT FROM THE DEVELOPER A SURETY BOND,
24 IRREVOCABLE LETTER OF CREDIT OR OTHER FINANCIAL ASSURANCE ACCEPTABLE TO THE
25 COMMISSIONER OR AS PROVIDED BY RULE. ANY ACCEPTABLE FINANCIAL ASSURANCE MUST
26 BE IN AN AMOUNT EQUAL TO OR IN EXCESS OF THE MONIES THAT WOULD OTHERWISE BE
27 PLACED IN ESCROW OR IN AN AMOUNT EQUAL TO OR IN EXCESS OF THE COST TO
28 COMPLETE THE INCOMPLETE PROPERTY IN WHICH THE TIMESHARE INTEREST IS LOCATED.

29 D. THE DEVELOPER SHALL MAKE DOCUMENTS RELATED TO THE ESCROW OR TRUST
30 ACCOUNT OR ESCROW OR TRUST OBLIGATION AVAILABLE TO THE COMMISSIONER ON THE
31 COMMISSIONER'S REQUEST. THE DEVELOPER SHALL MAINTAIN ANY DISPUTED MONIES IN
32 THE ESCROW ACCOUNT UNTIL EITHER OF THE FOLLOWING OCCURS:

33 1. THE DEVELOPER RECEIVES A WRITTEN DIRECTION AGREED TO AND SIGNED BY
34 ALL PARTIES.

35 2. A CIVIL ACTION REGARDING THE MONIES HAS BEEN FILED, IN WHICH CASE
36 THE DEVELOPER SHALL DEPOSIT THE MONIES WITH THE COURT OF APPROPRIATE
37 JURISDICTION.

38 Sec. 11. Section 32-2197.06, Arizona Revised Statutes, as renumbered
39 by this act, is amended to read:

40 32-2197.06. Declaration of dedication

41 The declaration or other documents described in section ~~32-2197.01~~
42 ~~32-2197.02~~, SUBSECTION B, paragraph ~~13~~ 12 shall include the following general
43 provisions as applicable to the particular ~~time-share project~~ TIMESHARE
44 PROPERTY:

- 1 1. Provisions for organization of an association of ~~time-share~~
2 ~~interest owners~~ IF APPLICABLE.
- 3 2. A description of the real and personal property for the common
4 ownership or use of the ~~time-share~~ TIMESHARE interest owners.
- 5 3. A description of the services to be made available to ~~time-share~~
6 TIMESHARE interest owners under the ~~time-share~~ TIMESHARE program.
- 7 4. Provisions for transfer to the association of control over the
8 TIMESHARE property and services comprising the project.
- 9 5. Procedures for calculating and collecting regular and special
10 assessments from ~~time-share~~ TIMESHARE owners to defray expenses of the
11 project TIMESHARE PLAN and for related purposes.
- 12 6. PROCEDURES FOR preparation and dissemination to ~~time-share~~
13 TIMESHARE owners of budgets, financial statements and other information
14 related to the project TIMESHARE PLAN.
- 15 7. Procedures for terminating the membership and selling the interest
16 of a ~~time-share~~ TIMESHARE owner for failure to pay regular or special
17 assessments.
- 18 8. Policies and procedures for the disciplining of members for failure
19 to comply with provisions of the governing TIMESHARE instruments for the
20 project TIMESHARE PLAN, including the late payment of assessments.
- 21 9. Procedures for employing and for terminating the employment of a
22 managing agent ENTITY for the project TIMESHARE PLAN.
- 23 10. PROVISIONS FOR adoption of standards and rules of conduct for the
24 use of ~~dwelling units~~ ACCOMMODATIONS by ~~time-share~~ TIMESHARE interest owners.
- 25 11. PROVISIONS FOR establishment of the rights of owners to the use of
26 a ~~dwelling unit~~ ACCOMMODATIONS according to A schedule or under a first
27 reserved, first served priority system.
- 28 12. If applicable, PROCEDURES FOR compensating use periods or monetary
29 compensation for an owner in OF a ~~time-share estate~~ project TIMESHARE
30 INTEREST IN A TIMESHARE PLAN if a ~~dwelling unit~~ AN ACCOMMODATION cannot be
31 made available for the period of use to which the owner is entitled by
32 schedule or under a reservation system because of an error by the association
33 or managing agent ENTITY.
- 34 13. Provisions for comprehensive general liability insurance for death,
35 bodily injury and property damage resulting from the use of a ~~dwelling unit~~
36 AN ACCOMMODATION within the project TIMESHARE PLAN by ~~time-share~~ TIMESHARE
37 owners, their guests and other users.
- 38 14. A DESCRIPTION OF restrictions upon partition of a ~~time-share estate~~
39 project TIMESHARE PROPERTY.
- 40 15. Policies and procedures for the use of ~~dwelling units~~
41 ACCOMMODATIONS for transient accommodations or other income producing
42 purposes during a period of nonuse by ~~time-share~~ TIMESHARE owners.
- 43 16. Policies and procedures for the inspection of the books and records
44 of the project TIMESHARE PLAN by ~~time-share~~ TIMESHARE owners.

1 17. Procedures for the amendment of the declaration and other governing
2 TIMESHARE instruments for the project TIMESHARE PLAN.

3 18. If applicable, PROCEDURES FOR annexation of additional dwelling
4 units ACCOMMODATIONS to the ~~time-share~~ project TIMESHARE PLAN.

5 19. Policies and procedures in the event of condemnation, destruction
6 or extensive damage to dwelling units ACCOMMODATIONS including provisions for
7 the disposition of insurance proceeds or damages payable on account of damage
8 or condemnation.

9 20. Policies and procedures on regular termination of the project
10 TIMESHARE PLAN including details on what happens to a purchaser's interest
11 on termination.

12 21. Policies and procedures for collective decision making and the
13 undertaking of action by or in the name of the association, IF ANY,
14 including, if applicable, representation of ~~time-share dwelling units~~
15 TIMESHARE INTERESTS in an association for the common interest subdivision in
16 which the ~~dwelling units~~ INTERESTS are located.

17 22. If applicable, allocation of the costs of maintenance and operation
18 between those dwelling units in a hotel, motel or similar commercial lodging
19 establishment ACCOMMODATIONS dedicated to a ~~time-share~~ project TIMESHARE PLAN
20 and dwelling units ACCOMMODATIONS in the same establishment TIMESHARE PLAN
21 being used for transient accommodations.

22 23. Policies and procedures for entry into ~~dwelling units~~
23 ACCOMMODATIONS of the project TIMESHARE PLAN under authority granted by the
24 association for the purpose of cleaning, maid service, maintenance and
25 repair, including emergency repairs and for the purpose of abating a nuisance
26 or a known or suspected dangerous or unlawful activity.

27 Sec. 12. Section 32-2197.07, Arizona Revised Statutes, as renumbered
28 by this act, is amended to read:

29 32-2197.07. Examination of plan by commissioner; fees

30 A. The commissioner shall examine any ~~time-share~~ project TIMESHARE
31 PLAN offered for sale or lease IN THIS STATE OR LOCATED IN THIS STATE and
32 shall make public his findings.

33 B. THE COMMISSIONER MAY PHYSICALLY INSPECT ANY TIMESHARE PLAN OFFERED
34 FOR SALE OR LEASE IN THIS STATE OR LOCATED IN THIS STATE.

35 C. AN INITIAL FILING FEE OF TWENTY DOLLARS PER INTEREST WITH A MAXIMUM
36 FEE OF NOT MORE THAN ONE THOUSAND DOLLARS SHALL ACCOMPANY THE NOTICE OF
37 INTENTION FILED PURSUANT TO SECTION 32-2197.02. A FILING FEE AS ESTABLISHED
38 BY RULE SHALL ACCOMPANY THE APPLICATION TO AMEND THE TIMESHARE PUBLIC REPORT
39 REQUIRED IN SECTION 32-2197.04.

40 D. THE DEVELOPER OF THE TIMESHARE PLAN SHALL BEAR the total cost of
41 travel and subsistence expenses incurred by the department in the
42 examination, in addition to the initial filing fee provided for in this
43 section, ~~shall be borne by the owner of the project on the basis of actual~~
44 ~~cost to the department. An initial filing fee of twenty dollars per interval~~

1 ~~with a maximum fee not to exceed one thousand dollars shall accompany the~~
2 ~~written notification required in section 32-2197.01.~~

3 Sec. 13. Section 32-2197.08, Arizona Revised Statutes, as renumbered
4 by this act, is amended to read:

5 32-2197.08. Issuance of public report by commissioner on
6 timeshare plan; denial of issuance; additional
7 information; use of another state's public report

8 A. Upon examination of a ~~time-share project~~ TIMESHARE PLAN, the
9 commissioner shall, unless there are grounds for denial, ~~issue to APPROVE FOR~~
10 ~~USE BY~~ the developer a public report authorizing the sale or lease in this
11 state of the ~~time-share intervals within this project~~ TIMESHARE INTERESTS
12 WITHIN THE TIMESHARE PLAN. ~~The report shall contain the data obtained in~~
13 ~~accordance with section 32-2197.01 and any other information which the~~
14 ~~commissioner determines is necessary to implement the purpose of this~~
15 ~~article.~~ FOR ALL TIMESHARE INTERESTS SOLD IN THIS STATE, the commissioner
16 shall require the developer to reproduce the PUBLIC report and furnish each
17 prospective customer with a copy, taking a receipt for each copy. THE PUBLIC
18 REPORT SHALL BE MADE AVAILABLE TO EACH PROSPECTIVE PURCHASER IN WRITTEN
19 FORMAT AND MAY ALSO BE MADE AVAILABLE IN CD-ROM OR OTHER ELECTRONIC FORMAT
20 AS APPROVED BY THE COMMISSIONER. THE PUBLIC REPORT SHALL INCLUDE THE
21 FOLLOWING:

22 1. THE NAME AND PRINCIPAL ADDRESS OF THE OWNER AND DEVELOPER.

23 2. A DESCRIPTION OF THE TYPE OF TIMESHARE INTERESTS BEING OFFERED.

