
A BILL FOR AN ACT

RELATING TO TIME SHARING.

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

1 SECTION 1. The legislature finds that under existing law
2 the current process for time share developers to renew their
3 registration is arduous and requires a significant amount of
4 information. The extensive process has caused a backlog for
5 developers to submit their annual renewals for time share
6 registration. The legislature further finds that existing law
7 does not authorize a developer to utilize electronic means,
8 which further exacerbates the extensive process for renewal
9 registration.

10 Accordingly, the purpose of this Act is to streamline the
11 annual renewals for time share registration by:

- 12 (1) Amending the information required to be included in a
13 time share disclosure statement, under certain
14 circumstances;
- 15 (2) Amending the information required to be included on an
16 application to renew a developer's registration;



1 (3) Expanding the information that developers are not
2 required to include on an application to renew their
3 registration;

4 (4) Requiring developers to submit copies of encumbrances
5 on title using any form of electronic record
6 acceptable;

7 (5) Limiting the copies of documents that developers are
8 required to submit in an application for renewal
9 registration; and

10 (6) Requiring developers to submit copies of the
11 supplementary plan documents of the time share plan.

12 SECTION 2. Section 514E-1, Hawaii Revised Statutes, is
13 amended by adding two new definitions to be appropriately
14 inserted and to read as follows:

15 "Primary plan documents" means the constituent documents
16 of the time share plan, including any time share declaration;
17 any trust agreement; articles of incorporation and bylaws of the
18 association, if the association is a corporation; or the
19 operating agreement or similar organization document, if the
20 association is a limited liability company or other entity; the
21 rules for reserving the use of the time share units; and the



1 rules and regulations governing the occupancy of the time share
2 units. "Primary plan documents" does not include supplementary
3 plan documents.

4 "Supplementary plan documents" means any declaration of
5 annexation, active property declaration, notice of access,
6 notice of conveyance, notice of activation, deed conveying
7 property to the trustee of a time share plan or to the time
8 share owners association, or other instruments submitting or
9 committing property to the time share plan or removing property
10 from the time share plan. To the extent that any such documents
11 modify the terms and provisions of the time share plan as
12 established in the existing primary plan documents, including
13 but not limited to documents that establish a new class or
14 category of time share interest that has rights that differ from
15 existing time share interests in the time share plan, the
16 documents constitute primary plan documents and shall not
17 constitute supplementary plan documents."

18 SECTION 3. Section 514E-9, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) Any offering of a time sharing plan to the public
21 shall disclose:



- 1 (1) The name and address of the developer and of the time
2 share units;
- 3 (2) The name and address of the plan manager, if any, and
4 a description of the plan manager's responsibilities
5 and authority;
- 6 (3) A description of the time share units, including the
7 developer's schedule for completion of all buildings,
8 units, and amenities and dates of availability;
- 9 (4) If the time share plan is located in a condominium
10 property regime, a description of the project, and if
11 the purchaser will own an undivided interest in a fee
12 or leasehold condominium unit, a brief description of
13 any pertinent provisions of the project instruments;
- 14 (5) Any restraints on the transfer of the buyer's time
15 share interest in the time share units or plan;
- 16 (6) Whether the time share plan is a time share ownership
17 plan or a time share use plan, along with a
18 description of the rights and responsibilities under
19 said plan;
- 20 (7) A statement that there is a seven-calendar-day period
21 of mutual rescission;



- 1 (8) A statement that pursuant to section 514E-11.3, every
2 sale or transfer, made in violation of this chapter is
3 voidable at the election of the purchaser;
- 4 (9) [~~Notice of any liens, title defects or encumbrances on~~
5 ~~or affecting the title to the units or plan;~~] A list
6 of the primary plan documents of the time share plan
7 and a statement indicating that the supplementary plan
8 documents, or representative samples of the
9 supplementary plan documents, are on file with the
10 director for purchaser review;
- 11 (10) Notice of any pending or anticipated suits that are
12 material to the time share units or plan, of which the
13 developer has, or should have, knowledge;
- 14 (11) The total financial obligation of the purchaser, which
15 shall consist of:
- 16 (A) A statement that the purchaser is obligated to
17 pay the initial price stated in the purchaser's
18 purchase agreement; and
- 19 (B) A list or description of any additional charges
20 to which the purchaser may be subject;



- 1 (12) An estimate of the dues, maintenance fees, real
- 2 property taxes, and similar periodic expenses, and the
- 3 method or formula by which they are derived and
- 4 apportioned;
- 5 (13) The [~~disclosure~~] statement [~~under~~] required by
- 6 subsection (d), if applicable; and
- 7 (14) Other disclosures required by the director, as
- 8 provided by rules adopted pursuant to chapter 91."

