HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 405 Vacation and Timeshare Plans
SPONSOR(S): Mealor
TIED BILLS: None **IDEN./SIM. BILLS:** SB 1374

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Committee on Courts	5 Y, 0 N	Blalock	Bond
2) Safety & Security Council	15 Y, 0 N, As CS	Blalock	Havlicak
3)			
4)			
5)			

SUMMARY ANALYSIS

The Florida Vacation Plan and Timesharing Act establishes requirements for the creation, sale, exchange, promotion, and operation of timeshare plans, including requirements for full and fair disclosure to purchasers and prospective purchasers. Authority to implement these regulations has been granted to the Division of Florida Land Sales, Condominiums, and Mobile Homes within the Department of Business and Professional Regulation. This bill makes the following changes to the Florida Vacation Plan and Timesharing Act:

- Amends the formula for funding reserve accounts for capital expenditures and deferred maintenance relating to condominium conversions;
- Amends the purchaser to accommodation ratio from a "one-to-one purchaser to accommodation ratio" to a "one-to-one use right to use night requirement ratio";
- Allows a seller to offer an out-of-state timeshare interest in a timeshare plan without filing a public offering statement under certain circumstances;
- Increases security and protection of personal information of timeshare owners;
- Deletes the provisions requiring a public offering statement to include a description of developer financing;
- Creates recordkeeping requirements for resale service providers and lead dealers;
- Amends the insurance requirements of the managing entity and deletes the requirement that the amount of insurance coverage be equal to the replacement cost of the accommodations and facilities; and
- Provides that the Governor may appoint commissioners of deeds to take acknowledgments, proofs of executions, or oaths in international waters.

This bill appears to have a negative recurring fiscal impact on state revenues of approximately $118,000, and an unknown but likely minimal negative recurring impact on expenditures, both affecting the Division of Florida Land Sales, Condominiums, and Mobile Homes Trust Fund. This bill does not appear to have a fiscal impact on local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government -- This bill decreases government regulation of timeshare plans located outside the state of Florida.

B. EFFECT OF PROPOSED CHANGES:

BACKGROUND

The Florida Vacation Plan and Timesharing Act establishes requirements for the creation, sale, exchange, promotion, and operation of timeshare plans, including requirements for full and fair disclosure to purchasers and prospective purchasers.[1] A timeshare unit is an accommodation of a timeshare plan, which is divided into timeshare periods[2] or a condominium unit in which timeshare estates have been created.[3] A timeshare plan is any arrangement, plan, scheme, or similar device whereby a purchaser gives consideration for ownership rights in, or a right to use, any accommodations and facilities for less than a full year during any given year, but not necessarily for consecutive years. Prior to offering any timeshare plan, a developer must file a registered public offering statement with the Division of Florida Land Sales, Condominiums, and Mobile Homes of the Department of Business and Professional Regulation for approval.[4]

EFFECT OF BILL

Formula for Funding Reserve Accounts

Present Situation

A timeshare plan that is subject to ch. 718, F.S. (condominium act) and ch. 719, F.S. (cooperative act) is exempt from Part VI of chapter 718 and part VI of chapter 719, relating to conversion of existing improvements to the condominium or cooperative form of ownership, provided that a developer converting existing improvements, such as the plumbing, the roof and the air-conditioner, to a timeshare condominium or timeshare cooperative comply with certain requirements.[5] Where the existing improvements received a certificate of occupancy more than 18 months before such conversion, a developer must either:

1. Renovate and improve the accommodations to meet certain standards; or

2. Fund reserve accounts for capital expenditures and deferred maintenance for the roof, plumbing, air-conditioning, and any component of the structure the useful life of which is less than the useful life of the overall structure. The amount that a developer must fund a reserve account is determined using the following formula:

> "the product of the estimated current replacement cost of the component as of the date of conversion multiplied by a fraction with the numerator being the remaining life of the component in years and

[1] Sections 721.02(2), (3), F.S.
[2] Section 721.05(39), F.S.
[3] Section 718.103(26), F.S.
[4] Section 721.07, F.S.
[5] Section 721.03(3), F.S.

the denominator being the total useful life of the component in years (a x b/c = x)[6]."[7]

Alternatively, the reserve accounts may be funded for each component in an amount equal to the amount that would be required to be maintained pursuant to the funding of converter reserve accounts provided for in s. 718.618(1), F.S. or s. 719.618(1), F.S.

