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1 3 8

March 7, 1985 Thursday

1:15 pm Room 102 Capitol Bldg.

HOUSE LABOR AND COMMERCE COMMITTEE AGENDA

- 1) CALL MEETING TO ORDER
- 2) NOTE TIME/DAY/YEAR
- 3) NOTE MEMBERS PRESENT, ABSENT, TARDY
- 4) RECOGNIZE ANY VIP'S OR GUESTS PRESENT
- 5) REMIND EVERYONE PRESENT TO SIGN IN AS EITHER A WITNESS OR AS AN OBSERVOR
- 6) EXPLAIN THE ORDER OF BILLS BEFORE THE COMMITTEE

There is a statewide teleconference to all LIOs, which was primarily set up for HB 6; you may want to announce that we will be taking limited testimony first on the other two bills:

- a. HB 251: Continuation of the Board of Vet. Examiners-- see Committee Memo: we will be taking brief testimony from Bd. Chairman Stuve in Fairbanks, Bd. Member Tuomi in Anchorage, and possibly Bd. Member Ray Preston from Juneau. No opposition I know of.
  - b. HB 138: Time-Share Securities: We will be getting input from Linda O'Bannon at Consumer Protection Section in Anchorage, + James McGowan with Real Estate Comm. here in Juneau; but also from Mitch Gravo and others in Real Estate Industry because they are in town for the Real Estate Comm. meetings, so this may take more time than we thought.
  - c. HB 6: Workers Comp bill. All LIO sites; will probably be more workers providing input, including Jack Anderson and other members of Ad Hoc Committee.
  - d. HB 130 & HB 90: Announce you will hold them over until Monday for another whole day of hearings.
- 7) ANNOUNCE FIRST BILL BEFORE COMMITTEE, THEN SECOND, ETC.
  - 8) MAKE SURE ALL MEMBERS SIGN ANY BILL THAT IS PASSED OUT OF COMM.
  - 9) ANNOUNCE TIME OF ADJOURNMENT

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Note: As each witness comes forth, please request that they state their name and who they represent for the record, and if they are not speaking loudly enough, ask them to speak up.

M E M O R A N D U M

TO: All Members, House Labor and Commerce Committee

FROM: Roger Poppe, Committee Staff

DATE: February 28, 1985 Thursday

SUBJECT: Overview, HB 138

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On Thursday, February 28, at 1:15 pm, the House Labor and Commerce Committee held a hearing in Room 102 of the Capitol Bldg. on HB 138: "An Act relating to the sale of time-share programs...etc."

This bill was not submitted to the legislature before this year. It has no companion piece in the Senate. However, a great deal of the material in it will be covered by SB 44, by Senator Halford, which is currently being heard in Senate Judiciary.

The primary originator of the bill was the Consumer Protection Section of the Department of Law. To prevent this bill from coming into conflict with SB 44 if that bill should also pass, The Consumer Protection Section has written a proposed amendment in the file which would in effect say that if the two bills come into conflict, HB 138 would take precedent in law.

However, SB 44 also meets many of the concerns of the Dept. of Law, but they are concerned that if SB 44 does not pass, that at least they could push to get HB 138 through the House to the Rules Committee, so that it could move rapidly to the Senate in case SB 44 bogs down. This same concern has already been expressed on SB 44 with regards to HB 155, the proposed Mobile Home Parks act that is in committee. Further, HB 138 has 3 House Committees of referral; the next committee being Judiciary. And, since HB 138 and SB 44 are not absolutely identical, the end result from the Consumer Protection Agency's point of view would be that both bills should be passed.

James Magowan of the Real Estate Commission supports the bill, and is providing both written testimony in your file and will be talking via teleconference. However, it is important to know that the Real Estate Commission has a committee that is working on overhauling the entire set of statutes dealing with real estate, not just time-shares. Consequently, the realtors may oppose this bill, not because of the issue per se, but because it could be considered a band-aid approach, and they may wish to wait and see what their committee comes up with, with the possible end result of a major piece of legislation being submitted to next year's legislature to rewrite the real estate laws.

However, if this proposed re-write is not submitted next year, it could cause some problems. Interest and fraud in time-sharing in Alaska is increasing. Under this bill, time-shares sold in Alaska by outside companies would have to go through a licensed Alaskan broker, which would of course help the realtors in Alaska. But, it is possible that this could be determined unconstitutional. A second problem could be a large draw on the Surety Fund, but this is also at present not a strong possibility, and James Magowan could elaborate further on it if need be.

HB 138 File Contents  
House Labor and Commerce Committee

- 1) Bill Summary -- Legislative Reporting Service
- 2) Overview -- R. Poppe, Committee Staff
- 3) Sectional Analysis -- Consumer Protection Agency, Dept. of Law
- 4) Letter of Transmittal -- Governor
- 5) Fiscal Note & Fiscal Analysis -- Real Estate Commission, DCED
- 6) Fiscal Note & Fiscal Analysis -- Dept. of Law
- 7) Memo from James L. Magowan to Katie Wallen -- February 7, 1985
- 8) Proposed Amendment -- Linda O'Bannon, Consumer Protection Agency  
(February 27, 1985)

MARK E. ASHBURN  
DOUGLAS B. BAILY  
LEWIS F. GORDON  
JULIAN L. MASON III  
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A PROFESSIONAL CORPORATION  
1130 WEST SIXTH AVENUE, SUITE 100  
ANCHORAGE, ALASKA 99501  
(907) 276-4331

DEBORAH SENN  
OF COUNSEL  
ADMITTED IN  
ILLINOIS AND WASHINGTON  
NOT ADMITTED IN ALASKA

May 14, 1984

Mr. Bob Arwezon  
Investment Properties  
of Alaska  
540 L Street, Suite 204  
Anchorage, Alaska 99501

Re: S.B. 494 - Time Shares

Dear Bob:

I have carefully reviewed S.B.494, the bill which I understand is designed to protect purchasers of time share properties. While the purpose of the bill may be laudable, the bill itself is a disaster and should not pass for the following reasons:

1. It violates anti-trust laws - Under present federal and state anti-trust law, state governments and their agencies may not create monopolies unless there is a compelling public purpose for so doing. The bill grants to real estate licensees the exclusive and monopoly right to sell time share estates. The owner is stripped of his right to sell his own property! There are no findings or legislative history to support this extraordinary provision. This is no different from saying that a homeowner must hire a licensed real estate person to sell his or her house.
2. The bill is unconstitutional - It takes from the property owner a distinct property right, the right to sell. The U.S. and Alaska constitutions prohibit the taking of property rights without compensation.
3. There will be terrible jurisdictional disputes - The bill requires registration of time share offerings under regulations to be promulgated by the Real Estate Commission but violation of the bill's provisions and the regulations is a violation of the Consumer Protection Act. Consumer Protection will be enforcing Real Estate Commission regulations. Common sense and case law tell us this will

Mr. Bob Arwezon  
May 14, 1984  
Page Two

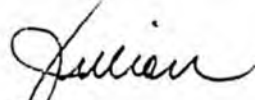
not work. If registration is desired, a time share offering should simply be defined as a security and then the existing statutes and regulations can achieve the desired result.

4. The "supplemental bond fee" provisions are unworkable -  
The bill does not define the conditions under which the supplemental portion of the surety fund may be used. Appallingly, the existing surety fund can apparently be "hit" with time share claims which would destroy the fund.

There are a number of other problems with the bill. Its definitions are circular, its regulation provisions are redundant, it contradicts the common law and it is ambiguous. I doubt that time shares will be sold if the bill is enacted.

Sincerely,

BAILY & MASON



Julian L. Mason

JLM:cam

cc: Dea Turner  
Trish Hurley-Smith  
Grayce Oakley

M E M O R A N D U M

TO: All Members, House Labor and Commerce Committee

FROM: Roger Poppe, Committee Staff

DATE: February 28, 1985 Thursday

SUBJECT: Overview, HB 138

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However, SB 44 also meets many of the concerns of the Dept. of Law, but they are concerned that if SB 44 does not pass, that at least they could push to get HB 138 through the House to the Rules Committee, so that it could move rapidly to the Senate in case SB 44 bogs down. This same concern has already been expressed on SB 44 with regards to HB 155, the proposed Mobile Home Parks act that is in committee. Further, HB 138 has 3 House Committees of referral; the next committee being Judiciary. And, since HB 138 and SB 44 are not absolutely identical, the end result from the Consumer Protection Agency's point of view would be that both bills should be passed.

James Magowan of the Real Estate Commission supports the bill, and is providing both written testimony in your file and will be talking via teleconference. However, it is important to know that the Real Estate Commission has a committee that is working on overhauling the entire set of statutes dealing with real estate, not just time-shares. Consequently, the realtors may oppose this bill, not because of the issue per se, but because it could be considered a band-aid approach, and they may wish to wait and see what their committee comes up with, with the possible end result of a major piece of legislation being submitted to next year's legislature to rewrite the real estate laws.

However, if this proposed re-write is not submitted next year, it could cause some problems. Interest and fraud in time-sharing in Alaska is increasing. Under this bill, time-shares sold in Alaska by outside companies would have to go through a licensed Alaskan broker, which would of course help the realtors in Alaska. But, it is possible that this could be determined unconstitutional. A second problem could be a large draw on the Surety Fund, but this is also at present not a strong possibility, and James Magowan could elaborate further on it if need be.

## STATE OF ALASKA

DEPARTMENT OF LAW  
OFFICE OF ATTORNEY GENERAL  
CONSUMER PROTECTION SECTION

BILL SHEFFIELD, GOVERNOR

XX REPLY TO

1071 W. 4th SUITE 110  
ANCHORAGE ALASKA 99501  
PHONE (907) 273-0428

131 NATIONAL CENTER  
100 CUSHMAN SUITE 400  
FAIRBANKS ALASKA 99701  
PHONE (907) 456-8588

55 POLIFR BLDG  
410 A. HANSEN SUITE 214  
POUGHKEE  
JUNEAU ALASKA 99801  
PHONE (907) 485-1692

STATE COURTHOUSE ROOM 25  
P.O. BOX 671  
VALDEZ ALASKA 99686  
PHONE (907) 815-2482

February 27, 1985

The Honorable Representative Mike Navarre  
Chairman, House Labor and Commerce Committee  
Alaska State Legislature  
Attn: Roger Poppy  
Pouch V  
Mail Stop 3100  
Juneau, Alaska 99811

Re: SB 44 and HB 138

Dear Representative Navarre:

Since the Senate Judiciary hearing on February 26, 1985, on SB 44 I have had an opportunity to review SB 44 and the Uniform Common Interest Ownership Act including the comments of the National Conference of Commissioners on Uniform State Laws and to determine its possible interplay with HB 138 which proposes regulation of timeshares in our state for the first time. Upon close review of both bills it appears that both types of legislation could be passed by the legislature without conflict. In the comments to the Uniform Interest Common Ownership Act section 4-105, the commissioners noted:

1. Time sharing has become increasingly important in recent years, particularly with respect to resort common interest communities. In recognition of this fact, this section requires the disclosure of certain information with respect to timesharing.
2. Virtually all existing states statutes dealing with condominiums, planned communities or cooperatives are silent with respect to time-share ownership. The inclusion of disclosure provisions for certain forms of timesharing in this Act, however, does not imply that other law regulating timesharing is affected in any way in a state merely because that state enacts this Act.

The Uniform Law Commissioners' Model Real Estate Time-share Act specifies more extensive disclosures for time-share properties. A

Honorable Representative Mike Navarre

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"timeshare property" may include part or all of the common interest community, and section 1-109 of the Model Act governs conflicts between this Act and time-share legislation. [Emphasis added]

Section 4-105 of the Uniform Common Interest Ownership Act is identical to SB 44 § AS 34.08.550 TIMESHARES (beginning on page 64 at line 29) except that SB 44 adds additional provisions for disclosures in timeshare sales in subparagraph (5), (6) and (7).

