

By: Fraser

S.B. No. 1105

A BILL TO BE ENTITLED

AN ACT

relating to amendments to the Texas Timeshare Act.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 221.002, Property Code, is amended to read as follows:

Sec. 221.002. DEFINITIONS. As used in this chapter:

(1) "Accommodation" means any apartment, condominium or cooperative unit, ~~[ex]~~ hotel or motel room, cabin, lodge, or other private commercial structure designed for occupancy or use by one or more individuals and ~~[in a building or commercial structure]~~ that is part of ~~[situated on]~~ a timeshare plan ~~[property and subject to a timeshare regime]~~.

(2) "Advertisement ~~[Advertising]~~" means any written, oral, or electronic communication that is directed to or targeted at individuals in this state and contains a promotion, ~~[direct or indirect solicitation or]~~ inducement, or offer to sell a timeshare interest, including a promotion, inducement, or offer to sell:

(A) contained in a brochure, pamphlet, or radio or television transcript;

(B) communicated by ~~[to purchase and includes a solicitation or inducement made by print or]~~ electronic media or telephone; or

(C) solicited~~[7]~~ through direct ~~[the]~~ mail~~[7 or by personal contact]~~.

1           (3) "Amenities" means all common areas and includes  
2 recreational and maintenance facilities of the timeshare plan  
3 ~~[property]~~.

4           (4) "Assessment" means an amount assessed against or  
5 collected from a purchaser by an association or its managing entity  
6 in a fiscal year, regardless of the frequency with which the amount  
7 is assessed or collected, to cover expenditures, charges, reserves,  
8 or liabilities related to the operation of a timeshare plan or  
9 timeshare properties managed by the same managing entity.

10           (5) "Association" means a council or association  
11 composed of all persons who have purchased a timeshare interest.

12           (6) "Commission" means the Texas Real Estate  
13 Commission.

14           (7) "Component site" means a specific geographic  
15 location where accommodations that are part of a multisite  
16 timeshare plan are located. Separate phases of a single timeshare  
17 property in a specific geographic location and under common  
18 management are a single component site ~~[(5) "Council of~~  
19 ~~purchasers" means a council or association composed of all persons~~  
20 ~~who have purchased a timeshare estate].~~

21           (8) ~~[(6)]~~ "Developer" means:

22                   (A) any person, excluding a sales agent, who  
23 creates a timeshare plan or is in the business of selling timeshare  
24 interests or employs a sales agent to sell timeshare interests; or

25                   (B) any person who succeeds in the developer's  
26 interest by sale, lease, assignment, mortgage, or other transfer if  
27 the person:

1                   (i) offers at least 12 timeshare interests  
2 in a particular timeshare plan; and

3                   (ii) is in the business of selling  
4 timeshare interests or employs a sales agent to sell timeshare  
5 interests [~~regime~~].

6           (9) [~~(7)~~] "Dispose" or "disposition" means a  
7 voluntary transfer of any legal or equitable timeshare interest but  
8 does not include the transfer or release of a real estate lien or of  
9 a security interest.

10           (10) [~~(8)~~] "Escrow agent" means a [~~an independent~~]  
11 bonded escrow company, a financial [~~or an~~] institution whose  
12 accounts are insured by a governmental agency or instrumentality,  
13 or an attorney, real estate broker, or title insurance agent  
14 licensed in this state [~~and~~] who is responsible for the receipt and  
15 disbursement of funds in accordance with this chapter.

16           (11) [~~(9)~~] "Exchange company" means any person [~~including a developer,~~]  
17 who owns or operates an exchange program.

18           (12) [~~(10)~~] "Exchange disclosure statement" means a  
19 written statement that includes the information required by Section  
20 221.033 [~~201.033~~].

21           (13) [~~(11)~~] "Exchange program" means any method,  
22 arrangement, or procedure for the voluntary exchange of [~~program~~  
23 ~~under which the owner of~~] a timeshare interest or other [~~may~~  
24 ~~exchange a timeshare period for another timeshare period in the~~  
25 ~~same or a different timeshare~~] property interest, but does not  
26 include an assignment of a right to use and occupy an accommodation  
27 or facility granted to a purchaser or owner of a timeshare interest

1 in a single site timeshare plan [~~a one-time exchange of timeshare~~  
2 ~~periods in the same timeshare property if offered to a purchaser by~~  
3 ~~a developer after that purchaser's disposition~~].

4 (14) "Incidental use right" means the right to use  
5 accommodations and amenities at one or more timeshare properties  
6 that is not guaranteed and is administered by the managing entity of  
7 the timeshare properties that make vacant accommodations at the  
8 timeshare properties available to owners of timeshare interests in  
9 the timeshare properties.

10 (15) [(12)] "Managing entity" means the person  
11 responsible for operating and maintaining a timeshare property.

12 (16) "Multisite timeshare plan" means a plan in which  
13 a timeshare purchaser has:

14 (A) a specific timeshare interest, which is the  
15 right to use and occupy accommodations at a specific timeshare  
16 property and the right to use and occupy accommodations at one or  
17 more other component sites created by or acquired through the  
18 reservation system of the timeshare plan; or

19 (B) a nonspecific timeshare interest, which is  
20 the right to use and occupy accommodations at more than one  
21 component site created by or acquired through the reservation  
22 system of the timeshare plan but which does not include a right to  
23 use and occupy a particular accommodation [~~(13) "Master deed" or~~  
24 ~~"master lease" or "declaration" means the deed, lease, or~~  
25 ~~declaration establishing real property as a timeshare regime~~].

26 (17) [(14)] "Offering" or "offer" means any  
27 advertisement, inducement, or solicitation and includes any

1 attempt to encourage a person to purchase a timeshare interest  
2 other than as a security for an obligation.

3           (18) [~~(15)~~] "Project instrument" means a timeshare  
4 instrument or one or more recordable documents, by whatever name  
5 denominated, applying to the whole of a timeshare project and  
6 containing restrictions or covenants regulating the use,  
7 occupancy, or disposition of units in a project, including a  
8 [~~master deed, master lease,~~] declaration for a condominium,  
9 association articles of incorporation, association [~~or~~] bylaws,  
10 and rules for a condominium in which a timeshare plan is created.

11           (19) [~~(16)~~] "Promotion" means any program, [~~or~~]  
12 activity, contest, gift, prize, or any other item of value used to  
13 induce any person to attend a timeshare sales presentation.

14           (20) [~~(17)~~] "~~Promotional disclosure statement~~" means a  
15 ~~written statement that includes the information required by Section~~  
16 ~~201.031.~~

17           [~~(18)~~] "Purchaser" means any person, other than a  
18 developer [~~seller~~], who by means of a voluntary transfer acquires a  
19 legal or equitable interest in a timeshare interest other than as a  
20 security for an obligation.

21           (21) "Reservation system" means the method,  
22 arrangement, or procedure by which a purchaser, in order to reserve  
23 the use and occupancy of an accommodation of a multisite timeshare  
24 plan for one or more timeshare periods, is required to compete with  
25 other purchasers in the same multisite timeshare plan, regardless  
26 of whether the reservation system is administered by a managing  
27 entity, exchange company, or any other person. If a purchaser is

1 required to use an exchange program as the purchaser's principal  
2 means of obtaining the right to use and occupy the accommodations  
3 and facilities of the plan, the arrangement is considered a  
4 reservation system. If the exchange company uses a mechanism to  
5 exchange timeshare periods among members of the exchange program,  
6 the use of the mechanism is not considered a reservation system of  
7 the multisite timeshare plan.

8 ~~[(19) "Seller" means any person, including a~~  
9 ~~developer, who in the ordinary course of business offers a~~  
10 ~~timeshare interest for sale to the public, but does not include a~~  
11 ~~person who acquires a timeshare interest for his use and~~  
12 ~~subsequently offers it for resale.~~

13 ~~[(20) "Substantially complete" means that the~~  
14 ~~timeshare unit, including furnishings and appliances, is complete~~  
15 ~~as represented in the timeshare disclosure statement, the~~  
16 ~~accommodations are ready for occupancy, and the amenities dedicated~~  
17 ~~to the timeshare regime are as represented in the timeshare~~  
18 ~~disclosure statement.~~

19 ~~[(21) "Timeshare estate" means any arrangement under~~  
20 ~~which the purchaser receives a freehold estate or an estate for~~  
21 ~~years in a timeshare property and the right to use an accommodation~~  
22 ~~or amenities, or both, in that property for a timeshare period on a~~  
23 ~~recurring basis.]~~

24 (22) "Single-site timeshare plan" means a timeshare  
25 plan in which a timeshare purchaser's right to use and occupy  
26 accommodations is limited to a single timeshare property. A  
27 single-site timeshare plan that includes an incidental use right or

1 a program under which the owner of a timeshare interest at a  
2 specific timeshare property may exchange a timeshare period for  
3 another timeshare period at the same or another timeshare property  
4 under common management does not transform the single-site  
5 timeshare plan into a multisite timeshare plan.

6 (23) "Timeshare disclosure statement" means a written  
7 statement that includes the information required by Section 221.032  
8 [~~201.032~~].

9 (24) [~~(23)~~] "Timeshare estate [~~expenses~~]" means an  
10 arrangement under which the purchaser receives a right to occupy  
11 [~~expenditures, charges, or liabilities for the operation of~~] a  
12 timeshare property and an estate interest in the real property [~~or~~  
13 ~~timeshare system, including any allocations to maintain reserves~~  
14 ~~but excluding any purchase money payable for timeshare interests:~~

15 [~~(A) incurred in connection with a timeshare~~  
16 ~~interest by or on behalf of the owner of all timeshare interests in~~  
17 ~~a timeshare property; and~~

18 [~~(B) imposed on timeshare interests by the~~  
19 ~~managing entity~~].