Proposed Changes

This bill amends s. 721.03(3), F.S. by revising the formula used to determine the amount required to be placed in the converter reserve account described above. This bill changes the numerator of the fraction used in the funding formula from "the remaining life of the component in years" to "the age of the component in years". This change in the formula will require the developer, at the time of conversion, to put less money in the reserve accounts if the component is older. However, if the component is not very old then the amount put in the reserve account will be greater than current law. Under the current formula the older the component is at conversion the greater the amount that the developer is required to put in the reserve fund, and the lower the age of the component at conversion the lesser the amount that has to be put in the reserve account.

Limit on the Number of Timeshare Interests a Developer Can Offer

Present Situation

Section 721.03(10), F.S., provides that a developer or seller may not offer timeshare units if it would cause the total number of timeshare interests offered to exceed a one-to-one purchaser to accommodation ratio. The purpose of this provision is to ensure that timeshare projects are not oversold.

Proposed Changes

This bill amends s. 721.03(10), F.S., to provide that a developer or seller may not offer timeshare units if it would cause the total number of timeshare interests offered to exceed a one-to-one "use right" to "use night requirement" ratio.

This bill defines the one-to-one use right to use night requirement ratio as "the sum of the nights that owners are entitled to use in a given 12-month period shall not exceed the number of nights available for use by those owners during the same 12-month period". No individual timeshare unit may be counted as providing more than 365 use nights per 12-month period or more than 366 use nights per 12-month period that includes February 29. The use rights of each owner shall be counted without regard to whether the owner's use rights have been suspended for failure to pay assessments or otherwise.

Selling Out-of State Timeshare Plans Without Filing a Public Offering Statement

Present Situation

Under current law, a person cannot sell a timeshare or provide information to a prospective purchaser about a timeshare unit that is located outside the state of Florida, unless the timeshare plan has been filed and approved by the division. While a person is staying at a timeshare located inside the state of

[6] a = replacement cost of component, b = remaining life of component, c = total life of component, x = required funding of reserve account.
[7] Section 721.03(3)(e), F.S.

Florida the developer of the timeshare may want to provide the person with information about another timeshare for sale by that developer, including ones located out of the state.

Proposed Changes

This bill creates s. 721.03(11), F.S., to allow a seller to offer timeshare interests in a real property timeshare plan located outside the state of Florida without filing a public offering statement, provided all of the following criteria have been satisfied:

1. The seller must provide a disclosure statement to each prospective purchaser of an out-of-state timeshare. The disclosure statements for single-site and multi-site timeshare plans must contain information and exhibits that are substantially equivalent to the disclosures required for timeshare and multi-state timeshare public offering statements under current law.[8]

2. The seller must give each purchaser of an out-of-state timeshare plan a copy of a purchase contract that contains the following statement located immediately prior to the space provided for the purchaser's signature:

   > "You may cancel this contract without any penalty or obligation within 10 days after the date you sign this contract. If you decide to cancel this contract, you must notify the seller in writing of your intent to cancel. Your notice of cancellation shall be effective upon the date sent and shall be sent to the seller at (address) . Any attempt to obtain a waiver of your cancellation right is void and of no effect. While you may execute all closing documents in advance, the closing, as evidenced by delivery of the deed or other document, before expiration of your 10-day cancellation period, is prohibited."

   The purchase contract must also include the purchase price and any additional costs that may be incurred, including but not limited to financing charges or annual assessments for common expenses.

3. All purchase contracts must also contain the following statements:

   - "This timeshare plan has not been reviewed or approved by the State of Florida."
   - "The timeshare interest you are purchasing requires certain procedures to be followed in order for you to use your interest. These procedures may be different from those followed in other timeshare plans. You should read and understand these procedures prior to purchasing."

4. The out-of-state timeshare plan can only be offered by a seller on behalf of:

   - The developer of a timeshare that has been approved by the division within the previous 7 years and has never had the plan terminated or withdrawn;
   - A developer that is co-owner with a developer, if the co-owner that owns at least a 50% interest meets the 7-year requirement above.

