SENATE BILL NO. 348–SENATORS OHRENSCHALL AND SPEARMAN

### MARCH 18, 2019

## Referred to Committee on Judiciary

SUMMARY—Revises provisions relating time shares. to (BDR 10-961)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility. Effect on the State: Yes.

EXPLANATION - Matter in *bolded italics* is new; matter between brackets for its material is material to be omitted.

AN ACT relating to time shares; establishing provisions relating to persons who offer time-share exit assistance or relief services to owners of time shares who are not developers; providing a penalty; and providing other matters properly relating thereto.

#### Legislative Counsel's Digest:

1 Existing law establishes various provisions relating to time shares. (Chapter 119A of NRS) This bill establishes provisions related to persons who offer timeshare exit assistance or relief services to owners of time shares who are not developers.

2345678 Section 2 of this bill defines "time-share exit assistance or relief services" as any service, plan or program that is offered or provided in this State for compensation to assist an owner of a time share who is not a developer with certain services relating to time shares. Section 5 of this bill provides that time-share exit 9 assistance and relief services include services relating to modifications or 10 forbearances from time share assessments, taxes, blanket encumbrances and certain 11 other fees and charges owed by the owner of a time share who is not a developer, as 12 well as certain services relating to debt and monetary obligations of the owner.

13 Section 3 of this bill defines a "time-share exit assistance or relief services 14 provider" as a person who provides time-share exit assistance or relief services to 15 an owner of a time share who is not a developer under certain circumstances. 16 Section 6 of this bill prohibits time-share exit assistance or relief services providers 17 from engaging in certain conduct. Section 11 of this bill prohibits certain persons 18 from helping a time-share exit assistance or relief services provider engage in such 19 prohibited conduct.

20 Section 7 of this bill requires time-share exit assistance or relief services 21 providers to include certain disclosures in their solicitations, advertisements or  $\bar{2}\bar{2}$ commercial communications.





Section 8 of this bill requires a time-share exit assistance or relief services provider and an owner of a time share who is not a developer to enter into a contract memorializing the negotiated terms of the time-share exit assistance or relief services. Section 9 of this bill authorizes such an owner to cancel the contract within 10 days after its execution. Sections 9 and 10 of this bill also require a time-share exit assistance or relief services provider to provide an owner with certain disclosures relating to the contract under certain circumstances.
Section 12 of this bill exempts attorneys, real estate brokers, title insurance

30 Section 12 of this bill exempts attorneys, real estate brokers, title insurance 31 agents or agencies and title insurers from the provisions governing time-share exit 32 assistance or relief services so long as such a person keeps any fee obtained for the 33 time-share exit assistance or relief services in a trust account until all such services 34 are rendered. A person who violates section 12 is guilty of a category E felony.

Section 13 of this bill requires a time-share exit assistance or relief services provider to maintain copies of certain records for 2 years after the creation of the records. Section 14 of this bill imposes certain duties relating to time-share exit assistance or relief services on a time-share exit assistance or relief services provider.

40 Section 15 of this bill provides that any person who violates a provision of 41 sections 4-16 of this bill is subject to a civil penalty of not more than \$15,000 per 42 violation. Section 16 of this bill authorizes certain persons to bring certain actions 43 against a time-share exit assistance or relief services provider for a violation of 44 sections 4-16 under certain circumstances.

# THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Chapter 119A of NRS is hereby amended by 2 adding thereto the provisions set forth as sections 2 to 16, inclusive, 3 of this act.

4 Sec. 2. "Time-share exit assistance or relief services" means 5 any service, plan or program:

6 1. Offered in this State, provided to a resident of this State or 7 offered anywhere in connection with a time share or time-share 8 plan located in this State;

2. Offered in exchange for consideration; and

10 3. Represented, expressly or by implication, to assist or 11 attempt to assist an owner who is not a developer with any action, 12 activity or service pursuant to section 5 of this act.

