

SENATE BILL NO. 383—SENATOR PARKS (BY REQUEST)

MARCH 18, 2013

Referred to Committee on Judiciary

SUMMARY—Revises provisions governing time shares.
(BDR 10-916)

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: Yes.

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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; requiring developers of time shares to disclose certain information to purchasers; requiring developers to provide the Real Estate Division of the Department of Business and Industry with certain information; revising provisions concerning the renewal of a permit to sell a time share; requiring certain persons to notify the Real Estate Division of certain convictions; authorizing the Real Estate Commission to take certain actions against certain people in certain circumstances; prohibiting certain people from working in certain time-share related professions without a proper license; making various other changes relating to time shares; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law prohibits a developer from offering to sell a time share without
2 first obtaining a permit. (NRS 119A.270) Existing law requires that the
3 Administrator of the Real Estate Division of the Department of Business and
4 Industry issue a permit and a public offering statement to a developer who submits
5 certain information to the Division. (NRS 119A.300) **Section 4** of this bill requires
6 that a developer submit a draft public offering statement to the Division. **Section 4**
7 also sets forth the information that must be included in a draft public offering
8 statement. **Sections 5 and 6** of this bill require a developer to provide each
9 purchaser and managing entity of a time share with a copy of an approved public
10 offering statement and certain other information. **Sections 8-13** of this bill revise
11 certain definitions concerning time shares. **Section 14** of this bill revises provisions



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concerning the applicability of the provisions governing time shares in certain circumstances.

Existing law prohibits a provisional sales agent from conducting sales-related activities unless certain circumstances apply. (NRS 119A.237) **Section 15** of this bill authorizes a provisional licensee to conduct sales-related activities if he or she is under the supervision of certain persons. Existing law provides that the Administrator of the Division is required to issue to a developer a public offering statement and a permit to sell time shares if certain requirements are satisfied. (NRS 119A.300) **Section 16** of this bill adds certain items to the list of requirements such a developer must satisfy. **Section 16** also provides certain requirements that apply to a time-share plan that is located outside of this State.

Existing law requires the Division to issue an order within 30 days after receiving an application for a permit to sell a time share. (NRS 119A.320) **Section 18** of this bill permits the Division 60 days to issue such an order. **Section 18** also requires the Division to notify the applicant of its decision to issue a public offering statement and permit to sell time shares.

Existing law requires that a permit to sell a time share be renewed on an annual basis. (NRS 119A.355) **Section 19** of this bill requires the Division to renew the permit of an applicant within 45 days after receiving evidence that any deficiencies in the renewal application have been cured. Existing law requires certain persons to notify the Division of any criminal convictions or guilty pleas. (NRS 119A.357) **Section 20** of this bill adds certain other persons to the list of persons required to notify the Division of such convictions or pleas. Existing law requires that certain information be included in a reservation to purchase a time share. (NRS 119A.390) **Section 21** of this bill provides that a reservation to purchase a time share is required to provide for the placement of a deposit in escrow until the public offering statement is approved and a permit to sell is issued.

Existing law requires a board of an association of time-share owners to conduct a study, through a qualified person, of the reserves required to repair the major components of the time-share plan, and to review the results of the study. (NRS 119A.542) **Section 24** of this bill places this requirement on a developer as well as on the board of an association. Existing law authorizes the Real Estate Commission to take certain action against a project broker who fails to adequately supervise certain persons. (NRS 119A.670) **Section 25** of this bill authorizes the Real Estate Commission to take the same actions against certain other persons. Existing law prohibits any person from working as a project manager without first obtaining the appropriate license from the Division. (NRS 119A.680) **Section 26** of this bill prohibits any person from performing certain work without first obtaining the appropriate license from the Division.

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 2 to 6, inclusive, of this act.

Sec. 2. *“Component site” means a specific geographic location where accommodations that are part of a multi-site time-share plan are located. The term does not include separate phases of a time-share property in a specific geographic location under common management.*



1 **Sec. 3. "Managing entity" means an entity hired by a**
2 **developer to manage the sale or marketing of a time share.**

3 **Sec. 4. 1. Before offering any time-share plan for sale, the**
4 **developer shall file a draft public offering statement with the**
5 **Division for approval as prescribed in NRS 119A.300.**

6 **2. The Division shall, upon receiving a draft public offering**
7 **statement from the developer, deliver an acknowledgment of**
8 **receipt to any mailing or electronic mail address the developer**
9 **designates. Failure of the Division to deliver such**
10 **acknowledgment does not relieve the developer from the duty of**
11 **complying with this section.**

