VCP Notice to Resale Parties
Membership Share Resale

Dear Recipient:

Village Cooperative of Puyallup (VCP) provides this document to help you understand the process of selling or purchasing a membership share in the Village Cooperative of Puyallup[1]. Membership in the Village Cooperative of Puyallup is established via ownership of a share certificate. Although some aspects of selling or purchasing a share align with those used to sell residential real estate, there are significant differences.

The most important difference is that a share certificate is personal property, not real property (real estate). Each share certificate represents a one-fifty-seventh (1/57) ownership of the nonprofit corporation (Village Cooperative of Puyallup) that collectively owns the Cooperative's land, building, all interior spaces, and major appliances and other components within those spaces. It further grants the shareholder the right of occupancy in the specified residential unit associated with the share. Each shareholder signs an *Occupancy Agreement* granting them the exclusive right to occupy the specified residential unit. Signing that agreement indicates the purchaser's agreement to comply with all cooperative governing policies and regulations and provides access for members and their guests to the cooperative's amenities in compliance with the *Village Cooperative Puyallup's Rules, Policies and Information Booklet.*

Other major differences between a Cooperative and real estate purchases are that a share resale transaction does not involve escrow companies, and title insurance is not required. The cooperative's Community Manager (CM) acts as a quasi-escrow agent, receiving funds from the purchaser, deducting certain payments, and distributing the remaining funds to the seller.

Forms and Documents

During the transaction, the parties (seller, purchaser, and cooperative) will submit, review, and sign the following documents, as applicable:

Seller	Purchaser	Authorized Board Officer(s)
▪ *Request to Sell Share Form* ▪ *Purchase and Sale Agreement*	▪ Proof of age and financial qualifications ▪ *Purchase and Sale Agreement* ▪ *Resale Disclosure Certificate* with required documents ▪ *Occupancy agreement*	▪ *Request to Sell Share Form* ▪ *Purchase and Sale Agreement* ▪ *Resale Disclosure Certificate* with required documents ▪ *Application for Membership*

Notice of Intent to Sell

[1] This notice is intended to provide an overview of the share resale transaction activities. No content in this notice substitutes for or overrides the direction, rules, policies, guidance, or procedures described in the Village Cooperative of Puyallup's governing documents.

The selling member[2] must inform the CM of their intent to sell their membership share. The membership share resale transaction initiates when the selling member submits a completed *Request to Sell Share Form* to the CM. The CM may assist the resale transaction by:

- Submitting the selling member's *Request to Sell Share Form* for a Board Officer's signature.
- Notifying the VCP Marketing Committee of the prospective resale, and of the seller's terms.
- Notifying all VCP members of the unit's availability, and providing to the seller a list of "preferred" local real estate agents.
- Connecting the selling member with potential purchasers and providing each with a copy of this *Notice to Resale Parties*.
- Providing prospective purchasers with the selling member's listing price and the available share's current transfer value[3] for reference. The selling member determines the ultimate listing price, not the cooperative, although that listing price is always negotiable.
- Informing potential purchasers about the cooperative's membership requirements.
- Informing the selling and purchasing parties about transaction procedural requirements.
- Assisting the selling member and purchaser with completing required transaction paperwork.
- Closing the resale transaction when all contract terms are met.
- Preparing the purchaser for move-in.

Resale Marketing Options

The selling member may make their share available to prospective purchasers via Option 1 or 2 as follows:

Resale Marketing Options	
Option 1	**Option 2**
The selling member elects to market the available share through the cooperative's wait lists. The CM contacts potential purchasers on the internal wait list, then those on the external wait list, in sequential order. The CM also notifies all VCP members and our list of "preferred" local real estate agents of the unit's availability. If the wait lists are exhausted with no identified purchaser, the selling member may elect to privately contract with a real estate agent or advertise "for sale by owner." In either case, the Marketing Committee will promote the unit for sale.	The CM may assist the selling member with identifying a purchaser without consulting the cooperative's wait lists. However, the CM also notifies all VCP members and our list of "preferred" local real estate agents of the unit's availability.