13 Sec. 3. "Time-share exit assistance or relief services 14 provider" means:

15 1. Any person who offers time-share exit assistance or relief 16 services to an owner who is not a developer or offers to provide or 17 arranges for another person to provide time-share exit assistance 18 or relief services to such an owner.

19 **2.** The term does not include:

20 (a) A developer or manager who offers time-share exit 21 assistance or relief services in his or her own time-share plan;



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1 (b) A mortgagee or lienholder who has a security interest in a 2 time share and who offers time-share exit assistance or relief 3 services to the owner who is not a developer of that time share; or 4 (c) A mortgage servicer.

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Sec. 4. The Legislature hereby finds and declares that:

6 1. An owner who is not a developer may be vulnerable to 7 fraud, deception and unfair dealings of a time-share exit 8 assistance or relief services provider if the owner:

9 (a) Is in default of certain payments relating to his or her 10 interest in a time share; or

11 (b) No longer desires to own his or her interest in such a time 12 share.

13 2. It is necessary to provide an owner who is not a developer 14 with information necessary to make an informed decision 15 regarding the desirability of time-share exit assistance or relief 16 services.

17 3. Contracts concerning time-share exit assistance or relief 18 services must be expressed in writing:

19 (a) To safeguard an owner who is not a developer against 20 deceit and financial hardship;

(b) To ensure, foster and encourage fair dealing in the release
of an owner who is not a developer from his or her interest in a
time share;

(c) To prohibit representations in time-share exit assistance or
 relief services agreements that may mislead owners who are not
 developers;

27 (d) To prohibit or restrict unfair contract terms in agreements
28 for time-share exit assistance or relief services; and

29 (e) To provide a cooling-off period for owners who are not 30 developers who enter into agreements for time-share exist 31 assistance or relief services.

32 Sec. 5. Time-share exit assistance or relief services include, 33 without limitation:

Stopping, preventing or postponing a payment of any
 assessment, tax, blanket encumbrance or any other fee or charge
 imposed against the interest of an owner who is not a developer in
 his or her time share;

2. Negotiating, obtaining or arranging:

39 (a) A modification or forbearance of the timing of a payment 40 or the requirement to pay an assessment, tax, blanket 41 encumbrance or any other fee or charge imposed against the 42 interest of an owner who is not a developer in his or her time 43 share;



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(b) A modification of a term of any blanket encumbrance, 1 2 including, without limitation, the interest rate, principal balance 3 or monthly payments or fees;

(c) An extension of the time within which an owner who is not 4 5 a developer may cure his or her default on any obligation to pay an assessment, tax, blanket encumbrance or any other fee or 6 7 charge against the interest of the owner in his or her time share; 8 or

9 (d) A deed in lieu of foreclosure of the interest of an owner 10 who is not a developer in his or her time share or any disposition of such an interest, other than to negotiate, obtain or arrange a 11 12 deed in lieu of foreclosure from a developer, manager, mortgagee, 13 lienholder or a bona fide third party who pays value for the time 14 share.

15 **Sec. 6.** A time-share exit assistance or relief services provider 16 shall not:

17 Engage in or initiate time-share exit assistance or relief 1. services without first executing a contract with an owner who is 18 not a developer pursuant to section 8 of this act. 19

20 2. Solicit, charge, receive or attempt to collect or secure payment, directly or indirectly, for time-share exit assistance or 21 relief services before completing or performing all services 22 23 contained in a contract pursuant to section 8 of this act.

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3. Represent, expressly or by implication:

25 (a) In connection with any solicitation, advertisement or commercial communication or in performance of any time-share 26 27 exit assistance or relief services, that an owner who is not a 28 developer cannot or should not contact or communicate with his 29 or her developer, manager, exchange company, mortgagee or 30 lienholder: or

31 (b) The benefits, performance or efficacy of time-share exit 32 assistance or relief services unless, at the time of such a representation, the time-share exit assistance or relief services 33 provider possesses and relies upon competent and reliable 34 evidence that substantiates that such a representation is true. 35

36 Misrepresent, expressly or by implication, any aspect of a 4. time-share exit assistance or relief service, including, without 37 38 *limitation*:

(a) The likelihood of negotiating, obtaining or arranging a 39 40 represented service or result from the time-share exit assistance or 41 relief services:

42 (b) The amount of time it will take the time-share exit 43 assistance or relief services provider to accomplish a represented 44 service or result:





1 (c) An affiliation of the time-share exit assistance or relief 2 services provider, including, without limitation, that such a 3 provider is affiliated with, endorsed or approved by or otherwise 4 associated with a developer, manager, mortgagee, lienholder, the 5 Federal Government, the government of this State, a state agency 6 or department, a nonprofit agency or any other person, entity or 7 program;

8 (d) The obligation of an owner who is not a developer to make 9 any payment of an assessment or blanket encumbrance;

10 (e) The terms and conditions of an assessment or blanket 11 encumbrance, including, without limitation, the amount owed by 12 an owner who is not a developer on such an assessment or blanket 13 encumbrance;

14 (f) The terms and conditions of a refund, cancellation, 15 exchange or repurchase policy for time-share exit assistance or 16 relief services, including, without limitation, the likelihood of 17 obtaining a full or partial refund of such services or the 18 circumstance in which a full or partial refund will be granted;

19 (g) Completion of the represented time-share exit assistance or 20 relief services;

(h) The right of a time-share exit assistance or relief services
 provider to claim, demand, charge, collect or receive payment or
 other consideration for its services;

(i) Retention of legal representation for an owner who is not a
 developer;

(*j*) The availability, performance, cost or characteristics of any alternative to time-share exit assistance or relief services through which the owner who is not a developer can obtain relief, including, without limitation, the ability of a time-share exit assistance or relief services provider to negotiate directly with a developer, manager, mortgagee or lienholder;

(k) The amount of money or percentage of an amount owed on
an assessment or blanket encumbrance against a time share that
an owner who is not a developer may save by using time-share exit
assistance or relief services;

36 (l) The total cost to purchase time-share exit assistance or 37 relief services;

(m) The terms, conditions or limitations of an offer for relief
that a time-share exit assistance or relief services provider obtains
from a developer, manager, mortgagee or lienholder, including,
without limitation, the period of time in which an owner who is
not a developer must decide to accept the offer; or

(n) The information provided to the time-share exit assistance
or relief services provider by a developer or manager of the time
share or exchange company of the owner who is not a developer.





1 5. Transfer the interest of an owner who is not a developer in 2 his or her time share, except as otherwise provided in this chapter 3 or, if applicable, chapter 645 of NRS.

4 Sec. 7. 1. A time-share exit assistance or relief services 5 provider shall:

6 (a) Include in each solicitation, advertisement or general 7 commercial communication for any time-share exit assistance or 8 relief services, the following disclosures printed in at least 12-point 9 type:

10 (1) "[Name of time-share exit assistance or relief services 11 provider] is not associated with, and our service is not approved 12 by, your developer, manager, exchange company, time-share plan, 13 mortgagee or lienholder."

14 (2) In any case in which the time-share exit assistance or 15 relief services provider makes an express or implied representation 16 that an owner who is not a developer will receive any relief or 17 result from a developer, manager, mortgagee or lienholder:

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"Even if you accept this offer and use the services of [name of time-share exit assistance or relief services provider], your developer, manager, mortgagee or lienholder may not agree to a change detailed in this offer or release you from your obligations."

(b) Include in any solicitation, advertisement or general
commercial communication that is specific to an owner who is not
a developer the following disclosures printed in at least 12-point
type:

(1) "You may stop doing business with [name of time-share
exit assistance or relief services provider] at any time. You may
accept or reject the offer or assistance we obtain from [name of
developer, manager, mortgagee or lienholder]. If you reject this
offer, you do not have to pay us. If you accept this offer, you will
have to pay us [dollar amount or method for calculating dollar
amount] for our services."

36 (2) "[Name of time-share exit assistance or relief services
37 provider] is not associated with, and our service is not approved
38 by, your developer, manager, exchange company, time-share plan,
39 mortgagee or lienholder."

