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KING OF SPAIN

All those who were present saw and understood,

Know: that the Parliament has approved and I hereby sanction the following Law.

EXPLANATORY STATEMENT

I

With the improper term "timeshare" they are coming naming all those formulas by which the right to enjoy an accommodation for a certain period each year passed. The interest in an acquisition of this nature is often justified in the tourist use of the property: on the one hand, the purchaser has a stable, safe place for their annual holidays; for another, it does so without having to purchase, and pay, the entire ownership of the property, which significantly reduces investment, adjusting it to the real possibilities of enjoyment.

From the legal point of view, the figure implies a temporary division of the right to enjoy the well. Although the July 6, 1960 was registered in the Registry of Industrial Property a patent on a so-called "summer policies", which they attributed to their holders the right to enjoy a holiday accommodation 'fixed periods or variables ", this system of tourist development property in Spain was unknown until relatively recently; they can be found in change similar formulas operating in other areas, such as, for example, the traditional legal system of glands, in the Canaries, which involves temporarily dividing the exploitation of water to their owners or communities pro-spotted with concurrence of proprietary rights greenhouse, rangeland, pasture and work (every two, three or six years), typical of Extremadura, as well as our historic right, the cord of exploitation of pastures and the temporary division of use and enjoyment a property in respect of various crops.

Anyway, since this figure was implemented, it has had a large development to make Spain the second country in the world in number of complex exploited in this way.

Shortly after the introduction of the figure, it became a commonplace idea that the existing legislation was insufficient to give it an appropriate legislative framework. This idea was at least hasty. The problem was not so much legal form as to ensure the effective enjoyment of each right.

On the other hand, the European Union has been, long ago, concerned about the large number of abuses that have occurred in this sector: from the 'proposal for a resolution on the need to fill the legal gap on Timeshare "which it was presented to Parliament on October 17, 1986, to Directive 94/47 / EC of the European Parliament and of the Council of 26 October 1994," on the protection of purchasers in respect of certain aspects of contracts for the purchase of a right to use immovable properties on a timeshare ". Important milestones on that path were the Resolutions of the European Parliament of 13 October 1988 and 11 June 1991. It also included the resolution of September 14, 1989, which is framed in the field of cross-border acquisition of real property.

In the end, the European Union itself became convinced that the problem was not so much a theoretical legislative failure as in the fact that it is a sector where consumers are especially unprotected, so it was developing from a directive establish a standard of exceptional and limited in this area, the autonomy to wherever advisable.

The concrete measures adopted by the Directive are:

It established in favour of the purchaser, a right of unilateral withdrawal in the ten days following the conclusion of the contract. The Directive, in its translation into Spanish, so called "right of withdrawal" and adds "ad nutum" characterization to indicate that it is exercised without giving any motive or reason. However, precisely because it is not necessary to allege any reason, and it is not because it is not necessary to have, to be a power that the purchaser is granted by the mere fact of being and that you can exercise freely without and that none condition Further, it seems set to call it power to 'withdrawal' is an expression that emphasizes the unilateral and unconditional character.

In addition to this power of withdrawal, the directive imposes an obligation of the seller information, broken down in the following aspects: first, the seller must have, for anyone who requests it, an information document, in which certain points are collected; Second, the contract must contain certain indications, aimed ultimately inform the purchaser of essential aspects of what you're getting. To fully effective this duty of disclosure, provides that, in the event that the contract did not contain any of the required particulars, the purchaser shall have the right to unilaterally terminate the contract within three months of its conclusion. This power remains in the text the name "faculty of judgment 'because it has a different nature to that of withdrawal, as it needs to be a precondition, as is the failure by the seller, the duty of information incumbent.

As a complementary arrangement of the powers of withdrawal and resolution, the Directive provides that, in the event that the acquisition is financed with a loan from the seller or a third party, prior agreement between the third and the seller, exercising the right of withdrawal or resolution implies, equally, the resolution of the loan.

Finally, the Directive deals with other aspects, such as the language that should be drafted the contract signing the acquirer or subject to certain privileges.

Figure raised two legal issues: one of terminology and other legislative policy.

The term "timeshare" had the great advantage to have permeated public opinion, to the point of being by far the most common way of referring to the institution among us, regardless of which would constitute a form of property or as a form of personal law. But it is precisely this globalizing character that normally used on the one hand, and the fact of referring to a particular form of ownership, on the other, which makes it an inappropriate term for ambiguity.

Another option was to use the formula used in the directive: 'timeshare'. However, this way of referring to the institution is also unsatisfactory. In principle, it seems a more generic than 'timeshare' term, but keep in mind that "timeshare" is nothing more than the translation into Spanish of the English form "time-sharing". The term "timeshare" but is unlikely to present serious drawbacks to name her corporate form of French law, it is not appropriate to include such other forms, whether they are personal right (the Greek multi-lease) or property right (the right of Portuguese regular room). It also has the disadvantage that seems to imply that among the holders of these rights, which is shared is the time when it is just the opposite, because the headlines are about periods different excluding time. It is therefore preferable to the expression "right to timeshare", first, because it is less committed, in the sense of being a generic and descriptive term, and, second, because it fits perfectly to the regulation that the same is made. Nothing prevents, however, that the use of this designation is maintained, or otherwise, in particular for promotional purposes and not provided it contains the word property, or may not be misleading as to the content of the right to have done reference.

The key question of legislative policy was to determine whether to regulate various institutional arrangements or whether regulation should be limited to one, leaving outlaw the others. It has opted for a middle way, consisting of detailed regulation of a new real right

timeshare, but allowing the configuration of the right as a variant of leasing season, that all the provisions of the Law will be applicable in they do not contradict its legal nature.