In sum SB 44 (or the Uniform Common Interest Ownership Act) does not preclude the passage of specific timeshare legislation.

There should, however, be an amendment to HB 138 or any proposed timeshare legislation which would be similar to the Uniform Law Commissioners Model Real Estate Timeshare Act section 1-109 "Conflicts with Other Statutes" which would provide:

In the event of any conflict between this act and the Horizontal Property Regimes Act AS 34.07.010 - 34.07.460 [and the Uniform Common Interest Act AS 34.08.010 - 34.08.995, if SB 44 passes]. The provisions of this Act prevail, but this Act does not invalidate or otherwise affect rights or obligations vested under those statutes before the effective date of this Act, or the manner of their exercise or enforcement.

Thus, we would propose an amendment to HB 138 as follows:

Sec. 45.50.656 CONFLICTS WITH OTHER STATUTES. In the event of any conflict between the Act and the Horizontal Property Regimes Act AS 34.07.010 - 34.07.460, the provisions of this Act prevail, but this Act does not invalidate or otherwise affect

Honorable Representative Mike Navarre

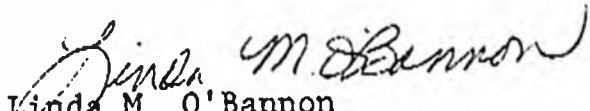
February 27, 1985  
Page 3

rights or obligations vested under those statutes  
before the effective date of this Act, or the  
manner of their exercise or enforcement.

Sincerely,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:

  
Linda M. O'Bannon  
Assistant Attorney General  
Chief, Consumer Protection  
Section

LMO/ssr

cc: Norman Gorsuch  
Art Peterson

HOUSE BILL 138  
Sectional Summary

The heart of this bill is sec. 4, which establishes safeguards relating to the sale of time-shares. Secs. 1, 2, and 3 of the bill amend existing state law on real estate licensing and regulation, to accommodate the provisions of sec. 4. Secs. 5 and 6 of the bill provide for effective dates. For ease of understanding the following summary will first address sec. 4.

Sec. 4 of the bill adds a new article 7 to AS 45.50 which regulates the sale of time-shares.

Sec. 45.50.630. REAL ESTATE BROKER AND REGISTRATION. This section places two requirements on those who offer time-shares. First, time-shares may be offered to buyers only through licensed real estate brokers, associate brokers, or salespersons. Second, before any time-shares may be offered, the offering must be registered with the Real Estate Commission. These provisions enable defrauded time-share buyers to make claims for reimbursement from the Real Estate Surety Fund.

Sec. 45.50.635. DISCLOSURE STATEMENT. Those who offer time-shares are required to give a written disclosure statement to prospective buyers before any contract is signed. Among the information which must be disclosed are a description of the time-share units; the developer's schedule for completion of all construction; the buyer's total financial obligation; notice of suits or liens; a good-faith estimate of dues, maintenance fees, and other periodic expenses; a description of any time-share exchange program; and notice of the buyer's right to cancel under sec. 45.50.640.

Sec. 45.50.640. ESCROW AND CANCELLATION. This section gives time-share buyers a "cooling-off period" during which they can cancel a purchase transaction. The period is 3 days if the buyer has personally inspected a completed unit and 10 days otherwise. This section also requires deposits to be held in escrow until the cooling-off period has expired. Slightly different rules apply when the buyer is residing in the unit.

Sec. 45.50.650. ENFORCEMENT AND REMEDIES. This section specifies that a violation of this article's requirements is an unfair or deceptive trade practice under the existing Unfair Trade Practices and Consumer Protection Act, so that both the Attorney General and injured private parties can obtain remedies in court.

Sec. 45.50.655. SALES REVOCABLE FOR VIOLATION OF AS 45.50.630 - 45.50.660. This section gives time-share buyers the right to revoke a sale if it involved a violation of this article's requirement

Sec. 45.50.657. STATUTORY OR COMMON LAW REMEDIES. The purpose of this section is to make clear that all existing statutory and common law remedies that may be available to persons regarding time-share transactions will remain in effect.

Sec. 45.50.658. TIMESHARE PROGRAMS REAL PROPERTY. This section provides that time-shares may be created and transferred as real property under present condominium law.

Sec. 45.50.659. PARTITION. The purpose of this section is to prevent involuntary partition of time-share property; i.e., court-ordered sale and division of the proceeds at the request of a time-share owner.

Sec. 45.50.660. DEFINITIONS. Among the more important definitions set out in this section is one providing that a "time-share" can be either an ownership interest in real property or merely a right to occupy a

Sec. 1 of the bill amends AS 08.88.111, pertaining to Real Estate Commission regulations. It gives the Real Estate Commission the authority to regulate registration of time-shares as required under AS 45.50.630 above. Registration must include the written disclosure statement required under AS 45.50.635 and the name of the licensed real estate broker to be used. A reasonable registration fee is required. This section also clarifies that the Real Estate Commission has general authority to adopt regulations necessary to carry out the purposes of the statute it administers, AS 08.88.

Sec. 2 of the bill amends AS 08.88.455 to provide for a supplemental surety fund fee or a supplemental bond from real estate brokers or salespersons who market time-shares. The purpose of this provision is to enable the Real Estate Surety Fund to respond to claims by time-share purchasers without depleting funds needed to protect other claimants.

Sec. 3 of the bill amends AS 08.88.475 to authorize the Real Estate Commission to adjust the Real Estate Surety Fund's maximum liability when supplemental fees have been paid in connection with time-shares. Currently the maximum liability is set by statute at \$50,000 for any one broker or salesperson; this provision would authorize the Commission to increase the limit in response to supplemental fees or bonds under AS 08.88.455(b) above.

Sec. 5 of the bill provides that the Real Estate Commission's authority to adopt regulations under AS 08.88.111(c) above will take effect immediately.

Sec. 6 of the bill provides that the remainder of the bill's provisions will take effect January 1, 1986.

