

**LAND SALES ACT (EXCERPT)**  
**Act 286 of 1972**

**565.806 Registration of subdivided lands required; delivery and examination of current property report; unfair and deceptive acts and practices; contract, agreement, or evidence of indebtedness; notice to purchaser; rescission; notice to developer; waiver.**

Sec. 6. Unless the subdivided lands or the transaction is exempt by this act:

(a) A person may not offer or dispose of any interest in subdivided lands located in this state nor offer or dispose in this state of any interest in subdivided lands located without this state prior to the time the subdivided lands are registered in accordance with this act.

(b) A person may not dispose of any interest in subdivided lands unless a current property report is delivered to the purchaser and the purchaser is afforded a reasonable opportunity to examine the property report prior to the disposition.

(c) A person may not engage in any unfair or deceptive act or practice in the conduct of and disposition of subdivided lands. Disposition of subdivided lands by option on an option or by assignment of less than the total options held by the seller, is presumed to be an unfair and deceptive practice. Disposition by instrument purporting to be an option is presumed unfair and deceptive if the stated consideration for the purported option exceeds 15% of the purchase price of the subdivided land or if the option does not separately state the purchase price.

(d) Any contract or agreement for the disposition of a lot, parcel, unit or interest in a subdivision covered by this act, where the property report has not been given to the purchaser in advance of the time of his signing, is voidable at the discretion of the purchaser. In addition, the purchaser has an unconditional right to rescind any contract, agreement or other evidence of indebtedness between the purchaser and the developer, or revoke any offer within 5 days from the date the purchaser actually receives a legible copy of the signed contract, agreement, or other evidence of indebtedness, or offer and the property report as provided in this act. Predating of a document does not defeat the time in which the right to rescind may be exercised. The burden of proof the document was not predated is upon the developer. An act of the developer in assigning or pledging a contract or agreement shall not waive the purchaser's right to void or rescind the contract or agreement as provided by this subsection. Each contract or agreement shall be prominently labeled and captioned that it is a document taken in connection with a sale or other disposition of lands under this act.

Each contract or agreement for the disposition of a lot, parcel, unit, or interest in a subdivision shall prominently contain upon its face the following notice printed in at least 8 point type which shall be at least 4 point bold type larger than the body of the document stating:

NOTICE TO PURCHASER

YOU ARE ENTITLED TO CANCEL THIS AGREEMENT AT ANY TIME IF  
YOU HAVE NOT RECEIVED THE PROPERTY REPORT IN ADVANCE OF  
YOUR SIGNING OF THIS AGREEMENT. IN ADDITION, YOU ARE  
ENTITLED TO CANCEL THIS AGREEMENT FOR ANY REASON WITHIN 5  
DAYS FROM THE DAY YOU ACTUALLY RECEIVE A LEGIBLE COPY OF  
THIS DOCUMENT.

The contract or agreement shall contain sufficient space upon its face in immediate conjunction with the above notice for the signature of each person obligated under the instrument acknowledging that the person has read the notice. A third party who is unrelated to the developer may, in connection with the purchase of, or the making of a loan secured by such contracts or agreements, rely on a document furnished by the developer, and signed by a purchaser acknowledging receipt of a property report in advance of signing a contract or agreement.

Rescission occurs when the purchaser gives written notice to the developer at the address stated in the contract or agreement. Notice of rescission if given by mail is effective when it is deposited in a mailbox properly addressed and postage prepaid. A notice of rescission given by the purchaser need not take a particular form and is sufficient if it indicates by any form of written expression the intention of the purchaser not to be bound by the contract or agreement.

(e) No act of a purchaser shall be effective to waive the right to rescind as provided in this section. However, the right of rescission terminates 5 years after the date the purchaser signs the contract or agreement.

**History:** 1972, Act 286, Eff. Mar. 30, 1973;—Am. 1973, Act 184, Imd. Eff. Jan. 3, 1974.