The law, moreover, is not limited to the strict transposition of the directive but that the institution seeks to provide a comprehensive regulation. And it determines the possibility of establishing a right of real nature, by which the right to enjoy the property for a certain period of the year is acquired; It regulates how a property is on the legal status of timeshare and how has been exercising in Spain the rights of withdrawal and resolution establishing the European Directive.

Not the first time that a Community text is the source of a broader internal regulations thereunder and, even more, in the case of directives laying down minimum guarantees of protection.

All these issues can be framed within the state civil and commercial private law and therefore the Law is issued pursuant to the provisions of Article 149.1.6. to 8. 14. ay of the Constitution.

Logically, this is without prejudice to the powers that the Constitution recognizes as to the preservation, modification or development of the civil rights of the autonomous regions.

Furthermore, the Act contains a specific mention of the utility, essential to the life of the regime and for the proper enjoyment of the right acquired. No service, or if it malfunctions, the right may not be exercised in practice and soon will serve the purchaser that the legal content thereof is in other respects perfectly determined.

II

The text is divided into two titles (civil and commercial standards and tax regulations) developed in twenty articles and three additional provisions, three transitory provisions and a final provision. Title I is divided into three chapters (general provisions, legal system and failure of services); Chapter II, in turn, is divided into two

sections (establishment and promotion and transmission conditions).

Chapter I is devoted to general provisions. In defining the scope of the Act uses the term "accommodation" to describe the elements subject to the system. Such term includes only those elements that are likely to be used as accommodation. So then they excluded from the local constitution, understood as all elements that may not have such a fate and therefore required, before the foundation of the regime, obtaining the corresponding certificates of occupancy, which has only requirement sense for elements for accommodation.

In addition, it provides that the scheme may relate only to a building, building complex or architecturally differentiated these sectors to prevent a building or group of buildings own just one or several accommodation, physically dispersed, constitutes a regime of rights timeshare on them. the partial extinction of the regime is not always prevented that physical identity and pre-existing rights are respected. It allows, however, the mixed use of a building provided the kind of exploitation that has to live with a system of rights of timeshare is another type of tourist development, as in this case, the two activities, for the purposes coexistence materials are so close that any serious harm to customers and holders of rights may ensue.

The scope of restrictive application has advised establish a standard for determining the system of rights of timeshare or similar to those to be established without complying with the law, because although it is obvious that it would be alleged fraud law and shall, therefore, subject to the solution of Article 6.4 of the Civil Code, this alone does not seem sufficient standard to prevent, in fact, law fraud occurs in practice.

However, as has been said, are included for all purposes in the field of Law leases season aimed more than three of them and where the relevant income to some or all contracted seasons are anticipated.

A minimum duration (three years) and maximum (fifty years old) The arrangements are set. Within these limits will fit all options which

can be a reasonable effort to exhaust the real possibilities of enjoyment of the acquirer time. This limitation of the duration of the scheme is also what allows the owner who has been following during its life, linked to the property. This linkage is desirable from the moment it is considered that it offers the owner is not only a real estate ownership, but also a service for the existence of the right, which is what explains the necessarily complex nature of the relationship between the holder a timeshare right and the property owner.

Thus, the owner must ensure that rights holders receive the services due implicit in ownership. This minimum required collateral exists from the moment that the owner remains bound to the property, which can only be so because he alienated rights are not full, but limited.

And the limitation, in this case, can only affect the duration of the regime.

III

The formalization of the deed regime is established as a constituent, and is imposed as mandatory registration in the Land Registry, in order to prevent transmissions can start timeshare rights before both the authorizing notary as the registrar control the legality of the regime and made public.

Thus, purchasers, before or after purchase, can go to the registry to collect essential information about the rate at which it is subject acquisition, with full guarantee of their compliance with the law.

The granting of regulatory writing must attend the company must provide the services of the substance of the right timeshare, unless the owner or developer expressly states that assumes direct its provision.

In the section on "promotion and transmission conditions" most provisions of the Directive of 1994. Apart from its restrictive nature of the principle of autonomy in the transposition transposed no special problems,

except for which it refers to cases where the contract is concluded directly notary. The intervention of a public notary would be sufficient to consider unnecessary to grant the purchaser the right to withdraw because their presence prevents the other party from asserting their dominance, but, since the Directive makes no exception for these operated contracts, has It has been necessary to retain this power of withdrawal, while demanding that the same be made by affidavit, as a public document equivalent to writing in which the contract was formalized on a timeshare right.

The resolving power which, unless otherwise agreed, recognizing the transferor in the contract for purchase of the right timeshare (Article 13) is justified by the unique nature of that right, where its value depends services and its contents, so it is perfectly logical that the failure of those could involve the resolution of law. Is permitted also agree on a penalty clause to compensate the owner or developer who chooses to terminate the contract if the buyer fails to pay the fees owed to the service provider.

IV

The Act strictly civil, not impose administrative sanctions for breach of its rules. But obviously this does not prevent such breaches, when the activity is classified as tourist by the Autonomous Communities or by developing regional regulations on the protection of consumers and users, they may be considered by the legislation of those as infringements punishable administrative action, without prejudice to the rights that the law recognizes the rights holders timeshare. However, the law seeks that through very stringent requirement of prerequisites, which is indispensable to establish the regime and whose control is attributed notaries and registrars, the failures are isolated or at least rare, by minimizing the need for administrative intervention.