12 **3. If the Division determines that the draft public offering**
13 **statement is deficient, the Division shall include with the**
14 **acknowledgment delivered pursuant to subsection 2 a notice of**
15 **deficiency. The developer may revise and resubmit the draft public**
16 **offering statement within 30 days after receiving the Division's**
17 **notice of deficiency. Within 30 days after receipt of the revised**
18 **draft, the Division shall notify the developer by mail or electronic**
19 **mail whether the Division has approved the revised draft. If the**
20 **revised draft is rejected, a new filing fee pursuant to NRS**
21 **119A.360 will apply to any additional filing. If the developer fails**
22 **to correct the cited deficiencies within 30 days after receiving the**
23 **Division's notice of deficiency, the Division may reject the**
24 **developer's application. Subsequent to such a rejection, a new**
25 **filing fee pursuant to NRS 119A.360 will apply to any additional**
26 **filing.**

27 **4. Any change to an approved public offering statement must**
28 **be filed with the Division for approval as an amendment before**
29 **the change becomes effective. Within 45 days after receipt of the**
30 **developer's amendment, the Division shall notify the developer by**
31 **mail or electronic mail whether the Division has approved the**
32 **amendment. If the developer fails to adequately respond to any**
33 **notice of deficiency within 30 days, the Division may reject the**
34 **amendment. Subsequent to such a rejection, a new filing fee**
35 **pursuant to NRS 119A.360 will apply to any refiling or further**
36 **review of the rejected amendment.**

37 **5. The draft public offering statement must include the**
38 **following disclosures in substantially the following form, in**
39 **conspicuous type:**

40
41 ***This Public Offering Statement is issued to provide you with***
42 ***basic and relevant information on a specific time-share***
43 ***offering. The Developer or Owner of the offering that is the***
44 ***subject of this Public Offering Statement has provided***
45 ***certain information and documentation to the Real Estate***



Division of the Department of Business and Industry (the "Division") that has enabled the Division to issue this Public Offering Statement.

The statements contained in this Public Offering Statement are only summary in nature. A prospective purchaser should review all references, accompanying exhibits, contract documents and sales materials. You should not rely upon oral representations as being correct. Refer to this document and any accompanying exhibits for correct representations. The Seller is prohibited from making any representations other than those contained in the contract and this Public Offering Statement.

While the Division makes every effort to confirm the information provided and to ensure that the offering will be developed, managed and operated as planned, there is no guarantee this will always be the case. The Division cannot and does not make any promise or guarantee as to the viability or continuance of the offering or the financial future of the offering or any plan, club or association affiliated therewith.

The information included in this Public Offering Statement is applicable as of the date of issuance. Expenses of operation are difficult to predict accurately and even if accurately estimated initially, most expenses increase with the age of facilities and with increases in the cost of living.

The Division strongly suggests that before executing an agreement or contract, you read all of the documentation and information provided to you and seek additional counseling if necessary to assure that you understand all aspects of the offering and are aware of any potential adverse circumstances that could result from a time-share purchase in this Offering.

The purchaser of a time share may cancel, by written notice, the contract of sale until midnight of the fifth calendar day following the date of execution of the contract. The right of cancellation may not be waived. Any attempt by the Developer to obtain a waiver results in a contract which is voidable by the purchaser. The notice of cancellation may be delivered personally to the Developer or sent by certified mail, return receipt requested, or by providing notice by



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1 *express, priority or standard overnight common carrier*
2 *delivery service, with proof of service to the business address*
3 *of the Developer. The Developer must, within with 20 days*
4 *after receipt of the notice of cancellation, return all*
5 *payments made by the Purchaser.*

6
7 *Be aware that:*

8 *The future value of a time-share interest is very uncertain;*
9 *do not count on appreciation. The purchase of a time-share*
10 *interest should be based upon its value as a vacation*
11 *experience or for spending leisure time, and not considered*
12 *for purposes of acquiring an appreciating investment or*
13 *with an expectation that the time-share interest may be*
14 *resold.*

15
16 *Resale of your time-share interest may be subject to the*
17 *Developer's restrictions, such as limitations on the posting*
18 *of signs, limitations on the rights of other parties to enter*
19 *the project unaccompanied, membership prerequisites or*
20 *approval requirements, or the Developer's first right of*
21 *refusal. You should check your contract for such*
22 *restrictions and also note whether your purchase contract or*
23 *note, or any other obligation, would affect your right to sell*
24 *your time-share interest.*

25
26 *You should consider the competition which you may*
27 *experience from the Developer in attempting to resell your*
28 *time-share interest and the possibility that real estate*
29 *brokers may not be interested in listing your time-share*
30 *interest or unit.*

31
32 *You may be required to pay the full amount of your*
33 *obligation to a bank or other third party to whom the*
34 *Developer may assign your contract or note, even though*
35 *the Developer may have failed to fulfill promises he or she*
36 *has made.*

37
38 *You should be aware that if you default on the terms of the*
39 *purchase agreement it could result in notification to a credit*
40 *reporting agency which may adversely affect your credit*
41 *standing.*

