

and/or lessor. A financing statement (U.C.C.-1) is a document filed with the Secretary of State by a creditor declaring security interests against an individual or entity for specific types or items of property.

If such a proposal is made, the sponsor should provide written support for the arrangement, which includes the reasons for not proposing to convey the personal property outright to the association. The Deputy should disapprove the arrangement if the developer fails to demonstrate that, pursuant to Section 11229(b)(5), that it has failed to make a showing that the parcel can be used for the purpose for which offered by failing to demonstrate that purchasers will have assured of the personal property.

## **RENTAL OF UNITS - SECTION 11245(b)**

For any time-share plan in which the managing entity is an affiliate of the developer, neither the developer nor the managing entity shall, during any applicable priority reservation period, hold out for rental to the public on a given day, developer owned or controlled time-share periods in a number greater than the total number of time-share periods owned or controlled by the developer in a particular season, multiplied by a fraction wherein the numerator is the number of time-share periods owned or controlled by the developer in that particular season, and the denominator is the total number of time-share periods in that particular season. For example, if the developer owns or controls 1,000 time-share periods in a particular season, out of a total of 4,000 time-share periods available during that season, then the developer may not hold out for rental to the public during any applicable priority reservation period, more than 250 time-share periods on a given day during that season ( $1,000 \times 1,000/4,000=250$ ). The number of time-share interests permitted to be rented under this subdivision shall be in addition to any time-share interests that the developer may have the right to rent or use by virtue of having acquired those rights from another owner. The developer or managing entity may, at any time, rent any inventory transferred to the developer or managing entity by another owner in exchange for hotel accommodations, future use rights, or other considerations. For any use or rental by a developer of time-share interests owned or controlled by the developer, the developer shall reimburse the association for any increased expenses for housekeeping services that exceed the amount allocated in the assessment for maintenance for the use or rental.

## **MANAGEMENT AGREEMENT (CODE SECTION 11267)**

The time-share instruments (Bylaws or Declaration of Dedication) shall require the employment of a managing entity for the time-share plan or component site pursuant to a written management agreement.

The management agreement shall include the provisions enumerated in Code Section 11267. Sometimes, the developer recites the required provisions of the management agreement in the Declaration. While this is not objectionable, it does not excuse the requirement for submission of a copy of the executed management agreement between the association and selected managing agent prior to issuance of the Public Report (Regulations 2809.1 and 2809.3).

### **Compensation to Manager**

Usually management agreements provide for compensation of the managing agent to be measured by a specified percentage of the maintenance and operation expenses.