

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



Full name and/or number of the statute (in original language):

20/1999. (II.5.) Korm.rend. Az Ingatlanok időben megosztott használati jogának megszerzésére irányuló szerződések

Translation of the name:

Government Decree 20/1999. (II. 5.) on contracts for the purchase of the right to use immovable property on a timeshare basis

Reference in Official Journal (if appropriate):

Date of coming into force:

01.05.1999

Subsequent amendments:

Text:

Government Decree 20/1999. (II. 5.)

on contracts for the purchase of the right to use immovable property on a timeshare basis

Pursuant to the authorisation set out in Article 55 (c) of Act CLV of 1997 on consumer protection (hereinafter: Act on Consumer Protection.) the Government passes the following decree:

Article 1

The scope of this Decree shall cover contracts concluded between a consumer [Article 685(d) of the Hungarian Civil Code] and a business entity or a company with its registered office abroad by way of its branch in Hungary (hereinafter: the vendor) for the purchase of the right to use immovable property on a timeshare basis and the business activities of the vendor aimed at transferring

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



the right to use immovable property on a timeshare basis conducted in the territory of the Republic of Hungary.

Article 2

For the purposes of this Decree

- (a) *Contract for the purchase of the right to use immovable property on a timeshare basis (hereinafter: contract)* shall mean a contract or a group of related contracts on the basis of which the consumer purchases the right to repeatedly use one or more properties for holiday home or home purposes for a period of time defined in advance (hereinafter: right to use) directly or indirectly from the vendor for a consideration;
- (b) *Consideration* shall mean the total amount of the consideration payable for purchasing the right to use;
- (c) *Direct advertising activity* shall mean the establishment of personal contact with the consumer by the vendor or the vendor's employee, representative or agent for the purpose of business advertising [Article 2 (g) of Act LVIII of 1997 on business advertising activities].

Article 3

Pursuant to the contract, the vendor shall transfer the right to use to the consumer, and the consumer shall pay the consideration for purchasing the right to use.

Article 4

1. The vendor shall make available information in writing to any person requesting information on the immovable property and to those persons who receive comprehensive information on

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



the property in the framework of direct advertising activities. In addition to the general description of the immovable property, such information shall set out the items specified in Article 7 (1) in a clear, understandable and accurate manner, and it shall make reference to the possibilities and ways of obtaining further information.

2. Such written information shall be made available in Hungarian; if, however, the consumer is a national of any Member State of the European Union or the consumer's place of residence is in any Member State of the European Union, it shall be made available to him at his own choice either in the official language of the state of which he is a national or in which he resides. If the consumer is a national of, or has his residence in, another state, such written information shall be made available to him — on his request — in the official language of the state of his nationality or of his residence at his own choice. If there is more than one official language in the states referred to, the consumer shall have the right to choose also in respect of these languages.

Article 5

1. The contract shall be drawn up in writing and one copy shall be provided to the consumer.

2. The language of the contract shall be governed by the provisions set out in Article 4 (2) as appropriate.

3. If the official language of the state in which the immovable property is located is other than the language of the contract, an authentic translation of the contract into the official language of the state where the immovable property is located shall be made available to the consumer, unless the properties that constitute the subject of the right to use are located in different states.

Article 6

1. When concluding a contract, the items specified in Article 7 (1) of the written information

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



under Article 4 (1) provided to the consumer shall become parts of the contract.

2. Unless otherwise agreed by the parties, the vendor may change the information specified above only in the event of a significant modification in circumstances beyond the vendor's control. Such changes shall be notified to the consumer prior to concluding the contract.

