EQUITY SHARING AGREEMENT
FOR
[ADDRESS OF PROPERTY]

	Owner Initials: _____ Owner Initials: _____

INTRODUCTION

This Agreement is entered into on its Effective Date between (i) *[insert name(s) of occupant owner(s)]* (referred to as one (1) "Co-Owner" and as the "Occupant") and (ii) *[insert name(s) of investor owner(s)]* (collectively referred to as one (1) "Co-Owner" and as the "Investor", or the "Group") and concerns their equity sharing co-ownership of real property commonly known as *[insert address of property to be co-owned]* (the "Property").

RECITALS

Occupant and Investor will each pay a portion of the down payment. Occupant will use the Property as a home, and pay one hundred percent (100%) of the mortgage, property tax, and other expenses associated with ownership after purchase. Occupant will not pay rent for use of the Property. Investor is not expected to contribute any amount to expenses associated with ownership after purchase except a portion of the cost of certain major repairs. The Co-Owners plan to co-own the Property for a term of *[insert number of years until sale or buyout]*. Early termination by either may trigger a penalty. At the end of the co-ownership term, Occupant can buyout Investor. If Occupant chooses not to do this, or cannot afford this, Investor can buyout Occupant, or the Property will be sold and the proceeds shared as described in this Agreement. For their protection and security, the Co-Owners have prepared this Agreement to describe their rights and responsibilities in detail, and to bind each of them to fulfill their promises.

ARTICLE 1--DEFINITIONS

The **bold-type nouns** listed below are defined as follows:

"Appraised Value" means the value as determined under Section 8.1.

"Condominium Association" means the homeowners association for the condominium complex in which the Property is located.

"Designated Party" is defined in Section 2.2.

"Effective Date" means the date determined under Sections 8.2 and 8.3.

"Equity Sharing Association" means all of the Co-Owners collectively.

"Equity Sharing Percentage" means the percentage to be used for the allocation of certain expenses and proceeds as described in this Agreement. Investor's Equity Sharing Percentage is *[insert percentage]*, and Occupant's Equity Sharing Percentage is *[insert percentage]*.

"Group" means a group of Parties who together constitute one (1) Co-Owner and who together hold one (1) Co-Ownership Share.

"Notice" means a writing prepared and transmitted in accordance with Section 8.2.

"Party" means an owner of any interest in the Property during the term of this Agreement, and any current or future signatory to this Agreement.

"Promptly" means within three (3) calendar days of the event triggering the requirement to act.

"Property" means the real property commonly known as *[insert address of property to be co-owned]*.

ARTICLE 2--ORGANIZATIONAL MATTERS

2.1 ORGANIZATIONAL STRUCTURE.

A. The Equity Sharing Association is intended to be an unincorporated association under the laws of the state where the Property is located. The Equity Sharing Association shall not hold title to the Property or to any other real or personal property; rather, title to the Property and to all personal property associated with it, shall be held by one or more of the Parties, subject to the provisions of this Agreement. The Equity Sharing Association shall be empowered to contract for goods and services as authorized by this Agreement, and perform such other functions on behalf of the Parties as are reasonably necessary to operate the Property and accomplish the purposes of this Agreement, in instances where doing so in the name of all of the Parties would be impossible, impractical or inefficient.

B. This Agreement is not intended to create a partnership, joint venture or subdivision. Except as specifically provided in this Agreement, no Party is authorized to act as agent for or on behalf of any other Party, to do any act which would be binding on any other Party, or to incur any expenditures with respect to the Property except as specifically provided in this Agreement. Since the Parties do not intend to create a partnership, pursuant to Section 761 of the Internal Revenue Code of 1986, as amended, they elect out of sub-chapter K of chapter 1 of that Code and agree to report their respective shares of income, deductions and credits in a manner consistent with the exclusion from sub-chapter K.

C. Notwithstanding anything to the contrary in this Agreement, any Co-Owner may act on behalf of the Equity Sharing Association to enforce the mandatory provisions of this Agreement without an affirmative authorization or vote by the Equity Sharing Association. An affirmative vote of the Equity Sharing Association shall be required for any action by or on behalf of the Equity Sharing Association that does not involve the enforcement of a mandatory provision of this Agreement.

2.2 CO-OWNERSHIP SHARES AND CO-OWNERS.

A. The Parties wish to allocate ownership and control of the Property into exactly two (2) discrete shares to be referred to in this Agreement as "Co-Ownership Shares". A Co-Ownership Share may be owned by an individual, an entity or a Group. The owner of a Co-Ownership Share shall be collectively referred to as a "Co-Owner".

B. If a Group owns a Co-Ownership Share, the following provisions shall apply: (i) The Group, collectively, shall be referred to as one (1) Co-Owner; (ii) Each Party within the Group shall be jointly and severally liable for all obligations and responsibilities associated with such Co-Ownership Share; (iii) Except as provided in Subsection 2.2C, all rights associated with such Co-Ownership Share shall be deemed jointly held by the Parties within the Group and, absent a written agreement or provision of law to the contrary, all such Parties shall be deemed to have equal control of such rights; and (iv) Any act or omission by one (1) of the Parties within such Group shall be deemed the act or omission of the Group.

C. At all times, each Co-Ownership Share shall have exactly one (1) natural person acting as the Designated Party for such Co-Ownership Share. The initial Designated Party for each Co-Ownership Share shall be specified by the Co-Owner at the time he/she/it first executes this Agreement. Thereafter, the identity of the Designated Party may be changed (i) for a period of thirty (30) days following a transfer of any part of the Co-Ownership Share, and (ii) on one (1) occasion during each Annual Usage Cycle.

D. Any Group which is a Co-Owner, and any entity which is a Party, must (i) disclose to all Parties the full legal names of each person or entity with any ownership interest in the Group or entity, (ii) immediately provide Notice to all Parties each time there is an addition, subtraction or other change to the list of full legal names of each person or entity with any ownership interest in the Group or entity, and (iii) upon Notice so requesting from any Party, obtain the signature of any such person or entity on a document guaranteeing the obligations of such Group or entity under the terms of this Agreement.

