



Senate

General Assembly

File No. 52

January Session, 2009

Substitute Senate Bill No. 897

Senate, March 11, 2009

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING TIME SHARES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2010*) Sections 1 to 28,
2 inclusive, of this act shall be known and may be cited as the "Time
3 Share Act".

4 Sec. 2. (NEW) (*Effective January 1, 2010*) As used in sections 1 to 28,
5 inclusive, of this act:

6 (1) "Accommodation" means any apartment, condominium or
7 cooperative unit, cabin, lodge, hotel or motel room, or any other
8 private or commercial structure that: (A) Is affixed to real property; (B)
9 is designed for occupancy or use by one or more individuals; and (C) is
10 part of a time share plan.

11 (2) "Advertisement" means any written, oral or electronic
12 communication directed or targeted at individuals in this state that
13 contains a promotion, inducement or offer to sell a time share interest,

14 including, but not limited to, brochures, pamphlets, radio or television
15 transcripts, telephone or electronic media or direct mail.
16 "Advertisement" does not include: (A) Any stockholder
17 communication, including an annual report or interim financial report,
18 proxy material, registration statement, securities prospectus, time
19 share disclosure statement or other material required to be delivered to
20 a prospective purchaser by a state or federal governmental entity; (B)
21 any oral or written statement disseminated by a developer to broadcast
22 or print media, except the following shall be considered an
23 advertisement: (i) Paid advertising or promotional material relating to
24 plans for acquiring or developing time share property; and (ii) the
25 rebroadcast or other dissemination of any oral statements by a
26 developer to a prospective purchaser or the distribution or other
27 dissemination of written statements, including newspaper or magazine
28 articles or press releases, by a developer to prospective purchasers; (C)
29 the offering of a time share interest in a national publication or by
30 electronic media that is not specifically targeted to any individual
31 located in this state; (D) any audio, written or visual publication or
32 material relating to the availability of any accommodations for
33 transient rental if (i) a sales presentation is not a term or condition of
34 the availability of the accommodations, and (ii) the failure of the
35 transient renter to take a tour of the time share property or attend a
36 sales presentation does not result in a reduction in the level of services
37 or an increase in the rental price that would otherwise be available to
38 the renter; or (E) any follow-up communication with a person relating
39 to a promotion if the person previously received an advertisement
40 relating to the promotion that complied with section 10 of this act.

41 (3) "Amenities" means all recreational facilities made available to
42 purchasers in a time share plan.

43 (4) "Assessment" means the amount assessed against or collected
44 from a purchaser by an association or its managing entity in a fiscal
45 year to cover expenditures, charges, reserves or liabilities related to the
46 operation of a time share plan or time share properties managed by the
47 same managing entity.

48 (5) "Association" means a council or association composed of all
49 owners of a time share interest.

50 (6) "Bonus time" means a program for the nonguaranteed use of
51 accommodations or amenities at one or more time share properties
52 under common management that allows reservations by owners of the
53 time share properties for unreserved accommodations or amenities
54 during a period of not more than thirty days before the desired
55 reservation dates.

56 (7) "Closing agent" means a title agent, a bonded escrow company, a
57 financial institution whose accounts are insured by a governmental
58 agency or instrumentality, or an attorney (A) admitted to the bar of the
59 state in which the closing occurs, (B) who is not an employee of the
60 developer or of an affiliated entity under common ownership and
61 control of the developer, and (C) who is responsible for the receipt and
62 disbursement of funds in accordance with sections 1 to 28, inclusive, of
63 this act.

64 (8) "Commissioner" means the Commissioner of Consumer
65 Protection.

66 (9) "Component site" means a specific geographic location where
67 accommodations that are part of a multisite time share plan are
68 located. Separate phases of a single time share property in a specific
69 geographic location and under common management shall be deemed
70 a single component site.

71 (10) "Conspicuous type" means: (A) (i) Type in upper and lower case
72 letters two point sizes larger than the largest nonconspicuous type,
73 exclusive of headings, on the page on which it appears, but not less
74 than ten-point type, or (ii) where the use of ten-point type would be
75 impractical or impossible with respect to a particular piece of written
76 advertising material, a different style of type or print that is
77 conspicuous under the circumstances; and (B) separated on all sides
78 from other type and print.

79 (11) "Department" means the Department of Consumer Protection.

80 (12) "Developer" means: (A) Any person, excluding a sales agent,
81 who creates a time share plan, is in the business of selling time share
82 interests or employs a sales agent to sell time share interests; or (B) any
83 person who succeeds in the developer's interest by sale, lease,
84 assignment, mortgage or other transfer if such person (i) offers not less
85 than twelve time share interests in a particular time share plan, and (ii)
86 is in the business of selling time share interests or employs a sales
87 agent to sell time share interests.

88 (13) "Dispose" or "disposition" means a voluntary transfer of any
89 legal or equitable time share interest, but does not include the transfer
90 or release of a real estate lien or of a security interest.

91 (14) "Exchange company" means any person who owns or operates
92 an exchange program.

93 (15) "Exchange disclosure statement" means a written statement that
94 includes the information required by section 12 of this act.

95 (16) "Exchange program" means any method, arrangement or
96 procedure for the voluntary exchange of time share interests among
97 purchasers or owners.

98 (17) "Managing entity" means the association or person responsible
99 for operating and maintaining a time share property.

100 (18) "Multisite time share plan" means a plan in which a time share
101 purchaser has:

102 (A) A specific time share interest, which is the right to use and
103 occupy accommodations at a specific time share property and the right
104 to use and occupy accommodations at one or more other component
105 sites created by or acquired solely through the reservation system of
106 the time share plan; or

107 (B) A nonspecific time share interest, which is the right to use and

108 occupy accommodations at more than one component site created by
109 or acquired solely through the reservation system of the time share
110 plan but which does not include a right to use and occupy a particular
111 accommodation.

112 (19) "Offering" or "offer" means any advertisement, inducement or
113 solicitation and any attempt to encourage a person to purchase a time
114 share interest.

115 (20) "Project instrument" means a time share instrument or one or
116 more recordable documents, by whatever name denominated,
117 applying to the whole of a time share project and containing
118 restrictions or covenants regulating the use, occupancy or disposition
119 of units in a project, including a declaration for a condominium,
120 association articles of incorporation, association bylaws and rules for a
121 condominium in which a time share plan is created.

122 (21) "Promotion" means any program, activity or contest, or any gift,
123 prize or other item of value, used to induce any person to attend a time
124 share sales presentation.

125 (22) "Purchaser" means any person, other than a developer, who
126 acquires a legal or equitable interest in a time share by means of a
127 voluntary transfer other than as a security for an obligation.

128 (23) "Reservation system" means the method, arrangement or
129 procedure by which a purchaser, in order to reserve the use and
130 occupancy of an accommodation of a multisite time share plan for one
131 or more time share periods, is required to compete with other
132 purchasers in the same multisite time share plan, regardless of whether
133 the reservation system is operated and maintained by the multisite
134 time share plan, a managing entity, exchange company or any other
135 person. If a purchaser is required to use an exchange program as the
136 purchaser's principal means of obtaining the right to use and occupy
137 the accommodations and facilities of the plan, such arrangement is
138 considered a reservation system. If the exchange company uses a
139 mechanism to exchange time share periods among members of the

140 exchange program, the use of the mechanism is not considered a
141 reservation system of a multisite time share plan.

142 (24) "Sales agent" means a person who, directly or through the
143 person's employees, agents or independent contractors, sells or offers
144 to sell time share interests in a time share plan to any individual
145 located in this state.

146 (25) "Single-site time share plan" means a time share plan in which a
147 time share purchaser's right to use and occupy accommodations is
148 limited to a single time share property. A single-site time share plan
149 that includes bonus time or a program under which the owner of a
150 time share interest at a specific time share property may exchange a
151 time share period for another time share period at the same or another
152 time share property under common management shall not transform
153 the single-site time share plan into a multisite time share plan.

154 (26) "Time share disclosure statement" means a written statement
155 that includes the information required by section 11 of this act.

156 (27) "Time share estate" means an arrangement under which the
157 purchaser receives a right to occupy a time share property and a real
158 estate interest in the time share property.

159 (28) "Time share interest" means a time share estate or time share
160 use.

161 (29) "Time share instrument" means a master deed, master lease,
162 declaration or any other instrument used in the creation of a time share
163 plan.

164 (30) "Time share period" means the period of time within which the
165 purchaser of a time share interest is entitled to the exclusive
166 possession, occupancy and use of an accommodation.

167 (31) "Time share plan" means any arrangement, plan, scheme or
168 similar method, excluding an exchange program but including a
169 membership agreement, sale, lease, deed, license or right-to-use

170 agreement, by which a purchaser, in exchange for consideration,
171 receives an ownership right in or the right to use accommodations on a
172 recurring basis for a period of time less than a year during a given
173 year, but not necessarily consecutive years, regardless of whether the
174 period of time is determined in advance.

175 (32) "Time share property" means: (A) One or more
176 accommodations and any related amenities subject to the same time
177 share instrument; and (B) any other property or property rights
178 appurtenant to such accommodations and amenities.

179 (33) "Time share unit" means an accommodation of a time share
180 plan that is divided into time share periods. Any time share unit in
181 which a door or doors connecting two or more separate rooms are
182 capable of being locked to create two or more private dwellings shall
183 only constitute one time share unit for purposes of sections 1 to 28,
184 inclusive, of this act, unless the time share instrument provides that
185 time share interests may be separately conveyed in such locked-off
186 portions.

187 (34) "Time share use" means any arrangement under which the
188 purchaser receives a right to occupy a time share property, but under
189 which the purchaser does not receive a real estate interest in the time
190 share property.

191 (35) "Time share resale" means the sale or transfer of a time share
192 interest that was previously sold to a purchaser.

193 (36) "Time share resale broker" means a person who acts for another
194 person or entity and for a fee, commission or other valuable
195 consideration, offers in this state to advertise, list for sale, sell,
196 exchange, buy or rent or offers or attempts to negotiate a sale,
197 exchange, purchase or rental of twelve or more time share resales in
198 any twelve-month period, or who is registered as a time share resale
199 broker pursuant to the provisions of sections 1 to 28, inclusive, of this
200 act.

201 Sec. 3. (NEW) (*Effective January 1, 2010*) (a) Sections 1 to 28, inclusive,
202 of this act shall apply to the following:

203 (1) Time share plans with accommodations or amenities in this state;

204 (2) Time share plans without accommodations or amenities in this
205 state, if those time share plans are sold or offered to be sold to any
206 individual located within this state. Time share plans without
207 accommodations or amenities in this state that are sold or offered to
208 any individual located within this state are subject only to sections 2 to
209 4, inclusive, subsection (d) of section 6, sections 7 to 22, inclusive, and
210 section 26 of this act; and

211 (3) Exchange programs as specified in subdivision (16) of section 2
212 of this act.

213 (b) Sections 1 to 28, inclusive, of this act shall not apply to the
214 offering of sale of the following:

215 (1) Time share plans, whether or not an accommodation is located in
216 this state, consisting of seven or fewer time share interests. Use of an
217 exchange program by owners of time share interests to secure access to
218 other accommodations shall not affect this exemption;

219 (2) Time share plans, whether or not an accommodation is located in
220 this state, the use of which extends over any period of three years or
221 less; or

222 (3) A time share interest, whether or not an accommodation is
223 located in this state, under which the prospective purchaser's total
224 financial obligation will be equal to or less than three thousand dollars
225 during the term of ownership of the time share interest.

226 (c) An offering or disposition is exempt from the provisions of
227 sections 1 to 28, inclusive, of this act if it is:

228 (1) A gratuitous offering or disposition of a time share interest;

229 (2) A disposition pursuant to a court order;

- 230 (3) A disposition by a governmental agency;
- 231 (4) A disposition by foreclosure or deed in lieu of foreclosure;
- 232 (5) An offering or disposition by an association of its own time share
233 interest acquired through foreclosure, deed in lieu of foreclosure or
234 gratuitous transfer;
- 235 (6) An offering or disposition of all time share interests in a time
236 share plan to not more than five persons;
- 237 (7) An offering or disposition of a time share interest in a time share
238 property situated wholly outside this state under a contract executed
239 wholly outside this state, if there has been no offering to the purchaser
240 within this state;
- 241 (8) An offering or disposition of a time share interest to a purchaser
242 who is not a resident of this state under a contract executed wholly
243 outside this state, if there has been no offering to the purchaser within
244 this state;
- 245 (9) The offering or redistribution of a time share interest by a
246 purchaser who acquired the interest for the purchaser's personal use;
247 or
- 248 (10) The offering or disposition of a rental of an accommodation for
249 a period of three years or less.
- 250 (d) An offering or disposition of a time share interest in a time share
251 property located outside of this state to a purchaser who currently
252 owns a time share interest from the same developer or from an
253 affiliated entity under common ownership and control with the
254 developer is exempt from the provisions of sections 1 to 28, inclusive,
255 of this act if:
 - 256 (1) The developer or affiliated entity has a time share plan currently
257 registered with the department that was originally approved within
258 the previous seven years from the date of the offer or disposition; and

259 (2) The developer or affiliated entity making such offer or
260 disposition:

261 (A) Complies in all material respects with the provisions of section
262 10, subsections (c) and (d) of section 14, section 15, subsection (q) of
263 section 17, subdivision (2) of subsection (a) of section 18 and
264 subsections (b) to (d), inclusive, of section 18 of this act;

265 (B) Provides the purchaser with all time share disclosure documents
266 required to be provided to purchasers as if the offer or disposition
267 occurred in the state or jurisdiction where the time share property is
268 located;

269 (C) Includes a notice in the contract for purchase that is the same as
270 or substantially similar to that required in subsection (a) of section 15
271 of this act and a right of rescission of not less than five days;

272 (D) Provides the purchaser, either in the disclosure documents
273 provided pursuant to this subdivision or in supplementary or
274 additional materials, all of the following if the state or jurisdiction
275 where the time share property is located does not require such
276 disclosure documents:

277 (i) A description of the type of time share plan offered, including the
278 duration and operation of the plan;

279 (ii) A description of the existing or proposed accommodations and
280 amenities, including the type and number of time share interests in the
281 accommodations expressed in use increments applicable to the time
282 share plan, a categorization by numbers of bedrooms for each type of
283 accommodation and, if the accommodations or amenities are proposed
284 or incomplete, a schedule for commencement, completion and
285 availability of the accommodations;

286 (iii) A description of the method and timing for performing
287 maintenance on the accommodations;

288 (iv) Copies of the declaration, association articles of incorporation,

289 association bylaws and association rules and regulations, if applicable;
290 and

291 (v) The current annual budget for the time share plan.

292 (3) By making any offering or disposition pursuant to this
293 subsection, the developer is deemed to consent to the jurisdiction of
294 the Department of Consumer Protection in the event of a dispute with
295 the purchaser in connection with the offering or disposition.

296 (e) For the purposes of sections 1 to 28, inclusive, of this act, the
297 term "vacation ownership" may be used synonymously for "time
298 share" in advertisements or in disclosures regarding a time share
299 interest or time share plan.

300 Sec. 4. (NEW) (*Effective January 1, 2010*) The following
301 communications are exempt from sections 1 to 28, inclusive, of this act
302 if they are delivered to a person who has previously executed a
303 contract for the purchase of, or is an owner of, a time share interest in a
304 time share plan:

305 (1) Any communication addressed to and relating to the account of
306 the person; or

307 (2) Any audio, written or visual publication or material relating to
308 an exchange company or program if the person is a member of that
309 exchange company or program.

310 Sec. 5. (NEW) (*Effective January 1, 2010*) (a) The developer of a time
311 share plan any part of which is located in this state shall properly
312 record the time share instrument in the land records of all towns where
313 an accommodation is located. When a person expressly declares an
314 intent to subject the property to a time share plan through the
315 recordation of a time share instrument that sets forth the information
316 provided in subsections (b) and (c) of this section, that property shall
317 be established thenceforth as a time share plan.

318 (b) The declaration made in a time share instrument recorded under

319 this section shall include:

320 (1) A legal description of the time share property, including a
321 ground plan indicating the location of each existing or proposed
322 building included in the time share plan;

323 (2) A description of each existing or proposed accommodation,
324 including the location and square footage of each unit and an interior
325 floor plan of each existing or proposed building;

326 (3) A description of any amenities furnished or to be furnished to
327 the purchaser;

328 (4) A statement of the fractional or percentage part that each time
329 share interest bears to the entire time share plan;

330 (5) A statement that the time share property is part of a multisite
331 time share plan, if applicable; and

332 (6) Any additional information consistent with this section.

333 (c) Any sales agent who offers a time share interest created under
334 this section shall be licensed as a real estate broker or real estate
335 salesperson as set forth in section 20-312 of the general statutes, unless
336 exempt from licensure under chapter 392 of the general statutes. An
337 exchange company that is exchanging time share periods need not be
338 licensed pursuant to section 20-312 of the general statutes.

339 Sec. 6. (NEW) (*Effective January 1, 2010*) (a) Once a property is
340 established as a time share plan, each time share interest may be
341 individually conveyed or encumbered and shall be entirely
342 independent of all other time share interests in the same time share
343 property. Any title or interest in a time share interest may be recorded.

344 (b) Any time share interest may be jointly or commonly owned by
345 more than one person.

346 (c) A time share estate may be jointly or commonly owned in the
347 same manner as any other real property interest in this state.

348 (d) An action for partition of a time share unit shall not be
349 maintained during the term of a time share plan.

350 Sec. 7. (NEW) (*Effective January 1, 2010*) (a) Except as provided by
351 sections 1 to 28, inclusive, of this act, a developer may not offer or
352 dispose of a time share interest unless such time share plan is
353 registered with the Department of Consumer Protection.

354 (b) Before a registration application for a time share plan is
355 submitted or completed, a developer or any person acting on the
356 developer's behalf may accept a reservation and a deposit from a
357 prospective purchaser if the deposit is placed in an escrow account
358 with a closing agent and if the deposit is fully refundable at any time at
359 the request of the purchaser. The deposit shall not be forfeited unless
360 the purchaser affirmatively creates a binding obligation by a
361 subsequent written instrument consisting of a binding contract to
362 purchase, in which case the release of funds shall be governed by
363 subsections (a) to (o), inclusive, of section 17 of this act.

364 (c) A developer or any person acting on the developer's behalf may
365 not offer or dispose of a time share interest during any period within
366 which there is in effect an order by the commissioner or by any court
367 of competent jurisdiction revoking or suspending the registration of
368 the time share plan of which such time share interest is a part.

