

TIME-SHARES AND YOUR LEGAL RIGHTS

THIS IS A SUMMARY OF LAW ON TIME-SHARES, ORIGINALLY WRITTEN BY THE LEGAL OFFICE FOR THE 50TH SPACE WING AT FALCON AFB, COLORADO, (RECENTLY RE-NAMED SCHRIEVER AFB). ARPC/JA PROVIDES IT HERE SIMPLY AS GENERALLY GOOD ADVICE. IF YOU HAVE MATTERS RELATING TO THIS OR OTHER LEGAL SUBJECTS, BUT ARE NOT AN ATTORNEY, WE ADVISE YOU TO CONSULT WITH ONE. THIS IS NOT JUST TO CLARIFY THE FOLLOWING SUMMARY, BUT ALSO TO ENSURE THAT IT IS APPLICABLE AND CURRENT.

Have you ever received a notice in the mail announcing that you were a "Guaranteed Prize Winner"? The announcement makes it look as though you will get something valuable for nothing. But that is usually not true. You usually will have to earn it by sitting through a long sales pitch, often of more than two hours, and frequently using high-pressure tactics. For that, you will earn the cheapest of the "gifts" listed.

These notices are part of a "come-on" for various kinds of promotions. One form now commonly seen is called "time-sharing."

TIME-SHARING

Time-sharing is presented as an affordable way to buy a vacation home. The consumer buys the use of a facility in a resort area for a particular time during the year and for a specified number of years. Time-sharing has been used to sell three-bedroom condominiums in the Bahamas or tent sites in undeveloped campgrounds. A feature promoters emphasize is that customers can exchange their facilities for similar accommodations at other areas around the world.

Although time-sharing has blossomed in the United States, confusion still exists about forms of ownership, investment, and resale potentials, and exchangeability.

OWNERSHIP

The two most common types of time-sharing purchases are deed and title (sometimes called interval ownership), and right to use (sometimes called license to use).

Deed and title ownership- means the buyer acquires

- a specific facility, for
- a specified length of time each year, for
- a specified number of years (40 is a common span), and

- a deed (and sometimes a title policy).

Right to use means the buyer acquires the right to use:

- a particular kind of facility at a specific resort, for
- specified length of time each year, for
- a specified number of years.

DIFFERENCE: This is important. Deed and title buys legally registered real property that is a tangible asset no matter what happens to the management of the resort. Right to use is only a contractual promise by the resort management that you will get what you paid for and is only as good as the integrity of the promisor.

THE TIME PERIOD: Time-sharing is sold either as fixed time--that is, the same time period each year--or as floating time, in which the length of time stays the same but specific periods are allocated by some form of reservation system. Time periods are also rated as high, medium, or low according to the demand for the resort area; this rating affects the exchangeability of your facility.

EXCHANGEABILITY

Many people buy time-share facilities in order to exchange them for accommodations in other resort areas. They are often disappointed.

Exchangeability depends upon supply and demand. The three primary factors involved in exchanging time-share units are:

- the desirability of the resort area
- the desirability of the time period offered the attractiveness and
- size of the accommodations

Someone with a two week time-share in a three-bedroom condominium at Aspen, Colorado, during the height of the ski season is probably not going to want to exchange it for one week in an efficiency apartment at No Tree, Texas, during mid-August.

Experienced time-share owners say: "**DO NOT BUY FOR EXCHANGEABILITY**"

INVESTMENT AND RESALE

Many promoters paint glowing pictures of the investment potential and ease of resale of the units in their development. Responsible people in the industry, however, DO NOT promote or sell time-sharing as an investment because time-share units are usually difficult to rent or resell. This situation may change in time, but for now, because of the

building boom in new time-sharing developments, markets have not been established for renting or reselling time-share units.

WHAT THE LAW SAYS

Legal Assistance Offices receive many complaints about timesharing promotions. Complaints range from disappointment with the prize or high-pressure sales tactics to outright deception and fraud. While it is difficult for an individual to file suit over the quality of a "gift" or "prize," a number of time-share promotions may violate state deceptive trade practices and consumer protection acts. Typical legal violations include:

- Not informing consumers they must listen to a lengthy sales pitch before receiving their "prizes."
- Misrepresenting the physical condition of the facility.
- Misrepresenting the market value of the facility.
- Misrepresenting the resale or exchange potential of the facility.
- Making oral promises that were omitted from the written contract.
- Including fees and obligations in the contract that were never mentioned orally.

These provisions vary from state to state and you should consult your Legal Assistance Office. For example, many states have a "Cooling-Off Period." This means you have a right to cancel a time-share contract should you change your mind in a few days. Other states do not. This means: If you've signed it, you've bought it.

BUYING A TIME-SHARE

Time-sharing can be an affordable way to own a vacation home. Before you buy, you should be able to answer YES to all these questions:

- Are you POSITIVE you want to spend ALL your vacations there?
- Have you visited the facility?
- Are you satisfied with its quality, with the stability of the management, and with the terms of the contract?
- Have you checked out this time-share development with the Better Business Bureau, the Attorney General's Consumer Protection Office or your Legal Assistance office?
- Have you talked to some long-time owners in this timeshare facility?
- Can you afford both the facility and the round trip travel costs each year?

DO NOT BUY IF:

- You want to rent out the facility,
- You plan on reselling it, or

- You plan on exchanging vacation sites frequently.

BUYING TIPS

BEWARE OF ANY PROMOTIONS THAT:

- Will not physically take you to the facility. (Some promoters claim the place is built when it is really only a hole in the ground.)
- Offer you a special price "for that day only."
- Subject you to a long and harassing sales pitch.
- Will not let you take the contract home to study.

DO NOT SIGN A CONTRACT ON THE SAME DAY AS THE SALES PITCH.

If the price is fair, it will still be in effect the next day. Many people readily admit they became much smarter the day after they signed a time-share contract.