2.3 GENERAL PRESUMPTIONS REGARDING ALLOCATIONS. The Parties wish to allocate all costs, obligations, benefits and rights associated with ownership of the Property as provided in this Agreement. They intend that the allocations described in this Agreement shall supersede any presumptions regarding such matters which might otherwise arise as a result of (i) the price paid by a Party for his/her interest in the Property, (ii) the manner in which title to the Property is held, (iii) the acts or omissions of the Parties in relation to the Property, or (iv) the provisions of any other document executed by the Parties.

ARTICLE 3—USE OF THE PROPERTY

3.1 RIGHT AND OBLIGATION TO OCCUPY.

A. Occupant shall have the exclusive right to occupy the Property for so long as he/she continues to adhere to the terms and conditions of this Agreement. This right is derived solely from the provisions of this Agreement, which shall be considered Occupant's lease. Investor may terminate the lease in the event of a Default by Occupant. All Co-Owners expressly relinquish all rights to occupy the Property that might otherwise arise presumptively or by

operation of law as a result of their ownership interests in the Property. Occupant recognizes that his/her right to occupy the Property may be terminated notwithstanding his/her ownership interest in the Property.

B. So long as Occupant shall have the exclusive right to occupy the Property under this Agreement, he/she shall use the Property as his/her principal residence unless Investor otherwise consents. Occupant must request such consent in a Notice given in advance. Investor may, at his/her sole discretion, refuse such consent, in which case Investor may terminate the co-ownership as described in this Agreement.

C. Notwithstanding anything to the contrary in this Agreement, no buyout or sale proceeds shall be distributed to Occupant until (i) Occupant and all of Occupant's relatives, guests, pets, tenants or subtenants have vacated the Property and removed all personal property and debris, and (ii) Occupant has broom-cleaned the Property.

3.2 INSPECTION BY INVESTOR. Investor may inspect the Property on up to one (1) occasion every three (3) months following seventy-two (72) hours advance Notice. Investor may also enter the Property as necessary to perform any act required to negate any Actionable Violation that has already been the subject of a Notice of Actionable Violation.

ARTICLE 4--FINANCIAL CONTRIBUTIONS

4.1 INITIAL CAPITAL CONTRIBUTIONS.

A. Occupant contributed _____ DOLLARS ($_____) in cash toward the purchase, various closing costs, and improvements completed prior to the date of this Agreement.

B. Investor contributed _____ DOLLARS ($_____) in cash toward the purchase, various closing costs, and improvements completed prior to the date of this Agreement.

All of the various contributions made by the Parties have been taken into consideration in developing the terms of this Agreement.

4.2 MORTGAGE. Occupant shall pay all interest and principal due on any loan secured by the Property on time, and each late payment shall be an Actionable Violation. Upon Notice from Investor so requesting, Occupant shall mail a copy of the monthly loan statement(s) and cancelled check(s) to Investor each month.

4.3 PROPERTY TAX. As used in this Section, the term “Property Tax” shall include all property taxes, bonds, and government assessments associated with ownership of the Property. Occupant shall pay all Property Tax in full and on time, and each deficient or late payment shall be an Actionable Violation. Upon Notice from Investor so requesting, Occupant shall mail a copy of each Property Tax bill and cancelled check to Investor at the same time payment is made.

4.4 HAZARD INSURANCE.

A. Required Types of Insurance. Occupant shall continuously maintain the following insurance coverage naming all Parties as insureds:

(1) To the extent such coverage is not provided by the Condominium Association, coverage for casualty losses to the Property and to all personal property jointly owned by the Co-Owners, including all risks customarily

covered by a homeowners insurance policy in the community where the Property is located, with policy limits adequate for restoration of the Property to its pre-loss value and replacement of all co-owned personal property;

(2) To the extent such coverage is not provided by the Condominium Association, coverage for liability incident to the ownership and use of the Property with minimum policy limits of one million dollars ($1,000,000) per occurrence and one million dollars ($1,000,000) per year.

B. Insurance Costs. Occupant shall pay the premiums for all insurance required by this Agreement in full and on time, and each deficient or late payment shall be an Actionable Violation. Upon Notice so requesting, Occupant shall mail a copy of each insurance bill and cancelled check to Investor at the same time payment is made.

C. Insurance Claims and Proceeds. Unless they otherwise agree, the Co-Owners shall make claims for all covered losses regardless of fault. Proceeds intended by the carrier as compensation for the cost of repair of particular damage to the Property shall be applied to repair such damage unless, pursuant to Section 4.5B(3), the Co-Owners do not repair the damage, in which case the proceeds shall be added to the Property Value for the purpose of determining Share Value under Section 5.1F. Proceeds intended by the carrier as compensation for the cost of repair of particular personal property jointly owned by the Co-Owners shall be applied to repair such property. Proceeds intended by the carrier as compensation for the cost of repair of personal property owned by one Co-Owner shall be paid to that Co-Owner. Proceeds intended by the carrier as compensation for loss of use of the Property shall be paid to Occupant unless Occupant's right to occupy the Property has been terminated, in which case such proceeds shall be paid to Investor. If proceeds are insufficient to cover the full cost of repair, the excess cost shall be allocated as described in Subsection 4.5B.

4.5 MAINTENANCE, REPAIRS AND IMPROVEMENTS.

A. Cleaning and Damage Inspection. Occupant shall keep the Property free from debris and in a neat, clean and sanitary condition at all times, and shall regularly inspect the Property for damage, deterioration and malfunction.

B. Categories of Work and Cost Allocation. Maintenance, repair and improvement work on the Property shall be categorized as follows.

(1) Co-Owner Damage Repair. "Co-Owner Damage Repair" is work which (i) is required to maintain the Property in a condition equivalent to its condition on the Effective Date and (ii) would not have been then necessary but for acts or omissions (other than normal usage but including failure to perform Routine Maintenance) by a Co-Owner, a Co-Owner's invitees, tenants, or pets, or a contractor or workman hired by a particular Co-Owner. The responsible Co-Owner shall pay for all Co-Owner Damage Repair.

(2) Routine Maintenance. "Routine Maintenance" is work which (i) is required to maintain the Property in a condition equivalent to its condition on the Effective Date, and (ii) can be completed by a Qualified Workman for a cost of TWO THOUSAND DOLLARS ($2,000) or less. Occupant shall pay for all Routine Maintenance.

