

(Reprinted with amendments adopted on June 3, 2013)

THIRD REPRINT

A.B. 404

## ASSEMBLY BILL NO. 404—ASSEMBLYMAN FRIERSON

MARCH 18, 2013

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to time shares.  
(BDR 10-960)FISCAL NOTE: Effect on Local Government: Increases or Newly  
Provides for Term of Imprisonment in County or City  
Jail or Detention Facility.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to time shares; amending provisions relating to licensing and registration of sales agents, representatives, managers, developers, project brokers and time-share resale brokers; revising provisions relating to permits to sell time shares; amending provisions relating to time-share instruments; revising provisions governing public offering statements; amending provisions governing the sale and resale of time shares; revising provisions governing the management and development of time-share plans and time-share projects; revising provisions governing certain fees relating to time shares; prohibiting certain acts; amending various other provisions relating to time shares; providing penalties; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law provides certain exemptions from the requirements governing time shares. (NRS 119A.170) **Section 11** of this bill revises these exemptions.

Existing law governs the qualifications and licensing of sales agents and requires a sales agent to be associated with a project broker. (NRS 119A.210-119A.237) **Section 14** of this bill maintains the existing law requiring that a sales agent obtain a license from the Real Estate Division of the Department of Business and Industry, but provides that a sales agent is not required to be licensed pursuant to existing law governing real estate salespersons.

Existing law provides for the registration and regulation of a representative, defined as a person who, on behalf of a developer, induces other persons to attend a



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sales presentation. (NRS 119A.120, 119A.240, 119A.260) **Section 18** of this bill maintains the existing law requiring a representative to register with the Division, but provides that a representative is not required to be licensed pursuant to existing law governing real estate salespersons. **Section 19** of this bill amends provisions setting forth the prohibited acts of representatives.

Existing law requires a developer of a time-share plan to obtain certain permits from the Administrator of the Division before selling or offering for sale any time shares in this State. Existing law requires an applicant for a public offering statement and permit to sell time shares to submit an application containing certain information. (NRS 119A.300) **Section 23** of this bill requires the applicant to include with the application a public offering statement and certain information concerning points, if applicable. **Section 4.4** of this bill provides that in lieu of the information required to be included with the application, a developer of a time-share plan in which some or all of the units are located outside of this State may file an abbreviated registration. **Section 3** of this bill requires a developer to file an amended statement of record with the Division under certain circumstances. **Section 25** of this bill amends the grounds for denial of an application for a permit to sell time shares. **Section 26** of this bill amends provisions relating to the procedure for approving or denying an application for a permit to sell time shares. **Section 27** of this bill provides for a hearing on the denial of an amendment to the statement of record or a renewal of a permit to sell time shares. **Section 28** of this bill revises the information to be provided in a public offering statement if a time-share project is not completed before the issuance of a permit to sell time shares.

**Section 29** of this bill authorizes instead of requires the Division to complete an investigation before issuing any permit or license issued pursuant to the provisions of existing law governing time shares.

**Section 30** of this bill provides that a renewal of a permit to sell time shares in this State is deemed approved if the Division does not take certain actions within the prescribed period.

Existing law governs the fees that the Division is required to collect relating to time shares. (NRS 119A.360) **Section 32** of this bill increases certain fees and revises the fee based on the number of time shares sold by a developer to provide for a fee based on the number of time shares in a time-share plan. **Section 32** also establishes a fee for an amendment to a statement of record, the initial registration of a time-share resale broker and the renewal of the registration of a time-share resale broker.

Existing law governs the contents of a time-share instrument. (NRS 119A.380) **Section 33** of this bill enacts provisions relating to the governing instrument of a time-share plan or units governed by the laws of another state or jurisdiction.

Existing law requires a developer to provide each prospective purchaser with a copy of the developer's public offering statement. (NRS 119A.400) **Section 35** of this bill provides that, upon the request of a prospective purchaser for an electronic copy of the public offering statement, the developer must provide an electronic copy of the public offering statement.

Existing law requires money, negotiable instruments or other deposits pertaining to the sale of a time share to be placed in escrow. (NRS 119A.420) **Section 36** of this bill requires money, negotiable instruments or other deposits pertaining to the sale of a time share received from a purchaser to be placed in an escrow account or requires the developer to establish a surety bond.

Existing law provides for the licensing and regulation of a time-share resale broker. (NRS 119A.4771) **Section 41** of this bill amends provisions relating to the registration of a time-share resale broker. **Sections 42 and 43** of this bill provide for a right to cancel certain contracts or agreements relating to the resale of a time share.



Existing law governs the charging or collection of an advance fee by a time-share resale broker. (NRS 119A.4779) **Section 44** of this bill requires a contract for an advance fee listing to include certain information. **Section 44** also prohibits a time-share resale broker from engaging in certain acts with respect to an advance fee and provides penalties for engaging in those acts.

**Section 48** of this bill removes the authority of the Administrator to require an association or developer to provide an opinion of an independent professional consultant regarding the budget.

Existing law prohibits certain unfair methods of competition or deceptive or unfair acts in the offer to sell or sale of a time share. (NRS 119A.710) **Section 4** of this bill prohibits certain persons from knowingly participating in a plan or scheme to transfer a time share to a person who does not have the ability, means or intent to pay the assessments and taxes for that time share and provides a penalty for a violation of this provision.

**Section 4.2** of this bill exempts certain developers from provisions governing permits to sell and the sale of certain time shares.

**Section 52** of this bill repeals provisions of existing law governing advertisements for time shares, and **section 13** of this bill authorizes the Division to adopt regulations regarding advertisements relating to time shares.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 119A of NRS is hereby amended by adding thereto the provisions set forth as sections 1.2 to 4.4, inclusive, of this act.

**Sec. 1.2.** *“Branch office” means an office operated by a real estate broker who is licensed pursuant to chapter 645 of NRS, separate from the principal location of the real estate broker, for the purpose of engaging in the business of selling or reselling time shares.*

**Sec. 1.4.** *“Component site” means the specific geographic location where units that are part of a time-share plan are located. The term includes units added to a single project in the same specific geographic location and under common management.*

**Sec. 1.6. 1.** *“Material change” means a change in any information or document that is part of the statement of record which renders the statement of record inaccurate, incomplete or misleading in such a way as to adversely affect the rights or obligations of a purchaser.*

**2.** *The term does not include a change:*

*(a) In the real estate tax assessment or rate, utility charges or deposits, maintenance fees, association dues, assessments, special assessments or any recurring time-share expense item, if the change is made known immediately to the prospective purchaser by a written addendum to the public offering statement;*

*(b) Which is an aspect or result of the orderly development of the time-share plan in accordance with the time-share instrument,*



1 *if the change is made known immediately to the prospective*  
2 *purchaser by a written addendum to the public offering statement;*

3 *(c) Which corrects spelling, grammar, omissions or other*  
4 *similar errors and which does not affect the substance of the*  
5 *information or document; or*

6 *(d) Which occurs in the issuance of the updated annual report*  
7 *or disclosure document of an exchange company.*

8 **Sec. 1.8.** *"Sales and marketing entity" means an entity hired*  
9 *by a developer to manage the sale or marketing of a time-share*  
10 *plan.*

11 **Sec. 2.** *"Statement of record" means the information*  
12 *provided to the Administrator pursuant to subsection 1 of NRS*  
13 *119A.300 or section 4.4 of this act, as applicable.*

14 **Sec. 2.5.** 1. *Every branch office must be operated under the*  
15 *supervision of a real estate broker or real estate broker-*  
16 *salesperson who is licensed pursuant to chapter 645 of NRS and*  
17 *who has had at least 2 years of experience as an active real estate*  
18 *broker or real estate broker-salesperson in the United States.*

19 2. *The project broker or time-share resale broker is*  
20 *responsible for each branch office which he or she operates.*

21 3. *If the location of the branch office does not permit a*  
22 *project broker or a time-share resale broker to exercise direct*  
23 *supervision of a branch office, a real estate broker-salesperson*  
24 *shall directly supervise the branch office.*

25 4. *A supervisor of a branch office may not supervise more*  
26 *than one branch office.*

27 **Sec. 3.** 1. *If there is a material change to the time-share*  
28 *plan, the developer shall file an amended statement of record, and*  
29 *such amended statement of record is effective on the 60th day*  
30 *after the filing or, in the event that units are added to the time-*  
31 *share plan which are in a component site which has not previously*  
32 *been registered with the Division, on the 120th day after the filing,*  
33 *unless the Administrator:*

34 *(a) Issues a denial of the amended statement of record*  
35 *pursuant to NRS 119A.654 in a notice of deficiency describing the*  
36 *reasons for the denial in sufficient detail to allow the developer to*  
37 *correct the deficiencies in the amended statement of record; or*

38 *(b) Approves the amended statement of record on an earlier*  
39 *date.*

40 2. *The developer may submit evidence that the deficiencies in*  
41 *the amended statement of record described in the notice of*  
42 *deficiency issued pursuant to paragraph (a) of subsection 1 have*  
43 *been corrected within 90 days after the developer receives the*  
44 *notice of deficiency or within such extended time period as*  
45 *approved by the Division in writing.*