24 3. A DESCRIPTION OF THE EXISTING AND PROPOSED ACCOMMODATIONS AND
25 AMENITIES OF THE TIMESHARE PLAN, INCLUDING TYPE AND NUMBER, ANY USE
26 RESTRICTIONS AND ANY REQUIRED FEES FOR USE.

27 4. A DESCRIPTION OF ANY ACCOMMODATIONS AND AMENITIES THAT ARE
28 COMMITTED TO BE BUILT, INCLUDING:

29 (a) THE DEVELOPER'S SCHEDULE OF COMMENCEMENT AND COMPLETION OF ALL
30 ACCOMMODATIONS AND AMENITIES.

31 (b) THE ESTIMATED NUMBER OF ACCOMMODATIONS PER SITE THAT MAY BECOME
32 SUBJECT TO THE TIMESHARE PLAN.

33 5. A BRIEF DESCRIPTION OF THE DURATION, PHASES AND OPERATION OF THE
34 TIMESHARE PLAN.

35 6. THE CURRENT ANNUAL BUDGET IF AVAILABLE OR THE PROJECTED ANNUAL
36 BUDGET FOR THE TIMESHARE PLAN. THE BUDGET SHALL INCLUDE:

37 (a) A STATEMENT OF THE AMOUNT OR A STATEMENT THAT THERE IS NO AMOUNT
38 INCLUDED IN THE BUDGET AS A RESERVE FOR REPAIRS AND REPLACEMENT.

39 (b) THE PROJECTED COMMON EXPENSE LIABILITY, IF ANY, BY CATEGORY OF
40 EXPENDITURES FOR THE TIMESHARE PLAN.

41 (c) A STATEMENT OF ANY SERVICES OR EXPENSES NOT REFLECTED IN THE
42 BUDGET THAT THE DEVELOPER PROVIDES OR PAYS.

43 7. A DESCRIPTION OF ANY LIENS, DEFECTS OR ENCUMBRANCES ON OR AFFECTING
44 THE TITLE TO THE TIMESHARE INTERESTS.

1 8. A STATEMENT THAT BY MIDNIGHT OF THE SEVENTH CALENDAR DAY AFTER
2 EXECUTION OF THE PURCHASE AGREEMENT A PURCHASER MAY CANCEL ANY PURCHASE
3 AGREEMENT FOR A TIMESHARE INTEREST FROM A DEVELOPER TOGETHER WITH A STATEMENT
4 PROVIDING THE NAME AND STREET ADDRESS WHERE THE PURCHASER SHOULD MAIL ANY
5 NOTICE OF CANCELLATION. HOWEVER, IF, BY AGREEMENT OF THE PARTIES THROUGH THE
6 PURCHASE AGREEMENT, THE PURCHASE AGREEMENT ALLOWS FOR CANCELLATION OF THE
7 PURCHASE AGREEMENT FOR A PERIOD OF TIME EXCEEDING SEVEN CALENDAR DAYS, THE
8 PUBLIC REPORT SHALL INCLUDE A STATEMENT THAT THE CANCELLATION OF THE PURCHASE
9 AGREEMENT IS ALLOWED FOR THAT PERIOD OF TIME EXCEEDING SEVEN CALENDAR DAYS.

10 9. A DESCRIPTION OF ANY BANKRUPTCIES, PENDING SUITS, ADJUDICATIONS OR
11 DISCIPLINARY ACTIONS MATERIAL TO THE TIMESHARE INTERESTS OF WHICH THE
12 DEVELOPER HAS KNOWLEDGE.

13 10. ANY RESTRICTIONS ON ALIENATION OF ANY NUMBER OR PORTION OF ANY
14 TIMESHARE INTERESTS.

15 11. ANY CURRENT OR EXPECTED FEES OR CHARGES TO BE PAID BY TIMESHARE
16 PURCHASERS FOR THE USE OF ANY AMENITIES RELATED TO THE TIMESHARE PLAN.

17 12. THE EXTENT TO WHICH FINANCIAL ARRANGEMENTS HAVE BEEN PROVIDED FOR
18 COMPLETION OF ALL PROMISED IMPROVEMENTS.

19 13. IF THE TIMESHARE PLAN PROVIDES PURCHASERS WITH THE OPPORTUNITY TO
20 PARTICIPATE IN ANY EXCHANGE PROGRAMS, A DESCRIPTION OF THE NAME AND ADDRESS
21 OF THE EXCHANGE COMPANIES AND THE METHOD BY WHICH A PURCHASER ACCESSES THE
22 EXCHANGE PROGRAMS.

23 14. ANY OTHER INFORMATION THAT THE DEVELOPER, WITH THE APPROVAL OF THE
24 COMMISSIONER, DESIRES TO INCLUDE IN THE PUBLIC REPORT.

25 15. IF THE DEVELOPER IS OFFERING A MULTISITE TIMESHARE PLAN THE PUBLIC
26 REPORT SHALL ALSO FULLY AND ACCURATELY DISCLOSE THE FOLLOWING INFORMATION,
27 WHICH MAY BE DISCLOSED IN A WRITTEN, GRAPHIC OR TABULAR FORM:

28 (a) A DESCRIPTION OF EACH COMPONENT SITE INCLUDING THE NAME AND
29 ADDRESS OF EACH COMPONENT SITE.

30 (b) THE NUMBER OF ACCOMMODATIONS AND TIMESHARE PERIODS, EXPRESSED IN
31 PERIODS OF USE AVAILABILITY, COMMITTED TO THE MULTISITE TIMESHARE PLAN AND
32 AVAILABLE FOR USE BY PURCHASERS.

33 (c) EACH TYPE OF ACCOMMODATION IN TERMS OF THE NUMBER OF BEDROOMS,
34 BATHROOMS AND SLEEPING CAPACITY AND A STATEMENT OF WHETHER OR NOT THE
35 ACCOMMODATION CONTAINS A FULL KITCHEN. FOR PURPOSES OF THIS SUBDIVISION,
36 "FULL KITCHEN" MEANS A KITCHEN HAVING A MINIMUM OF A DISHWASHER, RANGE, OVEN,
37 SINK AND REFRIGERATOR.

38 (d) A DESCRIPTION OF AMENITIES AVAILABLE FOR USE BY THE PURCHASER AT
39 EACH COMPONENT SITE.

40 (e) A DESCRIPTION OF THE RESERVATION SYSTEM, INCLUDING THE FOLLOWING:

41 (i) THE ENTITY RESPONSIBLE FOR OPERATING THE RESERVATION SYSTEM.

42 (ii) A SUMMARY OF THE RULES GOVERNING ACCESS TO AND USE OF THE
43 RESERVATION SYSTEM.

1 (iii) THE EXISTENCE OF AND AN EXPLANATION REGARDING ANY PRIORITY
2 RESERVATION FEATURES THAT AFFECT A PURCHASER'S ABILITY TO MAKE RESERVATIONS
3 FOR THE USE OF A GIVEN ACCOMMODATION ON A FIRST RESERVED, FIRST SERVED BASIS.

4 (f) A DESCRIPTION OF ANY RIGHT TO MAKE ANY ADDITIONS, SUBSTITUTIONS
5 OR DELETIONS OF ACCOMMODATIONS OR AMENITIES AND A DESCRIPTION OF THE BASIS
6 ON WHICH ACCOMMODATIONS AND AMENITIES MAY BE ADDED TO, SUBSTITUTED IN OR
7 DELETED FROM THE MULTISITE TIMESHARE PLAN.

8 (g) A DESCRIPTION OF THE PURCHASER'S LIABILITY FOR ANY FEES ASSOCIATED
9 WITH THE MULTISITE TIMESHARE PLAN.

10 (h) THE LOCATION AND THE ANTICIPATED RELATIVE USE DEMAND OF EACH
11 COMPONENT SITE IN A MULTISITE TIMESHARE PLAN AS WELL AS ANY PERIODIC
12 ADJUSTMENT OR AMENDMENT TO THE RESERVATION SYSTEM THAT MAY BE NEEDED IN ORDER
13 TO RESPOND TO ACTUAL PURCHASER USE PATTERNS AND CHANGES IN PURCHASER USE
14 DEMAND FOR THE ACCOMMODATIONS EXISTING AT THE TIME WITHIN THE MULTISITE
15 TIMESHARE PLAN.

16 (i) ANY OTHER INFORMATION REASONABLY REQUIRED BY THE COMMISSIONER OR
17 ESTABLISHED BY RULE NECESSARY FOR THE PROTECTION OF PURCHASERS OF TIMESHARE
18 INTERESTS IN TIMESHARE PLANS.

19 (j) ANY OTHER INFORMATION THAT THE DEVELOPER, WITH THE APPROVAL OF THE
20 COMMISSIONER, DESIRES TO INCLUDE IN THE PUBLIC REPORT.

21 16. IF A DEVELOPER OFFERS A NONSPECIFIC TIMESHARE INTEREST IN A
22 MULTISITE TIMESHARE PLAN, THE DEVELOPER SHALL DISCLOSE THE INFORMATION SET
23 FORTH IN SUBSECTION A, PARAGRAPHS 1 THROUGH 14 AS TO EACH COMPONENT SITE.

24 17. ANY OTHER INFORMATION THAT THE COMMISSIONER DETERMINES OR
25 ESTABLISHES BY RULE IS NECESSARY TO IMPLEMENT THE PURPOSE OF THIS ARTICLE.

26 B. In the event of denial, SUSPENSION OR REVOCATION, grounds shall be
27 set forth in writing at the time of denial, SUSPENSION OR REVOCATION. The
28 commissioner may deny issuance of a, SUSPEND OR REVOKE THE public report on
29 any of the following grounds:

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

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

34 3. Inability to demonstrate that adequate financial or other
35 arrangements acceptable to the commissioner have been made for completion of
36 the project TIMESHARE PROPERTY, installation of all streets, sewers,
37 electric, gas and water utilities, drainage, flood control and other similar
38 improvements included in the offering.

