

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

# HOUSE BILL 2639

AN ACT

AMENDING SECTION 32-2197.03, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 20, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-2197.16; RELATING TO REAL ESTATE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 32-2197.03, Arizona Revised Statutes, is amended  
3 to read:

4 32-2197.03. Purchase agreements; rescission of contract or  
5 agreement; cancellation or termination of  
6 timeshare interests

7 A. A PURCHASE AGREEMENT SHALL BE IN WRITING AND SHALL BE SIGNED BY  
8 THE PURCHASER. THE DEVELOPER SHALL GIVE THE PURCHASER A PAPER COPY OF THE  
9 PURCHASE AGREEMENT BOTH:

10 1. AT LEAST ONE BUSINESS DAY BEFORE THE PURCHASER SIGNS THE  
11 PURCHASE AGREEMENT. BETWEEN THE TIME THAT THE DEVELOPER GIVES THE  
12 PURCHASER A COPY OF THE PURCHASE AGREEMENT PURSUANT TO THIS PARAGRAPH  
13 UNTIL THE PURCHASER SIGNS THE PURCHASE AGREEMENT, THE DEVELOPER MAY NOT  
14 ADVERTISE TO THE PURCHASER OR PROVIDE A SALES PRESENTATION TO THE  
15 PURCHASER.

16 2. WHEN THE PURCHASER SIGNS THE PURCHASE AGREEMENT.

17 ~~A.~~ B. The purchaser may rescind the purchase agreement without  
18 cause of any kind by sending or delivering A written notice of rescission  
19 by midnight of the ~~seventh~~ TENTH calendar day following the day on which  
20 the purchaser or prospective purchaser executed the purchase agreement.  
21 The rescission rights shall be conspicuously disclosed in the purchase  
22 agreement. If the developer allows the rescission period to extend beyond  
23 ~~the seven~~ TEN calendar days, the rescission period disclosure in the  
24 purchase agreement shall reflect the longer period of time. The  
25 disclosure required by this subsection shall be printed immediately before  
26 the space reserved in the purchase agreement for the signature of the  
27 purchaser and shall include the following information:

28 1. The purchaser may cancel the purchase agreement without a  
29 penalty or obligation within ~~seven~~ TEN calendar days, OR ANOTHER TIME  
30 PERIOD IF APPLICABLE, after the purchaser signs the purchase agreement.

31 2. If the purchaser decides to cancel the purchase agreement, the  
32 purchaser shall notify the seller in writing of the purchaser's intent to  
33 cancel.

34 3. The purchaser's notice of cancellation is effective on the date  
35 the cancellation is sent and shall be sent to the seller at the seller's  
36 address. The seller's address and telephone number shall be listed ~~on~~ IN  
37 the purchase agreement.

38 4. The purchaser may execute all closing documents in advance.  
39 However, the closing, as evidenced by delivery of the deed or other  
40 document, is prohibited before the ~~seven~~ TEN calendar day cancellation  
41 period expires.

42 C. THE DENIAL OF A PURCHASER'S RIGHTS UNDER THIS SECTION WITHOUT A  
43 GOOD FAITH LEGAL BASIS CONSTITUTES AN UNLAWFUL PRACTICE UNDER SECTION  
44 44-1522. THE ATTORNEY GENERAL MAY INVESTIGATE AND TAKE APPROPRIATE ACTION  
45 AS PRESCRIBED BY TITLE 44, CHAPTER 10, ARTICLE 7.

1           ~~B.~~ D. This section applies to any timeshare plan approved by the  
2 commissioner pursuant to either article 4 of this chapter or this article,  
3 regardless of the date of issuance of the public report.