V

Part II contains a set of tax rules applicable to the rights under this Act and that are intended not to discriminate fiscally holders of real timeshare rights in relation to the holders of other possible formulas use of part-time properties.

In fact, not to be introduced this regulation, property rights cited follow the system under the different laws of taxes for the rights of this nature and, because of their nature of real rights of enjoyment over real estate, would result in some cases, the application of higher than expected for the transmission or vesting of personal tax rates.

According to the above, and bearing in mind the special nature of the rules in this Title, which are not, strictly speaking, a specific tax regime, but contain only certain specialties that do not prevent the application, in cases not covered specifically, of the general tax law and the actual provisions of the Wealth Tax, the Value Added Tax and Transfer Tax and Stamp Duty, to which reference is made in that Title.

In the wealth tax, whatever the nature of the law in question, the criteria for assessment is unified, for the purposes of their integration into the tax base of this tax, determining the valuation price of the acquisition.

In the Value Added Tax, the application of the reduced rate is generalized to 7 100 to the performance of services involving the transfer of rights of timeshare real estate and other forms of use of the property by period or determinable the year, providing some of their own complementary services for the hospitality industry.

Finally, in the area of transfer tax and stamp duty applying the tax rate of 4 per 100, transmission own personal rights is established.

In short, then, the tax scheme under this Act assimilates the treatment in cases covered by the same real rights of timeshare real estate and other rights of a personal nature than the above, the purpose and marked not negatively discriminate against the former.

This object responds fully to the object of this Act, as well as Directive 94/47 / EC, in that substantially promotes the acquisition of the rights provided.

SAW

The second additional provision is justified by the Directive, that Article 9 requires Member States to take the necessary measures to ensure that, in any event, the purchaser is not deprived of the protection granted it. The provision is intended precisely that, as in the case of timeshare rights on real estate located in Spain, bypassing the possibility that the contract is subject to the jurisdiction agreed by the parties. In short, this is to avoid possible fraud law, the so-called "fraud international law", which can be given relying on the existence, within a common space of states where the EU directive has not been transposed for failure felt the need to do so, to be marketed in their territories this kind of rights. This is the same path that is trying to take the European Union in regard to Community directives on consumer protection, to avoid precisely that lack of transposition in some states serve as a means to circumvent the application of rules laid down by the other for integration into their respective systems. And so in this direction aims the Community initiative on injunctions for the protection of the interests of consumers. The provision is also supported, furthermore, Articles 16 of the Brussels Convention of 27 September 1968 and Lugano of 16 September 1988, and Articles 3 and 4 of the Rome Convention on the Law applicable to contractual obligations of 19 June 1980.

VII

As for the transitional regime, the Act is applicable, in terms of existing schemes, promotion and transfer of rights containing the power to enjoy lodging in a while a year, establishing, in addition to these regimes In any case, the obligation to adapt within two years from the entry into force of the Law. Naturally, the adaptation required the second transitional

provision is not intended to transform the existing regimes, but only that publicity be given to them and their way of operating, with full respect for rights already acquired. Therefore, the provision requires only the requirements of Article 5 and not fulfilling all the obligations that the law imposes that plans to establish a system of timeshare rights, once it has entered into force and, even those, only insofar as they are compatible with the nature of pre-existing regime.

TITLE I

Civil and Commercial Standards

CHAPTER I

General Disposition

Article 1. Objective scope.

1. The object of this law regulating the constitution, exercise, transfer and termination of rights of timeshare real estate, which confers on its holder the right to enjoy, exclusively for a specific period each year, a housing susceptible of independent use for having own exit to the street or to a common element of the building in which it was built, and provided with a permanent basis, with the right furniture for that purpose and the right to provide additional services. The faculty of enjoyment does not include accommodations or alterations of your furniture. The right of timeshare may be constituted as a limited real right or in accordance with paragraph 6 of this article.

2. The timeshare scheme may relate only to a building or property set them architecturally distinct sector. All separate accommodations that integrate with the necessary exception of local, should be subject to the scheme. You will need to be set, at least ten properties. It allows, however, that the same real estate complex is subject, while, to a system of rights of timeshare and other tourist development, provided that the rights of timeshare fall on concrete properties and for certain periods.

3. The annual period of use can never be less than seven days. In any case, within a regime shift must have all the same length. It must also be reserved for repairs, cleaning or other common ends a period of time which shall not be less than seven days for each of the properties subject to the system.

4. The actual timeshare right may in no case linked to an undivided share of the property, timeshare or renamed or otherwise containing the word property.

For the purposes of advertising, marketing and transfer of the timeshare property, any other name may be used provided it does not cause confusion to end consumers and detach himself clearly the nature, characteristics and legal conditions and economic faculty of enjoyment.

Each of the real timeshare rights impose on the whole, total housing property or the property, depending on whether or not previously constituted a condo on it. The meeting of a right of use and ownership, or a share of it, in one person does not mean extinction of limited real rights, shall continue throughout the life of the regime.

The owner of the property, subject to the limitations resulting from the regime and the powers of the holders of the rights of timeshare may freely dispose of his property rights under the rules of private law.

5. The provisions of this Act the owner, promoter and any natural or legal person engaged professionally in the transfer or sale of timeshare rights apply.

6. Leases of property holiday season, aimed at more than three of them, up to fifty, and in which the corresponding income anticipate some or all seasons contracted, will be subject to the provisions of this Act, notwithstanding what is provided in the Urban Leases Act, such contracts must necessarily refer to a specific annual season that corresponds to a specified or ascertainable period of the season and a determined or determinable by its generic conditions accommodation, provided it is specified the

building or building complex where you will enjoy the right.

7. The contract under which constitutes or transmit any right, real or personal, for more than three years and on the use of one or more real time during a specified or ascertainable period a year on the sidelines of this Law shall be null and void, owing be returned to the purchaser or transferee or paid any income considerations, as well as compensation for damages suffered.

Article 2. Limits and consequences of failure.

1. are void clauses by which the purchaser renounces advance the rights assigned by this Act. Also, they are void clauses exonerate the owner or promoter, or any natural or legal person engaged professionally in marketing or transmission of timeshare rights, responsibilities which are peculiar as established by the Commission.

2. provisions were void of submission to arbitration, unless the latter are concluded once it has arisen or are disputed question of submission to the consumer arbitration system or to a specialized tribunal to be constituted, provided that its composition participate in regime equality, consumer organizations..

Article 3. Duration.

1. The arrangements will be three to fifty years, counting from the date of registration of the legal system or the registration of the completion of the work when the system is constituted of a building under construction.

2. Upon termination of the regime during the term of the holders are not entitled to any compensation.

CHAPTER II

Legal status

Section 1. Constitution

Article 4. Constitution of the regime.

1. Under the timeshare shall be established by the registered owner of the property.

To do this, you must first:

a) Having entered the completion of the work in the Land Registry. In the event that the work is started, it must have registered the declaration of new construction site.

b) Have obtained from the competent authorities the necessary licenses to practice tourism, the opening necessary for the first occupation of accommodation, common areas and ancillary services necessary for the destination and the corresponding certificate of occupancy. For the work is just begun, simply having obtained the license required to work and tourism.

The latter, whether the work is completed as if just begun, will only be required in those Autonomous Communities where the commercialization rights involving the right to enjoy a housing for a period of time each year have, in accordance with its legislation the qualification of tourist activity subject to license.

c) Having concluded in conformity with the provisions of this Act, the contract with a service company that brings in those Autonomous Communities where established, the requirements demanded of them, unless the owner, meeting the same requirements, has decided to assume them directly.

Service companies may not be domiciled in tax havens and must have at least one branch offices in Spain.

d) Having concluded insurance to which Article 7.

2. The owner constituting the regime on a building under construction shall also recruit for future purchasers of timeshare rights of a bank guarantee with any of the entities registered in the Bank of Spain, or a surety bond with authorized entity to ensure repayment of the amounts paid in advance for the acquisition of the right, updated in accordance with annual consumer price index, whether the work has not been completed by the date set or it has not been

incorporated into the furniture described the regulatory writing when the acquirer the right to opt for termination of the contract under the terms provided in Article 10 of this Law. The amounts received shall be independent of the payable by the owner or developer as compensation for damages, resulting from a breach of its obligations.

The guarantees of the amounts paid will be governed in all that is applicable to them, by Law 57/1968, of July 27, about perceive of advance payments in the construction and sale of homes, and its implementing rules.

While not registered on affidavit stating the completion of the work, in no case it may be freed guarantee provided, or terminated the insurance contract.

3. The system of timeshare property shall be provided by its formalization in public deed and entered in the Land Registry. The execution of the deed must contain an undertaking which has assumed the management and delivery of services, unless expressly stated owner that are taken directly from him.

For the contracts under which rights constitute or transmit timeshare before being validly they constituted the regime applied to them the provisions of Article 1.7 of this Law.

4. Notaries not authorize a regulatory regime writing a timeshare and recorders not entered while they are not demonstrating compliance with the requirements of paragraphs 1 and 2 of this article.

Article 5. Regulatory Scripture.

1. The regulatory regime deed timeshare shall state at least the following circumstances:

1. The description of the property on which the timeshare scheme and the building or buildings that exist therein, to review common to entitled holders constitutes exploitation services. If the construction is only started, the deadline for completion thereof shall be indicated.

2nd. The description of each of the properties within each building, which will give a sequential numbering with reference to the farm. If the building is to be allocated to tourist development while it is constituted on a system of timeshare, will determine which of the properties are likely to be encumbered with rights of timeshare and for what periods a year.

3rd. In each housing for timeshare their number, the duration is expressed, indicating the date and start and end time, the quota corresponding to each shift relative to the housing, if previously made horizontal division or relative the total of the property, if not, who has designed furniture, as well as its value, and day of the year configured as shifts not use to be reserved in this accommodation, repairs and maintenance. Each use will also be given a serial number for each accommodation.

4th. Reference to the services provided, and that are inherent rights of timeshare, saying that they are assumed directly by the owner or by a service company.

5th. Where appropriate, the statutes to which the regime of exploitation is subject per shift. The same cannot be for holders of the rights any obligation or contrary to the provisions of this Act limitation.

6. The registration, cadastral, urban and, if necessary, tour the property situation. The plan of the different lodgings in the respective plan shall also include.

7. The remuneration of the services and, where appropriate, the costs of community.

8. Duration of scheme.

2. They must also join the original writing, or testimony, the contract with the service provider and insurance contracts referred to in Article 7 refers must be accompanied by a certified copy of these for your file in the registry.

In the event that the property is under construction, it will be incorporated document showing the guarantee or surety to which Article 4.2 refers have been formed.

The person or persons that grant writing will be responsible for contracts entered reality.

3. In the event that the regime is constituted of a building under construction, completion of the work must be recorded in the Land Registry within three months, starting from its conclusion. To make this record, you must provide licenses to Article 4.1, letter b) refers, and which are not provided at the time of registering the new construction site.

The owner or developer as recorded the completion of the work, should notify the acquired rights to timeshare on the property in question while the latter was under construction.