   The out-of-state timeshare plan can only be offered to a potential purchaser who already owns a timeshare interest in a plan filed by a developer who meets the 7-year requirement

5. The seller must provide notice of an out-of-state timeshare plan to the division, along with payment of a one-time fee not to exceed $1,000 per filing.

[8] More specifically, this bill requires the disclosure statements for out-of-state timeshare plans to include the same information as required for in-state timeshares under s. 721.07(5)(e) - (cc) and exhibits required for in-state timeshare plans required under s. 721.07(5)(ff)1., 2., 3., 4., 5., 7., 8., and 20.

Out-of-state timeshare plans that meet these requirements are exempt from the requirements for in-state timeshare plans found in ss. 721.06[9], 721.065[10], 721.07[11], 721.27[12], 721.55[13], and 721.58[14], F.S.

This bill also provides that an escrow account established for an out-of-state timeshare plan can be maintained in the jurisdiction where the timeshare property is located, if the escrow agent submits to personal jurisdiction in this state in a manner satisfactory to the division.

Public Offering Statements

Present Situation

A developer that seeks to offer a potential purchaser an interest in a timeshare plan must first submit a filed public offering statement to the division for approval. Section 721.07, F.S., provides what information and disclosures a developer must include in the public offering statement in order for it to be approved by the division.

Under current law, a public offering statement must include a description of any financing to be offered to the purchaser by the developer, and a disclosure that the description of such financing may be changed by the developer and that any change offered to the purchaser will not be deemed to be a material change.

A public offering statement must also include a schedule of estimated closing expenses to be paid by a purchaser or lessee of a timeshare interest.

Proposed Changes

This bill deletes the requirement in s. 721.07, F.S., that a public offering statement must include a description of any financing offered to the purchaser by the developer, and deletes the requirement for disclosure to the purchaser that the financing can be changed and the change will not be deemed a material change.

This bill also provides that a schedule of estimated closing expenses to be paid by a purchaser or lessee of a timeshare interest does not have to be included in a public offering statement for any timeshare plan where purchases of timeshare interests are subject to the Real Estate Settlement Procedures Act[15]. The Real Estate Settlement Procedures Act already requires developers to provide this information to potential purchasers and lessees.

This bill grants the division the expressed authority to accept alternate forms of timeshare disclosure statements under an agreement with another state if they are substantially similar to what is required under s. 721.07, F.S. This bill grants the division rulemaking authority to implement this provision.

[9] Section 721.06, F.S. provides for contracts for the purchase of timeshare interests.
[10] Section 721.065, F.S. provides for resale purchase agreements of timeshares
[11] Section 721.07, F.S. provides for timeshare public offering statements
[12] Section 721.27, F.S. provides for the annual fee for each timeshare unit in plan.
[13] Section 721.55, F.S. provides for multi-site timeshare plan public offering statements for vacation clubs.
[14] Section 721.58, F.S. provides for the filing fee and annual fee for vacation clubs.
[15] 12 U.S.C. s. 2601

Advertising of Timeshares

Present Situation

Section 721.11, F.S., provides that sellers of timeshare interests are prohibited from using false or misleading advertising or making false oral statements. Misrepresentation of the availability of a resale or rental program offered by or on behalf of the developer is prohibited.

Proposed Changes

This bill amends s. 721.11(4)(k), F.S., to broaden the prohibition against misrepresenting the availability of a resale or rental program to include resale or rental opportunity. According to the department, by deleting the modifying phrase "offered by or on behalf other developers" this broadens the prohibition to others such as resale service providers.

This bill also amends s. 721.11(4)(q), F.S., to add a prohibition against misrepresenting or falsely implying that the resale service provider is affiliated with, or obtained personal contact information from, a developer, managing entity or exchange company.

Definitions

Proposed Changes

This bill creates the following definitions to be used in ch. 721, F.S.:

- "Lead dealer" means any person who sells or otherwise provides a resale service provider or any other person with personal contact information for five or more owners of timeshare interests. In the event a lead dealer is not a natural person, the term shall also include the natural person providing personal contact information to a resale service provider or their person on behalf of the lead dealer entity. The term does not include developers, managing entities, or exchange companies to the extent they provide others with personal contact information about owners of timeshare interests in their own timeshare plans or members of their own exchange programs.