20 (25) [~~(24)~~] "Timeshare interest" means a timeshare  
21 estate or timeshare use.

22 (26) [~~(25)~~] "Timeshare instrument" means a master  
23 deed, master lease, declaration, or any other instrument used in  
24 the creation of a timeshare plan [~~regime~~].

25 [~~(26) "Timeshare liability" means the liability for~~  
26 ~~timeshare expenses allocated to each timeshare interest.~~]

27 (27) "Timeshare period" means the period within which

1 the purchaser of a timeshare interest is entitled to the exclusive  
2 possession, occupancy, and use of an accommodation [~~a timeshare~~  
3 ~~unit and to the general use of all amenities~~].

4 (28) "Timeshare plan" means any arrangement, plan,  
5 scheme, or similar method, excluding an exchange program but  
6 including a membership agreement, sale, lease, deed, license, or  
7 right-to-use agreement, by which a purchaser, in exchange for  
8 consideration, receives an ownership right in or the right to use  
9 accommodations for a period of time less than a year during a given  
10 year, but not necessarily consecutive years.

11 (29) [(28)] "Timeshare property" means:

12 (A) one or more [~~all real property that is~~  
13 ~~subject to a timeshare declaration, including all~~] accommodations  
14 and any related amenities subject to the same timeshare instrument;  
15 and

16 (B) any other property or property rights  
17 appurtenant to the accommodations and amenities.

18 (30) [(29)] "Timeshare regime" means the real property  
19 use that is created by the filing and recordation of a master deed,  
20 master lease, or declaration.

21 [(30)] "Timeshare unit" means any accommodation that is  
22 divided into timeshare periods.

23 [(31)] "Timeshare use" means any arrangement [other  
24 than a hotel or motel operation, whether by lease, rental  
25 agreement, license, use agreement or other means,] under which the  
26 purchaser receives a right to occupy [~~use an accommodation or~~  
27 ~~amenities or both for~~] a timeshare property [~~period on a recurring~~

1 ~~basis~~], but under which the purchaser does not receive an [a  
2 ~~freehold~~] estate interest [~~or an estate for years~~] in the [a]  
3 timeshare property.

4 [~~(32) "Timeshare fees" means an amount assessed~~  
5 ~~against or collected from an owner by a managing entity in a fiscal~~  
6 ~~year, without regard to the frequency with which the amount is~~  
7 ~~assessed or collected.~~

8 [~~(33) "Owner" means a person who holds a legal or~~  
9 ~~equitable interest in a timeshare interest in timeshare property~~  
10 ~~subject to the requirements of this Act.~~

11 [~~(34) "Timeshare system" means two or more timeshare~~  
12 ~~properties located in separate geographic areas that are:~~

13 [~~(A) managed by the same managing entity; and~~

14 [~~(B) subject to a written arrangement or~~  
15 ~~agreement whereby an owner of a timeshare interest in any one of the~~  
16 ~~timeshare properties may use a timeshare unit and the amenities of~~  
17 ~~any of the other timeshare properties as provided in the project~~  
18 ~~instruments.]~~

19 SECTION 2. Section 221.003, Property Code, is amended by  
20 adding Subsection (d) to read as follows:

21 (d) A timeshare property subject to this chapter is not  
22 subject to Chapter 209 unless an individual timeshare owner  
23 continuously occupies a single timeshare property as the owner's  
24 primary residence 12 months of the year.

25 SECTION 3. Sections 221.011 through 221.014, Property Code,  
26 are amended to read as follows:

27 Sec. 221.011. DECLARATION. (a) The developer of a

1 timeshare plan any part of which is located in this state must  
2 record the timeshare instrument in this state. When a person [~~who~~  
3 ~~is a developer, the sole owner, or the co-owner of a building or~~  
4 ~~proposed building or buildings]~~ expressly declares an intent to  
5 subject the property to a timeshare plan through the recordation of  
6 a timeshare instrument [~~master deed, master lease, or declaration~~]  
7 that sets forth the information provided in Subsections (b) and  
8 (c), [~~and that sets forth the intent to submit that property to a~~  
9 ~~timeshare regime,~~] that property shall be established thenceforth  
10 as a timeshare plan [~~regime~~].

11 (b) The declaration made in a timeshare instrument recorded  
12 under this section must include:

13 (1) a legal description of the timeshare property,  
14 including a ground plan indicating the location of each existing or  
15 proposed building included in [~~to be constructed on~~] the timeshare  
16 plan [~~property~~];

17 (2) a description of each existing or proposed  
18 accommodation [~~timeshare unit~~], including the location and square  
19 footage of each unit and an interior floor plan of each existing or  
20 proposed building;

21 (3) a description of any [~~the~~] amenities furnished or  
22 to be furnished to the purchaser;

23 (4) a statement of the fractional or percentage part  
24 that each timeshare interest bears to the entire timeshare plan  
25 [~~regime~~];

26 (5) if applicable, a statement that the timeshare  
27 property is part of a multisite timeshare plan [~~system~~]; and

1           (6) any additional provisions that are consistent with  
2 this section.

3           (c) Any timeshare interest created under this section is  
4 subject to Section 1101.002(5), Occupations Code [~~an interest in~~  
5 ~~land within the meaning of Subdivision (1), Section 2, The Real~~  
6 ~~Estate License Act (Article 6573a, Vernon's Texas Civil Statutes)],~~  
7 but Section 1101.351(a), Occupations Code [~~Subsection (b), Section~~  
8 ~~1, The Real Estate License Act)], does not apply to the acts of an  
9 exchange company in exchanging timeshare periods [~~under a timeshare~~  
10 ~~program~~].~~

11           [~~(d) Any timeshare interest located wholly without this state~~  
12 ~~may be sold or otherwise disposed of within this state if the~~  
13 ~~timeshare property is in full compliance with the legal~~  
14 ~~requirements of and may be validly sold or otherwise disposed of as~~  
15 ~~a timeshare property in the jurisdiction in which the timeshare~~  
16 ~~property is located and if all information required in this section~~  
17 ~~is included in the disclosure statement.~~]

18           Sec. 221.012. CONVEYANCE AND ENCUMBRANCE. Once the  
19 property is established as a timeshare plan [~~regime~~], each  
20 timeshare interest may be individually conveyed or encumbered and  
21 shall be entirely independent of all other timeshare interests in  
22 the same timeshare property. Any title or interest in a timeshare  
23 interest may be recorded.

24           Sec. 221.013. COMMON OWNERSHIP.       (a) Any timeshare  
25 interest may be jointly or commonly owned by more than one person.

26           (b) A timeshare estate may be jointly or commonly owned in  
27 the same manner as any other real property interest in this state.

1           Sec. 221.014. PARTITION. An action for partition of a  
2 timeshare interest may not be maintained during the term of a  
3 timeshare plan [~~unless expressly permitted by the declaration~~].

4           SECTION 4. Subchapter C, Chapter 221, Property Code, is  
5 amended by amending Sections 221.021 through 221.025 and adding  
6 Section 221.026 to read as follows:

7           Sec. 221.021. REGISTRATION REQUIRED. (a) Except as  
8 provided by Subsection (b) or (d), a [A] person may not offer or  
9 dispose of a timeshare interest unless the timeshare plan  
10 [~~property~~] is registered with the commission.

11           (b) Before a registration application for a timeshare plan  
12 is submitted or completed, a [A] developer or any person acting on  
13 the developer's [~~his~~] behalf may accept a reservation and a deposit  
14 from a [~~the~~] prospective purchaser if the deposit is placed in a  
15 segregated [~~an~~] escrow account with an independent escrow agent and  
16 if the deposit is fully refundable at any time at the request of the  
17 purchaser. The deposit may not be forfeited unless the purchaser  
18 affirmatively creates a binding obligation by a subsequent written  
19 instrument.

20           (c) A developer or anyone acting on the developer's [~~his~~]  
21 behalf may not offer or dispose of [~~or encumber~~] a timeshare  
22 interest during any period within which there is in effect an order  
23 by the commission or by any court of competent jurisdiction  
24 revoking or suspending the registration of the timeshare plan  
25 [~~property~~] of which such timeshare interest is a part.

26           (d) At the developer's request, the commission may  
27 authorize the developer to conduct pre-sales before a timeshare

1 plan is registered if the registration application is  
2 administratively complete, as determined by the commission or as  
3 established by commission rule. The authorization for pre-sales  
4 permits the developer to offer and dispose of timeshare interests  
5 during the period the application is in process. To obtain a  
6 pre-sales authorization, the developer must:

7 (1) submit a written request to the commission for an  
8 authorization to conduct pre-sales;

9 (2) submit an administratively complete application  
10 for registration, including appropriate fees and exhibits required  
11 by the commission; and

12 (3) provide evidence acceptable to the commission that  
13 all funds received by the developer will be placed with an escrow  
14 agent with instructions requiring the funds to be retained until a  
15 registration application is complete as determined by the  
16 commission.

17 (e) During the pre-sales authorization period, the  
18 developer must:

19 (1) provide each purchaser and prospective purchaser a  
20 copy of the proposed timeshare disclosure statement that the  
21 developer submitted to the commission with the initial registration  
22 application; and

23 (2) offer each purchaser the opportunity to cancel the  
24 purchase contract as provided by Section 221.041.

25 (f) The developer must:

26 (1) give each purchaser and prospective purchaser a  
27 copy of the proposed timeshare disclosure statement submitted to

1 the commission with the registration application; and

2 (2) provide the purchaser an opportunity to cancel the  
3 purchase contract as provided by Section 221.041 after the  
4 registration is completed if the commission determines that a  
5 material adverse change exists between the disclosures contained in  
6 the proposed timeshare disclosure statement and the final timeshare  
7 disclosure statement approved by the commission.