Article 6. Registration of the regime and its modification.

1. Presented regulatory writing for registration at the Land Registry, the registrar shall suspend the registration of those sections or articles of the statutes that impose to the holders of the rights of timeshare limitation any obligation or contrary to the provisions of this Act.

If the regime to enrol in the registry by regulatory record writing not as separate registry housing for different utilizations per shift, the recorder will open folio, although not regulatory writing horizontal division of the property is made. In doing so, it shall state, in each, shifts and other circumstances that the number 3 or paragraph 1 of the previous article.

By enrolling the first acquisition of a right of timeshare you can also enrol if they had agreed in writing or in a public contract, subrogation in the proportion of mortgage credit to weigh on the entire property without the consent of the mortgagee if, when constituting the mortgage, a target distribution of the mortgage liability among all timeshare rights resulting from the creation of the regime system was agreed.

2. Once registered the regulatory writing, and before exiting the title to the presenter, the registrar shall file copies of contracts incorporated therein is removed from the registration of the regime and all the publicity

that gives both the property, as the rights of timeshare, must attach a copy of such contracts to the certificates issued relating to the property on which the regime has been established, where he had specifically requested in the application for certification.

3. If, after the regime constituted provide for filing in the Registry a new contract with a service company in the event that the owner does not want to continue taking care of them or the contract has been terminated, or if resolution, or a record of events in which the owner is made directly in charge of the services or the information document is furnished that Article 8.2 refers to the registrar shall file and include the copy by the side note inscription referring to the file system where they have been filed.

The registrar shall suspend the record file if the owner or, in the new contract, the utility does not make express acceptance of the above conditions, if the contract had been concluded before the constitution of the regime or not the information document containing the particulars required by Article 8.2.

Also suspend the recording file contracts not have the signatures notarized legitimized.

Any modifications made in contracts and previous document, provided it is permitted by this Act is not valid until it is stated in the Land Registry as provided in the preceding paragraph.

4. The rules may be amended only by the registered owner, with the consent of the utility and the community of owners, as stipulated in Article 15.4 of this Act, such modification shall be evidenced by public deed and be registered in the Land Registry, under the terms stated in Article 4.3.

Article 7. Insurance.

Before the establishment of the system of rights of timeshare, the owner must sign and keep in force an insurance policy that covers, throughout the duration of the promotion and to the transfer of all rights of timeshare The risk of birth in charge of the obligation to compensate the damage caused to third parties and damage

caused by him or any of his dependents until such transmission occurs.

In addition, you must subscribe to and maintain in force insurance covering civil liability that may be incurred by occupants of accommodation resulting from the use thereof, as well as fire insurance and other general damages the building or set of facilities and equipment. Without prejudice to the responsibility of the owner or promoter with the insurance company, the company and the service may agree that the latter takes over payment of the premiums for such insurance.

Section 2. Promotion and transmission conditions

Article 8. General Information.

1. Subject to the provisions of Article 1.4 of this Law, the transfer of rights of use is prohibited in turn under the name of timeshare or other property that contains the word.

2. The owner, promoter or any natural or legal person who is professionally involved in the transfer of rights of timeshare, which intends to initiate the transfer of these rights, you must edit, according to the regulations, if , approved by the competent Autonomous Community in consumption, an information document with the character of binding offer, which will provide free, having been filed in the Registry of the Property, to any person requesting information. In this document the following points are mentioned:

a) Identity and the owner or developer and any natural or legal person engaged professionally in the transfer or sale of the timeshare rights of residence.

b) The real nature or personal rights that are to be the subject of transmission, indicating the date, as resulting from the note of the Land Registry at the foot of the regulatory writing, was to extinguish the regime.

c) If the work is under construction, indicating the deadline for its completion, as

well as resulting from the regulatory writing, and an indication of the estimated date of termination of the scheme, calculated on the closing date for the completion of the work.

d) accurate description of the property on which the regime has been established and their situation, and if the work is done or is under construction.

e) common services that can enjoy the acquirer and conditions of this enjoyment.

f) joint facilities to which the holder can access and, if applicable, conditions for such access, expressly stating their cost or the basis for its determination.

g) Indication, where applicable, the service company will take over the administration, stating their names and their data entered in the Trade Register.

h) Average price of the rights of timeshare and that prices are higher.

Also, the amount of the annual fee to be satisfied by the use of common facilities and services, or estimate, and the procedure for calculation of future annuities.

i) Information on the number of accommodations susceptible timeshare and the number of shifts per accommodation.

j) Information on the rights of withdrawal and unilateral decision which will be the acquirer, expressing the time available, under this Act, to exercise it, you will not have to charge no fees for its exercise, and indication of the person and address to whom you should contact if you exercise. If the work is under construction, indication of the guarantee or insurance made to ensure the completion of the same.

k) Whether or not the possibility of participating in an exchange system and, if so, the name, trade name or business name of the third party that is going to take care of the service, mentioning the document on an annual basis, shall issue such third party certifying the participation of the regime in the exchange

program. The document, signed by the legal representative of the exchange company, expressed that the contract of the purchaser or holder of right to use the exchange company is a separate and distinct contract from the contract between the purchaser with the developer or owner of the regime timeshare. It shall be recorded in the document also share on the exchange program and shares for exchange.

The document also expressed the total number of members affiliated to the exchange program, as well as the number of systems involved in the program and a general review of the operation of the system. The document issued by the exchange company will be incorporated and form an integral part of the information document referred to in this article.