39 4. The owner, ~~agent,~~ developer, INCLUDING IF AN ENTITY, AN officer,
40 director, MEMBER, MANAGER, partner, ~~developer~~ OWNER, trust or beneficiary
41 holding ten per cent or more beneficial interest, ~~or, if a corporation, any~~
42 stockholder owning ten per cent or more of the stock of ~~such corporation~~ OR
43 OTHER PERSON EXERCISING CONTROL OF THE ENTITY, has:

44 (a) Been convicted of a felony or misdemeanor involving theft, fraud
45 or dishonesty or involving the conduct of any business or a transaction in

1 real estate, cemetery property, ~~time-share intervals~~ TIMESHARE INTERESTS or
2 membership camping campgrounds or contracts.

3 (b) Been permanently or temporarily enjoined by order, judgment or
4 decree from engaging in or continuing any conduct or practice in connection
5 with the sale or purchase of real estate, cemetery property, ~~time-share~~
6 ~~intervals~~ TIMESHARE INTERESTS, membership camping campgrounds or contracts,
7 or securities or involving consumer fraud or the Arizona racketeering laws.

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

10 (d) Had an adverse decision or judgment entered against him involving
11 fraud or dishonesty or involving the conduct of any business in or a
12 transaction in real estate, cemetery property, ~~time-share intervals~~ TIMESHARE
13 INTERESTS or membership camping campgrounds or contracts.

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

16 (f) Participated in, operated or held an interest in any entity to
17 which subdivision (b), (c), (d), or (e) OF THIS PARAGRAPH applies.

18 5. If within this state, the ~~time-share project~~ TIMESHARE PROPERTY is
19 incompatible with the existing neighborhood and would introduce into a
20 neighborhood a character of property or use which would clearly be
21 detrimental to property values in that neighborhood.

22 C. If the ~~project~~ TIMESHARE PROPERTY is within a groundwater active
23 management area, as defined in section 45-402, the commissioner shall deny
24 issuance of a public report unless the developer has been issued a
25 certificate of assured water supply by the director of water resources, or
26 unless the developer has obtained a written commitment of water service for
27 the ~~project~~ TIMESHARE PROPERTY from a city, town or private water company
28 designated as having an assured water supply by the director of water
29 resources pursuant to section 45-576.

30 D. In addition to providing to each prospective customer a copy of the
31 public report as required in subsection A of this section, the developer
32 shall also provide to each customer before the close of any transaction any
33 ~~additional information the commissioner deems appropriate, including~~
34 ~~information and materials that identify any time-share~~ TIMESHARE exchange
35 ~~companies currently under contract and that explain how they work~~ DISCLOSURE
36 STATEMENTS REGARDING THE USE OF THE TIMESHARE EXCHANGE COMPANIES, AS WELL AS
37 ANY ADDITIONAL INFORMATION THE COMMISSIONER DEEMS APPROPRIATE.

38 E. The commissioner may authorize for use in this state BY A DEVELOPER
39 OF A TIMESHARE PLAN IN WHICH ALL ACCOMMODATIONS ARE LOCATED OUTSIDE OF THIS
40 STATE a current public report that is issued by another state JURISDICTION
41 or an equivalent registration and disclosure document that is required before
42 offering a ~~time-share project~~ TIMESHARE PLAN for sale, lease or use and that
43 is issued by another state JURISDICTION. This authorization does not
44 constitute an exemption from other applicable requirements of this article.

1 Sec. 14. section 32-2197.09, Arizona Revised Statutes, as renumbered
2 by this act, is amended to read:

3 32-2197.09. Rescindable sale or lease

4 A person shall not sell or lease or offer for sale or lease in this
5 state ~~twelve or more time-share intervals~~ TIMESHARE INTERESTS IN A TIMESHARE
6 PLAN without first obtaining a public report OR AUTHORIZATION TO CONDUCT
7 PRE-SALES from the commissioner. UNLESS EXEMPT, any sale or lease of ~~twelve~~
8 ~~or more time-share intervals prior to~~ TIMESHARE INTERESTS IN A TIMESHARE PLAN
9 THAT CONSISTS OF TWELVE OR MORE TIMESHARE INTERESTS BEFORE issuance of the
10 public report is ~~voidable by the purchaser~~ OR AUTHORIZATION TO CONDUCT
11 PRE-SALES OR FAILURE TO DELIVER THE PUBLIC REPORT OR EVIDENCE OF PRE-SALE
12 AUTHORIZATION RENDERS THE SALE OR LEASE RESCINDABLE BY THE PURCHASER OR
13 LESSEE. An action by the purchaser OR LESSEE to ~~void such~~ RESCIND THE
14 transaction must be brought within five THREE years of the date of the
15 execution of the purchase OR LEASE agreement by the purchaser. In any such
16 RESCISSION action, the prevailing party is entitled to reasonable attorney
17 fees as determined by the court.

18 Sec. 15. Title 32, chapter 20, article 9, Arizona Revised Statutes,
19 is amended by adding new sections 32-2197.10, 32-2197.11 and 32-2197.12, to
20 read:

21 32-2197.10. Timeshare interest reservations

22 A. THE NOTICE OF INTENT REQUIRED BY SECTION 32-2197.02 AND THE
23 APPROVAL FOR USE OF A PUBLIC REPORT REQUIRED BY SECTION 32-2197.08 ARE NOT
24 REQUIRED FOR ANY PARTY TO ENTER INTO A TIMESHARE INTEREST RESERVATION.

25 B. BEFORE THE APPROVAL FOR USE OF A PUBLIC REPORT FOR A TIMESHARE
26 PLAN, A DEPOSIT MAY BE ACCEPTED FROM A PROSPECTIVE BUYER FOR A TIMESHARE
27 INTEREST RESERVATION IF ALL OF THE FOLLOWING REQUIREMENTS ARE MET:

28 1. BEFORE ACCEPTING ANY TIMESHARE INTEREST RESERVATION THE PROSPECTIVE
29 SELLER SHALL MAIL OR DELIVER, OR PROVIDE IN WRITTEN, CD-ROM OR OTHER
30 ELECTRONIC FORMAT AS APPROVED BY THE COMMISSIONER, NOTICE OF THE SELLER'S
31 INTENTION TO ACCEPT TIMESHARE INTEREST RESERVATIONS TO THE DEPARTMENT. THE
32 NOTICE SHALL INCLUDE:

33 (a) THE NAME, ADDRESS AND TELEPHONE NUMBER OF THE PROSPECTIVE SELLER.

34 (b) THE NAME, ADDRESS AND TELEPHONE NUMBER OF ANY REAL ESTATE BROKER
35 RETAINED BY THE PROSPECTIVE SELLER TO PROMOTE THE TIMESHARE INTEREST
36 RESERVATION PROGRAM.

37 (c) THE NAME AND LOCATION OF THE TIMESHARE PROPERTY FOR WHICH
38 TIMESHARE INTEREST RESERVATIONS ARE TO BE OFFERED.

39 (d) THE FORM TO BE USED FOR ACCEPTING TIMESHARE INTEREST RESERVATIONS
40 SUBJECT TO APPROVAL BY THE COMMISSIONER.

41 (e) THE NAME AND ADDRESS OF THE INDEPENDENT THIRD PARTY ESCROW OR
42 TRUST ACCOUNT AGENT RESPONSIBLE FOR HOLDING THE RESERVATION DEPOSITS.

43 2. THE RESERVATION DEPOSIT FOR A SINGLE TIMESHARE INTEREST SHALL NOT
44 EXCEED TWENTY PER CENT OF THE PURCHASE PRICE.

1 3. WITHIN ONE BUSINESS DAY AFTER A RESERVATION IS ACCEPTED BY THE
2 PROSPECTIVE SELLER, THE RESERVATION DEPOSIT SHALL BE DELIVERED TO AN
3 INDEPENDENT THIRD PARTY ESCROW OR TRUST ACCOUNT IN A FEDERALLY INSURED
4 DEPOSITORY. THE ACCOUNT MAY BE INTEREST BEARING AT THE DIRECTION OF EITHER
5 THE PROSPECTIVE SELLER OR PROSPECTIVE BUYER. PAYMENT OF ANY ACCOUNT FEES AND
6 PAYMENT OF INTEREST MONIES SHALL BE AS AGREED TO BETWEEN THE PROSPECTIVE
7 BUYER AND PROSPECTIVE SELLER. ALL RESERVATION DEPOSITS SHALL REMAIN IN THE
8 ACCOUNT UNTIL CANCELLATION OR TERMINATION OF THE TIMESHARE INTEREST
9 RESERVATION OR EXECUTION OF A PURCHASE AGREEMENT.

10 4. WITHIN FIFTEEN CALENDAR DAYS AFTER THE PROSPECTIVE SELLER RECEIVES
11 THE PUBLIC REPORT APPROVED FOR USE BY THE COMMISSIONER RELATING TO THE
12 RESERVED TIMESHARE INTEREST, THE PROSPECTIVE SELLER SHALL PROVIDE THE
13 PROSPECTIVE BUYER WITH A COPY OF THE PUBLIC REPORT AND A COPY OF THE PROPOSED
14 PURCHASE AGREEMENT FOR THE SALE OF THE TIMESHARE INTEREST. THE PROSPECTIVE
15 BUYER AND PROSPECTIVE SELLER SHALL HAVE SEVEN BUSINESS DAYS AFTER THE
16 PROSPECTIVE BUYER'S RECEIPT OF THE PUBLIC REPORT AND THE PROPOSED PURCHASE
17 AGREEMENT TO ENTER INTO A CONTRACT FOR THE PURCHASE OF THE TIMESHARE
18 INTEREST. IF THE PROSPECTIVE BUYER AND PROSPECTIVE SELLER DO NOT ENTER INTO
19 A CONTRACT FOR THE PURCHASE OF THE TIMESHARE INTEREST WITHIN THE SEVEN
20 BUSINESS DAY PERIOD, THE RESERVATION AUTOMATICALLY TERMINATES. THE
21 PROSPECTIVE SELLER HAS NO CANCELLATION RIGHTS CONCERNING A TIMESHARE INTEREST
22 RESERVATION OTHER THAN AS PROVIDED IN THIS SUBSECTION.

23 5. A PROSPECTIVE BUYER MAY CANCEL A TIMESHARE INTEREST RESERVATION AT
24 ANY TIME BEFORE THE EXECUTION OF A PURCHASE AGREEMENT BY DELIVERING WRITTEN
25 NOTICE OF TERMINATION TO THE PROSPECTIVE SELLER AS PROVIDED IN PARAGRAPH 9
26 OF THIS SUBSECTION.