369 (d) At the developer's request, the department may authorize the
370 developer to conduct presales before a time share plan is registered if
371 the registration application is administratively complete, as
372 determined by the commissioner or as established by department
373 regulations. The authorization for presales shall permit the developer
374 to offer and dispose of time share interests during the period the
375 registration application is in process. To obtain a presales
376 authorization, the developer shall:

377 (1) Submit a written request to the department for an authorization
378 to conduct presales;

379 (2) Submit an administratively complete application for registration,
380 including an application fee of three hundred dollars and any exhibits
381 required by the department; and

382 (3) Provide evidence acceptable to the department that all funds
383 received by the developer will be placed with a closing agent with
384 instructions requiring the funds to be retained until a registration
385 application is complete as determined by the department.

386 (e) After the final time share disclosure statement is approved by the
387 commissioner, the developer shall:

388 (1) Give each purchaser and prospective purchaser a copy of the
389 final time share disclosure statement; and

390 (2) Provide the purchaser with a second opportunity to cancel the
391 purchase contract, as provided in subsections (c) and (d) of section 14
392 of this act, if the commissioner determines that a materially adverse
393 change exists between the disclosures contained in the proposed time
394 share disclosure statement and the final time share disclosure
395 statement.

396 (f) The requirements of sections 1 to 28, inclusive, of this act shall
397 remain in effect during the period the developer offers or disposes of
398 time share interests of the time share plan registered with the
399 department. The developer shall notify the department in writing
400 when the developer ceases to offer the time share plan in this state.

401 Sec. 8. (NEW) (*Effective January 1, 2010*) (a) An application for
402 registration filed under this section shall include a time share
403 disclosure statement required by section 11 of this act and any
404 exchange disclosure statement required by section 12 of this act,
405 recorded copies of all time share instruments and other information as
406 may be required by the commissioner. If the time share property is a
407 newly developed property, recorded copies of the time share
408 instruments shall be provided promptly after recorded copies are
409 available from the entity with which the instruments are recorded.

410 (b) If existing or proposed accommodations are in a condominium
411 or similar development, the application for registration shall contain
412 the project condominium instruments of that development and
413 affirmatively indicate that the creation and disposition of time share
414 interests are not prohibited by those instruments. If the project
415 instruments do not expressly authorize the creation and disposition of
416 time share interests, the application shall contain evidence that existing
417 owners of the condominium development were provided written
418 notice not later than sixty days before the application for registration
419 that time share interests would be created and sold. If the project
420 instruments prohibit the creation or disposition of time share interests,
421 the application shall contain a certification by the authorized
422 representative of all existing owners that the project instruments have
423 been properly amended to permit such creation and disposition.

424 (c) The commissioner may accept an abbreviated registration
425 application from a developer of a time share plan for any
426 accommodations in the plan that are located outside this state.

427 (d) A developer of a time share plan with any accommodation
428 located in this state shall not file an abbreviated application unless:

429 (1) The developer is a (A) successor in interest after a merger or
430 acquisition, or (B) joint venture in which the previous developer or its
431 affiliate is a partner or a member; and

432 (2) The previous developer registered the time share plan in this
433 state preceding the merger, acquisition or joint venture.

434 (e) A developer filing an abbreviated application shall provide:

435 (1) The legal name and any assumed names and the principal office
436 location, mailing address, telephone number and primary contact
437 person of the developer;

438 (2) The name, location, mailing address, telephone number and
439 primary contact person of the time share plan;

440 (3) The name and address of the developer's authorized or
441 registered agent for service of process in this state if the developer is
442 not domiciled in this state;

443 (4) The name, primary office location, mailing address and
444 telephone number of the managing entity of the time share plan;

445 (5) A declaration stating whether the time share plan is a single-site
446 time share plan or a multisite time share plan;

447 (6) If the plan is a multisite time share plan, a declaration stating
448 whether the plan consists of specific time share interests or nonspecific
449 time share interests;

450 (7) A statement disclosing each jurisdiction in which the time share
451 plan is approved or accepted and a statement disclosing each
452 jurisdiction in which the time share plan is pending;

453 (8) A disclosure of each jurisdiction in which the developer or the
454 managing entity has been denied registration of the time share plan or,
455 during the five-year period before the registration application date,
456 was the subject of a final adverse disposition in a disciplinary
457 proceeding;

458 (9) If requested by the commissioner, copies of any disclosure
459 documents required to be provided to purchasers or filed with any
460 jurisdiction that approved or accepted the time share plan;

461 (10) Any other information requested by the commissioner or
462 required by statute or departmental regulation or policy; and

463 (11) The appropriate filing fee, as determined by the commissioner.

464 (f) In lieu of physically providing the items listed in subsection (e) of
465 this section, a developer filing an abbreviated application may provide
466 a statement or statements certifying that any or all of the items
467 required by subsection (e) of this section are available to be viewed
468 electronically, at no cost to the department, through an electronic

469 registry, web site or other electronic means approved by the
470 commissioner. The method for accessing said items shall be clearly
471 disclosed in each such certification.

472 (g) A foreign developer shall not file an abbreviated application
473 unless the state in which such developer is registered has registration
474 and disclosure requirements that are substantially similar to, or more
475 stringent than, the requirements of this section.

476 (h) The commissioner shall investigate all matters relating to the
477 application and the commissioner may require a personal inspection of
478 the proposed time share property by any persons designated from the
479 department. All direct expenses incurred by the department in
480 inspecting the property shall be borne by the applicant. The
481 commissioner may require the applicant to pay an advance deposit
482 sufficient to cover those expenses.

483 (i) The developer shall file amendments to the registration reporting
484 to the commissioner any materially adverse change in any document
485 contained in the registration not later than thirty days after the
486 developer knows or reasonably should know of the change. The
487 developer may continue to offer and dispose of time share interests
488 under the existing registration pending review of the amendments by
489 the commissioner if the materially adverse change is disclosed to
490 prospective purchasers. The commissioner may charge a fee of up to
491 three hundred dollars for the processing of an amendment.

492 Sec. 9. (NEW) (*Effective January 1, 2010*) (a) The commissioner may
493 adopt regulations, in accordance with chapter 54 of the general
494 statutes, and prescribe and publish forms necessary to carry out the
495 provisions of sections 1 to 28, inclusive, of this act. The commissioner
496 may suspend or revoke the registration of, place on probation, or
497 reprimand any person subject to sections 1 to 28, inclusive, of this act,
498 impose a civil penalty of not more than five thousand dollars for each
499 violation of sections 1 to 28, inclusive, of this act, or take any other
500 disciplinary action authorized by sections 1 to 28, inclusive, of this act
501 if, after notice and hearing, the commissioner determines that a

502 developer or person subject to sections 1 to 28, inclusive, of this act has
503 materially violated any provision of sections 1 to 28, inclusive, of this
504 act or chapter 735a of the general statutes. Nothing in sections 1 to 28,
505 inclusive, of this act shall be construed to limit or deny any rights or
506 remedies provided by law.

507 (b) The commissioner may authorize specific employees to conduct
508 hearings and issue proposed or final decisions in contested cases, and
509 establish reasonable fees for forms and documents the department
510 provides to the public and for the filing or registration of documents
511 required by sections 1 to 28, inclusive, of this act.

512 (c) If the commissioner initiates a disciplinary proceeding under this
513 section, a person is entitled to a hearing before the commissioner or a
514 hearing officer appointed by the commissioner. Any party aggrieved
515 by a decision made by a hearing officer may appeal to the
516 commissioner in accordance with chapter 54 of the general statutes.

517 (d) The commissioner may authorize the Attorney General to file a
518 suit in the judicial district of New Britain to prevent a violation of
519 sections 1 to 28, inclusive, of this act or for any other appropriate relief.

520 (e) A developer's compliance with sections 1 to 28, inclusive, of this
521 act exempts the parties' offer, disposition, exchange and management
522 of time share interests subject to said sections from: (1) The registration
523 provisions of chapter 672a of the general statutes, unless otherwise
524 sold as a security; (2) compliance with the provisions of chapter 740 of
525 the general statutes; (3) compliance with the provisions of chapter 828
526 of the general statutes; and (4) compliance with the provisions of
527 sections 20-329a to 20-329n, inclusive, of the general statutes.

528 (f) The commissioner may adopt regulations, in accordance with the
529 provisions of chapter 54 of the general statutes, specifying the
530 requirements for the issuance and renewal of a developer's registration
531 under sections 1 to 28, inclusive, of this act, including, but not limited
532 to, (1) the form required for application for registration or a renewal of
533 registration, and (2) any supporting documentation required for

534 registration or renewal of registration.

535 (g) The commissioner shall issue or renew a registration under
536 sections 1 to 28, inclusive, of this act for a period not to exceed twenty-
537 four months.

538 (h) The commissioner shall assess and collect a fee of seven hundred
539 dollars for the issuance or renewal of a registration under sections 1 to
540 28, inclusive, of this act.

541 (i) The commissioner may assess and collect a late fee if the
542 commissioner has not received the registration fee or supporting
543 documentation required before the sixty-first day after the date a
544 registration is issued or renewed under this section.

545 (j) Failure to pay a renewal fee shall be a violation of sections 1 to 28,
546 inclusive, of this act.

547 Sec. 10. (NEW) (*Effective January 1, 2010*) (a) An advertisement shall
548 not materially misrepresent:

549 (1) Facts or create false or misleading impressions regarding the
550 time share plan;

551 (2) The size, nature, extent, qualities or characteristics of the
552 accommodations or amenities;

553 (3) The amount or period of time during which the accommodations
554 or amenities will be available to any purchaser;

555 (4) The nature or extent of any services incident to the time share
556 plan; or

557 (5) The conditions under which a purchaser may exchange the right
558 to use accommodations or amenities in one location for the right to use
559 accommodations or amenities in another location.

560 (b) An advertisement shall not:

561 (1) Contain statements concerning nonspecific or not bona fide
562 future price increases;

563 (2) Contain any asterisk or other reference symbol as a means of
564 contradicting or substantially changing any previously made
565 statement or as a means of obscuring material facts; or

566 (3) Describe any improvement to the time share plan that is not
567 required to be built or that is uncompleted unless labeled in
568 conspicuous type with words such as "need not be built", "proposed"
569 or "under construction", with the date of promised completion, if
570 applicable, clearly indicated.

571 (c) An advertisement that contains a promotion in connection with
572 the offering of a time share interest shall include:

573 (1) A statement to the effect that the promotion is intended to solicit
574 purchasers of time share interests;

575 (2) The full name of the developer of the time share property; and

576 (3) If applicable, the full name and address of any marketing
577 company involved in the promotion of the time share property,
578 excluding the developer or an affiliate or subsidiary of the developer.

579 (d) When a promotion uses free offers, gift enterprises, drawings,
580 sweepstakes or discounts, the rules of the promotion shall be disclosed
581 and shall include, when applicable, the day and the year by which all
582 prizes listed or offered will be awarded, and the method by which all
583 prizes are to be awarded.

584 (e) At least one of each prize featured in a promotion shall be
585 awarded by the day and year specified in the promotion. The
586 developer and any marketing company involved in the promotion
587 shall be liable for making the awards.

588 (f) Any promotion offering prizes, including, but not limited to,
589 awards, gifts or anything of value regardless of whether there are any

590 conditions or restrictions attached to the receipt of the prize, shall
591 disclose in conspicuous type:

592 (1) The value of each prize;

593 (2) The odds of winning each prize, expressed in Arabic numerals as
594 a fraction or a ratio, or, if the odds depend upon the number of entries
595 received, a statement that the odds depend upon the number of any
596 entries received; and

597 (3) Any conditions or restrictions that apply to the receipt of the
598 prize or void the receipt of the prize.

599 (g) An advertisement containing the disclosures required by this
600 section shall be provided in writing or electronically:

601 (1) At least once before a scheduled sales presentation; and

602 (2) In a reasonable period before the scheduled sales presentation to
603 ensure that the recipient receives the disclosures before leaving to
604 attend the sales presentation.

605 (h) The developer shall not be required to provide the disclosures
606 required by this section in every advertisement or other written, oral or
607 electronic communication provided or made to a recipient before a
608 scheduled sales presentation.

609 Sec. 11. (NEW) (*Effective January 1, 2010*) (a) Before a prospective
610 purchaser signs any agreement to acquire a time share interest, the
611 developer shall provide a time share disclosure statement to the
612 prospective purchaser and shall obtain from the purchaser a written
613 acknowledgement of receipt of the time share disclosure statement.

614 (b) The time share disclosure statement for a single-site time share
615 plan or a multisite time share plan that includes a specific time share
616 interest shall include:

617 (1) The type of time share plan offered and the name and address of
618 the developer and the single site or specific site offered for the

619 multisite time share plan;

620 (2) A description of the duration and operation of the time share
621 plan;

622 (3) A description of the existing or proposed accommodations,
623 including the type and number of time share interests in the
624 accommodations expressed in periods of seven-day-use availability or
625 other time increment applicable to the time share plan. The description
626 of each type of accommodation included in the time share plan shall be
627 categorized by the number of bedrooms, the number of bathrooms,
628 and sleeping capacity, and shall include a statement indicating
629 whether the accommodation contains a full kitchen, which means a
630 kitchen that has a minimum of a dishwasher, range, sink, oven and
631 refrigerator. If the accommodations are proposed or incomplete, a
632 schedule for commencement, completion and availability of the
633 accommodations shall be provided;

634 (4) A description of any existing or proposed amenities of the time
635 share plan and, if the amenities are proposed or incomplete, a schedule
636 for commencement, completion, and availability of the amenities;

637 (5) The extent to which financial arrangements have been provided
638 for the completion of all promised accommodations and amenities that
639 are committed to be built;

640 (6) A description of the method and timing for performing
641 maintenance of the accommodations;

642 (7) A statement indicating that, on an annual basis, the sum of the
643 nights that purchasers are entitled to use the accommodations does not
644 exceed the number of nights the accommodations are available for use
645 by the purchasers;

646 (8) A description of the method by which purchasers' use of the
647 accommodations is scheduled;

648 (9) A statement that an association exists or is expected to be created

649 or that such an association does not exist and is not expected to be
650 created and, if such an association exists or is reasonably
651 contemplated, a description of its powers and responsibilities;

652 (10) Relating to the single-site time share plan or the specific time
653 share interest of a multisite time share plan, copies of the following
654 documents, if applicable, including any amendments to the
655 documents, unless separately provided to the purchaser
656 simultaneously with the time share disclosure statement: (A) The
657 declaration; (B) the association articles of incorporation; (C) the
658 association bylaws; (D) the association rules; and (E) any lease or
659 contract, excluding the purchase contract and other loan documents
660 required to be signed by the purchaser at closing;

661 (11) The name and principal address of the managing entity and a
662 description of the procedures, if any, for altering the powers and
663 responsibilities of the managing entity and for removing or replacing
664 it;

665 (12) The current annual budget, if available, or the projected annual
666 budget for the time share plan or time share properties managed by
667 the same managing entity if assessments are deposited in a common
668 account. The budget shall include:

669 (A) A statement of the amount reserved or budgeted for repairs,
670 replacements and refurbishment;

671 (B) The projected common expense liability, if any, by category of
672 expenditure for the time share plan or time share properties managed
673 by the same managing entity; and

674 (C) The assumptions on which the operating budget is based;

675 (13) The projected assessments and a description of the method for
676 calculating and apportioning those assessments among purchasers;

677 (14) Any initial fee or special fee due from the purchaser at closing,
678 together with a description of the purpose and method of calculating

679 the fee;

680 (15) A description of any lien, defect or encumbrance on or affecting
681 title to the time share interest and, if applicable, a copy of each written
682 warranty provided by the developer;

683 (16) A description of any bankruptcy that is pending or that has
684 occurred within the past five years, pending civil or criminal suit,
685 adjudication or disciplinary actions material to the time share plan of
686 which the developer has knowledge;

687 (17) A description of any financing offered by or available through
688 the developer;

689 (18) Any current or anticipated fees or charges to be paid by time
690 share purchasers for the use of any accommodations or amenities
691 related to the time share plan, and a statement that the fees or charges
692 are subject to change;

693 (19) A description of the insurance respectively insuring the (A)
694 time share property against damage and destruction, (B) association
695 against liability to others, and (C) owners of time share interests
696 against liability to others;

697 (20) A description of the type of insurance coverage necessary to
698 protect the purchaser and reasonably repair or replace the
699 accommodations and amenities;

700 (21) The extent to which a time share interest may become subject to
701 a tax lien or other lien arising out of claims against purchasers of
702 different time share interests;

703 (22) A description of the purchaser's right to cancel the purchase
704 contract identified in section 14 of this act;

705 (23) A statement disclosing any right of first refusal or other
706 restraint on the transfer of all or any portion of a time share interest;

707 (24) A statement disclosing that any deposit made in connection

708 with the purchase of a time share interest shall be held by a closing
709 agent until expiration of any right to cancel the contract and that if the
710 purchaser elects to exercise the right of cancellation, any deposit shall
711 be returned to the purchaser, as set forth in subsection (d) of section 14
712 of this act, or, if the commissioner accepts from the developer a surety
713 bond, irrevocable letter of credit or other form of financial assurance
714 instead of an escrow deposit, a statement disclosing that the developer
715 has provided a surety bond, irrevocable letter of credit or other form of
716 financial assurance in an amount equal to or in excess of the funds that
717 would otherwise be held by a closing agent and that if the purchaser
718 elects to exercise the right of cancellation, any deposit shall be returned
719 to the purchaser, as set forth in subsection (d) of section 14 of this act;

720 (25) If applicable, a statement that the assessments collected from
721 the purchasers may be placed in a common account with the
722 assessments collected from the purchasers of other time share
723 properties managed by the same managing entity;

724 (26) If the time share plan provides purchasers with the opportunity
725 to participate in an exchange program, a description of the name and
726 address of the exchange company and the method by which a
727 purchaser accesses the exchange program; and

728 (27) Any other information the commissioner deems necessary to
729 protect prospective purchasers or to implement sections 1 to 28,
730 inclusive, of this act.

731 (c) A developer who offers a specific time share interest in a
732 multisite time share plan also shall fully disclose the following
733 information in written, graphic or tabular form:

734 (1) A description of each component site, including the name and
735 address of each component site;

736 (2) A description of each type of accommodation in each component
737 site, categorized by the number of bedrooms, the number of
738 bathrooms, and sleeping capacity and a statement indicating whether

739 the accommodation contains a full kitchen, which means a kitchen that
740 has a minimum of a dishwasher, range, sink, oven and refrigerator;

741 (3) A description of the amenities at each component site available
742 for use by purchasers;

743 (4) A description of the reservation system, including, but not
744 limited to:

745 (A) The entity responsible for operating the reservation system, its
746 relationship to the developer and the duration of any agreement for
747 operation of the reservation system;

748 (B) A summary of the rules governing access to and use of the
749 reservation system; and

750 (C) The existence of and explanation regarding any priority
751 reservation features that affect a purchaser's ability to make
752 reservations for the use of a given accommodation on a first-come,
753 first-served basis;

754 (5) The name and principal address of the managing entity for the
755 multisite time share plan and a description of the procedures, if any,
756 for altering the powers and responsibilities of the managing entity and
757 for removing or replacing it;

758 (6) A description of any right to make additions to, substitutions in
759 or deletions from accommodations, amenities or component sites, and
760 a description of the basis on which accommodations, amenities or
761 component sites may be added to, substituted in or deleted from the
762 multisite time share plan;

763 (7) A description of the purchaser's liability for any fees associated
764 with the multisite time share plan;

765 (8) The location of each component site of the multisite time share
766 plan, the historical occupancy of each component site for the prior
767 twelve-month period, if the component site was part of the multisite

768 time share plan during such twelve-month time period, as well as any
769 periodic adjustment or amendment to the reservation system that may
770 be needed in order to respond to actual purchaser use patterns and
771 changes in purchaser use demand for the accommodations existing at
772 the time within the multisite time share plan; and

773 (9) Any other information the commissioner deems necessary to
774 protect prospective purchasers or to implement sections 1 to 28,
775 inclusive, of this act.