4           Sec. 2. Title 32, chapter 20, article 9, Arizona Revised Statutes,  
5 is amended by adding section 32-2197.16, to read:

6           32-2197.16. Separate disclosure

7           A. BEFORE ENTERING INTO AN AGREEMENT OR CONTRACT FOR THE SALE OF A  
8 TIMESHARE INTEREST, THE SELLER MUST PROVIDE THE PURCHASER WITH A SEPARATE  
9 DISCLOSURE DOCUMENT TO ADEQUATELY INFORM THE PURCHASER OF THE PURCHASER'S  
10 ACTUAL AND POTENTIAL LIABILITIES UNDER THE PURCHASE AGREEMENT. AT A  
11 MINIMUM, THIS SEPARATE DISCLOSURE DOCUMENT MUST CONSPICUOUSLY DISCLOSE ALL  
12 OF THE FOLLOWING:

13           1. THE DURATION OF THE TIMESHARE AGREEMENT ENTERED INTO BY THE  
14 PURCHASER AND, IF THE AGREEMENT HAS NO SET DURATION, AN AFFIRMATIVE  
15 STATEMENT THAT THE PURCHASER'S OBLIGATIONS UNDER THE AGREEMENT MAY EXTEND  
16 THROUGHOUT THE COURSE OF THE PURCHASER'S LIFETIME.

17           2. A GOOD FAITH ESTIMATE OF THE TOTAL POTENTIAL FINANCIAL  
18 OBLIGATION OF THE PURCHASER DURING THE FIRST YEAR OF OWNERSHIP THAT  
19 INCLUDES ADDITIONAL CHARGES TO WHICH THE PURCHASER MAY BE SUBJECT DURING  
20 THE FIRST YEAR OF OWNERSHIP, INCLUDING ALL POTENTIAL ASSESSMENTS. THE  
21 DISCLOSURE SHALL BE AS FOLLOWS:

22           (a) IF THE MAXIMUM AMOUNT OF THE FIRST YEAR'S ASSESSMENTS IS KNOWN  
23 AT THE TIME OF PURCHASE, THE DISCLOSURE MUST DISCLOSE THE MAXIMUM AMOUNT  
24 OF THESE ASSESSMENTS AND THE ASSESSMENTS LEVIED FOR EACH OF THE PREVIOUS  
25 THREE YEARS, IF AVAILABLE.

26           (b) IF THE MAXIMUM AMOUNT OF THE FIRST YEAR'S ASSESSMENTS IS  
27 UNKNOWN AT THE TIME OF PURCHASE, THE DISCLOSURE MUST PROVIDE THE PURCHASER  
28 WITH THE FOLLOWING:

29           (i) NOTICE THAT THE PURCHASER WILL BE REQUIRED TO PAY ASSESSMENTS  
30 IN ADDITION TO THE DISCLOSED PURCHASE PAYMENT AND THAT THE AMOUNT OF THOSE  
31 ASSESSMENTS IS CURRENTLY UNKNOWN.

32           (ii) A STATEMENT DISCLOSING THE ASSESSMENTS LEVIED FOR EACH OF THE  
33 PREVIOUS THREE YEARS, IF AVAILABLE, AND A GOOD FAITH ESTIMATE OF THE FIRST  
34 YEAR'S ASSESSMENTS THAT IS AT LEAST THE HIGHEST AMOUNT ASSESSED DURING ANY  
35 OF THE PREVIOUS THREE YEARS BASED ON THE TIMESHARE INTEREST BEING OFFERED.

36           (iii) AN AFFIRMATIVE STATEMENT THAT THERE IS NO LIMIT ON THE  
37 ASSESSMENTS THAT THE PURCHASER MAY BE CHARGED IN THE FIRST YEAR OF  
38 OWNERSHIP.

39           3. A GOOD FAITH ESTIMATE OF THE MAXIMUM ANNUAL AND CUMULATIVE  
40 FINANCIAL OBLIGATION OF THE PURCHASER DURING THE DURATION OF THE TIMESHARE  
41 AGREEMENT, WHICH INCLUDES THE PURCHASE PRICE, ASSESSMENTS AND ANY  
42 ADDITIONAL PAYMENTS TO WHICH THE PURCHASER MAY BE SUBJECT DURING THE  
43 DURATION OF THE TIMESHARE AGREEMENT. IF THE AMOUNT OF FUTURE ASSESSMENTS  
44 IS KNOWN AT THE TIME OF PURCHASE, THE DISCLOSURE MUST PROVIDE THE  
45 PURCHASER WITH THE FOLLOWING:

1 (a) NOTICE THAT THE PURCHASER WILL BE REQUIRED TO PAY ASSESSMENTS  
2 IN ADDITION TO THE DISCLOSED PURCHASE PRICE.