27 6. WITHIN FIVE BUSINESS DAYS AFTER A TIMESHARE INTEREST RESERVATION
28 HAS BEEN TERMINATED FOR ANY REASON THE PROSPECTIVE SELLER SHALL REFUND TO THE
29 PROSPECTIVE BUYER ALL RESERVATION DEPOSITS MADE BY THE PROSPECTIVE BUYER
30 INCLUDING ANY INTEREST MONIES EARNED LESS ANY ACCOUNT FEES AGREED ON IF
31 APPLICABLE. THE INDEPENDENT THIRD PARTY ESCROW ACCOUNT OR TRUST ACCOUNT
32 AGENT SHALL REFUND TO THE PROSPECTIVE BUYER ALL RESERVATION DEPOSITS MADE BY
33 THE PROSPECTIVE BUYER INCLUDING ANY INTEREST MONIES EARNED LESS ANY ACCOUNT
34 FEES AGREED ON IF THE PROSPECTIVE SELLER IS NOT AVAILABLE. AFTER THE REFUND
35 NEITHER THE PROSPECTIVE BUYER NOR THE PROSPECTIVE SELLER HAS ANY OBLIGATION
36 ARISING OUT OF THE TIMESHARE INTEREST RESERVATION.

37 7. A PROSPECTIVE BUYER MAY NOT TRANSFER RIGHTS UNDER A RESERVATION
38 WITHOUT THE PRIOR WRITTEN CONSENT OF THE PROSPECTIVE SELLER, AND ANY
39 PURPORTED TRANSFER WITHOUT THE CONSENT OF THE PROSPECTIVE SELLER IS VOIDABLE
40 AT THE SOLE DISCRETION OF THE PROSPECTIVE SELLER.

41 8. IF THE DEPARTMENT DENIES AN APPLICATION FOR A PUBLIC REPORT ON A
42 TIMESHARE PLAN ON WHICH TIMESHARE INTEREST RESERVATIONS WERE TAKEN, WITHIN
43 FIVE BUSINESS DAYS OF NOTIFICATION BY THE DEPARTMENT THE PROSPECTIVE SELLER
44 SHALL NOTIFY IN WRITING EACH PROSPECTIVE BUYER WHO ENTERED INTO A TIMESHARE

1 INTEREST RESERVATION AGREEMENT. THE PROSPECTIVE SELLER SHALL RETURN ANY
2 RESERVATION DEPOSITS PREVIOUSLY TAKEN.

3 9. ALL NOTICES REQUIRED BY THIS SECTION TO BE GIVEN TO THE DEPARTMENT,
4 THE PROSPECTIVE BUYER OR THE PROSPECTIVE SELLER SHALL BE IN WRITING AND
5 EITHER HAND DELIVERED OR SENT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED
6 WITH POSTAGE FULLY PREPAID. NOTICES SENT BY MAIL ARE DEEMED DELIVERED ON THE
7 EARLIER OF ACTUAL RECEIPT, AS EVIDENCED BY THE DELIVERY RECEIPT, OR SEVEN
8 CALENDAR DAYS AFTER BEING DEPOSITED IN THE UNITED STATES MAIL.

9 10. EACH TIMESHARE INTEREST RESERVATION FORM SHALL CONTAIN THE
10 FOLLOWING STATEMENT IN CONSPICUOUS TYPE:

11 THE ARIZONA DEPARTMENT OF REAL ESTATE HAS NOT INSPECTED OR
12 APPROVED THIS TIMESHARE PROPERTY AND NO PUBLIC REPORT HAS BEEN
13 ISSUED FOR THE TIMESHARE PLAN. NO OFFER TO SELL MAY BE MADE AND
14 NO OFFER TO PURCHASE MAY BE ACCEPTED BEFORE ISSUANCE OF A PUBLIC
15 REPORT OR PRE-SALE AUTHORIZATION FOR THE TIMESHARE PLAN.

16 C. THE COMMISSIONER MAY DENY, SUSPEND OR REVOKE AUTHORIZATION TO
17 ACCEPT TIMESHARE INTEREST RESERVATIONS UNDER THIS SECTION TO ANY PERSON WHO
18 HAS VIOLATED ANY PROVISION OF THIS CHAPTER.

19 32-2197.11. Developer supervisory duties

20 THE DEVELOPER SHALL SUPERVISE, MANAGE AND CONTROL ALL ASPECTS OF THE
21 OFFERING OF THE TIMESHARE PLAN, INCLUDING PROMOTION, ADVERTISING, CONTRACTING
22 AND CLOSING. THE DEVELOPER IS RESPONSIBLE FOR EACH TIMESHARE PLAN REGISTERED
23 BY THE DEVELOPER WITH THE DEPARTMENT AND FOR THE ACTIONS OF ANY SALES AGENT
24 OR MANAGING ENTITY USED BY THE DEVELOPER IN THE OFFERING OR SELLING OF ANY
25 REGISTERED TIMESHARE PLAN. ANY VIOLATION OF THIS ARTICLE THAT OCCURS DURING
26 THE OFFERING ACTIVITIES SHALL BE DEEMED TO BE A VIOLATION BY THE DEVELOPER
27 AS WELL AS BY THE SALES AGENT OR MANAGING ENTITY WHO ACTUALLY COMMITTED THE
28 VIOLATION. THE DEVELOPER IS RESPONSIBLE FOR THE ACTIONS OF THE ASSOCIATION
29 AND MANAGING ENTITY ONLY WHILE THEY ARE SUBJECT TO THE DEVELOPER'S CONTROL,
30 AS PROVIDED IN THE TIMESHARE INSTRUMENTS OR BY LAW.

31 32-2197.12. Blanket encumbrance; lien; alternative assurance

32 EXCLUDING ANY ENCUMBRANCE PLACED AGAINST THE PURCHASER'S TIMESHARE
33 INTEREST SECURING THE PURCHASER'S PAYMENT OF PURCHASE MONEY FINANCING FOR THE
34 PURCHASE, THE DEVELOPER IS NOT ENTITLED TO THE RELEASE OF ANY MONIES PLACED
35 IN ESCROW UNDER SECTION 32-2197.05 WITH RESPECT TO EACH TIMESHARE INTEREST
36 AND ANY OTHER PROPERTY OR RIGHTS TO PROPERTY APPURTENANT TO THE TIMESHARE
37 INTEREST, INCLUDING ANY AMENITIES REPRESENTED TO THE PURCHASER AS BEING PART
38 OF THE TIMESHARE PLAN, UNTIL THE DEVELOPER HAS PROVIDED SATISFACTORY EVIDENCE
39 TO THE COMMISSIONER OF ONE OF THE FOLLOWING:

40 1. THE TIMESHARE INTEREST TOGETHER WITH ANY OTHER PROPERTY OR RIGHTS
41 TO PROPERTY APPURTENANT TO THE TIMESHARE INTEREST, INCLUDING ANY AMENITIES
42 REPRESENTED TO THE PURCHASER AS BEING PART OF THE TIMESHARE PLAN, ARE FREE
43 AND CLEAR OF ANY OF THE CLAIMS OF THE DEVELOPER, ANY OWNER OF THE UNDERLYING
44 FEE, A MORTGAGEE, JUDGMENT CREDITOR OR OTHER LIENOR OR ANY OTHER PERSON

1 HAVING A BLANKET ENCUMBRANCE AGAINST THE TIMESHARE INTEREST OR APPURTENANT
2 PROPERTY OR PROPERTY RIGHTS.

3 2. THE DEVELOPER, ANY OWNER OF THE UNDERLYING FEE, A MORTGAGEE,
4 JUDGMENT CREDITOR OR OTHER LIENOR OR ANY OTHER PERSON HAVING A BLANKET
5 ENCUMBRANCE AGAINST THE TIMESHARE INTEREST OR APPURTENANT PROPERTY OR
6 PROPERTY RIGHTS, INCLUDING ANY AMENITIES REPRESENTED TO THE PURCHASER AS
7 BEING PART OF THE TIMESHARE PLAN, HAS RECORDED A SUBORDINATION AND NOTICE TO
8 CREDITORS DOCUMENT IN THE APPROPRIATE PUBLIC RECORDS OF THE JURISDICTION IN
9 WHICH THE TIMESHARE INTEREST IS LOCATED. THE SUBORDINATION DOCUMENT SHALL
10 EXPRESSLY AND EFFECTIVELY PROVIDE THAT THE INTEREST HOLDER'S RIGHT OR BLANKET
11 ENCUMBRANCE DOES NOT ADVERSELY AFFECT AND IS SUBORDINATE TO THE RIGHTS OF THE
12 OWNERS OF THE TIMESHARE INTERESTS IN THE TIMESHARE PLAN REGARDLESS OF THE
13 DATE OF PURCHASE, FROM AND AFTER THE EFFECTIVE DATE OF THE SUBORDINATION
14 DOCUMENT.

15 3. THE DEVELOPER, ANY OWNER OF THE UNDERLYING FEE, A MORTGAGEE,
16 JUDGMENT CREDITOR OR OTHER LIENOR OR ANY OTHER PERSON HAVING A BLANKET
17 ENCUMBRANCE AGAINST THE TIMESHARE INTEREST OR APPURTENANT PROPERTY OR
18 PROPERTY RIGHTS, INCLUDING ANY AMENITIES REPRESENTED TO THE PURCHASER AS
19 BEING PART OF THE TIMESHARE PLAN, HAS TRANSFERRED THE SUBJECT ACCOMMODATIONS
20 OR AMENITIES OR ALL USE RIGHTS TO THE ACCOMMODATIONS OR AMENITIES TO A
21 NONPROFIT ORGANIZATION OR OWNERS' ASSOCIATION TO BE HELD FOR THE USE AND
22 BENEFIT OF THE OWNERS OF THE TIMESHARE PLAN. THE ORGANIZATION OR ASSOCIATION
23 SHALL ACT AS A FIDUCIARY TO THE PURCHASERS, IF THE DEVELOPER HAS TRANSFERRED
24 CONTROL OF THE ORGANIZATION OR ASSOCIATION TO THE OWNERS OR DOES NOT EXERCISE
25 VOTING RIGHTS IN THE ORGANIZATION OR ASSOCIATION WITH RESPECT TO THE SUBJECT
26 ACCOMMODATIONS OR AMENITIES. BEFORE THE TRANSFER, ANY BLANKET ENCUMBRANCE
27 AGAINST THE ACCOMMODATION OR FACILITY SHALL BE MADE SUBJECT TO A
28 SUBORDINATION AND NOTICE TO CREDITORS INSTRUMENT PURSUANT TO PARAGRAPH 2.

