

## § 1710.558

reference only if it is applicable to the new consolidated lots as well as to the previously registered lots.

(ii) A signed state acceptance certification.

(iii) The appropriate fees as indicated in § 1710.35.

(c) *Effective date—State filing.* The effective dates of state materials filed as amendments and consolidated Statements of Record shall be determined in accordance with the provisions of § 1710.21.

[45 FR 40491, June 13, 1980, as amended at 49 FR 31372, Aug. 6, 1984]

### **§ 1710.558 Previously accepted state filings—notice of revocation rights on property report cover page.**

(a)(1) The cover page on Property Reports for filings made with the Secretary pursuant to § 1710.552 shall be prepared in accordance with § 1710.105 and shall include the following paragraphs:

“If you received this Report prior to signing a contract or agreement, you may cancel your contract or agreement by giving notice to the seller anytime before midnight of the seventh day following the signing of the contract or agreement.

“If you did not receive this Report before you signed a contract or agreement, you may cancel the contract or agreement anytime within two years from the date of signing.”

(2) If the purchaser is entitled to a longer revocation period by operation of State law, that period becomes the Federal revocation period and the Cover Page must reflect the longer period, rather than the seven days.

(b)(1) If a deed is not delivered within 180 days of the signing of the contract or agreement of sale or unless certain provisions are included in the contract or agreement, the purchaser is entitled to cancel the contract within two years from the date of signing the contract or agreement.

(2) The deed must be a warranty deed, or where such a deed is not commonly used, a similar deed legally acceptable in the jurisdiction where the lot is located. The deed must be free and clear of liens and encumbrances.

(3) The contract provisions are:

(i) A legally sufficient and recordable lot description, and;

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(ii) A provision that the seller will give the purchaser written notification of purchaser’s default or breach of contract and the opportunity to remedy the default or breach within 20 days of the notice; and

(iii) A provision that, if the purchaser loses rights and interest in the lot because of the purchaser’s default or breach of contract after 15 percent of the purchase price, exclusive of interest, has been paid, the seller shall refund to the purchaser any amount which remains from the payments made after subtracting 15 percent of the purchase price, exclusive of interest, or the amount of the seller’s actual damages, whichever is the greater.

(4) If a deed is not delivered within 180 days of the signing of the contract or if the necessary provisions are not included in the contract, the following statement shall be used in place of any other rescission language:

“Under Federal law you may cancel your contract or agreement of sale any time within two years from the date of signing.”

### **§ 1710.559 Previously accepted state filings—notice of revocation rights in contracts and agreements.**

(a)(1) All contracts or agreements, including promissory notes used in sale of lots for filings made with the Secretary pursuant to § 1710.552, must contain the following language in boldface type (which must be distinguished from the type used for the rest of the contract) on the face or signature page above all signatures:

You have the option to cancel your contract or agreement of sale by notice to the seller until midnight of the seventh day following the signing of the contract or agreement.

If you did not receive a Property Report prepared pursuant to the rules and regulations of the Office of Interstate Land Sales Registration, U.S. Department of Housing and Urban Development, in advance of your signing the contract or agreement, this contract or agreement may be revoked at your option for two years from the date of signing.

(2) If the purchaser is entitled to a longer revocation period by operation of State law or the Act, that period becomes the Federal revocation period and the contract or agreement must reflect the longer period, rather than the

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seven days. The language shall be consistent with that shown on the Cover Page (see §1710.558).

(b) The above revocation provisions may not be limited or qualified in the contract or other document by requiring a specific type of notice or by requiring that notice be given at a specified place.

**PART 1715—PURCHASERS' REVOCATION RIGHTS, SALES PRACTICES AND STANDARDS**

**Subpart A—Purchasers' Revocation Rights**

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**Subpart C—Advertising Disclaimers**

1715.50 Advertising disclaimers; subdivisions registered and effective with HUD.

AUTHORITY: 15 U.S.C. 1718; 42 U.S.C. 3535(d).

SOURCE: 45 FR 40496, June 13, 1980, unless otherwise noted.

**Subpart A—Purchasers' Revocation Rights**

**§ 1715.1 General.**

The purpose of this subpart A is to elaborate on the revocation rights in 15 U.S.C. 1703, by enumerating certain conditions under which purchasers may exercise revocation rights. Generally, whenever revocation rights are available, they apply to promissory notes, as well as traditional agreements.

[61 FR 13597, Mar. 27, 1996]

**§ 1715.2 Revocation regardless of registration.**

All purchasers have the option to revoke a contract or lease with regard to

a lot not exempt under §§1710.5 through 1710.11 and 1710.14 until midnight of the seventh day after the day that the purchaser signs a contract or lease. If a purchaser is entitled to a longer revocation period under State law, that period is deemed the Federal revocation period rather than the 7 days, and all contracts and agreements (including promissory notes) shall so state.

[61 FR 13597, Mar. 27, 1996]

**§ 1715.4 Contract requirements and revocation.**

(a) In accordance with 15 U.S.C. 1703(d)(3), the refund to the purchaser is calculated by subtracting from the amount described in 15 U.S.C. 1703(d)(3)(B), the greater of:

(1) Fifteen percent of the purchase or lease price of the lot (excluding interest owed) at the time of the default or breach of contract or agreement; or

(2) The amount of damages incurred by the seller or lessor due to the default or breach of contract.

(b) For the purposes of this section:

*Damages incurred by the seller or lessor* means actual damages resulting from the default or breach, as determined by the law of the jurisdiction governing the contract. However, no damages may be specified in the contract or agreement, except a liquidated damages clause not exceeding 15 percent of the purchase price of the lot, excluding any interest owed.

*Purchase price* means the cash sales price of the lot shown on the contract.

(c) The contractual requirements of 15 U.S.C. 1703(d) do not apply to the sale of a lot for which, within 180 days after the signing of the sales contract, the purchaser receives a warranty deed or, where warranty deeds are not commonly used, its equivalent under State law.

[61 FR 13598, Mar. 27, 1996]

**§ 1715.5 Reimbursement.**

If a purchaser exercises rights under 15 U.S.C. 1703(b), (c) or (d), but cannot