- "Personal contact information" means any information that can be used to contact the owner of a specific timeshare interest, including, but not limited to, the owner's name, address, telephone number, and e-mail address.

- "Resale service provider" means any person who uses unsolicited telemarketing, direct mail, or e-mail in connection with the offering of resale brokerage or resale advertising services to owners of timeshare interests. The term does not include:

    - Developers;
    - Managing entities of exchange companies (to the extent they offer resale brokerage); or
    - Resale advertising services to owners of timeshare interests in their own timeshare plans or members of their own exchange programs.

Recordkeeping by Resale Service Providers and Lead Dealers

Proposed Changes

The bill creates s. 721.121(1), F.S., to require resale service providers and lead dealers to maintain specific and extensive records for a period of five years on the lead dealer. The information required includes the name, home and work address, home, work, and cellular telephone numbers. It requires a

copy of a current government issued photographic identification, canceled checks, copies of all personal contact information in the exact form and media in which they were received, sources of the personal contact information, methodologies used for researching and assembling, photos identification and contact information for the individuals doing the research and assembling.

This bill also creates s. 721.121(2), F.S., to provide that in any civil or criminal action relating to wrongful possession or use of personal contact information by a resale service provider or lead dealer, any failure by a resale service provider or lead dealer to produce the records required by subsection (1) shall lead to a presumption that the personal contact information was wrongfully obtained.

This bill also creates s. 721.121(3), F.S., to provide that any use of personal contact information by a resale service provider or lead dealer that is wrongfully obtained shall be considered wrongful use and result in the resale service provider or lead dealer paying $1,000 for each owner about whom personal contact information was wrongfully obtained or used. Upon prevailing, the plaintiff shall be entitled to recover reasonable attorney's fees and costs.

Managing Entity

Present Situation

For each timeshare plan, the developer must provide for a managing entity, which must be either the developer, a separate manager or management firm, or an owners' association. Any owners' association must be created prior to the recording of the timeshare instrument.[16] Current law sets forth the duties of the managing entity.[17]

Proposed Changes

The bill amends s. 721.13(2), F.S., to provide that failure by a managing entity to obtain and maintain insurance coverage as required under s. 721.165, F.S., during any period of developer control of the managing entity is a breach of the managing entity's fiduciary duty.

The bill amends s. 721.13(3), F.S., to provide that reserves may be waived or reduced by a majority vote of the voting interests that are present, in person, or by proxy, at duly called meeting of the owners' association. The reserves as included in the budget go into effect if a vote is not obtained or a quorum is not attained.

Sections 712.13(12)(a) and 12(b), F.S., are created to provide that managing entities are authorized to manage the reservation and use of accommodations using those processes, analyses, procedures, and methods that are in the best interests of the owners as a whole. The managing entity must have the right to forecast anticipated reservations and use of accommodations using a variety of data and pertinent factors. It also is authorized to reserve accommodations, in the best interests of the owners as a whole, for the purposes of depositing the reserved use with an affiliated exchange program or renting the reserved accommodations in order to facilitate the use or future use of the accommodations or other benefits made available through the timeshare plan. This statement must be conspicuously disclosed in the public offering statement.

Section 712.13(12)(c), F.S., is created to provide that the managing entity must maintain copies for five years of all pertinent data utilized by the managing entity in its determination to reserve accommodations. If the division investigates the managing entity for failure to comply with the subsection, the managing entity must make all records, data and information available for inspection. The records, data and information are considered a trade secret if the managing entity complies with the provision of the section on trade secrets in s. 721.071, F.S.

[16] Section 721.13(1)(a), F.S.
[17] Section 721.13(3)(a) to (j), F.S.

Assessments for Common Expenses

Present Situation

When calculating the obligation of a developer under a guarantee by the developer that the assessment of common expenses imposed upon the owners would not increase over a stated dollar amount, depreciation expenses related to real property shall be excluded from common expenses incurred during the guarantee period. There is an exception to this for real property that is used for the production of fees, revenues, or other income, and depreciation expenses are excluded only to the extent that they exceed the net income from the production of other fees, revenues or other income.

Proposed Changes

Section 721.15(2)(c), F.,S., is amended to provide that for purposes of calculating the obligation of a developer's guarantee, the cost of insurance must be excluded from common expenses, but any special assessment imposed for amounts excluded from the developer guarantee are to be paid proportionately by all the timeshare owners, including the developer for those timeshare interests owned by the developer.

Obtaining Insurance for the Accommodations and Facilities

Present Situation

Timeshare sellers, and thereafter the managing entity, are responsible for obtaining insurance to protect the accommodations and facilities in an amount equal to replacement cost. Failure to obtain and maintain the insurance during any period of control of the managing entity is a violation of s. 721.12(2)(a), F.S., unless the managing entity can show that it exercised due diligence. According to the Department of Business and Professional Regulation, insuring in an amount equal to replacement cost has become more problematic over the past few years.

Proposed Changes

This bill deletes the requirement in s. 721.165(1), F.S., which provides that insurance must be in an amount equal to the replacement cost of the accommodations and facilities. This bill requires that the managing entity use due diligence to obtain adequate casualty insurance against all reasonably foreseeable perils, subject to reasonable exclusions and reasonable deductibles. This provision is similar to the due diligence standard applicable to condominiums as provided in s. 718.111(11), F.S.

This bill creates s. 721.165(2), F.S. to provide for the factors taken into account when a managing entity must make a determination as to whether adequate insurance is obtained. The factors include:

- Available insurance coverage and related premiums in the marketplace;
- Amounts of any related deductibles, types of exclusions, and coverage limitations provided that a deductible of 5% or less is to be deemed reasonable per se;
- The probable maximum loss relating to the insured timeshare property during the policy term;
- The extent to which a given peril is insurable under commercially reasonable terms;
- Amounts of any deferred maintenance or replacement reserves on hand;
- Geography and any special risks associated with the location of the timeshare property; and
- The age and type of construction of the timeshare property.

This bill creates s. 721.165(3), F.S., to provide that the cost of insurance is a common expense maintained by the managing entity for the timeshare property. The cost is subject to reasonable deductions or reasonable exclusions as may be required by:

- An institutional lender to a developer for as long as the lender holds a mortgage encumbering any interest in or lien against a portion of the timeshare property; or
- Any holder or pledgee of, or any institutional lender having a security interest in, a pool of promissory notes secured by mortgages or the security interests relating to the timeshare plan, executed by purchasers in connection with the purchasers' acquisition of timeshare interests in the timeshare property or any agent, underwriter, placement agent, trustee, service, custodian or other portfolio manager acting on behalf of the holder, pledgee, or institutional lender, for so long as any such notes and mortgages or other security interests remain outstanding.

This bill creates s. 721.165(4), F.S., to provide that the managing entity is authorized to apply any existing reserves for deferred maintenance and capital expenditures toward payment of insurance deductibles or the repair or replacement of the timeshare property after a casualty without regard to the purposes which the reserves were originally established.

Conforming Provisions

This bill amends ss. 721.55 and 721.552, F.S. to conform to the changes made to the formula for funding reserve accounts, and to the ratio for determining the number of timeshare interests a developer can offer.

Timeshare Commissioner of Deeds

Present Situations

Section 721.97, F.S., provides that the Governor may appoint commissioners of deeds to take acknowledgments, proofs of execution, or oaths in any foreign country or any possession, territory, or commonwealth of the United States outside the 50 states.

Proposed Changes

This bill amends s. 721.97, F.S., to provide that the Governor may appoint a commissioner of deeds to also take acknowledgements, proofs of execution, or oaths in international waters. According to the representatives from the timeshare industry, this provision would allow a commissioner of deeds to operate on cruise ships.

C. SECTION DIRECTORY:

Section 1 amends s. 721.03, F.S., relating to the offering of out-of-state timeshares.

Section 2 amends s. 721.05, F.S., relating to the definition of "one-to-one use right to use night ratio", "lead dealer", and "personal contact information".

Section 3 amends s. 721.07, F.S., relating to a timeshare public offering statement.

Section 4 amends s. 721.075, F.S., relating to incidental benefits pertaining to timeshares.

Section 5 amends s. 721.11, F.S., relating to advertising materials and oral statements about timeshares.

Section 6 amends s. 721.121, F.S., relating to recordkeeping by resale service providers and lead dealers.