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3. *The Administrator shall, within 30 days after receiving evidence that the deficiencies in the amended statement of record are corrected, approve the amended statement of record or issue a denial of the amended statement of record pursuant to NRS 119A.654 in a notice of deficiency describing the reasons for denial. If the Division fails to take any of the actions described in this subsection within the 30-day period, the amended statement of record shall be deemed approved by the Division.*

4. *If the developer fails to correct all the deficiencies in the amended statement of record after receipt of a second notice of deficiency pursuant to subsection 3, the Administrator may deny the amended statement of record and require the developer to pay a filing fee equal to one-half of the filing fee for an amendment to a statement of record as set forth in subsection 1 of NRS 119A.360.*

5. *Any amendment proposed by the developer to the provisions of a time-share instrument must be filed with the Division. Unless the Division notifies the developer of its disapproval within 15 days after the developer files the proposed amendment to the time-share instrument, the amendment shall be deemed to be approved by the Division.*

**Sec. 4.** 1. *Except as otherwise provided in subsection 3, any person other than a person described in paragraph (a) of subsection 3 of NRS 119A.4771 or a developer or an association that is offering time shares in a time-share plan which is registered by such a developer or an association or which is exempt from registration in this State, who knowingly participates, for consideration or with the expectation of consideration, in any plan or scheme, a purpose of which is to transfer a previously sold time share to a transferee who does not have the ability, means or intent to pay all assessments and taxes for that time share commits a false, misleading or deceptive act or practice for the purposes of NRS 207.170, 207.171, 598.0915 to 598.0925, inclusive, and chapters 598A and 599A of NRS.*

2. *The failure of a transferee to pay assessments or taxes that come due after the acquisition of a previously sold time share by a person who acquires the time share for commercial purposes creates a rebuttable presumption of a violation of this section.*

3. *An association or manager does not violate the provisions of this section by performing such administrative acts and collecting such fees or expenses as are customary or required by law or a time-share instrument during the transfer.*

**Sec. 4.2.** *The provisions of NRS 119A.290 to 119A.470, inclusive, and sections 3 and 4 of this act, and NRS 119A.480 do not apply to a developer who has a valid permit issued pursuant to*



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*this chapter concerning the offer or disposition in this State of a time share in a time-share plan which includes units which are:*

- 1. Located outside of this State;*
- 2. Not registered pursuant to the provisions of this chapter; and*
- 3. Offered or sold to an existing owner of a time-share plan offered by that developer or an affiliate of that developer if the developer or the affiliate:*

*(a) Authorizes the purchaser to cancel the purchase contract until midnight of the fifth calendar day after the date of the execution of the contract; and*

*(b) Provides the purchaser with all of the time share disclosure documents required by law in the jurisdiction in which the time share is located.*

**Sec. 4.4.** *1. In lieu of the statement of record required pursuant to NRS 119A.300, the Division may accept an abbreviated registration from a developer of a time-share plan in which some or all of the units are located outside of this State if:*

*(a) The developer provides evidence that the time-share plan is registered with the applicable regulatory agency in the state or jurisdiction where the time-share plan is offered or sold and that the time-share plan is in compliance with the laws and regulations of the state or jurisdiction in which some or all of the units are located; and*

*(b) The disclosure requirements of the other state or jurisdiction are substantially equivalent to or greater than the information required to be disclosed to purchasers in this State pursuant to this chapter.*

*2. A developer who files an abbreviated registration pursuant to subsection 1 shall, in addition to paying the fee for an initial permit required by NRS 119A.360, provide to the Division:*

*(a) The developer's legal name, any assumed names used by the developer and the developer's principal office location, mailing address, primary contact person and telephone number;*

*(b) The name, location, mailing address, primary contact person and telephone number of the time-share plan;*

*(c) The name and principal address of the developer's authorized project broker who must be a real estate broker licensed to maintain offices within this State;*

*(d) The name and principal address of all sales and marketing entities and the manager of the time-share plan;*

*(e) Evidence of registration and compliance with the laws and regulations of the state or jurisdiction in which the time-share plan is located, approved or accepted;*



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1     (f) *A brief description as to whether the time-share plan*  
2     *contains one or more component sites and a brief description of*  
3     *the types of time shares offered in the time-share plan;*

4     (g) *Disclosure of each jurisdiction in which the developer has*  
5     *applied for registration of the time-share plan and whether the*  
6     *time-share plan or its developer was denied registration or was the*  
7     *subject of any disciplinary proceeding;*

8     (h) *Copies of any disclosure documents required to be given to*  
9     *purchasers or required to be filed with the state or jurisdiction in*  
10    *which the time-share plan is located, approved or accepted;*

11    (i) *A copy of the current annual or projected budget for the*  
12    *association if not otherwise included in the disclosure documents;*  
13    *and*

14    (j) *Any other information regarding the developer, time-share*  
15    *plan, project broker, manager or sales and marketing entities as*  
16    *established by the Division by regulation.*

17    3. *A developer of a time-share plan with units located solely*  
18    *in this State may not file an abbreviated application.*

19    4. *Upon acceptance of the abbreviated registration by the*  
20    *Division, the developer shall provide to each purchaser, in lieu of*  
21    *the public offering statement required to be provided pursuant to*  
22    *the provisions of NRS 119A.400, a copy of the public report,*  
23    *public offering statement or other disclosure document which*  
24    *complies with paragraph (b) of subsection 1, including a cover*  
25    *page which states that such disclosure document has been*  
26    *approved for use by the Real Estate Division of the Department of*  
27    *Business and Industry.*

28    **Sec. 5.** NRS 119A.010 is hereby amended to read as follows:

29    119A.010 As used in this chapter, unless the context otherwise  
30    requires, the words and terms defined in NRS 119A.020 to  
31    119A.160, inclusive, *and sections 1.2 to 2, inclusive, of this act*  
32    have the meanings ascribed to them in those sections.

33    **Sec. 6.** (Deleted by amendment.)

34    **Sec. 7.** NRS 119A.090 is hereby amended to read as follows:

35    119A.090 "Project broker" means any person who coordinates  
36    the sale of time shares for ~~for~~ *one or more* time-share ~~plan and to~~  
37    ~~whom sales agents and representatives are responsible.~~ *plans on*  
38    *behalf of one or more developers and who is licensed as a real*  
39    *estate broker pursuant to the provisions of chapter 645 of NRS.*

40    **Sec. 8.** NRS 119A.100 is hereby amended to read as follows:

41    119A.100 "Public offering statement" means a ~~report, issued~~  
42    ~~by the Administrator~~ *disclosure document prepared and signed by*  
43    *the developer and approved or deemed approved for use by the*  
44    *Division* pursuant to the provisions of this chapter, which  
45    ~~authorizes a developer to offer to sell or sell time shares in the~~



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~~time share plan which is the subject of the report.~~ *contains the information required by this chapter and any regulations adopted pursuant thereto.*

**Sec. 9.** NRS 119A.130 is hereby amended to read as follows:

119A.130 "Sales agent" means a person who, on behalf of a developer ~~and~~ *and under the direct supervision of a real estate broker licensed pursuant to the provisions of chapter 645 of NRS,* sells or offers to sell a time share to a purchaser or who, if he or she is not registered as a representative, may act to induce other persons to attend a sales presentation on the behalf of a developer.

**Sec. 10.** NRS 119A.156 is hereby amended to read as follows:

119A.156 "Time-share resale broker" means a person who *is licensed pursuant to the provisions of chapter 645 of NRS and* is registered as a time-share resale broker pursuant to the provisions of this chapter ~~and~~ *and who, for compensation, lists, advertises, transfers, assists in transferring, promotes for resale or solicits prospective purchasers for previously sold time shares on behalf of an owner other than a developer.*

**Sec. 11.** NRS 119A.170 is hereby amended to read as follows:

119A.170 1. ~~The~~ *Unless the method of disposition is adopted to evade the provisions of this chapter or chapter 645 of NRS, the* provisions of this chapter, except subsection 4, do not apply to:

(a) The sale of 12 or fewer time shares in a *time-share* ~~project~~ *plan;* ~~for the sale of 12 or fewer time shares in the same subdivision;~~

(b) The sale or transfer of a time share by an owner who is not the developer, unless the time share is sold in the ordinary course of business of that owner;

(c) Any transfer of a time share:

(1) By deed in lieu of foreclosure;

(2) At a foreclosure sale; or

(3) By the resale of a time share *by an association* that has been acquired by ~~an~~ *that* association : ~~by~~

*(I) By termination of a contractual right of occupancy;*

*(II) By deed in lieu of foreclosure , other transfer or termination;* or ~~at~~

*(III) At a foreclosure sale* ~~and~~,

*provided that the association or its agent delivers to the purchaser the disclosures required by subsections 2 and 3 of NRS 119A.4775 and gives the purchaser the statement of the right of cancellation required by NRS 119A.410;*

(d) A gratuitous transfer of a time share;

(e) A transfer by devise or descent or a transfer to an inter vivos trust; or



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(f) The sale or transfer of the right to use and occupy a unit on a periodic basis which recurs over a period of less than 5 years. ~~† unless the method of disposition is adopted to evade the provisions of this chapter or chapter 645 of NRS.~~

2. Any campground or developer who is subject to the requirements of chapter 119B of NRS and complies with those provisions is not required to comply with the provisions of this chapter.

3. The Division may waive any provision of this chapter if it finds that the enforcement of that provision is not necessary in the public interest or for the protection of purchasers.