8 (g) The requirements of this subchapter remain in effect  
9 during the period the developer offers or disposes of timeshare  
10 interests of the timeshare plan registered with the commission.  
11 The developer must notify the commission in writing when all of the  
12 timeshare interests of a timeshare plan have been disposed.

13 Sec. 221.022. APPLICATION FOR REGISTRATION. (a) An  
14 application for registration filed under this section must include  
15 a timeshare disclosure statement and any required exchange  
16 disclosure statement required by Section 221.033 [~~201.033~~],  
17 [~~certified~~] copies of all timeshare instruments, and other  
18 information as may be required by the commission. If existing or  
19 proposed accommodations are in a condominium, an applicant who  
20 complies with this section is not required to prepare or deliver a  
21 condominium information statement or a resale certificate as  
22 described by Chapter 82.

23 (b) If existing or proposed accommodations [~~timeshare~~  
24 ~~units~~] are in a condominium or similar development, the application  
25 for registration must contain the project instruments of that  
26 development and affirmatively indicate that the creation and  
27 disposition of timeshare interests are not prohibited by those

1 instruments. If the project instruments do not expressly authorize  
2 the creation and disposition of timeshare interests, the  
3 application must contain evidence that existing owners of the  
4 condominium development were provided written notice, at least 60  
5 days before the application for registration, that timeshare  
6 interests would be created and sold. If the project instruments  
7 prohibit the creation or disposition of timeshare interests, the  
8 application must contain a certification by the authorized  
9 representative of all existing owners that the project instruments  
10 have been properly amended to permit that creation and disposition.

11 (c) The commission may accept an abbreviated registration  
12 application from a developer of a timeshare plan if all  
13 accommodations in the plan are located outside this state. The  
14 developer must file written notice of the intent to register under  
15 this section not later than the 15th day before the date the  
16 abbreviated application is submitted.

17 (d) A developer of a timeshare plan with any accommodation  
18 located in this state may not file an abbreviated application  
19 unless the developer is a successor in interest after a merger or  
20 acquisition and the previous developer registered the timeshare  
21 plan in this state preceding the merger or acquisition.

22 (e) A developer filing an abbreviated application must  
23 provide:

24 (1) the legal name and any assumed names, the  
25 principal office location, mailing address, telephone number, and  
26 primary contact person of the developer;

27 (2) the name, location, mailing address, telephone

1 number, and primary contact person of the timeshare plan;

2 (3) the name and address of the developer's authorized  
3 agent for service of process in this state;

4 (4) the address of the developer's authorized or  
5 registered agent in this state;

6 (5) the name, primary office location, mailing  
7 address, and telephone number of the managing entity of the  
8 timeshare plan;

9 (6) the certificate or other evidence of registration  
10 from any jurisdiction in which the timeshare plan is approved or  
11 accepted;

12 (7) the certificate or other evidence of registration  
13 from the appropriate regulatory agency of any other jurisdiction in  
14 the United States in which some or all of the accommodations are  
15 located;

16 (8) a declaration stating whether the timeshare plan  
17 is a single-site timeshare plan or a multisite timeshare plan;

18 (9) if the plan is a multisite timeshare plan, a  
19 declaration stating whether the plan consists of specific timeshare  
20 interests or nonspecific timeshare interests;

21 (10) a disclosure of each jurisdiction in which the  
22 developer has applied for registration of the timeshare plan and  
23 whether the timeshare plan, the developer, or the managing entity  
24 used were denied registration or were the subject of a disciplinary  
25 proceeding;

26 (11) if requested by the commission, copies of any  
27 disclosure documents required to be provided to purchasers or filed

1 with any jurisdiction that approved or accepted the timeshare plan;  
2 (12) the appropriate filing fee; and  
3 (13) any other information reasonably requested by the  
4 commission or required by commission rule.

5 (f) A foreign jurisdiction providing evidence of  
6 registration as provided by Subsection (e)(7) must have  
7 registration and disclosure requirements that are substantially  
8 similar or stricter than the requirements of this chapter.

9 (g) The commission shall investigate all matters relating  
10 to the application and may in its discretion require a personal  
11 inspection of the proposed timeshare property by any persons  
12 designated by it. All direct expenses incurred by the commission in  
13 inspecting the property shall be borne by the applicant. The  
14 commission may require the applicant to pay an advance deposit  
15 sufficient to cover those expenses.

16 Sec. 221.023. AMENDMENT OF REGISTRATION. The developer  
17 shall ~~[or managing entity shall promptly]~~ file amendments to the  
18 registration reporting to the commission any material and adverse  
19 change in any document contained in the registration not later than  
20 the 30th day after the date the developer knows or reasonably should  
21 know of the change. The developer may continue to offer and dispose  
22 of timeshare interests under the existing registration pending  
23 review of the amendments by the commission if the material and  
24 adverse change is disclosed to prospective purchasers.

25 Sec. 221.024. POWERS OF COMMISSION. (a) The commission  
26 may prescribe and publish forms and adopt rules necessary to carry  
27 out the provisions of this chapter and may suspend or revoke the

1 registration of any developer, place on probation the registration  
2 of a developer that has been suspended or revoked, reprimand a  
3 developer, impose an administrative penalty of not more than  
4 \$10,000 for each violation on a developer, or take any other  
5 disciplinary action authorized by this chapter [~~seller~~] if, after  
6 notice and hearing, the commission determines that a developer  
7 [~~seller~~] has materially violated this chapter, the Deceptive Trade  
8 Practices-Consumer Protection Act (Subchapter E, Chapter 17,  
9 Business & Commerce Code), or the Contest and Gift Giveaway Act  
10 (Chapter 40, Business & Commerce Code). [~~The commission may bring~~  
11 ~~suit in a district court of Travis County, Texas, to enjoin a~~  
12 ~~violation of this Act or for any other relief as the court may deem~~  
13 ~~appropriate.~~]

14 (b) The commission may:

15 (1) authorize specific employees to conduct hearings  
16 and issue final decisions in contested cases; and

17 (2) [~~shall~~] establish reasonable fees for forms and  
18 documents it provides to the public and for the filing or  
19 registration of documents required by this chapter.

20 (c) If the commission initiates a disciplinary proceeding  
21 under this chapter, the person is entitled to a hearing before the  
22 commission or a hearing officer appointed by the commission. The  
23 commission by rule shall adopt procedures to permit an appeal to the  
24 commission from a determination made by a hearing officer in a  
25 disciplinary action.

26 (d) The commission shall set the time and place of the  
27 hearing.

1       (e) A disciplinary procedure under this chapter is governed  
2 by the contested case procedures of Chapter 2001, Government Code.

3       (f) The commission may file a suit in a district court of  
4 Travis County to prevent a violation of this chapter or for any  
5 other appropriate relief.

6       (g) Judicial review of a commission order imposing an  
7 administrative penalty is:

8           (1) instituted by filing a petition as provided by  
9 Subchapter G, Chapter 2001, Government Code; and

10           (2) by trial de novo.

11       Sec. 221.025. EFFECT OF REGISTRATION: SALE EXEMPT FROM  
12 SECURITIES ACT REGISTRATION. A developer's compliance with [The  
13 filing of a registration under] this chapter exempts the  
14 developer's offer and disposition of [the sale of] timeshare  
15 interests subject to this chapter from registration under The  
16 Securities Act (Article 581-1 et seq., Vernon's Texas Civil  
17 Statutes).

18       Sec. 221.026. ISSUANCE AND RENEWAL OF REGISTRATION.

19       (a) The commission by rule shall adopt requirements for the  
20 issuance and renewal of a developer's registration under this  
21 chapter, including:

22           (1) the form required for application for registration  
23 or a renewal of registration; and

24           (2) any supporting documentation required for  
25 registration or renewal of registration.

26       (b) The commission shall issue or renew a registration under  
27 this chapter for a period not to exceed 24 months.

1       (c) The commission may assess and collect a fee for the  
2 issuance or renewal of a registration under this chapter.

3       (d) The commission may assess and collect a late fee if the  
4 commission has not received the fee or any supporting documentation  
5 required before the 61st day after the date a registration is issued  
6 or renewed under this section.

7       (e) Failure to pay a late fee is a violation of this chapter.

8       SECTION 5. Sections 221.031 and 221.032, Property Code, are  
9 amended to read as follows:

10       Sec. 221.031. ADVERTISING AND PROMOTIONS [~~PROMOTIONAL~~  
11 ~~DISCLOSURE STATEMENT~~]. (a) At any time, the commission may  
12 request a developer to file for review by the commission any  
13 advertisement used in this state by the developer in connection  
14 with offering a timeshare interest. The developer shall provide  
15 the advertisement not later than the 15th day after the date the  
16 commission makes the request. If the commission determines that  
17 the advertisement violates this chapter or Chapter 40, Business &  
18 Commerce Code, the commission shall notify the developer in  
19 writing, stating the specific grounds for the commission's  
20 determination not later than the 15th day after the date the  
21 commission makes its determination. The commission may grant the  
22 developer provisional approval for the advertisement if the  
23 developer agrees to correct the deficiencies identified by the  
24 commission. A developer, on its own initiative, may submit any  
25 proposed advertisement to the commission for review and approval by  
26 the commission.

27       (b) Any advertisement that contains a promotion in

1 connection with the offering of a timeshare interest must comply  
2 with Chapter 40, Business & Commerce Code.

3 (c) Any advertisement that contains a [~~Before the use of~~  
4 ~~any~~] promotion in connection with the offering of a timeshare  
5 interest must include, in addition to any disclosures required  
6 under Chapter 40, Business & Commerce Code, [the person who intends  
7 ~~to use the promotion shall include]~~ the following [~~information in~~  
8 ~~its advertisements to the prospective purchaser]~~:

9 (1) a statement to the effect that the promotion is  
10 intended to solicit purchasers of timeshare interests;

11 (2) if applicable, a statement to the effect that any  
12 person whose name is obtained during the promotion may be solicited  
13 to purchase a timeshare interest;

14 (3) the full name of the developer [~~and seller~~] of the  
15 timeshare property; and

16 (4) if applicable, the full name and address of any  
17 marketing company involved in the promotion of the timeshare  
18 property, excluding the developer or an affiliate or subsidiary of  
19 the developer [+

20 [~~(5) the complete rules of the promotion, and~~

21 [~~(6) the method of awarding, the odds of winning, a~~  
22 ~~statement of the retail value of prizes, gifts, or other benefits~~  
23 ~~under the promotion as set forth in Subsection (b) of this section,~~  
24 ~~the geographic region in which the promotion is being conducted,~~  
25 ~~the beginning and ending dates of the promotion, and the date by~~  
26 ~~which each prize, gift, or benefit will be awarded or conferred].~~

27 [~~(b) For the purposes of this section, the retail value of~~

1 ~~the item is the price at which a substantial number of sales of the~~  
2 ~~exact item, having the same manufacturer, brand, model number, and~~  
3 ~~type, have been made to members of the general public by at least~~  
4 ~~two principal retail outlets in the State of Texas during the six~~  
5 ~~months immediately preceding the offering of the prize or gift~~  
6 ~~described in the promotion. However, if a substantial number of~~  
7 ~~sales of a particular prize have not been made in the State of Texas~~  
8 ~~in the six months immediately preceding the offering of the prize or~~  
9 ~~gift in a promotion or if the developer elects, then the retail~~  
10 ~~value of the prize or gift is the actual unit cost of the prize or~~  
11 ~~the gift, net of any discounts or rebates to the developer, plus 200~~  
12 ~~percent.~~

13 ~~[Provided, however, in the event a prize or gift involves~~  
14 ~~lodging, airfare, trips, or recreational activity, the retail value~~  
15 ~~shall be the retail sales price of the lodging, airfare, trips, or~~  
16 ~~recreational activity to a member of the general public not~~  
17 ~~involved in a promotional or other discount transaction.]~~

18 Sec. 221.032. TIMESHARE DISCLOSURE STATEMENT. (a) Before  
19 the signing of any agreement [~~or contract~~] to acquire a timeshare  
20 interest, the developer shall provide a timeshare disclosure  
21 statement to the prospective purchaser and shall obtain from the  
22 purchaser a written acknowledgement of receipt of the timeshare  
23 disclosure statement.

24 (b) The timeshare disclosure statement must include:

25 (1) the type of timeshare plan offered and the name and  
26 address of:

27 (A) the developer;

1                   (B) the single site or specific site offered for  
2 a single-site or multisite timeshare plan, including a specific  
3 timeshare interest; and

4                   (C) each component site for a multisite timeshare  
5 plan, including a description of the component site [~~and the name~~  
6 ~~and specific location of the timeshare property~~];

7                   (2) a description of the existing or proposed  
8 accommodations, including the type and number of timeshare  
9 interests in the accommodations, and, if the accommodations are  
10 proposed or incomplete, a schedule for commencement, completion,  
11 and availability of the accommodations [~~amenities, timeshare~~  
12 ~~property, and any project or development within which the timeshare~~  
13 ~~property is located or of which it is a part, the total number of~~  
14 ~~timeshare units in the timeshare property and whether and under~~  
15 ~~what circumstances that number may be increased or decreased; and,~~  
16 ~~if a timeshare interest includes amenities not yet in existence,~~  
17 ~~the commencement and completion schedule of the proposed~~  
18 ~~amenities~~];

19                   (3) a description of any existing or proposed  
20 amenities of the timeshare plan and, if the amenities are proposed  
21 or incomplete, a schedule for commencement, completion, and  
22 availability of the amenities [~~the timeshare interests currently~~  
23 ~~available for disposition and, if applicable, the types and number~~  
24 ~~of units available~~];

25                   (4) a statement that an association [~~a council of~~  
26 ~~purchasers~~] exists or is expected to be created or that such an  
27 association [~~a council~~] does not exist and is not expected to be

1 created and, if such an association [~~a council~~] exists or is  
2 reasonably contemplated, a description of its powers and  
3 responsibilities;

4 (5) if applicable, copies of the following documents,  
5 including any amendments to the documents:

6 (A) the declaration;

7 (B) the association articles of incorporation;

8 (C) the association bylaws;

9 (D) the association rules; and

10 (E) any lease or contract, excluding loan  
11 documents required to be signed by the purchaser at closing;

12 (6) the name and principal address of the managing  
13 entity and a description of the procedures, if any, for altering the  
14 powers and responsibilities of the managing entity and for removing  
15 or replacing it;

16 (7) the current [~~(6) a complete~~] budget, if  
17 available, or the projected annual budget for the timeshare plan or  
18 timeshare properties managed by the same managing entity [~~for the~~  
19 ~~operation of the timeshare property for a period of one year after~~  
20 ~~the first disposition of a timeshare interest in the property, and~~  
21 ~~thereafter, the current operating budget~~], which [~~operating~~  
22 ~~budget~~] must include:

23 (A) a statement of the amount reserved or  
24 budgeted for repairs, replacements, and refurbishment [~~the total~~  
25 ~~amount included as a reserve for the maintenance of the timeshare~~  
26 ~~property and for the repair or replacement of personal property or~~  
27 ~~fixtures~~];

1 (B) the projected common expense liability, if  
2 any, by category of expenditure for the timeshare plan or timeshare  
3 properties managed by the same managing entity [~~total amount of any~~  
4 ~~other reserve and the purpose of the reserve~~];

5 (C) [~~the projected timeshare liability expressed~~  
6 ~~by categories of expenditure for all timeshare interests,~~

7 [~~(D) the timeshare liability projected by~~  
8 ~~categories of expenditures for each timeshare interest,~~

9 [~~(E)] the name and address of the person who~~

10 prepared the operating budget; and

11 (D) [~~(F)] the assumptions on which the operating~~

12 budget is based;

13 (8) the projected assessments and [~~(7)] a~~

14 description of the [~~nature and estimated amount of any timeshare~~  
15 ~~liability that may in the future be assessed and the]~~ method for  
16 calculating and apportioning those assessments among purchasers  
17 [~~and formula for assessing the timeshare liability~~];

18 (9) [~~(8)] a description of any lien, defect, or~~

19 encumbrance on or affecting title to the timeshare interest and, if  
20 applicable, a copy of each written warranty provided by the  
21 developer [~~service that the developer or person acting on his~~  
22 ~~behalf provides or expense that is paid that reasonably may be~~  
23 ~~expected to become a timeshare liability, and the projected~~  
24 ~~timeshare liability attributable to that service or expense~~];

25 (10) [~~(9)] a description of any bankruptcy, pending~~

26 civil or criminal suit, adjudication, or disciplinary action  
27 material to the timeshare interest of which the developer has

1 knowledge [~~the existing or proposed amenities of the timeshare~~  
2 ~~property and, if the amenities are proposed or not yet complete or~~  
3 ~~fully functional, a schedule for the projected commencement,~~  
4 ~~completion, and availability of those amenities];~~

5 (11) any current or anticipated [~~(10) a description~~  
6 ~~and amount of any current or expected dues, assessments,~~] fees[~~7~~  
7 or charges to be paid by timeshare purchasers for the use of any  
8 [~~accommodations or~~] amenities related to the timeshare plan [~~or for~~  
9 ~~any other purpose~~];

10 [~~(11) a description of any unsatisfied final judgment~~  
11 ~~against the developer, seller, managing entity, or exchange company~~  
12 ~~with which the developer is under contract, but not including any~~  
13 ~~individual sales agent or representative who offers a timeshare~~  
14 ~~interest;~~]

15 (12) [~~a description and status of any pending lawsuit~~  
16 ~~or administrative action of which the developer has actual~~  
17 ~~knowledge that may materially affect a timeshare interest;~~

18 [~~(13)~~] a description and amount of insurance coverage  
19 provided for the protection of the purchaser;

20 (13) [~~(14)~~] the extent to which a timeshare interest  
21 may become subject to a tax lien or other lien arising out of claims  
22 against purchasers of different timeshare interests;

23 (14) [~~(15)~~] a description of those matters required by  
24 Section 221.041 [~~201.041~~];

25 (15) [~~(16)~~] a statement disclosing any right of first  
26 refusal or other restraint on the transfer of all or any portion of  
27 a timeshare interest;

1           (16) [~~(17)~~] a statement disclosing that any deposit  
2 made in connection with the purchase of a timeshare interest must  
3 [~~will~~] be held by [~~in~~] an escrow agent [~~account~~] until expiration of  
4 any right to cancel the contract and that any deposit must be [~~or~~  
5 ~~any later time specified in the contract and will be~~] returned to  
6 the purchaser if the purchaser [~~he~~] elects to exercise the [~~his~~]  
7 right of cancellation; or, if the commission accepts from the  
8 developer a surety bond, irrevocable letter of credit, or other  
9 financial assurance instead of an escrow deposit, a statement  
10 disclosing that the developer has provided a surety bond,  
11 irrevocable letter of credit, or other financial assurance in an  
12 amount equal to or in excess of the funds that would otherwise be  
13 held by an escrow agent and that the deposit must be returned if the  
14 purchaser elects to exercise the right of cancellation;

15           (17) [~~(18)~~] if applicable, a statement that the  
16 assessments [~~timeshare property is part of a timeshare system and~~  
17 ~~that timeshare fees~~] collected from the purchasers [~~owners~~] may be  
18 placed in a common account with the assessments [~~timeshare fees~~]  
19 collected from the purchasers [~~owners~~] of other timeshare  
20 properties managed by the same managing entity [~~participating in~~  
21 ~~the timeshare system~~]; and

22           (18) [~~(19)~~] any other information the commission  
23 determines is necessary to protect prospective purchasers or to  
24 implement the purpose of this chapter [~~material circumstances~~  
25 ~~concerning a timeshare interest~~].