776 (d) A developer who offers a nonspecific time share interest in a
777 multisite time share plan shall disclose the following information in
778 written, graphic or tabular form:

779 (1) The name and address of the developer;

780 (2) A description of the type of interest and the usage rights the
781 purchaser will receive;

782 (3) A description of the duration and operation of the time share
783 plan;

784 (4) A description of the insurance respectively insuring the (A) time
785 share property against damage and destruction, (B) association against
786 liability to others, and (C) owners of time share interests against
787 liability to others;

788 (5) An explanation of who holds title to the accommodations of each
789 component site;

790 (6) A description of each component site, including the name and
791 address of each component site;

792 (7) A description of the existing or proposed accommodations,
793 expressed in periods of seven-day use availability or any other time
794 increment applicable to the time share plan. The description of each
795 type of accommodation included in the time share plan shall be
796 categorized by the number of bedrooms, the number of bathrooms,

797 and sleeping capacity, and shall include a statement indicating
798 whether the accommodation contains a full kitchen, which means a
799 kitchen that has a minimum of a dishwasher, range, sink, oven and
800 refrigerator. If the accommodations are proposed or incomplete, a
801 schedule for commencement, completion and availability of the
802 accommodations shall be provided;

803 (8) A statement that an association exists or is expected to be created
804 or that such an association does not exist and is not expected to be
805 created and, if such an association exists or is reasonably
806 contemplated, a description of its powers and responsibilities;

807 (9) If applicable, copies of the following documents applicable to the
808 multisite time share plan, including any amendments to the
809 documents, unless separately provided to the purchaser
810 simultaneously with the time share disclosure statement: (A) The
811 declaration; (B) the association articles of incorporation; (C) the
812 association bylaws; (D) the association rules; and (E) any lease or
813 contract, excluding the purchase contract and other loan documents
814 required to be signed by the purchaser at closing;

815 (10) A description of the method and timing for performing
816 maintenance of the accommodations;

817 (11) A statement indicating that, on an annual basis, the sum of the
818 nights that purchasers are entitled to use the accommodations does not
819 exceed the number of nights the accommodations are available for use
820 by the purchasers;

821 (12) A description of amenities available for use by the purchaser at
822 each component site;

823 (13) The location of each component site of the multisite time share
824 plan, the historical occupancy of each component site for the prior
825 twelve-month period, if the component site was part of the multisite
826 time share plan during such twelve-month time period, as well as any
827 periodic adjustment or amendment to the reservation system that may

828 be needed in order to respond to actual purchaser use patterns and
829 changes in purchaser use demand for the accommodations existing at
830 the time within the multisite time share plan;

831 (14) A description of the right to make any additions, substitutions,
832 or deletions of accommodations, amenities or component sites, and a
833 description of the basis upon which accommodations, amenities or
834 component sites may be added to, substituted in or deleted from the
835 multisite time share plan;

836 (15) A description of the reservation system that shall include all of
837 the following:

838 (A) The entity responsible for operating the reservation system, its
839 relationship to the developer and the duration of any agreement for
840 operation of the reservation system;

841 (B) A summary of the rules governing access to and use of the
842 reservation system; and

843 (C) The existence of and an explanation regarding any priority
844 reservation features that affect a purchaser's ability to make
845 reservations for the use of a given accommodation on a first-come,
846 first-served basis;

847 (16) The name and principal address of the managing entity for the
848 multisite time share plan and a description of the procedures, if any,
849 for altering the powers and responsibilities of the managing entity and
850 for removing or replacing it, and a description of the relationship
851 between the multisite time share plan managing entity and the
852 managing entity of the component sites of the multisite time share
853 plan, if different from the multisite time share plan managing entity;

854 (17) The current annual budget of the multisite time share plan, if
855 available, or the projected annual budget for the multisite time share
856 plan, which shall include, but not be limited to:

857 (A) A statement of the amount reserved or budgeted for repairs,

858 replacements and refurbishment;

859 (B) The projected common expense liability, if any, by category of
860 expenditure for the multisite time share plan; and

861 (C) The assumptions on which the operating budget is based;

862 (18) The projected assessments and a description of the method for
863 calculating and apportioning those assessments among purchasers of
864 the multisite time share plan;

865 (19) If applicable, a statement that the assessments collected from
866 the purchasers may be placed in a common account with the
867 assessments collected from the purchasers of other time share
868 properties managed by the same managing entity;

869 (20) Any current fees or charges to be paid by time share purchasers
870 for the use of any amenities related to the time share plan and a
871 statement that the fees or charges are subject to change;

872 (21) Any initial or special fee due from the purchaser at closing,
873 together with a description of the purpose of and method of
874 calculating the fee;

875 (22) A description of the purchaser's liability for any fees associated
876 with the multisite time share plan;

877 (23) A description of any lien, defect or encumbrance on or affecting
878 title to the time share interest and, if applicable, a copy of each written
879 warranty provided by the developer;

880 (24) The extent to which a time share interest may become subject to
881 a tax lien or other lien arising out of claims against purchasers of
882 different time share interests;

883 (25) A description the cancellation provisions and the waiver
884 prohibition set forth in subsections (a) to (c), inclusive, of section 14 of
885 this act;

886 (26) A description of any financing offered by or available through
887 the developer;

888 (27) A description of any bankruptcy of the developer that is
889 pending or that has occurred within the past five years, pending civil
890 or criminal suits, adjudications or disciplinary actions material to the
891 time share plan of which the developer has knowledge;

892 (28) A statement disclosing any right of first refusal or other
893 restraint on the transfer of all or a portion of a time share interest;

894 (29) A statement disclosing that any deposit made in connection
895 with the purchase of a time share interest shall be held by a closing
896 agent until expiration of any right to cancel the contract and that if the
897 purchaser elects to exercise the right of cancellation, any deposit shall
898 be returned to the purchaser, as set forth in subsection (d) of section 14
899 of this act, or, if the commissioner requires from the developer a surety
900 bond, irrevocable letter of credit or other form of financial assurance
901 instead of an escrow deposit, a statement disclosing that the developer
902 has provided a surety bond, irrevocable letter of credit or other form of
903 financial assurance in an amount equal to or in excess of the funds that
904 would otherwise be held by a closing agent and that if the purchaser
905 elects to exercise the right of cancellation, any deposit shall be returned
906 to the purchaser, as set forth in subsection (d) of section 14 of this act;

907 (30) If the time share plan provides purchasers with the opportunity
908 to participate in an exchange program, a description of the name and
909 address of the exchange company and the method by which a
910 purchaser accesses the exchange program; and

911 (31) Any other information the commissioner determines is
912 necessary to protect prospective purchasers or to implement the
913 purpose of sections 1 to 28, inclusive, of this act.

914 (e) A developer may include any other information in a time share
915 disclosure statement approved by the commissioner.

916 (f) If a time share plan is located wholly outside this state, the

917 commissioner may permit the developer to submit a time share
918 disclosure statement the developer is currently providing purchasers
919 or an equivalent time share disclosure statement filed for the time
920 share plan in another state if the current statement or the equivalent
921 statement substantially complies with the requirements of this section.
922 Use of an equivalent time share disclosure statement pursuant to this
923 subsection does not exempt the developer from other requirements of
924 this section.

925 Sec. 12. (NEW) (*Effective January 1, 2010*) (a) Before the signing of
926 any agreement to purchase a time share interest in which a prospective
927 purchaser is also offered participation in any exchange program, the
928 developer shall deliver to the prospective purchaser the exchange
929 disclosure statement of any exchange company whose service is
930 advertised or offered by the developer or other person in connection
931 with the disposition.

932 (b) If participation in an exchange program is offered for the first
933 time after a disposition has occurred, any person offering that
934 participation shall also deliver an exchange disclosure statement to the
935 purchaser before the execution by the purchaser of any instrument
936 relating to participation in the exchange program.

937 (c) In all cases, the person offering participation in the exchange
938 program shall obtain from the purchaser a written acknowledgement
939 of receipt of the exchange disclosure statement.

940 (d) The exchange disclosure statement shall include:

941 (1) The name and address of the exchange company;

942 (2) If the exchange company is not the developer, a statement
943 describing the legal relationship, if any, between the exchange
944 company and the developer;

945 (3) A statement indicating the conditions under which the exchange
946 program might terminate or become unavailable;

947 (4) Whether membership or participation or both in the exchange
948 program is voluntary or mandatory;

949 (5) A complete description of the required procedure for executing
950 an exchange of time share periods;

951 (6) The fee required for membership or participation or both in the
952 program and whether the fee is subject to change;

953 (7) A statement disclosing that participation in the exchange
954 program is conditioned on compliance with the terms of a contract
955 between the exchange company and the purchaser;

956 (8) A statement in conspicuous type that all exchanges are arranged
957 on a space-available basis and that neither the developer nor the
958 exchange company guarantees that a particular time share period can
959 be exchanged;

960 (9) A description of seasonal demand and unit occupancy
961 restrictions employed in the exchange program;

962 (10) The following information, which shall be independently
963 audited by a certified public accountant or accounting firm in
964 accordance with the standards of the Accounting Standards Board of
965 the American Institute of Certified Public Accountants and reported
966 annually:

967 (A) The number of purchasers currently enrolled in the exchange
968 program;

969 (B) The number of accommodations and facilities that have current
970 written affiliation agreements with the exchange program;

971 (C) The percentage of confirmed exchanges, which is the number of
972 exchanges confirmed by the exchange program divided by the number
973 of exchanges properly applied for, together with a complete and
974 accurate statement of the criteria used to determine whether an
975 exchange request was properly applied for;

976 (D) The number of time share periods for which the exchange
977 program has an outstanding obligation to provide an exchange to a
978 purchaser who relinquished a time share period during the year in
979 exchange for a time share period in any future year; and

980 (E) The number of exchanges confirmed by the exchange program
981 during the year; and

982 (11) A statement in boldface type that the percentage described in
983 subparagraph (C) of subdivision (10) of subsection (d) of this section is
984 a summary of the exchange requests entered with the exchange
985 program in the period reported and that the percentage does not
986 indicate the probabilities of a purchaser's being confirmed to any
987 specific choice or range of choices.

988 (e) Each exchange company offering an exchange program in this
989 state shall file with the department the information specified in this
990 section, together with any membership agreement and application
991 between the purchaser and the exchange company, and the audit
992 specified in subdivision (10) of subsection (d) of this section on or
993 before June first of each year. An exchange company shall make its
994 initial filing not later than twenty days prior to offering an exchange
995 program to any purchaser in this state. Each filing shall be
996 accompanied by an annual filing fee of five hundred dollars.

997 (f) Any material change in the information contained in an exchange
998 company filing shall be filed with the department as an amendment
999 prior to becoming effective. Each amendment filing shall be
1000 accompanied by a filing fee of one hundred dollars. An exchange
1001 program filing is required to be updated with respect to added or
1002 deleted time share properties only once each year, and such annual
1003 update shall not be deemed to be a material change to the filing.

1004 (g) If at any time the department determines that any of the
1005 information supplied by an exchange company fails to meet the
1006 requirements of this section, the department shall undertake
1007 enforcement action against the exchange company.

1008 Sec. 13. (NEW) (*Effective January 1, 2010*) Notwithstanding
1009 obligations placed upon any other persons pursuant to sections 1 to 28,
1010 inclusive, of this act, the developer shall supervise, manage and control
1011 all aspects of the offering of a time share interest, including, but not
1012 limited to, promotion, advertising, contracting and closing. Any
1013 violation of sections 1 to 28, inclusive, of this act that occurs during
1014 such offering activities is considered to be a violation by the developer
1015 as well as by the person actually committing the violation.

1016 Sec. 14. (NEW) (*Effective January 1, 2010*) (a) A purchaser may cancel
1017 a purchase contract before midnight of the fifth calendar day after the
1018 date the purchaser signs and receives a copy of the purchase contract
1019 or receives the required time share disclosure statement, whichever is
1020 later. A developer may offer a cancellation period that is longer than
1021 five calendar days if required in the jurisdiction where the time share
1022 property is located.

1023 (b) A purchaser shall not waive any right of cancellation under this
1024 section. A contract containing a waiver is voidable by the purchaser.

1025 (c) If a purchaser elects to cancel a purchase contract under this
1026 section, the purchaser may do so by hand-delivering notice of
1027 cancellation to the developer, by mailing notice by prepaid United
1028 States mail to the developer or to the developer's agent for service of
1029 process or by providing notice by overnight common carrier delivery
1030 service to the developer or the developer's agent for service of process.

1031 (d) Cancellation shall be without penalty, and all payments made by
1032 the purchaser before cancellation shall be refunded not later than
1033 twenty business days after the date on which the developer receives a
1034 timely notice of cancellation or on or before the fifth day after the date
1035 the developer receives good funds from the purchaser, whichever is
1036 later.

1037 Sec. 15. (NEW) (*Effective January 1, 2010*) (a) Each purchase contract
1038 shall contain the following language, in conspicuous type, or similar
1039 language or type if required by the jurisdiction in which the time share

1040 property or properties are located, with the developer's name and
1041 address, the date of the last day of the fiscal year and the address of the
1042 managing entity inserted where indicated:

1043 "PURCHASER'S RIGHT TO CANCEL.

1044 (1) BY SIGNING THIS CONTRACT YOU ARE INCURRING AN
1045 OBLIGATION TO PURCHASE A TIME SHARE INTEREST. YOU
1046 MAY, HOWEVER, CANCEL THIS CONTRACT WITHOUT
1047 PENALTY OR OBLIGATION BEFORE MIDNIGHT OF THE FIFTH
1048 CALENDAR DAY AFTER THE DATE YOU SIGN AND RECEIVE A
1049 COPY OF THE PURCHASE CONTRACT, OR RECEIVE THE
1050 REQUIRED TIME SHARE DISCLOSURE STATEMENT, WHICHEVER
1051 IS LATER.

1052 (2) IF YOU DECIDE TO CANCEL THIS CONTRACT, YOU MAY
1053 DO SO BY EITHER HAND-DELIVERING NOTICE OF
1054 CANCELLATION TO THE DEVELOPER, BY MAILING NOTICE BY
1055 PREPAID UNITED STATES MAIL OR BY FAXING NOTICE TO THE
1056 DEVELOPER OR THE DEVELOPER'S AGENT FOR SERVICE OF
1057 PROCESS, OR BY PROVIDING NOTICE BY OVERNIGHT COMMON
1058 CARRIER DELIVERY SERVICE TO THE DEVELOPER OR THE
1059 DEVELOPER'S AGENT FOR SERVICE OF PROCESS. YOUR NOTICE
1060 OF CANCELLATION IS EFFECTIVE ON THE DATE SENT, IF
1061 MAILED OR SENT BY OVERNIGHT COMMON CARRIER, OR
1062 WHEN TRANSMITTED FROM THE PLACE OF ORIGIN, IF FAXED,
1063 TO (INSERT NAME OF DEVELOPER) AT (INSERT ADDRESS OF
1064 DEVELOPER). FOR YOUR PROTECTION, SHOULD YOU DECIDE
1065 TO CANCEL YOU SHOULD EITHER SEND YOUR NOTICE OF
1066 CANCELLATION BY CERTIFIED MAIL WITH A RETURN RECEIPT
1067 REQUESTED OR OBTAIN A SIGNED AND DATED RECEIPT IF
1068 DELIVERING IT IN PERSON OR BY OVERNIGHT COMMON
1069 CARRIER.

1070 (3) A PURCHASER SHOULD NOT RELY ON STATEMENTS
1071 OTHER THAN THOSE INCLUDED IN THIS CONTRACT AND THE
1072 DISCLOSURE STATEMENT.

1073 (4) SHOULD YOU CANCEL, ANY PAYMENTS MADE BY YOU
1074 UNDER THE CONTRACT AND ANY NEGOTIABLE INSTRUMENT
1075 EXECUTED BY YOU WILL BE RETURNED WITHIN TWENTY
1076 BUSINESS DAYS FOLLOWING RECEIPT BY THE DEVELOPER OF
1077 YOUR CANCELLATION NOTICE, OR ON OR BEFORE THE FIFTH
1078 CALENDAR DAY AFTER THE DATE THE DEVELOPER RECEIVES
1079 GOOD FUNDS FROM THE PURCHASER, WHICHEVER IS LATER,
1080 AND ANY SECURITY INTEREST ARISING OUT OF THE
1081 TRANSACTION WILL BE CANCELLED."

1082 (b) Immediately following the required statements in subsection (a)
1083 of this section shall be a space reserved for the signature of the
1084 purchaser.

1085 (c) The purchase contract shall also include the following:

1086 (1) The name and address of the developer and the address of the
1087 time share property or the address of any available time share interest
1088 being offered;

1089 (2) The name of the person or persons primarily involved in the
1090 sales presentation on behalf of the developer;

1091 (3) A statement disclosing the amount of the periodic assessments
1092 currently assessed against or collected from the purchasers of the time
1093 share interest;

1094 (4) The date the purchaser signs the contract; and

1095 (5) The following statement, in conspicuous type, or similar
1096 language or type if required by the jurisdiction in which the time share
1097 property or properties are located:

1098 "AS A TIME SHARE OWNER, YOU HAVE A RIGHT TO REQUEST
1099 A WRITTEN ANNUAL TIME SHARE FEE AND EXPENSE
1100 STATEMENT. THIS STATEMENT IS PREPARED ANNUALLY BY
1101 THE MANAGING ENTITY AND WILL BE AVAILABLE NOT LATER
1102 THAN FIVE MONTHS AFTER (INSERT THE DATE OF THE LAST

1103 DAY OF THE FISCAL YEAR). YOU MAY REQUEST THE
1104 STATEMENT BY WRITING TO (INSERT NAME AND ADDRESS OF
1105 THE MANAGING ENTITY).".

1106 (d) The information required to be provided by this section may be
1107 provided in the purchase contract or in an exhibit to the purchase
1108 contract, or it may be provided in part in both if all of the information
1109 is provided.

