

§ 93A-57. Release of liens or subordination and notice to creditors instrument.

(a) Prior to any closing, the developer shall record a release of all liens or encumbrances affecting the timeshare being acquired by the purchaser or the timeshare property or comply with one of the following:

- (1) If there are any interest holders in the timeshare or timeshare property, the developer and any interest holders must execute and record a subordination and notice to creditors instrument in the jurisdiction in which the timeshare or timeshare program is situated. The subordination and notice to creditors instrument shall contain the following:
 - a. Language sufficient to provide subsequent creditors of the developer and interest holder with notice of the existence of the timeshare program and of the rights of owners in order to protect the interests of the owners from any claims of subsequent creditors.
 - b. A statement that the instrument shall be effective as between the owner and the developer and interest holder despite any bankruptcy proceedings involving the developer.
 - c. A statement that so long as an owner remains in good standing with respect to the owner's obligations under the timeshare declaration, then the interest holder will honor all rights of the owner as reflected in the timeshare declaration.
- (2) If there are any interest holders in the timeshare or the timeshare property, the developer must make alternative arrangements that are adequate to protect the rights of the owners of the timeshares and timeshare property, provided that any alternative arrangement is approved by the Commission.

(b) Unless a timeshare owner or a timeshare owner who [is] the owner's predecessor in title agree[s] otherwise with the lienor, if a lien other than a mortgage or deed of trust becomes effective against more than one timeshare in a timeshare program, any timeshare owner is entitled to a release of the owner's timeshare from a lien upon payment of the amount of the lien attributable to the owner's timeshare. The amount of the payment must be proportionate to the ratio that the owner's liability bears to the liabilities of all owners whose interests are subject to the lien. Upon receipt of payment, the lien holder shall promptly deliver to the owner a release of the lien covering that timeshare. After payment, the managing entity may not assess or have a lien against that timeshare for any portion of the expenses incurred in connection with that lien. (1983, c. 814, s. 1; 1985, c. 578, s. 12; 2021-163, s. 1(c); 2021-192, s. 5(a).)