26           (c) The developer may include any other information in the  
27 timeshare disclosure statement on approval by the commission.

1        (d) A developer who offers a multistate timeshare plan must  
2 fully disclose the following information in written, graphic, or  
3 tabular form:

4            (1) a description of each component site, including  
5 the name and address of each component site;

6            (2) the number of accommodations and timeshare  
7 periods, expressed in periods of seven-day use availability, that  
8 are committed to the plan and available for use by the purchasers;

9            (3) a statement indicating that, on an annual basis,  
10 the sum of the nights that purchasers are entitled to use the  
11 accommodations does not exceed the number of nights the  
12 accommodations are available for use by the purchasers;

13           (4) each type of accommodation, categorized by the  
14 number of bedrooms, bathrooms, and sleeping capacity, and a  
15 statement indicating whether the accommodation contains a full  
16 kitchen, which means a kitchen that has a minimum of a dishwasher,  
17 range, sink, oven, and refrigerator;

18           (5) a description of the amenities at each component  
19 site available for use by the purchasers;

20           (6) a description of the reservation system, which  
21 must include:

22                    (A) the entity responsible for operating the  
23 reservation system;

24                    (B) a summary of the rules governing access to  
25 and use of the reservation system; and

26                    (C) the existence of and explanation regarding  
27 any priority reservation features that affect a purchaser's ability

1 to make reservations for the use of a given accommodation on a  
2 first-come, first-served basis;

3 (7) a description of any right to make additions to,  
4 substitutions in, or deletions from accommodations, amenities, or  
5 component sites, and a description of the basis on which  
6 accommodations, amenities, or component sites may be added to,  
7 substituted in, or deleted from the multisite timeshare plan;

8 (8) a description of the purchaser's liability for any  
9 fees associated with the multisite timeshare plan;

10 (9) the location and anticipated relative demand of  
11 each component site in the multisite timeshare plan and any  
12 periodic adjustment or amendment to the reservation system that may  
13 be necessary to accommodate actual purchaser use patterns or  
14 changes in purchaser use demand for the accommodations existing  
15 during that period; and

16 (10) any other information the commission determines  
17 is necessary to protect prospective purchasers or to implement the  
18 purpose of this chapter.

19 (e) A developer who offers a multistate timeshare plan may  
20 include any other information in the timeshare disclosure statement  
21 on approval by the commission.

22 (f) A developer who offers a nonspecific timeshare interest  
23 in a multistate timeshare plan must disclose the information  
24 prescribed by Subsection (b) for each component site.

25 (g) If the property of a timeshare plan is located wholly  
26 outside this state, the commission may permit the developer to  
27 submit a timeshare disclosure statement the developer is currently

1 providing purchasers or an equivalent timeshare disclosure  
2 statement filed for the timeshare plan in another state if the  
3 current statement or the equivalent statement substantially  
4 complies with the requirements of this subchapter. This subsection  
5 does not exempt the developer from other requirements of this  
6 chapter.

7 SECTION 6. Subsection (a), Section 221.033, Property Code,  
8 is amended to read as follows:

9 (a) Before the signing of any agreement to purchase [~~or~~  
10 ~~contract to acquire~~] a timeshare interest in which a prospective  
11 purchaser is also offered participation in any exchange program,  
12 the developer shall also deliver to the prospective purchaser the  
13 exchange disclosure statement of any exchange company whose service  
14 is advertised or offered by the developer or other person in  
15 connection with the disposition.

16 SECTION 7. Section 221.034, Property Code, is amended to  
17 read as follows:

18 Sec. 221.034. EXEMPT OFFERINGS AND DISPOSITIONS;  
19 COMMUNICATIONS [~~WHEN DISCLOSURE NOT REQUIRED~~]. (a) An offering or  
20 disposition is exempt from this chapter if it is [~~A disclosure~~  
21 ~~statement need not be delivered in the case of~~]:

22 (1) a gratuitous offering or disposition of a  
23 timeshare interest;

24 (2) a disposition pursuant to a court order;

25 (3) a disposition by a governmental agency;

26 (4) a disposition by foreclosure or deed in lieu of  
27 foreclosure;

1           (5) an offering or [a] disposition by an association  
2 of its own timeshare interest acquired through foreclosure, deed in  
3 lieu of foreclosure, or gratuitous transfer [that may be canceled  
4 by the purchaser without penalty at any time and for any reason];

5           (6) an offering or [a] disposition of all timeshare  
6 interests in a timeshare plan [regime] to not more than five  
7 persons;

8           (7) an offering or [a] disposition of a timeshare  
9 interest in a timeshare property situated wholly outside this state  
10 under a contract executed wholly outside this state, if there has  
11 been no offering to the purchaser within this state;

12           (8) an offering or [a] disposition of a timeshare  
13 interest to a purchaser who is not a resident of this state under a  
14 contract executed wholly outside this state, if there has been no  
15 offering to the purchaser within this state; [or]

16           (9) the offering or redispotion of a timeshare  
17 interest by a purchaser who acquired the interest for his personal  
18 use; or

19           (10) the offering or disposition is a rental of an  
20 accommodation for a period of three years or less.

21           (b) The offering or disposition of a timeshare interest by a  
22 developer to a person who has previously executed a contract for the  
23 purchase of or is the owner of a timeshare interest in a timeshare  
24 plan created by the developer is exempt from Sections 221.021,  
25 221.022, 221.023, 221.032, 221.041, 221.042, 221.043, 221.061,  
26 221.071(a)(1), 221.071(a)(8), 221.074, and 221.075 if the  
27 developer:

1           (1) permits the purchaser to cancel the purchase  
2 contract before the sixth day after the date the contract is signed;  
3 and

4           (2) provides the purchaser all timeshare disclosure  
5 documents required by law to be provided in the jurisdiction in  
6 which the timeshare property is located.

7           (c) The following communications are not advertisements  
8 under this chapter:

9           (1) any stockholder communication, including an  
10 annual report or interim financial report, proxy material,  
11 registration statement, securities prospectus, timeshare  
12 disclosure statement, or other material required to be delivered to  
13 a prospective purchaser by a state or federal governmental entity;

14           (2) any oral or written statement disseminated by a  
15 developer to broadcast or print media, excluding:

16                   (A) paid advertising or promotional material  
17 relating to plans for acquiring or developing timeshare property;  
18 and

19                   (B) the rebroadcast or other dissemination of any  
20 oral statements by a developer to a prospective purchaser or the  
21 distribution or other dissemination of written statements,  
22 including newspaper or magazine articles or press releases, by a  
23 developer to prospective purchasers;

24           (3) the offering of a timeshare interest in a national  
25 publication or by electronic media that is not directed to or  
26 targeted at any individual located in this state;

27           (4) any audio, written, or visual publication or

1 material relating to the availability of any accommodations for  
2 transient rental if:

3 (A) a sales presentation is not a term or  
4 condition of the availability of the accommodations; and

5 (B) the failure of the transient renter to take a  
6 tour of the timeshare property or attend a sales presentation does  
7 not result in a reduction in the level of services or an increase in  
8 the rental price that would otherwise be available to the renter; or

9 (5) any follow-up communication with a person relating  
10 to a promotion if the person previously received an advertisement  
11 relating to the promotion that complied with Section 221.031.

12 (d) The following communications are exempt from this  
13 chapter if they are delivered to a person who has previously  
14 executed a contract for the purchase of or is an owner of a  
15 timeshare interest in a timeshare plan:

16 (1) any communication addressed to and relating to the  
17 account of the person; or

18 (2) any audio, written, or visual publication or  
19 material relating to an exchange company or program if the person is  
20 a member of that exchange company or program.

21 SECTION 8. Sections 221.041, 221.042, and 221.043, Property  
22 Code, are amended to read as follows:

23 Sec. 221.041. PURCHASER'S RIGHT TO CANCEL. (a) A  
24 purchaser may cancel a purchase contract [~~to purchase a timeshare~~  
25 ~~interest~~] before the sixth day after the date the purchaser signs  
26 and receives a copy of the purchase contract or receives the  
27 required timeshare disclosure statement, whichever is later

1 ~~[contract is signed].~~

2 (b) ~~[If a purchaser does not receive a copy of the contract~~  
3 ~~at the time the contract is signed, the purchaser may cancel the~~  
4 ~~contract to purchase the timeshare interest before the sixth day~~  
5 ~~after the date the contract is received by the purchaser.]~~

6 ~~[(c)]~~ A purchaser may not waive his right of cancellation  
7 under this section. A contract containing a waiver is voidable by  
8 the purchaser.

9 Sec. 221.042. NOTICE; REFUND. (a) If a purchaser elects  
10 to cancel a purchase contract under Section 221.041, the purchaser  
11 ~~[201.041 he]~~ may do so by hand-delivering notice of cancellation to  
12 the developer, ~~[seller or]~~ by mailing notice by prepaid United  
13 States mail to the developer ~~[seller]~~ or to the developer's  
14 ~~[seller's]~~ agent for service of process, or by providing notice by  
15 overnight common carrier delivery service to the developer or the  
16 developer's agent for service of process.