(3) Necessary Repair. "Necessary Repair" is work which (i) is required to maintain the Property in a condition equivalent to its condition on the Effective Date, (ii) cannot be completed by a Qualified Workman for a cost of TWO THOUSAND DOLLARS ($2,000) or less, and (iii) is not Co-Owner Damage Repair. The cost of Necessary Repairs shall be allocated according to Equity Sharing Percentage. However, if the Necessary Repair is required because of sudden and unexpected physical damage for which a Co-Owner's share of the

uninsured portion of the repair cost will exceed THIRTY THOUSAND DOLLARS ($30,000), then each such Co-Owner shall have the right to force a Scheduled Buyout or Sale under Section 5.2.

(4) Discretionary Work. "Discretionary Work" shall include any work which is not Co-Owner Damage Repair, Routine Maintenance, or Necessary Repair. Occupant may undertake Discretionary Work at his/her own expense provided the cost does not exceed TWO THOUSAND DOLLARS ($2,000) and the Occupant does not expect to be reimbursed or compensated in a buyout or sale. Any other Discretionary Work must be approved by both Co-Owners in advance in a writing which states the scope of work, price, payment schedule, completion date, amount and date of each Co-Owner's contribution, and whether the contributions will be reimbursed. When Occupant wishes to undertake Discretionary Work at his/her own expense for which he/she will not be reimbursed, approval shall not be unreasonably withheld.

C. Performance and Supervision of Work.

(1) Timing of Work. "Emergency Repairs" are repairs of malfunctions in the HVAC, plumbing, electrical, roofing or foundation systems, or any other condition within or upon the Property that immediately endangers the integrity of Property, or the safety or health of the public, Occupant, or Occupant's invitees or tenants. Emergency Repairs shall be completed within thirty (30) calendar days of discovery of the malfunction. All other Co-Owner Damage Repair, Routine Maintenance, or Necessary Repair shall be completed within ninety (90) calendar days of discovery of the damage, deterioration or malfunction. Occupant shall be responsible for fulfilling the timing requirements of this Subsection, and shall use his/her best efforts to do so.

(2) Work By Occupant. Occupant may perform work him/herself If Investor is required to contribute to the cost of the work under this Agreement and/or if Occupant expects to be reimbursed or compensated in a buyout or sale, Occupant must (i) obtain bids or estimates as described in the next Subsection and (ii) enter into a written contract with Investor describing the scope of work, completion date, and reimbursement or compensation arrangements. All work performed by Occupant shall be completed reasonably quickly and performed in a quality manner. If Occupant undertakes work but then fails to fulfill the performance requirements of this Section, Investor may require that Occupant hire a "Qualified Workman" to complete the work at Occupant's sole expense.

(3) Work By Qualified Workman.

(a) Any work not performed by Occupant must be performed by a Qualified Workman. A "Qualified Workman" is someone who holds all licenses legally required for the task and has at least two (2) years experience completing similar tasks.

(b) For any work costing TWO THOUSAND DOLLARS ($2,000) or less, Occupant may unilaterally select and hire a Qualified Workman. For any other work, regardless of payment responsibility, Occupant shall obtain three (3) or more bids or estimates, and the Co-Owners shall jointly select a Qualified Workman. Within five (5) calendar days after a Qualified Workman is selected, Investor shall provide his/her share (if any) of the estimated cost of the work to Occupant or, alternatively, upon Notice so requesting, each Co-Owners shall deposit his/her share of the estimated cost into a bank account requiring both Co-Owners' signatures for withdrawal.

(c) All work shall be performed under a written contract describing the scope of work, price, payment schedule and completion date, and shall comply with all applicable laws, ordinances, resolutions, procedures, orders, standards, conditions, approvals, rules, regulations and the like of any governmental entity with jurisdiction over the Property. and all requirements imposed by any homeowners associations

or adjacent owners with a legal or contractual right to impose such requirements on the Property. Occupant shall arrange for access by the Qualified Workman to the work area, inspect the completed work, and make timely payment upon satisfactory completion.

(d) In the event a Qualified Workman fails to perform all of his/her contractual obligations, Occupant shall use reasonable efforts to accomplish completion of the work as close to the contractual completion date as possible, and pursue all available legal remedies arising from the breach. Any costs associated with these efforts shall be allocated among the Co-Owners in the same way as the costs of the underlying work.

4.6 OTHER OWNERSHIP EXPENSES.

A. Utility Costs. Occupant shall pay for all necessary utilities and services to the Property including electricity, natural gas, water, sewer, and refuse removal in full and on time directly to the service provider.

B. Homeowners Association Assessments.

(1) Special assessments levied by the Condominium Association for expenses that could not have been reasonably foreseen in the association budgeting process shall be allocated like Necessary Repairs under Subsection 4.5B(3). Occupant shall Promptly deliver notice to Investor of any such Special Assessment. Within thirty (30) calendar days after delivery of notification, Investor shall provide his/her share of the assessment to Occupant. Occupant shall pay the assessment in full and on time, and each deficient or late payment shall be an Actionable Violation. Upon Notice so requesting, Occupant shall mail a cancelled check to Investor at the same time payment is made.

(2) Occupant shall pay all other assessments levied by the Condominium Association. Occupant shall pay the assessments in full and on time, and each deficient or late payment shall be an Actionable Violation. Upon Notice so requesting, Occupant shall mail a copy of each cancelled check to Investor at the same time payment is made.

4.7 RECORDKEEPING. Occupant shall keep complete books and records accurately reflecting the accounts, business and transactions of the Co-Owners in connection with the Property . The books shall be kept on a cash basis and maintained at the Property or at such other location designated for such purpose by agreement of both Co-Owners. Investor shall have the right to inspect and examine such books and records at any reasonable time.

ARTICLE 5-- MANDATORY SALES

5.1 ARTICLE 5 DEFINITIONS. The following definitions shall be used throughout Article 5:

A. "Equity" means the Property Value minus probable sale costs minus the current balance of the loan or loans secured by the Property. Probable sale costs means either (i) six and one half percent (6.5%) of the Appraised Value if one Co-Owner purchases the other's interest and no actual sales commissions are paid, or (ii) the actual sales commissions, transfer tax and seller closing costs in the event the entire Property is sold to a non-Co-Owner.

