

Florida Real Estate Broker's Guide, 3rd edition, by Linda L Crawford and Edward J O'Donnell

Delete the section, *Florida Uniform Land Sales Practices Law*, page 393, lines 22-44, page 394, lines 1-43, and page 395, lines 1-23. Under Federal Laws Regarding Land Use on page 395, insert the following new section:

Interstate Land Sales Full Disclosure Act

The Interstate Land Sales Full Disclosure Act is a federal law that regulates the sale or lease of land. The law is intended to prevent fraudulent marketing schemes through the mail or other means of interstate commerce that may occur when land is sold without being seen by out-of-state buyers.

The Interstate Land Sales Full Disclosure Act is administered by the Secretary of the Department of Housing and Urban Development (HUD) through its Office of Interstate Land Sales Registration. The law requires developers to register their developments with HUD and to disclose to prospective buyers important facts regarding the land.

The law has two components:

1. *Antifraud provision.* Developers of 25 or more lots must provide purchasers and lessees with a disclosure document referred to as a **property report** before the purchaser or lessee signs a purchase contract or lease. The property report contains information regarding the land such as:
 - distance to nearby communities,
 - existence of any mortgages or liens on the property,
 - whether contract payments will be placed in escrow,
 - availability of recreation facilities,
 - utility services and charges,
 - number of homes currently occupied,
 - soil and foundation conditions that could cause construction problems, and
 - the type of title to be transferred to the buyer.

Purchasers and lessees who receive the property report prior to signing the contract are given seven calendar days to cancel the contract. This cooling-off period is intended to give the purchaser (lessee) time to review the information provided in the report. Purchasers who did not receive the property report before signing the contract may cancel the contract any time within two years from the date of signing. (*Note:* The law requires developers to have the purchaser (lessee) sign a receipt acknowledging receipt of the property report. The buyer (lessee) should not sign the receipt until actually receiving the report.)

2. *Registration requirement.* Land developers must register subdivisions of 100 or more lots with HUD.

If buyers (lessees) believe that they have been misled by advertising covered under the law, they may sue for civil damages. Failure to comply with the law may subject the developer to criminal penalties of up to five years in prison and a \$10,000 fine.

The law provides for a number of exemptions. For example, the law does not apply to subdivisions if every lot is at least 20 acres in size. Lots offered for sale upon which a building has been erected or where a sale contract obligates the developer to build within two years are exempt. The law also exempts the sale or lease of cemetery lots. An *intrastate* exemption is applicable if lots are sold only to residents of the state in which the subdivision is located. A complete list of exemptions and qualifying guidelines are available on the HUD Website.

Delete last paragraph of *Summary*, page 396, lines 31-40 and insert:

The Interstate Land Sales Full Disclosure Act is intended to protect consumers from fraud in the sale or lease of land. Developers of 25 or more lots must provide purchasers with a property report. Purchasers who received the property report may cancel the contract within seven calendar days. Purchasers who did not receive the property report before signing the contract may cancel the contract any time within two years from the date of signing. Land developers must register subdivisions of 100 or more lots with HUD. The law provides for a number of exemptions. The Clean Water Act and the Coastal Zone Management Act are federal laws designed to protect and preserve sensitive wetlands and coastal regions.