

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

(B) A provision that the seller will give the purchaser written notification of purchaser's default or breach of contract and the opportunity to have at least 20 days from the receipt of notice to correct the default or breach; and

(C) 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% 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% of the purchase price, exclusive of interest, or the amount of the seller's actual damages, whichever is the greater.

(iv) 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 recision language:

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

(e) At the time of submission, the developer may indicate its intention to comply with the red printing by an illustration or by a statement to that effect.

(f) The "Date of This Report" shall be the date on which the Secretary allows the Statement of Record to become effective and shall not be entered until the submission has become effective.

(Sec. 1419, Interstate Land Sales Full Disclosure Act, 82 Stat. 590, 598; 15 U.S.C. 1718; sec. 7(d), Dept. of Housing and Urban Development Act, 42 U.S.C. 3535(d))

[45 FR 40489, June 13, 1980]

§ 1710.106 Table of contents.

(a) The second page(s) shall consist of a Table of Contents which lists the headings in the Property Report, the major subheadings, if any, and the page on which they appear. For example, the entry for Title and Land Use would appear as follows:

Title and Land Use # Page #
Method of Sale
Encumbrances, Mortgages and Liens
Recording the Contract and Deed

Payments

Restrictions on the Use of Your Lot
Plat Maps, Zoning, Surveying, Permits and Environment

(b) Use of "You" and "We". At the end of the Table of Contents insert the following remark:

"In this Property Report, the words "you" and "your" refer to the buyer. The words "we", "us" and "our" refer to the developer."

§ 1710.107 Risks of buying land.

(a) The next page shall be headed "Risks of Buying Land" and shall contain the paragraphs listed below. However, paragraph (a)(2) of this section may be omitted if all improvements have been completed or if no improvements are proposed.

(1) The future value of any land is uncertain and dependent upon many factors. DO NOT expect all land to increase in value.

(2) Any value which your lot may have will be affected if the roads, utilities and all proposed improvements are not completed.

(3) Resale of your lot may be difficult or impossible, since you may face the competition of our own sales program and local real estate brokers may not be interested in listing your lot.

(4) Any subdivision will have an impact on the surrounding environment. Whether or not the impact is adverse and the degree of impact, will depend on the location, size, planning and extent of development. Subdivisions which adversely affect the environment may cause governmental agencies to impose restrictions on the use of the land. Changes in plant and animal life, air and water quality and noise levels may affect your use and enjoyment of your lot and your ability to sell it.

(5) In the purchase of real estate, many technical requirements must be met to assure that you receive proper title. Since this purchase involves a major expenditure of money, it is recommended that you seek professional advice before you obligate yourself.

(b) Warnings. If the instructions or the Secretary require any warnings to be included in the Property Report portion, the following statement shall be

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added beneath the “Risks of Buying Land” under a heading “Warnings”:

“Throughout this Property Report there are specific warnings concerning the developer, the subdivision or individual lots. Be sure to read all warnings carefully before signing any contract or agreement.”

Both the heading, “Warnings”, and the statement shall be printed in capital letters and enclosed in a box.

§ 1710.108 General information.

Insert and complete the following format:

“This Report covers ___ lots located in ___ County, (State). See Page ___ for a listing of these lots. It is estimated that this subdivision will eventually contain ___ lots.”

“The developer of this subdivision is:

(Developer’s Name)

(Developer’s Address)

(Developer’s telephone number)

“Answers to questions and information about this subdivision may be obtained by telephoning the developer at the number listed above.”

§ 1710.109 Title to the property and land use.

(a) General instructions. (1) Below the heading “Title to the Property and Land Use” insert the following introductory paragraphs:

“A person with legal title to property generally has the right to own, use and enjoy the property. A contract to buy a lot may give you possession but doesn’t give you legal title. You won’t have legal title until you receive a valid deed. A restriction or an encumbrance on your lot, or on the subdivision, could adversely affect your title.”

“Here we will discuss the sales contract you will sign and the deed you will receive. We will also provide you with information about any land use restrictions and encumbrances, mortgages, or liens affecting your lot and some important facts about payments, recording, and title insurance.”

(2) Information to be provided. After the above introductory paragraphs provide the information required by the following instructions and questions. Follow a general form identical to the sample page printed in §1710.102.

(b) Method of sale—(1) Sales contract and delivery of deed. (i) Will the buyer

sign a purchase money or installment contract or similar instrument in connection with the purchase of the lot? When will a deed be delivered?

(ii) If an installment contract is used, include the following, or substantially the same, language in the disclosure narrative under “Method of Sale”:

“If you fail to make your payments required by the contract, you may lose your lot and all monies paid.”

(iii) If, at the time of a credit sale, the developer gives the buyer a deed to the lot, what type of security must the buyer give the seller?

(iv) If the lots are to be sold on the basis of an installment contract, can the developer or the owner of the subdivision or their creditors encumber the lots under contract? If so, include the following warning in the disclosure narrative under the caption “Sales contract and delivery of deed”:

“The (indicate subdivision developer, owner, or their creditors) can place a mortgage on or encumber the lots in this subdivision after they are under contract. This may cause you to lose your lot and any monies paid on it.”

(2) Type of deed. What type of deed will be used to convey title to lots in the subdivision?

(3) Quitclaim deeds. If a quitclaim deed is to be given to lot purchasers insert the below warning, or a warning which is substantially the same, in the disclosure narrative below the caption “Quitclaim Deeds”. This particular warning may be deleted at the direction of the Secretary if an acceptable attorney’s opinion is submitted with the Statement of Record which indicates that a quitclaim deed has a meaning in the jurisdiction where the subdivision is located which is substantially contrary to the effect of this warning. This warning shall be phrased substantially as follows:

“The Quitclaim deed used to transfer title to lots in this subdivision gives you no assurance of ownership of your lot.”

(4) Oil, gas, and mineral rights. If oil, gas or mineral rights have been reserved, insert the following statement or one substantially the same in the narrative answer under the caption “oil, gas, and mineral rights”: