

- (b) The transferability of points to other persons, other years or other time-share plans.
- (c) A copy of the then-current point value use directory, along with rules and procedures for changes by the developer or the association in the manner in which point values may be used.
- (1) No change exceeding 10 percent per annum in the manner in which point values may be used may be made without the assent of at least 25 percent of the voting power of the association other than the developer.
- (2) No time-share interest owner shall be prevented from using a time-share plan as a result of changes in the manner in which point values may be used.
- (3) In the event point values are changed or adjusted, no time-share owner shall be prevented from using his or her home resort in the same manner as was provided for under the original purchase contract.
- (d) Any limitations or restrictions upon the use of point values.
- (e) A description of an inventory control system that will ensure compliance with Section 11250.

The Deputy should require the submittal of a detailed statement from escrow depository also explaining its inventory control procedures.

INCIDENTAL BENEFITS

Incidental Benefits are defined in Section 11212(m) of the Business and Professions Code as an accommodation, product, service, discount, or other benefit, other than an exchange program, which is offered prior to the end of the rescission period set forth in Code Section 11238, the continuing availability of which is limited to a term of not more than 3 years, subject to renewal or extension. The term shall not include the use of the accommodation, product, service, discount, or other benefit on a free or discounted one-time basis.

Under Code Section 11237, if a purchaser of a time-share interest in a time-share plan is offered the opportunity to acquire an incidental benefit in connection with the sale of a time-share interest, the developer shall provide the purchaser with a disclosure statement containing all of the following information:

- (1) A general description of the incidental benefit, including the terms and conditions governing the use of the incidental benefit.
- (2) A statement that the continued availability of the incidental benefit is not necessary for the use and enjoyment of the purchaser's use of any accommodation of the time-share plan.
- (3) A statement that the purchaser's use of or participation in the incidental benefit is completely voluntary, and payment of any fee or other cost associated with the incidental benefit is required only upon that use or participation.
- (4) A listing of the fees, if any, that the purchaser will be required to pay to use the incidental benefit.
- (5) A statement that no costs of acquisition, operation, maintenance, or repair of the incidental benefit shall be passed on to purchasers of time-share interests in the time-share plan as a common expense of the time-share plan.

A developer shall include in its initial application for registration, a description of any incidental benefits which may be used by the developer. The developer may, but shall not be required to describe the incidental benefits in the public report for the time-share plan.

The incidental benefit disclosure is not required to be filed with the commissioner prior to the use of the disclosure. However, the commissioner may request and review the records of the developer to ensure that the incidental benefit disclosure required by this section has been given to purchasers and to ensure that the statements required to be made in the disclosure are accurate as to the operation of each incidental benefit offered by the developer. The developer shall deliver the records to the commissioner within 10 business days of the commissioner's request.

The developer is also asked, through the application (RE 668A and RE 668B), to describe each Incidental Benefit to be offered. The Public Report will include a generic disclosure regarding the fact that the developer may offer incidental benefits. Disclosures regarding Incidental Benefits should be included as explained in RE 622I.

PUBLIC REPORT – SECTION 11234

The developer is REQUIRED by section 11234 to submit a pre-typed public report as part of the Notice of Intention. The public report may, but need not, have exhibits other than the budget. If governing documents, including the management agreement, are not attached as exhibits, they must be handed out separately to each purchaser. Detailed instructions for preparation of the public report can be found in Time-Share Public Report Preparation – RE622H. Forms RE622I, RE622J-1, RE622J-2 and RE622J-3 provide time-share disclosures for use in developing the public report language.