

## **UNDERSTANDING YOUR RIGHTS UNDER THE RESALE DISCLOSURE ACT**

This form is not part of the sales contract and is for discussion/disclosure purposes only.

### **1. RESALE CERTIFICATE.**

- A.** The Virginia Resale Disclosure Act, §55.1-2307, *et seq.*, of the Code of Virginia, 1950, as amended (the “Act”), requires the owner, or the owner’s agent, selling a lot or unit located within a development that is subject to the Virginia Property Owners’ Association Act (§55.1-1800, *et seq.*) or the Virginia Condominium Act (§55.1-1900, *et seq.*) to obtain from the association a resale certificate in conformity with the provisions of §55.1-2310 (“Resale Certificate”) and provide it to the buyer, or to the buyer’s agent.
- B.** The Resale Certificate must include the completed resale certificate form pursuant to §54.1-2350(3) along with the following supporting documentation:
1. The name, address, and phone numbers of the preparer of the Resale Certificate and any managing agent of the association;
  2. A copy of the governing documents and any rules and regulations of the association;
  3. A statement disclosing any restraint on the alienability of the unit for which the Resale Certificate is being issued;
  4. A statement of the amount and payment schedules of assessments and any unpaid assessments currently due and payable to the association;
  5. A statement of any other fees due and payable by an owner of the unit;
  6. A statement of whether there is any other entity or facility to which the unit owner may be liable for assessments, fees, or other charges due to the ownership of the unit;
  7. A statement of the amount and payment schedule of any approved additional or special assessment or any unpaid additional or special assessment currently due and payable;
  8. A statement of any capital expenditures approved by the association for the current and succeeding fiscal years;
  9. A statement of the amount of any reserves for capital expenditures and of any portions of those reserves designated by the association for any specified projects;
  10. The most recent balance sheet and income and expense statement, if any, of the association;
  11. The current operating budget of the association;
  12. The current reserve study; or a summary of such study;
  13. A statement of any unsatisfied judgments against the association and the nature and status of any pending actions in which the association is a party and that could have a material impact on the association, the owners, or the unit being sold;
  14. A statement (i) describing any insurance coverage provided by the association for the benefit of the owners, including fidelity coverage, and any insurance coverage recommended or required to be obtained by the owners and (ii) indicating that the governing documents may make an owner responsible for all or part of the deductible when making a claim against such insurance;
  15. A statement as to whether the board has given or received written notice that any existing uses, occupancies, alterations, or improvements in or to the unit being sold or to the limited elements assigned thereto violate any provision of the governing documents or rules and regulations together with copies of any notices provided;

16. A statement as to whether the board has received written notice from a governmental agency of any violation of environmental, health, or building codes with respect to the unit being sold, the limited elements assigned thereto, or any other portion of the common interest community that has not been cured;
17. A copy of any approved minutes of meetings of the board held during the last six months;
18. A copy of any approved or draft minutes of the most recent association meeting;
19. A statement of the remaining term of any leasehold estate affecting a common area or a common element, as those terms are defined in §§ 55.1-1800, 55.1-1900, and 55.1-2100, in the common interest community and the provisions governing any extension or renewal of such leasehold;
20. A statement of any limitation in the governing documents on the number or age of persons who may occupy a unit as a dwelling;
21. A statement setting forth any restriction, limitation, or prohibition on the right of an owner to display the flag of the United States, including but not limited to reasonable restrictions as to the size, time, place, and manner of placement or display of such flag.
22. A statement setting forth any restriction, limitation, or prohibition on the right of an owner to install or use solar energy collection devices on the owner's unit or limited element;
23. A statement setting forth any restriction, limitation, or prohibition on the size, placement, or duration of display of political, for sale, or any other signs on the property;
24. A statement identifying any parking or vehicle restriction, limitation, or prohibition in the governing documents or rules and regulations;
25. A statement setting forth any restriction, limitation, or prohibition on the operation of a home-based business that otherwise complies with all applicable local ordinances;
26. A statement setting forth any restriction, limitation, or prohibition on an owner's ability to rent the unit;
27. In a cooperative, a statement setting forth whether the cooperative association is aware of any statute, regulation, or rule applicable to the cooperative that would affect an owner's ability to deduct real estate taxes and interest paid by the cooperative association for federal income tax purposes;
28. A statement describing any pending sale or encumbrance of the common elements;
29. A statement indicating any known project approvals currently in effect issued by secondary mortgage market agencies; and
30. Certification that the association has filed with the Common Interest Community Board ("CICB") the annual report required by law, which certification will indicate the filing number assigned by the CICB, and the expiration date of such filing.

