

JAN 16 2008

A BILL FOR AN ACT

RELATING TO TIME SHARE PLANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 514E, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§514E- Existing owner purchase exemptions. (a)
5 Notwithstanding any other provision of this chapter, the offer
6 or sale, in this State, of an additional interest in a time
7 share plan to an existing purchaser in the same time share plan
8 shall not be subject to the provisions of this chapter if:

9 (1) The purchaser has the right to cancel the purchase
10 contract within seven days after the execution of the
11 contract to purchase;

12 (2) The purchaser is provided the time share disclosure
13 documents the purchaser would have received if the
14 purchase had occurred in the state or jurisdiction
15 where they initially purchased the time share
16 interest; and

17 (3) The developer or an affiliated entity of the developer
18 has a time share plan currently registered with the



1 department; provided that the registration was
2 originally approved or amended within seven years from
3 the date of the offer or disposition, and the
4 registration has been neither terminated nor
5 withdrawn.

6 (b) Notwithstanding any other provision of this chapter,
7 the offer or sale by a developer, in this State, of a time share
8 interest in a time share plan located outside of Hawaii to an
9 individual who currently owns a time share interest that was
10 purchased from that developer, or from an affiliated entity of
11 that developer, shall be exempt from the registration
12 requirement and this chapter provided that:

13 (1) The developer shall provide the purchaser with all
14 time share disclosure documents required to be
15 provided to purchasers as if the offer occurred in the
16 state or jurisdiction where the time share plan is
17 located;

18 (2) The contract for purchase shall include a notice that
19 is the same as or similar to the rescission notice
20 required pursuant to section 514E-9(a)(7) and the
21 rescission period shall be at least seven days;



- 1 (3) The offer shall be subject to sections 514E-11 and
- 2 514E-11.1;
- 3 (4) The developer shall provide the purchaser, in writing,
- 4 either in the disclosure documents or otherwise, all
- 5 of the following:
- 6 (A) A description of the type of time share plan
- 7 offered, including the duration and operation of
- 8 the time share plan;
- 9 (B) A description of the existing or proposed
- 10 accommodations and amenities in the time share
- 11 plan;
- 12 (C) A description of the method and time for
- 13 performing maintenance on the accommodations;
- 14 (D) If applicable, copies of the declaration,
- 15 association articles of incorporation,
- 16 association bylaws and association rules and
- 17 regulations; and
- 18 (E) The current annual budget for the time share
- 19 plan; and
- 20 (5) The developer or an affiliated entity has a time share
- 21 plan currently registered with the department;
- 22 provided that the registration was originally approved



1 or amended within seven years from the date of the
2 offer or disposition, and the registration has been
3 neither terminated nor withdrawn.

4 (c) For purposes of this section:

5 "Affiliated entity" means a person or other entity under
6 common ownership with the developer.

7 "Common ownership" means at least fifty per cent ownership
8 interest."

9 SECTION 2. This Act does not affect rights and duties that
10 matured, penalties that were incurred, and proceedings that were
11 begun, before its effective date.

12 SECTION 3. New statutory material is underscored.

13 SECTION 4. This Act shall take effect upon its approval.

14

INTRODUCED BY: *Cleese & Richman*



Report Title:

Time Share Plans; Existing Owner Purchase Exemption

Description:

Exempts the offer or sale of a time share interest from the time share law if the offer or sale is for an additional interest in the same time share plan to an existing owner. Exempts a time share developer or an affiliated entity under common ownership from registration if they are selling a time share interest in a time share plan located outside of Hawaii to an individual who currently owns a time share interest that was purchased from that developer or affiliated entity.