17 (b) Cancellation is without penalty, and all payments made  
18 by the purchaser before cancellation must be refunded on or before  
19 the 30th ~~[21st]~~ day after the date on which the developer ~~[seller]~~  
20 receives a timely notice of cancellation or on or before the fifth  
21 day after the date the developer receives funds from the purchaser,  
22 whichever is later.

23 Sec. 221.043. CONTRACT REQUIREMENTS. (a) Each purchase  
24 contract ~~[Attached to each contract shall be a separate page~~  
25 ~~identified as Exhibit A. Exhibit A shall be provided to each~~  
26 ~~purchaser at the time the contract is signed and]~~ shall contain the  
27 following information. The statements required by this subsection

1 ~~[Subdivisions (1)]~~ and Subsection (c)(8) ~~[(3)]~~ shall be provided in  
2 a conspicuous manner and in the exact language set forth in this  
3 section with the developer's ~~[seller's]~~ name and address, the date  
4 of the last day of the fiscal year, and the address of the managing  
5 entity inserted where indicated:

6 ~~[(1)]~~ "PURCHASER'S RIGHT TO CANCEL.

7 "(A) BY SIGNING THIS CONTRACT YOU ARE INCURRING AN  
8 OBLIGATION TO PURCHASE A TIMESHARE INTEREST. YOU MAY, HOWEVER,  
9 CANCEL THIS CONTRACT WITHOUT PENALTY OR OBLIGATION BEFORE THE SIXTH  
10 DAY AFTER THE DATE YOU SIGN AND RECEIVE A COPY OF THE PURCHASE  
11 CONTRACT, OR RECEIVE THE REQUIRED TIMESHARE DISCLOSURE STATEMENT,  
12 WHICHEVER IS LATER ~~[THE CONTRACT. IF YOU DO NOT RECEIVE A COPY OF~~  
13 ~~THE CONTRACT AT THE TIME THE CONTRACT IS SIGNED, YOU MAY CANCEL THIS~~  
14 ~~CONTRACT WITHOUT PENALTY OR OBLIGATION BEFORE THE SIXTH DAY AFTER~~  
15 ~~THE DATE YOU RECEIVE A COPY OF THE CONTRACT]~~.

16 "(B) IF YOU DECIDE TO CANCEL THIS CONTRACT, YOU MAY DO SO BY  
17 EITHER HAND-DELIVERING NOTICE OF CANCELLATION TO THE DEVELOPER,  
18 ~~[SELLER OR]~~ BY MAILING NOTICE BY PREPAID UNITED STATES MAIL TO THE  
19 DEVELOPER ~~[SELLER]~~ OR THE DEVELOPER'S ~~[SELLER'S]~~ AGENT FOR SERVICE  
20 OF PROCESS, OR BY PROVIDING NOTICE BY OVERNIGHT COMMON CARRIER  
21 DELIVERY SERVICE TO THE DEVELOPER OR THE DEVELOPER'S AGENT FOR  
22 SERVICE OF PROCESS. YOUR NOTICE OF CANCELLATION IS EFFECTIVE ON THE  
23 DATE SENT OR DELIVERED TO (INSERT NAME OF DEVELOPER ~~[SELLER]~~) AT  
24 (INSERT ADDRESS OF DEVELOPER ~~[SELLER]~~). FOR YOUR PROTECTION,  
25 SHOULD YOU DECIDE TO CANCEL YOU SHOULD EITHER SEND YOUR NOTICE OF  
26 CANCELLATION BY CERTIFIED MAIL WITH A RETURN RECEIPT REQUESTED OR  
27 OBTAIN A SIGNED AND DATED RECEIPT IF DELIVERING IT IN PERSON OR BY

1 OVERNIGHT COMMON CARRIER.

2 "(C) A PURCHASER SHOULD NOT RELY ON STATEMENTS OTHER THAN  
3 THOSE INCLUDED IN THIS CONTRACT AND THE DISCLOSURE STATEMENT."

4 [~~(2) A statement disclosing the amount of the timeshare  
5 fees, on a monthly or annual basis, which are being assessed  
6 currently against or collected from the owners of a timeshare  
7 interest. Immediately following the timeshare fee disclosure  
8 statement shall be a statement that the timeshare fees collected by  
9 the managing entity may be used to pay for the administrative and  
10 operating expenses of the property; and~~

11 [~~(3) "AS A TIMESHARE OWNER YOU HAVE A RIGHT TO REQUEST A  
12 WRITTEN ANNUAL TIMESHARE FEE AND EXPENSE STATEMENT. THIS STATEMENT  
13 IS PREPARED ANNUALLY BY THE MANAGING ENTITY AND WILL BE AVAILABLE NO  
14 LATER THAN THE 90TH DAY FOLLOWING (INSERT THE DATE OF THE LAST DAY  
15 OF THE FISCAL YEAR). YOU MAY REQUEST THE STATEMENT BY WRITING TO  
16 (INSERT ADDRESS OF THE MANAGING ENTITY)."~~]

17 (b) Immediately following the required statements in  
18 Subsection (a) [~~on Exhibit A~~] shall be a space reserved for the  
19 signature of the purchaser. [~~The seller shall obtain the  
20 purchaser's signature on Exhibit A at the time the contract is  
21 signed.~~]

22 (c) The purchase contract must also include the following:

23 (1) the name and address of the developer [~~seller~~] and  
24 the address of the timeshare property or the address or any  
25 available timeshare interest being offered [~~unit~~];

26 (2) an agreement describing the cancellation policy  
27 prescribed by Section 221.041 [~~whether the purchaser visited the~~

1 ~~location of the timeshare unit before signing the contract];~~

2 (3) ~~[an agreement by the seller that if the purchaser~~  
3 ~~timely exercises the right of cancellation under the contract, all~~  
4 ~~payments made by the purchaser to the seller in connection with the~~  
5 ~~contract shall be returned to such purchaser before the 21st day~~  
6 ~~after the seller receives notice of cancellation;~~

7 [~~4~~] the name of the person or persons primarily  
8 ~~[actively]~~ involved in the sales presentation on behalf of the  
9 developer [~~seller~~];

10 (4) a statement disclosing the amount of the periodic  
11 assessments currently assessed against or collected from the  
12 purchasers of the timeshare interest, immediately followed by a  
13 statement providing that collected assessments will be used by the  
14 managing entity to pay for expenditures, charges, reserves, or  
15 liabilities relating to the operation of the timeshare plan or  
16 timeshare properties managed by the managing entity;

17 (5) a statement disclosing [~~warranty~~] that the  
18 timeshare common properties are not mortgaged, unless the mortgage  
19 contains a nondisturbance clause which fully protects the use and  
20 enjoyment rights of each timeshare owner in the event of  
21 foreclosure; [~~and~~]

22 (6) in the event such timeshare interests are sold  
23 under a lease, right to use, or membership agreement where free and  
24 clear title to the accommodation [~~timeshare unit~~] is not passed to  
25 the purchaser [~~buyer~~], then the purchase contract must contain a  
26 statement [~~warranty~~] that the timeshare is free and clear; or if  
27 subject to a mortgage, the mortgage must contain a nondisturbance

1 clause which fully protects the use and enjoyment rights of each  
2 timeshare owner in the event of foreclosure;

3 (7) the date the purchaser signs the contract; and

4 (8) the following statement:

5 "AS A TIMESHARE OWNER, YOU HAVE A RIGHT TO REQUEST A WRITTEN  
6 ANNUAL TIMESHARE FEE AND EXPENSE STATEMENT. THIS STATEMENT IS  
7 PREPARED ANNUALLY BY THE MANAGING ENTITY AND WILL BE AVAILABLE NOT  
8 LATER THAN FIVE MONTHS AFTER (INSERT THE DATE OF THE LAST DAY OF THE  
9 FISCAL YEAR). YOU MAY REQUEST THE STATEMENT BY WRITING TO (INSERT  
10 NAME AND ADDRESS OF THE MANAGING ENTITY)."

11 (d) The information required to be provided by this section  
12 may be provided in the purchase contract or in an exhibit to the  
13 purchase contract, or it may be provided in part in both if all of  
14 the information is provided.

15 SECTION 9. Section 221.052, Property Code, is amended to  
16 read as follows:

17 Sec. 221.052. LIABILITY OF DEVELOPER. A developer does not  
18 incur any liability arising out of the use, delivery, or  
19 publication [~~by the developer~~] to a [~~the~~] purchaser of written  
20 information or audio-visual materials provided to it by the  
21 exchange company in accordance with Subchapter D, unless [~~.—A~~  
22 ~~developer is subject to liability arising out of the use, delivery,~~  
23 ~~or publication to the purchaser of materials provided by the~~  
24 ~~exchange company if~~] the developer knows or has reason to know that  
25 the materials are inaccurate or false.

26 SECTION 10. Subchapter G, Chapter 221, Property Code, is  
27 amended by amending Sections 221.061, 221.062, and 221.063 and

1 adding Section 221.064 to read as follows:

2       Sec. 221.061. ESCROW OR TRUST ACCOUNT REQUIRED. (a) A  
3 ~~[The]~~ developer or escrow agent of a timeshare plan ~~[other person~~  
4 ~~acting on its behalf]~~ shall deposit in ~~[establish]~~ an escrow or  
5 trust account in a federally insured depository 100 percent of all  
6 funds received during the purchaser's cancellation period ~~[with an~~  
7 ~~escrow agent for the purpose of protecting deposits made by~~  
8 ~~purchasers in connection with proposed dispositions of timeshare~~  
9 ~~interests]~~.

10       (b) An escrow agent owes the purchaser a fiduciary duty.