3. Any change made to the contents of the written information shall be expressly identified in the contract.

Article 7

1. The contract and the written information under Article 4 (1) shall include the following:
 - (a) the company name (name) and registered office (address) of the vendor and — if the vendor is not the owner of the property — of the property's owner, the vendor's registration number and an indication of the legal relationship on the basis of which the vendor is entitled to conclude the contract;
 - (b) an accurate definition of the content of the right to use, and information on the conditions already met and to be met that are necessary for the purchase and exercise of the right to use in the state where the immovable property is located;
 - (c) if, under the contract, the consumer does not acquire title of ownership in or a substantial right to use the property, notification to this effect;
 - (d) a detailed description of the equipment, maintenance status, location and accessibility of the immovable property if the right to use applies to specific immovable property;
 - (e) if the right to use applies to specific immovable property, the number of the sale license under Article 23 and the number of the permit for commencing use; or, if the property is under construction at the time of concluding the contract or construction has not yet started,



Click on the blue text parts in order to retrieve information on the EC law background



-
- (ea) information on the status of construction work,

 - (eb) the date of starting the construction and the expected date of completing the construction, and the latter shall include the commissioning of the utilities required for the proper use of the immovable property,

 - (ec) the designation and address of the competent licensing authorities, and the number of the building permit,

 - (ed) guarantee for contractual performance; description of the procedure to be followed in the event of non-contractual performance, of legal consequences and of the security for repayment of the consideration;

 - (f) the utilities connected to the immovable property (water, gas, power and district heating supply, telephone connection and sewage disposal) , and the basic services provided to the property (maintenance, refuse collection, etc.) and the conditions for using such services;

 - (g) common facilities (swimming pool, sauna, weight room, tennis court, etc.) and the conditions for using such services;

 - (h) the methods and principles of operating and maintaining the immovable property, of commissioning repair work and of related administration;

 - (i) consideration payable for the purchase of the right to use, and the annual fees payable for the use of the property, the use of utilities, basic services and common facilities , and the public charges of the immovable property, the principles and estimates of bearing the costs of operating and maintaining the property, of commissioning repair works and of related administration;

 - (j) the conditions for increasing the annual fees and costs referred to in subparagraph (i);

 - (k) information on the right to dispose of the right to use, in particular on the possibilities and

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



-
- limitations of assigning the right to exercise the right to use in exchange for a third party's right to use a different property and of selling the right to use; if the vendor or the person designated by the vendor operates a system for the exchange or assignment of the right to use, the conditions for participating in such system, and the costs of participation and exchange or assignment;
- (l) information on the right to withdraw from the contract; the conditions for exercising the right to withdraw from the contract, with special regard to the time limitation for and the obligation to set out in writing such withdrawal, and an indication of the costs to be reimbursed by the consumer in the case of withdrawal from contract;
 - (m) the information that if consideration is partly or fully covered by consumer credit granted by the vendor or a third party under an agreement concluded between the vendor and the third party, the exercising of the consumer's right to withdraw from the contract shall terminate the consumer-credit agreement without the obligation to pay damages in accordance with Article 12;
 - (n) the information that, pursuant to Article 11, the vendor may not require and may not accept payment from the consumer under any legal title prior to the expiry of the time for withdrawing from the contract;
 - (o) information that, in accordance with Article 6, the written information shall become part of the contract.
2. In addition to the items under paragraph 1, the contract shall include:
- (a) the name and the address of the consumer;
 - (b) the definition of the right to use expressed in terms of duration or otherwise; the date of starting to use and the duration of the right to use the immovable property;
 - (c) a stipulation under which the consumer shall not have any further liabilities in exchange for purchasing and exercising the right to use other than the consideration, annual fees,



Click on the blue text parts in order to retrieve information on the EC law background



public charges and costs specified in accordance with paragraph 1 (j);

- (d) the signatures of the parties and the contract date.

Article 8

1. The consumer may withdraw from the contract or preliminary contract within fifteen days of concluding the contract or preliminary contract and receiving a copy of such contract without having to give any grounds therefor.

2. If the vendor has not made available the written information specified in Article 4 (1) or has not made it available in the language specified in accordance with Article 4 (2) prior to concluding the contract, the withdrawal time available for the consumer shall be, in departure from paragraph 1, thirty days.

