

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 sample public offering statement to the Division. **Section**
7 **4** also sets forth the information that must be included in a sample public offering
8 statement. **Sections 5 and 6** of this bill require a developer to provide each
9 purchaser and sales and marketing entity of a time share with a copy of an approved
10 public offering statement and certain other information. **Sections 8-13** of this bill
11 revise certain definitions concerning time shares. **Section 14** of this bill revises



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provisions 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 6.5** of this bill 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 if it is a time-share plan containing only one component site, or 120 days if it contains more than one component site. **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 30 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 6.5, inclusive, of this act.

Sec. 2. *“Component site” means a specific geographic location where units are located. The term includes new units added to a single project in the same specific geographic location and under common management.*



1 **Sec. 3.** *“Sales and marketing entity” means an entity hired*
2 *by a developer to manage the sale or marketing of a time share.*

3 **Sec. 4.** 1. *The developer shall file a sample public*
4 *offering statement with the Division for approval as prescribed in*
5 *NRS 119A.300.*

6 2. *If the Division determines that the sample public offering*
7 *statement submitted by the developer is deficient, the Division*
8 *shall issue to the developer by mail or electronic mail a notice of*
9 *deficiency. The developer may revise and resubmit the sample*
10 *public offering statement within 30 days after receiving the*
11 *Division’s notice of deficiency. Within 30 days after receipt of the*
12 *revised sample public offering statement, the Division shall notify*
13 *the developer by mail or electronic mail whether the Division has*
14 *approved the revised sample public offering statement. If the*
15 *developer fails to correct the cited deficiencies within 30 days after*
16 *receiving the Division’s notice of deficiency, the Division may*
17 *reject the developer’s application. Subsequent to such a rejection,*
18 *a new filing fee pursuant to NRS 119A.360 will apply to any*
19 *additional filing.*

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

30 4. *The sample public offering statement must include the*
31 *following disclosures in substantially the following form, in at*
32 *least 12-point bold type:*

33
34 *This Public Offering Statement is issued to provide you with*
35 *basic and relevant information on a specific time-share*
36 *offering. The Developer or Owner of the offering that is the*
37 *subject of this Public Offering Statement has provided*
38 *certain information and documentation to the Real Estate*
39 *Division of the Department of Business and Industry (the*
40 *“Division”) that has enabled the Division to issue this*
41 *Public Offering Statement.*

42
43 *The statements contained in this Public Offering Statement*
44 *are only summary in nature. A prospective purchaser*
45 *should review all references, accompanying exhibits,*



1 *contract documents and sales materials. You should not rely*
2 *upon oral representations as being correct. Refer to this*
3 *document and any accompanying exhibits for correct*
4 *representations. A prospective purchaser should only rely*
5 *on the representations contained in the contract and this*
6 *Public Offering Statement.*

7
8 *While the Division makes every effort to confirm the*
9 *information provided and to ensure that the offering will be*
10 *developed, managed and operated as planned, there is no*
11 *guarantee this will always be the case. The Division cannot*
12 *and does not make any promise or guarantee as to the*
13 *viability or continuance of the offering or the financial*
14 *future of the offering or any plan, club or association*
15 *affiliated therewith.*

16
17 *The information included in this Public Offering Statement*
18 *is applicable as of the date of issuance. Expenses of*
19 *operation are difficult to predict accurately and even if*
20 *accurately estimated initially, most expenses increase with*
21 *the age of facilities and with increases in the cost of living.*

22
23 *The Division strongly suggests that before executing an*
24 *agreement or contract, you read all of the documentation*
25 *and information provided to you and seek additional*
26 *assistance if necessary to assure that you understand all*
27 *aspects of the offering and are aware of any potential*
28 *adverse circumstances that could result from a time-share*
29 *purchase in this Offering.*