29 4. ALTERNATIVE ARRANGEMENTS HAVE BEEN MADE THAT ARE ADEQUATE TO
30 PROTECT THE RIGHTS OF THE PURCHASERS OF THE TIMESHARE INTERESTS AND APPROVED
31 BY THE COMMISSIONER.

32 Sec. 16. Section 32-2197.14, Arizona Revised Statutes, as renumbered
33 by this act, is amended to read:

34 32-2197.14. Investigations; orders; hearings

35 A. The commissioner, on his THE COMMISSIONER'S own motion, or if he
36 THE COMMISSIONER has received a complaint and has satisfactory evidence that
37 the owner, agent or developer is violating any provision of this article or
38 rules and regulations of the commissioner or has engaged in any unlawful
39 practice as defined in section 44-1522 concerning the sale of time-share
40 intervals TIMESHARE INTERESTS or deviated from the provisions of the public
41 report, may investigate the project TIMESHARE PROPERTY and examine the books
42 and records of the owner, agent or developer. For the purpose of
43 examination, the owner, agent or developer shall keep and maintain records
44 of all sales transactions and funds MONIES received by him pursuant to such

1 sales transactions and make them accessible to the commissioner upon
2 reasonable notice and demand.

3 B. The commissioner may conduct an investigation, issue a summary
4 order as provided in section 32-2157 or hold a public hearing, on his THE
5 COMMISSIONER'S own motion, or if he THE COMMISSIONER has received a complaint
6 and he has satisfactory evidence that:

7 1. A person has violated any of the provisions of this article or the
8 rules ~~and regulations~~ of the commissioner.

9 2. A person has engaged in any unlawful practice as defined in section
10 44-1522 concerning the sale of ~~time-share intervals~~ TIMESHARE INTERESTS.

11 3. A person has deviated from the provisions of the public report.

12 4. The owner, agent, developer, officer or partner, developer trust
13 beneficiary or, if a corporation, any stockholder owning ten per cent or more
14 of the stock in such corporation has participated in, operated or held an
15 interest in any land development company which is bankrupt or has been
16 indicted for fraud or against whom an information for fraud has been filed
17 or has been convicted of a felony, before or after the commissioner issues
18 the public report.

19 C. After such hearing, the commissioner may issue such order or orders
20 as he THE COMMISSIONER deems necessary to protect the public interest and
21 ensure compliance with the law, or rules ~~and regulations~~ or public report,
22 or may bring AN action in any court of competent jurisdiction against the
23 person to enjoin the person from continuing such violation or engaging in
24 such violation or doing any act or acts in furtherance of such
25 violation. The court may make such orders or judgments, including the
26 appointment of a receiver, as are necessary to prevent the use or employment
27 by a person of any unlawful practices or which are necessary to restore to
28 any person in interest any monies or property, real or personal, which have
29 HAS been acquired by means of any practice declared to be unlawful in this
30 article.

31 D. For any ~~time-share~~ TIMESHARE investigation made under this section
32 of an out-of-state ~~time-share project~~ TIMESHARE PLAN, or any in-state
33 ~~time-share project~~ TIMESHARE PLAN to which the commissioner issues any order
34 necessary to protect the public interest and ensure compliance with law,
35 rules ~~and regulations~~ or the public report, the developer shall reimburse the
36 department for travel and subsistence expenses incurred by the department.

37 Sec. 17. Section 32-2197.17, Arizona Revised Statutes, as renumbered
38 by this act, is amended to read:

39 32-2197.17. Advertising and promotional requirements;
40 telemarketing and promotional employees;
41 presentations and tours, drawings and contests;
42 commissioner's authority; disclosures

43 A. WITHIN TEN DAYS AFTER A REQUEST BY THE COMMISSIONER, the developer
44 shall file with the commissioner for ~~approval before use~~ a copy of any
45 promotional and advertising material that will be used in connection with the

1 ~~sale, lease or use of time-share intervals if the material includes or will~~
2 ~~be used in conjunction with the offering or promise of a premium. It is not~~
3 ~~necessary to make repetitive filings of material which is the same in content~~
4 ~~and use as or varies only in minor details and use from material which has~~
5 ~~previously been filed with the commissioner for the time-share intervals~~
6 TIMESHARE INTERESTS. IF FILING IS REQUIRED, the commissioner shall approve
7 or deny the use of any material within fifteen days of receiving all
8 information and documents. If the commissioner denies the use of promotional
9 and advertising material, specific grounds shall be set forth in
10 writing. The commissioner may grant provisional approval for promotional and
11 advertising material if the developer agrees to correct any
12 deficiencies. ANY PROPOSED ADVERTISING NOT REQUESTED BY THE COMMISSIONER FOR
13 REVIEW MAY BE FILED FOR REVIEW AND APPROVAL BY THE COMMISSIONER.

14 B. Any advertising, communication or sales literature of any kind,
15 including oral statements by salespeople or any other person, shall not
16 contain:

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

20 2. Any statement or representation that the ~~time-share intervals~~
21 TIMESHARE INTERESTS are offered without risk or that loss is impossible.

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

25 C. All promotional and advertising material shall be consistent with
26 the information contained in the notice of intention pursuant to section
27 ~~32-2197.01~~ 32-2197.02 and the public report pursuant to section ~~32-2197.06~~
28 32-2197.08 and shall clearly indicate that the material is being used to
29 promote the sale, lease or use of ~~a time-share interval~~ AN INTEREST IN A
30 TIMESHARE PLAN. AN INTEREST IN A TIMESHARE PLAN, VACATION OWNERSHIP PLAN,
31 FRACTIONAL OWNERSHIP PLAN, VACATION CLUB OR OTHER TERM OR TERMS MAY BE
32 APPROVED BY THE COMMISSIONER ON A CASE BY CASE BASIS AFTER THE COMMISSIONER
33 FINDS THAT SUCH TERM OR TERMS CLEARLY DISCLOSE TO PROSPECTIVE PURCHASERS THE
34 NATURE OF THE TIMESHARE INTEREST BEING OFFERED.

35 D. If it appears to the commissioner that any person is engaging or
36 has engaged in advertising or promotional practices in violation of this
37 article, the commissioner may hold a hearing as a contested case under title
38 41, chapter 6, article 10 and issue such order or orders as the commissioner
39 deems necessary to protect the public interest, or the commissioner may bring
40 an action in any court of competent jurisdiction against such person to
41 enjoin that person from continuing such violation.

42 E. The commissioner may adopt such written guidelines as the
43 commissioner deems necessary to protect the public interest and to assure
44 that all advertising and promotional practices with respect to land subject
45 to the provisions of this article are not false or misleading.

1 F. It is unlawful for any owner, developer, agent or employee of any
2 ~~time-share project~~ TIMESHARE PLAN or other person with intent directly or
3 indirectly to sell or lease ~~time-share intervals~~ TIMESHARE INTERESTS subject
4 to the provisions of this article to authorize, use, direct or aid in any
5 advertising, communication, sales literature or promotional practice which
6 violates this section.

7 G. This section does not apply to the owner or publisher of a
8 newspaper or magazine or to any other publication of printed matter in which
9 such advertisement appears or to the owner or operator of a radio or
10 television station which disseminates such advertisement if the owner,
11 publisher or operator has no knowledge of the intent, design or purpose of
12 the advertiser.

13 H. A telemarketing or any other promotional employee involved in
14 activities whose primary duties are limited to soliciting initial interest,
15 scheduling or confirming persons for appointments, handing out promotional
16 literature or explaining promotional incentives and related duties is not
17 required to hold a real estate license. To the extent that a telemarketing
18 or any other promotional employee is engaged in soliciting interest in the
19 actual purchase, lease or use of ~~time-share intervals~~ TIMESHARE INTERESTS,
20 the employee shall be employed and supervised by a real estate broker who is
21 licensed in this state subject to the following:

22 1. Supervision of unlicensed telemarketing and other promotional
23 employees shall be performed directly by a broker or a licensed real estate
24 salesperson under the supervision of the broker.

25 2. An unlicensed employee in the course of the employee's duties
26 shall not engage in discussions about any details or benefits of the property
27 transaction being promoted, including dimensions of the property, contract
28 terms, discounts, exchange benefits, price and financing.

29 3. The amount and manner in which an unlicensed employee is
30 individually compensated may not be based, in whole or in part, on the
31 completion of a ~~time-share~~ TIMESHARE transaction.

32 4. For the purposes of the supervision required under this subsection,
33 a developer may:

34 (a) Operate its own promotional program and provide supervision of its
35 unlicensed telemarketing or other promotional employees through its
36 designated broker.

37 (b) Establish a branch office that is managed by a licensed real
38 estate salesperson under the supervision of the developer's designated broker
39 and who provides supervision of the developer's unlicensed telemarketing or
40 other promotional employees.

41 (c) Pursuant to a written promotion agreement:

42 (i) Contract with an unlicensed telemarketer or any other promoter if
43 the agreement requires the developer's designated broker to provide
44 supervision of the telemarketer's or promoter's unlicensed telemarketing or
45 other promotional employees.

1 (ii) Contract with a telemarketer or any other promoter who is
2 licensed as a broker in this state if the agreement requires the designated
3 broker of the telemarketer or other promoter to provide supervision of
4 unlicensed telemarketing or other promotional employees.

