

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
109TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A " to S.P. 429, L.D. 1377, Bill, "AN ACT to Amend the Unit Ownership Act."

Amend the Bill by striking out everything after the title and inserting in its place the following:

'Emergency preamble. Whereas, Acts of the Legislature do
days
not become effective until 90 after adjournment unless enacted as emergencies; and

Whereas, most people are unfamiliar with the novel form of property ownership known as the "time-share estate" and it is being sold and offered for sale in increasing numbers in this and other states; and

Whereas, many prospective purchasers of time-share estates are in great danger of being seriously misled about the nature of their potential ownership interest unless they are first given the disclosures required by this Act; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine, as follows:

COMMITTEE AMENDMENT " A " to S.P. 429, L.D. 1377

-2-

33 MRSa §588 is enacted to read:

§588. Time shares

Definition.

1. / For the purposes of this section, "time-share estate"

means any interest in a unit under which the exclusive right of use, possession or occupancy of the unit circulates among the various time-share owners in the unit in accordance with a fixed time schedule on a periodically recurring basis for periods of time established by the schedule. "Time-share estate" shall include "interval" ownership interest, "vacation license" or any other similar term.

Declaration.

2. / If time-share estates will or may be created with res-

pect to any unit in the property, the declaration shall contain a statement in conspicuous type declaring that time-share estates will or may be created with respect to the units in the property. In addition, the degree, quantity, nature and extent of the time-share estates that will or may be created shall be defined and described in detail in the declaration, with specific statement as to the minimum duration of the recurring periods of rights of use, possession or occupancy that may be created with respect to any unit.

Specific disclosures.

3. / If the declaration provides that ownership or occupancy

of the units are or may be owned in time shares, no unit or time-share estate shall be conveyed by a developer or ^{conveyed} for the first time unless, prior to that conveyance or the execution of an agreement for the purchase, whichever is earlier, the purchaser is

COMMITTEE AMENDMENT "A" to S.P. 429, L.D. 1377

-3-

provided, at no cost to the purchaser, with a written statement containing the following information, all of which shall be current to a point not more than 60 days prior to the date of delivery to the purchaser.

A. The front cover or first page shall contain only:

(1) the name and principal address of the developer and of the project; and

(2) the following statements in conspicuous type:

(a) THIS CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A TIME-SHARE ESTATE. STATE OF MAINE LAW REQUIRES THAT THESE DISCLOSURES BE MADE BUT NO STATE AGENCY OR OFFICIAL HAS REVIEWED THE INFORMATION CONTAINED IN THIS BOOKLET.

(b) YOU MAY CANCEL THE PURCHASE TRANSACTION WITHIN FIFTEEN DAYS FOLLOWING THE DATE OF EXECUTION OF THE CONTRACT OR THE RECEIPT OF A CURRENT WRITTEN STATEMENT, WHICHEVER IS LATER.

(c) THE STATEMENTS CONTAINED INSIDE ARE ONLY SUMMARY IN NATURE. IF YOU ARE THINKING OF BUYING A UNIT, YOU SHOULD TALK TO YOUR ATTORNEY AND LOOK AT ALL EXHIBITS, INCLUDING THE DECLARATION, FLOOR PLAN, PLOT PLAN, BYLAWS AND CONTRACTS.

(d) YOU SHOULD ASK YOUR ATTORNEY AND THE DEVELOPER TO TELL YOU WHAT WILL HAPPEN TO YOUR DEPOSIT, INTEREST IN THE UNIT, OR COSTS AND EXPENSES IF THE DEVELOPER OR OWNER IS DECLARED BANKRUPT. OBTAIN THE ANSWER FROM THE DEVELOPER IN WRITING.

