

Congress Exempts Condominiums from ILSA Registration

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Last night, the U.S. Senate unanimously approved S. 2101, which would amend the Interstate Land Sales Full Disclosure Act (ILSA) to exempt condominium developments from its registration requirements. The Senate version is identical to H.R. 2600, which was previously adopted by the U.S. House of Representatives.

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 bill will now be sent to the President and will become effective 180 days after he signs the legislation. A copy of H.R. 2600 can be found [here](#).

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