

Congress Takes First Step Toward Exempting Condominiums from Registration Under ILSA

September 26, 2013

Earlier today, by a vote of 410-0 (with 22 representatives not voting), the U.S. House of Representatives approved H.R. 2600, which would amend the Interstate Land Sales Full Disclosure Act ("ILSA") to exempt condominium developments from its registration requirements. This is a significant change in the federal legislation. Condominiums were not contemplated when ILSA came into existence in 1968, but federal regulators and several federal court cases have since taken the position that condominium units are covered as "lots" under ILSA. By exempting condominiums, projects can be developed without federal regulation or substantial risk of buyer rescissions within two years after signing the purchase contract. Many condominium unit purchasers used ILSA to avoid their contract obligations when housing prices fell and the real estate market plummeted. The Senate must still consider and vote on this proposal, but the House vote is a very important first step in solving a significant problem for the development of condominium regimes throughout the country. A copy of H.R. 2600 can be found [here](#). For more information about ILSA issues, please contact Richard C. Linquanti, Robert S. Freedman, or Nicole C. Kibert.

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