4. The provisions of chapter 645 of NRS apply to the sale of time shares, except any sale of a time share to which this chapter applies ~~†~~ *and except any provisions of this chapter expressly excluding the applicability of the provisions of chapter 645 of NRS*, and for ~~that~~ *the purpose of applying the provisions of chapter 645 of NRS*, the terms "real property" and "real estate" as used in chapter 645 of NRS shall be deemed to include a time share, whether it is an interest in real property or merely a contractual right to occupancy.

**Sec. 12.** NRS 119A.172 is hereby amended to read as follows:

119A.172 The provisions of this chapter and chapter 645 of NRS relating to real estate brokers and sales agents do not apply to an owner, other than a developer, who, for compensation, refers prospective purchasers to a developer *or an association* or an employee or agent of the developer ~~†~~ *or association*, if the owner:

1. Refers to ~~the~~ *a* developer *or an association* or an employee or agent of the developer ~~†~~ *or association*, or any combination thereof, not more than 20 prospective purchasers within any 1 calendar year; and

2. Does not ~~show a unit to the prospective purchaser,~~ discuss with the prospective purchaser the terms and conditions of the purchase or otherwise participate in negotiations relating to the sale of the time share.

**Sec. 13.** NRS 119A.190 is hereby amended to read as follows:

119A.190 *1.* The Division may:

~~††~~ *(a)* Adopt regulations ~~which~~ *:*

*(1) Which* are necessary to carry out the provisions of this chapter.

*(2) Regarding the content of advertisements relating to time shares.*

*(b)* Employ such legal counsel, investigators and other professional consultants as are necessary to carry out the provisions of this chapter ~~†~~ *, including, without limitation, for the review of a*



1 *statement of record filed pursuant to NRS 119A.300 or section 4.4*  
2 *of this act.*

3 *2. The Division shall publish on its official Internet website,*  
4 *or otherwise make public for at least 30 days before the adoption*  
5 *by the Division, any form proposed to be used by the Division*  
6 *under this chapter. The Division shall consider comments on any*  
7 *such proposed form before its adoption.*

8 **Sec. 14.** NRS 119A.210 is hereby amended to read as follows:

9 119A.210 1. The Administrator shall issue a sales agent's  
10 license to each applicant who submits an application to the Division,  
11 in the manner provided by the Division, which includes:

12 (a) Satisfactory evidence, affirmed by the project broker or  
13 another acceptable source, that the applicant has completed 14 hours  
14 of instruction in:

15 (1) Ethics.

16 (2) The applicable laws and regulations relating to time  
17 shares.

18 (3) Principles and practices of selling time shares.

19 (b) Satisfactory evidence that the applicant has a reputation for  
20 honesty, trustworthiness and competence.

21 (c) A designation of the ~~developer for whom the applicant~~  
22 ~~proposes to sell time shares.~~ *project broker who will supervise the*  
23 *sales agent.*

24 (d) The social security number of the applicant.

25 (e) Any further information required by the Division, including  
26 the submission by the applicant to any investigation by the police or  
27 the Division.

28 2. In addition to or in lieu of the 14 hours of instruction  
29 required by paragraph (a) of subsection 1, the applicant may be  
30 required to pass an examination which may be adopted by the  
31 Division to examine satisfactorily the knowledge of the applicant in  
32 those areas of instruction listed in paragraph (a) of subsection 1.

33 3. Each applicant must submit the statement required pursuant  
34 to NRS 119A.263 and pay the fees provided for in this chapter.

35 4. Each applicant must, as part of his or her application and at  
36 the applicant's own expense:

37 (a) Arrange to have a complete set of his or her fingerprints  
38 taken by a law enforcement agency or other authorized entity  
39 acceptable to the Division; and

40 (b) Submit to the Division:

41 (1) A completed fingerprint card and written permission  
42 authorizing the Division to submit the applicant's fingerprints to the  
43 Central Repository for Nevada Records of Criminal History for  
44 submission to the Federal Bureau of Investigation for a report on the



1 applicant's background and to such other law enforcement agencies  
2 as the Division deems necessary; or

3 (2) Written verification, on a form prescribed by the  
4 Division, stating that the fingerprints of the applicant were taken and  
5 directly forwarded electronically or by another means to the Central  
6 Repository and that the applicant has given written permission to the  
7 law enforcement agency or other authorized entity taking the  
8 fingerprints to submit the fingerprints to the Central Repository for  
9 submission to the Federal Bureau of Investigation for a report on the  
10 applicant's background and to such other law enforcement agencies  
11 as the Division deems necessary.

12 5. The Division may:

13 (a) Unless the applicant's fingerprints are directly forwarded  
14 pursuant to subparagraph (2) of paragraph (b) of subsection 4,  
15 submit those fingerprints to the Central Repository for submission  
16 to the Federal Bureau of Investigation and to such other law  
17 enforcement agencies as the Division deems necessary; and

18 (b) Request from each such agency any information regarding  
19 the applicant's background as the Division deems necessary.

20 6. A person who is licensed as a real estate salesperson  
21 pursuant to chapter 645 of NRS is not required to obtain a license  
22 pursuant to the provisions of this section.

23 7. *A sales agent is not required to be licensed pursuant to the*  
24 *provisions of chapter 645 of NRS.*

25 8. Each sales agent's license issued pursuant to this section  
26 expires 2 years after the last day of the calendar month in which it  
27 was issued and must be renewed on or before that date. Each  
28 licensee who submits the statement required pursuant to NRS  
29 119A.263 and meets the requirements for renewal may renew his or  
30 her license upon the payment of the renewal fee before his or her  
31 license expires.

32 ~~18-~~ 9. If a licensee fails to renew his or her license before it  
33 expires, the license may be reinstated if the licensee submits the  
34 statement and pays the renewal fee and the penalty specified in NRS  
35 119A.360 within 1 year after the license expires.

36 ~~19-~~ 10. The Administrator may adopt regulations establishing  
37 and governing requirements for the continuing education of sales  
38 agents.

39 **Sec. 15.** NRS 119A.220 is hereby amended to read as follows:

40 119A.220 1. A sales agent may work for only one project  
41 broker at any one time at the location designated in the license.

42 2. A project broker shall give written notice to the Division of  
43 a change of association of any sales agent associated with the  
44 project broker within 10 days after that change.



3. The project broker, upon the termination of the employment of any sales agent associated with the project broker, shall submit that agent's license to the Division.

4. If a sales agent changes his or her association with any project broker or changes his or her location ~~{with the same project broker.}~~ *designated in the license*, the sales agent must apply to the Division for the reissuance of his or her license for its unexpired term. The application must be accompanied by a fee of \$10.

5. A sales agent may only become associated with a project broker who certifies to the sales agent's honesty, trustworthiness and good reputation.

**Sec. 16.** (Deleted by amendment.)

**Sec. 17.** (Deleted by amendment.)

**Sec. 18.** NRS 119A.240 is hereby amended to read as follows:

119A.240 1. The Administrator shall register as a representative each applicant who:

(a) Submits proof satisfactory to the Division that the applicant has a reputation for honesty, trustworthiness and competence;

(b) Applies for registration in the manner provided by the Division;

(c) Submits the statement required pursuant to NRS 119A.263; and

(d) Pays the fees provided for in this chapter.

2. An application for registration as a representative must include the social security number of the applicant.

*3. A representative is not required to be licensed pursuant to the provisions of chapter 645 of NRS.*

**Sec. 19.** NRS 119A.260 is hereby amended to read as follows:

119A.260 1. A representative shall not negotiate ~~for make representations concerning the merits or value of a time share plan or a project.~~ *the sale of, or discuss prices of, a time share.* A representative may only induce and solicit persons to attend promotional meetings for the sale of time shares and distribute information on behalf of a developer.

2. The representative's activities must strictly conform to the methods for the procurement of prospective purchasers which have been approved by the Division.

3. The representative shall comply with ~~{the same}~~ *any applicable* standards for conducting business as are applied to real estate brokers and salespersons pursuant to chapter 645 of NRS and the regulations adopted pursuant thereto.

4. A representative shall not make targeted solicitations of purchasers or prospective purchasers of time shares in another project ~~+~~ *with which the representative is not associated.* A developer or project broker shall not pay or offer to pay a



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1 representative a bonus or other type of special compensation to  
2 engage in such activity.

3 **Sec. 20.** NRS 119A.270 is hereby amended to read as follows:

4 119A.270 A developer shall not:

5 1. Offer to sell any time shares in this state unless the  
6 developer holds either a preliminary permit to sell time shares or a  
7 permit to sell time shares issued by the Administrator ***†† pursuant***  
8 ***to the provisions of this chapter.***

9 2. Sell any time shares in this state unless the developer holds a  
10 permit to sell time shares issued by the Administrator ***†† pursuant***  
11 ***to the provisions of this chapter.***

12 3. Offer to sell or sell a time share in this state unless the  
13 developer has named a person to act as a project broker.

14 4. Offer to sell or sell a time share in this state except through a  
15 project broker.

16 **Sec. 21.** NRS 119A.280 is hereby amended to read as follows:

17 119A.280 1. The Administrator may issue an order directing  
18 a developer to cease engaging in activities for which the developer  
19 has not received ***or been deemed to have received*** a permit under  
20 this chapter or conducting activities in a manner not in compliance  
21 with the provisions of this chapter or the regulations adopted  
22 pursuant thereto.