5 5. The commissioner may exempt from the supervision requirements of
6 this section a ~~time-share~~ TIMESHARE developer that is not based in this state
7 and that desires to conduct telemarketing solicitations of residents of this
8 state or a developer that is based in this state but that desires to use the
9 services of a telemarketer that is not located in this state to conduct
10 telemarketing solicitations of residents of this state on written application
11 containing information about the developer, the ~~time-share project~~ TIMESHARE
12 PLAN and the marketing procedures that will be used. The commissioner may
13 grant such an exemption on a showing that supervision equivalent to that
14 required under this section exists. If the developer does not adhere to the
15 marketing procedures submitted with its application for exemption or if there
16 is any material change in the information submitted with the application, the
17 exemption may be denied or revoked.

18 1. A ~~time-share~~ TIMESHARE developer may hold a drawing or contest
19 to solicit interest in or promote ~~time-shares~~ TIMESHARE INTERESTS if all of
20 the following requirements are met:

21 1. The ~~time-share project~~ TIMESHARE PLAN has in effect a current
22 public report.

23 2. The developer is not the subject of an ongoing investigation by the
24 commissioner, unless the commissioner in the commissioner's discretion gives
25 written permission to the developer to hold a drawing or contest.

26 ~~3. The deed or title to the prize, the cash amount, the prize itself~~
27 ~~or a guarantee of the prize is held by a disinterested third party in a~~
28 ~~neutral escrow account pending award of the prize to the drawing or contest~~
29 ~~winner.~~

30 ~~4. The drawing or contest is limited in time, scope and geographic~~
31 ~~location.~~

32 3. THE EXTENT TO WHICH THE DRAWING OR CONTEST IS LIMITED IN TIME AND
33 SCOPE AND THE GEOGRAPHIC LOCATION IN WHICH ELIGIBLE RECIPIENTS RESIDE ARE
34 FULLY DISCLOSED.

35 ~~5.~~ 4. The estimated odds of winning and all other material terms of
36 the drawing or contest are fully disclosed to all participants.

37 ~~6.~~ 5. No fee is charged to any person who participates in a drawing
38 or contest.

39 ~~7.~~ 6. No participant in a drawing or contest, as a condition of
40 participation, is required to attend a ~~time-share~~ TIMESHARE sales
41 presentation or take a site tour.

42 ~~8.~~ 7. The developer is in compliance with all applicable federal,
43 state and local laws involving drawings or contests.

44 ~~9.~~ 8. The developer is responsible at all times for the lawful and
45 proper conduct of any drawing or contest.

1 ~~10.~~ 9. The developer submits the details of the drawing or contest,
2 including the method of awarding any prize, to the department for review and
3 approval at least thirty days before the drawing or contest is held OFFERED.

4 J. A premium may be given to persons who visit ~~time-share sites~~
5 TIMESHARE PROPERTIES or who attend a ~~time-share~~ TIMESHARE presentation. ~~if~~
6 No person is required to attend any presentation or tour for longer than one
7 hundred twenty minutes to receive the premium. The developer shall make
8 complete and clear written disclosure that minimally includes detailed
9 information about any premium offered as an incentive, including its
10 estimated retail value and any conditions that must be met or limitations
11 that apply to receive the premium, and about the one hundred twenty minute
12 limit placed on a site tour or sales presentation to each ~~time-share~~
13 TIMESHARE prospect before any presentation or tour.

14 K. A developer or a representative of a developer conducting
15 ~~time-share~~ TIMESHARE presentations or tours may offer a ~~time-share~~ TIMESHARE
16 prospect a redemption certificate in return for participation in a
17 presentation or tour if all of the following requirements are met:

18 ~~1. The developer has established and the department has accepted a~~
19 ~~verification procedure to reasonably guarantee the delivery of the goods or~~
20 ~~services promised in the certificate. This procedure may include a~~
21 ~~requirement that the certificate recipient reasonably prove timely~~
22 ~~satisfaction of the conditions and requirements for redemption and reasonably~~
23 ~~cooperate with the verification procedure.~~

24 ~~2. The developer has established acceptable financial assurances to~~
25 ~~guarantee delivery of the goods or services promised in the certificate,~~
26 ~~their reasonable substitute or payment of the estimated retail value of the~~
27 ~~goods and services if normal delivery of the goods or services does not~~
28 ~~occur.~~

29 ~~3.~~ 1. If for any reason the goods or services are not provided in the
30 time frame stated in or are not as represented in the redemption certificate
31 and the recipient provides proof of timely satisfaction of all conditions and
32 requirements for redemption, the developer does the following:

33 (a) Within fifteen days of receipt of notice from the ~~time-share~~
34 TIMESHARE prospect of the proven nonreceipt of the goods or services,
35 provides the promised goods or services or a reasonable substitute of equal
36 or greater value.

37 (b) If unable to provide the goods or services or a reasonable
38 substitute within the fifteen day period, immediately pays the redemption
39 certificate recipient an amount equal to the estimated retail value of the
40 premium as advertised in the certificate promotional material or, if the
41 value was not advertised, pays the estimated retail value of the premium.

42 ~~4.~~ 2. All advertising and offers referring to redemption certificates
43 shall clearly and conspicuously set forth any terms, conditions, restrictions
44 or limitations governing the use of the certificates.

1 L. THE DISCLOSURE REQUIRED BY SUBSECTION C OF THIS SECTION SHALL BE
2 PROVIDED AS PART OF THE INITIAL ADVERTISING PROMOTION CONTACT WITH A
3 PROSPECTIVE PURCHASER. ANY OTHER DISCLOSURES REQUIRED PURSUANT TO THIS
4 SECTION SHALL BE PROVIDED BEFORE THE PROSPECTIVE PURCHASER IS REQUIRED TO PAY
5 ANY MONEY OR ATTEND A SALES PRESENTATION PURSUANT TO THE ADVERTISING
6 PROMOTION. THE DISCLOSURES SHALL BE GIVEN TO EACH PROSPECTIVE PURCHASER ON
7 ONLY ONE PIECE OF ADVERTISING FOR EACH ADVERTISING PROMOTION, INCLUDING
8 ADVERTISING PROMOTIONS THAT CONSIST OF MULTIPLE RELATED PIECES. IF
9 ADVERTISING PROMOTIONS ARE APPROVED AS MULTIPLE RELATED PIECES, THE
10 ADVERTISING PROMOTION MUST BE USED IN THAT FORM. IF THE ADVERTISING PROMOTION
11 CONTAINS TERMS AND CONDITIONS THE DISCLOSURES REQUIRED IN THIS SECTION SHALL
12 BE INCLUDED ON ANY PIECE CONTAINING THESE TERMS AND CONDITIONS. REPETITIVE
13 FILINGS OF THE SAME ADVERTISING MATERIAL ARE NOT REQUIRED.

14 Sec. 18. Section 32-2197.18, Arizona Revised Statutes, as renumbered
15 by this act, is amended to read:

16 32-2197.18. Recording of actions

17 A. If the commissioner issues a cease and desist order, obtains a
18 court order enjoining further sales, issues an order of prohibition or
19 suspends approval of a ~~time-share project~~ TIMESHARE PLAN, the action shall
20 be recorded in the book of deeds in the office of the county recorder in any
21 county in which the ~~time-share project~~ TIMESHARE property is located.

22 B. In the event of revocation of any of the orders which require
23 recording in subsection A, an order of release shall be recorded in the same
24 manner.

25 Sec. 19. Section 32-2197.19, Arizona Revised Statutes, as renumbered
26 by this act, is amended to read:

27 32-2197.19. Civil liabilities; prohibitions; limitations

28 A. If any part of the notice of intention filed pursuant to section
29 ~~32-2197.01~~ 32-2197.02 contains an untrue statement of a material fact or
30 omits a material fact required to be stated in such notice, the developer or
31 agent is liable as provided in this section to any person who acquires a
32 ~~time-share interval in the project~~ TIMESHARE INTEREST IN THE TIMESHARE PLAN
33 covered by the notice of intention during the period the notice of intention
34 remained uncorrected, unless it is proved that at the time of such
35 acquisition the person acquiring the ~~time-share interval~~ TIMESHARE INTEREST
36 knew of such untruth or omission.

37 B. A developer or agent who sells or leases a ~~time-share interval in~~
38 ~~a time-share project~~ TIMESHARE INTEREST IN A TIMESHARE PLAN in violation of
39 section ~~32-2107.07~~ 32-2197.09 or by means of a public report which contains
40 an untrue statement of a material fact, or omits a material fact required to
41 be stated in such report, is liable to the purchaser of such ~~time-share~~
42 ~~interval~~ TIMESHARE INTEREST as provided in this section.

43 C. No developer or agent shall, in selling or leasing, or offering to
44 sell or lease, any ~~time-share interval in a time-share project~~ TIMESHARE
45 INTEREST IN A TIMESHARE PLAN:

- 1 1. Employ any device, scheme or artifice to defraud.
- 2 2. Obtain money or property by means of a material misrepresentation
- 3 with respect to any information included in the notice of intention or the
- 4 public report or with respect to any other information pertinent to the
- 5 ~~time-share interval or time-share project~~ TIMESHARE INTEREST OR TIMESHARE
- 6 PLAN and upon which the purchaser relies.
- 7 3. Engage in any transaction, practice or course of business which
- 8 operates or would operate as a fraud or deceit upon a purchaser.
- 9 D. Damages in any suit brought pursuant to this section are the
- 10 difference between the amount paid for the ~~time-share interval~~ TIMESHARE
- 11 INTEREST, together with the reasonable cost of improvements to such
- 12 ~~time-share interval~~ TIMESHARE INTEREST, AND whichever of the following amount
- 13 is less:
- 14 1. The value of the ~~time-share interval~~ TIMESHARE INTEREST and
- 15 improvements as of the time such suit was brought.
- 16 2. The price at which such ~~time-share interval~~ THE TIMESHARE INTEREST
- 17 was disposed of in a bona fide market transaction prior to the suit.
- 18 3. The price at which such ~~time-share interval~~ THE TIMESHARE INTEREST
- 19 was disposed of in a bona fide market transaction after suit was brought, but
- 20 prior to judgment.
- 21 E. In any action in which a violation of this section is established,
- 22 the purchaser is also entitled to recover reasonable attorney fees as
- 23 determined by the court. If a violation is not established, the court may
- 24 award reasonable attorney fees to the defendant.
- 25 F. Every person who becomes liable to make any payment pursuant to
- 26 this section may recover contribution as in cases of contract from any person
- 27 who, if sued separately, would have been liable to make the same payment.
- 28 G. The amount recoverable pursuant to this section shall not exceed
- 29 the sum of the purchase price of the ~~time-share interval~~ TIMESHARE INTEREST,
- 30 the reasonable cost of improvements installed by the purchaser and reasonable
- 31 court costs and attorney fees.
- 32 H. This section ~~shall not be construed to~~ DOES NOT preclude any other
- 33 remedies that may exist at law or in equity.
- 34 I. An action shall not be maintained to enforce any liability created
- 35 pursuant to subsection A or B of this section unless brought within one year
- 36 after the discovery of the untrue statement or the omission, or after such
- 37 discovery should have been made by the exercise of reasonable diligence. An
- 38 action shall not be maintained to enforce any liability created pursuant to
- 39 subsection C of this section unless brought within two years after the
- 40 violation upon which it is based. Any such action under subsection C of this
- 41 section shall not be brought by a purchaser more than three years after the
- 42 sale or lease to such purchaser.

