

STAND. COM. REP. NO.

863

Honolulu, Hawaii

MAR 15 2013

RE: H.B. No. 424
H.D. 1
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 424, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TIMESHARE CONVEYANCES,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Governor to appoint commissioners of deeds to take acknowledgments, proofs of execution, or oaths in specified jurisdictions related to the conveyance of timeshare properties located within the State.

Your Committee received testimony in support of this measure from the American Resort Development Association Hawaii; SVO Pacific, Inc.; Disney Vacation Development, Inc.; and Wyndham Vacation Ownership.

Your Committee finds that deeds of timeshare interests in Hawaii timeshare plans must be notarized in order to be recordable. Although this is not typically a problem for deeds signed in Hawaii or in other states, it can pose a problem in jurisdictions outside of the United States in which notaries public are not common. This measure helps streamline the process for consumers who are located abroad and wish to purchase a timeshare property in Hawaii by authorizing the Governor to appoint commissioners of deeds. This measure permits a commissioner of deeds to take acknowledgements and proofs of execution of a consumer's signature on all necessary paperwork and



enables the document to be properly recorded in accordance with Hawaii law.

Your Committee notes that the companion to this measure, S.B. No. 914, S.D. 1, which was previously passed by the Senate, contains additional language that offers greater consumer protections for consumers who wish to purchase a timeshare property in Hawaii. S.B. No. 914, S.D. 1, requires a commissioner of deeds to provide consumers a written notice of legal rights, establishes bonding requirements for commissioners of deeds, and specifies liabilities and limitations on liabilities for commissioners of deeds. Your Committee additionally finds that the language in S.B. No. 914, S.D. 1, is preferable because of these additional consumer protections and will better facilitate the sale of timeshare units located in Hawaii and benefit Hawaii properties and businesses.

Your Committee also notes that the Department of Commerce and Consumer Affairs and representatives from the timeshare industry have recommended an amendment to the written notice of legal effect provided to consumers in S.B. No. 914, S.D. 1.

Accordingly, your Committee has amended this measure by:

- (1) Deleting its contents and replacing them with the contents of S.B. No. 914, S.D. 1, a substantively similar measure, which:
 - (A) Creates a new chapter to authorize the governor to appoint commissioners of deeds to administer oaths, take acknowledgements, and take proofs of execution outside of the United States in connection with the execution of conveyance documents relating to a timeshare interest, any property subject to a time share plan, or the operation of a time share plan covering any property located within the State;
 - (B) Requires written notice to be provided to consumers; and
 - (C) Establishes bonding requirements, penalties, and liabilities for commissioners of deeds; and
- (2) Further amending the measure by clarifying the written notice of legal effect provided to consumers.



As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 424, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 424, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