23 2. The order to cease must be in writing and must ~~***†state that, in***~~  
24 ~~***the opinion of the Administrator, the developer has not been issued***~~  
25 ~~***a permit for the activity or the terms of the permit do not allow the***~~  
26 ~~***developer to conduct the activity in that manner.†***~~ ***describe the***  
27 ***violation in sufficient detail to inform the developer of the aspect***  
28 ***in which it has failed to comply with the provisions of this chapter.***  
29 The developer shall not engage in any activity regulated by this  
30 chapter after the developer receives such an order.

31 3. Within 30 days after receiving such an order, a developer  
32 may file a verified petition with the Administrator for a hearing. The  
33 Administrator shall hold a hearing within 30 days after the petition  
34 has been filed. If the Administrator fails to hold a hearing within 30  
35 days, or does not render a written decision within 45 days after the  
36 final hearing, the cease and desist order is rescinded.

37 4. If the decision of the Administrator after a hearing is against  
38 the person ordered to cease and desist, the person may appeal that  
39 decision by filing, within 30 days after the date on which the  
40 decision was issued, a petition in the district court for the county in  
41 which the person conducted the activity. The burden of proof in the  
42 appeal is on the appellant. The court shall consider the decision of  
43 the Administrator for which the appeal is taken and is limited solely  
44 to a consideration and determination of the question of whether



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1 there has been an abuse of discretion on the part of the  
2 Administrator in making the decision.

3 5. In lieu of the issuance of an order to cease such activities,  
4 the Administrator may enter into an agreement with the developer in  
5 which the developer agrees to:

6 (a) Discontinue the activities that are not in compliance with this  
7 chapter;

8 (b) Pay all costs incurred by the Division in investigating the  
9 developer's activities and conducting any necessary hearings; and

10 (c) Return to the purchasers any money or property which the  
11 developer acquired through such violations.

12 ➤ Except as otherwise provided in NRS 239.0115, the terms of  
13 such an agreement are confidential unless violated by the developer.

14 **Sec. 22.** NRS 119A.290 is hereby amended to read as follows:

15 119A.290 1. The Administrator shall issue a preliminary  
16 permit to sell time shares to each applicant who:

17 (a) Submits proof satisfactory to the ~~{Division}~~ *Administrator*  
18 that all of the requirements for a permit to sell time shares will be  
19 met;

20 (b) Applies for the preliminary permit in the manner provided  
21 by the Division; and

22 (c) Pays the fee provided for in this chapter.

23 2. A preliminary permit entitles the developer to solicit and  
24 accept reservations to purchase time shares.

25 **Sec. 23.** NRS 119A.300 is hereby amended to read as follows:

26 119A.300 Except as otherwise provided in NRS 119A.310, the  
27 Administrator shall issue ~~{a public offering statement and a}~~ *an*  
28 *initial* permit to sell time shares to each applicant who:

29 1. ~~{Submits an application.}~~ *Files by electronic means or in*  
30 ~~{the}~~ *any other* manner ~~{provided}~~ *prescribed* by the ~~{Division,~~  
31 ~~which includes:-~~

32 ~~—(a)}~~ *Administrator, a statement of record which includes:*

33 (a) The name and address of the project broker;

34 (b) A copy of each time-share instrument that relates to the time-  
35 share plan;

36 (c) A preliminary title report for the project *issued within 30*  
37 *days before submission of the application* and copies of the  
38 documents listed as exceptions in the report;

39 (d) Copies of any other documents which relate to the time-  
40 share plan or the project, including any contract, agreement or other  
41 document to be used to establish and maintain an association and to  
42 provide for the management of the time-share plan or the project, or  
43 both;

44 (e) Copies of instructions for escrow, deeds, sales contracts and  
45 any other documents that will be used in the sale of the time shares;



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(f) A copy of any proposed trust agreement which establishes a trust for the time-share plan or the project, or both;

(g) Documents which show the current assessments for property taxes on the project;

(h) Documents which show compliance with local zoning laws;

(i) If the units which are the subject of the time-share plan are in a condominium project, or other form of common-interest ownership of property, documents which show that use of the units is in compliance with the documents which created the common-interest ownership;

(j) Copies of all documents which will be given to a purchaser who is interested in participating in a program for the exchange of occupancy rights among owners and copies of the documents which show acceptance of the time-share plan in such a program;

(k) A copy of the budget or a projection of the operating expenses of the association, if applicable;

(l) *For a points-based time-share plan, a copy of the current point-value use directory and the rules and procedures for changes by the developer or the association to the manner in which point values may be used;*

(m) A financial statement of the developer; and

~~[(m) Such other information as the Division.]~~

(n) *A public offering statement in a form prescribed by regulation* ~~[-requires;-] of the Division; [and]~~

2. Pays the fee *for an initial permit* provided for in ~~[this chapter.] NRS 119A.360; and~~

3. *Corrects any deficiencies in the application, including, without limitation, any deficiencies in the public offering statement.*

**Sec. 24.** NRS 119A.305 is hereby amended to read as follows:

119A.305 The terms and conditions of the documents and agreements submitted pursuant to NRS 119A.300 which relate to the creation and management of the time-share plan and to the sale of time shares and to which the applicant or an affiliate of the applicant is a party must be described in the public offering statement and constitute ~~[additional]~~ *the* terms and conditions of the applicant's permit to sell time shares.

**Sec. 25.** NRS 119A.310 is hereby amended to read as follows:

119A.310 1. The Administrator shall deny an application for a permit to sell time shares if the Administrator finds that:

(a) The developer failed to comply with any of the provisions of this chapter or the regulations adopted by the Division; or

(b) The developer, any affiliate of the developer or any officer of the developer or an affiliate of the developer, has:



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(1) Been convicted of or pleaded nolo contendere to forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud or other crime involving moral turpitude;

(2) Been the subject of a judgment in any civil or administrative action, including a proceeding to revoke or suspend a license, involving fraud or dishonesty;

(3) Been permanently enjoined by a court of competent jurisdiction from selling real estate, time shares or securities in an unlawful manner;

(4) Had a registration as a broker-dealer in securities or a license to act as a real estate broker or salesperson, project broker or sales agent revoked;

(5) Been convicted of or pleaded nolo contendere to selling time shares without a license; or

(6) Had a permit to sell time shares, securities or real estate revoked.

2. The Administrator may deny an application for a permit to sell time shares if the Administrator finds that the developer ~~or any affiliate of the developer,~~ has failed to offer satisfactory proof that it has a good reputation for honesty, trustworthiness, integrity and competence to transact the business of a developer in a manner which safeguards the interests of the public.

3. The burden of proof is on the developer to establish to the satisfaction of the ~~Division~~ *Administrator* that the developer is ~~qualified to receive a license,~~ *competent to transact the business of the developer in a manner which safeguards the interests of the public.*

*4. If a developer has substantially complied with the provisions of this chapter in good faith, a nonmaterial error or omission is not sufficient grounds to deny a permit.*

**Sec. 26.** NRS 119A.320 is hereby amended to read as follows:

119A.320 1. The ~~Division~~ *Administrator* shall, ~~issue an order,~~ within ~~30~~ *60* days after the receipt of an *initial* application for a permit to sell time shares ~~notifying~~ *in a time-share plan containing only one component site, regardless of whether additional component sites may be added later by an amendment to the filing, notify* the applicant of its decision to:

(a) *Issue a permit to sell time shares;*

(b) *Issue a preliminary permit to sell time shares, including a list of all deficiencies, if any, which must be corrected before a permit is issued; or*

~~(b)~~ (c) *Deny the application and in a notice of deficiency list all the reasons for denial in sufficient detail to allow the developer to correct the deficiencies.*





2. *The Administrator shall, within 120 days after the receipt of an initial application for a permit to sell time shares in a time-share plan containing more than one component site, notify the applicant of its decision to:*

(a) *Issue a permit to sell time shares;*

(b) *Issue a preliminary permit to sell time shares, including a list of all deficiencies, if any, which must be corrected before a permit is issued; or*

(c) *Deny the application and in a notice of deficiency list all the reasons for denial in sufficient detail to allow the developer to correct the deficiencies.*

3. *The developer may submit evidence that the deficiencies in the application described in the notice of deficiency issued pursuant to paragraph (c) of subsection 1 or paragraph (c) of subsection 2, as applicable, have been corrected within 90 days after the developer receives the notice of deficiency or within such extended time period as approved by the Division in writing.*

4. The ~~Division~~ Administrator shall, within ~~45~~ 30 days after:

(a) The receipt of evidence that the deficiencies in the application for a permit to sell time shares are ~~corrected~~ *corrected*, issue a permit to sell time shares or deny the application and list the *specific* reasons for denial; or

(b) The issuance of a preliminary permit ~~and receipt of evidence that all the requirements for the issuance of a permit to sell time shares have been met~~, issue ~~the~~ the permit to sell time shares.

