
SUBSTITUTE SENATE BILL 6424

State of Washington 57th Legislature

2002 Regular Session

By Senate Committee on Labor, Commerce & Financial Institutions
(originally sponsored by Senators Prentice, Honeyford and Winsley)

READ FIRST TIME 02/08/2002.

1 AN ACT Relating to timeshare interest reservations; amending RCW
2 64.36.070; and adding a new section to chapter 64.36 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 64.36.070 and 1983 1st ex.s. c 22 s 8 are each amended
5 to read as follows:

6 Any individual offering timeshare units or timeshare interest
7 reservations for the individual's own account or for the account of
8 others shall be registered as a timeshare salesperson unless the
9 timeshare offering is exempt from registration under RCW 64.36.020.
10 Registration may be obtained by filing an application with the
11 department of licensing on a form prescribed by the director. The
12 director may require that the applicant demonstrate sufficient
13 knowledge of the timeshare industry and this chapter. A timeshare
14 salesperson who is licensed as a real estate broker or salesperson
15 under chapter 18.85 RCW is exempt from the registration requirement of
16 this section.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 64.36 RCW
18 to read as follows:

1 (1) For the purpose of this section, "timeshare interest
2 reservation" means a revocable right to purchase an interest in a
3 timeshare project for which construction has not yet been completed and
4 an effective registration has been obtained under this chapter.

5 (2) An effective registration pursuant to this chapter is required
6 for any party to offer to sell a timeshare interest reservation.
7 Promoters offering a timeshare interest reservation under this section
8 must provide the registered disclosure document required by RCW
9 64.36.140 to each prospective purchaser before he or she enters into a
10 timeshare interest reservation. Prior to the signing of a purchase
11 agreement, the subject property or properties must be completed, the
12 timeshare offering registration required by RCW 64.36.020 must be
13 amended to reflect any changes to the property and must be reapproved
14 by the department, the disclosure document required by RCW 64.36.140
15 must be revised, and the new version of the disclosure document must be
16 provided to the prospective purchaser.

17 (3) Deposits accepted by promoters on a timeshare interest
18 reservation may be no more than twenty percent of the total purchase
19 price of the timeshare interest that is being purchased. Within one
20 business day after being accepted by the promoter, any deposit on a
21 timeshare interest reservation shall be deposited in an account in a
22 federally insured depository located in the state of Washington. This
23 account must be an escrow account wherein the deposited funds are held
24 for the benefit of the purchaser. The department may request that
25 deposits be placed in impoundment under RCW 64.36.130.

26 (4) In addition to the cancellation rights provided in RCW
27 64.36.150, the purchaser has the right to cancel the purchase at any
28 time before the signing of a purchase agreement. If the purchaser
29 notifies the promoter that he or she wishes to cancel the timeshare
30 interest reservation, the promoter must refund the full amount of the
31 deposit minus any account fees within ten days of the notice.

32 (5) If prior to the signing of a purchase agreement, the purchaser
33 learns that the promoter proposes to raise the purchase price above the
34 price agreed to in the written reservation agreement for the timeshare
35 interest reservation, the written reservation agreement is void and all
36 deposit moneys including account fees shall be returned to the
37 purchaser within ten days after the purchaser learns of the proposed
38 price increase.

1 (6) If the promoter charges account fees to pay for administrative
2 costs of holding the purchaser's funds in escrow, these fees may be no
3 more than one percent of the total deposit paid towards the timeshare
4 interest reservation by the purchaser.

5 (7) The promoter shall provide instructions to the escrow company
6 for release of the funds to be held in escrow in compliance with this
7 section and rules of the department.

8 (8) The purchaser's right to cancel and the amount of the deposit
9 proposed to be retained for account fees in the event of cancellation
10 must be included in the contract for the sale of a timeshare interest
11 reservation and the contract must state:

12 PURCHASER CANCELLATION RIGHTS

13 As a purchaser of a timeshare interest reservation, you have the right
14 to cancel this timeshare interest reservation and receive a refund of
15 all consideration paid (less only those account fee deductions which
16 were fully disclosed at the time of the agreement) by providing written
17 notice of the cancellation to the promoter or the promoter's agent at
18 any time prior to signing a purchase agreement. You also have a right
19 to cancel your purchase within seven days of signing a purchase
20 agreement.

21 (9) If it appears that the timeshare project will become or does
22 become insolvent prior to completion, the promoter shall instruct the
23 escrow company to immediately return all deposits to purchasers of
24 timeshare interest reservations. If funds are returned under this
25 subsection, the promoter may not retain any portion of the deposits for
26 account fees.

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