



Sales and Transfers: What Documents Do We Need?

One of the Board's responsibilities is the supervision and approval of re-sales of apartments. Below is a checklist of the legal documents involved in the sale of a unit.

- 1. Contract of Sale.** Entered into between the seller and purchaser, the contract of sale specifies the basic agreement between the parties: purchase price, when and where the closing or transfer of ownership will take place, financing arrangements, if any, and whether the contract is contingent on the purchaser obtaining a loan to buy the unit; what personal property and appliances will be included.
- 2. Consent of Board of Directors.** The Board must pass a resolution accepting the new shareholder and consenting to the sale. A written consent to an assignment of the proprietary lease and the shares of stock allocated to the unit is issued by the Board and presented at the closing.
- 3. Assignment of Proprietary Lease.** This document is signed by the seller to transfer his interest in the proprietary lease to the purchaser.
- 4. Acceptance of Assignment.** This document is signed by the purchaser to indicate his assumption of the seller's obligations under the proprietary lease.
- 5. Stock Power.** This document is signed by the seller to transfer the shares allocated to his apartment to the purchaser.
- 6. Recognition Agreement.** If a bank or other institution is lending money to the purchaser to buy the unit, the lender will request the Board to sign a document known as a recognition agreement. Under this agreement, the corporation recognizes that a lending institution will hold a security interest in the shares and proprietary lease. By signing the document, the Board agrees to notify the lender in the event the purchaser defaults under the proprietary lease, affording the lender an opportunity to cure the default to safeguard its security.
- 7. New Stock and Lease.** The Corporation must issue a stock certificate and a proprietary lease in the name of the purchaser to be presented at the closing.

We suggest that the board of directors or the shareholder selection committee use the following documents in conjunction with the guidelines included in your governing documents and/or the Regulatory Agreement in order to reach a decision on the eligibility of prospective purchasers:

1. Cooperative Application
2. Credit Check
3. Three recent pay stubs for all working household members



4. Letter from current employer verifying employment and length of service;
5. Documentation of all other sources of income such as SSI, SSA, Veterans, Pension, Unemployment Benefits, etc;
6. Copy of Section 8 Voucher or Certificate, if applicable;
7. Three recent rent receipts;
8. One copy of a current lease;
9. One previous housing reference;
10. Two personal references (One reference per job and no references from family members);
11. Two years worth of tax filings (Form 1040, etc. with attachments) and W-2s;
12. Three most recent months' bank statements for every bank account;
13. Copy of Social Security cards or Resident Alien cards for each household member age 18 and over;
14. Photo ID for each household member age 18 and over
15. Proof of mortgage readiness, if applicable;
 - A. Certificate of Completion from a New York State Financial Counseling Organization dated within the last two years;
 - B. A soft-commitment letter from a bank;
 - C. Proof of the amount of the down payment or purchase price in an accessible savings account;
16. Disclosure of any relationships to any member of the Board of Directors, UHAB or other agencies facilitating the cooperative conversion.

If you are monitored by UHAB, the following documents need to be provided to UHAB in order to complete the document review and purchase or transfer approval:

1. Affidavit from the board indicating that they wish to offer the unit to the prospective purchaser.
2. Affidavit from the Purchaser indicating that they are aware of the requirements of the regulatory agreement.
3. HDFC Application
4. Most Recent Tax Return
5. Cover Letter from the HDFC's lawyer outlining the documents submitted and indicating that the prospective purchaser meets the criteria specified in the Regulatory agreement.



A copy of the executed sales contract for the proposed transfer shall be attached. The contract of sale shall state that the sale is conditional on written consent from the HDFC and UHAB.