42
43 *Prospective purchasers of time-share resorts are advised not*
44 *to purchase a time-share interest for the primary or sole*
45 *purpose of utilizing exchange company benefits. There is no*



1 *guaranty or warranty that the benefits you want will be*
2 *satisfied, nor is there any guaranty the exchange affiliation*
3 *with this (or any other resort) will continue.*

4
5 *You are urged to visit and inspect the Project before*
6 *entering into an agreement to purchase. You should*
7 *determine for yourself that the property meets your personal*
8 *requirements and expectations. Misunderstandings more*
9 *easily arise as to the desirability of the property when this is*
10 *not done.*

11
12 *The Developer may have limited your resale rights. Any*
13 *future purchaser (other than a transfer to an immediate*
14 *family member or as the result of death or divorce) who*
15 *buys your time-share interest from you will have severely*
16 *limited opportunities to reserve occupancy in this time-share*
17 *plan.*

18
19 *This project includes common areas and common facilities*
20 *which will be operated by an incorporated owners'*
21 *association. The association has the right to levy*
22 *assessments against you for maintenance of the common*
23 *areas. Your control of operations and expenses is limited to*
24 *your vote at meetings.*

25
26 *Before the execution of the purchase agreement, the*
27 *Developer should provide you with a copy of the articles of*
28 *incorporation, restrictions and bylaws. These documents*
29 *contain numerous material provisions which substantially*
30 *affect and control your rights, privileges, use, obligations,*
31 *and cost of maintenance and operation. You should read*
32 *and understand these documents before you obligate*
33 *yourself to purchase a time-share interest.*

34
35 *6. The Division may accept an alternate form of a time-share*
36 *disclosure statement pursuant to an agreement with another state.*
37 *At a minimum, the alternate form of a time-share disclosure*
38 *statement must contain provisions substantially similar to this*
39 *section.*

40 *7. The draft public offering statement must include, without*
41 *limitation, the following information:*

42 *(a) A brief history of the developer's business background,*
43 *experience in real estate and regulatory history.*

44 *(b) A description of any judgment against the developer or*
45 *managing entity.*



1 (c) The status of any pending proceeding to which the
2 developer or managing entity is a party. If no judgments or
3 pending proceedings exist, there must be a statement of such fact.

4 (d) The name and address of the developer and a detailed
5 description of the type of time-share plan being offered and the
6 name and address of the time-share project.

7 (e) A detailed statement of property taxes assessed against the
8 project and the projected amount of the purchaser's share of
9 responsibility.

10 (f) A description of the type of interest and usage rights the
11 purchaser will receive.

12 (g) A description of all restrictions, easements, reservations,
13 zoning requirements and restrictions on use of the time share. The
14 description must include any restrictions to be imposed on
15 time-share interests concerning the use of any of the
16 accommodations or facilities, and whether there are restrictions
17 upon children or pets for the purposes of this paragraph:

18 (1) The description may reference a copy of the documents
19 containing the restrictions which must be attached as an exhibit.

20 (2) If there are any restrictions upon the sale, lease,
21 transfer or conveyance of a time-share interest, the description
22 must include a statement, in conspicuous type, in substantially the
23 following form:

24
25 The sale, lease, transfer or conveyance of a time-share
26 interest is restricted or controlled.

27 (Immediately following this statement, a description of the
28 nature of the restriction, limitation or control on the sale,
29 lease, transfer or conveyance of a time-share interest must
30 be included.)

31
32 (3) If there are no restrictions, there must be a statement of
33 that fact.

34 (h) A description of the duration, phases and operation of the
35 time-share plan. A description of an inventory control system
36 which ensures that the time-share plan maintains a one-to-one
37 purchaser-to-accommodation ratio, meaning the ratio of the
38 number of purchasers eligible to use the accommodations of a
39 time-share plan on a given night to the number of
40 accommodations available for use within the plan on that night,
41 such that the total number of purchasers eligible to use the
42 accommodations of the time-share plan during a given calendar
43 year never exceeds the total number of accommodations available
44 for use in the time-share plan during that year. For purposes of
45 the calculation in this paragraph, each purchaser must be counted



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1 *at least once and no individual accommodation may be counted*
2 *more than 365 times per calendar year or more than 366 times per*
3 *leap year. A purchaser who is delinquent in the payment of time-*
4 *share plan assessments must continue to be considered eligible to*
5 *use the accommodations of the time-share plan for purposes of*
6 *calculating the one-to-one purchase-to-accommodation ratio.*

7 *(i) A summary of the association and a description of the*
8 *structure of the association, voting the rights of the members, the*
9 *developer's position in the association, what constitutes a quorum,*
10 *at what point in the sales program the developer relinquishes his*
11 *or her control of the association and any other pertinent*
12 *information.*