3. The owner, promoter or any natural or legal person who is professionally involved in the transmission of timeshare rights must also, according to the regulations, where appropriate, the competent Autonomous Community in consumer adoption, inform the proposed acquirer on how to request generic and free information about the rights that, in general, will assist in the bodies and the following professional officers, indicating the address and telephone number of the nearest to the place where the property is located on which It has become the regime:

Tourist Offices.

National Consumer Institute.

Agencies competent autonomous communities in tourism and consumption.

Municipal Office of Consumer Affairs.

Property Registrars.

Notaries.

This is without prejudice to the information they can provide the Professional Associations of Architects, Real Estate Property Agents, Property Administrators, Lawyers, notaries and registrars.

4. The owner, promoter or any natural or legal person who is professionally involved in

the transfer of rights of timeshare should also have, in accordance with the regulations, where appropriate, the competent Autonomous Community to approve the Consumer, available to those who propose the contract, a complete inventory of all furniture, equipment and outfit with you count the accommodation and stating the overall value.

5. Any advertising, including information report in paragraph 2 of this Article, promotion or offer concerning timeshare rights concerns, it must indicate the registration data of the regime in the Land Registry, expressing title and charges, warning that it should be consulted as to know the legal status of the property and the entire contents of the timeshare scheme.

Article 9. Minimum content of the contract.

1. The contract concluded by a natural or legal person in the course of their business and on water rights activity shift accommodation shall be in writing and it will be expressed, at least the following:

1) date of conclusion, the regulatory data writing scheme, indicating the date of execution, the authorizing notary and the number of the record, and the data entered in the Land Registry.

2) express reference to the real nature or right handed staff, stating the date on which the scheme was extinguished in accordance with the provisions of this Act.

3) accurate description of the building, its location and the property on which rests the right, with specific reference to its registry data and turn that is the subject of the contract, indicating the days and hours that begins and ends .

4) of the work is done or is under construction. In the latter case, shall state:

a) phase that is construction.

b) Time limit for completion of the building period.

c) Reference to the building permit and indication and the City Council has issued address.

d) Phase that are common services that enable the use of the property.

e) the address indicated by the purchaser which will be notified of the registration of the completion of the work and the date from which the duration of the scheme will be calculated.

f) A Memoir of the qualities of housing under contract.

g) A detailed list of furniture and regalia that will house, as well as the value that has been attributed to effects of the guarantee or insurance to which Article 4.2 refers.

h) express reference to that guarantee or insurance, provided the entity where it has been established or who has been hired and that it may be executed or claimed by the purchaser in the event that the work is not completed by the date limit established for that purpose or if the housing is not built furniture set.

5) The price payable by the purchaser and the amount subject to regulatory writing should meet annually, once acquired the right to the service provider or the owner that they had taken over the regulatory writing, with expression to be updated in accordance with the consumer price index published by the National Statistics Institute, unless the parties have established another form of update, which cannot be left to the one, indicating, as a guide, with which It was the average of the index over the past five years. Expression will also be the amount of taxes, as provided in this Act, entails the acquisition as well as a brief indication of notary and registration fees for the event that the contract was raised to public deed and registered in the Land Registry.

6) Insert literal text of Articles 10, 11 and 12, stating its character of legal norms governing the contract.

7) common services and facilities that the purchaser is entitled to and, where appropriate, the conditions for such enjoyment.

8) Whether or not the possibility to participate in sharing services use periods.

When this possibility exists, any cost statement and reference shall be made to supporting document on the exchange provided for in Article 8.2.k) of this Act.

9) Expression of name and address, with data registration in the Commercial Register in the event that the case of companies, and address:

a) the owner or developer.

b) The transferor, clearly indicating their legal relationship with the owner or developer at the time of concluding the contract.

c) the purchaser.

d) The company's services.

e) the third party had taken over the exchange, if necessary. This third, if a legal person, must be open and registered branch in Spain.

10) Duration of scheme, with reference to the regulatory writing and the date of registration of this. If the property is under construction, with reference to the date by which must sign the minutes of completion of the work..

11) Expression of law that assists the acquirer:

a) Check the ownership and property charges, requesting information relevant Registrar, whose address and fax number will consist specifically.

b) Require the granting of the deed.

c) To register its acquisition in the Land Registry.

12) Place and signing the contract.

2. The inventory and, where appropriate, the general conditions not included in the contract and the registered statutory clauses, in an annex signed by the parties inseparable.

3. The contract and the informative documents prevented by this Act shall be in the language or

one of the languages chosen by the purchaser, the Member State of the European Union in which he resides. In addition, they must be written in Castilian or in any other official Spanish languages in the venue, at the option of the purchaser.

Foreign acquirers who are not nationals of a Member State of the European Union or residents thereof may require the contract and other documents delivered to them translated into the language of a Member State of the European Union of their choice.

The owners, promoters or any natural or legal person who is professionally involved in the transfer of rights of timeshare shall be kept available to consumer organizations under the first additional provision of this Act and, where appropriate, of the tourism authorities, translations of the documents to be delivered to any purchaser and clauses that are considered of general conditions.

Without prejudice to the responsibilities that may be required in case of any divergence between versions, it will apply the most favorable to the purchaser.

4. All information contained in the information document provided for in paragraph 2 of the previous article must be incorporated and form part of the contract. The breach of this obligation implies the duty of information for the purposes set forth in the following article.

Article 10. Withdrawal and termination of contract.

1. acquiring rights of timeshare has a period of ten days from the signing of the contract, to withdraw from the contract at its discretion. If the last day of that period was clumsy, it is excluded from the calculation, which will end on the next business day. Exercised the withdrawal, the purchaser will not pay compensation or expense.