1 1. THE PERSON IS EITHER AN OWNER OF A TIMESHARE INTEREST OR A REAL
2 ESTATE BROKER WHO REPRESENTS AN OWNER OF A TIMESHARE INTEREST IF THE OWNER
3 ACQUIRED THE TIMESHARE INTEREST FOR THE OWNER'S OWN USE AND OCCUPANCY AND
4 OFFERS IT FOR RESALE.

5 2. THE PERSON IS A MANAGING ENTITY OR AN ASSOCIATION OR A DESIGNATED
6 AGENT OF A MANAGING ENTITY OR ASSOCIATION IF ALL OF THE FOLLOWING APPLY:

7 (a) THE ENTITY OR ASSOCIATION IS NOT A DEVELOPER OF A TIMESHARE PLAN.

8 (b) THE PERSON SOLELY ACTS AS AN ASSOCIATION OR IS UNDER A CONTRACT
9 WITH AN ASSOCIATION TO OFFER OR SELL A TIMESHARE INTEREST TRANSFERRED TO THE
10 ASSOCIATION THROUGH FORECLOSURE, DEED OR GRATUITOUS TRANSFER IF DONE IN THE
11 REGULAR COURSE OF, OR INCIDENT TO, THE MANAGEMENT OF THE ASSOCIATION FOR THE
12 MANAGEMENT'S ACCOUNT IN THE TIMESHARE PLAN.

13 (c) THE MANAGING ENTITY OR THE ASSOCIATION PROVIDES TO EACH PURCHASER
14 WHO IS NOT AN EXISTING OWNER IN THE TIMESHARE PLAN, THE FOLLOWING DISCLOSURES
15 BEFORE EXECUTION OF THE PURCHASE AGREEMENT:

16 (i) THE NAME AND ADDRESS OF THE TIMESHARE PLAN AND OF THE MANAGING
17 ENTITY OF THE TIMESHARE PLAN.

18 (ii) THE FOLLOWING STATEMENT IN CONSPICUOUS TYPE LOCATED BEFORE THE
19 DISCLOSURE REQUIRED BY ITEM (vi) OF THIS SUBDIVISION:

20 THE CURRENT YEAR'S ASSESSMENT FOR COMMON EXPENSES
21 ALLOCABLE TO THE TIMESHARE INTEREST YOU ARE PURCHASING IS
22 \$_____. THIS ASSESSMENT, WHICH MAY BE INCREASED PERIODICALLY
23 BY THE MANAGING ENTITY OF THE TIMESHARE PLAN, IS PAYABLE IN FULL
24 EACH YEAR ON OR BEFORE _____. THIS ASSESSMENT (INCLUDES/DOES
25 NOT INCLUDE) YEARLY AD VALOREM REAL ESTATE TAXES THAT (ARE/ARE
26 NOT) BILLED AND COLLECTED SEPARATELY.

27 (iii) IF AD VALOREM REAL PROPERTY TAXES ARE NOT INCLUDED IN THE
28 CURRENT YEAR'S ASSESSMENT FOR COMMON EXPENSES, THE FOLLOWING STATEMENT MUST
29 BE IN CONSPICUOUS TYPE LOCATED IMMEDIATELY AFTER THE DISCLOSURE REQUIRED BY
30 ITEM (ii) OF THIS SUBDIVISION:

31 THE MOST RECENT ANNUAL ASSESSMENT FOR AD VALOREM REAL
32 ESTATE TAXES FOR THE TIMESHARE INTEREST YOU ARE PURCHASING IS
33 \$_____.

34 (iv) IF THERE ARE ANY DELINQUENT ASSESSMENTS FOR COMMON EXPENSES OR
35 AD VALOREM TAXES OUTSTANDING WITH RESPECT TO THE TIMESHARE INTEREST IN
36 QUESTION, THE FOLLOWING STATEMENT MUST BE IN CONSPICUOUS TYPE LOCATED
37 IMMEDIATELY AFTER THE DISCLOSURE REQUIRED BY ITEMS (ii) AND (iii) OF THIS
38 SUBDIVISION:

39 A DELINQUENCY IN THE AMOUNT OF \$_____ FOR UNPAID COMMON
40 EXPENSES OR AD VALOREM TAXES CURRENTLY EXISTS WITH RESPECT TO
41 THE TIMESHARE INTEREST YOU ARE PURCHASING, TOGETHER WITH A PER
42 DIEM CHARGE OF \$_____ FOR INTEREST AND LATE CHARGES.

43 (v) THE FOLLOWING STATEMENT IN CONSPICUOUS TYPE LOCATED IMMEDIATELY
44 AFTER THE DISCLOSURE REQUIRED BY ITEMS (ii), (iii) AND (iv) OF THIS
45 SUBDIVISION:

1 EACH OWNER IS PERSONALLY LIABLE FOR THE PAYMENT OF THE
2 OWNER'S ASSESSMENTS FOR COMMON EXPENSES, AND FAILURE TO TIMELY
3 PAY THESE ASSESSMENTS MAY RESULT IN RESTRICTION OR LOSS OF YOUR
4 USE AND OWNERSHIP RIGHTS. THERE ARE MANY IMPORTANT DOCUMENTS
5 RELATING TO THE TIMESHARE PLAN THAT YOU SHOULD REVIEW BEFORE
6 PURCHASING A TIMESHARE INTEREST, COPIES OF WHICH ARE AVAILABLE
7 FROM THE ASSOCIATION OR THE MANAGING ENTITY ON REQUEST,
8 INCLUDING THE DECLARATION OF CONDOMINIUM OR COVENANTS AND
9 RESTRICTIONS, THE ASSOCIATION ARTICLES AND BYLAWS, THE CURRENT
10 YEAR'S OPERATING AND RESERVE BUDGETS AND ANY RULES AFFECTING THE
11 USE OF TIMESHARE PLAN ACCOMMODATIONS AND FACILITIES.

12 (vi) THE YEAR IN WHICH THE PURCHASER WILL FIRST BE ENTITLED TO
13 OCCUPANCY OR USE OF A TIMESHARE PERIOD ASSOCIATED WITH THE TIMESHARE INTEREST
14 THAT IS THE SUBJECT OF THE RESALE PURCHASE AGREEMENT.

15 3. THE PERSON OFFERS A TIMESHARE PLAN IN A NATIONAL PUBLICATION OR BY
16 ELECTRONIC MEDIA, AS DETERMINED BY THE COMMISSIONER OR AS PROVIDED BY RULE,
17 THAT IS NOT DIRECTED TO OR TARGETED TO ANY INDIVIDUAL LOCATED IN THE STATE.
18 FOR PURPOSES OF THIS PARAGRAPH, "NATIONAL PUBLICATION" OR "ELECTRONIC MEDIA"
19 MEANS PUBLICATIONS OR MEDIA CIRCULATED, DISTRIBUTED AND BROADCAST ON A
20 REGIONAL OR NATIONAL BASIS TO RESIDENTS OF THE UNITED STATES AND FOREIGN
21 COUNTRIES. NATIONAL PUBLICATION OR ELECTRONIC MEDIA INCLUDES RADIO,
22 NEWSPAPERS, TELEVISION, THE INTERNET AND OTHER MEDIA THAT IS NOT
23 INTENTIONALLY DIRECTED TO OR TARGETED TO INDIVIDUALS LOCATED IN THIS STATE.
24 THE SENDING OF A DIRECT SOLICITATION OR ELECTRONIC MAIL MESSAGE TO THE
25 INTERNET ADDRESS OF AN INDIVIDUAL KNOWN TO BE LOCATED IN THIS STATE IS NOT
26 AN OFFER THROUGH A NATIONAL PUBLICATION OR ELECTRONIC MEDIA.

27 4. THE PERSON HAS ACQUIRED TWELVE OR MORE TIMESHARE INTERESTS IN ONE
28 OR MORE VOLUNTARY OR INVOLUNTARY TRANSACTIONS AND SUBSEQUENTLY CONVEYS,
29 ASSIGNS OR TRANSFERS TWELVE OR MORE OF THE TIMESHARE INTERESTS RECEIVED TO
30 A SINGLE PURCHASER IN A SINGLE TRANSACTION DURING THE PRECEDING TWELVE MONTH
31 PERIOD.

32 C. THE FOLLOWING ARE EXEMPT COMMUNICATIONS FROM THE PROVISIONS OF THIS
33 ARTICLE:

34 1. ANY STOCKHOLDER COMMUNICATION INCLUDING AN ANNUAL REPORT OR INTERIM
35 FINANCIAL REPORT, PROXY MATERIAL, A REGISTRATION STATEMENT, A SECURITIES
36 PROSPECTUS, A REGISTRATION, A PROPERTY REPORT OR OTHER MATERIAL REQUIRED TO
37 BE DELIVERED TO A PROSPECTIVE PURCHASER BY AN AGENCY OF ANY STATE OR THE
38 FEDERAL GOVERNMENT.

