HOUSE DOCKET, NO. 2351 FILED ON: 1/19/2023

HOUSE . . . . . No. 1715

The Commonwealth of Massachusetts

PRESENTED BY:

Sarah K. Peake

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act modernizing time-share extension and termination procedures.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Sarah K. Peake	*4th Barnstable*	*1/19/2023*

HOUSE DOCKET, NO. 2351 FILED ON: 1/19/2023

HOUSE . . . . . No. 1715

By Representative Peake of Provincetown, a petition (accompanied by bill, House, No. 1715) of Sarah K. Peake relative to time-share extension and termination procedures. The Judiciary.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *1830* OF 2021-2022.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Third General Court
(2023-2024)

An Act modernizing time-share extension and termination procedures.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 183B of the General Laws, as appearing in the 2016 official edition, is hereby amended by striking out section 15 and inserting in place thereof the following section:-

"Section 15.

(a) This section shall apply to time-share plans containing time-share estates. This section shall apply to time-share licenses only to the extent expressly provided by the time-share instrument.

(b) A time-share plan may be terminated in accordance with the following:

(1) After the occurrence of a duly noticed and called meeting of the association convened for the purpose of discussion of the possible termination of the time-share plan, all time-shares in a time-share property may be terminated by written agreement of the time-share owners having at least sixty per cent of all eligible beneficial interests.

(2) An agreement to terminate all time-shares in a time-share property shall be evidenced by the execution, in the same manner as a deed, of a termination agreement, or ratifications thereof, by the requisite number of time-share owners. The termination agreement shall specify a date after which it shall be void unless it is recorded on or before said date, and it may provide for the establishment of a termination trust to carry out its terms and effect a sale as hereinafter provided. A termination agreement and all ratifications thereof shall be recorded in the registry of deeds or land registration office in every district in which a portion of the time-share property is situated, and shall be effective only upon such recording.

(3) Unless the termination agreement sets forth the material terms of a contract or proposed contract under which an estate or interest in each time-share unit equal to the sum of the time-shares therein is to be sold and designates a trustee or board of trustees to effect the sale, title to an estate or interest in each time-share unit equal to the sum of the time-shares therein vests upon termination in the time-share owners thereof in proportion to the respective interests of the time-share owners as provided in subsections (7) and (8), and liens on the time-shares shall attach to and encumber said interests. Any co-owner of said estate or interest in a unit may thereafter maintain an action for partition or for allotment or sale in lieu of partition.

(4) If the termination agreement sets forth parameters for the material terms of a contract or proposed contract under which an estate or interest in each time-share unit equal to the sum of

the time-shares therein is to be sold and designates the board of the time-share owners association as trustees, or other individual or group of individuals as trustees, to effect the sale, title to said estate or interest vests upon termination in the said trustees for the benefit of the time-share owners, to be transferred pursuant to the contract of sale. Net proceeds of the sale shall be distributed to time-share owners and lienholders as their interests may appear, as provided in subsections (7) and (8).

(5) If the time-share property is managed by an association that is separate from any underlying owners' association, the termination of a time-share plan does not change the status of the underlying owners' association. Upon termination of the time-share plan, the time-share association shall continue to exist, but only for the purposes of concluding its affairs, prosecuting and defending actions by or against it, collecting and discharging obligations, disposing of and conveying its property, collecting and dividing its assets, and otherwise complying with this section.

(6) All reasonable expenses incurred by the termination trustee(s) relating to the performance of its or their duties pursuant to this subsection, including the reasonable fees of attorneys and other professionals, must be paid by the termination trustee(s) .

(7) The termination trustee(s) shall adopt reasonable procedures to implement the sale of the former time-share property and comply with the requirements of this section.

(8) Except as otherwise provided in the termination agreement, so long as the former time-share owners or their termination trustee(s) hold title to an estate or interest equal to the sum of the time-shares, each former time-share owner and his successors in interest have the same rights with respect to occupancy in the former time-share unit that he would have had if

termination had not occurred, together with the same liabilities and other obligations imposed by this chapter or the time-share instrument.

(9) After termination of all time-shares in a time-share property and adequate provision for the payment of the claims of the creditors for time-share expenses, distribution of (i) the proceeds of any sale pursuant to this section, (ii) the proceeds of any personalty held for the use and benefit of the former time-share owners, and (iii) any other funds held for the use and benefit of the former time-share owners, shall be made to the former time-share owners and their successors in interest in proportion to their respective interests as provided in subsection (8). Following termination, creditors of the association holding liens perfected against the time-share property prior to the termination may enforce said liens in the same manner as any other lien holder. All other creditors of the association shall be treated as if they had perfected liens on the time-share property immediately prior to termination.

(10) The time-share instrument may specify the respective fractional or percentage interest in the estate or interest in each unit or in the time-share property equal to the sum of the time-shares therein that will be owned by each former time-share owner upon termination of the time-shares. If the time-share instrument fails to so specify, then upon termination, each time-share owner's beneficial interest in the termination trust shall be equal to such owner's prior beneficial interest in the time-share property as set forth in the time-share instrument and any underlying condominium Master Deed.

(c) A time-share plan which is scheduled to expire, by its express terms, at a certain date, with the time-share owners each holding an undivided tenancy in common interest thereafter, may be extended in accordance with the following:

(1) After the occurrence of a duly noticed and called meeting of the association convened for the purpose of discussion of the proposed extension of the time-share plan, unless the time-share instrument specifically provides a lower percentage, the written consent, of at least sixty percent of all eligible beneficial interests of the association may, at any time, extend the term of the time-share plan. If the term of a time-share plan is extended pursuant to this subsection, all rights, privileges, duties, and obligations created under applicable law or the time-share instrument continue in full force to the same extent as if the extended termination date of the time-share plan were the original termination date of the time-share.

(d) In the event of a conflict between Section 15 and the time-share instrument, the condominium master deed, if applicable, or other governing documents of the time-share, and any amendment thereto, of any time-share submitted to the provisions of this chapter, the provisions of Section 15 shall control.

(e) Any action for damages or any other legal challenge arising out of the termination or extension of a time-share plan pursuant to Section 15 shall be commenced only within one year after the recording in the registry of deeds or land registration office of the termination agreement or the extension agreement, as the case may be."

SECTION 2. This act shall apply to all time-share plans in the commonwealth existing before and subsequent to passage of this act.