40 (3) In any case in which the time-share exit assistance or 41 relief services provider makes an express or implied representation 42 that such an owner will receive its services:

- 43
- 44 45

*"Even if you accept this offer and use the services of [name of time-share exit assistance or relief services* 





provider], vour developer, manager, mortgagee or lienholder may not agree to a change detailed in this offer or release you from your obligations."

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5 (c) Include in any solicitation, advertisement or general commercial communication relating to time-share exit assistance 6 7 or relief services in which the time-share exit assistance or relief services provider represents expressly or by implication that an 8 owner who is not a developer should temporarily or permanently 9 10 discontinue payments, in whole or in part, on any assessment, tax, 11 blanket encumbrance or any other fee or charge, a clear and prominent statement, in close proximity to the express or implied 12 13 representation and printed in at least 12-point type, which provides 14 that:

> "If you stop paying your obligations, you could lose your time-share interest through foreclosure, you could lose any money you have paid for your time-share interest and damage your credit rating."

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21 The disclosures required by subsection 1 must be made in a 2. 22 clear and prominent manner and:

23 (a) In a written communication, must appear together and be 24 preceded by the heading "IMPORTANT NOTICE," printed in at 25 *least 14-point bold type; and* 26

(b) In an oral communication, the audio component must:

27 (1) Be recited in a slow and deliberate manner and in a reasonably understandable volume and pitch; and 28

29 (2) Be preceded by the statement, "Before using this service, consider the following information." 30

3. As used in this section, "you will have to pay" means the 31 total dollar amount the owner who is not a developer must pay to 32 purchase, receive and use all of the time-share exit assistance or 33 34 relief services that are subject to the offer included in the solicitation, advertisement or general commercial communication, 35 including, without limitation, all fees and charges for such 36 services. 37

1. If an owner who is not a developer purchases 38 Sec. 8. time-share exit assistance or relief services through a time-share 39 exit assistance or relief services provider, the parties shall sign a 40 contract reflecting the negotiated terms of the services before the 41 42 time-share exit assistance or relief services provider may provide

43 such services to the owner.





1 2. A time-share exit assistance or relief services provider shall 2 give the owner who is not a developer not less than  $\overline{1}$  business day 3 to review a contract pursuant to this section.

3. A contract pursuant to this section must include, without 4 *limitation*: 5

6 (a) The name and address of the time-share exit assistance or 7 relief services provider: 8

(b) A detailed description of each service to be provided;

9 (c) The total amount and terms of any charges and fees to be 10 paid by the owner who is not a developer for such services:

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(d) The effective date of the contract; and

12 (e) A statement of the right of the owner who is not a developer 13 to cancel the contract pursuant to section 9 of this act.

Sec. 9. 1. An owner who is not a developer has a right to 14 15 cancel a contract entered into pursuant to section 8 of this act without penalty or obligation until midnight on the 10th calendar 16 17 day after the date of execution of the contract.

18 The right to cancel the contract pursuant to subsection 1 may not be waived by the owner who is not a developer or limited 19 20 in any manner by the time-share exit assistance or relief services 21 provider.

22 3. If an owner who is not a developer cancels a contract 23 pursuant to subsection 1, any and all payments that have been 24 made to the time-share exit assistance or relief services provider 25 must be returned to the owner within 10 business days after 26 delivery of the notice of cancellation.

27 4. A contract pursuant to section 8 of this act must include a statement in substantially the following form located directly 28 29 above the signature line in not less than 12-point type:

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## TIME SHARE OWNER'S RIGHT OF CANCELLATION

You have a right to cancel this contract for any reason 32 33 within 10 calendar days after the date you signed this contract. The time-share exit assistance or relief services 34 provider is prohibited by law from accepting any money, 35 property or any other form of payment from you until all 36 promised services are completed. If you decide to cancel this 37 38 contract, you must notify .....(insert name of timeshare exit assistance or relief services provider) in writing of 39 40 your intent to cancel. Your notice of cancellation will be effective upon the date sent and must be sent to 41 42 .....(insert name of time-share exit assistance or 43 relief services provider) or .....(insert electronic 44 mail address of time-share exit assistance or relief services