2. If the contract does not contain any of the particulars or documents referred to in Article 9, or if the acquirer had not been sufficiently informed by the prohibition in Article 8.1 have

contravened or failed to fulfil obligations the other paragraphs of that article, or if the information document given did not correspond to the file at the registry, the purchaser may resolve within three months from the date of the contract, without being able to require payment of penalty or expense.

In case there is lack of veracity in the information provided to the purchaser, the seller may, without prejudice to any criminal liability that could be incurred by the transferor and without prejudice to the provisions of the preceding paragraph, urge action for annulment of the contract pursuant to the provisions of Articles 1300 and the Civil Code.

Complete information before the expiry of that period, the purchaser may withdraw within the ten days of cure, as provided in paragraph 1 of this article.

After three months without the information be complete and without the acquirer has exercised his right of withdrawal, he may also withdraw within the end of the period ten days, as provided in that paragraph 1 of this Article .

3. The withdrawal or termination of the contract shall be notified to the owner or promoter at the address for this purpose necessarily specified in the contract.

The notification may be made by any means that guarantees the constancy of the communication and receipt and the date of shipment. In the case of withdrawal, it is sufficient that the shipment was made before the deadline.

If the contract is concluded before a notary in the case of Article 14.2, the withdrawal shall be recorded in deed. This will be adept at re-register the right to use in favour of transferring title.

Article 11. Prohibition of advances.

1. any advance payment is prohibited by the acquirer to the transferor before the deadline for exercising the right of withdrawal or has the power while resolutions to which the preceding

Article. However, the parties may establish the covenants and conditions as they consider appropriate to ensure payment of the deferred price, provided they are not contrary to the ban and do not involve the transferor receive, directly or indirectly, any consideration in cases of exercise of that power to desist.

2. If the acquirer would advance any amount to the transferor is entitled to demand at any time recover that amount doubled, and may choose among terminate the contract within three months of its conclusion or to require full compliance.

Article 12. Regime acquisition loans.

Loans granted to the purchaser by the transferor or by a third party who has acted in accordance with it will be solved when the first desist or resolved in any of the cases provided for in Article 10.

They may not be included in the loan terms that imply a sanction or penalty imposed on the acquirer in the event of withdrawal or resolution.

If the transferee is subrogated in credit granted to the transferor, exercised the withdrawal or resolution, the loan will stand by it.

Article 13. Resolution for non-payment of dues.

1. Unless otherwise agreed, the owner will have a resolving power in the event that the purchaser holder of timeshare, when required, will not attend the payment of the fees due in respect of the services for at least , one year.

The owner may exercise this power of resolution, at the request of the service company, after having been formally request for payment to the debtor in the registered office or, failing this, attesting to that effect in the contract, failing to proceed same resolution if within thirty calendar days is not completely satisfy the amounts claimed.

2. To implement the resolution, the owner must provide, in favour of the right holder, the

proportion corresponding to the time remaining until their extinction price.

However, by penal clause loss may be agreed in whole or in part of amounts under the preceding paragraph with appropriate notice to the holder of settled law. This is without prejudice to the moderating power of the courts under Article 1154 of the Civil Code.

3. The owner who exercises the adjudicative authority regulated in this article shall be obliged to meet the debts that the holder of timeshare have pending with the service, unless otherwise agreed with it.

Article 14. Advertisement registration.

1. The acquisition and transfer of rights of timeshare may enroll in the Land Registry, for which the contract has to be raised to public deed and the registrar open Folio turn right whose use is being transferred, always lagging except as provided in the Mortgage Law.

By enrolling the first transmission of a timeshare right, the registrar shall record by marginal note that it is encumbered character to answer the last two instalments, starting from the time of the claim by judicial or notarial, throughout the lifetime of the system. To enforce the guarantee, the provider of services may use any of the enforcement procedures that the Condominium Act allows use to the homeowners to claim fees for common expenses and extrajudicial foreclosure proceedings.

2. If the contract is held before a notary, the notice of right of withdrawal Article 10 sets to the acquirer, which can only be made by affidavit, and other rights under this Act.

3. The Notary will not authorize the writing or the registrar shall register the right if the contract does not contain the information required by Article 9.

Article 15. Powers of the holder of rights of timeshare.

1. The owner of a timeshare right may freely dispose of his rights without restrictions other

than those resulting from the law and without the transmission of it affect the obligations under the scheme.

2. The holder of rights of timeshare professionally involved in the transmission or commercialization of real rights constituted thereon shall be subject to the provisions of Articles 2 and 8 to 12 of Law print or electronic. The buyers of these rights shall be subrogated that apply to the holder of timeshare under this Act and, in particular, those who are against the property owner.

3. In the case of the preceding paragraph, if the timeshare right was not registered in favour of the transferor or assignor real right of personal law, the purchaser or transferee may apply to register the right timeshare on behalf of the transferor or transferor, by the procedure laid down in Article 312 of the Mortgage Regulations.

4. The regulatory writing timeshare regime must provide for the constitution of a community of owners. The community of owners will be governed by the rules set out in writing or regulatory freely adopt holders of rights and agreements shall be governed by the following rules:

1st Agreements intended to modify the regime constituted shall be taken by a majority of two thirds of the owners.

2nd. The other agreements require only a simple majority of the holders of the right of timeshare.

3rd Each person will have as many votes as rights that it owns.

If not shown 4th most or agreement this were seriously prejudicial to the interest, the judge will provide parte where appropriate.

5th The rules of regulatory Horizontal Property Law of the functioning of communities of owners apply extra and secondarily to the present.