9 SECTION 4. Section 514E-10, Hawaii Revised Statutes, is
 10 amended to read as follows:

11 **"§514E-10 Registration required; developer, acquisition**
 12 **agent, plan manager, and exchange agent; registration renewal.**

13 (a) A developer shall not offer or dispose of a time share unit
 14 or a time share interest unless the disclosure statement
 15 required by section 514E-9 is filed with the director pursuant
 16 to the time specified in this chapter, or the development is
 17 exempt from filing, and the time share plan to be offered by the
 18 developer is accepted by the director for registration under
 19 this chapter. The director shall not accept a developer's time
 20 share plan if the developer does not possess a history of
 21 honesty, truthfulness, financial integrity, and fair dealing.



1 (b) An acquisition agent (including the developer if it is
2 also the acquisition agent) shall register under this chapter by
3 filing with the director a statement setting forth the time
4 sharing plan for which it is providing prospective purchasers,
5 its address, the telephone number, other information required by
6 the director as provided by rules adopted pursuant to chapter
7 91, and, if the acquisition agent is not a natural person, the
8 name of the responsible managing employee; provided that an
9 acquisition agent licensed under chapter 467 as a real estate
10 broker shall not be required to register under this chapter.
11 All acquisition agents not licensed under chapter 467 shall be
12 approved by the director. The director shall not approve any
13 acquisition agent who is not of good character and who does not
14 possess a reputation for honesty, truthfulness, and fair
15 dealing. The acquisition agent shall furnish evidence that the
16 acquisition agent is bonded as required by rules adopted by the
17 director pursuant to chapter 91 to cover any violation by the
18 acquisition agent of any solicitation ordinance or other
19 regulation governing the use of the premise or premises in which
20 the time share plan is promoted; provided that the acquisition



1 agent shall be separately bonded for each time share plan for
2 which it is providing prospective purchases.

3 (c) A plan manager (including the developer if it is also
4 the plan manager) shall register under this chapter by filing
5 with the director a statement setting forth the time sharing
6 plan that it is managing, its principal office address,
7 telephone number, and responsible managing employee. The plan
8 manager shall furnish evidence that the plan manager is bonded
9 as required by rules adopted by the director pursuant to chapter
10 91 to cover any default of the plan manager and any of its
11 employees of their duties and responsibilities; provided that
12 the plan manager shall be separately bonded for each time share
13 plan under the management of the plan manager.

14 (d) An exchange agent (including the developer if it is
15 also an exchange agent) shall register under this chapter by
16 filing with the director a statement setting forth the time
17 sharing plan for which it is offering exchange services, its
18 principal office address and telephone number, and designate its
19 responsible managing employee.

20 (e) Any plan manager or developer registration required in
21 this section shall be renewed by December 31 of each even-



1 numbered year, and any acquisition agent or exchange agent
 2 registration required in this section shall be renewed on
 3 December 31 of each odd-numbered year; provided that this
 4 subsection shall not relieve the person required to register
 5 from the obligation to notify the director promptly of any
 6 material change in any information submitted to the director,
 7 nor shall it relieve the developer of its obligation to promptly
 8 file amendments or supplements to the disclosure statement, and
 9 to promptly supply the amendments or supplements to purchasers
 10 of time share interests.