[2] Any reference in this notice to the seller, purchaser, or member in the singular applies equally to such party in the plural.
[3] Transfer Value: The formula price at which the cooperative, upon approval by the Board, may purchase the share of a deceased or departing member, as more particularly described in *Bylaw* 3.10(d).

Seller's continuing obligations for paying monthly carrying charges and utility charges

Members in the process of selling their membership share remain responsible for continuing to pay the monthly carrying charges and utility charges that they agreed to in their Occupancy Agreement. Failure to pay these charges in a timely manner will result in the imposition of late fees, interest charges, administrative charges, and any applicable attorney's fees, as specified in Board Resolution 007. A selling member's continuing failure to pay these charges after proper notice will result in the cancellation of seller's membership, eviction, and the cooperative remarketing the unit for resale under the terms of applicable VCP Bylaws.

Verification of Purchaser's Membership Qualifications

Each potential purchaser must:

- Meet the cooperative's age and financial membership qualifications.
- Certify their submitted qualification documentation is true and correct.

The CM retains copies of submitted documentation in a secure, confidential file.

Age Qualification: The prospective purchaser must provide the CM a government-issued photo identification document (examples: driver's license, State ID card, or passport) to verify at least one prospective purchaser signing the *Occupancy Agreement* will meet the cooperative's minimum age requirement of 62 years on the date an *Occupancy Agreement* is signed.

Financial Qualification: Prospective purchasers must provide the CM proof of funds sufficient to acquire the share and to cover monthly carrying charges, in compliance with Board-adopted financial qualification criteria.

The CM submits the *Application for Membership* to the Board on behalf of the prospective purchaser. The Board makes the decision regarding approval or denial of the potential purchaser's membership.

Purchase Offer

The purchaser or purchaser's agent is responsible for notifying the selling member of purchase offer terms, either directly or through the selling member's agent or by requesting the CM to notify the selling member and or their agent. Negotiation of offer terms is the joint responsibility of the selling member and purchaser. Purchase offer terms must include:

a. The offered purchase price.
b. The proposed closing date.
c. And when applicable, a "bump clause"[4] in the event of a residential real estate sale contingency.

[4] *Bump Clause*: a contractual term addressing scenarios where a buyer's offer depends on the sale of another property. (Source: *https://legalclarity.org/what-is-a-bump-clause-in-real-estate/)*)

Purchase and Sale Agreement

Once mutually satisfactory purchase terms have been agreed to between the parties, the CM will document them in a *Purchase and Sale Agreement* and collect the purchaser's $2,000 earnest money deposit. The *Purchase and Sale Agreement* will:

a. List unit alterations.
b. List unit upgrades.
c. Be signed and dated by the selling member, the purchaser, and an authorized Board Officer.

Once the *Purchase and Sale Agreement* is signed by all parties, the CM will provide the parties copies of the executed *Purchase and Sale Agreement* and will thereafter maintain this document by recording any post-signature agreements between the parties and providing revised copies to the parties when amendments occur.

As a component of the resale transaction, Management will collect and review current unit specifications, maintenance requests, and unit alterations as documented in the selling member's file and compile its findings on an *Inventory of Unit Upgrades and Alterations Form*, which the CM will append as Exhibit A to the *Purchase and Sale Agreement*.

Resale Disclosure Certificate

Once the *Purchase and Sale Agreement* is signed and dated, the purchaser and the Community Manager will sign a *Resale Disclosure Certificate*. By their signature on the *Resale Disclosure Certificate*, the purchaser acknowledges receipt of statutorily-required documents contained on a provided flash drive, including but not limited to the cooperative's *Bylaws* and *VCP Rules, Policies and Information Booklet,* as well as a sample copy of the *Occupancy Agreement*. Once in receipt of the signed *Resale Disclosure Certificate* and required documents, the purchaser has ten (10) calendar-days to review these documents. During the review period, the purchaser may choose to rescind their *Purchase and Sale Agreement* by following the steps described in Item 8 of the *Purchase and Sale Agreement*, "*Buyer's Right to Cancel.*"