Mike

INTRODUCTION OF BILLS (House)(cont'd)

HB 136 (cont'd)

dividend to the campaign financing fund. Larger amounts could be donated if the applicant so stated. A candidate for governor, lieutenant governor, or the state legislature could apply for a campaign grant from the fund.

In order for a candidate to receive a grant from the fund the candidate would first have to file a statement with the Alaska Public Offices Commission (APOC) promising to limit campaign expenditures, and have already received contributions for the campaign of at least 10 percent of the spending limit. APOC would then match amounts the candidate has raised at the time of application, not in excess of 10 percent of the spending limit established for the specified office.

Limits spending for gubernatorial and lieutenant governor candidates to \$500,000; state senate to \$75,000; and state house to \$35,000. Candidates would not be allowed to rescind an agreement, and candidates who makes or permit's his campaign treasurer to exceed agreed upon limits would be guilty of a misdemeanor (a drafting error appears in this section, so it is not clear whether it would be simply a misdemeanor or a class of misdemeanor).

Amends AS 43.20.013 (Individual Tax Credits) to state that an individual is "...entitled to a tax credit not to exceed a total of \$100 ..." for donations to political campaigns and adds language allowing the credit for donations to the campaign financing fund.

Does not provide for an effective date (takes effect 90 days after Governor signs bill).

Introduced January 28 and referred to State Affairs, Judiciary, then Finance.

Aggravation  
of Sentencing  
(death/injury  
to fetus)

HOUSE BILL NO. 137, by Rep. Binkley. Adds a new factor to those which may be considered by the sentencing court and which may aggravate a presumptive term. The new paragraph allows consideration if the "(27) defendant's conduct during the commission of the offense resulted in the death or : ious physical injury of an embryo or fetus being carried by the victim." No effective date (takes effect 90 days after Governor signs bill).

Introduced January 28 and referred to Judiciary.

Real Estate  
Commission  
(time share  
programs &  
regulations)

HOUSE BILL NO. 138, by the Rules Committee by Request of the Governor. Gives Real Estate Commission authority to establish regulations for time-sharing programs for residential property, and clarifies the Commission's authority to adopt regulations (see Governor's message). Varying effective dates.

Introduced January 28 and referred to Labor & Commerce, Judiciary and Finance.

In his letter transmitting the bill to the House, Governor Sheffield stated:

## INTRODUCTION OF BILLS (House)(cont'd)

### HB 138 (cont'd)

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the sale of time-share programs for use, occupancy, or possession of residential property. The bill also clarifies the Real Estate Commission's authority to adopt regulations necessary for administration of the entire real estate chapter.

The most common time-share offer is to sell to individuals, for a one- to two-week period, the use of a vacation "home" in a popular vacation spot. For example, a person would "own" a period of two weeks of time in an apartment on the beach in Hawaii.

The bill has several main components: a time-share offered for sale in Alaska must be registered with the Real Estate Commission and sold through a real estate broker or salesperson licensed in the state; certain disclosures must be made to potential purchasers by a time-share offeror; unfair methods of competition and deceptive acts or practices in the sale of time-shares are prohibited; a time-share purchaser has 10 days to cancel a time-share purchase contract if the purchaser has not inspected the time-share unit before purchase; enforcement powers are granted the attorney general; and authorization to bring a private action is specified for individuals.

In addition, the commission is empowered to set by regulation additional fees for registration of these time-shares, including supplemental bond payments to the real estate surety fund to allow adequate compensation to victims of time-share sales fraud. Supplemental payments to the surety fund were considered necessary to ensure that these large projects did not deplete the rest of the surety fund.

Finally, the bill clarifies the Real Estate Commission's authority to adopt regulations necessary to carry out the purposes of AS 08.88, relating to real estate.

A detailed discussion follows:

The main thrust of the bill is contained in sec. 4. That section of the bill requires the Real Estate Commission to set up registration requirements for all time-shares offered in the state regardless of whether the property is located in the state. Specific registration requirements would be adopted by the Real Estate Commission. In addition, a time-share offer made in this state must be made through a real estate broker or salesperson licensed in Alaska. The effect of this requirement would be to give purchasers of time-shares recourse to the real estate surety fund (AS 08.88.450 - 08.88.500) for misrepresentation by a real estate broker, associate real estate broker, or real estate salesperson.

These provisions would offer the people of Alaska protection against an outside entity that opens an office in this state or holds sales presentations in a hotel suite to sell time-shares located outside the state. Requiring time-share sales to be made by an agent licensed in this state would discourage "fly-by-night" or fraudulent operations because the local brokers would be cautious about risking their licenses or exposure to claims by dissatisfied purchasers. Thus, brokers would have the incentive to screen, and refuse to serve as agents for, risky time-share concerns. The definition of "offeror" in new AS 45.50.660(6) exempts from the requirements of AS 45.50.630 -- 45.50.660 an individual who is re-selling his or her own interest in a time-share program.

The bill requires registration with the Real Estate Commission. Some time-shares actually are interests in real property, others are just agreements to use a time-share unit. The bill would require registration of all time-share offers to be made in the state, whether the offeror sells an interest in real property or merely a contractual right to use residential property. This registration requirement should not be burdensome to the commission as it is not anticipated that numerous time-shares will be marketed in the state. Fees charged should offset any cost of the registration. Under new AS 08.88.111(b)(1), in sec. 1 of the bill, the commission will set the registration fee.

INTRODUCTION OF BILLS (House)(cont'd)

HB 138 (cont'd)

The bill requires persons selling time-shares to disclose in writing significant facts about the offer to potential purchasers. The written disclosure statement must be filed with the Real Estate Commission as part of the registration. In other states, disclosure requirements have helped to prevent sales pitches that suggest that the time-share is an "investment," and helped cure other abuses such as the failure to inform the purchaser of the total cost of the time-share over the full term of the time-share. Adequate written disclosure enables a consumer to make an informed purchase decision. While there is some evidence that purchasers in high-pressure sales situations do not fully read disclosure statements, the provision of written disclosures coupled with the cancellation period allows a purchaser the opportunity to carefully consider a time-share purchase.