5. *If it is in the public interest that the Administrator issue a second notice regarding the inadequate correction of any deficiencies in the application for a permit to sell time shares, then the Administrator shall issue such a second notice within 30 days after the developer submits evidence to correct the deficiencies identified pursuant to paragraph (c) of subsection 1, paragraph (c) of subsection 2 or subsection 3, as applicable.*

6. *If the developer fails to correct all the deficiencies after a second notice of deficiency is issued pursuant to subsection 5, the Administrator may deny the application and require the developer to pay a filing fee equal to one-half of the filing fee for an initial permit set forth in subsection 1 of NRS 119A.360.*

Sec. 27. NRS 119A.330 is hereby amended to read as follows:

119A.330 1. If the Administrator denies an application for a permit to sell time shares, *an amendment to the statement of record or the renewal of a permit to sell time shares*, the applicant may, within 30 days, file a written request for a hearing. The



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1 Administrator shall set the matter for hearing to be conducted within  
2 90 days after receipt of the applicant's request, unless the applicant  
3 requests a postponement of the hearing at least 3 working days  
4 before the date set for hearing. If such a request is made by the  
5 applicant, the date of the hearing must be agreed upon between the  
6 Division and the applicant.

7 2. If the Division fails to:

8 (a) Hold the hearing within 90 days or within the extended time  
9 if a postponement is requested;

10 (b) Render its decision within 60 days after the hearing; or

11 (c) Notify the applicant in writing, by its order, within 15 days  
12 after its decision was made,

13 ↳ the order of denial expires and the Division shall issue, within 15  
14 days, a permit to sell time shares to the developer.

15 **Sec. 28.** NRS 119A.340 is hereby amended to read as follows:

16 119A.340 If a project has not been completed before the  
17 issuance of a permit to sell time shares, the ~~the permit~~ *public offering*  
18 *statement* must state the estimated date of completion and:

19 1. The developer shall ~~deliver to the agency~~ *establish to the*  
20 *satisfaction of the Administrator that* a bond *has been issued* in an  
21 amount ~~and upon terms approved by the division~~ *necessary* to  
22 assure completion of the project free of any liens, ~~which is payable~~  
23 ~~to the Division for the benefit of the purchasers of the time share~~  
24 ~~property and~~ which remains in effect until the project is completed  
25 free of all liens;

26 2. A cash deposit to cover the estimated costs of completing  
27 the project must be deposited with an escrow agent under  
28 an agreement which is approved by the ~~Division;~~ *Administrator;*  
29 or

30 3. The developer shall make any other arrangement which is  
31 approved by the ~~Division;~~ *Administrator and necessary to*  
32 *safeguard the interests of the public.*

33 **Sec. 29.** NRS 119A.350 is hereby amended to read as follows:

34 119A.350 1. The Division ~~shall;~~ *may,* before issuing any  
35 permit or license pursuant to the provisions of this chapter, fully  
36 investigate all information submitted to it as required by this chapter  
37 and, ~~may;~~ if necessary, inspect the property which is the subject of  
38 any application. All reasonable expenses incurred by the Division in  
39 carrying out the investigation or inspection must be paid by the  
40 applicant and no license or permit may be issued until those  
41 expenses have been paid.

42 2. Payments received by the Division pursuant to this section  
43 must be deposited in the State Treasury for credit to the Real Estate  
44 Investigative Account. The Administrator shall use the money in the  
45 Account to pay the expenses of agents and employees of the



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1 Division making the investigations pursuant to this section. The  
2 Administrator may advance money to them for those expenses when  
3 appropriate.

4 **Sec. 30.** NRS 119A.355 is hereby amended to read as follows:

5 119A.355 1. A permit must be renewed annually by the  
6 developer by filing an application with and paying the fee for  
7 renewal to the Administrator. The application must be filed and the  
8 fee paid not later than 30 days before the date on which the permit  
9 expires. The application must include the budget of the association  
10 and any *material* change that has occurred in the information  
11 previously provided to the Administrator or in a *public offering*  
12 statement ~~{of disclosure}~~ provided to a prospective purchaser  
13 pursuant to the provisions of NRS 119A.400.

14 2. The renewal *of a permit with no material changes to the*  
15 *public offering statement* is effective on the 30th day after the filing  
16 of the application unless the Administrator:

17 (a) ~~{Denies}~~ *Issues a written denial of* the renewal pursuant to  
18 NRS 119A.654 ~~{for for any other reason;}~~ *describing the reasons for*  
19 *denial in sufficient detail to allow the developer to correct the*  
20 *deficiencies;* or

21 (b) Approves the renewal on an earlier date.

22 3. *The Division shall, within 30 days after the receipt of*  
23 *evidence that the deficiencies in the application for renewal of a*  
24 *permit to sell time shares are corrected, renew the permit to sell*  
25 *time shares or deny the renewal and list the specific reasons for*  
26 *denial.*

27 4. *If the Administrator fails to take any action described in*  
28 *subsection 3, the renewal of the permit to sell time shares shall be*  
29 *deemed issued by the Division.*

30 **Sec. 31.** (Deleted by amendment.)

31 **Sec. 32.** NRS 119A.360 is hereby amended to read as follows:

32 119A.360 1. The Division shall collect the following fees at  
33 ~~{such times and upon such conditions as it may provide by~~  
34 ~~regulation;}~~ *the time of filing:*

35  
36 For each application for the registration of a  
37 representative ..... ~~{\\$85}~~ *\$100*  
38 For each renewal of the registration of a  
39 representative ..... ~~{85}~~ *100*  
40 For each transfer of the registration of a  
41 representative to a different developer ..... ~~{20}~~ *25*  
42 For each penalty for a late renewal of the  
43 registration of a representative ..... ~~{40}~~ *75*  
44 For each preliminary permit to sell time shares ..... ~~{275}~~ *400*



|    |   |                          |
|----|---|--------------------------|
| 1  | For each <i>initial</i> permit to sell time shares <del>1, per</del>              |                          |
| 2  | <del>subdivision</del> .....  | <del>\$500</del> \$1,500 |
| 3  | For each amendment to a <del>public offering</del>                                |                          |
| 4  | statement <i>of record</i> after the issuance of the                              |                          |
| 5  | <del>report</del> <i>permit to sell time shares, where no</i>                     |                          |
| 6  | <i>new component sites are added</i> .....  | <del>150</del> 200       |
| 7  | <i>For each amendment to a statement of record</i>                                |                          |
| 8  | <i>after the issuance of the permit to sell time</i>                              |                          |
| 9  | <i>shares, where one or more new component</i>                                    |                          |
| 10 | <i>sites are added, not including the addition</i>                                |                          |
| 11 | <i>of units to a component site previously</i>                                    |                          |
| 12 | <i>permitted</i> .....  | 500                      |
| 13 | <i>For each annual renewal of a permit to sell</i>                                |                          |
| 14 | <i>time shares with only one component site</i> .....                             | 750                      |
| 15 | For each <i>annual</i> renewal of a permit to sell time                           |                          |
| 16 | shares <i>with more than one component site</i> .....                             | <del>500</del> 1,500     |
| 17 | <i>For each initial registration of a time-share</i>                              |                          |
| 18 | <i>resale broker</i> .....  | 300                      |
| 19 | <i>For each renewal of the registration of a time-</i>                            |                          |
| 20 | <i>share resale broker</i> .....  | 150                      |
| 21 | For each original and annual registration of a                                    |                          |
| 22 | manager.....  | <del>75</del> 100        |
| 23 | For each application for an original license as a                                 |                          |
| 24 | sales agent.....  | <del>175</del> 200       |
| 25 | For each renewal of a license as a sales agent.....                               | <del>175</del> 200       |
| 26 | For each penalty for a late renewal of a license                                  |                          |
| 27 | as a sales agent.....   | <del>75</del> 100        |
| 28 | For each change of name or address of a   |                          |
| 29 | licensee or status of a license.....  | <del>20</del> 25         |
| 30 | For each duplicate license, permit or registration                                |                          |
| 31 | where the original is lost or destroyed, and                                      |                          |
| 32 | an affidavit is made thereof.....   | <del>20</del> 25         |
| 33 | For each annual approval of a course of   |                          |
| 34 | instruction offered in preparation for an   |                          |
| 35 | original license or permit.....   | <del>100</del> 150       |
| 36 | For each original accreditation of a course of                                    |                          |
| 37 | continuing education.....   | <del>100</del> 150       |
| 38 | For each renewal of accreditation of a course of                                  |                          |
| 39 | continuing education.....   | <del>50</del> 75         |
| 40 |   |                          |
| 41 | 2. <del>Each developer shall pay an additional fee for each time</del>            |                          |
| 42 | <del>share the developer sells in a time share plan over 50 pursuant to the</del> |                          |
| 43 | <del>following schedule:</del>  |                          |



|                       | Amount to be        |
|-----------------------|---------------------|
| Number of time shares | paid per time share |
| 51 - 250              | \$5.00              |
| 251 - 500             | 4.00                |
| 501 - 750             | 3.00                |
| 751 - 1500            | 2.50                |
| over 1500             | 1.00                |

*Within 10 days after receipt of written notification from the Administrator of the approval of the application for a permit to sell time shares and before the issuance of the permit to sell time shares, or within 10 days after an amendment that adds time shares to the time-share plan is approved or deemed approved, each developer shall, for each time share that the developer includes in the initial time-share plan or adds to the time-share plan by amendment, pay a one-time fee of:*

*(a) For each such time share up to and including 1,499 time shares, \$3.*

*(b) For each such time share over 1,499 time shares, \$1.50.*

*➔ For the purposes of calculating the amount of the fee payable under this subsection, "time share" means the right to use and occupy a unit for 7 days or more per calendar year.*

3. Except for the fees relating to the registration of a representative, the Administrator may reduce the fees established by this section if the reduction is equitable in relation to the costs of carrying out the provisions of this chapter.

