

## **Developer Compliance**

If, in the RE 668A, the developer indicates the local jurisdiction prohibits or has imposed conditions for dedication of accommodations to time-shares, the developer must furnish, in accordance with Code Section 11226(e), a copy of the Permit or other entitlement for time-share use from the local governmental agency prior to issuance of a Public Report. For purpose built time-share projects, the consent of the local authorities can often be found in the conditions of map approval.

## **COASTAL COMMISSION**

The California Coastal Commission, on January 24, 1980, voted unanimously to "assert jurisdiction" over the conversion of hotels and motels in California's Coastal Zone to time-share projects. They have also asserted jurisdiction over the implementation of time-share conversions in other properties, such as condominiums.

The Coastal Commission's position on time-share projects is supported by a 1980 California Court of Appeals decision on Cal Coastal Commission v. Quantam Investment Corporation (113cal.ap.3<sup>rd</sup>579) in which an apartment project was being converted to a stock cooperative. Sponsors with projects in the California Coastal Zone fall into one of two categories and must comply as indicated:

- (1) **New Construction** – Submit copy of Permit or Exemption from the Coastal Commission.
- (2) **Conversion** – Submit copy of letter notifying the Coastal Commission of the sponsor's intent to dedicate units to time-sharing.

## **INVENTORY CONTROL**

The Time-share Act of 2004 in Code Section 11250 provides that time-share plans shall maintain a one-to-one purchaser to accommodation ratio, meaning the ratio of the number of purchasers eligible to use the accommodations of a time-share plan on a given night to the number of accommodations available for use within, such that the total number of purchasers eligible to use the accommodations of the time-share plan during a given calendar year never exceeds the total number of accommodations available for use in the time-share plan during that year. Satisfaction of that inventory control requirement is found in the provisions of Code Section 11246. In an application of a public report, whether the application is for an amendment or renewal of a public report or with the initial submittal of an application for a public report, in which the developer agrees to provide title insurance, DRE will require the title insurer to provide a statement to the DRE that it will insure the time-share interests to be conveyed to purchasers as legally described in the grant deed submitted to DRE by the developer and that it will insure the use rights either described in the grant deed(s), declaration of dedication or both.

Certain title companies will monitor the sale of intervals in time-share estate projects and issue DRE acceptable preliminary title reports that define the underlying real property, as well as the unsold time-share intervals. Inventory control for time-share use projects can be more difficult to track without recorded deeds of conveyance for reference.

In the most basic time-share offering where all the intervals are identical, e.g. one week, one room size and one season, an interval identification system could be established simply by sequentially numbering the intervals from one to the total number of intervals in the project. The total number of intervals in the project would equal the number of dwelling units multiplied by the number of weeks. Unfortunately, time-share interval identification systems are rarely as simple as this hypothetical time-share offering.