Another significant portion of the bill makes it clear that deceptive acts or practices in the sale of time-shares are violations of the Unfair Trade Practices and Consumer Protection Act. Experience in other states (e.g., Hawaii, Florida, Colorado, Arizona) where time-shares have been marketed aggressively for some years shows that many purchasers are induced to attend sales presentations through deceptive promises of prizes or awards, and are unable to resist the fast sales pitch. The time-share industry itself criticizes this type of sales approach and suggests that sales should be geared to persons who want to purchase time-shares for the features of the units themselves and as a hedge against future inflation in vacation costs. The consumer protection section of the Department of Law has received inquiries and complaints from persons induced to believe that they would win a car or color television if they attended a sales presentation only to actually receive a cheap set of luggage as their "prize."

Perhaps the most important provision in the bill is the one for a "cooling-off" period for a purchaser to cancel the time-share purchase. Other states have enacted cooling-off periods ranging from 3 to 15 days. A cancellation period will allow a purchaser more time to fully review written materials, consult an attorney, accountant, or other professional, and investigate representations made during the time-share presentation. If the purchaser has inspected the unit, a 3-day cancellation period is allowed. A greater cancellation period, 10 days, is allowed if a purchaser had no opportunity to inspect the time-share unit before purchase. Escrow of purchaser deposits until after the cancellation period has expired assures that the purchaser will receive a refund of any payments made if the purchaser decides to cancel.

Enforcement powers identical to the enforcement powers in the Consumer Protection Act (AS 45.50.495 -- 45.50.521) are granted to the attorney general by this bill.

A private cause of action is specifically set out in the bill, providing that for violations of this bill the purchaser may void the sale. However, if the purchaser has received some value, such as using the time-share unit for a period of time, the value of that use would be deducted from any amount the purchaser could recover. The customer's cause of action under this bill would be in addition to all other remedies presently available.

Sections 1, 2, and 3 of the bill contain provisions allowing the Real Estate Commission to set, by regulation, special fees for the registration of time-share offerings. The fees may include supplemental payments by the time-share offeror, through its real estate broker or licensed salesperson, to the real estate surety fund. Section 4 amends the statute that sets the maximum liability of the surety fund for any one broker or salesperson at \$50,000 so that if a supplemental bond fee for higher liability has been filed by a time-share offeror, the consuming public could file claim up to the higher maximum liability amount of the bond fees. The commission will be authorized to establish, by regulation, a schedule of adequate supplemental payments to the surety fund to protect the public and the integrity of the fund.

In preparing this bill, other state agencies -- the division of banking, securities and corporations in the Department of Commerce and Economic Development, and the Real Estate Commission -- were consulted. Legislation from many states, as well as the National Timesharing Council's

INTRODUCTION OF BILLS (House)(cont'd)

HB 138 (cont'd)

Model Timeshare Act and Exchange Program Act, were reviewed. Discussions were held with industry representatives, Federal Trade Commission attorneys, and with assistant attorneys general from other states. The time-share industry has recognized the need for reasonable regulation of the industry and it is not anticipated that there will be any significant industry opposition to this bill.

Administration of Grants (ground rules) HOUSE BILL NO. 139, by the Rules Committee by Request of the Governor. Would establish a separate method of administering certain grants to municipalities, named recipients, and unincorporated communities.

Introduced January 28 and referred to Community & Regional Affairs and Finance.

In his letter transmitting the bill to the House, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the administration of certain grants passed by the legislature.

The bill was requested by the Department of Administration to provide specific authority to establish a separate method of administering certain grants to municipalities under AS 37.05.315, named recipients under AS 37.05.316, and to unincorporated communities under AS 37.05.317. Under current procedures, all grants are administered by the Department of Administration in the same manner as professional services contracts. The nature of a grant is more often akin to a unilateral contract than a bilateral contract. This difference warrants the adoption of a body of administrative law that sets out the ground rules under which the grants will be expended. Certainly, this distinction between a grant and a contract can only be implemented if the department has the power to provide for adequate safeguards to assure that grantees and the state operate in the public interest.

This bill reverses the provisions of AS 37.05.318, to permit the creation of safeguards through the adoption of administrative regulations. Under existing law, the adoption of regulations to interpret and make specific the grant statutes is prohibited. I know that many members of the legislature are becoming increasingly alarmed at the lack of responsiveness of grantees to expeditiously accomplish the intent of the legislature. This bill offers an opportunity for a change that will result in the speedy accomplishment of legislatively assigned purposes of grant appropriations.

Use of Teleconferencing HOUSE BILL NO. 140, by the Rules Committee by Request of the Governor. Confirms and clarifies that teleconferencing is a legal means for increasing public access and input to government bodies (see Governor's message). No effective date (takes effect 90 days after Governor signs bill).

Introduced January 28 and referred to the House Special Committee on Telecommunications, Judiciary and Finance.

In his letter transmitting the bill to the House, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the use of teleconferencing for meetings and hearings held under the

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 28, 1985

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the sale of time-share programs for use, occupancy, or possession of residential property. The bill also clarifies the Real Estate Commission's authority to adopt regulations necessary for administration of the entire real estate chapter.

The most common time-share offer is to sell to individuals, for a one- to two-week period, the use of a vacation "home" in a popular vacation spot. For example, a person would "own" a period of two weeks of time in an apartment on the beach in Hawaii.

The bill has several main components: a time-share offered for sale in Alaska must be registered with the Real Estate Commission and sold through a real estate broker or salesperson licensed in the state; certain disclosures must be made to potential purchasers by a time-share offeror; unfair methods of competition and deceptive acts or practices in the sale of time-shares are prohibited; a time-share purchaser has 10 days to cancel a time-share purchase contract if the purchaser has not inspected the time-share unit before purchase; enforcement powers are granted the attorney general; and authorization to bring a private action is specified for individuals.

In addition, the commission is empowered to set by regulation additional fees for registration of these time-shares, including supplemental bond payments to the real estate surety fund to allow adequate compensation to victims of time-share sales fraud. Supplemental payments to the surety fund were considered necessary to ensure that

these large projects did not deplete the rest of the surety fund.