COMMITTEE AMENDMENT "A" to S.P. 429, L.D. 1377

-4-

B. The following pages shall contain in the following order:

(1) a general description of the property including, without limitation, the types, number and developer's schedule of commencement and completion of construction of all buildings, units and amenities;

(2) the total number of additional units that may be included in the condominium and the proportion of units the developer intends to rent or market in blocks of units to investors;

(3) copies and a brief narrative description of the significant features of the declaration, other than the survey and floor plans, the bylaws, and rules and regulations, copies of any contracts and leases to be signed by purchasers at closing and a brief narrative description of any material contracts or leases the term of which will or may extend beyond the period of developer control of the association;

(4) any current balance sheet and a projected budget for the association for one year after the date of the first conveyance to a purchaser, and thereafter the current budget of the association, a statement of who prepared the budget and a statement of the budget's assumptions concerning occupancy and inflation factors. The budget shall include, without limitation:

(a) ~~a~~ statement of the amount, or a statement that there is no amount, included in the budget as a reserve for repairs and replacement;

(b) ~~a~~ statement of any other reserves;

(c) ~~the~~ projected common expenses assessment by category of expenditures for the association; and

(d) ~~the~~ projected monthly common expense assessment for each type of unit;

(5) ~~Any~~ services not reflected in the budget that the developer provides, or expenses that he pays, and that he expects may become at any subsequent time a common expense of the association and the projected common expense assessment attributable to each of those services or expenses for the association and for each type of unit and each time-share estate;

(6) ~~Any~~ initial or special fee due from the purchaser at or before closing, together with a description of the purpose and method of calculating the fee;

(7) ~~a~~ description of any liens, defects or encumbrances on or affecting the title to the condominium;

(8) ~~a~~ description of any financing offered by the developer;

(9) ~~the~~ terms and significant limitations of any warranties provided by the developer, including statutory warranties and limitations on the enforcement thereof or on damages;

(10) A statement that:

(a) Within 15 days after receipt of the current written statement or execution of a contract, whichever is later, a purchaser may cancel any conveyance or contract for purchase of a unit from the developer; and

(b) If the purchaser elects to cancel, he may do so by hand delivering a notice thereof or by mailing the notice by prepaid United States mail to the developer. The cancellation shall be without penalty and any deposit made by the purchaser shall be promptly refunded in its entirety;

(11) A statement of any judgments against the association, the status of any pending suits to which the association is a party and the status of any pending suits material to the property of which the developer has actual knowledge;

(12) A statement that any deposit made in connection with the purchase of a unit will be returned to the purchaser if the purchaser cancels the contract within 15 days after the receipt of the written statement;

(13) Any restraints on alienation of any portion of the property;

(14) A description of the insurance coverage provided for the benefit of unit owners;

(15) any current or expected fees or charges to be paid by unit owners for the use of the common elements and other facilities related to the property;

(16) all unusual and material circumstances, features and characteristics of the property and the units;

(17) the total number of units in which time-share estates may be created;

(18) the total number of time-share estates that may be created in the property;

(19) the projected common expense assessment for each time-share estate and whether those assessments may vary seasonally;

(20) the extent to which the time-share owners of a unit are jointly and severally liable for the payment of real estate taxes and all assessments and other charges levied against that unit; and

(21) the extent to which a time-share estate may become subject to a tax or other lien arising out of claims against other time-share owners of the same unit.
Restraint upon partition of time-share units.

4. / No action for partition of any unit in which time-share estates are created shall lie.

Cancellation of contract.

5. / Any purchaser or prospective purchaser of a time-share estate may cancel a contract or conveyance of a time share by delivering or mailing^a postage prepaid written notice of the purchaser's intention to cancel within 15 days after the date of any contract or conveyance or within 15 days after delivery

of the current written statement required by subsection 3
whichever is later.

Time-share estates located outside State.

6. / This section shall apply to offers or sales within
this State of time-share estates in property even if the property
is located outside of this State.

Violation.

7. / Any violation of this section shall be a violation of
Title 5, chapter 10.

Emergency clause. In view of the emergency cited in the
preamble, this Act shall take effect when approved.'

Statement of Fact

The purpose of this amendment is to include "time-share es-
tates" within the Unit Ownership Act and to require developers
to make certain disclosures to prospective purchasers.

Reported by the Committee on Business Legislation.

Reproduced and distributed pursuant to Senate Rule 11-A.

May 22, 1979

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