39 2. ANY ORAL OR WRITTEN STATEMENT DISSEMINATED BY A DEVELOPER TO
40 BROADCAST OR PRINT MEDIA, OTHER THAN PAID ADVERTISING OR PROMOTIONAL
41 MATERIAL, REGARDING PLANS FOR THE ACQUISITION OR DEVELOPMENT OF TIMESHARE
42 PROPERTY. ANY REBROADCAST OR ANY OTHER DISSEMINATION OF SUCH ORAL STATEMENTS
43 TO A PROSPECTIVE PURCHASER BY A SELLER IN ANY MANNER OR ANY DISTRIBUTION OF
44 COPIES OF NEWSPAPER OR MAGAZINE ARTICLES OR PRESS RELEASES OR ANY OTHER
45 DISSEMINATION OF WRITTEN STATEMENTS TO A PROSPECTIVE PURCHASER BY A SELLER

1 IN ANY MANNER CONSTITUTES AN ADVERTISEMENT AND IS NOT AN EXEMPT
2 COMMUNICATION.

3 3. ANY ADVERTISEMENT OR PROMOTION IN ANY MEDIUM TO THE GENERAL PUBLIC
4 IF THE ADVERTISEMENT OR PROMOTION CLEARLY STATES THAT IT IS NOT AN OFFER IN
5 ANY JURISDICTION IN WHICH ANY APPLICABLE REGISTRATION REQUIREMENTS HAVE NOT
6 BEEN FULLY SATISFIED.

7 4. ANY AUDIO, WRITTEN OR VISUAL PUBLICATION OR MATERIAL RELATING TO
8 THE AVAILABILITY OF ANY ACCOMMODATIONS FOR TRANSIENT RENTAL IF A SALES
9 PRESENTATION IS NOT A REQUIREMENT FOR THE AVAILABILITY OF THE ACCOMMODATIONS
10 AND IF THE FAILURE OF ANY TRANSIENT RENTER TO TAKE A TOUR OF A TIMESHARE
11 PROPERTY OR ATTEND A SALES PRESENTATION DOES NOT RESULT IN ANY REDUCTION IN
12 THE LEVEL OF SERVICES THAT WOULD OTHERWISE BE AVAILABLE TO THE TRANSIENT
13 RENTER.

14 5. ANY BILLBOARD OR OTHER SIGN THAT IS AFFIXED TO REAL OR PERSONAL
15 PROPERTY AND THAT IS NOT DISSEMINATED BY OTHER THAN VISUAL MEANS TO ANY
16 PROSPECTIVE PURCHASER AND THAT DOES NOT SUGGEST OR INVITE ANY ACTION ON THE
17 PART OF THE PROSPECTIVE PURCHASER.

18 D. THE FOLLOWING COMMUNICATIONS ARE EXEMPT FROM THIS ARTICLE IF THE
19 COMMUNICATIONS ARE DELIVERED TO ANY PERSON WHO HAS PREVIOUSLY EXECUTED A
20 CONTRACT FOR THE PURCHASE OF OR IS AN EXISTING OWNER OF A TIMESHARE INTEREST
21 IN A TIMESHARE PLAN:

22 1. ANY COMMUNICATION ADDRESSED TO AND RELATING TO THE ACCOUNT OF ANY
23 PERSON WHO HAS PREVIOUSLY EXECUTED A CONTRACT FOR THE SALE OR PURCHASE OF A
24 TIMESHARE INTEREST IN A TIMESHARE PLAN RELATING TO THE COMMUNICATION.

25 2. ANY AUDIO, WRITTEN OR VISUAL PUBLICATION OR MATERIAL RELATING TO
26 AN EXCHANGE COMPANY OR EXCHANGE PROGRAM PROVIDED TO AN EXISTING MEMBER OF THE
27 EXCHANGE COMPANY OR EXCHANGE PROGRAM.

28 3. ANY COMMUNICATION BY A DEVELOPER TO ENCOURAGE A PERSON WHO HAS
29 PREVIOUSLY ACQUIRED A TIMESHARE INTEREST FROM THE DEVELOPER TO ACQUIRE
30 ADDITIONAL USE OR OCCUPANCY RIGHTS OR BENEFITS OR ADDITIONAL TIMESHARE
31 INTERESTS OFFERED BY THE SAME DEVELOPER.

32 Sec. 23. Section 32-2197.23, Arizona Revised Statutes, as renumbered
33 by this act, is amended to read:

34 32-2197.23. Power of commissioner to exempt timeshare plans

35 A. The commissioner may by special order exempt from the provisions
36 of this article ~~time-share projects~~ TIMESHARE PLANS upon written petition and
37 upon a showing by the petitioner, satisfactory to the commissioner, that
38 compliance with the provisions of this article is not essential to the public
39 interest or for the protection of ~~buyers~~ PURCHASERS by reason of the special
40 characteristics of the ~~project~~ TIMESHARE PLAN.

41 B. Special orders issued pursuant to this section shall ~~relate to~~
42 specific ~~projects~~ TIMESHARE PLANS.

43 C. A petition filed under this section shall be accompanied by an
44 initial fee of three hundred dollars. A fee is not returnable ~~irrespective~~
45 of the nature of the action upon the petition.

1 ~~0. In addition to special orders issued pursuant to subsection A, the~~
2 ~~commissioner by special order may exempt from the provisions of this article:~~

3 ~~1. An association of time-share interval owners that accumulates~~
4 ~~twelve or more time-share intervals due to the failure of time-share interval~~
5 ~~owners to pay project assessments.~~

6 ~~2. A finance company that accumulates twelve or more time-share~~
7 ~~intervals due to the company's foreclosure on intervals on which it was a~~
8 ~~creditor. The commissioner may not exempt a finance company under this~~
9 ~~subsection if the company also acts as a developer of a time-share project~~
10 ~~under this article.~~

11 Sec. 24. Section 32-2197.24, Arizona Revised Statutes, as renumbered
12 by this act, is amended to read:

13 32-2197.24. Applicability of article

14 A. This article applies to ~~an offering in this state of twelve or more~~
15 ~~time-share intervals to residents of this state, whether the time-share~~
16 ~~project or projects are located within or outside this state. ALL OF THE~~
17 ~~FOLLOWING:~~

18 1. A TIMESHARE PROPERTY LOCATED IN THIS STATE.

19 2. TIMESHARE PLANS WITH AN ACCOMMODATION OR COMPONENT SITE IN THIS
20 STATE IF THOSE TIMESHARE PLANS ARE SOLD OR OFFERED TO BE SOLD TO ANY
21 INDIVIDUAL LOCATED IN THIS STATE.

22 3. TIMESHARE PLANS WITHOUT AN ACCOMMODATION OR COMPONENT SITE IN THIS
23 STATE IF THE TIMESHARE PLANS ARE SOLD OR OFFERED TO BE SOLD TO ANY INDIVIDUAL
24 LOCATED IN THIS STATE.

25 B. This article does not apply to ~~an exchange program~~ THE FOLLOWING:

26 1. AN EXCHANGE PROGRAM EXCEPT AS PROVIDED IN SUBSECTION C.

27 2. TIMESHARE PLANS CONSISTING OF FEWER THAN TWELVE TIMESHARE INTERESTS
28 WHETHER OR NOT AN ACCOMMODATION IS LOCATED IN THIS STATE.

29 3. TIMESHARE PLANS THE USE OF WHICH EXTENDS OVER ANY PERIOD OF LESS
30 THAN THREE YEARS.

31 4. TIMESHARE PLANS, WHETHER OR NOT AN ACCOMMODATION IS LOCATED IN THIS
32 STATE, UNDER WHICH THE PROSPECTIVE PURCHASER'S TOTAL FINANCIAL OBLIGATION
33 WILL BE LESS THAN ONE THOUSAND FIVE HUNDRED DOLLARS DURING THE ENTIRE TERM
34 OF THE TIMESHARE PLAN.

35 C. A METHOD, ARRANGEMENT OR PROCEDURE THAT MEETS THE DEFINITION OF AN
36 EXCHANGE PROGRAM PURSUANT TO SECTION 32-2197 SHALL BE REGULATED AS A
37 TIMESHARE PLAN IN ACCORDANCE WITH THIS ARTICLE IF THE PURCHASER'S TOTAL
38 CONTRACTUAL FINANCIAL OBLIGATION EXCEEDS THREE THOUSAND DOLLARS FOR ANY
39 INDIVIDUAL, RECURRING TIMESHARE PERIOD.

40 Sec. 25. Effective date

41 This act is effective from and after December 31, 2001.

~~APPROVED BY THE GOVERNOR APRIL 20, 2001.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 20, 2001.~~

Passed the House March 12, 2001,

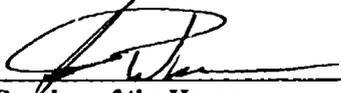
Passed the Senate April 16, 2001,

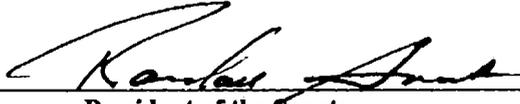
by the following vote: 54 Ayes,

by the following vote: 20 Ayes,

0 Nays, 6 Not Voting

6 Nays, 4 Not Voting


Speaker of the House


President of the Senate


Chief Clerk of the House

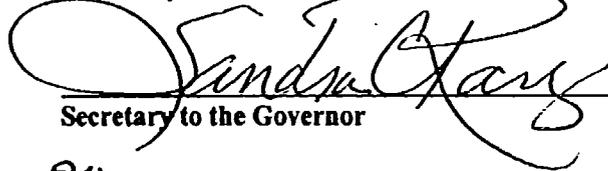

Asst. Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

17 day of April, 2001,

at 11:06 o'clock A M.


Secretary to the Governor

Approved this 20 day of

April, 2001,

at 9:15 o'clock A M.

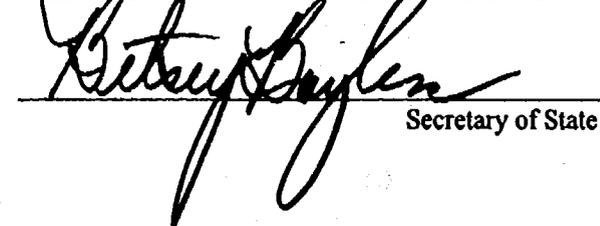

Governor of Arizona

H.B. 2395

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 20 day of April, 2001,

at 12:55 o'clock P M.


Secretary of State