

(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.

(D) (1) ANY DEVELOPER WHO, IN DISCLOSING THE INFORMATION REQUIRED UNDER SUBSECTIONS (A) AND (B) OF § 5-6B-02, 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 THE STATEMENTS WERE TRUE, AND THAT 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.

5-6B-04.

(A) (1) THERE IS AN IMPLIED WARRANTY FROM THE DEVELOPER TO THE COOPERATIVE HOUSING CORPORATION ON THE ROOF, FOUNDATION, AND OTHER STRUCTURAL ELEMENTS, CEILINGS, FLOORS, WALLS, MECHANICAL, ELECTRICAL, AND PLUMBING SYSTEMS.

(2) THE WARRANTY SHALL PROVIDE THAT THE DEVELOPER IS RESPONSIBLE FOR CORRECTING DEFECTS IN MATERIALS OR WORKMANSHIP, AND THAT THE BUILDING ELEMENTS SPECIFIED IN THIS DESCRIPTION ARE WITHIN ACCEPTABLE INDUSTRY STANDARDS IN EFFECT WHEN THE BUILDING OR BUILDINGS WERE CONSTRUCTED.

(3) THE WARRANTY BEGINS WITH THE FIRST TRANSFER OF A COOPERATIVE INTEREST IN THE COOPERATIVE HOUSING CORPORATION TO AN INITIAL PURCHASER. THE WARRANTY ON A PORTION OF THE COOPERATIVE PROJECT NOT COMPLETED AT THE TIME OF THE TRANSFER