



ARIZONA HOUSE OF REPRESENTATIVES

HB 2639: timeshares; disclosures

PRIME SPONSOR: Representative Bolick, LD 20

BILL STATUS: [Transmitted to Governor](#)

Overview

Establishes additional requirements regarding a purchase agreement for a timeshare and creates separate disclosure documents that must be provided to a purchaser as part of the sale of a timeshare.

History

A timeshare purchaser may rescind an agreement without cause within 7 days after executing a purchase agreement. The rights to rescind an agreement are required to be disclosed in the agreement. If a seller allows the period to rescind an agreement to extend beyond 7 days, the purchase agreement must reflect the longer period of time. The disclosure is required to include the following information: 1) the purchaser may cancel the agreement without penalty or obligation within 7 days; 2) the purchaser must notify the seller in writing if they decide to cancel the agreement; 3) the purchaser's notice of cancellation is effective on the date the notice is sent to the seller; and 4) the purchaser may execute all closing documents in advance ([A.R.S. § 32-2197.03](#)).

Provisions

Purchase Agreements (Sec. 1)

1. Requires a purchase agreement for a timeshare to be in writing and signed by a purchaser.
2. Requires a developer to give a purchaser a paper copy of the agreement when a purchaser signs the agreement.
3. Extends the timeframe for a purchaser to rescind a purchase agreement from 7 days to 10 days after executing the agreement.
4. Specifies that the denial of a purchaser's rights without a good faith legal basis constitutes an unlawful practice.
 - a. Allows the Attorney General (AG) to investigate and take appropriate action.

Initialed Disclosure (Sec. 2)

5. Requires a purchase agreement to contain a separate disclosure document that discloses all of the following:
 - a. A purchaser has 10 days to cancel a purchase agreement without a penalty;
 - b. A purchaser may be responsible for paying maintenance fees, taxes and other assessments every year for the duration of ownership;
 - c. Timeshares are not investments;
 - d. The purchase agreement is final, and any conflicting statements made by the seller are not part of the agreement; and
 - e. A purchaser has the right to file a consumer complaint with the AG.
6. Requires a purchaser to separately initial each of the disclosures.

Prop 105 (45 votes) Prop 108 (40 votes) Emergency (40 votes) Fiscal Note

Signed Disclosure (Sec. 2)

7. Requires a seller to provide a purchaser with a separate disclosure document to inform a purchaser of their actual and potential liabilities under a purchase agreement before entering into the agreement.
8. Requires the disclosure document, at a minimum, to disclose all of the following:
 - a. The duration of the timeshare agreement or whether the agreement has no set duration; and
 - b. A good faith estimate of the total potential financial obligation during the first year of ownership.
9. Specifies that if the maximum amount of the first year's assessments is:
 - a. Known, the disclosure must include the maximum amount of the assessments and the assessments levied for the previous three years; or
 - b. Unknown, the disclosure must provide the purchaser with:
 - i. Notice that the purchaser will be required to pay assessments in addition to the purchase payment and the amount is unknown;
 - ii. A statement disclosing the assessments for the previous three years and a good faith estimate of the first year's assessments that is at least the highest of the previous three years; and
 - iii. An affirmative statement that there is no limit on the assessments that may be charged in the first year of ownership unless the purchase agreement provides for a limit.
10. Requires a purchaser to sign the separate disclosure document.

Miscellaneous (Sec. 1,2)

11. Requires a purchaser to verify that they have read and understand the information presented in both disclosure documents.
12. Requires a purchaser to be provided with a copy of the initialed disclosure and signed disclosure at the time of signing for the purchaser's records.
13. Requires a seller to keep a signed copy of both disclosure documents.
14. Stipulates that if there are blank spaces in the purchase agreement or the disclosure documents, the contract is voidable.
15. Allows the State Real Estate Commissioner to recommend or require that the separate disclosures be in a specified form.
 - a. Specifies that the form must contain all required information.
16. Makes technical and conforming changes.