Finally, the bill clarifies the Real Estate Commission's authority to adopt regulations necessary to carry out the purposes of AS 08.88, relating to real estate.

A detailed discussion follows:

The main thrust of the bill is contained in sec. 4. That section of the bill requires the Real Estate Commission to set up registration requirements for all time-shares offered in the state regardless of whether the property is located in the state. Specific registration requirements would be adopted by the Real Estate Commission. In addition, a time-share offer made in this state must be made through a real estate broker or salesperson licensed in Alaska. The effect of this requirement would be to give purchasers of time-shares recourse to the real estate surety fund (AS 08.88.450 -- 08.88.500) for misrepresentation by a real estate broker, associate real estate broker, or real estate salesperson.

These provisions would offer the people of Alaska protection against an outside entity that opens an office in this state or holds sales presentations in a hotel suite to sell time-shares located outside the state. Requiring time-share sales to be made by an agent licensed in this state would discourage "fly-by-night" or fraudulent operations because the local brokers would be cautious about risking their licenses or exposure to claims by dissatisfied purchasers. Thus, brokers would have the incentive to screen, and refuse to serve as agents for, risky time-share concerns. The definition of "offeror" in new AS 45.50.660(6) exempts from the requirements of AS 45.50.630 -- 45.50.660 an individual who is re-selling his or her own interest in a time-share program.

The bill requires registration with the Real Estate Commission. Some time-shares actually are interests in real property, others are just agreements to use a time-share unit. The bill would require registration of all time-share offers to be made in the state, whether the offeror sells an interest in real property or merely a contractual right to use residential property. This registration requirement should not be burdensome to the commission as it is not anticipated that numerous time-shares will be marketed in the state. Fees charged should offset any cost

of the registration. Under new AS 08.88.111(b)(1), in sec. 1 of the bill, the commission will set the registration fee.

The bill requires persons selling time-shares to disclose in writing significant facts about the offer to potential purchasers. The written disclosure statement must be filed with the Real Estate Commission as part of the registration. In other states, disclosure requirements have helped to prevent sales pitches that suggest that the time-share is an "investment," and helped cure other abuses such as the failure to inform the purchaser of the total cost of the time-share over the full term of the time-share. Adequate written disclosure enables a consumer to make an informed purchase decision. While there is some evidence that purchasers in high-pressure sales situations do not fully read disclosure statements, the provision of written disclosures coupled with the cancellation period allows a purchaser the opportunity to carefully consider a time-share purchase.

Another significant portion of the bill makes it clear that deceptive acts or practices in the sale of time-shares are violations of the Unfair Trade Practices and Consumer Protection Act. Experience in other states (e.g., Hawaii, Florida, Colorado, Arizona) where time-shares have been marketed aggressively for some years shows that many purchasers are induced to attend sales presentations through deceptive promises of prizes or awards, and are unable to resist the fast sales pitch. The time-share industry itself criticizes this type of sales approach and suggests that sales should be geared to persons who want to purchase time-shares for the features of the units themselves and as a hedge against future inflation in vacation costs. The consumer protection section of the Department of Law has received inquiries and complaints from persons induced to believe that they would win a car or color television if they attended a sales presentation only to actually receive a cheap set of luggage as their "prize."

Perhaps the most important provision in the bill is the one for a "cooling-off" period for a purchaser to cancel the time-share purchase. Other states have enacted cooling-off periods ranging from 3 to 15 days. A cancellation period will allow a purchaser more time to fully review written materials, consult an attorney, accountant, or other professional, and investigate representations made

during the time-share presentation. If the purchaser has inspected the unit, a 3-day cancellation period is allowed. A greater cancellation period, 10 days, is allowed if a purchaser had no opportunity to inspect the time-share unit before purchase. Escrow of purchaser deposits until after the cancellation period has expired assures that the purchaser will receive a refund of any payments made if the purchaser decides to cancel.

Enforcement powers identical to the enforcement powers in the Consumer Protection Act (AS 45.50.495 -- 45.50.521) are granted to the attorney general by this bill.

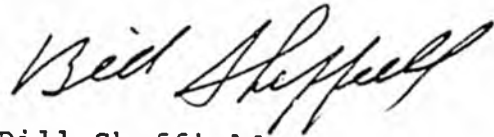
A private cause of action is specifically set out in the bill, providing that for violations of this bill the purchaser may void the sale. However, if the purchaser has received some value, such as using the time-share unit for a period of time, the value of that use would be deducted from any amount the purchaser could recover. The customer's cause of action under this bill would be in addition to all other remedies presently available.

Sections 1, 2, and 3 of the bill contain provisions allowing the Real Estate Commission to set, by regulation, special fees for the registration of time-share offerings. The fees may include supplemental payments by the time-share offeror, through its real estate broker or licensed salesperson, to the real estate surety fund. Section 4 amends the statute that sets the maximum liability of the surety fund for any one broker or salesperson at \$50,000 so that if a supplemental bond fee for higher liability has been filed by a time-share offeror, the consuming public could file claims up to the higher maximum liability amount of the bond fees. The commission will be authorized to establish, by regulation, a schedule of adequate supplemental payments to the surety fund to protect the public and the integrity of the fund.

In preparing this bill, other state agencies -- the division of banking, securities and corporations in the Department of Commerce and Economic Development, and the Real Estate Commission -- were consulted. Legislation from many states, as well as the National Timesharing Council's Model Timeshare Act and Exchange Program Act, were reviewed. Discussions were held with industry representatives, Federal Trade Commission attorneys, and with assistant attorneys general from other states. The time-share industry has recognized the need for reasonable

regulation of the industry and it is not anticipated that there will be any significant industry opposition to this bill.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield". The signature is written in dark ink and is positioned above the printed name and title.