Resale Transaction Funds and Fees

Resale Transaction Funds and Fees	
Selling Member	**Purchaser**
<u>Resale Inspection Policy</u>: When a previously occupied unit is being sold, and before the resale closing, representatives of the Property Committee, Board of Directors, and/or the CM shall inspect the unit for damage, cleanliness, and function. Management shall invite the selling Member and purchasing Member or their designee to participate in the move-out inspection. If the inspection reveals any unsatisfactory conditions, the cooperative will retain $5000.00 from the dispersal of resale funds for the purpose of funding any repair,	The purchaser's earnest money deposit shall be remitted to the CM in the amount specified in the *Purchase and Sale Agreement* less any previous wait list deposits.

cleaning, and refurbishment required. After the unit is restored to a satisfactory condition, any retained funds remaining will be remitted to the selling Member within 60 days. Within that period, the departing Member will be notified of the Cooperative's intention to assess the Member for any of these retained funds and offered the opportunity for a Board hearing to discuss the proposed assessment. The cooperative will also retain an additional $100 to cover any unpaid electrical charges incurred by the selling unit prior to closing. An additional nonrefundable $500 of the seller's resale proceeds will be paid to VCP as an Administrative Service Fee.	
The selling member is responsible for the cost of Management-directed cleaning, repairs, or refurbishments. Cleaning, damage repairs, or replacement purchases valued at more than the available retained funds remain the responsibility of the selling member. The cooperative will bill the selling member for any additional damage or cleaning needs valued at more than $5,000 total.	Share purchaser must pay with cash funds; mortgages are not permitted.
Unless otherwise pre-approved, all Management-directed repairs and refurbishments will be completed by Village Cooperative of Puyallup's maintenance staff or approved contractors with costs billed to the selling member at the contracted rate. If the selling member does not remit these costs directly; they will be paid from the resale proceeds.	The purchaser shall remit purchase funds to the CM, not directly to the selling member. Purchase funds remitted via wire transfer or cashier's check must be received and cleared by the cooperative on or before the closing date specified in the *Purchase and Sale Agreement*. The purchaser must coordinate with the CM when remitting funds via a wire-transfer.
Any fees or commissions due to a selling member's or purchaser's agent will be paid directly by the selling member or the purchaser to their contracted agent without involvement of the CM or the cooperative.	

Selling Member's Assigned Parking Stall

Each member-unit is assigned one underground garage parking stall for the exclusive use of the member's household. The selling member's assigned garage parking stall is not a component of share resale transaction; it reverts to the cooperative and will be reassigned per cooperative policies. VCP Board Resolution 004 and Paragraph 15 of the VCP Rules, Policies and Information Booklet outline this process.

If the selling member's installed Husky storage cabinet(s) in their assigned garage parking stall, those cabinet(s) are the selling member's personal property. The selling member may choose to:

a. Transfer ownership of the Husky cabinet(s) to the purchaser by documenting the transfer in the *Purchase and Sale Agreement*.
b. Privately sell the Husky cabinet(s) to a third party.

c. Remove the Husky cabinet(s) as personal property during move-out.

Selling Member's Rented Internal Storage Room(s)

The selling member's rented internal storage room(s) are not a component of the resale transaction. Upon sale of a share, the selling member's rented internal storage room(s) revert to the cooperative for distribution.

Should the purchaser desire to rent internal storage unit(s) following their move-in, they must coordinate with the CM regarding location and pricing of available units.

Closing

The selling member shall surrender their share certificate to the CM on or before the closing date specified in the *Purchase and Sale Agreement.* The selling member shall inform the CM of a lost certificate. If lost, the CM will assist with preparing a *Lost Share Certificate Form*.