13 *(j) A description of the existing or proposed accommodations,*
14 *including the type*
15 *and number of time-share interests in the accommodations and, if*
16 *the accommodations are proposed or not yet complete or fully*
17 *functional, an estimated date of completion.*

18 *(k) Each type of accommodation in terms of the number of*
19 *bedrooms, bathrooms and sleeping capacity, and a statement of*
20 *whether the accommodation contains a full kitchen. For the*
21 *purposes of this paragraph, "full kitchen" means a kitchen that*
22 *includes at a minimum, a dishwasher, range, sink, oven and*
23 *refrigerator.*

24 *(l) A description of any existing or proposed amenities of the*
25 *time-share plan and, if the amenities are proposed or not yet*
26 *complete or fully functional, the estimated date of completion,*
27 *including the extent to which financial assurances have been*
28 *made for the completion of any incomplete but promised*
29 *improvements.*

30 *(m) The name and principal address of the managing entity, if*
31 *any, and a description of the procedures, if any, for altering the*
32 *powers and responsibilities of the managing entity and for*
33 *removing or replacing the managing entity.*

34 *(n) A summary of the current annual budget, along with the*
35 *projected assessments and a description of the method for*
36 *calculating and apportioning the assessments among the*
37 *purchasers.*

38 *(o) A description of any liens, defects or encumbrances on or*
39 *affecting the title to*
40 *the time-share interest.*

41 *(p) Any initial or special fee due from the purchaser at closing,*
42 *together with a description of the purpose and the method of*
43 *calculating the fee.*

44 *(q) A description of any financing offered by or available*
45 *through the developer.*



1 (r) Any current or expected fees or charges to be paid by time-
2 share purchasers for the use of any amenities related to the time-
3 share plan.

4 (s) A description and amount of insurance coverage provided
5 for protection of the purchaser, including, without limitation, for
6 each component site.

7 (t) A statement disclosing any right of first refusal or other
8 restraint on the transfer of all or any portion of a time-share
9 interest.

10 (u) A statement disclosing that a deposit made in connection
11 with the purchase of a
12 time-share interest must be held by an escrow agent until
13 expiration of any right to cancel the contract and that a deposit
14 must be returned to the purchaser if he or she elects to exercise his
15 or her right of cancellation.

16 (v) An explanation of the manner in which the apportionment
17 of common expenses and ownership of the common elements has
18 been determined.

19 (w) A description of all material circumstances, features and
20 characteristics of real property or personal property underlying or
21 comprising the time-share plan.

22 (x) A statement as to whether the facilities will be used
23 exclusively by purchasers of the time-share plan and, if not
24 available, a statement as to whether the purchasers of the time-
25 share plan are required to pay any portion of the maintenance and
26 expenses of such facilities.

27 (y) A statement of the purchaser's right of cancellation of the
28 purchase contract.

29 (z) A legal description of the property, together with the total
30 number of intervals in the public offering statement for the permit
31 to sell.

32 (aa) A statement that any assessments collected from the
33 purchasers will be kept in a
34 segregated account separate from any assessments collected from
35 the purchasers of other time-share plans managed by the same
36 managing entity, along with a statement identifying the location of
37 the account and a disclosure of the rights of owners to inspect the
38 records pertaining to the accounts.

39 (bb) If the time-share plan provides purchasers with the
40 opportunity to participate in an exchange program, a description
41 of the name and address of the exchange company and the method
42 by which a purchaser can access the exchange program.

43 (cc) A description of the reservation system, which must
44 include:



1 (1) *The name of the entity responsible for operating the*
2 *reservation system, its relationship to the developer and the*
3 *duration of any agreement for operation of the reservation system;*

4 (2) *A summary of the rules and regulations governing*
5 *access to and use of the reservation system, including, without*
6 *limitation, the existence of and an explanation regarding any*
7 *priority reservation features that affect a purchaser's ability to*
8 *make reservations for the use of a given accommodation on a*
9 *first-come, first-served basis;*

10 (3) *A description of a points system, if applicable,*
11 *including, without limitation, whether the additional points may be*
12 *acquired by purchase or otherwise, in the future and the manner*
13 *in which future purchases of points may be made, and the*
14 *transferability of points to other persons, other years or other*
15 *time-share plans;*

16 (4) *A statement that no change exceeding 10 percent per*
17 *annum in the manner in which point values may be used may be*
18 *made without the assent of 25 percent of the voting power of the*
19 *association other than the developer;*

20 (5) *A statement that no owner shall be prevented from*
21 *using a time share as a result of changes in the manner in which*
22 *point values may be used;*

23 (6) *A statement that in the event point values are changed*
24 *or adjusted, no owner shall be prevented from using his or her*
25 *home resort in the same manner as was provided for under the*
26 *original purchase contract; and*

27 (7) *A description of any limitations or restrictions upon the*
28 *use of point values.*