B. "Initial Capital Contribution" means the exact amounts described in Section 4.1, and absolutely nothing more.

C. "Mortgage Paydown" means the amount by which the original balance of the loan or loans used to purchase the Property has been reduced through Occupant's payments, less any fees that will be imposed by the lender(s) at payoff.

D. "Property Value" shall have different meanings depending on the circumstances as described in subsequent Sections of Article 5.

E. "Reimbursable Expenses" means all payments for Necessary Repairs, and those items of Discretionary Work which the Co-Owners have explicitly agreed will be reimbursed.

F. "Share Value" means the price at which one Co-Owner may buyout the other, and the amount that a particular Co-Owner will receive if the entire Property is sold to a non-Co-Owner (except as otherwise provided in Section 5.3).

(1) The first component of Share Value is the Initial Capital Contribution. Each Co-Owner's Share Value shall include his/her contribution to the Initial Capital Contribution (if any). If there is not enough Equity to return the full Initial Capital Contribution, the Equity shall be allocated in proportion to each Co-Owner's total contribution to Initial Capital Contribution.

(2) The second component of Share Value is Mortgage Paydown. Occupant's Share Value shall include the Mortgage Paydown. If there is not enough Equity left, after deducting the Initial Capital Contribution, to return the full amount of Mortgage Paydown, all Equity left after deducting Initial Capital Contribution shall be allocated to Occupant.

(3) The third component of Share Value is Reimbursable Expenses. Each Co-Owner's Share Value shall include his/her contribution to these Reimbursable Expenses. If there is not enough Equity left, after deducting the Initial Capital Contribution and Mortgage Paydown, to return the full amount of Reimbursable Expenses, the remaining Equity shall be allocated in proportion to each Co-Owner's total contribution to Reimbursable Expenses.

(4) The fourth component of Share Value is appreciation. Each Co-Owner's Share Value shall include his/her Equity Sharing Percentage of any Equity left after deducting Initial Capital Contribution, Mortgage Paydown, and Reimbursable Expenses.

5.2 SCHEDULED BUYOUT OR SALE. A Co-Owner may trigger a buyout or a sale of the entire Property as described in this Section (i) after *[insert number of years until sale or buyout]* years of Co-Ownership, (ii) after sudden and unexpected major damages to the Property as described in Section 4.5B(3), or (iii) when death or the appointment of conservator would cause control of a Co-Ownership Share to pass to a person who is not already a Party.

A. Initial Valuation. The Co-Owner intending to trigger a buyout or sale shall provide Notice of such intent to the other Co-Owner. Within five (5) calendar days of delivery of the Notice, the Co-Owners shall initiate determination of the Appraised Value of the Property as provided in Section 8.1 of this Agreement.

B. Initial Buyout Right. For the purposes of this Subsection, the Property Value shall be presumed to be the Appraised Value of the Property as provided in Section 8.1 of this Agreement. If Occupant wishes to buyout Investor for Investor's Share Value, Occupant shall deliver Notice to Investor within fourteen (14) days of determination of Appraised Value. If Occupant does not, and Investor wishes to buyout Occupant for Occupant's Share Value, Investor shall deliver Notice to Occupant within five (5) days of the expiration of Occupant's notification time limit.

C. Listing For Sale. If neither Co-Owner exercises his/her initial buyout right as described in the preceding Subsection, the Property shall be listed for sale at its Appraised Value with a real estate sales agent who is a member of the Multiple Listing Service. If the Property is not subject to a ratified purchase contract on the

ninetieth (90th) calendar day that a particular offering price has been in effect, the offering price shall be reduced five percent (5%). The Co-Owners shall accept any purchase offer which (i) is at or above the offering price, (ii) yields all proceeds to seller in cash, (iii) provides for close of escrow within sixty (60) calendar days, and (iv) contains no contingencies or demands which are not in accordance with local custom. In the event multiple offers simultaneously meet this requirement, the Co-Owners shall select the most advantageous offer.

D. Buyout Right Upon Price Reduction. Each time the asking price for the Property is reduced, the Property Value shall be presumed to be the reduced price, and each Co-Owner shall have another buyout opportunity. If Occupant wishes to buyout Investor for Investor's Share Value, Occupant shall deliver Notice to Investor within three (3) days of price reduction. If Occupant does not, and Investor wishes to buyout Occupant for Occupant's Share Value, Investor shall deliver Notice to Occupant within three (3) days of the expiration of Occupant's notification time limit.

E. Buyout Closing Procedure. The purchasing Co-Owner shall deposit ONE THOUSAND AND 00/100 DOLLARS ($1,000.00) earnest money in an escrow account within five (5) calendar days of delivering a buyout Notice, and shall complete the purchase within sixty (60) calendar days of delivering a buyout Notice. At or prior to closing, the purchasing Co-Owner shall either fully repay the loan or loans secured by the Property or arrange to have the non-purchasing Co-Owner fully released as a borrower. The purchasing Co-Owner shall pay all closing costs. Failure to fulfill any of the requirements of this Subsection on time shall be an Actionable Violation.

5.3 EARLY BUYOUT OR SALE. Occupant may trigger a buyout or a sale of the entire Property in the absence of the conditions described in the first sentence of Section 5.2 only if either (i) Investor will receive all amounts to which he/she is entitled under this Section in cash, or (ii) Investor chooses to buyout Occupant. If Occupant wishes to trigger a buyout or sale under this Section, the Co-Owners shall follow the procedures described in Section 5.2, except that in any buyout or sale Investor shall have the right to receive the greater of either (i) his/her Share Value, or (ii) his/her Initial Capital Contribution and Reimbursable Expenses with simple interest on those amounts from the date of each contribution at the maximum rate allowed by law. Investor may not trigger a buyout or sale under this Section.

5.4 CONDEMNATION. In the event a condemnation or eminent domain proceeding results in the transfer of the Property, the Property Value shall be the amount paid by the governmental entity purchasing the Property, and each Co-Owner shall receive his/her Share Value from the proceeds.