Closing will occur on or after:

a. The closing date specified in the *Purchase and Sale Agreement,* **and**
b. Board approval of the purchaser for membership in the cooperative, **and**
c. The cooperative is in receipt of the full amount of the purchase funds, **and**
d. All terms and conditions of the *Purchase and Sale Ag*reement contract are fulfilled*,* **and**
e. The purchaser and an authorized Board Officer have signed the *Occupancy Agreem*ent.

Once all transaction conditions and terms are met, the CM will:

a. Deactivate the selling member's share certificate.
b. Issue the purchaser's share certificate.

Once the selling member is moved out and the unit is vacant the CM will deactivate the selling member's call box codes and verify the selling member returned their:

a. Share certificate.
b. All unit, postal mail, and exterior keys (including duplicates).
c. Keycards.
d. Garage door opener.
e. Interior rental storage unit keys, if applicable.
f. Husky cabinet keys if the cabinet(s) are to be provided to the purchaser.

The following items are the selling member's responsibility during move-out:

.

a. Contact *Xfinity* to alert the utility they are cancelling their service at the cooperative address effective on or before the closing date specified in the *Purchase and Sale Agreement* or as of the date they will vacate the cooperative, whichever is later.
b. Fulfill *Xfinity's* instructions regarding return of its equipment.
c. Submit changes of address to the U.S. Postal Service and businesses that regularly deliver mail or packages to the seller. Neither the CM nor purchaser is responsible for

forwarding postal mail or carrier deliveries that arrive after the selling member's departure.

d. Provide the CM a postal forwarding address to send the balance of retained funds and tax documents.
e. Remove all personal belongings from the residential unit, assigned garage parking stall, and as applicable retained Husky cabinet(s) or internal rented storage room(s).

Purchaser Occupancy

THE VILLAGE COOPERATIVE OF PUYALLUP HIGHLY RECOMMENDS THAT THE PURCHASER OBTAIN A HO-6 INSURANCE COVERAGE FOR LOSS OR DAMAGE TO THE PERSONAL PROPERTY THEY BRING TO THE UNIT, AND FOR THEIR POTENTIAL LIABILITY FOR DAMAGE TO COOPERATIVE PROPERTY.

Once the CM verifies the full amount of the purchase funds has cleared the cooperative's bank the purchaser will sign an *Occupancy Agreement*, and the CM will:

a. Issue the purchaser's share certificate. Upon their signing of the Occupancy Agreement and receipt of the share certificate, and the purchaser becomes a cooperative member.
b. Issue the purchaser interior, exterior, and postal box keys; entry door keycard(s), if requested; a garage door transmitter; an underground parking stall assignment; and entry telephone call box codes.
c. If requested by the purchaser, assign one or more internal storage rental units and set up the monthly rent collection for their use.
d. Be required to sign a number of forms, including the following, as appropriate:

- An ACH authorization form, in order to permit a direct debit of monthly assessments.
- A member Personal Information Form.
- A Contact Authorization Form.
- A Photo Authorization Form.
- Waiver and release forms (e.g., for Hobby Room (wood workshop), if applicable.
- A consent to electronic notice deliver.
- A keys disbursement Form.
- Addendums for their garage stall, and storage room addendum, if appropriate.
- A Pet Addendum, if appropriate.

The cooperative permits no more than two (2) resident animals in each unit. Prior to moving a resident animal into the cooperative, the member must register it with the CM to ensure resident animals meet the cooperative's registration, licensing, and vaccination policies.

Utility Services

The cooperative provides water, sewer, garbage, and recycle services as part of the monthly carrying charge. New members are responsible for securing internet and television service at their unit's cooperative address at their own expense under the terms of the cooperative's contract with *Xfinity*.

Unit Alterations

The new member may submit one or more unit alteration requests before the closing date specified in the *Purchase and Sale Agreement*, especially when alterations are desired prior to move-in. However, no work may commence until after Board approval of the requested alterations **and** after an *Occupancy Agreement* is executed. Before submitting a *Unit Alteration Request Form*, Questions about unit alterations should be directed to the CM.