



**UP THE CREEK**  
**August 1, 2011**

It's time for our periodic stern reminder of the facts of membership in USCDWUA. This lecture usually follows a worse-than-normal run of lost stock certificates and difficult stock transfers, and that is indeed the case this time. It seems that each year teaches us some new ways by which the task of transferring water stock can be made onto an ordeal of torture. This letter is to assure you that it doesn't have to be that way.

Much misunderstanding exists about the structure of USCDWUA. We are not a water district. We are not a municipality. We are a private non-profit association formed for the purpose of providing domestic water in unincorporated rural areas. A water tap on our system requires membership in the Association. Such membership confers rights and responsibilities on the member. You as a member have the right to vote for directors to represent you in the operation of the system. You have the right to approve budgets and have a say in major decisions. You have the responsibility to be aware of your stock certificate - where it is, and whose names are on it.

The stock certificate is your proof of ownership. There is a separate certificate for each tap that you own. The certificate is valuable, much like the title to an automobile or the deed to property. It needs to be taken care of. When you no longer own the property with the water tap, you must transfer the tap along with the property ***and it is not automatic.***

To transfer a water tap, you surrender the stock certificate to USCDWUA. The stock must be assigned in writing by you, and by all others listed on the face of the stock. The assignment may be done on the back of the certificate, or may be done on a separate form, but in all cases the stock certificate must be surrendered. Also, your account must be paid in full, and a transfer fee (\$50) paid. This is all reasonably simple, unless one or more of the following happens:

1. You lost your stock certificate. In that case you need to purchase a "lost document bond," which indemnifies the Association in case the certificate later turns up in the hands of someone with trouble on their mind.
2. You own the stock with another person who is no longer part of your life. That person, even though they may have moved to the other end of the earth, must join you in assigning the stock to the new owner. If that person is deceased, you might automatically be the legal owner of their interest, or you might not. USCDWUA will not act as the judge; any question of divided ownership must be resolved ***by you*** and proof provided before we can transfer the stock.
3. A lender has taken a collateral assignment against the stock. We will need a written release from the lender. Alternatively, a Release of Deed of Trust will be accepted, if it clearly applies to the same loan as the collateral assignment.
4. All of the above at the same time. Yes, it's happened. Then there's the occasional dreaded foreclosure, which adds yet another layer of thrill for everybody.

The consequences of not providing us with enough information to transfer the stock are annoying. For one thing, you will continue to receive the bill, even after you have sold and moved out of your house. If it appears that no progress is being made toward transfer, we will discontinue water service. The new owner then begins suspecting misrepresentation, fraud, and the need for a lawyer. Let's avoid that. Please call our office for advice if you anticipate selling. You can also find transfer requirements posted on our website at the address [www.uscdwua.com](http://www.uscdwua.com) by following the link at the top of the home page to "Forms and Documents" then to "Basic Requirements for a Transfer."

Our strict approach to stock transfers strikes some as bureaucratic stiff-neckedness. However, We regard it as taking good care of our customers, who have little interest in seeing their Association sued for negligence or fraud because of a careless transfer.