ARTICLE 6--OTHER TRANSFERS AND ENCUMBRANCES

6.1 GENERAL TRANSFER RESTRICTION.

A. The Parties have agreed to co-own together because of their knowledge of and confidence in each other. Accordingly, no Party shall transfer any portion of his/her interest in the Property except pursuant to and in accordance with the prior written approval of all other Parties. Any other purported transfer is void.

B. Prior to transferring any interest in the Property, each transferring Party shall provide Notice to each Co-Owner of his/her intention to do so. No transfer of any interest in the Property shall be permitted unless the transferee signs (i) an amendment to this Agreement explicitly agreeing to be bound by all of its terms, and (ii) upon Notice so requesting from any Co-Owner, an updated Memorandum of Agreement in substantially similar form to the one of record immediately prior to the transfer. It shall be the responsibility of the Party transferring an interest in the Property to insure that the Notice and signature requirements of this Subsection are satisfied, and each transferring Party shall be liable for all losses, damages, costs and expenses, including reasonable attorneys fees, resulting from his/her failure either (i) to provide the Notice required under this Subsection, or (ii) to insure that his/her interest is not transferred unless the transferee has signed all documents required by this Subsection either prior to, or

contemporaneously with, the transfer. Without limiting the generality of the preceding sentence, *IT IS EXPRESSLY PROVIDED THAT IF AN INTEREST IS TRANSFERRED WITHOUT THE TRANSFEREE HAVING SIGNED ALL DOCUMENTS REQUIRED BY THIS SUBSECTION, THE ASSOCIATION AND ANY PARTY IS EMPOWERED TO IMMEDIATELY TAKE ANY AND ALL ACTION NECESSARY TO OBTAIN THE REQUIRED SIGNATURES OR, IF THAT IS NOT REASONABLY POSSIBLE, TO ACQUIRE THE TRANSFERRED INTEREST SO THAT THE TRANSFEREE WHO DID NOT SIGN IS NO LONGER THE OWNER OF ANY INTEREST IN THE PROPERTY, OR TO TAKE ANY OTHER ACTION REASONABLY CALCULATED TO RELIEVE THE ASSOCIATION AND ALL PARTIES OF THE RISKS ASSOCIATED WITH HAVING A CO-OWNER WHO IS NOT A SIGNATORY, AND THAT THE PARTY WHO TRANSFERRED HIS/HER INTEREST WITHOUT COMPLYING WITH THIS SUBSECTION IS RESPONSIBLE FOR ALL ASSOCIATED COSTS.* The responsibilities assigned by this Subsection to a Party transferring his/her interest in the Property may not be delegated or assigned to an employee or agent in a manner that would relieve such Party of liability under this Subsection. This Subsection shall not be deemed to impose any responsibility or liability on a person whose interest has been transferred as a result of his/her own death or judicially declared incapacity, but shall be deemed to impose responsibility and liability on any successor to such person, including any trustee, receiver, executor, conservator, or similar person.

C. For the purposes of this Subsection, the term "transferee" shall be deemed to include any successor, assignee or personal representative of any Party. Each "transferee", whether voluntary or involuntary, shall immediately be deemed to assume all obligations and liabilities of the Party whose ownership interest he/she obtained, regardless of whether he/she has signed the document(s) required under Subsection B. The purpose of this Subsection is to provide additional protection to the Equity Sharing Association and all Parties in the event some individual or entity acquires an interest in the Property without signing this Agreement, but is not intended to diminish or limit the responsibilities and liabilities imposed by Subsection B. In addition, nothing in this Subsection or in this Agreement shall be interpreted to alter a former Party's obligations, responsibilities or liabilities under this Agreement up to and including the date of any transfer.

D. Without limiting the generality of Subsections B and C, it is expressly provided that, if a Party marries or enters into a registered domestic partnership, the spouse or domestic partner of such Party shall be deemed a "transferee" of such Party's interest under such Subsections regardless of whether the Party actually transfers all or any portion of his/her interest to his/her spouse or domestic partner. The purpose of this provision is to avoid the circumstance where a series of events, perhaps unintended, coupled with the operation of law, effectively transfers all or a portion of a Co-Ownership Share to a spouse or domestic partner who is not bound by this Agreement. Should a Party wish to prevent or restrict the rights of his/her spouse or domestic partner, and/or indemnify such spouse or domestic partner from obligations or responsibilities imposed by this Agreement, the Party may do so through a separate and private agreement between him/herself and such spouse or domestic partner.

6.2 LENDER APPROVAL REQUIREMENT. All Parties understand and acknowledge that if an interest in the Property is transferred to an individual who is not a named borrower on a loan secured by the Property, and the lender does not approve the transfer, the lender could declare the entire outstanding balance of the loan immediately due and payable and, in the event of non-payment, initiate foreclosure of the Property. Accordingly, notwithstanding anything to the contrary in this Agreement, no Party shall transfer any interest in the Property to an individual who is not already a named borrower on each loan secured by the Property unless (i) the lender for each loan on which the transferee is not a named borrower approves the transfer in writing, or (ii) all Parties agree, in writing, to allow the transfer without lender approval and assume the resulting risk of acceleration and foreclosure. All charges imposed by a lender for transfer approval shall be paid by the prospective transferor.

6.3 GENERAL PROHIBITION AGAINST ENCUMBRANCES. No Co-Owner shall incur any obligation in the name of the Equity Sharing Association or individually, which obligation shall be secured either intentionally or unintentionally by a lien or encumbrance of any kind on the Property without the consent of all Co-Owners. Creation of such a lien or encumbrance shall be considered an Actionable Violation.

6.4 MECHANICS LIENS. Whenever a Party enters into an agreement under which labor or materials are to be provided to or for the Property and associated costs are to be paid by only one (1) Co-owner, the contracting Co-Owner shall pay all associated costs when due, and shall keep the Property free of mechanics and other liens resulting from actual or alleged non-payment of such costs. The contracting Co-Owner shall indemnify and hold harmless all other Parties against any loss or expense associated with the existence of liens resulting from actual or alleged non-payment of costs associated with the work. If the contracting Co-Owner wishes to contest such a lien, he/she shall furnish the other Co-Owner with a cash deposit, or a bond from a responsible corporate surety meeting the requirements of Civil Code §3143, in the anticipated amount of the claim underlying the lien including estimated costs and interest. If a final judgment establishing the validity of the claim underlying the lien is entered, the contracting Co-Owner shall satisfy the judgment within thirty (30) calendar days. If a lien has been created and the contracting Co-Owner has failed to provide the cash deposit or bond as required by this Section, the other Co-Owner may pay the claim underlying the lien, and any amount so paid shall be immediately due from the Co-Owner who contracted for the work associated with the lien.

