



Buying Time Shares

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

January 2006

HIGHLIGHTS

- 1 GENERAL INFORMATION ABOUT TIME SHARES**
- 2 CONTRACT REQUIREMENTS**
- 3 CANCELANATION RIGHTS**
- 4 SHOPPING FOR A TIME SHARE**
- 6 FOR MORE INFORMATION**

Two acts regulate time share purchases made in Alberta - the *Fair Trading Act (Time Share Contracts Regulation)* and the *Real Estate Act*. Both acts identify the information that must be disclosed in a time share contract including cancellation rights.

If you purchase an out-of-province time share in Alberta, the *Real Estate Act* may apply to that contract. However, you must be buying some form of legal interest in that property.

The *Fair Trading Act* and the *Time Share Contracts Regulation* apply to time share contracts in which you acquire the right to use, occupy or possess real or personal property for a period of time (under a year) and as part of a plan that outlines how the property will be used by the participants. The legislation applies whether or not the time share is located in Alberta.

GENERAL INFORMATION ABOUT TIME SHARES

A time share is a form of joint ownership or lease of real or personal property. Time share units are usually sold or leased:

- For a specific time period each year (usually one or two weeks);
- For a specified number of years (right to use); or
- In perpetuity (fee simple).

Condominiums, campgrounds, recreational vehicle parks, houseboats, yachts, airplanes, equipment and recreational vehicles are often sold as time shares.

Although time-sharing is often promoted as a less expensive way to vacation or have use of real property, this may not always be true. You will have to pay for the unit and other fees such as maintenance (which may continue to rise) even if you don't use it. Compare the time share costs with rental costs for the same accommodation or real property.

Right to use means you own a long-term lease or a use agreement. You are guaranteed exclusive use of the real or personal property for a specific number of weeks a year for a set number of years – usually 15 to 50. You can use, exchange, rent, sell, lend or give away this right to use.

Fee simple is ownership until you sell. You are registered on title and can use the unit for a selected week(s) each year. You can use, exchange, rent, sell, lend, will or give away your deeded interest.

Agreements on when you can use your time share vary. You may, for example, have a fixed-time agreement, which means you have priority rights to use the time share unit at the same time every year. Or you may have a floating-time agreement. That means your dates for using the unit may change from year to year.

Many time-sharing projects also offer you a chance to join an exchange program with other time share users around the world. There is no guarantee that you'll be able to arrange an exchange at the specific location and time of year you want. Alternate options may be available. You may have to pay an additional fee to join and use an exchange network.

Although time-sharing is often promoted as a less expensive way to vacation or have use of real property, this may not always be true.

CONTRACT REQUIREMENTS

A time share contract must contain the following information:

- Full names and addresses for yourself and the seller, and the name of the salesperson, if applicable
- The company's telephone number and fax (if applicable)
- The date and place of the contract
- A detailed description that identifies the time share property, including its precise location
- The dates you can use the time share
- Details of any agreement that allows you or the supplier to substitute different arrangements for using the time share (details must include when and how substitutions may be made and any costs involved)
- A statement of your cancellation rights, including your right to a refund of any money paid
- An itemized statement of the cost of the time share property and of each fee, assessment or closing cost related to the property or contract and the total of all such costs
- An itemized statement of any costs for using facilities and memberships in clubs or organizations that are offered with the time share and the total of all such costs
- The payment terms
- Full credit disclosure, including details about any security taken
- The completion date if the project hasn't been built and a statement that describes any security the seller is giving to ensure the project is completed
- Your signature and that of the sales representative for the company

CANCELLATION RIGHTS

The *Fair Trading Act* gives you 10 days to cancel a time share contract. You do not need a reason to cancel. The 10-day period starts the day after you get your copy of the signed contract.

You can cancel the contract by any method, but you must be able to prove that you cancelled the agreement. Ways to cancel a contract include personal service, registered mail or fax. You must give the cancellation notice to the seller at the address on the contract.

If you cancel, the seller has 15 days to refund your money. You are under no obligation to return your original contract or other information you may have received as a condition of processing the refund. If you cancel after using the property, you may have to pay a reasonable fee for the time you used – after your money has been refunded. If you don't get your required refund, you can take the seller to court.

You can also cancel within a year and receive a refund of the money you paid if the contract doesn't contain information about your right to cancel..