3. If the contract does not contain any one of the items specified in Article 7 (1) (a)–(b) and (d), (e) (ea)–(eb), and (i), (k)–(n), as well as paragraph (2) (a)–(b) and (d), the fifteen-day withdrawal time available to the consumer shall start from the day when the vendor communicates all missing data to the consumer in writing and such data become parts of the contract by virtue of an agreement between the parties, but not later than the date following the expiry of the three months of the date of concluding the contract and receipt of a copy of the contract by the consumer.

Article 9

In the event of a dispute, the vendor shall bear the burden of supplying evidence that it has delivered the written information specified in Article 4 (1) in the required language and a copy of the contract — in the required language — and an authentic translation of the contract in the language of the state where the immovable property is located to the consumer prior to concluding the contract, and that it has notified the consumer in writing about any mandatory item that were missing from the contract and the date of such notification.



Click on the blue text parts in order to retrieve information on the EC law background



Article 10

1. The consumer shall notify the vendor about his withdrawal according to Article 8 in writing. The notification shall be sent to the vendor's registered office specified in the contract or to any other premises or organisational unit specified for this purpose by the vendor in the contract.
2. If the consumer exercises his right to withdraw in accordance with Article 8, the vendor may claim from the consumer damages only as a result of concluding the contract, in particular a refund of the costs of preparing and having the contract translated, provided that it has indicated these costs in the contract. No fees may be charged for the use of the property, the services used and for assigning the use of the property.
3. In the case of withdrawal according to Article 8 (3), the consumer may not be obliged to refund to the vendor its damages arising out of concluding the contract; he may, however, claim from the vendor the refund of his damages incurred, arising out of concluding the contract.

Article 11

1. The vendor may not claim and may not accept any payment under any legal title from the consumer before the expiry of the withdrawal time available under Article 8.
2. The vendor shall refund any amounts collected despite the provision set out in paragraph 1 to the consumer and pay forbearance interest on such amounts starting from the date of their payment.

Article 12

1. If a part or all of the consideration payable by the consumer for the purchase of the right to use is covered by a consumer credit granted by the vendor [Article 2 (d) of the Act on Con-

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



sumer Protection.], the consumer's exercising of his right to withdraw in accordance with Article 8 shall terminate the consumer-credit agreement, as well.

2. The consumer shall not be obliged to refund to the vendor damages arising out of the termination of the consumer-credit agreement, and no interest or other charges may be claimed from the consumer. However, the vendor may claim from the consumer the refund of its damages arising out of concluding the consumer-loan agreement, provided that it has expressly provided for them in the consumer-credit agreement and the contract for the purchase of the right to use the immovable property on a timeshare basis contains all the mandatory items specified in Article 7 (1)–(2).

3. The provisions set out in paragraphs 1 and 2 shall apply as appropriate, if the consideration is covered partly or in whole by a consumer credit granted by a third party (Point III. 5 of Appendix No. 2 of Act CXII of 1996 on credit institutions and financial enterprises), under the condition that the consumer-credit agreement is based on a preliminary agreement between the financial institution and the vendor. The vendor shall notify the financial institution on the withdrawal by the consumer without delay.

Article 13

1. The vendor shall be in default if the immovable property is not fit for occupancy at the date specified in the contract but no later than three years after the date of concluding the contract.

2. The property shall be deemed fit for occupancy on the basis of a permit for commencing use in accordance with provisions of separate law.

3. In the event of default by the vendor, the consumer may withdraw from the contract without having to prove loss of interest in performance. In this case, the vendor shall immediately repay to the consumer the part of the consideration already paid.



Click on the blue text parts in order to retrieve information on the EC law background



Article 14

1. If at the time of concluding the contract the consumer purchases a right to use with respect to some immovable property under construction or a property the construction of which has not even started, the vendor shall regularly inform the consumer on the status of the construction work.
2. If it becomes obvious from such information or in the course of inspecting the property that the property will become fit for occupancy only with a considerable delay that results in the lapse of the consumer's interest or it will not become fit for occupancy at all until the date specified in Article 13 (1), the consumer may withdraw from the contract and may claim damages according to the rules applicable to breach of contract.
3. If, in the course of inspecting the property, the circumstances allow for concluding that performance will be defective, the consumer may exercise rights arising out of defective performance after the deadline set for eliminating such defects expires without result.
4. The vendor shall immediately notify the consumer about all circumstances that threaten or prevent the completion and occupancy of the property in due time.