ARTICLE 7—DECISIONMAKING, DISPUTE RESOLUTION AND DEFAULT

7.1 VOTING.

A. Meetings and Agenda. Co-Owner Meetings may be called by any Co-Owner at any reasonable weekend or evening time provided he/she delivers Notice and an agenda to one (1) representative of the other Co-Owner at least fourteen (14) calendar days before the Co-Owner Meeting. Matters not described on an agenda may not be decided at the Co-Owner Meeting unless the Co-Owner Meeting is attended by at least one (1) representative of each Co-Owner. No decision shall be considered binding unless it is recorded in written minutes signed by each person attending. No Party shall unreasonably refuse to sign minutes which accurately describe the meeting.

B. Voting Power and Abstention. Each Co-Owner shall have one (1) vote of equal weight. If a vote is cast on behalf of a Co-Owner by one of the Parties comprising the Co-Owner, it shall be conclusively presumed for all purposes that the voting Party was acting with the authority and consent of all other Parties comprising that Co-Owner. Fractional votes are not allowed. If the Parties comprising a Co-Owner are unable to agree how to cast their vote, they shall abstain. Parties absent at the time a duly Noticed vote is taken shall also abstain. In the event of an abstention, a matter requiring the approval of the abstaining Co-Owner shall be deemed approved, and the vote of the other Co-Owner shall control unless it directly conflicts with or invalidates a provision of this Agreement. Notwithstanding anything to the contrary in this Agreement, a Co-Owner in Default shall be deemed to have abstained on all matters.

C. Proxies. Parties may vote in person or by proxy. All proxies shall be in writing, dated, and signed by the Party. Every proxy shall be revocable and shall automatically cease upon conveyance by the Party of his/her Co-Ownership Share, death or judicially declared incompetence of the Party, or the expiration of eleven (11) months from the date of the proxy or the time specified in the proxy for expiration, not to exceed three years.

7.2 DISPUTE RESOLUTION.

A. Applicability of Dispute Resolution Provisions. In general, the provisions of this Section shall apply to all disputes between Parties relating to this Agreement or the Property. However, where a Co-Owner is attempting to collect or enforce a payment obligation imposed by this Agreement, he/she shall be permitted, but not obligated, to use all or some of the procedures described below, in his/her sole discretion. If he/she chooses to invoke any of these procedures, the other Co-Owner shall be obligated to participate, in which case any fully executed mediation agreement, and the result of any arbitration procedure, shall be binding. A Co-Owner that wishes to challenge the validity of a payment obligation may do so only after paying the obligation in full.

B. Meet and Confer. Disputing Parties shall make a reasonable attempt to resolve the dispute by themselves before employing the mechanisms described in the Subsections below. For the purposes of this Subsection, a reasonable attempt shall constitute, at a minimum, an attempt by each Party to schedule a telephone discussion with the other, and participation in good faith in such a telephone discussion within fourteen (14) days of the first scheduling attempt. The failure or refusal of either Party to make the efforts described in this Subsection shall, in and of itself, constitute a violation of this Agreement.

C. Mediation. Mediation is a voluntary informal attempt to resolve a dispute with the help of a neutral individual who has no decision-making authority. All Parties agree to attempt in good faith to resolve any dispute related to the Property through mediation. Any Party desiring mediation shall deliver Notice to all other Parties of such desire, including within such Notice the name and address of a neutral mediator with at least two (2) years experience mediating real estate disputes, and a proposed time and date for the mediation. If any Party is unable to attend the mediation at the proposed date, time and place, he/she may arrange an alternative acceptable to all other Parties provided the alternative date is within seven (7) days of the originally proposed date. Unless otherwise agreed by the Parties, costs of mediation shall be paid by the Party desiring mediation. If any properly notified Party refuses or fails to attend a mediation, such Party shall pay the entirety of the costs of arbitration as described below.

D. Arbitration.

(1) Arbitration is a voluntary or mandatory method of resolving a dispute by delegating decision making authority to a neutral individual or panel. Except as otherwise provided in this Agreement, any dispute related to the Property or the Equity Sharing Association shall be resolved through mandatory arbitration by the American Arbitration Equity Sharing Association or another private arbitration service or individual acceptable to all parties. Any Party affected by a dispute may initiate arbitration by Notice. All Parties shall pursue arbitration to a conclusion as quickly as possible and conclude every case within six (6) months from the date of the initial Notice demanding for arbitration. Arbitrators shall have discretion to allow the Parties reasonable and necessary discovery in accordance with Code of Civil Procedure §1283.05, but shall exercise that discretion mindful of the need to promptly and inexpensively resolve the dispute. An arbitration award may be entered as a court judgment and enforced accordingly. The arbitration award shall be binding in every case.

(2) The costs of the arbitration process, excluding costs or fees of attorneys and others representing, or engaged on behalf of, a specific Party or Parties, shall initially be paid by the Co-Owners, allocated between them equally. Where a properly notified Party refuses or fails to attend a mediation, the arbitrator shall assess against such Party the full amount of such costs regardless of the outcome of the arbitration process. In all other cases, the arbitrator, in his/her sole discretion, shall determine which Party or Parties have not prevailed in the arbitration, and shall assess against such Party or Parties the full amount of such costs.

(3) If a Party refuses to proceed with or unduly delays the arbitration process, any other Party may petition a court for an order compelling arbitration or other related act, and shall recover all related expenses, including reasonable attorney's fees, unless the court finds that the Party against whom the petition is filed acted with substantial justification or that other circumstances make the recovery of such expenses unjust.

(4) EACH PARTY IS AGREEING TO HAVE ANY DISPUTE RELATED TO THE PROPERTY OR THE ASSOCIATION DECIDED BY ARBITRATION AND IS GIVING UP ANY RIGHTS HE/SHE MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. IF A PARTY REFUSES TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, HE/SHE MAY BE COMPELLED TO ARBITRATE. EACH PARTY'S AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

(5) The following matters need not be submitted to binding arbitration: (i) An action for unlawful detainer; (ii) An action brought a small claims court; (iii) An action or proceeding to compel arbitration, including an action to impose sanctions for frivolous or bad faith activity designed to delay or frustrate arbitration; (iv) An action or proceeding which is within the jurisdiction of a probate or domestic relations court; or (v) An action to record a notice of pending action, or for an order of attachment, receivership, injunction or other provisional remedy which action shall not constitute a waiver of the right to compel arbitration.

7.3 ACTIONABLE VIOLATION.

A. Definition of Actionable Violation. An "Actionable Violation" shall be any of the following: (i) Failure to timely fulfill any obligation stated in this Agreement, including a lack of required maintenance of the Property; (ii) Use of the Property which increases the rate of insurance for the Property or causes any insurance policy to be canceled or not renewed, impairs the structural integrity of the Property, or is in violation of a Governmental Regulation; or (iii) Any act or omission (not authorized by this Agreement) which results in the creation of a lien or encumbrance of any kind on the Property.

B. Consequences of Actionable Violation.

(1) Right of Other Parties to Perform. When a Co-Owner (the "Violating Co-Owner") commits an Actionable Violation, the other Co-Owner shall have the right to perform any act required to negate the Actionable Violation and to assess all related costs and expenses against the Violating Co-Owner. The other Co-Owner may advance funds for this purpose personally. All advances shall constitute loans to the Violating Co-Owner at an interest rate equal to the maximum rate allowed by law, compounded annually, due and payable immediately.

(2) Consequential Losses. The Violating Co-Owner shall be liable for all damages or losses that result from the Actionable Violation including late charges, penalties, fines, reasonable attorney's fees and court or arbitration costs.

(3) Liquidated Damages. The Co-Owners agree that a portion of the loss and extra expense incurred by a Co-Owner as a consequence of an Actionable Violation by the other Co-Owner would be difficult to ascertain and that FIVE HUNDRED AND 00/100 DOLLARS ($500.00) is a reasonable estimate of such loss and extra expense. A Co-Owner who commits an Actionable Violation shall pay this amount to the other Co-Owner as liquidated damages in addition to all other compensation due under this Section.

C. Notice of Actionable Violation. A "Notice of Actionable Violation" shall include (i) a description of the Actionable Violation and (ii) a statement of all acts and/or omissions required to negate the Actionable Violation (if negation is possible), including but not limited to the payment of damages as required under the preceding Subsection. The Equity Sharing Association may provide a Notice of Actionable Violation to any Party. In addition, any Party may provide a Notice of Actionable Violation to any other Party.

D. Stay of Actionable Violation. Provided the alleged Actionable Violation is not a non-payment or underpayment of an amount required to be paid under this Agreement, if a Violating Co-Owner can demonstrate, with verifiable written records, that he/she has initiated the dispute resolution procedures described in Section 7.2, the Actionable Violation shall be deemed "Stayed". The Stay shall continue until the conclusion of arbitration. Notwithstanding the preceding sentence, a Stay shall automatically end effective on the date when the Violating Co-Owner's verifiable written records first show a cessation of continuing to diligently pursue dispute resolution as described in this Agreement. While the Actionable Violation is Stayed:

(1) The other Co-Owner shall continue to have the right to perform obligations of the Violating Co-Owner, make interest bearing advances to the Violating Co-Owner, and assess damages against the Violating Co-Owner, as provided in this Agreement;

(2) All obligations of the Violating Co-Owner under this Agreement shall remain in effect and timely compliance shall continue to be required; and

(3) If the Violating Co-Owner commits additional Actionable Violations, whether they involve the same or different acts or omissions, (i) the other Co-Owner may respond to the new Actionable Violations as if no Stay were in effect, (ii) the new Actionable Violation(s) may be Stayed only if the Violating Co-Owner agrees to submit all of them to the already pending dispute resolution process, and (iii) the Stay of the newly alleged Actionable Violations shall end simultaneously with the Stay of the originally Stayed Actionable Violation.

An Actionable Violation involving a non-payment or underpayment of an amount required to be paid under this Agreement shall not be Stayed under any circumstances. If the Violating Co-Owner wishes to challenge the validity of the required payment, he/she may do so by initiating alternative dispute resolution, but only after paying the amount in full.

E. Cure of Actionable Violation. If the Actionable Violation is not Stayed, the Violating Co-Owner shall have seven (7) calendar days from the Effective Date of a Notice of Actionable Violation to "Cure" the Actionable Violation by (i) performing all acts and/or omissions described in the Notice of Actionable Violation, and (ii) providing Notice of such performance with supporting documentation to the Equity Sharing Association and the other Co-Owner. If the Actionable Violation is Stayed, the Violating Co-Owner shall Cure the Actionable Violation by timely performing all acts and/or omissions described in the final order resulting from arbitration or, if there was no arbitration, the final agreement resulting from other alternative dispute resolution procedures. A Party fails to Cure an Actionable Violation if such Party (i) fails to fulfill any of these requirements in time, or (ii) has received more than four (4) Notices of Actionable Violation for the same or similar acts or omissions. A Party who fails to cure an Actionable Violation has committed a Default. Notwithstanding anything to the contrary in this Section, an Actionable Violation shall not be stayed if the Violating Co-Owner has received more than four (4) Notices of Actionable Violation for the same or similar acts or omissions within the previous twenty four (24) months.

7.4 DEFAULT.

A. Definition of Default. "Default" means failure to Cure an Actionable Violation. When a Party Defaults, any Co-Owner in which the Party holds an ownership interest may be deemed a "Defaulting Co-Owner".

B. Remedies for Default. Following Default, the Equity Sharing Association and each of the other Parties shall be immediately entitled to any remedy described in this Agreement or available at law or equity, serially or concurrently. The pursuit of any of these remedies is not a waiver of the right to subsequently elect any other remedy. In addition, a Defaulting Co-Owner that Defaults as a consequence of an Actionable Violation shall pay to the other Co-Owner the sum of FIVE THOUSAND AND 00/100 DOLLARS ($5,000.00) as liquidated damages in addition to all other payments due under this Agreement. The Parties agree that a portion of the loss and extra expense incurred as a consequence of a Default would be difficult to ascertain and that this amount is a reasonable estimate of such loss and extra expense.