4	5. Any attempt to obtain a waiver of the protections of an
5	owner who is not a developer pursuant to sections 4 to 16,
6	inclusive, of this act is void and without effect.
7	Sec. 10. 1. If a contract pursuant to section 8 of this act
8	includes time-share exit assistance or relief services for relief from
9	a developer, manager, mortgagee or lienholder of an owner who is
10	not a developer, the time-share exit assistance or relief services
11	provider:
12	(a) Shall not request or receive payment of any fee or other
13	consideration from an owner who is not a developer until the
14	owner has executed a contract with the developer, manager,
15	mortgagee or lienholder incorporating such an offer for relief;
16	and
17	(b) Shall at the time the time-share exit assistance or relief
18	services provider furnishes the owner who is not a developer with
19	the contract pursuant to section 8 of this act:
20	(1) Include a statement on a separate page, in substantially
21	the following form:
22	
23	<b>IMPORTANT NOTICE</b>
24	This is an offer of assistance we obtained from your
25	
26	lienholder). You may accept or reject this offer. If you reject
27	the offer, you do not have to pay us. If you accept this offer,
28	you will have to pay us (insert dollar amount or method for
29	calculating such an amount) for our services.
30	calculating such an antoinin) for our sorrices.
31	(2) Provide a notice from the developer, manager,
32	mortgagee or lienholder describing all material differences
33	between the terms, conditions and limitations of the current debt
34	obligations of the owner and the terms, conditions and limitations
35	of such debt obligations if the owner accepts an offer of
36	assistance. The notice must include, on a separate page, in
37	substantially the following form, "Important information from
38	your developer, manager, mortgagee or lienholder."
39	2. As used in this section:
40	(a) "Terms, conditions and limitations" includes, without
41	limitation:
42	(1) The principal balance of the debt;
43	(1) Interest rates, including, without limitation, the
44	maximum rate and adjustable rates, if applicable;
45	(3) The frequency of required payments; and



 provider). Your refund will be made within 10 business days after receipt of notice of cancellation.

1 (4) Any information relating to applicable taxes, 2 assessments or fees.

3 (b) "You will have to pay" means the total dollar amount the 4 owner who is not a developer must pay to purchase, receive and 5 use all of the time-share exit assistance or relief services that are 6 provided in the contract, including, without limitation, all fees and 7 charges for such services.

8 Sec. 11. 1. A person shall not provide substantial assistance 9 or support to any time-share exit assistance or relief services 10 provider if that person knows or reasonably should have known 11 that such a provider is engaged in any act or practice prohibited by 12 section 6 of this act.

2. This section must not be construed to prohibit a developer,
 manager, mortgagee or lienholder from agreeing to an offer of
 assistance or relief made by a time-share exit assistance or relief
 services provider pursuant to section 10 of this act.

17 Sec. 12. 1. The provisions of sections 4 to 16, inclusive, of 18 this act do not apply to:

19 (a) An attorney at law licensed to practice in this State who 20 renders time-share exit assistance or relief services in the 21 performance of his or her duties as an attorney at law, or his or 22 her firm;

(b) A real estate broker licensed to practice in this State
pursuant to chapter 645 of NRS who renders time-share exit
assistance or relief services in the performance of his or her duties
as a real estate broker while acting under the authority of such a
license, or his or her brokerage firm; or

(c) A title insurance agent, title agency or title insurer licensed
in this State pursuant to chapter 692A of NRS who renders timeshare exit assistance or relief services in the performance of his or
her duties as a title insurance agent, agency or insurer while
acting under the authority of such a license.

2. Any person or entity pursuant to subsection 1 may request or receive payment of any fee or other consideration for timeshare exit assistance or relief services before completion or performance of all promised time-share exit assistance or relief services if such a person or entity:

(a) Deposits into a trust account any money received from an
owner who is not a developer before completing or performing any
time-share exit assistance or relief services; and

(b) Does not receive disbursement of the money from the trust
account before completing or performing all promised time-share
exit assistance or relief services.





1 3. Failure to establish a trust account pursuant to this section 2 is prima facie evidence of an intentional and purposeful violation 3 of this section.

4 4. A person who intentionally fails to comply with this section 5 is guilty of a category E felony and shall be punished as provided 6 in NRS 193.130.

7 Sec. 13. A time-share exit assistance or relief services 8 provider shall maintain copies of the following records for a 9 period of not less than 2 years after the date that the record is 10 created:

11 1. Each contract between a time-share exit assistance or 12 relief services provider and an owner who is not a developer;

13 2. Each written communication between a time-share exit 14 assistance or relief services provider and an owner who is not a 15 developer which occurred before the date on which the owner 16 entered into a contract for time-share exit assistance or relief 17 services;

18 3. Each document or telephone recording created in 19 connection with the requirements of section 14 of this act;

4. The file of each owner who is not a developer, which must include, without limitation, the name of the owner, the telephone number of the owner, the amount of money paid by the owner and a description of the time-share exit assistance or relief services purchased by the owner, to the extent that the time-share exit assistance or relief services provider keeps such information in its ordinary course of business;

5. For each time-share exit assistance or relief service
purchased, each materially different sales script, training material,
general commercial communication or other marketing material,
including, without limitation, any material published on an
Internet website or blog; and

Any other documentation provided to the owner who is not
a developer pursuant to sections 4 to 16, inclusive of this act.

34 Sec. 14. 1. A time-share exit assistance or relief services 35 provider shall:

(a) Take reasonable steps to ensure that all employees and
independent contractors of the time-share exit assistance or relief
services provider comply with sections 4 to 16, inclusive, of this
act;

40 (b) If the time-share exit assistance or relief services provider 41 is engaged in telemarketing of time-share exit assistance or relief 42 services, perform random, blind recording and testing of the oral 43 representations made by persons engaged in sales or other 44 customer service functions;





1 (c) Establish a procedure for receiving and responding to 2 complaints of owners who are not developers;

3 (d) Ascertain the number and nature of complaints of owners 4 who are not developers regarding transactions involving 5 employees or independent contractors of the time-share exit 6 assistance or relief services provider;

7 (e) Investigate fully and promptly each complaint received 8 from an owner who is not a developer;

9 (f) Take corrective action with respect to any employee or 10 independent contractor who performs the time-share exit 11 assistance or relief services for the time-share exit assistance or 12 relief services provider who does not comply with sections 4 to 16, 13 inclusive, of this act; and

14 (g) Maintain information and materials necessary to 15 demonstrate compliance with this section.

16 2. A time-share exit assistance or relief services provider may 17 keep the records required by this section in the same manner, 18 format or place as it keeps such records in the ordinary course of 19 business.

20 Sec. 15. 1. A violation of sections 4 to 16, inclusive, of this 21 act is an unfair or deceptive act or practice pursuant to NRS 22 207.170, 207.171 and 598.0915 to 598.0925, inclusive, and chapter 23 598A of NRS.

24 2. Notwithstanding any other penalty provided for in this 25 chapter, a person who violates any provision of sections 4 to 16, 26 inclusive, of this act is subject to a civil penalty of not more than 27 \$15,000 per violation.

28 Sec. 16. 1. An owner who is not a developer may bring an 29 action for damages or for injunctive or declaratory relief against a 30 time-share exit assistance or relief services provider for any 31 violation of sections 4 to 16, inclusive, of this act.

32 2. The court may award attorney's fees to a prevailing party
 33 in an action pursuant to subsection 1.

34 3. Relief pursuant to this section does not preclude any other 35 remedy provided by law.

36 Sec. 17. NRS 119A.010 is hereby amended to read as follows:

119A.010 As used in this chapter, unless the context otherwise
requires, the words and terms defined in NRS 119A.020 to
119A.160, inclusive, *and sections 2 and 3 of this act* have the
meanings ascribed to them in those sections.





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