Bill Sheffield  
Governor

Revision Date: November 30, 1984

REQUEST

Bill/Resolution No.: \_\_\_\_\_  
Title: Regulation of time share projects and salespersons  
Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
Program Category Affected: \_\_\_\_\_  
Public Protection  
BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Real Estate Commission  
Consumer Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		28.4	29.3	30.2	31.2	32.3
200 TRAVEL		2.0	2.2	2.4	2.6	2.9
300 CONTRACTUAL		5.6	6.9	8.2	9.7	10.3
400 SUPPLIES		.7	.7	.8	.8	.8
500 EQUIPMENT		6.8	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>43.5</b>	<b>39.1</b>	<b>41.6</b>	<b>44.3</b>	<b>46.3</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>		50.0	50.0	60.0	60.0	60.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND		43.5	39.1	41.6	44.3	46.3
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>43.5</b>	<b>39.1</b>	<b>41.6</b>	<b>44.3</b>	<b>46.3</b>

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See attachment.

Prepared By: James L. Magowan Phone: 563-2169  
Division: Real Estate Commission Date: \_\_\_\_\_

Approved by Commissioner: Richard A. Lyon Date: 12/31/84  
Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

1209W113084a

The bill will require that time share projects be registered with the commission. This will produce recordkeeping and review tasks. The commission will need an examiner to review, approve and issue notices of registration. This position will be a range 12, examiner.

There will be limited travel for training, seminars or conferences regarding the regulation of time shares.

The other expenses are the normal expenses that are associated with most positions except that this position will have a particularly high long distance phone bill. Most time shares are in other states. There will be a great deal of inter-state phone traffic - both incoming and outgoing.

The equipment costs are furniture and equipment to set up the position and are first year costs only.

The position will be funded from the general fund. It is anticipated that the cost of the bill (position) will be recovered almost completely - in the form of registration fees paid by the developers or sellers. This assumption is subject to error to the degree that more or less projects that we estimate will be will be interested in selling in Alaska.

Projected Revenues

Original Registration	\$500 per project	
Renewal (biennial)	\$100 per project	
1986 100 Original Registrations		\$50,000
1987 100 Original Registracions		\$50,000
1988 100 Renewals		\$20,000
80 New Registrations		\$40,000
1989 100 Renewals		\$20,000
80 New Registrations		\$40,000
1990 120 New Registrations		\$60,000

1.	POSITION TITLE Time Share Examiner			RANGE/STEP 12A	DARG. UNIT GGU	PAGE/LINE	COY.	APPROV.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PEN NUMBER	BRU PRIORITY 1	LOCATION EBA	ELECTION DISTRICT 109	LEG.
3.	CONTINUATION LEVEL   1   ADDITION			JUSTIFICATION				
4.	TYPE OF EXPENDITURE			AMOUNT				
	1	2	3					
	PERSONAL SERVICES							
5.	Salary	23.7						
6.	Benefits	4.7						
7.	Supplemental Benefits							
8.	Fixed Benefits							
9.	TOTAL PERSONAL SERVICES	01	28.4					
10.	Travel	02	2.0					
11.	Contractual	03	5.6					
12.	Commodities	04	.7					
13.	Equipment	05	6.8					
14.	Other							
15.	TOTAL COST		43.5					
	RECEIPT CODE	FUNDING SOURCE						
16.		Federal Receipts 1002						
17.		C.F. Hatch 1003						
18.		General Funds 1004		43.5				
19.		I-A Receipts 1005						
20.		Program Receipts 1028						
21.		Other						
FOR BSM USE ONLY								
KEY NUMBER _____								

The commission feels that time shares must be regulated to some extent. Other states have run into numerous problems some of which we are already experiencing, that cause severe consumer risks and losses until regulation is established. The commission believes in minimum regulation to protect the public.

The commission has proposed surety fund coverage of time share projects with back up bonding of the project with the surety fund being beneficiary of the bond. This will protect the public and the fund with minimum regulation.

Registration and bonding will prevent many fraudulent developments from being sold in Alaska and will protect Alaskans from losing money by buying misrepresented projects.

The bill will require that time share projects be registered with the commission. This will produce recordkeeping and review tasks. The commission will need an examiner to review, approve and issue notices of registration. This position will be a range 12, examiner.

There will be limited travel for training, seminars or conferences regarding the regulation of time shares. The other expenses are the normal expenses that are associated with most positions except that this position will have a (See Attachment)

REQUEST FOR NEW POSITION	AGENCY <u>COMMERCE &amp; ECONOMIC DEVELOPMENT</u>	FY 86
	PROGRAM <u>PUBLIC PROTECTION</u>	
	BRU <u>ALASKA REAL ESTATE COMMISSION</u>	
COMPONENT _____	Page 1 of 2	Revised Date _____

Request for New Position cont.

particularly high long distance phone bill. Most time shares are in other states. There will be a great deal of inter-state phone traffic - both incoming and outgoing. The equipment costs are furniture and equipment to set up the position and are first year costs only.

1209W113084A

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HB 138  
Title: "...relating to time-share program... of residential property..."  
Sponsor: House Rules/Governor  
Requestor: Ofc. of Gov./OMB  
Date of Request: 12/24/84

FISCAL DETAIL

Agency Affected: Department of Law  
Program Category Affected: Public Protection  
ERU, Program or Subprogram(s) Affected: Consumer Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS. Attach a separate page if necessary

Prepared By: Richard I. Pegues, Director  
Division: Administrative Services  
Approved by Commissioner: Norman C. Gorsuch  
Agency: Department of Law

Phone: 465-3672  
Date: 12/31/84  
Date: 12/31/84

Distribution (by Agency preparing fiscal note):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

This bill attempts to regulate the sale or offer of "time share" programs in the state. Typically, time share projects are located in areas outside Alaska, such as Hawaii or Mexico. The department has experienced a growing number of complaints involving misrepresentations in either the promise of promotional incentives or in the value actually offered by the time share. The bill provides that a time share offered in Alaska must be registered with the Real Estate Commission and sold through a real estate agent licensed in the state; certain disclosures must be made to potential purchasers by a time share offerer; unfair methods of competition and deceptive acts or practices in the sale of time shares are prohibited; a time share purchaser has 3 days to cancel purchase contract if property is seen and 10 days if the property is unseen; enforcement powers are granted the attorney general; and authorization to bring a private action is specified for individuals.