## 2. BUYER'S RIGHT OF CANCELLATION.

### A. The buyer may cancel the contract without penalty:

- 1) If Resale Certificate (or notice that Resale Certificate is unavailable) is delivered to the buyer or their agent **before** the contract is ratified:
  - a. Within a number of days agreed upon by the parties in the contract, to begin counting the day after the ratification date and lasting until 9:00 PM the final day; **OR**
  - b. If no time period is specified in the contract, three (3) days, to begin counting the day after the ratification date and lasting until 9:00 PM on the third (3<sup>rd</sup>) day.
- 2) If Resale Certificate (or notice that Resale Certificate is unavailable) is delivered to the buyer or their agent **on or after** the contract is ratified:

- a. Within a number of days agreed upon by the parties in the contract, to begin counting the day after the delivery date and lasting until 9:00 PM the final day; **OR**
  - b. If no time period is specified in the contract, three (3) days, to begin counting the day after the delivery date and lasting until 9:00 PM on the third (3<sup>rd</sup>) day.
- 3) At any time prior to settlement if the buyer has not been notified that Resale Certificate will be unavailable, and Resale Certificate is not delivered to the buyer.

- B. Should the parties agree that the buyer has zero (0) days to cancel the contract, such agreement does not constitute an automatic waiver of the right of cancellation. In this event, the buyer has until 9:00 PM on the ratification date (or date of delivery, whichever is applicable) to cancel the contract unless paragraph (2)(A)(3) applies.
- C. Written notice of cancellation will be provided to the seller in accordance with the terms of the contract. In the event of a dispute, the buyer will have the burden to demonstrate delivery of the notice of cancellation.
- D. Cancellation without penalty means that all deposits and escrowed funds, such as the earnest money deposit (EMD), will be refunded to the buyer promptly upon the buyer's delivery of their notice of cancellation. The parties must execute a release of contract to effectuate this refund.
- E. The information contained in Resale Certificate will be current as of the date specified within Resale Certificate itself. The buyer, or buyer's agent, may request a financial update of Resale Certificate if it is no more than twelve (12) months old. However, the request or receipt of an updated Resale Certificate will not extend the buyer's rights of cancellation. **Delivery of an incomplete or outdated Resale Certificate still constitutes valid delivery.** There is no requirement that Resale Certificate be current as of the ratification date and Resale Certificate does not expire.
- F. The parties may extend the buyer's right of cancellation by ratifying *Extension of Review Period For Resale Certificate Addendum* or other comparable addendum. Any rights of the buyer to cancel the contract are waived conclusively if not exercised within the right of cancellation period or prior to settlement. The failure to receive Resale Certificate will not excuse any failure to comply with the provisions of the declaration, articles of incorporation, bylaws, or rules or regulations.
- G. If the property is governed by more than one association, the timeframe for the buyer's right of cancellation runs from the date of delivery of the last Resale Certificate.

Broker can counsel the buyer on real estate matters, but if legal advice is desired with respect to the contents of the Resale Certificate, the buyer is advised to seek legal counsel.

## BUYER SIGNATURES:

\_\_\_\_\_/\_\_\_\_\_  
Date                      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date                      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date                      Signature

\_\_\_\_\_/\_\_\_\_\_  
Date                      Signature



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