Article 15

The annual fees and costs specified in the contract according to Article 7 (1) (i) may be increased only at the rate and in the manner specified in the contract. The rate of the increase shall be proportional to the actual rate of increment in costs. The rate of and the reasons for the increase shall be notified to the consumer in writing without delay.

Article 16

1. The consumer may not validly waive his right specified in this Decree.



Click on the blue text parts in order to retrieve information on the EC law background



2. Any deviation from the provisions of this Decree may be allowed only in the consumer's favour.
3. The stipulation of the governing law applicable to the contract may not result in the restriction of the consumer's rights defined in this Decree.

Article 17

1. Only vendors that meet the conditions required by this Decree and are registered upon application in the register kept by the Licensing and Administrative Office of the Ministry of Economic Affairs (hereinafter to be referred to as the Administrative Office) may conclude contracts subject to this Decree in the scope of their business or professional activities.
(
2. The Administrative Office shall register business entities or branches as vendors if
 - (a) they have been registered in the company register or — if operation is conditional on registration by some other court or authority — in the required court or authority register;
 - (b) its executive officers, leading officials or the individual entrepreneur have no previous criminal record;
 - (c) its executive officer, leading staff member, or the individual entrepreneur has not been included in the positions named in any business entity that has been deleted from the register due to a reason listed in Article 20 (1) (a)–(c) within five years prior to the submission of the application.
3. Individual entrepreneurs may pursue their activities as individual companies.
4. The fulfilment of the conditions set out in paragraph 2 (a)–(b) shall be certified by attaching the relevant documents, and of the conditions set out in subparagraph (c), by the applicant's statement.

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



5.³ If the application does not comply with the provisions of paragraphs 2 and 4, the Administrative Office shall return the application to the applicant with an indication of the deficiencies and will instruct the applicant to make up for the shortfalls, and will warn the applicant that if it submits the application once more with deficiencies, the Administrative Office will refuse to register the applicant.

6.³ Contracts may be concluded and advertising activity concerning contracts may be pursued only after receipt of notification on registration into the register, under the name and address included in the register and only in respect of properties in respect of which the Administrative Office has authorised the sale of right to use according to Article 23.

7.³ The vendor shall report changes in the circumstances specified in paragraph 2 or the termination of its activities in writing to the Administrative Office within fifteen days.

Article 18

1.³ The Administrative Office shall send its resolution on the registration of the vendor to the Ministry of Economic Affairs for the purposes of publication.

2. The Administrative Office shall make the register it keeps available for statistical and control purposes to the authorities empowered for such activities.

Article 19

1. The Administrative Office may suspend the activities of a vendor by resolution for no more than three months if the competent authority has established that the vendor pursues its activities by violating legislative provisions or misleads consumers.

2.³ Vendors whose activities have been suspended by the Administrative Office may not conclude new contracts subject to this Decree and may not pursue advertising activities in respect of the properties they offer, but they shall perform their obligations arising out of contracts

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



already concluded.

3. If the reason for ordering suspension as identified in the resolution has ceased to exist in the meantime, the suspension shall be terminated.



Click on the blue text parts in order to retrieve information on the EC law background



Article 20

1.³ The Administrative Office shall, *ex officio*, or on the proposal of competent control authorities under Article 24 (1), delete vendors from the register that

- (a) do not meet any one of the conditions for registration;
- (b) pursue their activities in violation of the applicable legislation and fail to terminate such violation of law despite notification by the authorities;
- (c) have not terminated the circumstance that provided the reason for suspending their activities within three months;
- (d) report the termination of their activities.

2. The vendor is not subject to deletion under paragraph 1 (a) due to the fact that the vendor's executive officer or leading staff member is an executive officer or leading staff member of a vendor that has been deleted from the register.

