

## Article - Corporations and Associations

[\[Previous\]](#)[\[Next\]](#)

§5-6B-03.

(a) Within 15 days after a contract is signed or a public offering statement is received, whichever occurs later, the initial purchaser may rescind, in writing, the contract without any liability on the initial purchaser's part, and shall thereupon be entitled to the prompt return of the deposit made on account of the contract.

(b) (1) After a contract is signed and before the issuance of a membership certificate, the developer must deliver to the initial purchaser a copy of any amendments, supplements, or modifications to the public offering statement.

(2) The initial purchaser may rescind, in writing, the contract within 5 days after receiving any of the aforesaid items which are material in nature, without any liability on the initial purchaser's part, and shall be entitled to the return of any deposit made on account of the contract.

(c) If the developer fails to comply with the requirements of this section, the initial purchaser before the issuance of a membership certificate may rescind, in writing, the contract, without liability on the initial purchaser's part and shall thereupon be entitled to the prompt return of any deposits made on account of the contract.

(c-1) If any deposits are held in trust by a licensed real estate broker, the return of the deposits to an initial purchaser under subsection (a), (b), or (c) of this section shall comply with the procedures set forth in § 17-505 of the Business Occupations and Professions Article.

(d) (1) Any developer who, in disclosing the information required under § 5-6B-02(a) and (b) of this subtitle, makes an untrue statement of a material fact, or omits to state a material fact necessary in order to make the statements made not misleading in the light of circumstances under which they were made, shall be liable to a person purchasing a cooperative interest from the developer.

(2) However, an action may not be maintained to enforce any liability created under this section unless brought within 1 year after the facts constituting the cause of action are or should have been discovered.

(3) A developer may not be liable under paragraph (1) of this subsection if the developer, after reasonable investigation, had reasonable grounds to

believe, and did believe, at the time the information required to be disclosed under § 5-6B-02 of this subtitle was provided to the purchaser, that:

(i) The statements were true; and

(ii) There was no omission to state a material fact necessary to make the statements not misleading.

(e) The rights of initial purchasers under this section may not be waived and an attempted waiver is void. If a membership certificate is issued and delivered, the initial purchaser's rights to rescind under this section are terminated.

(f) The requirements of this section do not apply to the sale of any unit which is to be used and occupied for nonresidential purposes.

[\[Previous\]](#)[\[Next\]](#)