3 (b) A PAYMENT SCHEDULE DISCLOSING THE AMOUNT OF ASSESSMENTS PAYABLE  
4 DURING EACH YEAR OF THE LIFE OF THE AGREEMENT AND THE CUMULATIVE AMOUNT OF  
5 THOSE ASSESSMENTS AFTER FIVE, TEN, TWENTY AND THIRTY YEARS OF OWNERSHIP.

6 (c) ALL MATERIAL ADDITIONAL PAYMENTS, INCLUDING ESTIMATED TAXES,  
7 ESTIMATED UTILITY FEES AND SPECIAL ASSESSMENTS. IF THE PURCHASE AGREEMENT  
8 DOES NOT HAVE A CAP ON SPECIAL ASSESSMENTS, THE SCHEDULE SHALL USE AN  
9 ESTIMATED AMOUNT EQUAL TO \$1,000 PER YEAR FOR SPECIAL ASSESSMENTS.

10 4. IF THE AMOUNT OF FUTURE ASSESSMENTS IS UNKNOWN AT THE TIME OF  
11 PURCHASE, THE DISCLOSURE MUST PROVIDE THE PURCHASER WITH THE FOLLOWING:

12 (a) NOTICE THAT THE PURCHASER WILL BE REQUIRED TO PAY ASSESSMENTS  
13 IN ADDITION TO THE DISCLOSED PURCHASE PRICE AND THAT THE AMOUNT OF THOSE  
14 ASSESSMENTS IS CURRENTLY UNKNOWN.

15 (b) A PAYMENT SCHEDULE DISCLOSING ESTIMATES OF THE ASSESSMENTS  
16 PAYABLE DURING EACH YEAR OF THE LIFE OF THE AGREEMENT AS FOLLOWS:

17 (i) IF THE MAXIMUM AMOUNT OF THE FIRST YEAR'S ASSESSMENT IS KNOWN  
18 AND HAS BEEN DISCLOSED BY THE SELLER PURSUANT TO SUBSECTION A, PARAGRAPH  
19 2, SUBDIVISION (a) OF THIS SECTION, THE SCHEDULE SHALL START WITH THAT  
20 AMOUNT FOR THE FIRST YEAR. THE SCHEDULE SHALL DISCLOSE ESTIMATES OF THE  
21 ANNUAL ASSESSMENTS, USING THE MAXIMUM ALLOWABLE ASSESSMENT FOR EACH YEAR  
22 IF SPECIFIED IN THE PURCHASE AGREEMENT, FOR THE FIRST THIRTY YEARS OF  
23 OWNERSHIP OR THE DURATION OF THE TIMESHARE AGREEMENT, WHICHEVER IS LESS.  
24 IF THE PURCHASE AGREEMENT DOES NOT SPECIFY A MAXIMUM ALLOWABLE ASSESSMENT  
25 FOR ANY GIVEN YEAR, THE SCHEDULE SHALL ASSUME AN ANNUAL ASSESSMENT  
26 INCREASE OF TWENTY-FIVE PERCENT FOR EACH YEAR. ESTIMATES MUST INCLUDE A  
27 STATEMENT CLARIFYING THAT THE AMOUNTS PROVIDED ARE ESTIMATES AND THE  
28 ACTUAL COST OF OWNERSHIP MAY BE HIGHER OR LOWER THAN THE AMOUNTS PROVIDED.

