

PROCEDURES FOR THE SALE OF CTTA OWNED MEMBERSHIPS Excluding Foreclosure Sales¹

The purpose of this document is to provide members and prospective buyers of Association owned CTTA Memberships with a copy of Board adopted procedures for:

- Advertising Association owned Memberships for sale,
- The collection and handling of prospective buyer's offers, and
- The process and standards for selecting offers.

These procedures are intended to ensure that the process for selling Association owned memberships accomplishes four goals:

- The process is transparent and fair to all prospective buyers,
- The financial interests of the Association are promoted by receiving the highest or best possible price for each membership,
- The sale of memberships by the Association does not undermine the sales of memberships by Association members, and
- CTTA Staff and Board members are removed from involvement in influencing the content and collection of buyer's offers to the maximum extent possible.

¹These procedures shall only apply to the sale of memberships held by the Association. Foreclosure sales are conducted following a legally prescribed secret bid process. The sale of memberships, while involving possible competition between prospective buyers, is an open sale process rather than a secret bid process. Competing offers will be public information and prospective buyers shall be able to submit more than one offer up to the final sale closing date.

The Board has adopted a standard real estate sales practice called "**Highest, Best, and Final**" combined with a "**Minimum Offering Price**" provision which is added to protect the Association from below fair market value sales.

What Does Highest and Best mean for CTTA: Highest and best has become more popular in the last few years due to decreasing inventory and increased buyer demand. Highest and best is when a seller (CTTA Board) anticipates or receives more than one offer on a membership, and they decide to give everyone a chance to submit their best offer. In the seller's formal request, the seller gives each buyer a chance to make or to raise their offer, and a date and time by which all offers must be received by the seller. The seller will review all offers at the same time and pick the offer they like the best. This shall be a two-step process where after receiving offers the seller shall go back to the prospective buyers and offer them another, and final, opportunity to change their offer.

What Does Minimum Offering Price mean for CTTA: Setting an upfront minimum price protects the Association from so called low-ball bids that can happen with an open auction process. The Board shall set a minimum price based upon its determination of fair value and prospective buyers must offer at least the set minimum amount.

What Are the Standard Definitions for Terms: The real estate industry has a standard for the use of these terms with each word having a very specific meaning:

Highest - refers to the price, which is obviously the most important consideration in most

competitive sales.

Best - refers to the other terms, such as services to the Association, payment of dues, etc. "Highest" doesn't always mean "Best" since sellers will often sacrifice a bit on price to get better terms otherwise. For example, if the Association was experiencing an operational cash flow problem an offer of a year's worth of annual dues in advance coupled with a purchase offer might not be the "highest" offer, but it could be the "best" offer if the Board is concerned with immediate day to day solvency.

Final - refers to the fact that the process has reached a point where there is only one round of so-called bidding, so that buyers should make their very highest and best offers because they're not going to get another chance to improve their bid.

The Sale Process:

1. **Minimum Offering Price** -The Board shall arrive at an agreed upon lowest price that it is willing to accept for the membership. This price must have some basis in reality to avoid being so low as to compete against our members who have their sites for sale and to avoid being so high that none of the CTTA sites sell thereby denying the Association of the initial cash value, the ongoing dues revenue, and new members.
2. **The Listing** - The listing of CTTA memberships for sale shall clearly state that the basis for each sale is a "Highest, Best, and Final process with Minimum Acceptable Offering Price". The minimum price will be included in the advertisement. The "Final" date of the sale will be included, normally the last work week day of the month. Prospective buyers would be reminded that they would have to be available to receive information on offers on the final date if they wanted an opportunity to change their offer.
3. **Receipt of Seller's Offers** - As offers are received the offered amount and prospective buyer included incentives, if any, shall be posted on the CTTA bulletin board at the front of the Park office and on the CTTA official website. The name of the prospective buyer shall remain confidential until the selected buyer is announced by the Board. All offers must be made in writing and presented to Staff in either letter form, hand delivered or mailed to the office, or by email to the CTTA park office.
4. **Final Offers** - The Staff shall attempt to contact prospective buyers on the final sale date and offered the opportunity to make their Final offer. It will be the buyer's responsibility to make themselves available to the Staff on the final sale day if they want an opportunity to change their offer in response to other prospective buyer's offers.
5. **Offer Selection** - The Board will receive final offers from Staff and select the successful buyer. The Board ordinarily shall seek to accept the Highest offer but may select what it concludes is the Best offer under circumstances where the Best offer will most benefit the Association. Where the Board selects a Best offer it must disclose to the members their reasoning for doing so. The sale will not become final until the buyer's approval for membership after review of their background check and credit report. If the selected buyer is not approved for membership the Board may award the sale to the next highest buyer provided that their offer is at, or above, the stated minimum price, subject to the same review of their background check and credit report.

6. **“No Sale” Process** - In the event that there are no successful buyers, the membership shall be advertised again and the process repeated.

7. **Staff Role** - Staff are only authorized to:
 - Provide prospective buyers with a list of all memberships that are for sale,
 - Provide prospective buyers with a copy of these procedures,
 - Answer routine questions concerning qualifying for membership,
 - Provide public information concerning Park services,
 - Post on the Park bulletin board and in the CTTA website and/or otherwise convey to interested parties, the amount and included buyer offered incentives of pending offers,
 - Contact all prospective buyers with pending offers on the final sale date to allow them the opportunity to make their Last and Best offer, and
 - Keep a record of all offers made by prospective buyers along with their contact information.

8. **Staff Prohibited** - Staff are not authorized to otherwise discuss offers with prospective buyers or to suggest enticements that prospective buyer might include in their offers.

9. **Available for Review** – At the end of the process, a redacted copy of all Last Offers received shall be made available to the general membership for review. These redacted Last Offers will only include the offered price and any buyer added incentives but shall not include identifying information of the prospective buyers. A summary of offers and the final selection made by the Board shall be presented in an open session of the monthly Board meeting.
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