30
31 *The purchaser of a time share may cancel, by written notice,*
32 *the contract of sale until midnight of the fifth calendar day*
33 *following the date of execution of the contract. The right of*
34 *cancellation may not be waived. Any attempt by the*
35 *Developer to obtain a waiver results in a contract which is*
36 *voidable by the purchaser. The notice of cancellation may*
37 *be delivered personally to the Developer or sent by certified*
38 *mail, return receipt requested, or by providing notice by*
39 *express, priority or standard overnight common carrier*
40 *delivery service, with proof of service, to the business*
41 *address of the Developer. The Developer must, within 20*
42 *days after receipt of the notice of cancellation, return all*
43 *payments made by the Purchaser.*



1 5. The sample public offering statement must include,
2 without limitation, the following information in a form prescribed
3 by the Division:

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

6 (b) A description of any judgment against the developer or
7 sales and marketing entity.

8 (c) The status of any pending proceeding to which the
9 developer or sales and marketing entity is a party. If no judgments
10 or pending proceedings exist, there must be a statement of such
11 fact.

12 (d) The name and address of the developer, a detailed
13 description of the type of time-share plan being offered, the name
14 of the time-share plan and the address of the project.

15 (e) A statement of property taxes assessed against the project
16 and the projected amount of the purchaser's share of
17 responsibility.

18 (f) A description of the type of interest and use rights the
19 purchaser will receive.

20 (g) A description of all restrictions, easements, reservations or
21 zoning requirements which may limit use of the time share. The
22 description must include any restrictions to be imposed on time
23 shares concerning the use of any of the accommodations or
24 facilities, and whether there are restrictions upon children or pets.
25 For the purposes of this paragraph:

26 (1) The description may reference a list of the documents
27 containing the restrictions and state that the copies of the
28 documents are available to the purchaser upon request.

29 (2) If there are any restrictions upon the sale, lease,
30 transfer or conveyance of a time share, the description must
31 include a statement, in at least 12-point bold type, in substantially
32 the following form:

33
34 The sale, lease, transfer or conveyance of a time share is
35 restricted or controlled.

36 (Immediately following this statement, a description of the
37 nature of the restriction, limitation or control on the sale,
38 lease, transfer or conveyance of the time share must be
39 included.)
40

41 (3) If there are no restrictions, there must be a statement of
42 that fact.

43 (h) A description of the duration, projected phases and
44 operation of the time-share plan.



1 (i) *A representation by the developer ensuring that the time-*
2 *share plan maintains a one-to-one use night to use right ratio. For*
3 *the purposes of the ratio calculation in this paragraph, each*
4 *purchaser must be counted according to the use rights held by that*
5 *purchaser in any calendar year. For the purposes of this*
6 *paragraph, “one-to-one use night to use right ratio” has the*
7 *meaning ascribed to it in NRS 119A.525.*

8 (j) *A summary of the organization of the association, the*
9 *voting rights of the members, the developer’s position in the*
10 *association, a description of what constitutes a quorum for voting*
11 *purposes and at what point in the sales program the developer*
12 *relinquishes his or her control of the association, if applicable,*
13 *and any other material information pertaining to the association.*

14 (k) *A description of the existing or proposed accommodations,*
15 *including the type and number of time shares in the*
16 *accommodations and, if the accommodations are proposed or not*
17 *yet completed or fully functional, an estimated date of completion.*

18 (l) *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 (m) *A description of any existing or proposed amenities of the*
25 *time-share plan and, if the amenities are proposed or not yet*
26 *completed 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 (n) *The name and principal address of the manager, if any, of*
31 *the project or time-share plan, as applicable, and a description of*
32 *the procedures, if any, for altering the powers and responsibilities*
33 *of the manager and for removing or replacing the manager.*

34 (o) *A summary of the current annual budget of the project or*
35 *the time-share plan, as applicable, including the projected*
36 *assessments for each unit type offered in the time-share plan.*

37 (p) *A description of any liens, defects or encumbrances on or*
38 *affecting the title to the time share which materially affects the*
39 *purchaser’s use of the units or facilities within the time-share*
40 *plan.*

41 (q) *Any special fee due from the purchaser at closing, other*
42 *than customary closing costs, together with a description of the*
43 *purpose of the fee.*



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

4 (s) A statement indicating that hazard insurance coverage is
5 provided for the project.