Time shares covered under the *Fair Trading Act* are not covered under the *Real Estate Act*. The *Real Estate Act* gives you the right to cancel a contract made in Alberta for the purchase of an out-of-province time share for any reason within 30 days of receiving the prospectus.

If you buy a time share while you are out of Alberta, you may not have any right to cancel and get your money back. Read the contract carefully. Find out if local laws give you any right to cancel and, if so, what you need to do. The seller may belong to an organization that provides a right to cancel.

The Fair Trading Act gives you 10 days to cancel a time share contract. You do not need a reason to cancel. The 10-day period starts the day after you get your copy of the signed contract.

A time share is a major investment that should be considered carefully. Read the agreement before you sign.

SHOPPING FOR A TIME SHARE

A time share is a major investment that should be considered carefully. Read the agreement before you sign.

- You may be offered a “free” holiday certificate, prize or gift to inspect a development or attend a time share presentation and then find that the giveaways have little or no value.
- Do you want to take your vacation at the same place and the same time every year? Experts warn against buying a time share only for exchange privileges or for potential investment value.
- What type of agreement is it: an ownership or a non-ownership lease?
- What is the duration of the contract?
- Inspect the unit yourself before buying.
- Read the sales material, any prospectus and contract carefully. Does the contract contain the required information? Don't be rushed into making a decision. For more information on time share legislation contact:

Alberta Government Services
Consumer Information Centre
In Edmonton: (780) 427-4088
Toll-free in Alberta: 1-877-427-4088
www.governmentsservices.gov.ab.ca

- What do you know about the seller or developer? Check with the Better Business Bureau regarding any problems that may have been reported. The Better Business Bureau may have information about the company's complaint history. Alberta's Better Business Bureaus are linked to other bureaus in Canada and the United States.

Better Business Bureau of Central and Northern Alberta
In Edmonton: (780) 482-2341
Toll-free in Canada: 1-800-232-7298
www.edmontonbbb.org

Better Business Bureau of Southern Alberta
In Calgary: (403) 517-4222
Toll-free in Southern Alberta: 1-800-661-4464
www.betterbusinessbureau.ca

- Check with Canadian Resort Development Association (CRDA) to verify the resort developer's status. Members of CRDA agree to follow its Code of Standards and Ethics for marketing time shares. The association provides information on various types of time shares.

Canadian Resort Development Association
1-800-646-9205
www.crda.com

- How will the time share be managed over the long term? Is there a yearly maintenance fee? If the fee is not listed, will you be charged for additional costs each year? If the property is poorly managed, it could go into receivership or shut down. You may end up with nothing.
- Will you receive title after you've made your payments if you are financing the development's construction? You may want to hire a lawyer.
- Can you transfer the title of the time share or does it go back to the developer if you choose to leave?
- Can you sell the time share yourself or does the developer have this exclusive right?
- Can you live with the bylaws?
- What does the insurance policy cover? Is there an interruption clause that covers you if damages – such as those resulting from a fire – prevent you from using the unit?
- Is there money put away in trust for emergencies and maintenance such as buying a new furnace or repairing leaky pipes? How much are maintenance costs likely to increase to meet future needs?
- Who pays for phone and utilities?
- What arrangements have been made for cost sharing? This is important because if some of the units remain unsold, your share of the costs may increase.
- What happens if your co-users are late with their payments? Do the other owners have to make up this payment?

Many time-sharing projects also offer you a chance to join an exchange program with other time share users around the world. There is no guarantee that you'll be able to arrange an exchange at the specific location and time of year you want. Alternate options may be available. You may have to pay an additional fee to join and use an exchange network.

FOR MORE INFORMATION

For additional information about the *Fair Trading Act* and the *Real Estate Act* call:

Alberta Government Services Consumer Information Centre:

Edmonton: (780) 427-4088

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

For more information on what a developer is required to provide (prospectus) when selling out-of-province real estate time shares in Alberta, contact:

Real Estate Council of Alberta

Calgary (403) 228-2954

Toll-free in Alberta 1-888-425-2754

www.reca.ab.ca

A current version of this and other consumer tipsheets are available at the Alberta Government Services website www.governmentservices.gov.ab.ca. Most public libraries have Internet access if you don't have access at home.

If you need more copies of this tipsheet, you have permission to photocopy.