11 (f) An application for renewal of a developer registration
 12 shall be on a form prescribed by the director and shall include:

13 ~~[(1) A current disclosure statement that meets the~~
 14 ~~requirements of section 514E-9 and section 16-106-3,~~
 15 ~~Hawaii Administrative Rules, if not already on file;~~

16 ~~+(2)]~~ (1) A statement that is certified by the developer to
 17 be true and correct in all respects and that
 18 identifies, as appropriate:

19 ~~[(A) The time share units in the time share plan~~
 20 ~~registered pursuant to this chapter; the total~~
 21 ~~number of time share interests registered for~~



1 ~~sale in each unit pursuant to this chapter, and~~
2 ~~the total number of time share interests that~~
3 ~~have not yet been sold as of the date specified~~
4 ~~in the developer's certification, which date~~
5 ~~shall not be more than sixty days prior to the~~
6 ~~date of the developer's certification; or~~

7 ~~(B) The property in the time share plan registered~~
8 ~~pursuant to this chapter; the total number of~~
9 ~~points registered for sale in each property~~
10 ~~pursuant to this chapter; and the total number of~~
11 ~~points in the time share plan that have not yet~~
12 ~~been sold as of the date specified in the~~
13 ~~developer's certification, which date shall not~~
14 ~~be more than sixty days prior to the date of the~~
15 ~~developer's certification;]~~

16 (A) If points are a component part of the time share
17 interests in the time share plan, the total
18 number of points registered for sale as of the
19 date of submittal; or

20 (B) If points are not a component part of the time
21 share interests in the time share plan:



1 (i) The total number of whole time share units
2 registered for sale as of the date of
3 submittal; and

4 (ii) The total number of time share interests in
5 the time share plan that are registered for
6 sale as of the date of submittal and are not
7 attributable to whole time share units
8 included in the plan;

9 [~~3~~] (2) If the developer is a corporation, partnership,
10 joint venture, limited liability company, or limited
11 liability partnership, an original certificate of good
12 standing issued by the business registration division
13 of the department of commerce and consumer affairs not
14 more than forty-five days before the date of
15 submission of the renewal application; and

16 [~~4~~] (3) The biennial renewal fee.

17 (g) [~~Developers~~] In addition to subsection (h), developers
18 shall not be required to include the following in an application
19 for renewal of a developer registration of a time share plan:

20 (1) The current disclosure statement, or any proposed
21 amendment to or amended disclosure statement;



1 (2) Except as otherwise provided in subsection (f)(1)(B),
 2 a statement describing the registered units included
 3 in the plan, number of time share interests created,
 4 and number of time share interests that have been sold
 5 or that remain unsold;

6 [~~1~~] (3) A financial statement of the developer; or

7 [~~2~~] (4) A policy of title insurance, a preliminary title
 8 report, abstract of title, or certificate of title on
 9 the units or time share interests in the time share
 10 plan.

11 (h) Unless requested by the director, a developer shall
 12 not be required to include copies of the following in any
 13 application for a developer registration, application to amend a
 14 developer registration, application for renewal of a developer
 15 registration, or otherwise:

16 (1) Copies of any federal, state, or local constitutions,
 17 charters, laws, or regulations referred to in any
 18 title report, title policy, or other evidence of
 19 title;

20 (2) Copies of any land court maps, subdivision maps, file
 21 plans, or any other subdivision plats or plans



1 referred to in any title report, title policy, or
2 other evidence of title;

3 (3) Copies of any land court certificates of title, land
4 court orders, or other judicial or quasi-judicial
5 determinations or orders referred to in any title
6 report, title policy or other evidence of title; or

7 (4) Copies of such other documents as the director shall
8 determine.

9 (i) A developer shall be required to submit to the
10 director copies of the supplementary plan documents of the time
11 share plan that is the subject of an application for
12 registration or an application for annexation, except to the
13 extent that the director agrees to accept representative samples
14 of such supplementary plan documents.

15 (j) A developer shall submit copies of encumbrances on
16 title to any time share unit using any form of electronic record
17 acceptable to the director.

18 For the purposes of this subsection, "electronic record"
19 has the same meaning as defined in section 489E-2."

20 SECTION 5. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.



1 SECTION 6. This Act shall take effect upon its approval.



Report Title:

Time Sharing; Time Share; Developer Applications; Disclosure Statements; Encumbrances; Annual Renewal Registration

Description:

Amends the information required to be in a time share disclosure statement, under certain circumstances. Amends the information required to be on a developer registration renewal application. Expands the information developers are not required to include on a developer registration renewal application. Limits the copies of documents developers are required to submit in a developer registration renewal application. Requires developers to submit copies of supplementary plan documents of the time share plan. Allows for submission of certain document in electronic form. (SD1)

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