29 (dd) *For a multi-site time-share plan, additionally include:*

30 (1) *A description of each component site, including the*
31 *name and address of each component site.*

32 (2) *A description of amenities available for use by the*
33 *purchaser at each component site.*

34 (3) *A description of any right to make additions,*
35 *substitutions or deletions of accommodations, amenities or*
36 *component sites, and a description of the basis upon which*
37 *accommodations, amenities or component sites may be added to,*
38 *substituted in or deleted from the multi-site time-share plan.*

39 (4) *A description of the purchaser's liability for any fees*
40 *associated with the multi-site time-share plan.*

41 (5) *The location of each component site of the multi-site*
42 *time-share plan, the historical occupancy of each component site*
43 *for the previous 12-month period, if the component site was part of*
44 *the multi-site time-share plan during the 12-month time period, as*
45 *well as any periodic adjustment or amendment to the reservation*



1 *system that may be needed in order to respond to actual*
2 *purchaser-use patterns and changes in purchaser-use demand for*
3 *the accommodations*

4 *existing at that time within the multi-site time-share plan.*

5 (6) *The number of accommodations and time-share*
6 *interests, expressed in periods of 7-day use availability or other*
7 *time increments applicable to the time-share plan, committed to*
8 *the multi-site time-share plan, and available for use by*
9 *purchasers, and a statement describing how adequate periods of*
10 *time for maintenance and repair will be provided.*

11 (ee) *Copies of the following documents and plans, or proposed*
12 *documents if the time-share plan has been declared or created at*
13 *the time the draft public offering statement is submitted, to the*
14 *extent they are applicable, must be included as exhibits to the*
15 *public offering statement provided to the purchaser:*

16 (1) *The declarations for a condominium.*

17 (2) *The cooperative documents.*

18 (3) *The declaration of covenants and restrictions.*

19 (4) *The articles of incorporation creating the association.*

20 (5) *The bylaws of the association.*

21 (6) *Any ground lease or other underlying lease of the real*
22 *property associated with the time-share plan. In the case of a*
23 *personal property time-share plan, any lease of the personal*
24 *property associated with the personal property time-share plan.*

25 (7) *The management agreement and all maintenance and*
26 *other contracts regarding the management and operation of the*
27 *time-share property which have terms that exceed 1 year.*

28 (8) *The estimated operating budget for the time-share plan*
29 *and the required schedule of purchasers' expenses.*

30 (9) *The floor plan of each type of accommodation and the*
31 *plot plan showing the location of all accommodations and*
32 *facilities declared as part of the time-share plan and filed with the*
33 *Division.*

34 (10) *The lease for any facilities.*

35 (11) *A declaration of servitude of properties serving the*
36 *accommodations and facilities, but not owned by purchasers or*
37 *leased to the purchasers or the association.*

38 (12) *Any documents which are the result of the inclusion of*
39 *the time-share plan in the conversion of the building to a*
40 *condominium or cooperative ownership.*

41 (13) *The form of agreement for the sale or lease of time-*
42 *share interests.*

43 (14) *The executed agreement for the escrow of payments*
44 *made to the developer before closing and the form of any*



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1 *agreement for the escrow of ad valorem tax escrow payments, if*
2 *any, to be made into an ad valorem tax escrow account.*

3 *(15) The documents containing any restrictions on the use*
4 *of the property.*

5 *(16) A letter from the escrow agent or filing attorney*
6 *confirming that the escrow agent and its officers, directors or*
7 *other partners are independent pursuant to this chapter; and*

8 *(17) Any other documents or instruments creating the time-*
9 *share plan.*

10 *(ff) Any other information that the developer, with the*
11 *approval of the Administrator, desires to include in the public*
12 *offering statement.*

13 *8. The Administrator may, upon finding that the subject*
14 *matter is otherwise adequately covered or the information is*
15 *unnecessary or inapplicable, waive any requirement set forth in*
16 *this section.*

17 **Sec. 5. A developer shall provide to each purchaser:**

18 *1. A copy of the public offering statement as approved by the*
19 *Division;*

20 *2. Copies of the exhibits required to be submitted to the*
21 *Division;*

22 *3. A receipt for the time-share plan documents;*

23 *4. A list describing any exhibit to the public offering statement*
24 *submitted to the Division which is not delivered to the purchaser;*
25 *and*

26 *5. Any pending amendments that have been submitted to the*
27 *Division but have not yet been approved, along with a statement to*
28 *the purchaser that the amendment has been submitted to the*
29 *Division for approval.*

30 **Sec. 6. The developer shall provide the managing entity with**
31 **a copy of the approved public offering statement and any approved**
32 **amendments thereto, to be maintained by the managing entity as**
33 **part of the records of the time-share plan.**