4. The Division shall adopt regulations which establish the fees to be charged and collected by the Division to pay the costs of:

(a) Any examination for a license, including any costs which are necessary for the administration of such an examination.

(b) Any investigation of a person's background.

**Sec. 33.** NRS 119A.380 is hereby amended to read as follows:

119A.380 1. Each time-share plan must be created by one or more time-share instruments.

2. A time-share instrument must provide:

(a) A legal description and the physical address of the project;

(b) The name of the time-share plan;

(c) A system for establishing ~~the permanent~~ and identifying ~~numbers of~~ the time shares ~~in the time-share plan~~;

(d) For assessment of the expenses of the time-share plan and an allocation of those expenses among the time shares;

(e) The voting rights which are assigned to each time share;

(f) If applicable, the procedure to add units and other real estate to, and to withdraw units and other real estate from, the time-share



1 plan, and the method of reallocating expenses among the time shares  
2 after any such addition or withdrawal;

3 (g) The maximum number of time shares that may be created  
4 under the time-share plan;

5 (h) For selection of the trustee for insurance which is required to  
6 be maintained by the association or the developer;

7 (i) For maintenance of the units;

8 (j) For management of the time-share plan;

9 (k) A procedure to amend the time-share instrument; and

10 (l) The rights of the purchaser relating to the occupancy of the  
11 unit.

12 3. A time-share instrument may provide for:

13 (a) The developer's reserved rights;

14 (b) Cumulative voting, but only for the purpose of electing the  
15 members of the board; and

16 (c) The establishment of:

17 (1) Separate voting classes based on the size or type of unit  
18 to which the votes are allocated; and

19 (2) A separate voting class for the developer during the  
20 period in which the developer is in control.

21 4. The provisions of a time-share instrument are severable.

22 5. The rule against perpetuities and NRS 111.103 to 111.1039,  
23 inclusive, do not apply to defeat any provisions of a time-share  
24 instrument.

25 *6. With respect to time-share plans governed by the law of*  
26 *another state or component sites of a time-share plan located*  
27 *outside of this State, the instrument creating and governing the*  
28 *time-share plans or such component sites must be in compliance*  
29 *with the applicable laws of the state or jurisdiction under which*  
30 *the time-share plan is formed or in which the component sites are*  
31 *located. If the laws of the state or jurisdiction under which the*  
32 *time-share plan is formed or in which the component sites of such*  
33 *time-share plan are located conflict with the requirements of this*  
34 *chapter, the laws of the other state or jurisdiction control. If the*  
35 *time-share instrument provides for the matters set forth in*  
36 *subsections 1 and 2, the association and the developer shall be*  
37 *deemed to be in compliance with the requirements of this section*  
38 *and are not required to revise a time-share instrument to comply*  
39 *with this chapter.*

40 **Sec. 34.** (Deleted by amendment.)

41 **Sec. 35.** NRS 119A.400 is hereby amended to read as follows:

42 119A.400 1. Each developer, through his or her project  
43 broker and sales agents, shall provide each prospective purchaser  
44 with a copy of the developer's public offering statement ~~which~~  
45 ~~must contain a copy of the developer's permit to sell time shares.]~~



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1 and an addendum to the public offering statement summarizing  
2 any pending amendments to the public offering statement that  
3 have been submitted to the Division but have not yet been  
4 approved, along with a statement to the purchaser that the  
5 amendment has been submitted to the Division for approval. The  
6 public offering statement must contain the date the permit was  
7 originally issued and its effective date. A prospective purchaser  
8 may request to receive the public offering statement in electronic  
9 format or paper format. If the prospective purchaser requests the  
10 public offering statement in electronic format, the developer shall  
11 provide to the purchaser the statement of the right of cancellation  
12 pursuant to NRS 119A.410 in a single separate document.

13 2. The project broker or sales agent shall review the public  
14 offering statement with each prospective purchaser before the  
15 execution of any contract for the sale of a time share and obtain a  
16 receipt signed by the purchaser for a copy of the public offering  
17 statement.

18 3. If a contract is signed by the purchaser, the signed receipt for  
19 a copy of the public offering statement must be kept by the project  
20 broker for 3 years and is subject to such inspections and audits as  
21 may be prescribed by regulations adopted by the Division.

22 **Sec. 36.** NRS 119A.420 is hereby amended to read as follows:

23 119A.420 All money, negotiable instruments or other deposits  
24 pertaining to the sale of a time share *which are received from a*  
25 *purchaser* must be placed in *an* escrow ~~1, pursuant to an agreement~~  
26 ~~approved by the Division, with an escrow agent or a trustee.~~  
27 *account established to the satisfaction of the Division and held*  
28 *until such time as the right to cancel the contract of sale pursuant*  
29 *to NRS 119A.410 has expired and the purchaser has failed to*  
30 *cancel the contract of sale. In lieu of placing such deposits in an*  
31 *escrow account, the developer or project broker may establish to*  
32 *the satisfaction of the Division that a surety bond has been posted*  
33 *for the benefit of purchasers in the project in the amount of:*

34 1. *Twenty-five thousand dollars; or*

35 2. *The highest monthly total amount of deposits received by a*  
36 *project broker,*

37 *↳ whichever is greater.*

38 **Sec. 37.** NRS 119A.430 is hereby amended to read as follows:

39 119A.430 ~~{Escrow}~~ *The sale of a time share to a purchaser*  
40 *may not be closed unless the developer has provided satisfactory*  
41 *evidence to the Administrator that:*

42 1. *The project is free and clear of any blanket encumbrance;*

43 2. *Each person who holds an interest in the blanket*  
44 *encumbrance has executed an agreement, approved by the*



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1 Administrator, to subordinate his or her rights to the rights of the  
2 purchaser;

3 3. Title to the project has been conveyed to a trustee;

4 4. All holders of a lien recorded against the project have  
5 recorded an instrument providing for the release and reconveyance  
6 of each time share from the lien upon the payment of a specified  
7 sum or the performance of a specified act;

8 5. The developer has obtained and recorded one or more  
9 binding nondisturbance agreements acceptable to the Administrator,  
10 that:

11 (a) Are executed by the developer, all holders of a lien recorded  
12 against the project and any other person whose interest in the project  
13 could defeat the rights or interests of any purchaser under the time-  
14 share instrument or contract of sale; and

15 (b) Provide that any person whose interest in the project could  
16 defeat the rights or interests of any purchaser under the time-share  
17 instrument or contract of sale takes title to the project subject to the  
18 rights of the purchasers; or

19 6. Alternative arrangements have been made which are  
20 adequate to protect the rights of the purchasers of the time shares  
21 and approved by the Administrator.

22 **Sec. 38.** NRS 119A.460 is hereby amended to read as follows:  
23 119A.460 If a trust is created pursuant to ~~the requirement of this~~  
24 ~~chapter,~~ **subsection 3 of NRS 119A.430**, the:

25 1. Trustee must be approved by the Administrator.

26 2. Trust must be irrevocable, unless otherwise provided by the  
27 ~~Division,~~ **Administrator.**

28 3. Trustee must not be permitted to encumber the property  
29 unless permission to do so has been given by the ~~Division,~~  
30 **Administrator.**

31 4. Association or each owner must be made a third-party  
32 beneficiary.

33 5. Trustee must be required to give at least 30 days' notice in  
34 writing of his or her intention to resign to the association, if it has  
35 been formed, and to the ~~Division,~~ **Administrator**, and the  
36 ~~Division,~~ **Administrator** must approve a substitute trustee before  
37 the resignation of the trustee may be accepted.

38 **Sec. 39.** NRS 119A.470 is hereby amended to read as follows:  
39 119A.470 1. If title to a project is conveyed to a trustee  
40 pursuant to subsection 3 of NRS 119A.430, before escrow closes for  
41 the sale of the first time share, the developer must provide the  
42 ~~Division,~~ **Administrator** with satisfactory evidence that:

43 (a) Title to the project has been conveyed to the trustee.

44 (b) All proceeds received by the developer from the sales of  
45 time shares are being delivered to the trustee and deposited in a fund





1 which has been established to provide for the payment of any taxes,  
2 costs of insurance or the discharge of any lien recorded against the  
3 project.

4 2. The trustee shall pay the charges against the trust in the  
5 following order:

6 (a) Trustee's fees and costs.

7 (b) Payment of taxes.

8 (c) Payments due any holder of a lien recorded against the  
9 project.

10 (d) Any other payments authorized by the document creating the  
11 trust.

12 3. The Administrator may inspect the records relating to the  
13 trust at any reasonable time.

14 **Sec. 40.** NRS 119A.475 is hereby amended to read as follows:

15 119A.475 1. Where any part of the statement of record, when  
16 that part became effective, contained an untrue statement of a  
17 material fact or omitted to state a material fact required to be stated  
18 therein, the Administrator or any person acquiring a time share from  
19 the developer or his or her agent during the period the public  
20 offering statement remained uncorrected (unless it is proved that at  
21 the time of the acquisition the Administrator or purchaser knew of  
22 the untruth or omission) may sue the developer in any court of  
23 competent jurisdiction.

