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

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

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

A. A PURCHASE AGREEMENT SHALL BE IN WRITING AND SHALL BE SIGNED BY THE PURCHASER. THE DEVELOPER SHALL GIVE THE PURCHASER A PAPER COPY OF THE PURCHASE AGREEMENT WHEN THE PURCHASER SIGNS THE PURCHASE AGREEMENT.

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

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

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

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

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

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

D. This section applies to any timeshare plan approved by the commissioner pursuant to either article 4 of this chapter or this article, regardless of the date of issuance of the public report.
Sec. 2. Title 32, chapter 20, article 9, Arizona Revised Statutes, is amended by adding section 32-2197.16, to read:

32-2197.16. Separate disclosures

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

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

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

3. TIMESHARES ARE NOT INVESTMENTS.

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

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

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

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

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


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

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

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

      (iii) UNLESS THE PURCHASE AGREEMENT PROVIDES FOR A LIMIT ON ASSESSMENTS DURING THE FIRST YEAR OF OWNERSHIP, AN AFFIRMATIVE STATEMENT THAT THERE IS NO LIMIT ON THE ASSESSMENTS THAT THE PURCHASER MAY BE CHARGED IN THE FIRST YEAR OF OWNERSHIP.
C. IF THERE ARE BLANK SPACES IN THE PURCHASE AGREEMENT OR THE DISCLOSURE DOCUMENTS PRESCRIBED BY THIS SECTION, THE CONTRACT IS VOIDABLE.


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

APPROVED BY THE GOVERNOR MAY 22, 2019.