

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 385
Economic Matters

(Delegate Bozman, *et al.*)

Judicial Proceedings

Time-Shares - Termination

This bill authorizes a time-share owners association to amend its time-share instrument to provide that the time-shares in the time-share project will not terminate at the end of the term of the time-share plan.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill authorizes a time-share owners association, by a two-thirds majority vote of the members present at a meeting, to amend its time-share instrument to provide that the time-shares in the time-share project will not terminate at the end of the term of the time-share plan. The notice of a meeting at which such an action is to be considered must expressly state that the action may be considered at the meeting.

The bill provides that in making a determination that the time-share will not terminate, an association may: (1) establish a later termination date or decide that there will be no termination date; and (2) provide that on or after the original termination date, a time-share owner continues to: (a) have exclusive rights to use or transfer ownership of a time-

share; (b) use all common elements of the time-share project; and (c) have the previously existing rights and duties in the association.

The bill specifies that a person to whom a time-share is transferred will have the rights and duties of the person from whom the time-share was transferred.

The bill's provisions apply regardless of whether the terms of a time-share deed or time-share instrument provide that the owners have or will become owners as tenants in common of a time-share unit or project.

Current Law: The recordation of a time-share instrument in the land records creates a time-share estate either as a freehold estate or an estate for years, as specified in the time-share agreement. Each time-share estate constitutes, for purposes of title, a separate estate or interest in a unit.

Time-shares terminate at the end of the time-share plan as set forth in the time-share instrument. Prior to the termination date, all time-shares in a time-share project may be terminated only by agreement of at least 80% of the time-share owners or, if the time-share instrument specifies, a larger percentage. An agreement to terminate all the time-shares in a time-share project must be evidenced by a termination agreement executed in the same manner as a deed, by the requisite number of time-share owners. The agreement must specify a date after which the agreement will be void unless recorded in land records.

Upon the resale of a time-share by a time-share owner, the selling owner must furnish to the purchaser before execution of a sales contract or before transfer of title if no contract exists: (1) a copy of the time-share instrument; and (2) a certificate containing: (a) a disclosure of any right of first refusal or other restraint on transfer of the time-share or any portion thereof; (b) a statement on the amount of the periodic time-share expense liability and any amounts due and payable from the selling time-share owner; (c) a statement on any other facility fees payable by time-share owners; and (d) a statement of any judgments or other possible liens against the time-share or the time-share unit of which it is a part.

Background: Many Maryland time-share instruments provide that the time-shares automatically terminate on a specified date, after which time all owners of a unit become owners of the unit as tenants in common. As tenants in common, the time-share owners of a particular unit would own undivided interests in the unit, and no owner would have exclusive right to use the time-share unit in a given week. Each co-tenant's share would be in the same proportion as that person's share of weeks in the unit as a time-share owner. At a sale of a time-share unit owned by tenants in common, each owner would

take proceeds from the sale in the same proportion as that owner's proportionate ownership share of the unit.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection),
Department of Legislative Services

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