Common Rules and Agreement, Sale of Unit

The Cobb Hill Bylaws Article IV.2.C. states "The Corporation shall have the power, through the Common Rules and Agreements, to establish a procedure or formula for determining the sale price of a Common Share and/or housing Unit in the Community. For any Outgoing Household the applicable pricing procedure or formula shall be the same procedure or formula that applied when that Household entered the Community, unless an alternative is negotiated that is agreeable both to the Outgoing Household and the Owners Committee."

The terms of the original CRA accepted by the community in 2001 were subsequently written into our Declaration using new wording drafted by our attorney. In order to maintain consistency between the Declaration and the CRA the wording of the Declaration is incorporated below.

Each member of the Community may only sell a unit in accordance with the following limited equity resale terms:

At such time as any Owner desires to sell his unit, he shall mail, by certified mail, return receipt requested, or hand-deliver to the Association Secretary a Notice of Intent to Leave. Any applicable time deadlines set forth in this Declaration shall be measured from the Association's date of receipt of said Notice.

Thereafter, The Association shall have ninety (90) days from the date of receipt of the first, or if applicable, the second appraisal referenced in Section 12a-3 below, to purchase the property at the option price determined below, or to assign its right to purchase to a third party purchaser designated by the Association, with a closing to said third party to occur within said ninety (90) day period.

The Association's repurchase price will be determined with reference to a licensed appraiser who shall determine the full fair market value of the unit. (For the purposes of this Article XII(A) the "Unit" shall include the physical unit together with the Unit Owner's allocated interest in all of the common interests and lands of the Community.) The parties shall make a good faith effort to choose the appraiser within five (5) days of the receipt of the Notice and both parties shall provide the appraiser with relevant records and information which the appraiser may require and shall share equally in the cost of the appraisal. In the event that either party is displeased with the appraisal, either may obtain a second appraisal at his own cost and expense. If, following the completion of the second appraisal, there is still disagreement over the value of the unit, the two appraisals will be averaged to determine the final repurchase option price. If either party does not agree to an averaged price, the procedures contained in the Association Common Rules and Agreements with regard to the resolution of conflicts shall be used to determine a repurchase price, with the option of seeking an additional appraisal if the two original appraisals differ significantly.

In the event that the Association does not exercise its right of repurchase within said ninety (90) day period, Unit Owner shall be free to sell to any third party at any price. However, in that event, the Association shall have a fifteen (15) day right of first refusal to purchase the unit upon the same terms and conditions as are contained in the third party

purchase and sale agreement except for a closing date which shall be the later of the date set for closing in the purchase and sale agreement or thirty days from the Association's date of exercise. In the event of such third party contract, Unit Owner shall send or hand-deliver a letter to the Association and the Association shall have fifteen (15) days from the date of receipt to notify Unit Owner of its exercise.

In the event of a sale to the Association or its designee or assignee or to a third party purchaser, the Unit Owner shall pay to the Association fifteen (15%) percent of Unit Owner's net profit from the sale calculated by subtracting Unit Owner's adjusted cost basis from the sale price less sale-related closing costs. Unit Owner's adjusted cost basis shall be calculated as follows: Original Purchase Price adjusted for Inflation, Plus Purchase Closing Costs, Plus Capital Improvements adjusted for Inflation equals Unit Owner's adjusted Cost Basis.

For the purposes of this Section "adjusted for inflation" means that the adjusted purchase price shall be determined by taking the Consumer Price Index U.S. Housing, 1982-84=100 - Series ID CUUR0000SAH, (hereinafter CPI-US Housing) or similar index, for the year of sale, and dividing it by the CPI-US Housing for the year of purchase and multiplying the resulting figure by the original purchase price. Closing costs mean the normal and customary closing costs incurred by buyers and sellers in home purchases such as recording fees, sale related attorney fees, property transfer tax, and realtor's commissions. Closing costs do not include pro-rations or other adjustments between buyer and seller. Capital improvements mean those improvements authorized under the procedures set forth in 12a-5 above.

In order to have any Capital Improvements added to a Unit Owner's cost basis for the purposes of calculating a Unit Owner's Net Profit, Unit Owner must, prior to undertaking any major improvements for which the Unit Owner desires to receive a Capital Improvements Credit, seek the approval of the Association in accordance with the Common Rules and Agreements of the Community. In order to receive a Capital Improvements Credit, Unit Owner must submit to the Association all paid invoices for labor and materials specifically related to the approved improvement. The credit shall be the sum of all of the payment amounts reflected on the invoices and said credit shall be adjusted for inflation commencing on the date that the last such invoice for any capital improvement project is submitted to the Association. The inflation adjustment shall be determined in the same manner as it was for the original purchase price.

This limited equity restriction shall apply to all units in the Community but shall be automatically subordinated to any housing subsidy covenant prepared in accordance with 27 V.S.A. §610 and any mortgage given to a bank, mortgage company or any other institution typically engaged in the business of making residential home loans