



STOCK COOPERATIVE OWNERSHIP ADVISORY

(C.A.R. Form COOP-OA, Reviewed 6/25)

This Stock Cooperative ("CO-OP") Advisory is informational only and not intended in any way to take the place of, or substitute for, consulting with a qualified California real estate attorney. Brokers and Agents are not qualified to provide any legal, tax or financial advice about CO-OPs. Buyers are urged, before signing any agreements, to review and consider all matters of concern, including but not limited to:

1. **WHAT IS A STOCK CO-OP?** According to the California Department of Real Estate Reference Book:
 - A. A stock cooperative is defined in Section 4190(a) of the Civil Code as a corporation which is formed or availed of primarily for the purpose of holding title to improved real property, either in fee simple or for a term of years.
 - B. All or substantially all the shareholders receive a right of exclusive occupancy of a portion of the real property, which right is transferable only concurrently with the transfer of the share(s) of stock.
 - C. Most stock cooperative projects are of the apartment house type, operated by a board of directors and including community recreation facilities.
 - D. The ownership corporation is usually a nonprofit mutual benefit corporation.
2. **WHAT DO I OWN IF I BUY A UNIT IN A STOCK CO-OP?**
 - A. Most people are familiar with a condominium purchase where the purchaser owns an undivided interest in real property with other owners and the ownership of a separate interest within the walls of a specified unit. In a condominium, the purchaser owns a portion of the real property.
 - B. In a CO-OP, the purchaser owns a portion of the shares of the ownership entity (again, usually a corporation) together with the exclusive right to occupancy of a certain portion of the property owned by the corporation.
 - C. In short, in a CO-OP, you own shares in a corporation with the right to occupy a certain portion of the property owned by the corporation. In a condominium, you own an undivided interest in the real property overall and the air space in an individual unit.
 - D. There may be some issues in financing the purchase and transfer of title (or shares) of a CO-OP unit that are unique to CO-OP ownership.
 - E. Both CO-OPs and condominiums are forms of Common Interest Developments under the Davis-Stirling Common Interest Development Act (Civil Code § 4000 et seq.).
3. **WHY ARE THERE BOTH CONDOMINIUMS AND STOCK CO-OPS?**
 - A. Part of the reason for the difference is usually the age of the project. A Co-Op is one of the first forms of common interest ownership and it is generally found on the East Coast. Before the passage of the Davis-Stirling Act in California, most unit or apartment sales in projects were sold using the Co-Op form of ownership. Co-Ops in California are typically older projects found in San Francisco and Los Angeles, but they can be found throughout the State.
 - B. Since the passage of the Davis-Stirling Act, Common Interest Developments have largely been condominium projects because financing and transfer of ownership is more easily understood by lenders as well as the general public.
4. **SELLER DISCLOSURES:** Co-Ops, like condominiums, have disclosure requirements under the Davis-Stirling Act, common law, and contracts. Seller is obligated to make all applicable disclosures as specified in the Agreement.

By signing below, Seller and Buyer acknowledge that each has received a copy of this Stock Cooperative Ownership Advisory, and each has read and understands its terms.

Seller	_____	Date	_____
Seller	_____	Date	_____
Buyer	_____	Date	_____
Buyer	_____	Date	_____

BROKERS/AGENTS CAN ADVISE ON REAL ESTATE TRANSACTION ONLY. FOR LEGAL OR TAX ADVICE, CONSULT A QUALIFIED CALIFORNIA REAL ESTATE ATTORNEY OR CPA.

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