1110 Sec. 16. (NEW) (*Effective January 1, 2010*) (a) An exchange company
1111 may employ seasonal demand and unit occupancy restrictions in the
1112 operation of its exchange program.

1113 (b) A developer shall not incur any liability arising out of the use,
1114 delivery or publication to a purchaser of written information or audio-
1115 visual materials provided to such developer by the exchange company
1116 in accordance with section 12 of this act, unless the developer knows or
1117 has reason to know that the materials are inaccurate or false.

1118 (c) No exchange company shall have any liability with respect to
1119 any violation under sections 1 to 28, inclusive, of this act arising out of
1120 the use by a developer of information relating to an exchange program
1121 other than that provided to the developer by the exchange company.

1122 (d) An exchange company may elect to deny exchange privileges to
1123 any purchaser whose use of the accommodations of the purchaser's
1124 time share plan is denied, and no exchange program or exchange
1125 company shall be liable to any of its members or third parties on
1126 account of any such denial of exchange privileges.

1127 (e) Except for written information or audio-visual materials
1128 provided to a developer by an exchange company, an exchange
1129 company shall not incur liability as a result of (1) a representation
1130 made by a developer that relates to any exchange program or
1131 exchange company, or (2) the use, delivery or publication by a
1132 developer of information that relates to an exchange program or
1133 exchange company.

1134 Sec. 17. (NEW) (*Effective January 1, 2010*) (a) A developer or closing
1135 agent of a time share plan shall deposit in an escrow or trust account in
1136 a federally insured depository one hundred per cent of all funds
1137 received during the purchaser's cancellation period. For transactions
1138 involving the sale of time share interests in time share properties
1139 located in this state, such deposits shall be held in escrow as set forth
1140 in subsection (b) of this section.

1141 (b) Any broker accepting moneys paid or advanced by the
1142 purchaser, lessee, prospective purchaser or prospective lessee in
1143 respect to the sale or lease of any time share interest shall comply with
1144 the following:

1145 (1) Deposit any such moneys, in accordance with section 20-324k of
1146 the general statutes, in an escrow account acceptable to the
1147 commissioner, in a bank doing business in this state; and

1148 (2) Maintain such moneys in such escrow account until:

1149 (A) A proper and valid release is obtained therefor;

1150 (B) Either party has defaulted under the contract or agreement and
1151 the commissioner or the court has made a determination as to the
1152 disposition of such money, or the seller or lessor orders the return of
1153 such money to such purchaser or lessee; or

1154 (C) The time limits for revoking the contract or agreement, as set
1155 forth in section 14 of this act, have expired.

1156 (c) A closing agent owes the purchaser a fiduciary duty.

1157 (d) The closing agent and the developer shall execute an agreement
1158 that includes a statement providing that:

1159 (1) Funds may be disbursed to the developer from the escrow or
1160 trust account by the agent only:

1161 (A) After the purchaser's cancellation period has expired; and

1162 (B) As provided by the purchase contract, subject to sections 1 to 28,
1163 inclusive, of this act; and

1164 (2) If the purchaser cancels the purchase contract as provided by the
1165 contract, the funds shall be paid to (A) the purchaser, or (B) the
1166 developer if the purchaser's funds have been refunded previously by
1167 the developer; and

1168 (3) If a developer contracts to sell a time share interest and the
1169 construction of the building in which the time share interest is located
1170 has not been completed when the cancellation period expires, the
1171 developer shall continue to maintain all funds received from the
1172 purchaser under the purchase agreement in the escrow or trust
1173 account until construction of the building is completed. The
1174 documentation required for evidence of completion of construction
1175 includes:

1176 (A) A certificate of occupancy;

1177 (B) A certificate of substantial completion;

1178 (C) Evidence of a public safety inspection from a government
1179 agency in the applicable jurisdiction; or

1180 (D) Any other evidence acceptable to the commissioner.

1181 (e) The funds or property constituting the escrow or trust deposit
1182 may be released from escrow only in accordance with this section.

1183 (f) If the purchaser cancels the purchase contract as provided by the
1184 contract, the funds shall be paid to (1) the purchaser, or (2) the
1185 developer if the purchaser's funds have been refunded previously by
1186 the developer.

1187 (g) If the purchaser defaults in the performance of obligations under
1188 the terms of the purchase contract, the funds shall be paid to the
1189 developer.

1190 (h) If the developer defaults in the performance of obligations under

1191 the purchase contract, the funds shall be paid to the purchaser.

1192 (i) If the funds of the purchaser have not been disbursed previously
1193 as provided in subsections (e) to (h), inclusive, of this section, the
1194 funds may be disbursed to the developer by the agent if acceptable
1195 evidence of completion of construction is provided.

1196 (j) If there is a dispute relating to the funds in the escrow or trust
1197 account, the agent shall maintain the funds in the account until (1) the
1198 agent receives written directions agreed to and signed by all parties, or
1199 (2) a civil action relating to the disputed funds is filed.

1200 (k) If a civil action is filed, the closing agent shall maintain or
1201 deposit the funds as directed by the court in which the action is filed.

1202 (l) In lieu of the deposit of funds in an escrow or trust account as
1203 required by this section, the commissioner may accept from the
1204 developer a surety bond, irrevocable letter of credit or other form of
1205 financial assurance, including financial assurance posted in another
1206 state or jurisdiction.

1207 (m) The amount of the financial assurance provided under
1208 subsection (l) of this section shall be in an amount equal to or greater
1209 than the amount of funds that would otherwise be placed in an escrow
1210 or trust account under subsection (a) of this section.

1211 (n) The amount of the financial assurance provided under this
1212 section for time share property under construction shall be no less
1213 than:

1214 (1) The amount equal to or more than the amount of funds that
1215 would otherwise be placed in an escrow or trust account under
1216 subsection (a) of this section; or

1217 (2) The amount necessary to assure completion of all
1218 accommodations promised to be completed along with all furniture,
1219 fixtures and any other promised improvements as portrayed in the
1220 time share instruments or time share disclosure statement. The surety

1221 bond shall provide for the reduction of the bond amount as work is
1222 completed, provided such bond reductions have been approved by the
1223 commissioner. In the event the developer is considering future
1224 additional phases, the amount need not include the cost of completion
1225 of those phases so long as they have not been promised as part of the
1226 time share instruments.

1227 (o) The type of surety bond provided under this section may
1228 include, but not be limited to, a completion of construction bond or
1229 escrow bond.

1230 (p) The closing agent or developer shall make documents related to
1231 the escrow or trust account or the financial assurance provided
1232 available to the commissioner upon the commissioner's request.

1233 (q) Excluding any encumbrance placed against a purchaser's time
1234 share interest securing the purchaser's payment of purchase money
1235 financing for the purchase, a developer shall not be entitled to the
1236 release of any escrowed funds until such developer has provided
1237 evidence satisfactory to the commissioner of one of the following:

1238 (1) That the time share interest, together with any other property or
1239 rights to property appurtenant to the time share interest, including any
1240 amenities represented to the purchaser as being part of the time share
1241 plan, are free and clear of any of the claims of the developer, any
1242 owner of the underlying fee, a mortgagee, judgment creditor, or other
1243 lienor or person having an interest in or lien or encumbrance against
1244 the time share interest or appurtenant property or property rights;

1245 (2) That the developer, any owner of the underlying fee, a
1246 mortgagee, judgment creditor, or other lienor or person having an
1247 interest in or lien or encumbrance against the time share interest or
1248 appurtenant property or property rights, including any amenities
1249 represented to the purchaser as being part of the time share plan, has
1250 recorded a subordination and notice to creditors document in the
1251 jurisdiction in which the time share interest is located. The
1252 subordination document shall expressly provide that the interest

1253 holder's right, lien or encumbrance shall not adversely affect, and shall
1254 be subordinate to, the rights of the owners of the time share interests in
1255 the time share plan regardless of the date of purchase, from and after
1256 the effective date of the subordination document;

1257 (3) That the developer, any owner of the underlying fee, a
1258 mortgagee, judgment creditor, or other lienor or person having an
1259 interest in or lien or encumbrance against the time share interest or
1260 appurtenant property or property rights, including any amenities
1261 represented to the purchaser as being part of the time share plan, has
1262 transferred the subject accommodations or amenities or all use rights
1263 therein to a nonprofit organization or an owners' association, which
1264 purpose is to hold the subject accommodations or amenities for the use
1265 and benefit of the purchasers of the time share plan and which shall act
1266 as a fiduciary to the purchasers, provided the developer has
1267 transferred control of such organization or association to the
1268 purchasers or does not exercise such developer's voting rights in such
1269 organization or association with respect to the subject accommodations
1270 or amenities. Prior to the transfer, any lien or encumbrance against the
1271 accommodation or facility shall be made subject to a subordination
1272 and notice to creditors document pursuant to subdivision (2) of this
1273 subsection; or

1274 (4) Alternative arrangements have been made that are adequate to
1275 protect the rights of the purchasers of the time share interests and are
1276 approved by the commissioner.

1277 Sec. 18. (NEW) (*Effective January 1, 2010*) (a) Any of the following
1278 committed by a developer or other person shall be deemed an unfair
1279 trade practice under chapter 735a of the general statutes:

1280 (1) Failing to disclose the information required to be disclosed, to
1281 the extent applicable, by sections 1 to 28, inclusive, of this act;

1282 (2) Making false or materially misleading statements of fact
1283 concerning the characteristics of accommodations or amenities
1284 available to a consumer;

1285 (3) Making false or materially misleading statements of fact
1286 concerning the duration that accommodations or amenities will be
1287 available to a consumer;

1288 (4) Making false or materially misleading statements of fact
1289 concerning the conditions under which a purchaser of a time share
1290 interest may exchange the right to occupy a unit for the right to occupy
1291 a unit in the same or another time share property;

1292 (5) Representing that a prize, gift or other benefit will be awarded in
1293 connection with a promotion with the intent not to award that prize,
1294 gift or benefit in the manner represented;

1295 (6) Failing to provide a copy of the purchase contract to the
1296 purchaser at the time the contract is signed by the purchaser;

1297 (7) Failing to provide the annual statement required by subsection
1298 (a) of section 21 of this act; or

1299 (8) Failing to maintain a one-to-one use right to use night ratio for a
1300 time share plan during a consecutive twelve-month period, as
1301 determined under subsection (c) of this section.

1302 (b) The provisions of this section are not exclusive and are in
1303 addition to any other unfair trade practices provided for under any
1304 other law.

1305 (c) A developer complies with the one-to-one use right to use night
1306 ratio referred to in subdivision (8) of subsection (a) of this section if the
1307 sum of the nights that purchasers are entitled to use in a given twelve-
1308 month period do not exceed the number of nights available for use by
1309 those purchasers during the same twelve-month period. No individual
1310 time share unit may be counted as providing more than three hundred
1311 sixty-five use nights per twelve-month period or more than three
1312 hundred sixty-six use nights per twelve-month period that includes
1313 February twenty-ninth. The use rights of each purchaser shall be
1314 counted without regard to whether the purchaser's use rights have
1315 been suspended for failure to pay assessments or for other reasons.

1316 (d) A nonmaterial error or omission is not actionable if a developer
1317 has complied with sections 1 to 28, inclusive, of this act in good faith.
1318 Any nonmaterial error or omission is not sufficient to permit a
1319 purchaser to cancel a purchase contract after the period provided for
1320 cancellation expires under said sections.

1321 Sec. 19. (NEW) (*Effective January 1, 2010*) (a) Notwithstanding any
1322 provision contained in the time share instrument or in sections 1 to 28,
1323 inclusive, of this act, the managing entity shall use due diligence to
1324 obtain the following insurance coverage as a common expense of the
1325 time share plan:

1326 (1) Adequate casualty insurance to protect the time share property
1327 and amenities against all reasonably foreseeable perils, in such covered
1328 amounts and subject to such reasonable exclusions and reasonable
1329 deductibles as are consistent with the provisions of this section; and

1330 (2) Adequate liability insurance to reasonably protect the time share
1331 property and amenities from occurrences commonly insured against
1332 for death, bodily injury, and property damage arising out of or in
1333 connection with the use, ownership and maintenance of the time share
1334 property.

1335 (b) In making the determination as to whether the insurance
1336 obtained pursuant to this section is adequate, the managing entity
1337 shall take into account the following factors, among others as may be
1338 applicable:

1339 (1) Available insurance coverages and related premiums in the
1340 marketplace;

1341 (2) Amounts of any related deductibles, types of exclusions and
1342 coverage limitations, provided, for purposes of this subdivision, a
1343 deductible of five per cent or less shall be deemed to be reasonable per
1344 se;

1345 (3) The probable maximum loss relating to the insured time share
1346 property during the policy term;

1347 (4) The extent to which a given peril is insurable under
1348 commercially reasonable terms;

1349 (5) Amounts of any deferred maintenance or replacement reserves
1350 on hand;

1351 (6) Geography and any special risks associated with the location of
1352 the time share property; and

1353 (7) The age and type of construction of the time share property.

1354 (c) Notwithstanding any provision contained in this section or in the
1355 time share instrument, insurance shall be procured and maintained by
1356 the managing entity for the time share property as a common expense
1357 of the time share plan against such perils, in such coverages and
1358 subject to such reasonable deductions or reasonable exclusions as may
1359 be required by:

1360 (1) An institutional lender to a developer, for so long as such lender
1361 holds a mortgage encumbering any interest in or lien against a portion
1362 of the time share property; or

1363 (2) Any holder or pledge of, or any institutional lender having a
1364 security interest in, a pool of promissory notes secured by mortgages
1365 or other security interests relating to the time share plan, executed by
1366 purchasers in connection with such purchasers' acquisition of time
1367 share interests in such time share property, or any agent, underwriter,
1368 placement agent, trustee, servicer, custodian or other portfolio
1369 manager acting on behalf of such holder, pledge or institutional lender,
1370 for so long as such notes and mortgages or other security interests
1371 remain outstanding.

1372 (d) Notwithstanding any provision contained in the time share
1373 instrument or in sections 1 to 28, inclusive, of this act, the managing
1374 entity is authorized to apply any existing reserves for deferred
1375 maintenance and capital expenditures toward payment of insurance
1376 deductibles or the repair or replacement of the time share property
1377 after a casualty without regard to the purposes for which such reserves

1378 were originally established.

1379 (e) A copy of each policy of insurance in effect shall be made
1380 available for reasonable inspection by purchasers and their authorized
1381 agents.

1382 Sec. 20. (NEW) (*Effective January 1, 2010*) (a) Except as provided in
1383 sections 1 to 28, inclusive, of this act, no developer shall (1) offer or
1384 dispose of a time share interest in a time share property that has not
1385 been registered with the Department of Consumer Protection, or (2)
1386 accept reservations and deposits from prospective purchasers.

1387 (b) Any developer who violates the provisions of subsection (a) of
1388 this section shall be guilty of a class A misdemeanor. A developer shall
1389 not be prosecuted for more than one offense involving the same
1390 promotion, even if mailed or distributed to more than one person.

1391 Sec. 21. (NEW) (*Effective January 1, 2010*) (a) Notwithstanding any
1392 provision of the required time share disclosure statement, project
1393 instrument, time share instrument or bylaws adopted pursuant to a
1394 time share instrument, the managing entity shall make a written
1395 annual statement of the operation of the time share plan or time share
1396 properties managed by the managing entity if assessments are
1397 deposited in a common account, to each purchaser who requests such
1398 statement not later than five months after the last day of each fiscal
1399 year. The statement shall fairly and accurately represent the collection
1400 and expenditure of assessments and include:

1401 (1) A balance sheet;

1402 (2) An income and expense statement;

1403 (3) The current budget for the time share property, time share
1404 properties managed by the same managing entity or multisite time
1405 share plan required by subdivision (12) of subsection (b) of section 11
1406 of this act or subdivision (17) of subsection (d) of section 11 of this act;
1407 and

1408 (4) The name, address, and telephone number of a designated
1409 representative of the managing entity.

1410 (b) At the request of an owner, the managing entity of the time share
1411 plan shall provide such owner with the name and address of each
1412 member of the board of directors of the owners' association, if one
1413 exists.

1414 (c) A developer or managing entity shall have an annual
1415 independent audit of the financial statements of the time share plan or
1416 time share properties managed by the managing entity performed by a
1417 certified public accountant or an accounting firm. The audit shall be:

1418 (1) Conducted in accordance with generally accepted auditing
1419 standards as prescribed by the American Institute of Certified Public
1420 Accountants, the Governmental Accounting Standards Board, the
1421 United States General Accounting Office or other professionally
1422 recognized entities that prescribe auditing standards; and

1423 (2) Completed not later than five months after the last day of the
1424 fiscal year of the time share plan or time share property.

1425 (d) Knowingly furnishing false information in the annual time share
1426 fee and expense statement shall be an unfair trade practice in violation
1427 of chapter 735a of the general statutes.

1428 (e) The managing entity of any accommodation located in this state
1429 shall post prominently in the registration area of the accommodations
1430 the following notice, with the date of the last day of the current fiscal
1431 year and the address of the managing entity inserted where indicated:

1432 "AS A TIME SHARE OWNER YOU HAVE A RIGHT TO REQUEST
1433 A WRITTEN ANNUAL TIME SHARE FEE AND EXPENSE
1434 STATEMENT. THIS STATEMENT IS PREPARED ANNUALLY BY
1435 THE MANAGING ENTITY AND WILL BE AVAILABLE NO LATER
1436 THAN FIVE MONTHS FOLLOWING (INSERT THE DATE OF THE
1437 LAST DAY OF THE CURRENT FISCAL YEAR). YOU MAY REQUEST
1438 THE STATEMENT, BY WRITING TO (INSERT ADDRESS OF THE

1439 MANAGING ENTITY).".

1440 (f) On receipt of a written request filed with the commissioner by a
1441 managing entity before the date on which the statement required by
1442 this section shall be made available, the commissioner may, for good
1443 cause shown, grant the managing entity an extension of not more than
1444 thirty days in which to provide the statement.

1445 (g) If the statement required by this section is late and an extension
1446 has not been granted under subsection (f) of this section, the
1447 commissioner may institute, through the Office of the Attorney
1448 General, an action for injunctive relief.

1449 Sec. 22. (NEW) (*Effective January 1, 2010*) (a) A managing entity that
1450 manages two or more single-site time share plans shall not commingle
1451 the assessments collected from purchasers of one time share plan with
1452 the assessments collected from purchasers of any other single-site plan
1453 for which it is the managing entity unless the practice is disclosed in
1454 the time share disclosure statement for each time share property and
1455 an appropriate statement is included in the declaration required by
1456 section 5 of this act for each time share property.

1457 (b) A managing entity that manages a multisite time share plan may
1458 deposit assessments collected from purchasers of one time share
1459 property into a common account with assessments collected from
1460 purchasers of other time share properties participating in the same
1461 multisite time share plan only if the practice is disclosed in the time
1462 share disclosure statement for each time share property in the multisite
1463 time share plan and an appropriate statement is included in the
1464 declaration required by section 5 of this act for each time share plan.

1465 (c) Nothing in this section shall be construed to allow a managing
1466 entity to commingle assessments of a multisite time share plan with
1467 the assessments of a separate multisite time share plan or a time share
1468 plan that is not a part of the multisite time share plan.

1469 (d) In matters related to the funds of the owners of time share

1470 interests and the association, the managing entity shall have a duty to
1471 act in the best interests of each owner of a time share interest in the
1472 time share plan and the association.

1473 Sec. 23. (NEW) (*Effective January 1, 2010*) (a) The managing entity
1474 may levy and enforce assessments on any time share interests in
1475 accordance with the time share instrument, and any such assessment
1476 shall constitute a debt of the owner of the interest at the time the
1477 assessment is made. Assessments and other monetary obligations are
1478 governed as follows:

1479 (1) After giving notice to the time share owner and an opportunity
1480 to be heard, the managing entity may impose reasonable monetary
1481 penalties for violation of the time share instrument, as an assessment,
1482 as authorized by the time share instrument;

1483 (2) Assessments may include personal charges and other amounts
1484 as authorized by the time share instrument;

1485 (3) The managing entity may assign to the delinquent owners the
1486 costs of collection, including attorney fees, administrative fees, late
1487 fees, interest and penalties or as otherwise authorized by the time
1488 share instrument; and

1489 (4) The amount of any assessment plus any other charges such as
1490 interest, collection costs, attorney fees, administrative fees, late fees,
1491 interest and penalties, as provided in the time share instrument or as
1492 otherwise provided by law, are a lien on the time share interest
1493 assessed from the time the assessment became due. Recording of the
1494 time share instrument, as set forth in section 5 of this act, shall
1495 constitute record notice and perfection of the lien. No further
1496 recordation of any claim of lien for assessment under this section is
1497 required. Such lien may be foreclosed in like manner as a mortgage on
1498 real property or in any other manner permitted by law.

1499 (b) On the receipt of a written request, the managing entity shall
1500 furnish to an owner, purchaser or any lender who has a security

1501 interest in a time share interest or the time share property a statement
1502 setting forth the amount of unpaid assessments made against the
1503 owner's time share interest. The statement shall be furnished not later
1504 than ten business days after receipt of the request and is binding on the
1505 managing entity, the association, the board and every owner.

1506 (c) If an association, developer or other managing entity files an
1507 action to foreclose the assessment lien on time share interests, the
1508 association, developer or other managing entity may join in the same
1509 action multiple defendant obligors and junior interest holders of
1510 separate time share interests, on compliance with all of the following:

1511 (1) The foreclosure proceeding involves a single time share plan;

1512 (2) The foreclosure proceeding is filed by a single plaintiff;

1513 (3) The default and remedy provisions in the written instruments on
1514 which the foreclosure proceeding is based are substantially the same
1515 for each defendant; and

1516 (4) The nature of the defaults alleged is the same for each defendant.

1517 (d) In any foreclosure proceeding involving multiple defendants
1518 filed pursuant to subsection (c) of this section, the court shall sever for
1519 separate trial any count of the complaint in which a defense or
1520 counterclaim is timely raised by a defendant.

1521 Sec. 24. (NEW) (*Effective January 1, 2010*) Notwithstanding any
1522 provision of section 23 of this act or section 36a-805 of the general
1523 statutes, any costs of collection, including reasonable collection agency
1524 fees and reasonable attorney's fees incurred in the collection of a
1525 delinquent assessment, shall be paid by the purchaser and shall be
1526 secured by a lien in favor of the managing entity upon the time share
1527 interest with respect to which the delinquent assessment has been
1528 incurred. In the event that the managing entity turns the matter over to
1529 a consumer collection agency, the managing entity shall advise the
1530 purchaser not later than sixty days prior to turning the matter over to
1531 the consumer collection agency that the purchaser may be liable for the

1532 fees of the consumer collection agency and that a lien may result
1533 therefrom.

1534 Sec. 25. (NEW) (*Effective January 1, 2010*) (a) A developer or
1535 managing entity, on written request by an owner, shall make available
1536 for examination at its registered office or principal place of business
1537 and at any reasonable time or times the relevant books and records
1538 relating to the collection and expenditure of assessments.

1539 (b) A developer or managing entity shall maintain in its records a
1540 copy of each purchase contract for an accommodation sold by the
1541 developer for a time share period unless the contract has been
1542 canceled. If a sale of the time share estate is pending, the developer
1543 shall retain a copy of the contract until a deed of conveyance,
1544 agreement for deed or lease is recorded in the real property records of
1545 the town, county or other jurisdiction in which the time share property
1546 is located.

1547 Sec. 26. (NEW) (*Effective January 1, 2010*) (a) A time share resale
1548 broker who acts on behalf of a time share owner other than a
1549 developer or its affiliate, shall, prior to offering in this state:

1550 (1) Be licensed as a real estate broker pursuant to the provisions of
1551 section 20-311 of the general statutes; and

1552 (2) Comply with the provisions of sections 27 and 28 of this act and
1553 submit copies to the department of the contract and disclosures
1554 required by section 28 of this act.

1555 (b) For purposes of this section, a rebuttable presumption shall exist
1556 that a person who has acquired twelve or more time share interests
1557 and offers them for resale in any twelve-month period did not acquire
1558 them for the personal use and occupancy of such person.

1559 (c) Unless the method for resale of time shares is for the purpose of
1560 evading the provisions of sections 1 to 28, inclusive, of this act, a
1561 person shall not be deemed to be a time share resale broker if such
1562 person:

1563 (1) Is a licensed real estate salesperson in this state who resells or
1564 offers to resell time share interests in a time share plan as an agent for
1565 a developer who is registered under sections 1 to 25, inclusive, of this
1566 act, provided such salesperson (A) delivers all disclosures required of a
1567 developer under sections 1 to 25, inclusive, of this act, or (B) complies
1568 with the provisions of section 27 of this act;

1569 (2) Is a developer who is registered under sections 1 to 25, inclusive,
1570 of this act or is an affiliate of the developer that is also the managing
1571 entity, provided such developer or affiliated managing entity (A)
1572 delivers all disclosures required of a developer under sections 1 to 25,
1573 inclusive, of this act, or (B) complies with the provisions of section 27
1574 of this act;

1575 (3) Is an association that is not otherwise a developer, that sells or
1576 engages a third party to sell on its behalf, fifty or fewer time share
1577 interests in the time share plan that it governs in a given calendar year
1578 to persons who are not existing purchasers of that time share plan and
1579 such association is in compliance with section 27 of this act; or

1580 (4) Is an exchange company that has filed pursuant to subsection (e)
1581 of section 12 of this act.

1582 (d) A time share resale broker who offers to resell a time share
1583 interest shall:

1584 (1) Provide a fully executed copy of the written agreement described
1585 in subsection (a) of section 28 of this act to the time share owner on the
1586 date the owner signs the agreement; and

1587 (2) Make the disclosures required pursuant to subsection (a) of
1588 section 28 of this act before accepting anything of value from the time
1589 share owner.

1590 Sec. 27. (NEW) (*Effective January 1, 2010*) Before a purchaser signs
1591 any contract to purchase a time share resale, the person who is
1592 reselling the time share shall disclose in conspicuous type in the
1593 contract to purchase the time share resale the following information:

1594 (1) The name, address and telephone number of the time share plan
1595 and the managing entity of the time share plan;

1596 (2) The period of time or the duration of time during which the
1597 purchaser may use the time share interest;

1598 (3) A legal description of the time share interest being acquired;

1599 (4) The earliest date that the purchaser may use the time share
1600 interest;

1601 (5) The name, address, telephone number and Internet web site
1602 address, if applicable, of the entity from which the governing
1603 documents of the association, if any, and the time share instrument
1604 may be obtained, together with the following disclosure:

1605 "THERE ARE MANY IMPORTANT DOCUMENTS RELATING TO
1606 THE TIME SHARE PLAN WHICH YOU SHOULD REVIEW PRIOR
1607 TO PURCHASING A TIME SHARE INTEREST, INCLUDING THE
1608 DECLARATION OF CONDOMINIUM OR COVENANTS AND
1609 RESTRICTIONS; THE OWNERS' ASSOCIATION ARTICLES AND
1610 BYLAWS; THE CURRENT YEAR'S OPERATING AND RESERVE, IF
1611 ANY, BUDGETS; AND ANY RULES AND REGULATIONS
1612 AFFECTING THE USE OF THE TIME SHARE PLAN
1613 ACCOMMODATIONS AND AMENITIES.";

1614 (6) The amount of the annual assessment for the time share interest
1615 for the current fiscal year and a statement indicating whether or not ad
1616 valorem real property taxes are included in the annual assessment;

1617 (7) If ad valorem real property taxes are not included in the annual
1618 assessment, the amount of ad valorem real property taxes for the most
1619 recent tax year for which a bill has been issued;

1620 (8) Whether all assessments against the time share interest are paid
1621 in full, and if not, the amount owed, and the consequences of failure to
1622 pay any assessment or real property taxes; and

1623 (9) Any other information required to be disclosed pursuant to
1624 regulations adopted by the commissioner.

1625 Sec. 28. (NEW) (*Effective January 1, 2010*) (a) An agreement for a time
1626 share resale entered into by a time share owner and a time share resale
1627 broker who offers to resell such owner's time share interest shall:

1628 (1) Be in writing; and

1629 (2) Contain disclosures in conspicuous type that set forth:

1630 (A) Whether any person other than the time share owner may use
1631 the time share interest during the period before the time share is
1632 resold;

1633 (B) Whether any person other than the time share owner may rent
1634 or exchange the use of the time share interest during the period before
1635 the time share is resold;

1636 (C) The name of any person who will receive any rents, profits or
1637 other consideration generated from the use of the time share interest
1638 during the period before the time share interest is resold;

1639 (D) A detailed description of any relationship between the person
1640 who resells the time share interest and any other person who receives
1641 any benefit from the use of the time share interest;

1642 (E) A description, including the amount, of any fee to be paid by the
1643 time share owner to the time share resale broker prior to the sale of the
1644 time share interest. If any such fee is charged by the time share resale
1645 broker prior to the sale of the time share interest, a statement shall be
1646 included disclosing (i) the number of time share interests sold by the
1647 time share resale broker compared to the number of time share
1648 interests listed by the time share resale broker for each of the past three
1649 years, or (ii) the ratio or percentage of the number of listings versus the
1650 number of time share interests sold for each of the past three years;
1651 and

1652 (F) A description of the amount or percentage and procedures for
 1653 paying any commissions due to the time share resale broker upon
 1654 resale of the time share interest.

1655 (b) Notwithstanding the provisions of sections 1 to 28, inclusive, of
 1656 this act, any time share property established within this state on or
 1657 before December 31, 2009, shall be exempt from the provisions of said
 1658 sections, and shall be subject to the general statutes and the regulations
 1659 of Connecticut state agencies as existed on said date.

1660 Sec. 29. Section 47-266 of the general statutes is repealed and the
 1661 following is substituted in lieu thereof (*Effective January 1, 2010*):

1662 (a) If the declaration provides that ownership or occupancy of any
 1663 units, is or may be in time shares, the public offering statement shall
 1664 disclose, in addition to the information required by section 47-264: (1)
 1665 The number and identity of units in which time shares may be created;
 1666 (2) the total number of time shares that may be created; (3) the
 1667 minimum duration of any time shares that may be created; and (4) the
 1668 extent to which the creation of time shares will or may affect the
 1669 enforceability of the association's lien for assessments provided in
 1670 section 47-258.

1671 (b) The requirements of this section are in addition to the
 1672 requirements of [chapter 734b] section 11 of this act.

1673 Sec. 30. Sections 42-103w to 42-103bb, inclusive, of the general
 1674 statutes are repealed. (*Effective January 1, 2010*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2010</i>	New section
Sec. 2	<i>January 1, 2010</i>	New section
Sec. 3	<i>January 1, 2010</i>	New section
Sec. 4	<i>January 1, 2010</i>	New section
Sec. 5	<i>January 1, 2010</i>	New section
Sec. 6	<i>January 1, 2010</i>	New section

Sec. 7	January 1, 2010	New section
Sec. 8	January 1, 2010	New section
Sec. 9	January 1, 2010	New section
Sec. 10	January 1, 2010	New section
Sec. 11	January 1, 2010	New section
Sec. 12	January 1, 2010	New section
Sec. 13	January 1, 2010	New section
Sec. 14	January 1, 2010	New section
Sec. 15	January 1, 2010	New section
Sec. 16	January 1, 2010	New section
Sec. 17	January 1, 2010	New section
Sec. 18	January 1, 2010	New section
Sec. 19	January 1, 2010	New section
Sec. 20	January 1, 2010	New section
Sec. 21	January 1, 2010	New section
Sec. 22	January 1, 2010	New section
Sec. 23	January 1, 2010	New section
Sec. 24	January 1, 2010	New section
Sec. 25	January 1, 2010	New section
Sec. 26	January 1, 2010	New section
Sec. 27	January 1, 2010	New section
Sec. 28	January 1, 2010	New section
Sec. 29	January 1, 2010	47-266
Sec. 30	January 1, 2010	Repealer section

Statement of Legislative Commissioners:

In sections 7(a) and (20)(a), the references to subsections were deleted for consistency with the drafting conventions of the general statutes; section 11(d)(25) was rewritten for clarity; in section 11(d)(27), "of the developer" was inserted after "bankruptcy" for clarity; in section 11(e), "required by this section as" was deleted for internal consistency; in section 12(f), "in the information contained in" was inserted after "material change" for clarity; section 22 was rewritten for consistency with the drafting conventions of the general statutes.

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Consumer Protection, Dept.	GF - Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a potential minimal revenue gain to the state due to additional civil penalties and Connecticut Unfair Trade Practices Act (CUTPA) violations that could be brought by the Department of Consumer Protection (DCP).

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 897*****AN ACT CONCERNING TIME SHARES*****SUMMARY:**

This bill eliminates the current, more limited time sharing plan laws and replaces them with additional and more detailed provisions. These laws generally apply to all time sharing plans offered within Connecticut. Current law requires each seller of a time sharing plan to (1) provide each purchaser with a fully completed copy of a contract, including certain information; (2) within 10 days after a time-share plan contract has been cancelled to tender to the purchaser any payments the purchaser made and any note or other evidence of indebtedness; and (3) disclose certain information in all advertisements and promotional materials. Under current law, a violation of any of the requirements of the time sharing laws or failure to comply with the provisions of the notice of cancellation required by law an unfair or deceptive act or practice (See BACKGROUND).

The bill generally prohibits the offering or disposition of any time share interest unless a time share plan is registered with Department of Consumer Protection (DCP). It specifies what information must be included in the registration. The bill allows the DCP commissioner to accept an abbreviated registration application from a developer of a time share plan for any accommodations in the plan located outside Connecticut.

The bill exempts any time share property established within this state on or before December 31, 2009, from its provisions and specifies that it is subject to the general statutes and the regulations of Connecticut state agencies as exist on that date. The bill also exempts certain time share offers and dispositions from the registration and

other requirements the bill imposes.

The bill requires the developer of a time share plan any part of which is located in Connecticut to properly record the time share instrument including specified information in the land records of all towns where an accommodation is located.

The bill requires the DCP commissioner to investigate all matters relating to the registration application and authorizes the commissioner to require a personal inspection of the proposed time share property by anyone DCP designates. The bill requires the applicant to pay all direct expenses DCP incurs in inspecting the property and authorizes the commissioner to require the applicant to pay an advance deposit sufficient to cover those expenses.

The commissioner may suspend or revoke a registration, place on probation a registration that has been suspended or revoked, reprimand a developer, impose a civil penalty of up to \$ 5,000 for each violation, or take any other disciplinary action the bill authorizes if, after notice and hearing, the commissioner determines that a developer has materially violated any provision of the bill or the Unfair Trade Practices Act. The bill empowers the commissioner to authorize the attorney general to go to court to prevent a violation of the bill, or for any other appropriate relief. The bill makes certain actions and omissions by a developer an unfair trade practice. It makes it a class A misdemeanor for a developer to (1) offer or dispose of a time share interest in a time share property that has not been registered with the department or (2) accept reservations and deposits from prospective purchasers for such a time share except as the bill permits.

The bill regulates advertising with certain requirements and prohibitions. Under the bill, before a prospective purchaser signs any agreement to acquire a time share interest, the developer must provide a disclosure statement that contains certain information and must obtain from the purchaser a written acknowledgement of receipt of the time share disclosure statement.

The bill allows a purchaser to cancel a purchase contract before midnight of the fifth calendar day after the date the purchaser signs and receives a copy of the purchase contract or receives the required time share disclosure statement, whichever is later. A developer may offer a cancellation period that is longer than five calendar days if required in the jurisdiction where the time share property is located. Each purchase contract must contain specific information about the purchaser's right to cancel.

The bill requires a developer or closing agent of a time share plan to deposit in an escrow or trust account all of the funds received during the purchaser's cancellation period and establishes certain rules about the release of these funds.

The bill requires the time share plan's managing entity to use due diligence to obtain specified insurance coverage as a common expense of the time share plan. It also requires the managing entity to make a written annual statement of the operation of the time share plan or time share properties it manages if assessments are deposited in a common account, to each purchaser who requests it within five months after the last day of each fiscal year. A developer or managing entity must have an annual independent audit of the financial statements of the time share plan or time share properties managed by the managing entity performed by a certified public accountant or an accounting firm. The bill allows a managing entity to commingle funds from different time share plans under certain circumstances.

The bill authorizes the managing entity to levy and enforce assessments on any time share interests in accordance with the time share instrument. The assessment must constitute a debt of the owner of the interest when the assessment is made, become a lien on the shareholder's time share interest, and can be foreclosed like a mortgage.

A developer or managing entity, on written request by an owner, must make available for examination at its registered office or principal place of business, and at any reasonable time or times, the

relevant books and records relating to the collection and expenditure of assessments.

A time share resale broker who acts on behalf of a time share owner other than a developer must, before offering a time share interest in this state, be licensed as a real estate broker pursuant to state law.

EFFECTIVE DATE: January 1, 2010

§ 2 — APPLICATION OF THE BILL

The bill applies to time share plans with accommodations or amenities in Connecticut and to exchange programs. Portions of it apply to out-of-state time share plans.

The bill defines a “time share plan” as any arrangement other than an exchange program including a membership agreement, sale, lease, deed, license, or right-to-use agreement, by which a purchaser, receives an ownership right in or the right to use accommodations on a recurring basis for a period of time less than a year during a given year, but not necessarily consecutive years, regardless of whether the period of time is determined in advance. The bill defines an “exchange program” as any method, arrangement, or procedure for the voluntary exchange of time share interests among purchasers or owners.