24 2. Any developer or agent who sells a time share:

25 (a) In violation of this chapter; or

26 (b) By means of a public offering statement which contained an  
27 untrue statement of a material fact required to be stated therein,  
28 ➔ may be sued by the Administrator or purchaser of the time share.

29 3. If a suit authorized under subsection 1 or 2 is brought by the  
30 purchaser, the purchaser is entitled to recover such damages as  
31 represent the difference between the amount paid for the time share  
32 and the reasonable cost of any permanent improvements thereto, and  
33 the lesser of:

34 (a) The value thereof as of the time the suit was brought;

35 (b) The price at which the time share has been disposed of in a  
36 bona fide market transaction before suit; or

37 (c) The price at which the time share has been disposed of after  
38 suit in a bona fide market transaction but before judgment,

39 ➔ or to rescission of the contract of sale and the refund of any  
40 consideration paid by the purchaser.

41 4. If a suit authorized under subsection 1 or 2 is brought by the  
42 Administrator, the Administrator may seek a declaration of the court  
43 that any person entitled to sue the developer or his or her agent  
44 under this section is entitled to the right of rescission and the refund  
45 of any consideration paid by him or her.



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5. Every person who becomes liable to make any payment under this section may recover contribution as in cases of contract from any person who, if sued separately, would have been liable to make the same payment.

6. Reasonable attorney's fees may be awarded to the prevailing party in any action brought under this section. Any action to rescind a contract of sale under this section must be brought within 1 year after the date of purchase or within 1 year after the date of the discovery of the misrepresentation giving rise to the action for rescission.

7. The provisions of this section are in addition to and not a substitute for any other right of a person to bring an action in any court for any act involved in the offering or sale of time shares or the right of the state to punish any person for any violation of any law.

~~§8. For the purposes of this section, "statement of record" means the information submitted to the Administrator by the developer in its application for a permit to offer to sell or sell time shares.~~

**Sec. 41.** NRS 119A.4771 is hereby amended to read as follows:

119A.4771 1. A person who, on behalf of an owner other than a developer ~~is~~ *wishes* *and for compensation, undertakes* to list, advertise, *transfer, assist in transferring* or promote for resale, or solicit prospective purchasers of, *more than* 12 ~~for more~~ time shares *in any 12-month period* that were previously sold must:

(a) Be licensed as a real estate broker pursuant to the provisions of chapter 645 of NRS; ~~and~~

(b) Register as a time-share resale broker with the Division by completing a form for registration provided by the Division ~~and~~ *;* *and*

*(c) Pay any applicable fees.*

2. A time-share resale broker shall renew his or her registration with the Division annually on a form provided by the Division ~~and~~ *and pay any applicable fees.*

3. Unless the method of resales of time shares is made to evade the provisions of this chapter, a person is not required to register *pursuant to this section or to be licensed under chapter 645 of NRS* as a time-share resale broker if the person:

(a) ~~Has acquired fewer than 12 time shares and~~ *Is a purchaser who acquires time shares for his or her own use and occupancy and who* later ~~resells or~~ offers to resell ~~one or more~~ *12 or less* of those time shares ~~in any one calendar year;~~

(b) Is a project broker who resells or offers to resell a time share in a project as an agent for a developer who holds a permit for the project ~~and~~ *;* *or*



(c) Is an owner, operator or publisher of a newspaper, periodical or Internet website, unless the owner, operator or publisher, alone or in combination with its affiliate, parent, subsidiary or agent, derives more than 10 percent of its gross revenue from providing advance fee listings. For the purposes of this paragraph, the calculation of gross revenue derived from providing advance fee listings includes the revenue of any affiliate, parent, agent and subsidiary of the owner, operator or publisher of the newspaper, periodical or Internet website. As used in this paragraph, "advance fee listings" has the meaning ascribed to it in NRS 645.004.

Sec. 42. NRS 119A.4775 is hereby amended to read as follows:

119A.4775 1. ~~If the purchaser of a previously sold time share purchases the time share through a time-share resale broker, the contract of sale must provide, in not less than 12-point boldface type, that the purchaser may cancel, by written notice, the contract of sale until midnight of the fifth calendar day after the date of execution of the contract.~~

2. ~~Regardless of whether a time-share resale broker charges or collects an advance fee, before a purchaser signs any contract to purchase a time share that is offered for resale through a time-share resale broker, the person who is reselling the time share, time-share resale broker, other than a developer, shall disclose by a written document separate from in the contract to purchase the time share:~~

(a) The period during which the purchaser may use the time share;

(b) A legal description of the interest in the time share;

(c) The earliest date that the prospective purchaser may use the time share;

(d) The name, address and telephone number of the agent managing the time-share plan and the project;

(e) The place where the documents of formation of the association and documents governing the time-share plan and the project may be obtained;

(f) The amount of the annual assessment of the association of the time share for the current fiscal year, if any;

(g) Whether all assessments against the time share are paid in full, and the consequences of failure to pay any assessment;

(h) Whether participation in any program for the exchange of occupancy rights among owners or with the owners of time shares in other time-share plans is mandatory; ~~and~~



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(i) Any other information required to be disclosed pursuant to the regulations adopted by the Administrator pursuant to subsection ~~12-~~

~~2-1~~ 4; and

(j) *The right to cancel the contract in subsection 1.*

3. *The purchaser must be provided, in either paper or electronic form, at the time the contract to purchase the previously sold time share is signed, copies of the time-share instruments governing the time-share plan.*

4. The Administrator shall adopt regulations prescribing the form and contents of the ~~{disclosure-statement}~~ disclosures described in this section.

Sec. 43. NRS 119A.4777 is hereby amended to read as follows:

119A.4777 1. An agreement for ~~{a time share}~~ the resale of a time share entered into by an owner of that time share and a ~~{person}~~ time-share resale broker who ~~{resells-a}~~ lists or offers to resell that time share must:

(a) Be in writing; ~~{and}~~

(b) *Contain a provision in not less than 12-point boldface type that the owner may cancel, by written notice, the agreement with the time-share resale broker until midnight of the fifth calendar day after the date of execution of the agreement; and*

(c) Contain a *written* disclosure that sets forth:

(1) Whether any person other than the purchaser may use the time share during the period before the time share is resold;

(2) Whether any person other than the purchaser may rent the use of the time share during the period before the time share is resold;

(3) The name of any person who will receive any rents or profits generated from the use of the time share during the period before the time share is resold; ~~{and}~~

(4) A detailed description of any relationship between the person who resells the time share and any other person who receives any benefit from the use of the time share ~~{; and}~~

(5) *The right to cancel the agreement provided pursuant to paragraph (b).*

2. ~~{A person}~~ The time-share resale broker who resells a time share shall provide a fully executed copy of the written agreement described in subsection 1 to the owner on the date that the owner signs the agreement.

3. ~~{A person}~~ The time-share resale broker who resells a time share shall make the disclosures required pursuant to paragraph ~~{(b)}~~ (c) of subsection 1 before accepting anything of value from the owner.



1     **Sec. 44.** NRS 119A.4779 is hereby amended to read as  
2 follows:

3     119A.4779 *1.* In addition to the provisions of NRS 645.322,  
4 645.323 and 645.324, a time-share resale broker who charges or  
5 collects an advance fee shall place 80 percent of that fee into his or  
6 her trust account. If the time-share resale broker closes escrow on  
7 the time-share resale, the time-share resale broker shall be deemed  
8 to have earned the advance fee. If the listing of the time share  
9 expires before the time-share resale broker closes escrow on the  
10 time-share resale, the time-share resale broker must return the  
11 money held in the trust account to the owner of the time share  
12 within 10 days after the date of the expiration of the listing.

13     *2. The contract for an advance fee listing must include the*  
14 *following disclosures to the owner of any previously sold time*  
15 *share:*

16     *(a) A description of any fees or costs related to the services that*  
17 *the owner or any other person is required to pay to the time-share*  
18 *resale broker or to any third party;*

19     *(b) A description of when any fees or costs are due; and*

20     *(c) The disclosures required by paragraph (c) of subsection 1*  
21 *of NRS 119A.4777.*

22     *3. A time-share resale broker who charges or collects an*  
23 *advance fee shall not:*

24     *(a) State or imply to an owner that the time-share resale*  
25 *broker has identified a person interested in buying or renting the*  
26 *time share without providing the name, address and telephone*  
27 *number of such person;*

28     *(b) State or imply to an owner that the time share has a*  
29 *specific resale value;*

30     *(c) Fail to honor any cancellation notice sent by the owner by*  
31 *midnight of the fifth day after the date of execution of the*  
32 *contract; or*

33     *(d) Fail to provide a full refund of all money paid by an owner*  
34 *within 20 days after receipt of a notice of cancellation.*

35     *4. If a time-share resale broker executes a contract that fails*  
36 *to comply with the provisions of subsection 2, such contract is*  
37 *voidable at the option of the owner for a period of 1 year after the*  
38 *date of execution.*

39     *5. Notwithstanding the obligations placed upon any other*  
40 *person by this section, the time-share resale broker shall*  
41 *supervise, manage and control all aspects of the resale offering.*  
42 *Any violation of the provisions of this section that occurs during*  
43 *such offering shall be deemed a violation by the time-share resale*  
44 *broker and by the person who actually committed the violation.*



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1       6. *The use of any unfair or deceptive act or practice by any*  
2 *person in connection with the offering of a time share for resale is*  
3 *a violation of this section.*

4       7. *A violation of this section is an unfair or deceptive act or*  
5 *practice pursuant to NRS 207.170, 207.171, 598.0915 to 598.0925,*  
6 *inclusive, and chapters 598A and 599A of NRS.*

7       8. *Notwithstanding any other penalty provided for in this*  
8 *chapter or chapter 645 of NRS, a person who violates any*  
9 *provision of NRS 119A.4771 to 119A.4779, inclusive, is subject to*  
10 *a civil penalty of not more than \$1,000 for each violation.*

11       **Sec. 45.** NRS 119A.480 is hereby amended to read as follows:

12       119A.480 1. If the interest of the developer is a leasehold  
13 interest, the lease, unless otherwise determined by the ~~Division,~~  
14 **Administrator**, must provide that:

15       (a) The lessee must give notice of termination of the lease for  
16 any default by the lessor to the association.

