

2015 DHBA Board Approved
February 19, 2015

Decatur Head Beach Association Share Selling Policies and Procedures

#1) Member notifies the DHBA Board President, by email, of their intent to sell or to transfer their membership shares beyond their marital community. The email must include the asking price, or the purchase offer price, or the value of the share being transferred, plus all conditions of the sale/transfer. If the member is transferring their membership as a free gift, the value is set at fair market value as determined in #15) below. Any shares selling/transferring for more than \$0 are shares "for sale". Free gifts or estate inheritance are not shares for sale. In these situations, the gift/estate receiver follows procedures applicable to a "transferee" in this document.

#2) The DHBA President forwards this email to all DHBA members to announce the shares are for sale, or being prepared for transfer, or that the member has received an offer for their shares. Seller/transferee cannot take action on the sale, offer or transfer until 30 days after this notification is sent to the membership.

#3) The DHBA Board must vote whether to purchase the shares for sale for the Association. DHBA (as represented by the Board) has the right of first refusal on all shares being sold. Board vote is also taken to approve or reject a sale or transfer's conditions. Individual members do not have the right of first refusal, only the BOT has this right.

#4) If the selling member doesn't have an offer, DHBA President notifies the Caretaker for placement of sale information on the 'For Sale' section of the public DHBA website.

#5) Once potential buyers or transfer recipients are known, they are able to visit or stay overnight at Decatur Head as long as the member is also staying on the property with them. Seller pays all costs for cabins, transport, etc. at the standard rate.

#6) Buyers/transfer/gift or inheritance recipients must be of legal age. Only an individual or marital community can become members. Other adults in the household/family do not become DHBA members. The shares cannot be purchased by a group, trust, business or other entity nor split among multiple individuals.

#7) The selling member provides copies of the DHBA By-laws and Rules & Procedures to the potential buyer/transferee for them to read and understand. After the potential buyer/transferee reads and agrees to all By-laws and Rules & Procedures, a sale or transfer agreement can be signed. (Enclosed is the DHBA stock purchase/transfer agreement that must be used. Additional sales/transfer information may be added to the document, but all words and intentions of the DHBA stock purchase agreement form must be included in the final sales/transfer agreement.) The agreement must be signed by seller and buyer/transferee with notarized signatures for both or the sale is not valid. (In cases of inheritance, the new member signs a notarized agreement to abide by all By-laws, Rules & Procedures.)

#8) If the sale/transfer price or conditions change from the original announcement, the seller must send the Board President the revised information. The BOT retains the right to first refusal of the final agreement and must vote to accept or reject buying the share at the new value and/or conditions before the transaction can be completed.

#9) DHBA By-laws require 5% of the sale price or share value (as detailed in #16 below) must be paid directly to the DHBA Association. This must be paid at time of closing. This 5% is the responsibility of the seller to pay. However, a buyer/transferee can agree to pay part or all of the 5% as part of the negotiated agreement. The details of transfer fee payment must be included in the Sale/Transfer Agreement document.

#10) Seller must – in advance – remove all personal possessions from Decatur Head. If the buyer/transferee has agreed to take possession of some articles, that is detailed in the sale/transfer agreement. Dinghies, oars, motors, crab pots, storage locker contents and any other personal possessions must be either removed or agreed-to in advance by the buyers/transferees. Caretakers are not responsible for removing members' goods. Fees will be charged to the seller if unwanted items are not removed before the final sale/transfer dates. If inherited, that new member is responsible for the disposal of any unwanted possessions owned by the prior member.

#11) The seller pays full dues and assessments up to and including the month the final transaction closes. The transaction cannot complete unless all incurred dues and assessments have been paid. If inherited, the new member is responsible for payment of any dues/assessments owed by the prior member, if not paid by the estate.

#12) When the transaction is closed, the seller (or estate executor) sends a copy of the notarized final purchase/transfer agreement to the DHBA president. The seller (or estate executor) also notifies the President and Caretakers of the new members' name, contact, and general information, plus an email and phone number so they can be reached for more information. A representative of the Board will send the new member a greeting and an announcement is made in an All Member email welcoming the new shareholder.

#13) The sellers (or estate executor) must provide their stock certificate to DHBA's Treasurer at the time of sale/transfer before a new certificate can be issued to the buyers/transferee. The Treasurer prepares the stock certificate and the President signs and mails it to the new owners.

#14) Once the proper steps have been taken (above) and the transaction is complete, the seller relinquishes all rights to visiting Decatur Head unless they are attending as a guest of a member.

#15) Method for determining Fair Market Value: The Fair Market Value of DHBA shares is the selling price of the average of the last three "market sales" recently sold shares. Or, if the transferring member prefers, determined by a market appraisal paid for by the transferring member.

#16) Method for determining the stock transfer fee when shares are:

When shares are transferred the stock transfer fee is set based on the type of transfer:

1) "Market sales", i.e. share sold openly on the market: The 5% stock transfer fee will be assessed on the market price the shares were sold for.

or

2) "Transfer to family member or friend, by inheritance, gift or partial payment": The 5% transfer fee will be based on the average of the last three "market sales" or if the transferring member prefers, a market appraisal paid for by the transferring member.

3) In the case of a marital community who own a share together, there is no transfer fee if the share is transferred to the surviving spouse or in a divorce settlement to one party. (A new stock certificate is issued to the designated member to replace the names on the original certificate.)