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

8 (u) A statement disclosing that a deposit made in connection
9 with the purchase of a time share will be held by an escrow agent
10 until the expiration of any right to cancel the contract and that the
11 deposit plus any interest earned must be returned to the purchaser
12 if he or she elects to exercise his or her right of cancellation. A
13 surety bond may be posted in lieu of a deposit if the designated
14 obligee is acceptable to the Division.

15 (v) A statement as to whether the facilities will be used
16 exclusively by purchasers of the time-share plan and, if the
17 facilities are not to be used exclusively by purchasers, a statement
18 as to whether the purchasers of the time-share plan are required
19 to pay any portion of the maintenance expenses of such facilities.

20 (w) A description of the purchaser's right of cancellation of
21 the purchase contract.

22 (x) A statement of the total number of time shares in the time-
23 share plan at the time a permit has been issued.

24 (y) If the time-share plan provides purchasers with the
25 opportunity to participate in an exchange program, a description
26 of the name and address of the exchange company and the method
27 by which a purchaser can participate in the exchange program.

28 (z) A description of the reservation system, which must
29 include:

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

33 (2) A summary of the rules and regulations governing
34 access to and use of the reservation system, including, without
35 limitation, the existence of and an explanation regarding any
36 priority reservation features that affect a purchaser's ability to
37 make reservations for the use of a given accommodation on a
38 first-come, first-served basis;

39 (3) A description of the points system, if applicable,
40 including, without limitation, whether the additional points may be
41 acquired by purchase or otherwise, in the future and the manner
42 in which future purchases of points may be made, and the
43 transferability of points to other persons, other years or other
44 time-share plans;



1 (4) *A statement that no owner shall be prevented from*
2 *using a time share as a result of changes in the manner in which*
3 *point values may be used;*

4 (5) *A statement that in the event point values are changed*
5 *or adjusted, no owner shall be prevented from using his or her*
6 *home resort, if any, in the same manner as was provided for under*
7 *the original purchase contract;*

8 (6) *A description of any limitations or restrictions upon the*
9 *use of point values; and*

10 (7) *A statement as to whether any unit within the time-*
11 *share plan is within a mixed-use project containing full ownership*
12 *condominiums.*

13 (aa) *For a time-share plan with more than one component site,*
14 *the public offering statement must contain a description of each*
15 *component site, which may be disclosed in written, graphic,*
16 *tabular or any other form approved by the Division. The*
17 *description of each component site must include the following*
18 *information:*

19 (1) *The name and address of each component site.*

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

22 (3) *A general statement as to whether the developer has a*
23 *right to make additions, substitutions or deletions of any*
24 *accommodations, amenities or component sites, and a statement of*
25 *the basis upon which accommodations, amenities or component*
26 *sites may be added to, substituted for or deleted from the time-*
27 *share plan.*

28 (4) *A description of the purchaser's liability for any user*
29 *fees or special assessments associated with the time-share plan.*

30 (5) *The location of each component site of the time-share*
31 *plan, the historical occupancy of the units in each component site*
32 *for the previous 12-month period, if the component site was part of*
33 *the time-share plan during the previous 12-month time period, or*
34 *any other description acceptable to the Division that reasonably*
35 *informs a purchaser regarding the relative use demand per*
36 *component site, as well as a statement of any periodic adjustment*
37 *or amendment to the reservation system that may be needed in*
38 *order to respond to actual use patterns and changes in use*
39 *demand for the accommodations existing at that time within the*
40 *time-share plan.*

41 (6) *The number of accommodations and time shares,*
42 *expressed in periods of 7-day use availability or other time*
43 *increments applicable to the time-share plan, committed to the*
44 *time-share plan, and available for use by purchasers, and a*



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1 *statement describing how adequate periods of time for*
2 *maintenance and repair will be provided.*