3. The Administrative Officer may by way of resolution delete from the register a vendor at which a circumstance that serves as reason for suspension occurs repeatedly.

Article 21

1. The General Inspectorate of Consumer Protection, the Competition Office and the town clerk of the local authority with competence over the vendor's registered office may propose the suspension of the vendor's activities or the vendor's deletion from the register.

2. The Administrative Office shall send its resolution on the suspension of the vendor's activities or on the deletion of the vendor to the competent court of registration, any other authority

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



that registers the vendor, the General Inspectorate of Consumer Protection, the Competition Office, as well as the town clerk of the local authority or district notary with competence over the vendor's registered office.

Article 22⁶

The Ministry of Economic Affairs shall regularly publish the list of vendors registered in the register and of those vendors whose activities have been suspended or which have been deleted from the register by a resolution of the Administrative Office in Turisztikai Értesítő (Tourist Gazette).

Article 23

1. To the application for licensing the sale of right to use property, the following shall be attached:

- (a) written information concerning the property intended to be sold in Hungarian, and the contract form in Hungarian, and
- (b) a copy of the permit for commencing use or, if the property is under construction at the time of submitting the application or its construction has not started yet, of the building permit.

2.⁶ the Administrative Office shall investigate the application and the documents submitted and shall decide on the licensing of sales within fifteen days.

3.⁶ In the course of evaluating the application for licensing sales, the Administrative Office shall make sure that

- (a) the attachments specified in paragraph 1 are available;

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



- (b) the written information and the contract form contains the mandatory items specified in Article 7 (1) and (1)–(2);
- (c) the permit for commencing use and the building permit are final, enforceable and valid, and that the validity of the building permit is ensured until the date specified in paragraph Article 7 (1) (e) (eb) as the expected completion of construction;
- (d) the written information and the contract template comply with the permit for commencing use or the building permit.

4.⁶ If the application does not meet the requirements specified in paragraph 3, the Administrative Office shall return it to the applicant together with an indication of the deficiencies and deviations to be supplemented or corrected, and shall notify the applicant that should it again submit the application inappropriately, the Administrative Office shall reject the application.

5. In respect of a given immovable property, activities subject to this Decree may be pursued only after receipt of the resolution licensing sale.

Article 24

1. Compliance with the provisions of this Decree shall be controlled by the authorities empowered to carry out consumer protection checks, the town clerk with competence over the vendor's registered office, and, in respect of the fulfilment of the conditions for registration, the Administrative Office.

2. If the control authority finds that the vendor pursues its activities without authorisation or in violation of legislation, it shall take or propose the actions necessary for holding the vendor liable.

Article 25

EU Consumer Law Acquis Compendium

Legislation

Hungary (HU) Nr. 4 EN



Click on the blue text parts in order to retrieve information on the EC law background



1. This Decree shall come into force on 1 May 1999, and its provisions shall apply to contracts concerning properties sold after the date of its coming into force.
- 2.⁶ Vendors engaged in activities for transferring the right to use properties in a timeshare system shall substantiate for the Administrative Office that they comply with the conditions specified in this Decree by attaching the relevant documents within six months of the date of coming into force of this Decree. As of 1 November 1999, activities subject to this Decree maybe pursued only by vendors registered by the Administrative Office.
3. Vendors engaged in activities for the transfer of the right to use properties in a timeshare system shall perform their obligations arising out of contracts concluded before the coming into force of this Decree regardless of the registration specified in paragraph 2.
4. This Decree contains regulations that are compatible with the following legislation of the European Community in accordance with Article 3 of Act I of 1994 proclaiming the Europe Agreement signed between the Republic of Hungary on the one hand and the European Communities and their Member States on the establishment of association signed in Brussels, on 16 December 1991: Directive 94/47/EC of the European Parliament and the Council of 26 October 1994 on the protection of purchasers in respect of certain aspects of contracts relating to the purchase of the right to use immovable properties on a timeshare basis.