34 **Sec. 7. NRS 119A.010 is hereby amended to read as follows:**

35 *119A.010 As used in this chapter, unless the context otherwise*
36 *requires, the words and terms defined in NRS 119A.020 to*
37 *119A.160, inclusive, and sections 2 and 3 of this act, have the*
38 *meanings ascribed to them in those sections.*

39 **Sec. 8. NRS 119A.040 is hereby amended to read as follows:**

40 *119A.040 "Developer" ~~means any person who offers to~~*
41 *~~dispose of or disposes of his or her interest in a time share.~~ has the*
42 *meaning ascribed to it in NRS 119.040.*

43 **Sec. 9. NRS 119A.090 is hereby amended to read as follows:**

44 *119A.090 "Project broker" means any person licensed*
45 *pursuant to chapter 645 of NRS who coordinates the sale of time*



1 shares for ~~at~~ *one or more* time-share ~~plan~~ *plans* and to whom
2 sales agents and representatives are responsible ~~at~~ *on behalf of one*
3 *or more developers.*

4 **Sec. 10.** NRS 119A.100 is hereby amended to read as follows:

5 119A.100 "Public offering statement" means a ~~report,~~
6 *disclosure document initially prepared by the developer and* issued
7 by the Administrator pursuant to the provisions of this chapter,
8 ~~[which authorizes a developer to offer to sell or sell time shares in~~
9 ~~the time share plan which is the subject of the report.] and which~~
10 *contains information required by this chapter and the regulations*
11 *adopted pursuant thereto.*

12 **Sec. 11.** NRS 119A.130 is hereby amended to read as follows:

13 119A.130 "Sales agent" means a person who, on behalf of a
14 developer ~~at~~ *and under the direct supervision of a person licensed*
15 *pursuant to the provisions of chapter 645 of NRS,* sells or offers to
16 sell a time share to a purchaser or who, if he or she is not registered
17 as a representative, may act to induce other persons to attend a sales
18 presentation on the behalf of a developer.

19 **Sec. 12.** NRS 119A.152 is hereby amended to read as follows:

20 119A.152 "Time-share plan" means ~~the rights to time shares~~
21 ~~and the obligations and interests appurtenant thereto created by a~~
22 ~~time share instrument.] any arrangement, plan, scheme or similar~~
23 *device, other than an exchange program, whether by membership*
24 *agreement, sale, lease, deed, license right to use agreement or by*
25 *any other means, whereby a purchaser, for consideration, receives*
26 *ownership rights in or a right to use accommodations for a period*
27 *of time less than 365 days during any given year, on a recurring*
28 *basis for more than 1 year, but not necessarily consecutive years.*

29 **Sec. 13.** NRS 119A.156 is hereby amended to read as follows:

30 119A.156 "Time-share resale broker" means a person who is
31 *licensed pursuant to chapter 645 of NRS and is* registered as a
32 time-share resale broker pursuant to the provisions of this chapter ~~at~~
33 *and who, for compensation, lists, advertises, transfers, assists in*
34 *transferring, promotes for resale or solicits prospective purchasers*
35 *of previously sold time shares, on behalf of an owner other than a*
36 *developer.*

37 **Sec. 14.** NRS 119A.170 is hereby amended to read as follows:

38 119A.170 1. The provisions of this chapter, except
39 subsection 4, *and unless a method of disposition is adopted to*
40 *evade the provisions of this chapter or chapter 645 of NRS,* do not
41 apply to:

42 (a) The sale of 12 or fewer time shares in a *time-share* project or
43 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 ~~at~~ *less than 12* time ~~share~~ *shares in any given calendar year, whether:*

(1) By deed in lieu of foreclosure;

(2) At a foreclosure sale; or

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

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

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

(III) At a foreclosure sale. ~~at~~

(d) A gratuitous transfer of a time share;

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

(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. ~~at~~

~~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 for that purpose 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. 15. NRS 119A.237 is hereby amended to read as follows:
119A.237 1. A provisional licensee shall not:

(a) Conduct sales-related activities unless the provisional licensee is:

(1) Under the supervision of:

(I) His or her project broker; ~~at~~

(II) A person licensed pursuant to chapter 645 of NRS for a project; or

(III) A cooperating real estate broker designated by the project broker in accordance with the provisions of this chapter and any regulations adopted pursuant thereto.



(2) At the principal place of business or a branch office of the project broker ~~H~~ *or person licensed pursuant to chapter 645 of NRS* or at the physical location of a time-share development.

(b) Collect personal information from a prospective purchaser or purchaser of a time share.

2. A project broker *or person licensed pursuant to chapter 645 of NRS* shall not grant to a provisional licensee:

(a) Access to a time-share lockbox; or

(b) The ability to enter a private residence or a time-share unit that an unlicensed person otherwise would not have.

