

# SENATE BILL REPORT

## SHB 2513

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 25, 2002

**Title:** An act relating to timeshare interest reservations.

**Brief Description:** Regulating timeshare interest reservations.

**Sponsors:** House Committee on Commerce & Labor (originally sponsored by Representatives Wood, Clements and Conway).

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/25/02 [DP].

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

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**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Benton, Fairley, Franklin, Gardner, Rasmussen, Regala and Winsley.

**Staff:** Elizabeth Mitchell (786-7430)

**Background:** Timeshare promoters cannot currently sell, advertise, or offer a timeshare unit for sale before registering with the Department of Licensing. The registration must include information about the promoter's business history, as well as a disclosure form about the timeshare property.

**Summary of Bill:** A "timeshare interest reservation" is defined as a revocable right to purchase an interest in a timeshare project for which construction has not yet been completed. Timeshare promoters must register with the department before offering a timeshare interest reservation.

Deposits accepted by promoters on a timeshare interest reservation cannot exceed 20 percent of the total purchase price. A promoter must place the deposit in an escrow account within one business day of receipt. The department may also request that the deposit be placed in impoundment.

Before the purchaser of a timeshare interest reservation signs a purchase agreement, the property must be completed, and the timeshare promoter must re-register with the Department of Licensing. The department must approve any changes to the disclosure form, and a new disclosure form must be provided to purchasers.

If, prior to signing a purchase agreement, a purchaser learns that the promoter is proposing to raise the price of the timeshare, the purchaser can cancel a contract and get his/her money back within 10 days. A purchaser can also cancel his/her purchase and get all his/her money back within 10 days (minus any "account fees") for any reason prior to signing the purchase

agreement. A statement of these cancellation rights must be included in a contract for a timeshare interest reservation.

If the promoter charges "account fees" (administrative costs for holding money in escrow), these fees cannot exceed 1 percent of the total deposit paid by the purchaser.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill is agreed upon by the relevant timeshare promoter, the Department of Licensing, and the Attorney General's Office.

**Testimony Against:** None.

**Testified:** Kathy Gano, Gano and Associates (pro).