



4.4 ASSOCIATION ADDENDUM

1 **1. Property Address or Description:** _____

2 **2. Names of Parties to this Agreement:**

| | |
|----------------------|---------------------|
| 3 Buyer _____ | Seller _____ |
| 4 Buyer _____ | Seller _____ |
| 5 Buyer _____ | Seller _____ |
| 6 Buyer _____ | Seller _____ |

7 **3. Homeowners Association, Townhome Association, Planned Community.** The Property is within a Homeowners Association,
8 Townhome Association, Condominium Association, Marina Park Association, Manufactured Park Association, or Planned Community
9 (“Association”) with attendant costs, responsibilities, and privileges. Seller shall provide Buyer with a collection of documents to assist
10 Buyer review of the costs and benefits of purchasing property that is subject to the attendant association. This form does not apply to
11 Housing Cooperatives, and if the transaction relates to a housing cooperative, the Parties are advised to seek specialized assistance
12 with the transaction. **To better understand the provided documents, Buyer is encouraged to seek out independent professional**
13 **services specialized in reviewing governance, finance, and insurance documents of these such associations.**

14 **4. General Information.** Seller represents, to the best of Seller’s knowledge, the following (if Property is subject to more than one
15 Association, attach a Form 2.2 General Addendum with the additional Association information):

16 A. Association Name: _____ Management Company: _____

17 B. Contact: Name: _____ Phone: _____ Email: _____

18 C. Current dues: \$ _____ per Month Year

19

20 D. Seller owns leases the following:

21 Parking Space: # _____ if leased, for \$ _____ per Month Year.

22 Storage Space: # _____ if leased, for \$ _____ per Month Year.

23 Slip Space: # _____ if leased, for \$ _____ per Month Year.

24 Home Park Space: # _____ if leased, for \$ _____ per Month Year.

25 **5. Transfer Fees.** Any transfer fees imposed by the Association (e.g. move-in or move-out fees) shall be paid by: Buyer Seller
26 Other: _____

27 **6. Payment of Document Collection Fees.** Seller shall be responsible for payment of all fees and charges incurred in collecting the
28 documents required by this Addendum.

29 **7. Documents Provided by Seller.** Seller shall provide all below documents that exist (“Association Documents”) to Buyer within 5
30 **Business Days** or _____ **Business Days** of Mutual Acceptance of the Sale Agreement (“Association Document Delivery
31 Period”):

32 **A. Governance Documents (CC&Rs, Rules & Regs, Bylaws and Articles must always be provided)**

- 33 • Codes, Covenants, and Restrictions of the community, along with any supplements thereto.
- 34 • Association Rules and Regulations, and any amendments thereto.
- 35 • Articles of Incorporation and Bylaws of the Association, along with any amendments or restatements.
- 36 • Compilation of all Association Board of Directors approved resolutions.
- 37 • Copies of the Meeting Minutes of the Board of Directors for the previous 12 months.
- 38 • Lease documents for long-term land leases if related to the Property.

39 **B. Financial Documents**

- 40 • Approved operating budget for the current fiscal year.
- 41 • Balance sheet and income statement for the previous fiscal year. (sometimes called the “financial statement”)
- 42 • Balance sheet and income statement for the current year-to-date.
- 43 • Current or most recent reserve study.

Buyer Initials _____ **Seller Initials** _____

- 44 • Copy of independent accountant's review. (If the Association receives more than \$75,000 in annual assessments)

45 **C. Insurance Documents**

- 46 • Property and Liability Insurance certificates for the current policy period.
- 47 • Copy of the Association's Property Insurance policy.
- 48 • Copy of the Association's Liability Insurance policy.

49 **D. Inspection & Assessment Reports**

- 50 • Inspection reports for the common elements of the Association.
- 51 • **Inspection reports for improvements that the Association is responsible for maintenance, repair and replacement.**
- 52 • Property Condition Assessment reports.