3 *(bb) Any other information that the developer, with the*
4 *approval of the Administrator, decides to include in the public*
5 *offering statement.*

6 *6. Copies of the following documents and plans, or proposed*
7 *documents if the time-share plan has not been declared or created*
8 *at the time the application for a permit is submitted, to the extent*
9 *they are applicable, must be provided to the purchaser with the*
10 *public offering statement:*

11 *(a) Copies of the time-share instruments.*

12 *(b) The estimated or, if applicable, actual operating budget of*
13 *the time-share plan.*

14 *7. The sample public offering statement must include a list of*
15 *the following documents, if applicable to the time-share plan, and*
16 *must state that the documents listed are available to the purchaser*
17 *upon request:*

18 *(a) Any ground lease or other underlying lease of the real*
19 *property associated with the time-share plan.*

20 *(b) The management agreement of the project or time-share*
21 *plan, as applicable.*

22 *(c) The floor plan of each type of accommodation and any*
23 *existing plot plan showing the location of all accommodations and*
24 *facilities declared as part of the time-share plan and filed with the*
25 *Division.*

26 *(d) The lease for any facilities that are part of the time-share*
27 *plan.*

28 *(e) Any executed agreement for the escrow of payments made*
29 *to the developer before closing.*

30 *(f) Any letter from the escrow agent confirming that the*
31 *escrow agent and its officers, directors or other partners are*
32 *independent.*

33 *8. The Administrator may, upon finding that the subject*
34 *matter is otherwise adequately covered or the information is*
35 *unnecessary or inapplicable, waive any requirement set forth in*
36 *this section.*

37 **Sec. 5.** *Before a purchase contract is signed by the parties,*
38 *the developer shall provide to each purchaser:*

39 *1. A copy of the public offering statement as approved by the*
40 *Division;*

41 *2. A receipt, to be signed by the purchaser, for the time-share*
42 *plan documents;*

43 *3. A list describing any exhibit submitted to the Division*
44 *along with the developer's application for a permit and which was*
45 *not delivered to the purchaser;*



1 4. *A statement indicating that any exhibit described in*
2 *subsection 3 will be made available to the purchaser upon request;*
3 *and*

4 5. *Any pending amendments that have been submitted to the*
5 *Division but have not yet been approved, along with a statement to*
6 *the purchaser that the amendment has been submitted to the*
7 *Division for approval.*

8 **Sec. 6.** *The developer shall provide the manager with a copy*
9 *of the approved public offering statement and any approved*
10 *amendments thereto, to be maintained by the manager as part of*
11 *the records of the time-share plan.*

12 **Sec. 6.5. 1.** *For time-share plans located outside of this*
13 *State, a public offering statement or public report that has been*
14 *authorized for use by the situs state regulatory agency and which*
15 *contains disclosures, as determined by the Administrator upon*
16 *review, to be substantially equivalent to or greater than the*
17 *information required to be disclosed pursuant to this section and*
18 *NRS 119A.300, may be used by the developer to meet the*
19 *requirements of this section and NRS 119A.300 or any regulations*
20 *adopted pursuant thereto. A developer may, upon approval by the*
21 *Administrator, submit a public offering statement or public report*
22 *that combines, in a manner prescribed by the Administrator, the*
23 *information required to be disclosed by the applicable provisions*
24 *of this section and NRS 119A.300 and the information required to*
25 *be disclosed in a public offering statement or public report issued*
26 *by a regulatory agency in one or more other states. A developer*
27 *filing an abbreviated registration application must, in addition to*
28 *paying the fee provided for in this chapter, provide the following:*

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

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

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

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

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

42 (f) *A brief description as to whether the time-share plan*
43 *contains one or more component sites, and of the types of time*
44 *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 was denied registration or was the subject of any disciplinary proceedings;*

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

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

(j) *A copy of the current annual or projected budget for the association, if not otherwise included in the disclosure documents; and*

(k) *Any other information regarding the developer, time-share plan, project broker, manager, or sales and marketing entity, as established by the Division by regulation.*

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

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

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

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

119A.040 "Developer" means any person who ~~offers to dispose of or disposes of his or her interest in a time share.~~ :

1. Creates a time-share plan or is in the business of selling time shares, other than those employees or agents of the developer who sell time shares on the developer's behalf;

2. Employs agents to sell time shares on the developer's behalf; or

3. Succeeds to the interest of a developer by sale, lease, assignment, mortgage or other transfer.

↪ The term includes only those persons who offer time shares for disposition in the ordinary course of business.