11       (c) The escrow agent and the developer shall execute an  
12 agreement that includes a statement providing that:

13               (1) funds may be disbursed to the developer from the  
14 escrow or trust account by the agent only:

15                       (A) after the purchaser's cancellation period  
16 has expired; and

17                       (B) as provided by the purchase contract, subject  
18 to this subchapter; and

19               (2) if the purchaser cancels the purchase contract as  
20 provided by the contract, the funds must be paid to:

21                       (A) the purchaser; or

22                       (B) the developer if the purchaser's funds have  
23 been refunded previously by the developer.

24       (d) If a developer contracts to sell a timeshare interest  
25 and the construction of the building in which the timeshare  
26 interest is located has not been completed when the cancellation  
27 period expires, the developer shall continue to maintain all funds

1 received from the purchaser under the purchase agreement in the  
2 escrow or trust account until construction of the building is  
3 completed. The documentation required for evidence of completion  
4 of construction includes:

5 (1) a certificate of occupancy;

6 (2) a certificate of substantial completion;

7 (3) evidence of a public safety inspection equivalent  
8 to Subdivision (1) or (2) from a governmental agency in the  
9 applicable jurisdiction; or

10 (4) any other evidence acceptable to the commission.

11 Sec. 221.062. [~~ESCROW AMOUNT. Fifty percent of any deposit~~  
12 ~~obtained from a purchaser shall be placed in the escrow account.~~

13 [~~Sec. 221.063.~~] RELEASE OF ESCROW. (a) The funds or  
14 property constituting the escrow or trust deposit may be released  
15 from escrow only in accordance with this section.

16 (b) If the purchaser cancels the purchase contract as  
17 provided by the contract, the funds shall be paid to:

18 (1) the purchaser; or

19 (2) the developer if the purchaser's funds have been  
20 refunded previously by the developer.

21 (c) If the purchaser defaults in the performance of  
22 obligations under the terms of the purchase [~~a~~] contract [~~to~~  
23 ~~purchase a timeshare interest~~], the funds shall be paid to the  
24 developer [~~or other person legally entitled to the escrow deposit~~  
25 ~~shall file an application with the escrow agent requesting release~~  
26 ~~of the applicable amount. The application for release of the escrow~~  
27 ~~deposit must be verified and must include:~~

1           ~~[(1) a concise statement by the applicant that the~~  
2 ~~purchaser has materially defaulted in the performance of~~  
3 ~~obligations under the terms of a contract to purchase a timeshare~~  
4 ~~interest and that the applicant and the developer have complied~~  
5 ~~with all terms and obligations of that contract;~~

6           ~~[(2) a complete explanation of the nature of the~~  
7 ~~purchaser's material default under the contract and of the date of~~  
8 ~~its occurrence;~~

9           ~~[(3) a statement that pursuant to the terms of the~~  
10 ~~purchase contract the applicant is entitled to the escrow deposit;~~

11           ~~[(4) a statement that the developer has no knowledge~~  
12 ~~of a dispute between the purchaser and developer and a statement~~  
13 ~~that the purchaser has not, to the applicant's knowledge, made a~~  
14 ~~demand for the return of the deposit; and~~

15           ~~[(5) a statement that the purchaser has not exercised~~  
16 ~~a right of cancellation under Subchapter E].~~

17           (d) If the developer defaults in the performance of  
18 obligations under the purchase contract, the funds shall be paid to  
19 the purchaser.

20           (e) If the funds of the purchaser have not been disbursed  
21 previously as provided by Subsections (a)-(d), the funds may be  
22 disbursed to the developer by the escrow or trust agent if  
23 acceptable evidence of completion of construction is provided.

24           (f) If there is a dispute relating to the funds in the escrow  
25 or trust account, the agent shall maintain the funds in the account  
26 until:

27           (1) the agent receives written directions agreed to

1 and signed by all parties; or

2 (2) a civil action relating to the disputed funds is  
3 filed.

4 (g) If a civil action is filed under Subsection (f)(2), the  
5 escrow or trust account agent shall deposit the funds with the court  
6 in which the action is filed.

7 Sec. 221.063. ALTERNATIVE TO ESCROW OR TRUST ACCOUNT:  
8 FINANCIAL ASSURANCE. (a) Instead of depositing funds in an escrow  
9 or trust account as provided by Section 221.061, the commission may  
10 accept from the developer a surety bond, irrevocable letter of  
11 credit, or other form of financial assurance, including financial  
12 assurance posted in another state or jurisdiction.

13 (b) The amount of the financial assurance provided under  
14 this section must be an amount equal to or more than the amount of  
15 funds that would otherwise be placed in an escrow or trust account  
16 under Section 221.061(a).

17 (c) The amount of the financial assurance provided under  
18 this section for timeshare property under construction as provided  
19 by Section 221.061(d) must be the lesser of:

20 (1) an amount equal to or more than the amount of funds  
21 that would otherwise be placed in an escrow or trust account under  
22 that subsection; or

23 (2) the amount necessary to assure completion of the  
24 building in which the timeshare interest is located.

25 Sec. 221.064. DOCUMENTATION REQUIRED. The escrow or trust  
26 account agent or developer shall make documents related to the  
27 escrow or trust account or the financial assurance provided

1 available to the commission at the commission's request

2  ~~[(c) Notwithstanding the other provisions of this section,~~  
3  ~~the escrow agent may release the escrow deposit to the applicant on~~  
4  ~~presentation to the escrow agent of:~~

5  ~~[(1) an affidavit by the developer that the timeshare~~  
6  ~~unit is substantially complete and that no applicable right of~~  
7  ~~cancellation of the contract has been exercised by the purchaser;~~

8  ~~[(2) if funds were placed in the escrow account in~~  
9  ~~connection with the proposed disposition of a timeshare estate, a~~  
10  ~~true and correct copy of the instrument transferring ownership of~~  
11  ~~the timeshare estate to the purchaser free and clear of all liens~~  
12  ~~and encumbrances, except for any encumbrance created by purchaser~~  
13  ~~financing; and~~

14  ~~[(3) if funds were placed in the escrow account in~~  
15  ~~connection with the proposed disposition of a timeshare use, a true~~  
16  ~~and correct copy of a properly executed and recorded nondisturbance~~  
17  ~~agreement executed by the developer and all holders of a lien~~  
18  ~~recorded against the timeshare property and providing that~~  
19  ~~subsequent owners or foreclosing holders of a lien shall take title~~  
20  ~~to the timeshare property subject to the rights of prior purchasers~~  
21  ~~under their contracts of sale.~~

22  ~~[(d) A deposit may not be released from escrow until the~~  
23  ~~escrow agent has provided the purchaser written notice of intent to~~  
24  ~~release the escrow at least 14 days before the release].~~

25 SECTION 11. Section 221.071, Property Code, is amended by  
26 amending Subsection (a) and adding Subsection (c) to read as  
27 follows:

1 (a) A developer [~~seller~~] or other person commits a false,  
2 misleading, or deceptive act or practice within the meaning of  
3 Subsections (a) and (b) of Section 17.46 of the Texas Deceptive  
4 Trade Practices-Consumer Protection Act (Article 17.46 et seq.,  
5 Business & Commerce Code), by engaging in any of the following acts:

6 (1) failing to disclose information concerning a  
7 timeshare interest required by Subchapter D;

8 (2) making false or misleading statements of fact  
9 concerning the characteristics of accommodations or amenities  
10 available to a consumer;

11 (3) predicting specific or immediate increases in the  
12 value of a timeshare interest without a reasonable basis for such  
13 predictions;

14 (4) making false or misleading statements of fact  
15 concerning the duration that accommodations or amenities will be  
16 available to a consumer;

17 (5) making false or misleading statements of fact  
18 concerning the conditions under which a purchaser of a timeshare  
19 interest may exchange the right to occupy a unit for the right to  
20 occupy a unit in the same or another timeshare property;

21 (6) representing that a prize, gift, or other benefit  
22 will be awarded in connection with a promotion with the intent not  
23 to award that prize, gift, or benefit in the manner represented;

24 (7) failing to provide a copy of the purchase contract  
25 to the purchaser at the time the contract is signed by the  
26 purchaser [~~, unless the purchaser requests in writing that the~~  
27 ~~contract be mailed, and the contract is mailed to the purchaser~~

1 ~~before the end of the next business day];~~

2 (8) failing to provide the annual [~~timeshare fee and~~  
3 ~~expense~~] statement as required by Section 221.074(a) [~~221.074~~]; or

4 (9) furnishing false information in the annual  
5 timeshare fee and expense statement as required by Section 221.074.

6 (c) If a developer has substantially complied with this  
7 chapter in good faith, a nonmaterial error or omission is not  
8 actionable. A nonmaterial error or omission alone is not  
9 sufficient to permit a purchaser to cancel a purchase contract  
10 after the period provided for cancellation expires under this  
11 chapter.

12 SECTION 12. Section 221.072, Property Code, is amended to  
13 read as follows:

14 Sec. 221.072. INSURANCE. Before the disposition of any  
15 timeshare interest, the developer or managing entity shall maintain  
16 the following insurance with respect to the timeshare property:

17 (1) property insurance on the timeshare property and  
18 any personal property for use by purchasers, other than personal  
19 property separately owned by a purchaser, insuring against all  
20 risks of direct physical loss commonly insured against, in a total  
21 amount, after application of deductibles, of the full replacement  
22 cost of the accommodations and amenities of the timeshare property;  
23 and

24 (2) liability insurance covering all occurrences  
25 commonly insured against for death, bodily injury, and property  
26 damage arising out of or in connection with the use, ownership, and  
27 maintenance of the timeshare property.

1 SECTION 13. Subsections (a) and (b), Section 221.073,  
2 Property Code, are amended to read as follows:

3 (a) A developer [~~or seller~~] subject to this chapter commits  
4 an offense if the developer [~~or seller~~] offers or disposes of a  
5 timeshare interest in a timeshare property which has not been  
6 registered with the commission.

