

to the DRE website for forms RE 622H, RE 622I, RE 622J-1, RE 622J-2 and RE 622J-3 for instructions for preparation of time-share public reports.

The regulatory process for approving Public Reports for time-share plans is complex, cumbersome and expensive. Only the most highly trained Subdivisions Deputies are assigned to handle them. The legal fees for setting up the Trust, the Declaration and the Bylaws can be substantial.

JURISDICTION

A time-share plan may take one of two basic forms:

A “Single site time-share plan”, defined in Section 11212(z)(1) of the Code is the right to use accommodations at a single time-share property.

A “Multisite time-share plan includes either (1) or (2) below:

(1) a “Specific time-share interest” which is the right to use accommodations at a specific time-share property, together with use rights in accommodations at one or more other component sites created by or acquired through the time-share plan’s reservations system (Section 11212(z)(2)(A) of the Code). Regulation 2805.9 includes requirements that there be a priority reservation right written into the time-share plan documents to allow the purchaser of a time-share interest to a period of time (not less than 60 days) during which he or she will be permitted to reserve occupancy in the specific site without competition for space by owners of interests in other component sites, together with the right, on a non-priority basis, to reserve accommodations in component sites.

(2) a “Nonspecific time-share interest” which is the right to use accommodations at more than one component site created by or acquired through the time-share plan’s reservations system, but including no specific right to use any particular accommodations (Section 11212(z)(2)(B) of the Code). This means that purchasers compete for the right to use and occupy accommodations in any of the component sites with every other purchaser of a time-share interest in the time-share plan.

“Accommodations” means any apartment, condominium, unit in a stock cooperative, cabin, lodge, hotel room, or other private or commercial structure that has toilet facilities, available under applicable law for use and occupancy as a residence. Accommodation also means any unit or berth on a commercial passenger ship (Section 11212(a) of the Code).

A time-share plan is subject to the jurisdiction of DRE and requires a public report if the time-share plan consists of 11 or more time-share interests, has a term of more than three years and where the purchaser’s total financial obligation will be more than \$3,000 during the term of the time-share plan (See Regulation 2805, which defines “Developer” and Section 11211.5(b) regarding exemptions from the Time-share Act of 2004.)

Purchasers of 11 or more time-share interests in a Time-Share Plan

If a time-share owners’ association or anyone else acquires 11 or more time-share interests from the original recipient of a Public Report or from someone who succeeded to the interest of the original recipient of a public report, the association or anyone else needs a Public Report before they may offer time-share interests for sale (see Regulation Section 2805).