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Common Interest Community Board PROPERTY OWNERS' ASSOCIATION DISCLOSURE PACKET NOTICE

Section 54.1-2350 of the *Code of Virginia* requires that this form accompany disclosure packets issued pursuant to § 55.1-1809 of the *Code of Virginia*.

The lot being purchased is in a development subject to the Property Owners' Association Act ("Act"). Properties subject to the Act are considered "common interest communities" under the law. Owning and living in a community governed by a common interest community association has benefits and obligations. Upon accepting title to a lot within a community governed by a common interest community association, membership in the property owners' association ("association") is mandatory and automatic. The Act specifies the contents of the **disclosure packet**, and fees that may be charged for preparation and distribution of the disclosure packet.

In addition to information provided in the disclosure packet, the following are important considerations when purchasing a lot in a community governed by an association.

Assessments

Each owner is responsible for and obligated to pay regular assessments and, if applicable, other assessments, including special assessments, and other mandatory fees to ensure that the association's financial requirements are met. Assessments are mandatory, imposed by the association for expenses incurred for maintenance and services provided for the benefit of some or all of the lots, reserves for future expenditures, the maintenance, repair, and replacement of the common area, including for the construction or maintenance of stormwater management facilities, insurance, administrative expenses, and other costs and expenses established in the governing documents. Failure or refusal to pay assessments and any other mandatory fees may result in imposition of late fees, interest, costs and attorney fees, recordation of a lien, filing a lawsuit and obtaining judgment against the lot owner, foreclosing on the lot to enforce the lien, and other actions permitted by the governing documents and the Act.

Declaration and Other Governing Documents

Governing documents typically include a declaration, plats, articles of incorporation, bylaws, rules and regulations, and architectural standards or guidelines ("governing documents"). The governing documents, association policies, and other information contained in the disclosure packet describe the basis for living in a community governed by a common interest community association. The form of governance, nature and scope of services, as well as limitations on property use are addressed in the governing documents, and association policies.

Owners have the responsibility, among other things, to comply with the restrictive covenants and association policies that outline what owners may and may not do on lots and common area. Use of common area, financial obligations of owners and other rights, responsibilities and benefits associated with ownership in a common interest community are subject to the provisions of governing documents and association policies. Some decisions are made by the association board of directors, while other decisions

are reserved to a vote of association members. Failure to comply with the governing documents and association policies may result in monetary penalties, a lien against the lot, suspension of certain privileges, and legal action against the lot owner.

Limitations

The governing documents and association policies may establish limitations affecting use of individual lots and the common area. While the limitations applicable to each association may vary from community to community, § 54.1-2350 of the Code of Virginia makes particular reference to the following. The governing documents and association policies may establish:

- Limitations on an owner's ability to rent the lot.
- Limitations on parking and storage of certain types of motor vehicles and boats within the community.
- Limitations on maintenance of pets on a lot or in common areas.
- Limitations on operation of a business within a dwelling unit on a lot.
- Architectural restrictions applicable to an owner's lot.
- The period or length of time that the declarant (developer) may control membership on the board, make decisions on behalf of the association, and therefore operate the association. This period is often referred to as the *declarant control period*. At the conclusion of the declarant control period, control of the association is transferred to the members.

This list does not represent all limitations that may affect lots within the common interest community.

Important Notice for Purchasers

The contract to purchase a lot within a community governed by a common interest community association is a legally binding document. The purchaser may have the right to cancel the contract after receiving the disclosure packet.

Information provided in this form is a summary of select matters to consider when purchasing a lot in a community governed by a common interest community association but should not be relied upon exclusively to understand the character and nature of the community and association.

The purchaser is responsible for examining the information contained in and provided with the disclosure packet. The purchaser shall carefully review the entire disclosure packet. The purchaser may request an update of the disclosure packet.

The contents of the disclosure packet control to the extent that there are any inconsistencies between this form and the disclosure packet.

The Disclosure Packet must include the following:

- 1 Association name, and if incorporated, the state of incorporation and the name and address of its registered agent in Virginia;
- 2 A statement of any expenditures of funds approved by the association or the board of directors that shall require an assessment in addition to the regular assessment during the current year or the immediately succeeding fiscal year;
- 3 A statement, including the amount of all assessments and any other mandatory fees or charges currently imposed by the association, together with any post-closing fee charged by the common interest community manager, if any, and associated with the purchase, disposition, and maintenance of the lot and to the right of use of common areas, and the status of the account;
- 4 A statement of whether there is any other entity or facility to which the lot owner may be liable for fees or other charges;
- 5 The current reserve study report or summary thereof, a statement of the status and amount of any reserve or replacement fund, and any portion of the fund allocated by the board of directors for a specified project;
- 6 A copy of the association's current budget or a summary thereof prepared by the association, and a copy of its statement of income and expenses or statement of its financial position (balance sheet) for the last fiscal year for which such statement is available, including a statement of the balance due of any outstanding loans of the association;
- 7 A statement of the nature and status of any pending suit or unpaid judgment to which the association is a party and that either could or would have a material impact on the association or its members or that relates to the lot being purchased;
- 8 A statement setting forth what insurance coverage is provided for all lot owners by the association, including the fidelity bond maintained by the association, and what additional insurance would normally be secured by each individual lot owner;
- 9 A statement that any improvement or alteration made to the lot, or uses made of the lot or common area assigned thereto, are or are not in violation of any of the declaration, bylaws, rules and regulations, architectural guidelines and articles of incorporation, if any, of the association;
- 10 A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to place a sign on the owner's lot advertising the lot for sale;
- 11 A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to display any flag on the owner's lot, including but not limited to reasonable restrictions as to the size, place, and manner of placement or display of such flag and the installation of any flagpole or similar structure necessary to display such flag;
- 12 A statement setting forth any restriction, limitation, or prohibition on the right of a lot owner to install or use solar energy collection devices on the owner's property;
- 13 The current declaration, the association's articles of incorporation and bylaws, and any rules and regulations or architectural guidelines adopted by the association;
- 14 Any approved minutes of the board of directors and association meetings for the six calendar months preceding the request for the disclosure packet;
- 15 The notice given to the lot owner by the association of any current or pending rule or

architectural violation;

- 16 A copy of the fully completed form developed by the Common Interest Community Board pursuant to § 54.1-2350;
- 17 Certification that the association has filed with the Common Interest Community Board the annual report required by § 55.1-1835, which certification shall indicate the filing number assigned by the Common Interest Community Board and the expiration date of such filing;
- 18 A statement indicating any known project approvals currently in effect by secondary mortgage market agencies; and
- 19 The association complaint procedure required by 18 VAC 48-70-60 and pursuant to 18 VAC 48-70-40 and 18 VAC 48-70-50.