Out-of-State Time Share Plans

Time share plans without accommodations or amenities in Connecticut are subject to most but not all of the bill’s provisions. Specifically, time share plans without accommodations or amenities in Connecticut are not subject to the following provisions:

1. recording of time share plan (§5);
2. conveyance and ownership of time share plans (§6 a-c);
3. assessments on time share interests (§ 23);
4. collection costs and fees (§ 24);

5. availability of records (§ 25);
6. resale disclosures (§27);
7. requirements for resale agreements (§ 28); and
8. disclosures for time share condominiums (§ 29).

§ 3 — EXEMPTIONS

The bill does not apply to the offering of sale of time share plans, whether or not an accommodation is located in this state, (1) consisting of seven or fewer time share interests, (2) extending over a period of three years or less, or (3) under which the prospective purchaser's total financial obligation will be \$ 3,000 or less.

The bill exempts an offering or disposition from its requirements if it is:

1. a gratuitous offering or disposition;
2. a disposition pursuant to a court order, by a governmental agency, or by foreclosure or deed in lieu of foreclosure;
3. an offering or disposition by an association of its own time share interest acquired as a gift or through foreclosure (an association is a council or association composed of all time share owners);
4. an offering or disposition of all time share interests in a time share plan to five or fewer persons;
5. an offering or disposition of a time share interest in a time share property situated wholly outside Connecticut under a contract executed wholly outside Connecticut, if there has been no offering to the purchaser within Connecticut;
6. an offering or disposition of a time share interest to a purchaser who is not a Connecticut resident under a contract executed wholly outside Connecticut, if there has been no offering to the

purchaser within Connecticut;

7. the offering or re-disposition of a time share interest by a purchaser who acquired the interest for the purchaser's personal use; or
8. the offering or disposition of a rental of an accommodation for a period of three years or less.

Exemption with Respect to Offers to Current Owners

The bill also exempts an offering or disposition of a time share interest in a time share property located outside of Connecticut to a purchaser who currently owns a time share interest from the same developer or from an affiliated entity under common ownership and control when the developer meets certain requirements. The first is that the developer or affiliated entity has a time share plan currently registered with DCP that was originally approved within seven years from the date of the offer or disposition. The second is that the developer or affiliated entity making such offer or disposition:

1. complies in all material respects with certain of the bill's provisions relating to advertising, cancellation of a purchase contract, required contract language and information, and acts and omissions that constitute an unfair trade practice;
2. provides the purchaser with all time share disclosure documents required to be provided to purchasers as if the offer or disposition occurred in the state or jurisdiction where the time share property is located;
3. uses a contract for purchase that includes a notice the same as or substantially similar to that required by the bill and a right of rescission of at least five days; and
4. provides the purchaser, either in the disclosure documents or in supplementary or additional materials, all of the following if the state or jurisdiction where the time share property is

located does not require such disclosure documents:

- a description of the type of time share plan offered, including the plan's duration and operation;
- a description of the existing or proposed accommodations and amenities, including the type and number of time share interests in the accommodations expressed in use increments, a categorization by numbers of bedrooms for each type of accommodation and, if the accommodations or amenities are proposed or incomplete, a schedule for commencement, completion, and availability;
- a description of the method and timing for performing maintenance on the accommodations;
- copies of the declaration, association articles of incorporation, association bylaws, and association rules and regulations, if applicable; and
- the current annual budget for the time share plan.

The bill specifies that by making any offering or disposition of a time share interest in a time share property located outside of Connecticut to a purchaser who currently owns a time share interest from the same developer or from an affiliated entity under common ownership and control with the developer is deemed to consent to DCP's jurisdiction in case of a dispute with the purchaser in connection with the offering or disposition.

Vacation Ownership

The bill also specifies that the term "vacation ownership" may be used synonymously for "time share" in advertisements or in disclosures regarding a time share interest or time share plan.

§ 4 — EXEMPT COMMUNICATIONS FOR CURRENT OWNER OR CONTRACT PURCHASER

The bill specifies that the following communications are exempt

from the bill if they are delivered to a person who has previously executed a contract to purchase, or owns, a time share interest in a time share plan:

1. any communication addressed to and relating to the person's account or
2. any audio, written, or visual publication or material relating to an exchange company or program if the person is a member of that exchange company or program.

§ 5 — RECORDING OF TIME SHARE PLAN

The bill requires the developer of a time share plan, any part of which is located in Connecticut, to properly record the time share instrument in the land records of all towns where an accommodation is located. The bill establishes property as a time share plan from the time a person expressly declares an intent to subject it to a time share plan by recording a time share instrument that sets forth certain information.

Required Information in Recorded Declaration

The bill requires the declaration to include:

1. a legal description of the time share property, including a ground plan indicating the location of each existing or proposed building included in the time share plan;
2. a description of each existing or proposed accommodation, including the location and square footage of each unit and an interior floor plan of each existing or proposed building;
3. a description of any amenities furnished or to be furnished;
4. a statement of the fractional or percentage part that each time share interest bears to the entire time share plan;
5. a statement that the time share property is part of a multi-site time share plan, if applicable; and

6. any additional information consistent with the bill.

Exemption from Licensing Requirement for Time Shares Recorded in Connecticut

The bill specifies that any time share interest recorded in Connecticut is deemed to be real estate, but it exempts an exchange company from the requirements of a state real estate license when exchanging time share periods. An “exchange company” means any person who owns or operates an exchange program. An “exchange program” means any method, arrangement, or procedure for the voluntary exchange of time share interests among purchasers or owners (see §2 (14) and (16)).

Any sales agent who offers a time share interest in Connecticut must be licensed as a real estate broker or real estate salesperson, unless otherwise exempt from licensure. The bill specifies that an exchange company that is exchanging time share periods need not be licensed. A “sales agent” is anyone who, directly or through his or her employees, agents, or independent contractors, sells or offers to sell time share interests in a time share plan to any one located in Connecticut.

§ 6 — CONVEYANCE AND OWNERSHIP OF TIME SHARE PLAN

The bill specifies that once a property is established as a time share plan, each time share interest may be individually conveyed or encumbered and is independent of all other time share interests in the same time share property. It allows any title or interest in a time share interest to be recorded.

The bill allows any time share interest or estate to be jointly or commonly owned by more than one person. It prohibits dividing a time share interest during the term of a time share plan.

§ 7 — REGISTRATION OF TIME SHARE PLAN WITH DCP

Acceptance of Reservation or Deposit Before Registration

The bill generally prohibits the offering or disposition of any time share interest unless a time share plan is registered with DCP. The bill

permits a developer or any person acting on the developer's behalf to accept a reservation and a deposit from a prospective purchaser before a registration application for a time share plan is submitted or completed if (1) the deposit is placed in an escrow account with a closing agent and (2) the deposit is fully refundable at any time the purchaser asks for it. The deposit may not be forfeited unless the purchaser affirmatively creates a binding obligation by a subsequent written instrument consisting of a binding contract to purchase, in which case the release of funds is governed by the bill's provisions for releasing such funds (see § 17 (a) to (o)).

Offer During Suspension or Revocation Not Allowed

The bill prohibits a developer or any person acting on the developer's behalf from offering or disposing of a time share interest during any period within which there is in effect a DCP or court order revoking or suspending the registration of the time share plan.

Pre-Sales

The bill authorizes DCP, at the developer's request, to authorize the developer to conduct pre-sales before a time share plan is registered if the registration application is administratively complete. The authorization permits the developer to offer and dispose of time share interests during the period the registration application is in process. To obtain a pre-sales authorization, the developer must:

1. submit a written request to DCP;
2. submit an administratively complete application for registration, including an application fee of \$300 and any exhibits DCP requires; and
3. provide evidence acceptable to DCP that all funds the developer receives will be placed with a closing agent with instructions requiring the funds to be retained until a registration application is complete.

Post-Registration Approval Requirements

The bill requires the developer, after DCP approves the final time share disclosure statement, to:

1. give each purchaser and prospective purchaser a copy of the final time share disclosure statement and
2. provide the purchaser with a second opportunity to cancel the purchase contract if the DCP commissioner determines that a materially adverse change exists between the disclosures contained in the proposed and the final time share disclosure statements.

Bill Remains in Effect Until All Time Shares Have Been Disposed Of

The bill's requirements remain in effect for as long as a developer offers or disposes of time share interests in the registered time share plan. The developer must notify DCP in writing when the developer stops offering the time share interests in Connecticut.

§ 8 — CONTENTS OF REGISTRATION APPLICATION

The bill requires that an application for registration include a time share disclosure statement and any exchange disclosure statement required by the bill, recorded copies of all time share instruments, and other information the commissioner may require. If the time share property is a newly developed property, the bill also requires recorded copies of the time share instruments to be provided promptly after they are available.

Condominiums or Similar Developments

If existing or proposed accommodations are in a condominium or similar development, the bill requires that the application contain the project condominium instruments and affirmatively indicate that they do not prohibit the creation and disposition of time share interests. If the project instruments do not expressly authorize the creation and disposition of time share interests, the application must contain evidence that existing owners were provided written notice within 60 days before the application for registration that time share interests

would be created and sold. If the project instruments prohibit the creation or disposition of time share interests, the application must contain a certification by the authorized representative of all existing owners that the project instruments have been properly amended to permit such creation and disposition.

Abbreviated Registration

The bill allows the DCP commissioner to accept an abbreviated registration application from a developer of a time share plan for any accommodations in the plan located outside this state.

A developer with any accommodation in this state may not file an abbreviated application unless:

1. it is a successor in interest after a merger or acquisition, or a joint venture in which the previous developer or its affiliate is a partner or a member and
2. the previous developer registered the time share plan in this state preceding the merger, acquisition, or joint venture.

A developer filing an abbreviated application must provide:

1. identification of and contact information for (a) the developer; (b) the primary contact person; (c) its authorized or registered agent for service of process, if necessary and (d) its managing entity;
2. a declaration stating whether the time share plan is a single or multi-site time share plan;
3. if the plan is a multi-site time share plan, a declaration stating whether the plan consists of specific time share interests or nonspecific time share interests;
4. a statement disclosing each jurisdiction in which the time share plan is approved or accepted and a statement disclosing each jurisdiction in which the time share plan is pending;

5. a disclosure of each jurisdiction in which the developer or the managing entity has been denied registration of the time share plan or, during the five-year period before the registration application date, was the subject of a final adverse disposition in a disciplinary proceeding;
6. if the commissioner requests it, copies of any disclosure documents required to be provided to purchasers or filed with any jurisdiction that approved or accepted the time share plan;
7. any other information the commissioner requests, or required by statute or DCP regulation or policy; and
8. the appropriate filing fee, as determined by the commissioner.

Electronic Viewing of Required Material

The bill allows a developer, instead of physically providing this information, to provide a statement or statements certifying that any or all of the required information is available to be viewed electronically, at no cost to DCP, through an electronic registry, web site, or other electronic means the commissioner approves. The method for accessing this information must be clearly disclosed in each such certification.

Foreign Developer

The bill prohibits an out-of-state developer from filing an abbreviated application unless the state in which it is registered has registration and disclosure requirements that are substantially similar to, or more stringent than, the bill's requirements.

DCP Investigation

The bill requires the DCP commissioner to investigate all matters relating to the application and authorizes the commissioner to require a personal inspection of the proposed time share property by any persons DCP designates. The bill requires the applicant to pay all direct expenses DCP incurs in inspecting the property and authorizes the commissioner to require the applicant to pay an advance deposit

sufficient to cover those expenses.

Required Amendments

The bill requires the developer to file amendments to the registration reporting any materially adverse change in any document contained in the registration within 30 days after the developer knows or reasonably should know of the change. The developer may continue to offer and dispose of time share interests under the existing registration pending the commissioner's review of the amendments if the materially adverse change is disclosed to prospective purchasers. The commissioner may charge a fee of up to \$300 for processing an amendment.

§ 9 — DCP POWERS AND RESPONSIBILITIES

Regulations

The bill authorizes the DCP commissioner to adopt regulations, and prescribe and publish forms necessary to carry out the bill's provisions. The commissioner may adopt regulations specifying the requirements for the issuance and renewal of a developer's registration including, but not limited to, (1) the application form for registration or a registration renewal and (2) any required supporting documentation.

Enforcement Authority

The commissioner may suspend or revoke a registration, place on probation, or reprimand anyone subject to the bill, impose a civil penalty of up to \$5,000 for each violation, or take any other disciplinary action the bill authorizes if, after notice and hearing, the commissioner determines that anyone has materially violated any provision of the bill or the Unfair Trade Practices Act. The bill specifies that nothing in it limits or denies any rights or remedies the law otherwise provides.

Hearings in Contested Cases

The commissioner may (1) authorize specific employees to conduct hearings and issue proposed or final decisions in contested cases and (2) establish reasonable fees for forms and documents the department

provides to the public and for the filing or registration of documents the bill requires.

If the commissioner initiates a disciplinary proceeding against someone, the bill gives him or her the right to a hearing before the commissioner or a hearing officer the commissioner appoints. Any party aggrieved by a decision made by a hearing officer's decision may appeal to the commissioner.

Authority of the Attorney General to Go to Court

The bill empowers the commissioner to authorize the attorney general to file a suit in the judicial district of New Britain to prevent a violation of the bill, or for any other appropriate relief.

Compliance with Other Laws

A developer who complies with the bill is exempt from:

1. the registration provisions of the Uniform Securities Act, unless otherwise sold as a security;
2. compliance with the provisions of the Home Solicitation Act;
3. compliance with the Common Interest Ownership Act; and
4. compliance with the provisions of real estate brokers and salespersons laws dealing with the sale of out-of-state land.

Registration Period and Fees

Under the bill the period for a registration or renewal is up to 24 months. The commissioner must collect a registration and renewal fee of \$700, and may assess and collect a late fee if the commissioner has not received the registration fee or supporting documentation required before the 61st day after the date a registration is issued or renewed. The bill makes failure to pay a renewal fee a violation.

§ 10 — ADVERTISEMENT PROHIBITIONS AND REQUIREMENTS

Prohibitions

The bill prohibits an advertisement from materially

misrepresenting:

1. facts or creating false or misleading impressions regarding the time share plan;
2. the size, nature, extent, qualities, or characteristics of the accommodations or amenities;
3. the amount or period of time during which the accommodations or amenities will be available to any purchaser;
4. the nature or extent of any services included with the time share plan; or
5. the conditions under which a purchaser may exchange the right to use accommodations or amenities in one location for the right to use them in another location.

Advertisement under the Bill

The bill defines an “advertisement” as any written, oral, or electronic communication directed or targeted at people in Connecticut that contains a promotion, inducement, or offer to sell a time share interest, including, but not limited to, brochures, pamphlets, radio or television transcripts, telephone or electronic media, or direct mail.

The bill specifies that an “advertisement” does not include:

1. any stockholder communication, including an annual report or interim financial report, proxy material, registration statement, securities prospectus, time share disclosure statement, or other material required to be delivered to a prospective purchaser by a state or federal governmental entity;
2. the offering of a time share interest in a national publication or by electronic media that is not specifically targeted to any individual located in this state;

3. any audio, written or visual publication or material relating to the availability of any accommodations for transient rental if (a) a sales presentation is not a term or condition of the availability of the accommodations and (b) the failure of the transient renter to take a tour of the time share property or attend a sales presentation does not result in a reduction in the level of services or an increase in the rental price that would otherwise be available to the renter; or
4. any follow-up communication with a person relating to a promotion if the person previously received an advertisement relating to the promotion that complied with the bill.

The bill also specifies that an "advertisement" does not include any oral or written statement disseminated by a developer to broadcast or print media. But it specifies that "advertisement" does include (1) paid advertising or promotional material relating to plans to acquire and develop time share property and (2) the rebroadcast or other dissemination of any oral statements by a developer to a prospective purchaser or the distribution or other dissemination of written statements, including newspaper or magazine articles or press releases, by a developer to prospective purchasers otherwise.

The bill also bans an advertisement that:

1. contains statements concerning nonspecific or not bona fide future price increases;
2. contains any asterisk or other reference symbol to contradict or substantially change any previously made statement or to obscure material facts; or
3. describes any improvement to the time share plan that is not required to be built or that is not completed unless labeled in conspicuous type with words such as "need not be built," "proposed," or "under construction," with the date of promised completion, if applicable, clearly indicated.

Advertisements that Contain Promotions

The bill requires that an advertisement containing a promotion (e.g. contest or prize) in connection with the offering of a time share interest must include:

1. a statement to the effect that the promotion is intended to solicit purchasers of time share interests;
2. the developer's full name; and
3. if applicable, the full name and address of any marketing company involved in the promotion of the time share property, excluding the developer or its affiliate or subsidiary.

The bill requires that when a promotion uses free offers, gift enterprises, drawings, sweepstakes, or discounts, the rules of the promotion must be disclosed and include, when applicable, the day and the year by which all prizes listed or offered will be awarded, and the method by which all prizes are to be awarded.

At least one of each prize featured in a promotion must be awarded by the date specified in the promotion. The developer and any marketing company involved are liable for making the awards.

The bill requires that any promotion offering prizes, including, but not limited to, awards, gifts, or anything of value regardless of whether there are any conditions or restrictions attached to the receipt of the prize, must disclose in conspicuous type:

1. the value of each prize;
2. the odds of winning each prize, as a fraction or a ratio, or, if the odds depend upon the number of entries received, a statement to that effect; and
3. any conditions or restrictions that apply to or void receipt of the prize.

When and How Advertising Disclosures Must be Made

The bill requires that an advertisement containing the disclosures the bill requires must be provided in writing or electronically (1) at least once and (2) in a reasonable period before the scheduled sales presentation to ensure that the recipient receives the disclosures before leaving to attend it.

The bill specifies that the developer does not have to provide the required disclosures in every advertisement or other written, oral, or electronic communication provided or made to a recipient before a scheduled sales presentation.

§ 11 — TIME SHARE DISCLOSURE STATEMENT

The bill requires that before a prospective purchaser signs any agreement to acquire a time share interest, the developer must provide a time share disclosure statement to the prospective purchaser and must obtain from the purchaser a written acknowledgement of its receipt.