3. A project broker *, a person licensed pursuant to chapter 645 of NRS* or a cooperating real estate broker designated by the project broker in accordance with the provisions of this chapter and any regulations adopted pursuant thereto shall:

(a) Supervise the provisional licensee ~~employed by the project broker;~~ *he or she employs;* and

(b) Review and approve in writing any contract prepared by the provisional licensee that relates to the sale of a time share.

4. A provisional licensee may receive a commission for the sale of a time share in which the provisional licensee is involved.

5. As used in this section:

(a) "Personal information" has the meaning ascribed to it in NRS 603A.040.

(b) "Provisional licensee" means an applicant who receives a provisional sales agent's license from the Division pursuant to NRS 119A.233.

Sec. 16. NRS 119A.300 is hereby amended to read as follows:

119A.300 Except as otherwise provided in NRS 119A.310, the Administrator shall issue a public offering statement and a permit to sell time shares to each applicant who:

1. Submits an application, in the manner provided by the Division, which includes:

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

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

(c) A preliminary title report *issued within 30 days of submittal* for the project and copies of the documents listed as exceptions in the report;

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

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



(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) *A copy of the current point-value use directory, along with rules and procedures for changes by the developer or the association in the manner in which point values may be used;*

(m) A financial statement of the developer; ~~and~~
~~—(m)—~~ (n) *The draft public offering statement described in section 4 of this act; and*

(o) Such other information as the Division, by regulation, requires. ~~and~~

2. Pays the fee provided for in this chapter.

3. *Cures any deficiency in the application including, without limitation, any deficiencies in the draft public offering statement submitted pursuant to section 4 of this act.*

4. *For time-share plans located outside of this State, a public offering statement or public report that has been authorized for use by the situs state regulatory agency and which contains disclosures, as determined by the Administrator upon review, to be substantially equivalent to or greater than the information required to be disclosed pursuant to this section, that may be used by the developer to meet the requirements of this section. A developer may, upon approval by the Administrator, submit a public offering statement or public report that combines, in a manner prescribed by the Administrator, the information required to be disclosed by the applicable provisions of this section and the information required to be disclosed in a public offering statement or public report issued by a regulatory agency in one or more other states. A developer filing an abbreviated registration application must, in addition to paying the fee provided for in this chapter, provide the following:*



(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 shall be a real estate broker licensed to maintain offices within this state;*

(d) *The name and principal address of all managing entities who manage the time-share plan;*

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

(f) *A brief description as to whether the time-share plan is a single-site time-share plan or a multi-site time-share plan, and a brief description of the types of time shares offered in the time-share plan;*

(g) *Disclosure of each jurisdiction in which the developer has applied for registration of the time-share plan, and whether the time-share plan or its developer were denied registration or were the subject of any disciplinary proceedings;*

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

(i) *The disclosures required by section 4 of this act;*

(j) *Any other information regarding the developer, time-share plan, project broker or managing entities, as established by the Division by regulation.*

5. A developer of a time-share plan with units located solely in this State may not submit an abbreviated filing.

Sec. 17. 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 , **and section 4 of this act**, 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. 18. 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 application for a permit to sell time shares, ~~notifying~~ **notify** the applicant of its decision to:

(a) **Issue a public offering statement and 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 list the reasons for denial ~~((c))~~ *in sufficient detail to allow the developer to cure the deficiencies.*

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

(a) The receipt of evidence that the deficiencies in the application for a permit to sell time shares are cured, issue a *public offering statement and* permit to sell time shares or deny the application and list the *specific* reasons for denial ~~((c))~~ *pursuant to the provisions of this chapter and any regulations adopted pursuant thereto;* or

(b) The issuance of a preliminary permit, *receipt of all information necessary to cure the identified deficiencies and satisfaction of all the requirements for the issuance of a permit to sell time shares,* issue a *public offering statement and* permit to sell time shares.

Sec. 19. NRS 119A.355 is hereby amended to read as follows:

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

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

(a) ~~Denies~~ *Issues a written denial of* the renewal pursuant to NRS 119A.654, *describing the reasons for denial pursuant to the provisions of this chapter in sufficient detail to allow the developer to cure such deficiencies;* ~~for for any other reason;~~ or

(b) Approves the renewal on an earlier date.

3. *The Division shall, within 45 days after the receipt of evidence that the deficiencies in the renewal of a permit to sell time shares are cured, renew the permit to sell time shares or deny the renewal and list the specific reasons for denial pursuant to the provisions of this chapter and any regulations adopted pursuant thereto.*

Sec. 20. NRS 119A.357 is hereby amended to read as follows:

119A.357 1. A sales agent, representative, manager, developer, ~~for~~ project broker *or person licensed pursuant to chapter 645 of NRS* shall notify the Division in writing if he or she



1 is convicted of, or enters a plea of guilty, guilty but mentally ill or
2 nolo contendere to, a felony or any crime involving moral turpitude.