Because of the screening process that would be caused by the requirement for registration of time share sales, and because of the requirement that time shares be sold only by state licensed real estate agents, and the provision to authorize private action for individuals, the department does not foresee any significant increase in enforcement activity. Consequently, there will not be a fiscal impact on the department's operations.

The Real Estate Commission will experience some fiscal impact in implementing and administering the registration requirements under this bill. The commission is empowered, however, to adopt regulations requiring payment of registration fees for time share sales to offset the cost of registration.

# MEMORANDUM

# State of Alaska

TO: Katie Wallen  
Legislative Liaison  
Dept. of Commerce  
and Economic Development

DATE: February 7, 1985

FILE NO:

TELEPHONE NO:

FROM: James L. Magowan  
Executive Director  
Alaska Real Estate Commission

SUBJECT: HB 138

The Real Estate Commission and the Consumer Protection Office have both received numerous inquiries, and complaints regarding time share sales. These complaints fall into several common categories.

1. High pressure sales techniques which rush people into signing agreements before they have thought out the transaction. People often "wake up" the next morning and find that at best they can back out of the transaction and lose their deposit.

HB 138 addresses this problem with a rescission period, an escrow period for the deposit and the requirement that the units be sold through a broker.

2. The property or amenities to it are misrepresented.

The misrepresentations range from simple misrepresentation of its condition or age to selling units in unbuilt projects. Sometimes projects are not complete and purchasers are not aware that there are not funds to complete the promised amenities and improvements.

These problems are addressed in several ways in HB 138.

- a) A broker is unlikely to risk losing a license by selling something sight unseen. Even if this is done, the first complaint will alert the broker to the problem and probably stop further sales.
- b) The registration can require accurate property status reporting. This will minimize false reports and the surety fund/bonding requirement will provide recovery when fraud is committed. The use of commercial "back-up" bonding helps to eliminate constant or repeated problems with the same developer because bonding agencies can deny bonds when claims are made against them. Also the bonding companies will impose their own checks or inspections on the property to protect themselves.

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February 7, 1985

- c) In many cases loses of less than \$5,000 are not feasible for consumers to recover due to high legal costs to do so. Under this bill, the commission can make direct restitution to the consumers and in turn it can take consolidated action to recover from the bond. The practical effect should be that if a major loss occurs the bonding company will cooperate (negotiate) with the commission to minimize its inevitable loss and costs.
3. When consumers are cheated by "fly-by-night" operators, there is often no place for them to go for recovery. HB 138 addresses this with the registration requirement the broker requirement and the surety/bond requirement.

There is often a feeling that "an owner" should not be required to use a broker. In most scams everyone involved is "an owner" when this claim helps them avoid the law. Having an exemption such as this is a fiction. These projects are sold by teams, not by individuals. An exemption would give fraudulent operators a chance to come in and cheat people while legal processes are being initiated. When action is finally taken they leave and the damage is done.

The broker requirement is, therefore, essential to protect the public.

The registration requirement is tied closely to the broker requirement. The name of the broker is a part of the registration. This assures that the commission always has a licensee that can be contacted about a project being sold in Alaska. It should be noted that this is of major importance since most projects are located in other states.

HB 138 also provides a safe means of holding consumer deposits. In virtually all cases these will be in the broker's trust account. This will give the public maximum protection during the rescission period.

The rescission period gives serious purchasers a chance to think over the purchase and, more importantly, to go and examine the property before losing a deposit.

Unit costs for time shares are relatively low compared to residential housing. Aggregate costs, on the other hand, are very high. In one project that the Florida Real Estate Commission was involved with, the losses were in the neighborhood of \$6,000,000. This is the reason that back-up bonding is required.

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The commission's activity in the regulation of time share sales is seen essentially as protecting the consumer through two mechanisms.

1. The involvement (mandatory) of a broker. This provides an element of stability and local oversight or control. It prevents the operation from being based totally outside of Alaska.
2. The surety/bonding requirement - This provides consumer recovery when an operation is not honest and fairly represented.

The other measures are support and back-up to these primary requirements.

This bill also "closes" a major loophole in much timeshare legislation. It defines a time share as anything that looks, smells, acts or tastes like one. Fraudulent operators are adept at creating innovative forms of licenses, clubs, etc., to get around less inclusive definitions, thereby leaving regulators and injured public wringing their hands and looking at each other hopelessly after a loss occurs. This "A time share is a time share" approach does not hurt the honest developer who uses various ownership methods for reasons other than to avoid regulation and deceive the public.

This bill accomplishes a great deal of protection with a minimum of regulation and associated costs.

Our experience would support rewording of Section 45.50.640(d) (notice of cancellation). It would be recommended that notice to the broker or the broker and the offeror be required. Since the broker is holding the deposit, it would protect the deposit if the broker is notified. Otherwise an offeror might not tell the broker of the cancellation and gain possession of the deposit. This subjects both consumer and broker to possible loss and at best adds confusion to the process.

The commission had a brief encounter with "addressee only" certified mail. It does not work well.

- a) The letter carriers frequently do not deliver to addressee only. In this case, notice has not been received.
- b) When the addressee only instruction is followed, if the addressee is not in when the carrier happens to come by, the

Katie Wallen  
Page Four  
February 7, 1985

letter is not delivered. In many larger firms, this is a real problem when addressee only mail comes to the lawyer and the secretary cannot sign for it.

The commission found that the Administrative Procedure Act requirement for certified mail to the last registered address is most effective and adequate. This gives us effective legal service and puts responsibility for having broker or developer staff properly give notices to the broker or developer, on the broker or developer.

It is a disservice to the consumer to have them lose, at least for a time, their deposit and then have to battle over whether or not the offeror was "notified".

There is a great increase in the number of inquires to the commission from time share developers who are interested in selling their units in Alaska. Alaska appears to have been identified as a major target for these sales in the next few years.

JLM/cw/0014E/59

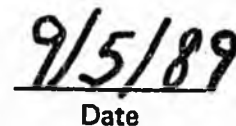


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date