The disclosure statement for a single-site time share plan or a multi-site time share plan that includes a specific time share interest must include:

1. the type of time share plan offered and the name and address of the developer and the single site or specific site offered for the multi-site time share plan;
2. a description of the plan's duration and operation;
3. a description of the existing or proposed accommodations, including the type and number of time share interests in the accommodations expressed in periods of seven-day-use availability or other time increment applicable to the time share plan (The description of each type of accommodation must be categorized by the number of bedrooms, the number of bathrooms, and sleeping capacity, and must indicate whether the accommodation contains a full kitchen, which means a kitchen that has a dishwasher, range, sink, oven, and

refrigerator. If the accommodations are proposed or incomplete, a schedule for commencement, completion and availability of the accommodations must be provided);

4. a description of any existing or proposed amenities and, if they are proposed or incomplete, a schedule for commencement, completion, and availability;
5. the extent to which financial arrangements have been provided to complete all promised accommodations and amenities that are committed to be built;
6. a description of the method and timing for performing maintenance;
7. a statement indicating that the sum of the nights that purchasers are entitled to use the accommodations each year does not exceed the number of nights the accommodations are available;
8. a description how the purchasers' use of the accommodations is scheduled;
9. a statement of whether or not an association exists or is expected to be created and, if it exists or is reasonably contemplated, a description of its powers and responsibilities;
10. for a single-site time share plan or the specific time share interest of a multi-site time share plan, copies of the following documents, if applicable, including any amendments to the documents, unless separately provided to the purchaser simultaneously with the time share disclosure statement:
 - the declaration
 - the association articles of incorporation, bylaws, and rules
 - any lease or contract, excluding the purchase contract and

other loan documents the purchaser must sign at closing;

11. the name and principal address of the managing entity and a description of the procedures, if any, for altering its powers and responsibilities and for removing or replacing it;
12. the current annual budget, if available, or the projected annual budget for the time share plan or time share properties managed by the same managing entity if assessments are deposited in a common account, including:
 - a statement of the amount reserved or budgeted for repairs, replacements, and refurbishment
 - the projected common expense liability, if any, by category of expenditure for the time share plan or time share properties managed by the same managing entity
 - the assumptions on which the operating budget is based;
13. the projected assessments and a description of the method to calculate and apportion those assessments among purchasers;
14. any initial fee or special fee due from the purchaser at closing, together with a description of the purpose and method of calculating the fee;
15. a description of any lien, defect, or encumbrance on or affecting title to the time share interest and, if applicable, a copy of each written warranty the developer provides;
16. a description of any bankruptcy that is pending or has occurred within the past five years, pending civil or criminal cases, adjudications, or disciplinary actions material to the time share plan the developer knows of;
17. a description of any financing offered by or available through the developer;

18. any current or anticipated fees or charges to be paid by time share purchasers to use any accommodations or amenities related to the time share plan with a statement that the fees or charges are subject to change;
19. a description of the insurance on the (a) time share property against damage and destruction, (b) association against liability to others, and (c) owners of time share interests against liability to others;
20. a description of the type of insurance coverage necessary to protect the purchaser and reasonably repair or replace the accommodations and amenities;
21. the extent to which a time share interest may become subject to a tax lien or other lien arising out of claims against purchasers of different time share interests;
22. a description of the purchaser's right to cancel the purchase contract as specified in the bill;
23. a statement disclosing any right of first refusal or other restraint on the transfer of all or any portion of a time share interest;
24. a statement disclosing that a closing agent must hold any deposit made in connection with the purchase of a time share interest until any right to cancel the contract expires and that if the purchaser cancels, any deposit must be returned to the purchaser, or, if the commissioner accepts from the developer a surety bond, irrevocable letter of credit, or other form of financial assurance instead of an escrow deposit, a statement disclosing that the developer has provided such financial assurance in an amount equal to or in excess of the funds that would otherwise be held by a closing agent and that if the purchaser elects to exercise the right of cancellation, any deposit shall be returned to the purchaser;

25. if applicable, a statement that the assessments collected from the purchasers may be placed in a common account with the assessments collected from the purchasers of other time share properties managed by the same managing entity;
26. if the time share plan allows purchasers to participate in an exchange program, a description of the exchange company's name and address and the method by which a purchaser accesses the exchange program; and
27. any other information the commissioner deems necessary to protect prospective purchasers or to implement the bill.

Multi-Site Time Share Plan

A developer who offers a specific time share interest in a multi-site time share plan must also fully disclose the following information in written, graphic, or tabular form:

1. a description of each component site, including its name and address;
2. a description of each type of accommodation in each component site, categorized by the number of bedrooms and bathrooms, and sleeping capacity and a statement indicating whether the accommodation contains a full kitchen;
3. a description of the amenities at each component site available for use by purchasers;
4. a description of the reservation system, including, but not limited to:
 - the entity responsible for operating it, its relationship to the developer, and the duration of any agreement for its operation
 - a summary of the rules governing access to it and use of it and

- the existence of and explanation regarding any priority reservation features that affect a purchaser's ability to make reservations for the use of a given accommodation on a first-come, first-served basis;
5. the managing entity's name and principal address and a description of the procedures, if any, to alter its powers and remove or replace it;
 6. a description of any right to make additions to, substitutions in, or deletions from accommodations, amenities, or component sites, and a description of the basis on which this can be done;
 7. a description of the purchaser's liability for any fees associated with the plan;
 8. the location of each component site of the plan, the historical occupancy of each component site for the prior 12 months, if the site was part of the plan during this period, as well as any periodic adjustment or amendment to the reservation system that may be needed to respond to actual purchaser use patterns and changes in purchaser use demand for the accommodations existing at the time within the plan; and
 9. any other information the commissioner considers necessary to protect prospective purchasers or to implement the bill.

Nonspecific Time Share Interests

A developer who offers a nonspecific time share interest in a multi-site time share must disclose the following information in written, graphic, or tabular form:

1. the developer's name and address;
2. a description of the type of interest and the usage rights the purchaser will receive;
3. a description of the duration and operation of the time share

- plan;
4. a description of the insurance respectively insuring the (a) time share property against damage and destruction, (b) association against liability to others, and (c) owners of time share interests against liability to others;
 5. an explanation of who holds title to the accommodations of each component site;
 6. a description of each component site, including the name and address of each component site;
 7. a description of the existing or proposed accommodations, expressed in periods of seven-day use availability or any other time increment applicable to the time share plan (The description of each type of accommodation included in the time share plan must be categorized by the number of bedrooms and bathrooms, and sleeping capacity, and must include a statement indicating whether the accommodation contains a full kitchen. If the accommodations are proposed or incomplete, a schedule for commencement, completion and availability of the accommodations shall be provided.);
 8. a statement of whether an association exists or is expected to be created and, if such an association exists or is reasonably contemplated, a description of its powers and responsibilities;
 9. if applicable, copies of the following documents applicable to the plan, including any amendments to the documents, unless separately provided to the purchaser simultaneously with the time share disclosure statement: (a) the declaration; (b) the association's articles of incorporation, bylaws, and rules; and (c) any lease or contract, excluding the purchase contract and other loan documents the purchaser must sign at closing;
 10. a description of the method and timing for performing maintenance of the accommodations;

11. a statement indicating that, on an annual basis, the sum of the nights that purchasers are entitled to use the accommodations does not exceed the number of nights the accommodations are available;
12. a description of amenities available for use by the purchaser at each component site;
13. the location of each component site of the multi-site time share plan, the historical occupancy of each component site for the prior 12 months, if the component site was part of the plan during that period, as well as any periodic adjustment or amendment to the reservation system that may be needed in order to respond to actual purchaser use patterns and changes in purchaser use demand for the accommodations existing at the time within the multi-site time share plan;
14. a description of the right to make any additions, substitutions, or deletions of accommodations, amenities, or component sites and a description of the basis upon which accommodations, amenities, or component sites may be added to, substituted in, or deleted from the plan;
15. a description of the reservation system that must include all of the following:
 - the entity responsible for operating the reservation system, its relationship to the developer, and the duration of any agreement for operation of the reservation system
 - a summary of the rules governing access to and use of the reservation system
 - the existence of and an explanation regarding any priority reservation features that affect a purchaser's ability to make reservations for the use of a given accommodation on a first-come, first-served basis;

16. the name and principal address of the managing entity for the plan and a description of the procedures, if any, for altering the powers and responsibilities of the managing entity and for removing or replacing it, and a description of the relationship between the plan managing entity and the managing entity of the component sites of the multi-site time share plan, if different from the plan managing entity;
17. the current annual budget of the plan, if available, or the projected annual budget for the plan which shall include, but not be limited to:
 - a statement of the amount reserved or budgeted for repairs, replacements, and refurbishment
 - the projected common expense liability, if any, by category of expenditure for the multi-site time share plan
 - the assumptions on which the operating budget is based;
18. the projected assessments and a description of the method for calculating and apportioning those assessments among plan purchasers;
19. if applicable, a statement that the assessments collected from the purchasers may be placed in a common account with the assessments collected from the purchasers of other time share properties managed by the same managing entity;
20. any current fees or charges to be paid by time share purchasers for the use of any amenities related to the time share plan and a statement that the fees or charges are subject to change;
21. any initial or special fee due from the purchaser at closing, together with a description of the purpose and method of calculating the fee;
22. a description of the purchaser's liability for any fees associated

with the plan;

23. a description of any lien, defect, or encumbrance on or affecting title to the time share interest and, if applicable, a copy of each written warranty provided by the developer;
24. the extent to which a time share interest may become subject to a tax lien or other lien arising out of claims against purchasers of different time share interests;
25. a description of the purchaser's cancellation rights;
26. a description of any financing offered by or available through the developer;
27. a description of any bankruptcy that is pending or has occurred within the past five years, pending civil or criminal suits, adjudications or disciplinary actions material to the time share plan of which the developer has knowledge;
28. a statement disclosing any right of first refusal or other restraint on the transfer of all or a portion of a time share interest;
29. a statement disclosing that any deposit made in connection with the purchase of a time share interest must be held by a closing agent until expiration of any right to cancel the contract and that if the purchaser elects to exercise that right, any deposit will be returned to the purchaser within 20 business days after the date on which the developer receives a timely notice of cancellation or on or before the fifth day after the date the developer receives good funds from the purchaser, whichever is later, or if the commissioner requires from the developer a surety bond, irrevocable letter of credit or other form of financial assurance instead of an escrow deposit, a statement disclosing that the developer has provided such financial assurance in an amount at least equal to the funds that would otherwise be held by a closing agent and that if the

purchaser elects to exercise the right of cancellation, any deposit will be returned to the purchaser within the time frame described above;

30. if the time share plan allows purchasers to participate in an exchange program, a description of the name and address of the exchange company and the method by which a purchaser accesses the exchange program; and
31. any other information the commissioner determines is necessary to protect prospective purchasers or to implement the bill's purpose.

Other Information May be Included

A developer may include any other information in a time share disclosure statement by the commissioner approves.

Time Share Plans Located Wholly Outside Connecticut

Under the bill, if a time share plan is located wholly outside Connecticut, the DCP commissioner may permit the developer to submit the same or an equivalent time share disclosure statement the developer is providing purchasers for the time share plan in another state if it substantially complies with the bill's requirements. The bill specifies that the use of an equivalent time share disclosure statement does not exempt the developer from the bill's other requirements.

§ 12 — PURCHASE AGREEMENT COUPLED WITH PARTICIPATION IN AN EXCHANGE PROGRAM

Exchange Program Disclosure Statement Must be Provided

The bill requires that before the signing of any agreement to purchase a time share interest in which a prospective purchaser is also offered participation in any exchange program, the developer must provide an exchange disclosure statement of any exchange company whose service is advertised or offered by the developer or other person in connection with the disposition.

Any person offering participation in an exchange program for the

first time after a disposition has occurred, must also deliver an exchange disclosure statement before the purchaser executes any instrument relating to participation in the exchange program.

The person offering participation in the exchange program must obtain from the purchaser a written acknowledgement of receipt of the exchange disclosure statement.

Contents of Disclosure

The exchange disclosure statement must include:

1. the exchange company's name and address;
2. if the exchange company is not the developer, a statement describing their legal relationship;
3. a statement indicating the conditions under which the exchange program might terminate or become unavailable;
4. whether membership or participation or both in the exchange program is voluntary or mandatory;
5. a complete description of the required procedure for executing an exchange of time share periods;
6. the fee required for membership or participation in the program or both and whether the fee is subject to change;
7. a statement disclosing that participation in the exchange program is conditioned on compliance with the terms of a contract between the exchange company and the purchaser;
8. a statement in conspicuous type that all exchanges are arranged on a space-available basis and that neither the developer nor the exchange company guarantees that a particular time share period can be exchanged;
9. a description of seasonal demand and unit occupancy restrictions employed in the exchange program; and

10. a statement in boldface type that the percentage of confirmed exchanges is a summary of the exchange requests entered with the exchange program in the period reported and that the percentage does not indicate the probabilities of a purchaser's being confirmed to any specific choice or range of choices.

The bill also specifies that the disclosure statement must include the following information, which must be independently audited by a certified public accountant or accounting firm and reported annually:

- the number of purchasers currently enrolled in the exchange program;
- the number of accommodations and facilities that have current written affiliation agreements with the exchange program;
- the percentage of confirmed exchanges, which is the number of exchanges confirmed by the exchange program divided by the number of exchanges properly applied for, together with a complete and accurate statement of the criteria used to determine whether an exchange request was properly applied for;
- the number of time share periods for which the exchange program has an outstanding obligation to provide an exchange to a purchaser who relinquished a time share period during the year in exchange for a time share period in any future year; and
- the number of exchanges confirmed by the exchange program during the year.

Filing with DCP

Each exchange company must file this information with DCP (together with any membership agreement and application between the purchaser and the exchange company) and the audit specified above by June first of each year. An exchange company must file initially within 20 days before offering an exchange program to any

purchaser in this state. Each filing must be accompanied by an annual filing fee of \$500.

Amendments

Any material change to a filing must be filed with DCP as an amendment before becoming effective. Each amendment filing must be accompanied by a filing fee of \$100. An exchange program filing must be updated once each year with respect to added or deleted time share properties and an annual update is not a material change to the filing.

DCP Enforcement Action

If DCP determines that any of the information an exchange company supplies fails to meet the bill's requirements, it must undertake enforcement action against the exchange company.

§ 13 — DEVELOPER'S DUTIES

The developer must supervise, manage, and control all aspects of the offering of a time share interest, including, but not limited to, promoting, advertising, contracting, and closing. Any violation that occurs during such offering activities is considered to be a violation by the developer as well as by the person actually committing the violation.

§ 14 — CANCELLATION RIGHTS

A purchaser may cancel a purchase contract before midnight of the fifth calendar day after the date he or she signs and receives a copy of the purchase contract or receives the required time share disclosure statement, whichever is later. A developer may offer a longer cancellation period if required in the jurisdiction where the time share property is located.

A purchaser may not waive any right of cancellation the bill gives him or her. A contract containing a waiver is voidable by the purchaser.

The bill authorizes a purchaser to cancel by (1) hand-delivering notice to the developer, (2) mailing notice by prepaid United States

mail to the developer or its agent for service of process, or (3) providing notice by overnight common carrier delivery service to the developer or its agent for service of process.

The bill specifies that cancellation is without penalty and all payments made before cancellation must be refunded within 20 business days after the date on which the developer receives a timely notice of cancellation, or by the fifth day after the date the developer receives funds from the purchaser, whichever is later.

§15 — REQUIRED CONTRACT LANGUAGE

Buyer's Right to Cancel

The bill requires each purchase contract (or in an exhibit to the contract) to contain information about the purchaser's right to cancel in conspicuous type and in the language the bill specifies or in similar language or type if required by the jurisdiction in which the time share property or properties are located, with the developer's name and address, the date of the last day of the fiscal year, the address of the managing entity inserted where indicated, and space for the purchaser to sign.

Additional Required Contract Information

The bill also requires that the purchase contract, or an exhibit to it, include the following:

1. the developer's name and address and the address of the time share property or the address of any available time share interest being offered;
2. the name of the person or people primarily involved in the sales presentation on behalf of the developer;
3. a statement disclosing the amount of the periodic assessments currently assessed against or collected from the purchasers of the time share interest;
4. a statement in conspicuous type, or similar language informing

the person that time share owners have the right to request a written annual time share fee and expense statement; and

5. the date the purchaser signs the contract.

Required Disclosure Concerning Fees and Expenses

The bill further requires that the contract or exhibit to it include in conspicuous type a statement of the purchaser's right to a written annual fee and expense statement.

§ 16 — EXCHANGE COMPANIES – LIABILITY

An exchange company may employ seasonal demand and unit occupancy restrictions in its program. A developer is not liable for the use, delivery, or publication to a purchaser of written information or audio-visual materials provided to it by the exchange company as required by the bill unless the developer knows or has reason to know that the materials are inaccurate or false. No exchange company is liable for any violation of the bill's provisions on the use by a developer of information relating to an exchange program other than information the exchange company provided to the developer.

An exchange company may deny exchange privileges to any purchaser whose use of accommodations is denied, and no exchange program or company is liable to any of its members or third parties because of the denial.

Except for written information or audio-visual materials provided to a developer by an exchange company, an exchange company is not liable for (1) a representation the developer makes relating to any exchange program or exchange company or (2) the developer's use, delivery, or publication of information that relates to an exchange program or exchange company.

§ 17 — DEPOSIT MUST BE PLACED IN ESCROW

The bill requires a developer or closing agent of a time share plan to deposit all of the funds received during the purchaser's cancellation period in an escrow or trust account in a federally insured depository.

The bill defines a “closing agent” as a title agent, bonded escrow company, financial institution whose accounts are insured by the government, or an attorney licensed in the state where the closing occurs who is not the developer’s employee. The bill specifies that (1) a closing agent owes the purchaser a fiduciary duty; (2) the funds or property constituting the escrow or trust deposit may be released from escrow only as provided by the bill; and (3) the closing agent or developer must make documents related to the escrow or trust account or the financial assurance provided available to the commissioner upon his request.

Time Share Interests in Connecticut

Any broker accepting moneys paid or advanced by the purchaser, lessee, prospective purchaser, or prospective lessee in respect to the sale or lease of any time share interest in Connecticut must:

1. deposit it in an escrow account acceptable to the commissioner, in a bank doing business in Connecticut and
2. maintain it in such escrow account until:
 - a. a proper and valid release is obtained;
 - b. either party has defaulted and the commissioner or the court has determined as to the disposition of such money, or the seller or lessor orders the return of the money to the purchaser or lessee; or
 - c. the time limits for revoking the contract or agreement, as set forth by the bill, have expired.

Required Escrow Statement

The bill requires the closing agent and the developer to execute an agreement that includes a statement providing that:

1. funds may be disbursed to the developer from the escrow or trust account by the agent only after the purchaser’s cancellation period has expired, and as provided by the

purchase contract;

2. if the purchaser cancels the purchase contract as provided by the contract, the funds shall be paid to (a) the purchaser or (b) the developer if the purchaser's funds have been refunded previously by the developer; and
3. if a developer contracts to sell a time share interest and the building in which the time share interest is located has not been completed when the cancellation period expires, the developer must maintain all funds received from the purchaser under the purchase agreement in the escrow or trust account until the building is completed.

The bill specifies that the documentation required for evidence of completion of construction includes (1) a certificate of occupancy, (2) a certificate of substantial completion, (3) evidence of a public safety inspection from a government agency in the applicable jurisdiction, or (4) any other evidence acceptable to the commissioner.