3 2. A sales agent, representative, manager, developer, ~~for~~
4 project broker *or person licensed pursuant to chapter 645 of NRS*
5 shall submit the notification required by subsection 1:

6 (a) Not more than 10 days after the conviction or entry of the
7 plea of guilty, guilty but mentally ill or nolo contendere; and

8 (b) When submitting an application to renew a license,
9 registration or permit issued pursuant to this chapter.

10 **Sec. 21.** NRS 119A.390 is hereby amended to read as follows:

11 119A.390 A reservation to purchase a time share must:

12 1. Be on a form approved by the Division;

13 2. Include a provision which grants the prospective purchaser
14 the right to cancel the reservation at any time before the execution
15 of the contract of sale with the full refund of any deposit;

16 3. Provide for the placement of any deposit in escrow until *the*
17 *public offering statement is approved and* a permit is issued by the
18 Administrator pursuant to NRS ~~119A.300;~~ *119A.320;*

19 4. Guarantee the purchase price for the time share for a certain
20 period after the *public offering statement is approved and* issuance
21 of the permit to sell time shares; and

22 5. Require that any interest earned on the deposit for the
23 reservation be paid to the prospective purchaser.

24 **Sec. 22.** NRS 119A.410 is hereby amended to read as follows:

25 119A.410 1. The purchaser of a time share may cancel, by
26 written notice, the contract of sale until midnight of the fifth
27 calendar day following the date of execution of the contract. The
28 contract of sale must include a statement of this right.

29 2. The right of cancellation may not be waived. Any attempt by
30 the developer to obtain a waiver results in a contract which is
31 voidable by the purchaser.

32 3. The notice of cancellation may be delivered personally to the
33 developer, ~~for~~ sent by certified mail, return receipt requested, *or*
34 *sent by common carrier, with proof of service,* to the business
35 address of the developer.

36 4. The developer shall, within ~~15~~ *20* days after receipt of the
37 notice of cancellation, return all payments made by the purchaser.

38 **Sec. 23.** NRS 119A.534 is hereby amended to read as follows:

39 119A.534 1. A manager *of a project located in this State*
40 who enters into or renews an agreement that must comply with the
41 provisions of subsection 3 of NRS 119A.530 shall submit to the
42 association and to the Division a disclosure statement that contains a
43 description of any arrangement made by the manager or an affiliate
44 of the manager relating to:



(a) The resale of *12 or fewer* time shares *in a calendar year* on behalf of the association or its members;

(b) Actions taken for the collection of assessments and the foreclosure of liens on behalf of the association or its members;

(c) The exchange or rental of time shares owned by the association or its members; and

(d) The use of the names of the members of the association for purposes unrelated to the duties of the association as set forth in the time-share instrument and this chapter.

2. The disclosure statement must be:

(a) Submitted annually at a time designated by the Administrator and at least 120 days before any date on which the agreement is automatically renewed.

(b) Signed by the manager or an authorized representative of the manager under penalty of perjury.

3. The Administrator shall adopt regulations prescribing the form and contents of the disclosure statements required by this section.

Sec. 24. NRS 119A.542 is hereby amended to read as follows:

119A.542 1. The *developer or* board of an association shall:

(a) Cause to be conducted at least once every 5 years, a study of the reserves required to repair, replace and restore the major components of the project;

(b) Review the results of that study at least annually to determine if those reserves are sufficient; and

(c) Make any adjustments it deems necessary to maintain the required reserves.

2. The study required by subsection 1 must be conducted by a person qualified by training and experience to conduct such a study, including a member of the board or the manager of the time-share plan or the project, or both, who is so qualified. The study must include, without limitation:

(a) A summary of an inspection of the major components of the project;

(b) An identification of the major components of the project which have a remaining useful life of less than 30 years;

(c) An estimate of the remaining useful life of each major component identified pursuant to paragraph (b);

(d) An estimate of the cost of repair, replacement or restoration of each major component identified pursuant to paragraph (b) during and at the end of its useful life; and

(e) An estimate of the total annual assessment that may be required to cover the cost of repairing, replacing or restoring the major components identified pursuant to paragraph (b), after subtracting the reserves of the association as of the date of the study.



3. The Administrator shall adopt by regulation the qualifications required for conducting a study required by subsection 1.

Sec. 25. NRS 119A.670 is hereby amended to read as follows:

119A.670 The Real Estate Commission may take action pursuant to NRS 645.630 against any project broker *or person who is licensed pursuant to chapter 645 of NRS* who fails to adequately supervise the conduct of any sales agent or representative with whom the project broker *or person* is associated.

Sec. 26. NRS 119A.680 is hereby amended to read as follows:

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

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

(b) *Sales agent for a project broker within the State of Nevada without first obtaining a license from the Division pursuant to NRS 119A.210; or*

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

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