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

119A.090 "Project broker" means any person *licensed pursuant to chapter 645 of NRS* who coordinates the sale of time shares for ~~at~~ *one or more* time-share ~~plan~~ *plans* and to whom sales agents and representatives are responsible ~~H~~ *on behalf of one or more developers.*

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

119A.100 "Public offering statement" means a ~~report,~~ *disclosure document prepared and signed by the developer and issued* ~~approved for use~~ by the Administrator ~~pursuant to the provisions of this chapter, which authorizes a developer to offer to~~



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

Sec. 11. 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 person 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. 12. NRS 119A.152 is hereby amended to read as follows:

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

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

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

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

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

(a) The sale of 12 or fewer time shares in a *time-share* ~~project~~ *plan* or 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 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
~~termination; or~~

(III) *At a foreclosure sale.* ~~†~~

(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. ~~†~~

~~→ 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; ~~†~~

(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 ~~†~~ *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.



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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;



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(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 sample 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 sample public offering statement submitted pursuant to section 4 of this act.*

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 sections 4 and 6.5 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 ~~by notifying~~ *in a time-share plan containing only one component site, or 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~~ *his or her* 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 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



1 application and list the *specific* reasons for denial ~~It~~ *pursuant to*
2 *the provisions of this chapter and any regulations adopted*
3 *pursuant thereto*; or

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

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

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

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

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

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

27 3. *The Division shall, within 30 days after the receipt of*
28 *evidence that the deficiencies in the renewal of a permit to sell*
29 *time shares are cured, renew the permit to sell time shares or deny*
30 *the renewal and list the specific reasons for denial pursuant to the*
31 *provisions of this chapter and any regulations adopted pursuant*
32 *thereto.*

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

34 119A.357 1. A sales agent, representative, manager,
35 developer , ~~or~~ project broker *or person licensed pursuant to*
36 *chapter 645 of NRS and subject to the provisions of this chapter*
37 shall notify the Division in writing if he or she is convicted of, or
38 enters a plea of guilty, guilty but mentally ill or nolo contendere to,
39 a felony or any crime involving moral turpitude.

40 2. A sales agent, representative, manager, developer , ~~or~~
41 project broker *or person licensed pursuant to chapter 645 of NRS*
42 *and subject to the provisions of this chapter* shall submit the
43 notification required by subsection 1:

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



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

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

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

1. Be on a form approved by the Division;

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

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

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

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

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

119A.410 1. 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 contract of sale must include a statement of this right.

2. 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.

3. The notice of cancellation may be delivered personally to the developer, ~~or~~ sent by certified mail, return receipt requested, *or sent by standard overnight common carrier delivery service, with proof of service,* to the business address of the developer.

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

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

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

(a) The resale of time shares 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



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(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*



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1 *is licensed pursuant to chapter 645 of NRS and subject to the*
2 *provisions of this chapter* who fails to adequately supervise the
3 conduct of any sales agent or representative with whom the project
4 broker *or person* is associated.

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

6 119A.680 1. It is unlawful for any person to engage in the
7 business of, act in the capacity of, advertise or assume to act as a:

8 (a) Project broker , *person who is licensed pursuant to chapter*
9 *645 of NRS* or ~~sales agent~~ *time-share resale broker* within the
10 State of Nevada without first obtaining a license from the Division
11 pursuant to chapter 645 of NRS. ~~for NRS 119A.210.~~

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

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

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