Default by Buyer or Developer

If the purchaser cancels the contract, the funds must be paid to the purchaser or to the developer if the developer previously returned the purchaser's funds. If the purchaser defaults in the performance of obligations under the terms of the purchase contract, the funds must be paid to the developer. If the developer defaults, the funds must be paid to the purchaser.

If the purchaser's funds have not been disbursed previously as provided by the bill, they may be disbursed to the developer by the agent if acceptable evidence of completion of construction is provided.

If there is a dispute relating to the funds in the escrow or trust account, the agent must maintain the funds in the account until the agent receives written directions agreed to and signed by all parties, or a civil action relating to the disputed funds is filed. If a civil action is filed, the closing agent must maintain or deposit the funds as directed

by the court in which the action is filed.

Arrangements Other Than Escrow

Instead of the deposit of funds in an escrow or trust account, the commissioner may accept from the developer a surety bond, irrevocable letter of credit, or other form of financial assurance, including financial assurance posted in another state or jurisdiction.

The amount of the financial assurance must be in an amount equal to or greater than the amount of funds that would otherwise be placed in an escrow or trust account. But, the amount of the financial assurance provided for time share property under construction may be no less than the amount:

1. equal to or more than the amount of funds that would otherwise be placed in an escrow or trust or
2. necessary to assure completion of all promised accommodations along with all furniture, fixtures, and any other promised improvements as portrayed in the time share instruments or time share disclosure statement.

The bill requires that the surety bond provide for the reduction of the bond amount as work is completed, as long as the commissioner approves it. If the developer is considering future additional phases, the amount does not have to include the cost of completion so long as they have not been promised as part of the time share instruments. The bill specifies that the type of surety bond provided under this provision may include, but is not limited to, a completion of construction bond or escrow bond.

Release of Escrow

Excluding a first mortgage on the time share interest, the bill prohibits a developer from releasing any escrowed funds until the developer has provided evidence satisfactory to the DCP commissioner of one of the following:

1. the time share interest, together with any other property or rights to property connected to the time share interest, including any amenities represented to the purchaser as being part of the time share plan, are free and clear of any of the claims of the developer, any owner of the underlying property, a mortgagee, judgment creditor, or other lienor or person having an interest in or lien or encumbrance against the time share interest or related property or property rights;
2. the developer, any owner of the underlying property, a mortgagee, judgment creditor, or other lienor or person having an interest in or lien or encumbrance against the time share interest or related property or property rights, including any amenities represented to the purchaser as being part of the time share plan, has recorded a subordination and notice to creditors in the jurisdiction in which the time share interest is located. (The subordination document must explicitly provide that the interest holder's right, lien, or encumbrance does not adversely affect, and is subordinate to, the rights of the owners of the time share interests in the time share plan regardless of the date of purchase, on or after the subordination document's effective date.);
3. the developer, any owner of the underlying property, a mortgagee, judgment creditor, or other lienor or person having an interest in or lien or encumbrance against the time share interest or appurtenant property or property rights, including any amenities represented to the purchaser as being part of the time share plan, has transferred the accommodations or amenities or all use rights in them to a nonprofit organization or an owners' association acting as the purchaser's fiduciary to hold them for purchaser's use and benefit and
 - the developer has transferred control of the organization or association to the purchasers or does not exercise voting rights in such organization or association concerning the

accommodations or amenities and

- before the transfer, any lien or encumbrance against the accommodation or facility must be made subject to a subordination and notice to creditors as specified above; or
4. alternative arrangements the commissioner approves have been made to protect the purchaser's rights.

§ 18 — UNFAIR TRADE PRACTICES

The bill makes the following actions and omissions by a developer an unfair trade practice:

1. failing to disclose the information the bill requires;
2. making false or materially misleading statements of fact concerning
 - the characteristics of accommodations or amenities available to a consumer
 - the duration that accommodations or amenities will be available to a consumer
 - the conditions under which a purchaser may exchange the right to occupy a unit for the right to occupy a unit in the same or another time share property;
3. representing that a prize, gift, or other benefit will be awarded in connection with a promotion with the intent not to award it in the manner represented;
4. failing to provide a copy of the purchase contract to the purchaser when he or she signs the contract or the annual statement the bill requires;
5. failing to maintain a one-to-one use right to use night ratio for a time share plan during a consecutive 12-month period, as determined under the bill; and

6. knowingly furnishing false information in the annual time share fee and expense statement the bill requires (see § 21 (d)).

The bill specifies that these violations are not exclusive and are in addition to any other unfair trade practices provided for under any other law.

One-to-One Use Right to Use Night Ratio

A developer complies with the one-to-one use right to use night ratio if the sum of the nights that purchasers are entitled to use in a given 12-month period do not exceed the number of nights available for use by those purchasers during the same 12-month period. No individual time share unit may be counted as providing more than 365 use nights per 12-month period or 366 in a leap year. The use rights of each purchaser must be counted without regard to whether the purchaser's use rights have been suspended for not paying assessments or for other reasons.

Nonmaterial Error or Omission

A nonmaterial error or omission is not actionable if a developer has complied with the bill in good faith. Any nonmaterial error or omission is not sufficient to permit a purchaser to cancel a purchase contract after expiration of the period provided for cancellation.

§ 19 — INSURANCE

The managing entity must use due diligence to obtain the following insurance coverage as a common expense of the time share plan:

1. adequate casualty insurance to protect the time share property and amenities against all reasonably foreseeable perils, in such covered amounts and subject to such reasonable exclusions and reasonable deductibles as are consistent with the bill and
2. adequate liability insurance to reasonably protect the time share property and amenities from occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, and

maintenance of the time share property.

Adequate Insurance

In determining whether insurance is adequate, the managing entity must consider the following factors, among others:

1. available insurance coverages and related premiums in the marketplace;
2. amounts of any related deductibles, types of exclusions and coverage limitations, but the bill specifies that a deductible of 5% or less is reasonable;
3. the probable maximum loss relating to the insured time share property during the policy term;
4. the extent to which a given peril is insurable under commercially reasonable terms;
5. amounts of any deferred maintenance or replacement reserves on hand;
6. geography and any special risks associated with the location of the time share property; and
7. the age and type of construction.

Required Insurance

Insurance must be procured and maintained by the managing entity for the time share property as a common expense of the time share plan against such perils, in such coverages and subject to such reasonable deductibles or reasonable exclusions as may be required by:

1. an institutional lender to a developer, for so long as it holds a mortgage encumbering any interest in or lien against a portion of the time share property or
2. any holder or pledge of, or any institutional lender having a security interest in, a pool of promissory notes secured by

mortgages or other security interests relating to the time share plan, executed by purchasers in connection with such purchasers' acquisition of time share interests in the time share property, or any agent, underwriter, placement agent, trustee, servicer, custodian, or other portfolio manager acting on behalf of such holder, pledge or institutional lender, for as long as they and mortgages or other security interests remain outstanding.

Use of Existing Reserves

The bill authorizes the managing entity to apply any existing reserves for deferred maintenance and capital expenditures toward payment of insurance deductibles or the repair or replacement of the time share property after a casualty without regard to the purposes for which such reserves were originally established.

Buyer's Right to See Insurance Policies

A copy of each insurance policy in effect must be made available for reasonable inspection by purchasers and their authorized agents.

§ 20 — CRIMINAL PENALTY FOR OFFERING UNREGISTERED SHARE INTERESTS

Except as permitted by the bill, no developer may (1) offer or dispose of a time share interest in a time share property that has not been registered with DCP or (2) accept reservations and deposits from prospective purchasers. Any developer who does so is guilty of a class A misdemeanor, which is punishable by up to one year in prison, a fine of up to \$2,000, or both. A developer may not be prosecuted for more than one offense involving the same promotion, even if mailed or distributed to more than one person.

§ 21 — WRITTEN ANNUAL STATEMENT

The bill requires the managing entity to make a written annual statement of the operation of the time share plan or time share properties it manages if assessments are deposited in a common account, to each purchaser who requests it within five months after the last day of each fiscal year.

The statement must fairly and accurately represent the collection and expenditure of assessments and include:

1. a balance sheet;
2. an income and expense statement;
3. the current budget for the time share property, time share properties managed by the same managing entity, or multi-site time share plan required the bill; and
4. the name, address, and telephone number of a designated representative of the managing entity.

At an owner's request, the managing entity must provide him or her with the name and address of each member of the board of directors of the owners' association, if one exists.

Annual Independent Audit

A developer or managing entity must have an annual independent audit of the financial statements of the time share plan or time share properties managed by the managing entity performed by a certified public accountant or an accounting firm.

The audit must be:

1. conducted in accordance with generally accepted auditing standards as prescribed by the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the United States General Accounting Office, or other professionally recognized entities that prescribe auditing standards and
2. completed within five months after the last day of the fiscal year of the time share plan or time share property.

Required Notice for Connecticut Accommodation

A time share owner is entitled to a written statement of the annual

fee and expenses. The managing entity of any accommodation located in Connecticut must post prominently in the registration area of the accommodations the notice of the right to request it.

Extension for Annual Statement

The commissioner may, for good cause shown, grant the managing entity an extension of up to 30 days to provide the annual statement, if it receives a written request from a managing entity.

Injunctive Relief for Late Extension

If the statement is late and an extension has not been granted, the commissioner may institute, through the Office of the Attorney General, an action for injunctive relief.

§ 22 — COMMINGLING OF ASSETS

The bill prohibits a managing entity that manages a multi-state time share plan or two or more single-site time share plans from commingling the assessments collected from purchasers of one time share plan with the assessments collected from purchasers of any other single-site plan for which it is the managing entity unless (1) the practice is disclosed in the time share disclosure statement for each time share property and (2) an appropriate statement is included in the declaration the bill requires.

The bill specifies that it may not be construed to allow a managing entity to commingle assessments of a multi-site time share plan with the assessments of a separate multi-site time share plan or a time share plan that is not a part of the multi-site time share plan.

Manager's Duty to Act in Owner's Best Interests

The bill specifies that the managing entity has a duty to act in the best interests of each owner of a time share interest in the time share plan and the association with respect to their funds.

§ 23 — ASSESSMENTS ON TIME SHARE INTERESTS

The bill authorizes the managing entity to levy and enforce assessments on any time share interests in accordance with the time

share instrument. The assessment must constitute a debt of the owner of the interest when the assessment is made.

After giving notice to the time share owner and an opportunity to be heard, the managing entity may impose reasonable monetary penalties for violation of the time share instrument, as an assessment, as authorized by the time share instrument. Assessments may include authorized personal charges and other amounts.

The managing entity may assign to the delinquent owners the costs of collection, including attorney's fees, administrative fees, late fees, interest and penalties or as otherwise authorized by the time share instrument. The amount of any assessment plus any other such charges, as provided in the time share instrument or as otherwise provided by law, are a lien on the time share interest assessed from the time the assessment became due. Recording of the time share instrument, as provided by the bill, constitutes record notice and perfection of the lien. No further recordation of any claim of lien for assessment under this section is required. This lien may be foreclosed in the same way as a mortgage on real property, or in any other manner permitted by law.

Statement of Unpaid Assessments

On the receipt of a written request, the managing entity must provide to an owner, purchaser, or any lender who has a security interest in a time share interest or the time share property a statement setting forth the amount of unpaid assessments made against the owner's time share interest. The statement must be provided within 10 business days after receipt of the request and is binding on the managing entity, the association, the board, and every owner.

Foreclosure

If an association, developer, or other managing entity files an action to foreclose the assessment lien on time share interests, it may join in the same action multiple defendant obligors, and junior interest holders of separate time share interests, upon compliance with all of

the following:

1. the foreclosure proceeding involves a single time share plan,
2. the foreclosure proceeding is filed by a single plaintiff,
3. the default and remedy provisions in the written instruments on which the foreclosure proceeding is based are substantially the same for each defendant, and
4. the nature of the alleged defaults is the same for each defendant.

In any foreclosure proceeding involving multiple defendants the court must sever for separate trial any count of the complaint in which the defendant raises a defense or counterclaim.

§ 24 — COLLECTION COSTS AND FEES

Any costs of collection, including reasonable collection agency fees and reasonable attorney's fees incurred in the collection of a delinquent assessment, must be paid by the owner and are secured by a lien in favor of the managing entity upon the time share interest with respect to which the delinquent assessment has been incurred. Within 60 days before turning the matter over to a consumer collection agency, the managing entity must advise the purchaser that he or she may be liable for the consumer collection agency's fees and that a lien may result.

§ 25 — AVAILABILITY OF RECORDS

A developer or managing entity, on written request by an owner, must make available for examination at its registered office or principal place of business, and at any reasonable time or times, the relevant books and records relating to the collection and expenditure of assessments.

A developer or managing entity must maintain in its records a copy of each purchase contract for an accommodation sold by the developer for a time share period unless the contract has been canceled. If a sale of the time share estate is pending, the developer must keep a copy of

the contract until a deed of conveyance, agreement for deed, or lease is recorded in the real property records of the town where the time share property is located.

§ 26 —TIME SHARE RESALE BROKER-PRE-SALES DUTIES

A time share resale broker who acts on behalf of a time share owner other than a developer or its affiliate must, before offering a time share interest in this state:

1. be licensed as a real estate broker pursuant to state law and
2. comply with the bill and submit copies to DCP of the documents and disclosures the bill requires.

The bill defines a “time share resale broker” as someone who, acting for another person or entity for a fee, commission, or other valuable consideration, offers in Connecticut to (1) advertise, list for sale, sell, exchange, buy, or rent or (2) negotiate or attempt to negotiate a sale, exchange, purchase, or rental of 12 or more time share resales in any 12 months. It is also someone who is registered as a time share resale broker under the bill.

Exemptions

Unless the method for resale of time shares is to evade the bill’s requirements, a person is not required to register as a time share resale broker if he or she:

1. has acquired fewer than 12 time share interests and later resells or offers to resell one or more of them (The bill establishes a rebuttable presumption that a time share owner who has acquired more than twelve time share interests did not acquire them for personal use and occupancy.);
2. is a licensed real estate salesperson in Connecticut who resells or offers to resell time share interests in a time share plan as an agent for a developer who is registered under the bill as long as the salesperson (a) delivers all disclosures the bill requires

- developers to make or (b) discloses the information the bill requires for resales;
3. is a developer who is registered under the bill or is an affiliate of the developer that is also the managing entity, as long as the developer or affiliated managing entity (a) delivers all disclosures the bill requires developers to make or (b) discloses the information the bill requires for resales;
 4. is an association that is not otherwise a developer, that sells or engages a third party to sell on its behalf, 50 or fewer time share interests in the time share plan that it governs in a given calendar year to persons who are not existing purchasers of that time share plan and the association discloses the information the bill requires for resales; or
 5. is an exchange company that has filed information the bill requires with DCP.

Duties of a Time Share Resale Broker

A time share resale broker who offers to resell a time share interest must:

1. provide a fully executed copy of the written agreement for a time share resale as provided in the bill to the time share owner on the date the owner signs the agreement and
2. make the resale disclosures the bill requires before accepting anything of value from the time share owner.

§ 27 — RESALE DISCLOSURES

Before a purchaser signs any contract to purchase a time share resale, the person who is reselling it must disclose in conspicuous type (as defined by the bill) in the contract to purchase the time share resale the following information:

1. the name, address, and telephone number of the time share plan and the managing entity of the time share plan;

2. the period or duration of time during which the purchaser may use the time share interest;
3. a legal description of the time share interest being acquired;
4. the earliest date that the purchaser may use the time share interest;
5. the name, address, telephone number and Internet web site address, if applicable, of the entity from which the governing documents of the association, if any, and the time share instrument may be obtained, together with a specified notice to review certain related documents;
6. the amount of the annual assessment for the time share interest for the current fiscal year and a statement indicating whether or not real property taxes are included in the annual assessment;
7. if real property taxes are not included in the annual assessment, the amount of ad valorem real property taxes for the current fiscal year;
8. whether all assessments against the time share interest are paid in full, and if not, the amount owed, and the consequences of failure to pay any assessment or real property taxes; and
9. any other information required to be disclosed pursuant to regulations adopted by the commissioner.

§ 28 — REQUIREMENTS FOR RESALE AGREEMENTS

The bill requires an agreement for a time share resale entered into by a time share owner and a time share resale broker who offers to resell a time share interest to be in writing and contain disclosures in conspicuous type that indicate:

1. whether any person other than the time share owner may use, rent, or exchange the use of the time share interest during the period before the time share is resold;

2. the name of any person who will receive any rents, profits, or other consideration generated from the use of the time share interest during the period before the time share interest is resold;
3. a detailed description of any relationship between the person who resells the time share interest and any other person who receives any benefit from the use of the time share interest;
4. a description, including the amount, of any fee to be paid by the time share owner to the time share resale broker prior to the sale of the time share interest; and
5. a description of the amount or percentage and procedures for paying any commissions due to the time share resale broker upon resale of the time share interest.

If any such fee is charged by the time share resale broker before the sale of the time share interest, a statement must be included disclosing:

1. the number of time share interests sold by the time share resale broker compared to the number of time share interests listed by the time share resale broker for each of the past three years and
2. the ratio or percentage of the number of listings versus the number of time share interests sold for each of the past three years.

§ 28 — EXISTING TIME SHARE PROPERTY IS EXEMPT FROM THE BILL

The bill exempts from its provisions any time share property established within this state on or before December 31, 2009, and specifies that the property is subject to the general statutes and the regulations of Connecticut state agencies as exist on that date.

§ 29 — DISCLOSURES FOR TIME SHARE CONDOMINIUMS

The law requires that if a condominium's declaration provides that ownership or occupancy of any units is or may be in time shares, the

public offering statement must disclose, in addition to the information required by law:

1. the number and identity of units in which time shares may be created;
2. the total number of time shares that may be created;
3. the minimum duration of any time shares that may be created; and
4. the extent to which the creation of time shares will or may affect the enforceability of the association's lien for assessments.

The bill specifies that these requirements are in addition to its other disclosure requirements.

§ 30 — REPEALED LAWS

The bill eliminates the current time sharing plan laws that are much more limited in scope than the bill.

BACKGROUND

Related Time-Share Law

Under the Common Interest Ownership Law, "time share" means a right to occupy a unit or any of several units during five or more separated time periods over a period of at least five years, including renewal options, whether or not coupled with an estate or interest in a common interest community or a specified portion of it (CGS § 47-202 (3)).

Connecticut Unfair Trade Practices Act

The law prohibits businesses from engaging in unfair and deceptive acts or practices. CUTPA allows the DCP commissioner to issue regulations defining what constitutes an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary

statements of compliance. The act also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorneys fees; and impose civil penalties of up to \$5,000 for willful violations and \$25,000 for violation of a restraining order.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 19 Nay 0 (02/24/2009)