29 (ii) IF THE MAXIMUM AMOUNT OF THE FIRST YEAR'S ASSESSMENT IS  
30 UNKNOWN AND THE SELLER HAS PROVIDED A DISCLOSURE UNDER SUBSECTION A,  
31 PARAGRAPH 2, SUBDIVISION (b) OF THIS SECTION, THE SCHEDULE SHALL START  
32 WITH \$650. THE SCHEDULE SHALL DISCLOSE ESTIMATES OF THE ANNUAL  
33 ASSESSMENTS FOR THE FIRST THIRTY YEARS OF OWNERSHIP OR THE DURATION OF THE  
34 TIMESHARE AGREEMENT, WHICHEVER IS LESS, ASSUMING AN ANNUAL ASSESSMENT  
35 INCREASE OF TWENTY-FIVE PERCENT FOR EACH YEAR OF OWNERSHIP. THE ESTIMATES  
36 MUST INCLUDE A STATEMENT CLARIFYING THAT THE AMOUNTS PROVIDED ARE  
37 ESTIMATES AND THE ACTUAL COST OF OWNERSHIP MAY BE HIGHER OR LOWER THAN THE  
38 AMOUNTS PROVIDED.

39 (iii) IF THE PURCHASE AGREEMENT PLACES A CAP ON ASSESSMENT  
40 INCREASES, THE SCHEDULE SHALL SUBSTITUTE THE MAXIMUM CAP ON THE RATE OF  
41 INCREASE FOR THE TWENTY-FIVE PERCENT ASSUMED RATE REQUIRED BY ITEMS (i)  
42 AND (ii) OF THIS SUBDIVISION.

43 (iv) USING THE APPROPRIATE PERCENTAGE RATE UNDER ITEM (i) OF THIS  
44 SUBDIVISION, THE SCHEDULE SHALL ALSO REFLECT THE CUMULATIVE AMOUNT OF ALL  
45 ASSESSMENTS TO BE PAID BY THE PURCHASER FOR THE DURATION OF THE TIMESHARE

1 AGREEMENT, AS WELL AS FOR THE FIRST FIVE, TEN, TWENTY AND THIRTY YEARS OF  
2 OWNERSHIP. IF THE DURATION OF THE TIMESHARE AGREEMENT IS LESS THAN FIVE  
3 YEARS, MORE THAN FIVE YEARS AND LESS THAN TEN YEARS, MORE THAN TEN YEARS  
4 AND LESS THAN TWENTY YEARS OR MORE THAN TWENTY YEARS AND LESS THAN THIRTY  
5 YEARS, THE SCHEDULE SHALL INCLUDE ALL PERIODS THAT OCCUR UP UNTIL THE  
6 TIMESHARE AGREEMENT'S END DATE.

7 (c) IN ADDITION TO REGULARLY SCHEDULED ASSESSMENTS, A LIST OF ALL  
8 FEES, INCLUDING ESTIMATED TAXES, ESTIMATED UTILITY FEES AND SPECIAL  
9 ASSESSMENTS. IF THE PURCHASE AGREEMENT DOES NOT HAVE A CAP ON SPECIAL  
10 ASSESSMENTS, THE SCHEDULE SHALL USE AN AMOUNT EQUAL TO \$1,000 PER YEAR FOR  
11 SPECIAL ASSESSMENTS.

12 B. THE PURCHASER MUST SIGN THE SEPARATE DISCLOSURE AND VERIFY THAT  
13 THE PURCHASER HAS READ AND UNDERSTANDS THE INFORMATION PRESENTED IN THE  
14 SEPARATE DISCLOSURE. A SIGNED COPY OF THE SEPARATE DISCLOSURE SHALL BE  
15 PROVIDED TO THE PURCHASER FOR THE PURCHASER'S RECORDS AT THE TIME OF  
16 SIGNING, AND THE SELLER SHALL KEEP A SIGNED COPY OF THE SEPARATE  
17 DISCLOSURE.

18 C. THE COMMISSIONER MAY RECOMMEND OR REQUIRE THAT THE SEPARATE  
19 DISCLOSURE BE IN A SPECIFIED FORM. THE FORM MUST CONTAIN THE INFORMATION  
20 REQUIRED BY THIS SECTION.