

# CONSUMER TIPSHEET



This publication is intended to provide general information only and is not a substitute for legal advice.

## Selling Time Share Contracts

The *Time Share Contracts Regulation* under the *Fair Trading Act* has been expanded to include the sale of points-based time share contracts. The name has been changed to the *Time Share and Points-based Contracts and Business Regulation*. The changes are effective November 1, 2010.

### ABOUT THE REGULATION

If you offer, solicit, negotiate or conclude a traditional time share or points-based time share contract in Alberta, you are required to have a Time Share Business Licence, regardless of where the business is located. This includes any person or an employee, representative or agent that engages in the activities of that time share business. The regulation refers to that person(s) as a “supplier.”

### LICENSING

Three classes of licence exist to describe the different types of time share contracts that are sold. They are:

- 1. Right to Use Licence** - This licence includes the sale of points-based contracts. The buyer has no ownership interest in any property.
- 2. Personal Property Ownership Licence** - This type of licence covers the sale of ownership interest in personal property, such as cars, planes, recreational vehicles, campgrounds etc. There is no ownership interest in real property.
- 3. Real Property Ownership Licence** - This licence describes the sale of an ownership interest in real property that is subject to a time share plan. The contract usually identifies a specific property, and the amount and time the property can be used.

A business may hold more than one class of licence. The licence fee is \$200 per year and is renewed annually.

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## SECURITY REQUIREMENT

The supplier must also post a security. The amount of the security will be a combination of a basic security amount plus volume of sales.

## CONTRACT REQUIREMENTS

Every time share and points-based time share contract must be in writing and signed by the consumer and the supplier. In general, all time share or points-based time share contracts must include, but are not limited to, the following:

- The full names and addresses for your business and the consumer;
- The name and position of any agent or employee that represents the supplier;
- The supplier's telephone number, fax number and e-mail address (if applicable);
- The date and place at which the contract was entered into;
- The options available in a points-based time share contract to exchange points to use real or personal property;
- Complete details on what is being purchased (property, points, time share interest);
- Full disclosure on all fees, costs, payment terms, credit and security provided;
- The date the time share can be used and any arrangements on how substitutions can be made;

- A non-disturbance clause to protect the rights of a time share purchaser should a third-party creditor have a stake in the property; and
- A statement of cancellation rights in 12-point font.

The consumer must receive a copy of the signed contract at the time the contract is signed. For a complete list of contract requirements, check in the Regulation under "Contract Requirements."

## CANCELLATION RIGHTS

The legislation gives the consumer 10 days to cancel a time share or points-based contract. They do not need a reason to cancel. The 10-day period starts the day after the consumer gets a copy of the signed contract. The consumer can cancel the contract by personal service, registered mail, e-mail or fax at the address provided by the supplier in the contract. Once a consumer cancels a contract, the supplier has 15 days to refund the money.

## EXTENDED CANCELLATION RIGHTS

The consumer may cancel a contract within one year after the date the contract was entered into if the supplier:

- does not hold a valid licence,
- the contract does not contain all the information required
- the contract is not signed by the consumer; or
- the consumer does not get a copy of the signed contract the day it was signed.

## RECORDS

Every time share business is required to create and maintain records for three years from the date the record was made. The records must include:

- Copies of all contracts sold including copies of cancelled contracts;
- Any assessments on the value of the time share interests sold including the number of points attached to the assessment if applicable;
- Copies of all advertising and marketing materials; and
- Copies of all information relating to any refunds paid to consumers.

## FUNDS TO BE HELD IN TRUST

Any funds paid from a consumer to the supplier must be held in trust until the 10-day cancellation period has passed. Any funds collected in advance of a property being completed must also be held in trust until construction of the property is complete or the consumer has the legal right to use or occupy the property.

Funds must be deposited into a trust account at a bank, treasury branch, credit union or trust corporation in Canada within two days after it is received. This money cannot be co-mingled with non-trust money.

## UNFAIR PRACTICES AND OTHER OFFENCES

It is an offence for a supplier to misrepresent any information relating to:

- The contents of the contract;
- What is purchased;
- How the time share or points-based time shares may be used;
- The availability of any options to use or exchange rights or amenities in one property for rights or amenities in another property; and
- The availability of any discount, prize, gift or promotional item offered in connection with the contract.

No time share or points-based contract can be subject to any financial encumbrance unless there is a non-disturbance in the contract. For a full list of unfair practices and offences, check in the regulation under the section “Unfair practices and other offences.”

**The consumer must receive a copy of the signed contract at the time the contract is signed.**

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## WHERE CAN I GET A COPY OF THE REGULATION?

The *Time Share and Points-based Contracts and Business Regulation* and the *Fair Trading Act* are posted on Service Alberta's website [www.servicealberta.ca](http://www.servicealberta.ca).

A print copy of the legislation can be ordered by calling

### Queen's Printer Bookstore

You may purchase Act(s) and regulation(s) from the Queen's Printer Bookstore:

10611 - 98 Avenue, Edmonton, Alberta T5K 2P7

**Edmonton:** 780-427-4952

Toll-free in Alberta: Dial 310-0000 then 780-427-4952

These are also free for you to download in the "pdf" or "html" formats at [www.qp.alberta.ca](http://www.qp.alberta.ca)

## FOR MORE INFORMATION

For information about time shares or for information on filing a complaint, contact:

### Consumer Contact Centre

Edmonton: 780-427-4088

Toll-free in Alberta: 1-877-427-4088

[www.servicealberta.ca](http://www.servicealberta.ca)

For information about the vacation ownership industry in Canada and throughout the world, contact:

### Canadian Resort Development Association

1-800-646-9205

[www.crda.com](http://www.crda.com)

For information about a time share business' reputation and/or complaint history, contact:

### Better Business Bureau of Central and Northern Alberta

Edmonton: 780-482-2341

Toll free in Canada: 1-800-232-7298

<http://edmonton.bbb.org>

### Better Business Bureau of Southern Alberta and East Kootenays

Calgary 403-517-4222

<http://calgary.bbb.org>

A current version of this and other tipsheets are available at the Service Alberta website at [www.servicealberta.ca](http://www.servicealberta.ca). Most public libraries have Internet access available if you don't have access at home.

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