

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

CHAPTER 245
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 WHEN THE PURCHASER SIGNS THE PURCHASE AGREEMENT.

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

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

24 2. If the purchaser decides to cancel the purchase agreement, the
25 purchaser shall notify the seller in writing of the purchaser's intent to
26 cancel.

27 3. The purchaser's notice of cancellation is effective on the date
28 the cancellation is sent and shall be sent to the seller at the seller's
29 address. The seller's address and telephone number shall be listed ~~on~~ IN
30 the purchase agreement.

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

35 C. THE DENIAL OF A PURCHASER'S RIGHTS UNDER THIS SECTION WITHOUT A
36 GOOD FAITH LEGAL BASIS CONSTITUTES AN UNLAWFUL PRACTICE UNDER SECTION
37 44-1522. THE ATTORNEY GENERAL MAY INVESTIGATE AND TAKE APPROPRIATE ACTION
38 AS PRESCRIBED BY TITLE 44, CHAPTER 10, ARTICLE 7.

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

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

3 32-2197.16. Separate disclosures

4 A. THE PURCHASE AGREEMENT MUST CONTAIN A SEPARATE DISCLOSURE
5 DOCUMENT THAT DISCLOSES ALL OF THE FOLLOWING IN AT LEAST TEN-POINT TYPE:

6 1. IF THE PURCHASER SIGNS THE PURCHASE AGREEMENT, THE PURCHASER HAS
7 TEN DAYS TO CANCEL THE PURCHASE AGREEMENT WITHOUT A PENALTY.

8 2. IF THE PURCHASER SIGNS THE PURCHASE AGREEMENT, THE PURCHASER MAY
9 BE RESPONSIBLE FOR PAYING MAINTENANCE FEES, TAXES AND OTHER ASSESSMENTS
10 EVERY YEAR FOR THE DURATION OF OWNERSHIP.

11 3. TIMESHARES ARE NOT INVESTMENTS.

12 4. THE PURCHASE AGREEMENT IS FINAL AND ANY CONFLICTING STATEMENTS
13 MADE BY THE SELLER ARE NOT PART OF THE PURCHASE AGREEMENT.

14 5. THE PURCHASER HAS THE RIGHT TO FILE A CONSUMER COMPLAINT WITH
15 THE ATTORNEY GENERAL.

16 B. BEFORE ENTERING INTO A PURCHASE AGREEMENT, THE SELLER MUST
17 PROVIDE THE PURCHASER WITH A SEPARATE DISCLOSURE DOCUMENT TO ADEQUATELY
18 INFORM THE PURCHASER OF THE PURCHASER'S ACTUAL AND POTENTIAL LIABILITIES
19 UNDER THE PURCHASE AGREEMENT. AT A MINIMUM, THIS SEPARATE DISCLOSURE
20 DOCUMENT MUST CONSPICUOUSLY DISCLOSE ALL OF THE FOLLOWING:

21 1. THE DURATION OF THE TIMESHARE AGREEMENT ENTERED INTO BY THE
22 PURCHASER OR WHETHER THE AGREEMENT HAS NO SET DURATION.

23 2. A GOOD FAITH ESTIMATE OF THE TOTAL POTENTIAL FINANCIAL
24 OBLIGATION OF THE PURCHASER DURING THE FIRST YEAR OF OWNERSHIP THAT
25 INCLUDES ADDITIONAL CHARGES TO WHICH THE PURCHASER MAY BE SUBJECT DURING
26 THE FIRST YEAR OF OWNERSHIP, INCLUDING ALL POTENTIAL ASSESSMENTS. THE
27 DISCLOSURE SHALL BE AS FOLLOWS:

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

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

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

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

42 (iii) UNLESS THE PURCHASE AGREEMENT PROVIDES FOR A LIMIT ON
43 ASSESSMENTS DURING THE FIRST YEAR OF OWNERSHIP, AN AFFIRMATIVE STATEMENT
44 THAT THERE IS NO LIMIT ON THE ASSESSMENTS THAT THE PURCHASER MAY BE
45 CHARGED IN THE FIRST YEAR OF OWNERSHIP.

1 C. IF THERE ARE BLANK SPACES IN THE PURCHASE AGREEMENT OR THE
2 DISCLOSURE DOCUMENTS PRESCRIBED BY THIS SECTION, THE CONTRACT IS VOIDABLE.

3 D. THE PURCHASER MUST SEPARATELY INITIAL EACH DISCLOSURE PRESCRIBED
4 BY SUBSECTION A OF THIS SECTION, SIGN THE SEPARATE DISCLOSURE PRESCRIBED
5 BY SUBSECTION B OF THIS SECTION AND VERIFY THAT THE PURCHASER HAS READ AND
6 UNDERSTANDS THE INFORMATION PRESENTED IN THE SEPARATE DISCLOSURES. AN
7 INITIALED COPY OF THE SEPARATE DISCLOSURE PRESCRIBED BY SUBSECTION A OF
8 THIS SECTION AND A SIGNED COPY OF THE SEPARATE DISCLOSURE PRESCRIBED BY
9 SUBSECTION B OF THIS SECTION SHALL BE PROVIDED TO THE PURCHASER FOR THE
10 PURCHASER'S RECORDS AT THE TIME OF SIGNING, AND THE SELLER SHALL KEEP A
11 SIGNED COPY OF THE SEPARATE DISCLOSURES.

12 E. THE COMMISSIONER MAY RECOMMEND OR REQUIRE THAT THE SEPARATE
13 DISCLOSURES BE IN A SPECIFIED FORM. THE FORM MUST CONTAIN THE INFORMATION
14 REQUIRED BY THIS SECTION.

APPROVED BY THE GOVERNOR MAY 22, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 22, 2019.