17       (b) The lessor, upon any default of the lessee including  
18 bankruptcy of the lessee, shall enter into a new lease with the  
19 association upon the same terms and conditions as the lease with the  
20 developer.

21       2. The ~~Division~~ **Administrator** may require the developer to  
22 execute a bond or other type of security for the payment of the rental  
23 obligation.

24       **Sec. 46.** NRS 119A.530 is hereby amended to read as follows:

25       119A.530 1. ~~1A~~ ***During any period in which the developer***  
26 ***holds a valid permit and the developer or an affiliate of the***  
27 ***developer is the manager, the*** developer or an affiliate of the  
28 developer shall provide for the management of the time-share plan  
29 and the project, by a written agreement with the association or, if  
30 there is no association, with the owners. The initial term of the  
31 agreement must expire upon the first annual meeting of the  
32 members of the association or at the end of 5 years, whichever  
33 comes first. All succeeding terms of the agreement must be renewed  
34 annually unless the manager refuses to renew the agreement or a  
35 majority of the members of the association who are entitled to vote,  
36 excluding the developer, notifies the manager of its refusal to renew  
37 the agreement.

38       2. The agreement must provide that:

39       (a) The manager or a majority of the owners may terminate the  
40 agreement for cause.

41       (b) The resignation of the manager will not be accepted until 90  
42 days after receipt by the association, or if there is no association, by  
43 the owners, of the written resignation.

44       (c) A fidelity bond must be delivered by the manager to the  
45 association.



3. An agreement entered into or renewed on or after October 1, 2001, must contain a detailed, itemized schedule of all fees, compensation or other property that the manager is entitled to receive for services rendered to the association or any member of the association or otherwise derived from the manager's affiliation with the time-share plan or the project, or both, unless the manager is the developer or an affiliate of the developer. Upon the request of the association, the manager shall disclose to the association annual revenue received by the manager from the manager's affiliation with the time-share plan or the project, or both.

4. Except as otherwise provided in this subsection, if the developer retains a property interest in the project, the parties to such an agreement must include the developer, the manager and the association. In addition to the provisions required in subsections 1 and 2, the agreement must provide:

(a) That the project will be maintained in good condition. Except as otherwise provided in this paragraph, any defect which is not ~~feured~~ *corrected* within 10 days after notification by the developer may be ~~feured~~ *corrected* by the developer. In an emergency situation, notice is not required. The association must repay the developer for any cost of the repairs plus the legal rate of interest. Each owner must be assessed for his or her share of the cost of repairs.

(b) That, if any dispute arises between the developer and the manager or association, either party may request from the American Arbitration Association or the Nevada Arbitration Association a list of seven potential fact finders from which one must be chosen to settle the dispute. The agreement must provide for the method of selecting one fact finder from this list.

(c) For the collection of assessments from the owners to pay obligations which may be due to the developer for breach of the covenant to maintain the premises in good condition and repair.

➤ If the developer is not made a party to this agreement, the developer shall be considered to be a third-party beneficiary of such an agreement.

*5. The provisions of this section and NRS 119A.532 and 119A.534 do not apply to the management of a project located outside of this State.*

**Sec. 47.** NRS 119A.532 is hereby amended to read as follows:

119A.532 1. A person who wishes to engage in the business of, act in the capacity of, advertise or assume to act as a manager *of a project located in this State* shall register with the Division on a form prescribed by the Division.

2. The form for registration must include, without limitation:



(a) The registered name of ~~the~~ *each* time-share plan or ~~the~~ project, or both, that the manager will manage;

(b) The address and telephone number of the manager's principal place of business;

(c) The social security number of the manager; and

(d) The name of the manager's responsible managing employee.

3. The form for registration must be accompanied by:

(a) Satisfactory evidence, acceptable to the Division, that the manager and his or her employees have obtained fidelity bonds in accordance with regulations adopted by the Division; and

(b) The statement required pursuant to NRS 119A.263.

4. The Division shall collect the fee specified in NRS 119A.360 upon registering the manager and annually thereafter to maintain the registration.

5. As used in this section, "responsible managing employee" means the person designated by the manager to:

(a) Make technical and administrative decisions in connection with the manager's business; and

(b) Hire, superintend, promote, transfer, lay off, discipline or discharge other employees or recommend such action on behalf of the manager.

**Sec. 48.** NRS 119A.540 is hereby amended to read as follows:

119A.540 1. The association or, if there is no association, the developer shall adopt an annual budget for revenues, expenditures and reserves and collect assessments for the expenses of the time-share plan and the project from the owners. The annual budgets of ~~the~~ *an* association *governing a project within this State* must be submitted to ~~and approved by~~ the Division until such time as the association is controlled by members other than the developer.

2. ~~[The Administrator may require that the association or, if there is no association, the developer provide, at the association's or the developer's expense, an opinion from an independent professional consultant as to the sufficiency of the budget to sustain the time-share plan offered by the association or the developer.]~~ The association or the developer shall place any money collected for assessments and any other revenues received by or on behalf of the association in an account established by the association.

3. The developer shall pay assessments for any time shares which are unsold or enter into an agreement with the association, in a form approved by the Division, to pay the difference between the actual expenses incurred by the association and the sum of the amounts payable to the association as assessments by owners, other than the developer, and other revenues received by the association. The Division may require the developer to provide a surety bond or





1 other form of security which is satisfactory to the Division, to  
2 guarantee payment of the developer's obligation.

3 **Sec. 49.** NRS 119A.670 is hereby amended to read as follows:

4 119A.670 The Real Estate Commission may take action  
5 pursuant to NRS 645.630 against any project broker *or person who*  
6 *is licensed pursuant to chapter 645 of NRS and who is subject to*  
7 *the provisions of this chapter* who fails to adequately supervise the  
8 conduct of any sales agent or representative with whom the project  
9 broker *or person* is associated.

10 **Sec. 50.** NRS 119A.680 is hereby amended to read as follows:

11 119A.680 1. It is unlawful for any person to engage in the  
12 business of, act in the capacity of, advertise or assume to act as a:

13 (a) Project broker , *a person who is licensed pursuant to*  
14 *chapter 645 of NRS* or ~~sales agent~~ *a time-share resale broker*  
15 within the State of Nevada without first obtaining a license from the  
16 Division pursuant to chapter 645 of NRS . ~~for NRS 119A.210.~~

17 (b) *Sales agent for a project broker within this State without*  
18 *first obtaining a license from the Division pursuant to NRS*  
19 *119A.210, unless he or she is licensed as a real estate salesperson*  
20 *pursuant to chapter 645 of NRS.*

21 (c) Representative, manager or time-share resale broker within  
22 the State of Nevada without first registering with the Division.

23 2. Any person who violates subsection 1 is guilty of a gross  
24 misdemeanor.

25 **Sec. 51.** (Deleted by amendment.)

26 **Sec. 52.** NRS 119A.370, 119A.4773 and 119A.490 are hereby  
27 repealed.

28 **Sec. 53.** This act becomes effective on July 1, 2013.

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## TEXT OF REPEALED SECTIONS

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### **119A.370 Filing of advertisement or offering.**

1. A time share must not be advertised or offered for sale  
within this state until the advertisement or offering is filed with the  
Division.

2. Each such filing must:

(a) Include the form and content of advertising to be used;

(b) Include the nature of the offer of gifts or other free benefits  
to be extended;

(c) Include the nature of promotional meetings involving any  
person or act described in NRS 119A.300; and



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(d) Be accompanied by a filing fee of not more than \$200, to be established by the Division.

**119A.4773 Filing of advertisement or offering required.**

1. A time share must not be advertised or offered for resale within this state until the advertisement or offering is filed with the Division.

2. Each such filing must include:

(a) The form and content of advertising to be used;

(b) The nature of the offer of gifts or other free benefits to be extended; and

(c) The nature of promotional meetings involving any person or act described in NRS 119A.300.

**119A.490 Filing of amendment of time-share instrument required.**

1. Any proposed amendment by the developer of the provisions of a time-share instrument must be filed with the Division.

2. Unless the Division notifies the developer of its disapproval within 15 days, the amendments shall be deemed to be approved by the Division.