Section 7 amends s. 721.13, F.S., relating to management of timeshares.

Section 8 amends s. 721.15, F.S., relating to assessments for common expenses of timeshares.

Section 9 amends s. 721.165, F.S., relating to insurance for timeshare property obtained by the managing entity.

Section 10 amends s. 721.55, F.S., relating to public offering statements of multi-site timeshare plans.

Section 11 amends s. 721.552, F.S., relating to additions, substitutions, and deletions of a multi-site timeshare plan.

Section 12 amends s. 721.97, F.S., relating to the timeshare commissioner of deeds.

Section 13 provides an effective date of July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT[18]

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   The changes to s. 721.03, F.S., will exempt developers from registering certain out-of-state timeshare plans. Therefore, the Division of Florida Land Sales, Condominiums, and Mobile Homes (the division) within the Department of Business and Professional Regulation will not be receiving registration fees ($2/timeshare week) for those exempted timeshare plans. This will be partially offset by the one-time fee of $1,000 payable to the division by the developer for the developer's exercising this exemption from filing. There are currently 92 out-of-state timeshare projects (comprising 217,012 timeshare weeks) filed with the division. During FY 2005/06, 13 projects (comprising 59,091 timeshare weeks) were approved. The division is unable to determine the number of projects that would have been entitled to this exemption; however, based upon FY 2005/06 filings and if all 13 projects were to have been entitled to this exemption, the division would have received $13,000 in exemption fees instead of $118,182 in filing fees and $88,284 in annual fees (not all the out-of-state unit weeks were part of a multi-site timeshare plan).

2. Expenditures:

Non-Operating Expenditures	FY 2007-08	FY 2008-09	FY 2009-10
Service Charges (to General Revenue)	(14,123)	(14,123)	(14,123)
Other Indirect Costs	0	0	0
Subtotal	(14,123)	(14,123)	(14,123)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

[18] Fiscal Analysis and all Fiscal Comments provided by DBPR, February 2007.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill will require sellers of out-of-state timeshare plans to file notice of their plan to the Division of Florida Land Sales, Condominiums, and Mobile Homes along with payment of a $1,000 filing fee.

DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR	
Direct Private Sector Costs	Each seller who is entitled to the exemption and elects not to file a public offering statement with the department would pay a $1,000 exemption fee.
Direct Private Sector Benefits	Each seller who is entitled to the exemption and elects not to file a public offering statement with the department would not have to pay the $2/timeshare week fee.
Effects on Competition, Private Enterprise & Employment Markets	Unknown

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

This bill amends s. 721.03(11)(a)5, F.S., to require a form to be prescribed by the division. Adequate rulemaking authorization is included and the bill provides sufficient guidance to the agency to promulgate a rule that meets delegated legislative authority.

This bill amends s. 721.03(11)(c), F.S., to require a form to be prescribed by the division. Adequate rulemaking authorization is included and the bill provides sufficient guidance to the agency to promulgate a rule that meets delegated legislative authority.

This bill amends s. 721.07(7), F.S., to provide that the division may adopt rules to implement this subsection. Adequate rulemaking authority is included and the bill provides sufficient guidance to the agency to promulgate a rule that meets delegated legislative authority.

The amendment to s. 721.13(3)(c)3, F.S., will require rule 61B-40.0062(2) to be repealed.

The amendment to s. 721.15(2)(c), F.S., will require rules 61B-40.005(4)(a) and 61B-40.005(5) to be amended.

The amendment to s. 721.165(4), F.S., will require rule 61B-40.0061(2) to be amended.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement was submitted by the original bill sponsor.

The chair of the Safety & Security Council chose not to submit any further comments regarding the council substitute.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 7, 2007, the Committee on Courts adopted 2 amendments to this bill. The amendments made the following revisions to the bill:

- Added the provision that a deductible of 5% or less on insurance obtained by the managing entity of timeshare property is to be deemed a reasonable deductible per se.
- Removed the provisions that allowed a managing entity of a timeshare to be immune from liability for claims arising from the insufficiency or inadequacy of insurance coverage for the timeshare property.
- Removed the provision that exempted certain individuals and entities that sell, exchange, or lease their own timeshare interests from the real estate licensing requirements found in ch. 475, F.S.

The bill was then reported favorably with amendments.