53 Seller must provide Association Documents in the following format(s) (Check all that apply):

- 54 Physical Copies digital or .pdf copies by email or on USB
- 55 Documents provided through digital access to the Association website, a dropbox or similar digital storage software,
- 56 provided that the documents are in a single folder or web location, indexed and easily searchable by title.

57 If Seller is unable to provide the Association Documents, Buyer may deliver to Seller a **Form 5.1 Notice of Default** stating Seller failed
58 to provide Association Documents. During the Cure Period, Seller may either provide the documents in the requested format, provide
59 a written statement to Buyer explaining why forms are not available in the chosen format, or negotiate an extension to the Association
60 Document Delivery Period.

61 **8. Document Approval Timeline.** After receiving all Association Documents, Buyer shall have **5 Business Days** ("Document Approval
62 Period") to provide Seller with a **Form 5.3 Buyer's Notice of Termination**, stating Buyer's disapproval of the Association Documents.
63 In the event of this termination, all Earnest Money shall be refunded to Buyer and the transaction shall be terminated. Buyer's failure
64 to provide this Notice of Termination within the Document Approval Period shall be deemed an approval of the Association Documents
65 and a release of Buyer's right to terminate based on disapproval of Association Documents.

66 **9. Buyer Advisory.** Purchasing a home or condominium that is subject to an Association presents unique risks to Buyer. Association
67 special assessments are common and can substantially increase the cost of ownership. There is no way to eliminate the risk of being
68 exposed to an Association's special assessment but there are prudent steps that Buyer can take. Buyer should carefully review all
69 Association Documents and seek assistance of third-party professionals who specialize in analyzing Association documents and
70 assessing HOA financial risks.

71 Buyer should take time to review the Association reserve study. Most Associations are required by law to conduct a reserve study and
72 update it annually. A reserve study catalogues the expected cost of maintenance, repair or replacement of all items of common
73 property which will normally require major maintenance, repair or replacement, in whole or in part, over a 30-year period, and
74 evaluates the adequacy of the Association reserve account and reserve contribution policies to cover these costs. If the Association
75 does not have a current reserve study, or if the Association's reserve account is significantly undercapitalized, these are signs that a
76 special assessment could be needed in the future.

77 Minutes from Board of Directors, Committee and Association meetings should be reviewed carefully for any indications of expenses
78 that could be on the horizon, problems with the building, potential litigation involving the Association, or potential changes to bylaws
79 and policies.

80 Buyer should consult with Buyer's insurance professional and lender to assess the adequacy of the Association's insurance policy and
81 to understand the additional coverages that may be necessary or prudent for Buyer to purchase individually.

82 Buyer should have a thorough home inspection. Some home inspectors may have more experience than others in inspecting homes
83 or condominiums that are part of an Association. Buyer should discuss with home inspector what if any common property elements
84 of the property will be inspected as part of a home inspection.

85 There have been instances in recent years of major loss of human life and property due to deferred maintenance by Associations.
86 Buyer should carefully review association documents and meeting minutes for information about the condition of the Property,
87 identified deficiencies, and actions that have or have not been taken to remedy identified deficiencies.

88 **Buyer Acknowledges that Buyer's agent is not an expert in Association law, finances, insurance, or construction and engineering**
89 **and Buyer has been advised to seek assistance of third-party experts in these fields to assist Buyer in evaluating Buyer's purchase.**



90 **10. Additional Provisions:** _____
91 _____
92 _____
93 _____

94 **11. By signing below, the Parties agree to the terms of this addendum and make it part of the above referenced Sale Agreement:**

95 Buyer: _____ Dated: _____ Seller: _____ Dated: _____
96 Buyer: _____ Dated: _____ Seller: _____ Dated: _____
97 Buyer: _____ Dated: _____ Seller: _____ Dated: _____
98 Buyer: _____ Dated: _____ Seller: _____ Dated: _____

TRAINING COPY