

RESALE DISCLOSURE WHAT YOU SHOULD KNOW

Are the seller's financial obligations current?

Taking title to a unit or lot with unpaid assessments or other charges may subject the purchaser to liability for paying those outstanding amounts.

Are architectural or rules violations disclosed?

If, for example, a patio was not approved and does not conform to the covenants or association rules, it may have to be corrected. Sellers can avoid last minute surprises by requesting the resale package at the time of listing. Purchasers accept responsibility and cost if they complete the transaction with conditions that are not corrected by the seller. Have you read the restrictions on use in the governing documents? Are you allowed to have a pet? Can you operate a business from your home? How long can you rent your home? It is important to understand what you can and cannot do, before you take title to the unit or lot.

Are the Capital Reserve accounts fully funded?

Reserve funds are collected to replace capital assets (i.e. streets, sidewalks, roofs, etc.) when they reach the end of their useful life. Inadequate funding can result in special assessments. An association is required to consider funding reserves annually and conduct a reserve study once every five years.

Is there any pending litigation?

Litigation to collect delinquent assessments of less than 3% of total annual assessments is expected. Other significant litigation could result in special assessments, to pay legal fees and costs.

Was the latest independent audit favorable?

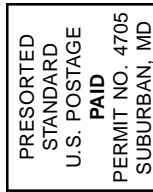
Unappropriated members equity, net of all year's surpluses and losses, should be a positive number. How well managed is the association? Does the association have an adequate financial cushion for unforeseen events? Is unappropriated member's equity 10 to 20% of the current annual assessment?

What does the Association's master insurance policy cover?

Who pays the deductible, the unit owner or the Association? Is your personal property, (i.e. furniture, wardrobe, etc.) covered? Ask your insurance agent to evaluate the insurance section of the condominium instruments to determine what coverage you need in addition to that covered by the master policy.

What are the fees and charges?

In addition to the common expense assessment, is there a master association assessment? Are there other fees or charges such as move in/out, recreational facilities, parking permits, or other user fees?



Information you need to know...



Resale Information

INTRODUCTION

The sale of a home can be a very exciting time for both the seller and the buyer. It can also be a very overwhelming time because there are many things that need to be accomplished prior to settlement. This brochure is intended to help make the resale process a little easier by explaining the information contained in Resale Certificate or Association Disclosure Packet (*Resale Package*), which is an important disclosure that must be accomplished before the sale of a home takes place. Virginia law requires the completion of a Resale Certificate, if you live in a condominium (Section 55-79.97 of the Condominium Act), or an Association Disclosure Packet, if you live in a single family lot or townhouse (Section 55-512 of the Property Owners' Association Act). Both contain similar information.

These are such important rights that they cannot be waived or varied by agreement.

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For more information, please contact the Common Interest Community Association Liaison at (804) 367-2941 or the Washington Metropolitan Community Association Foundation at (703) 750-3644.



OVERVIEW

The resale package, prepared by an association or management company, provides details about the community, including information about:

A prospective purchaser of a condominium or a lot in a community association should review and consider this information to make a well informed decision about the biggest investment of a lifetime.

FEES

The Condominium Act and the Property Owners' Association Act allow associations to charge a fee for both the preparation of the resale package and for updates of previously issued information. Associations may charge for all actual costs incurred with preparation of the initial resale package as well as for updates that are properly requested; however, a per page maximum applies to copying costs, and a total maximum applies to the entire package. The total maximum allowed for an update may be less than that of the resale package. Other charges, such as rush and delivery fees, may also apply, but only with the prior consent of the seller. Payment of fees may be required before issuance of the resale package.

CONTRACT DISCLOSURE

The seller must provide certain disclosures in the contract for sale of property located in a development subject to the Virginia Condominium Act or Virginia Property Owners' Association Act. The disclosures include a description of the purchaser's right to cancel the contract and the right to receive disclosure information, prepared by the association in either a certificate for resale (for condominiums) or association disclosure packet (for a townhouse or single family home).

CANCELLATION

The resale package contains information essential to a purchaser making an informed decision. For that reason, the Virginia law gives the purchaser of a condominium or home in a community association the right to cancel the contract: 1) within 3 days after the date of the contract, if the purchaser receives the resale package on or before the date the purchaser signs the contract; 2) within 3 days after receiving the resale package if the resale package is hand delivered or delivered electronically; or, 3) within 6 days after the postmark if the resale package is sent to the purchaser by US mail. Notice of cancellation must be hand delivered or sent by US mail, return receipt requested to the seller or the seller's agent. Cancellation is without penalty and the seller must return the deposit promptly to the purchaser.

CONTENTS OF THE DISCLOSURE PACKAGE

The resale package need not be provided to a purchaser obtaining title by a deed of gift, court order, foreclosure or deed in lieu of foreclosure.

An association must provide the resale package to an owner or his authorized agent within 14 days after receiving a written request and the appropriate fee.

After receiving the resale package, the seller must deliver the information to the purchaser.

The resale package (both certificate for resale and association disclosure packet) must contain the following information:

- ✓ The name of the association and the name and address of its registered agent in Virginia, if the association is incorporated.
- ✓ Information pertaining to expenditure of funds which requires an assessment in addition to the regular assessment during the current or next fiscal year.
- ✓ The amount of assessments and other mandatory charges imposed by the association for the property being purchased, and the status of the seller's account.

- ✓ Information regarding any other entity or facility to which the owner may be liable for fees or other charges once he or she purchases the lot.
- ✓ Association financial information, including the current budget, most recent financial statement, and status of reserve funds.
- ✓ A description of pending suits or unpaid judgments of a material nature.
- ✓ Insurance information, both association and individual owner coverage requirements.
- ✓ Information concerning compliance by the seller with the governing documents, including copies of any notices provided to the seller.
- ✓ A copy of the current governing documents, and any rules and regulations or architectural guidelines adopted by the association. Failure to receive copies of these documents does not relieve the purchaser of the obligation to comply with their provisions.
- ✓ Certification that the association has registered with the Virginia Real Estate Board.

The certificate for resale for a unit in a condominium association must contain all of the above information, plus:

- ✓ Whether the documents create a right of first refusal.
- ✓ Whether the condominium is located within a development subject to the Property Owners' Association Act.
- ✓ Information concerning any limitation on the number of persons who may occupy a unit.

The association disclosure packet for a townhome or home in a property owner's association must also contain:

- ✓ A copy of the cover sheet developed by the Virginia Real Estate Board.
- ✓ Information concerning use restrictions, specifically related to ifor sale signs and flag display.