7 (b) It is not a violation of this section for a developer [~~or~~  
8 ~~seller~~] subject to [~~the provisions of~~] this chapter [~~Act~~] to accept  
9 reservations and deposits from prospective purchasers in  
10 accordance with the provisions of Section 221.021(b) or (d)  
11 [~~Subsection (b) of Section 221.021 of this Act~~].

12 SECTION 14. Section 221.074, Property Code, is amended to  
13 read as follows:

14 Sec. 221.074. ANNUAL TIMESHARE FEE AND EXPENSE STATEMENT.

15 (a) Notwithstanding any contrary [~~a~~] provision of the required  
16 timeshare [~~promotional~~] disclosure statement, project instrument,  
17 timeshare instrument, or bylaws adopted pursuant to a timeshare  
18 instrument, the managing entity shall make a written annual  
19 accounting of the operation of each timeshare property managed by  
20 the managing entity to each purchaser who requests an accounting  
21 not later than five months [~~the 60th day~~] after the last day of each  
22 fiscal year [~~the managing entity shall make available to each owner~~  
23 ~~a written annual accounting of the operation of the timeshare~~  
24 ~~property or timeshare system~~]. The statement shall fairly and  
25 accurately represent the collection and expenditure of assessments  
26 and include:

- 27 (1) a balance sheet;

1           (2) an income and expense statement [~~which complies~~  
2 ~~with generally accepted accounting principles and reflects the~~  
3 ~~collection and expenditure of timeshare fees~~];

4           (3) the current operating budget for the timeshare  
5 property or multisite timeshare plan [~~system~~] required by Section  
6 221.032(b)(7) [~~221.032(b)(6)~~]; and

7           (4) [~~an accounting identifying any unfunded reserves~~  
8 ~~for capital improvements and maintenance and upkeep of the~~  
9 ~~timeshare property~~]; and

10           [~~(5) the name and address of each member of the board~~  
11 ~~of directors of the council of purchasers or the owners'~~  
12 ~~association, if one exists, and~~] the name, address, and telephone  
13 number of a designated representative of the managing entity.

14           (b) On the request of an owner, the [~~The~~] managing entity of  
15 the timeshare plan shall provide the owner with the name and address  
16 of each member of the board of directors of the owners' association,  
17 if one exists [~~make the fee statement available to owners of record~~  
18 ~~of a timeshare interest as of the last day of the fiscal year as~~  
19 ~~reflected in the managing entity's records~~].

20           (c) A developer or managing entity shall have an annual  
21 independent audit of the financial statements of the timeshare plan  
22 or timeshare properties managed by the managing entity performed by  
23 a certified public accountant or an accounting firm. The audit must  
24 be:

25           (1) conducted in accordance with generally accepted  
26 auditing standards as prescribed by the American Institute of  
27 Certified Public Accountants, the Governmental Accounting

1 Standards Board, the United States General Accounting Office, or  
2 other professionally recognized entities that prescribe auditing  
3 standards; and

4 (2) completed not later than five months after the  
5 last day of the fiscal year of the timeshare plan or timeshare  
6 property [~~The statement shall be delivered in person or by mail to~~  
7 ~~each person on the board of directors of the council of purchasers~~  
8 ~~or the owners' association, if one exists~~].

9 (d) Knowingly furnishing false information in the annual  
10 timeshare fee and expense statement is a violation of the Deceptive  
11 Trade Practices-Consumer Protection Act (Subchapter E, Chapter 17,  
12 Business & Commerce Code).

13 (e) The managing entity of any accommodation located in this  
14 state shall post prominently in the registration area of the  
15 accommodations [~~each timeshare property~~] the following notice,  
16 with the date of the last day of the current fiscal year and the  
17 address of the managing entity inserted where indicated:

18 "AS A TIMESHARE OWNER YOU HAVE A RIGHT TO REQUEST A WRITTEN  
19 ANNUAL TIMESHARE FEE AND EXPENSE STATEMENT. THIS STATEMENT IS  
20 PREPARED ANNUALLY BY THE MANAGING ENTITY AND WILL BE AVAILABLE NO  
21 LATER THAN THE FIVE MONTHS [~~90TH DAY~~] FOLLOWING (INSERT THE DATE OF  
22 THE LAST DAY OF THE CURRENT FISCAL YEAR). YOU MAY REQUEST THE  
23 STATEMENT, BY WRITING TO (INSERT ADDRESS OF THE MANAGING ENTITY)."

24 [~~(e) If a request for the statement is received by the~~  
25 ~~managing entity prior to the date by which the statement is~~  
26 ~~available, the statement shall be provided no later than one week~~  
27 ~~after the date the statement becomes available. If a request for~~

1 ~~the statement is received by the managing entity after the date the~~  
2 ~~statement becomes available, the statement shall be provided no~~  
3 ~~later than two weeks after the date the request is received by the~~  
4 ~~managing entity. For the purposes of this section, the statement~~  
5 ~~shall be deemed provided if it is deposited in the mail, properly~~  
6 ~~addressed, with postage prepaid.~~

7 ~~[(f) A managing entity shall provide a separate annual~~  
8 ~~timeshare fee and expense statement for each timeshare property~~  
9 ~~unless the property is part of a timeshare system. A managing~~  
10 ~~entity may provide a consolidated statement for all timeshare~~  
11 ~~properties comprising a timeshare system.]~~

12 SECTION 15. Subsections (a) and (d), Section 221.075,  
13 Property Code, are amended to read as follows:

14 (a) On receipt of a written request filed with the  
15 commission by a managing entity before the date on which the  
16 statement required by Section 221.074 must be made available, the  
17 commission for good cause shown may grant the managing entity an  
18 extension of no more than 30 days in which to provide the statement.

19 (d) A managing entity may not assess against or collect from  
20 the purchasers ~~[owners]~~ of a timeshare property the amount of a  
21 penalty incurred under this section.

22 SECTION 16. Sections 221.076 and 221.077, Property Code,  
23 are amended to read as follows:

24 Sec. 221.076. MANAGING ENTITIES THAT MANAGE MORE THAN ONE  
25 TIMESHARE ~~[SYSTEM OR]~~ PROPERTY. (a) A managing entity that  
26 manages two or more single-site timeshare plans ~~[properties which~~  
27 ~~are not participants of the same timeshare system]~~ may ~~[not]~~

1 commingle the assessments [~~timeshare fees~~] collected from  
 2 purchasers [~~owners~~] of one timeshare plan [~~property~~] with the  
 3 assessments [~~timeshare fees~~] collected from purchasers [~~owners~~] of  
 4 any other single-site plan for which it is the managing entity only  
 5 if the practice is disclosed in the timeshare disclosure statement  
 6 for each timeshare property and the appropriate statement is  
 7 included in the declaration for each timeshare property as required  
 8 by Subchapter B.

9 (b) [~~A managing entity that manages two or more timeshare~~  
 10 ~~systems may not commingle the timeshare fees collected from owners~~  
 11 ~~participating in one timeshare system with the timeshare fees~~  
 12 ~~collected from owners participating in any other timeshare system.~~

13 [~~(c)~~] A managing entity which manages a multisite timeshare  
 14 plan [~~system~~] may deposit assessments [~~timeshare fees~~] collected  
 15 from purchasers [~~owners~~] of one timeshare property into a common  
 16 account with assessments [~~timeshare fees~~] collected from  
 17 purchasers [~~owners~~] of other timeshare properties participating in  
 18 the same multisite timeshare plan [~~system~~] only if the practice is  
 19 disclosed in the timeshare disclosure statement for each timeshare  
 20 property in the multisite timeshare plan [~~system~~] and the  
 21 appropriate statement is included in the declaration for each  
 22 timeshare plan [~~regime~~] as required by Subchapter B.

23 (c) Nothing in this section shall be construed to allow a  
 24 managing entity to commingle assessments [~~the timeshare fees~~] of a  
 25 multisite timeshare plan with the assessments of a separate  
 26 multisite timeshare plan or a timeshare plan that is not a part of  
 27 the multisite timeshare plan [+]

1           ~~[(1) separate timeshare systems,~~  
2           ~~[(2) separate timeshare properties which are not part~~  
3 ~~of a timeshare system; or~~  
4           ~~[(3) a timeshare system with the timeshare fees of a~~  
5 ~~separate timeshare property which is not a participant in the~~  
6 ~~timeshare system].~~

7           Sec. 221.077. AVAILABILITY OF BOOKS AND RECORDS; RECORDS  
8 RETENTION. (a) A developer or managing entity, on written request  
9 of an owner, shall make available for examination at its registered  
10 office or principal place of business and at any reasonable time or  
11 times the relevant books and records relating to the collection and  
12 expenditure of assessments ~~[timeshare fees]~~.

13           (b) A developer or managing entity shall maintain in its  
14 records a copy of each purchase contract for an accommodation sold  
15 by the developer for a timeshare period unless the contract has been  
16 canceled. If a sale of the timeshare estate is pending, the  
17 developer shall retain a copy of the contract until a deed of  
18 conveyance, agreement for deed, or lease is recorded in the real  
19 property records of the county in which the timeshare property is  
20 located.

21           SECTION 17. This Act takes effect September 1, 2003, and  
22 applies to a developer who offers or disposes of an interest in a  
23 timeshare plan and a managing entity who manages a timeshare  
24 property under Chapter 221, Property Code, as amended by this Act,  
25 on or after that date.

26           SECTION 18. If a timeshare property is registered with the  
27 Texas Real Estate Commission before January 1, 2004, the

1 registration expires on the second anniversary of the date the  
2 property was last registered, and a developer may renew the  
3 registration as provided by Section 221.026, Property Code, as  
4 added by this Act.