

**\* REAL ESTATE CLIENT ALERT \***

**Passage of Interstate Land Sales Disclosure Act (ILSA) Reform**

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On September 18, 2014, the Senate unanimously passed H.R.2600: The Interstate Land Sales Disclosure Act (ILSA) Update of 2013. This legislation will close a loophole that allowed condominium purchasers to rescind valid purchase contracts.

Originally passed in 1969 to protect consumers from being fraudulently sold property due to misleading advertising, beginning in the 1980s, federal court decisions began to apply ILSA to condominiums. During and after the real estate crash of 2008, purchasers began using ILSA to rescind contracts entered into right before the crash by claiming technical violations of ILSA. As a result, ILSA became a mechanism to address “buyer’s remorse” rather than the fraudulent and misleading advertising practices ILSA was initially enacted to redress.

H.R.2600 exempts condominium developments from ILSA filing and registration requirements, and subsequently provides condominium developers and their lenders some certainty as the economy continues to recover. Passage of this reform closes this unintended loophole and provides developers and lenders relief from substantial filings that became duplicative of, and in some cases contradictory to, many states’ disclosure requirements.

H.R. 2600 is limited to ILSA’s bureaucratic paperwork and filing requirements and does not change the substantive protections ILSA affords buyers of real estate (including new condos) from misrepresentation keeping intact a buyer’s right to rescind contracts in cases of actual fraud.

About the Author



[Marc Singer](#) concentrates his practice in real estate litigation, professional liability counseling and litigation and business litigation. He has handled numerous matters in both the state and federal trial and appellate courts, as well as before arbitrators and mediators. Marc has successfully represented and counseled real estate brokers, lawyers, accountants and other professionals in large exposure malpractice actions involving complex liability, damages and apportionment issues. He successfully defended a large regional accounting firm and its shareholder against multi-million dollar claims of fraud and negligence arising out of their involvement in several real estate ventures.

Marc also has extensive experience in representing real estate brokerage firms, their agents and title insurers in professional liability claims arising out of residential and commercial brokerage and sale agreements and regulatory matters. He has been active in the real estate brokerage industry since the 1980’s and often lectures on issues affecting the industry. [msinger@saiber.com](mailto:msinger@saiber.com)