CHAPTER III

Failure of services

Article 16. Breach of services.

The owner or developer is responsible, compared to holders of timeshare rights, the effective delivery of services. In case of default by the utility, the owner or developer must terminate the contract and demand compensation for damages. The resolution action to the owner or developer. In any case, any holder of a right timeshare owner may claim the effective delivery of services and indemnification in the event that such provision is not made.

Once resolved the agreement with the primitive service, the owner or developer must take the service directly or to hire another service company. Any alteration of the contract shall not impair, in any case, holders of rights of timeshare.

TITLE II

Tax rules

Article 17. Scope.

The tax rules referred to in this title shall apply to the rights provided in this Act, subject to the provisions of international treaties and agreements that have now become part of domestic law.

In matters not provided in this Title, the general tax provisions apply.

Article 18. Capital Gains Tax.

Rights under this Act, whatever its nature, be valued according to the provisions of Article 10.3.b) of Law 19/1991 of June 6, the wealth tax, for its price acquisition.

Article 19. Value Added Tax.

1. The reduced rate of 7 100 shall apply to the following:

1st The supply of services consisting in the grant of rights of timeshare real property referred to in Article 1 of this Act.

2nd Any other use of the property for a fixed or determinable time of the year to provide some of their own complementary services for the hospitality industry.

3. Those services referred to in Article 91.uno.2.segundo of Law 37/1992 of December 28, the value added tax, provided by the natural or legal persons to whom Article 4.3 refers of this Act.

2. For the transactions described in the previous section, when conducted in the Canary Islands, we will apply the reduced rate that, under its law, is intended to IGIC.

Article 20. Transfer Tax and Stamp Duty.

A transmission between individuals not subject to Value Added Tax or IGIC of the rights under this law, whatever their nature, will the tax rate shall apply from 4 100 in the transaction tax Property and Stamp Duty.

First additional provision. Consumer and user organizations.

Consumer organizations and legally constituted users are entitled to receive, at the expense owner or developer, copy of all documentation, in compliance with the provisions of this Act, it has made the same, in order to verify whether they have it has been observed.

Second additional provision. Mandatory Law.

All contracts relating to rights relating to the use of one or more properties situated in Spain for a determined or determinable period of the year are subject to the provisions of this Act, regardless of the place and date of the meeting.

Third additional provision. Provincial tax regimes.

The tax rules referred to in this Act shall be without prejudice to the provincial tax systems concert and economic agreement, in force in the Territories of the Basque Country and in Navarra, respectively.

First transitional provision. Promotion and transmission.

1. From the entry into force of this Act, the promotion of any law relating to the use of one or more properties, constructed or under construction, for a specified or ascertainable period of the year, is subject to the requirements it .

2. The transmission of such rights shall be governed by the regime until the entry into force of the law governing the property. After expiry of the adjustment period, if it has not been made, shall be governed by this Law. If this adjustment had been made, from the date thereof, the transmission shall be in accordance with the rules posted on the registration.

3. Will in any case the provisions of Articles 2 and 8 to 12 of this Law.

Second transitional provision. Existing regimes.

1. The existing regimes of rights relating to the use of one or more properties, constructed or under construction, for a specified or ascertainable period of the year, whose constitution stating any manner admissible by law to be adapted, within two years, the provisions of this Act.

If the existing regime was registered, the registrar may request the non-binding Article 355 of the Mortgage Regulations on how adaptation is to be performed concerns report.

After two years, any holder of a right, real or personal, on the use of one or more properties for a specified or ascertainable period of the year, you can legally encourage adaptation prevented in this provision.

2. To this adaptation will be necessary in any case, grant writing with the regulatory

requirements of Article 5 are compatible with the nature of the regime and register in the Land Registry, for the sole purpose of advertising and with full respect for acquired rights. Of the contracts that Article only where there should be incorporated at the time of the adjustment is concerned. The writing must be granted by the sole owner of the property.

If the existing system was established so that the holders of the rights owners of the property by undivided shares that carry rigged the enjoyment of a particular shift, script adaptation must be granted by the president of the homeowners, by agreement the community itself adopted by a simple majority of those attending the Meeting called for the purpose.

In writing of adaptation, the sole owner of the property shall describe the existing regime and state that the rights are to be transmitted in the future will have the nature resulting from that, identical to those already sold. If you want to market shifts as yet transmitted timeshare rights must also be the regime for periods available with the requirements of this Act, but without constituting the regime on the entire building, only regarding shifts not disposed. If you want to transform the entire system to make it a system of rights of timeshare, as it regulates the Act, you may do so in compliance with all the requirements of this while maintaining the

length that have the existing regime, even if it was undefined .

3. Notwithstanding the provisions of the preceding paragraph, all existing schemes will have a maximum of fifty years from the entry into force of this Act, unless they are of shorter duration, or make, in writing adaptation, express declaration of continuity or indefinite time.

Third transitory provision. Failure to adapt.

The failure by the owner, with the obligation to adapt the scheme will entitle purchasers, but not hire him directly, to terminate contracts which were concluded after the entry into force of the Act, may require the return of the amounts paid and compensation for damages.

Single final provision. Constitutional competence.

This standard is issued under the provisions of Article 149.1.6. to 8. 14. ay of the Constitution, without prejudice to the preservation, modification and development by the Autonomous Communities of civil or special rights, leasehold, where they exist.

Therefore, I order all Spaniards, individuals and authorities to observe and enforce this Act.

Madrid, December 15, 1998.

JUAN CARLOS R.

The Prime Minister,
Jose Maria Aznar Lopez