C. No Stay or Cure of Default. The "Stay" and/or "Cure" procedures described in connection with Actionable Violations are intended to be the exclusive means for a Party to contest or suspend an alleged Actionable Violation. If a Party fails to avail him/herself of these procedures, he/she shall not be entitled to dispute or contest the

occurrence of the Actionable Violation, or to suspend or challenge the imposition of the Default remedies permitted by this Agreement.

D. Loss of Usage Rights on Default. Notwithstanding anything to the contrary in this Agreement, upon Default, the Defaulting Co-Owner shall automatically lose all rights to use the Property.

7.5 FORCED SALE FOLLOWING DEFAULT. So long as an Internal Sale has not been consummated, nothing in this Section shall affect or impair the right or ability of the Equity Sharing Association to exercise any of its other rights and remedies under this Agreement or under applicable law.

A. Definitions Applicable to Forced Sale. The following initially capitalized nouns have the meanings set forth below whenever used in this Agreement:

(1) The "Offering Date" shall be the first (1st) business day after the determination of the Appraised Value.

(2) The "Offering Price" shall be the price at which the Defaulting Co-Owner's Co-Ownership Share is offered for sale at any particular time. The Offering Price on the Offering Date shall be the amount that the Defaulting Co-Owner would have received had the Defaulting Co-Owner triggered a buyout at the time the Default occurred, under Section 5.2 or 5.3 as applicable, based on Appraised Value as determined under Section 5.2A. If the Defaulting Co-Owner's Co-Ownership Share is not subject to a ratified purchase contract on the thirtieth (30th) calendar day that a particular Offering Price has been in effect, the Offering Price shall be reduced ten percent (10%).

(3) "Intra-Equity Sharing Association Obligations" shall be the amounts that the Defaulting Co-Owner owes the Equity Sharing Association or another Party arising from the following liabilities:

(a) All sums owed by the Defaulting Co-Owner under this Agreement;

(b) The reasonable cost of fulfilling all service obligations of the Defaulting Co-Owner under this Agreement;

(c) Any sums advanced by the Equity Sharing Association or the non-Defaulting Co-Owner on behalf of the Defaulting Co-Owner together with interest as imposed under this Agreement; and

(d) Any outstanding damages or losses which resulted from an Actionable Violation including late charges, penalties, fines, liquidated damages, reasonable attorney's fees and court costs.

B. Internal Sale.

(1) The non-Defaulting Co-Owner shall have the right, but not the obligation, to purchase the Co-Ownership Share of the Defaulting Co-Owner. The non-Defaulting Co-Owner may exercise its right to purchase the Co-Ownership Share of the Defaulting Co-Owner at any time within one hundred eighty (180) days of the Offering Date by providing Notice to the Defaulting Co-Owner of his/her intent to do so (the "Notice of Internal Sale"). The purchase price to be paid by the non-Defaulting Co-Owner (the "Initial non-Defaulting Co-Owner Price") for such interest shall be sixty five percent (65%) of the Offering Price on the Offering Date, reduced by the amount of Intra-Equity Sharing Association Obligations. As described below, the purchase price to be paid by the non-Defaulting Co-Owner may be adjusted upward or downward through adjustments in the balance owed on the note to be signed by the non-Defaulting Co-Owner in favor of the Defaulting Co-Owner.

(2) Within sixty (60) days of providing the Notice described above, the non-Defaulting Co-Owner shall sign a note payable to the Defaulting Co-Owner on the following terms:

(a) The note payable shall be in the amount of the Initial non-Defaulting Co-Owner Price, subject to adjustments as described below;

(b) The note shall not bear interest, and shall not require periodic payment of any kind;

(c) The full outstanding balance of the note shall be due and payable on the earlier to occur of either (i) the resale of the Defaulting Co-Owner's Co-Ownership Share by the non-Defaulting Co-Owner through the Resale Procedure described below, or (ii) one (1) year from the date on which the non-Defaulting Co-Owner acquires full ownership and control acquired of the Defaulting Co-Owner's Co-Ownership Share;

(d) In the event of any arbitration, litigation, or other dispute resolution procedure between the Defaulting Co-Owner, on one side, and the non-Defaulting Co-Owner and/or any Party, on the other, relating to the Property or to the Equity Sharing Association, the due date shall be deemed extended until two (2) years following the final resolution of all disputes which are the subject of such arbitration, litigation, or other dispute resolution procedure;

(e) At the time full repayment is due, the outstanding balance of the note shall be adjusted as follows: (i) upward or downward to correspond with the actual net proceeds received by the non-Defaulting Co-Owner through the Resale Procedure described below, reduced by the amount of Intra-Equity Sharing Association Obligations; (ii) downward by the amount of any obligations of any kind which have accrued against the Co-Ownership Share from the date the non-Defaulting Co-Owner acquired it through the date of note repayment; and (iii) downward by the amount of any outstanding obligation of the Defaulting Co-Owner to the non-Defaulting Co-Owner, including reasonable attorneys fees and costs incurred by the non-Defaulting Co-Owner in connection with enforcing its rights against the Defaulting Co-Owner, acquiring the Defaulting Co-Owner's Co-Ownership Share, or selling or attempting to sell such Co-Ownership Share through the Resale Procedure described below, unless such obligation has been subtracted under another clause of this Subsection;

(f) The non-Defaulting Co-Owner may make all or any portion of the repayment due on the note by assigning any note it is authorized to receive through the Resale Procedure described below; and

(g) The non-Defaulting Co-Owner shall not be permitted to repay any portion of the note prior to the completion of the Resale Procedure described below.

(3) Upon execution of its note payable to the Defaulting Co-Owner, the non-Defaulting Co-Owner shall acquire full ownership and control of the Defaulting Co-Owner's Co-Ownership Share. All Parties acknowledge and agree that any arbitrator, judge or other public official with appropriate jurisdiction, are permitted take such actions as are necessary to effectuate such transfer of the Co-Ownership Share to the non-Defaulting Co-Owner. Moreover, all Parties acknowledge and agree that the fact that if a balance remains outstanding on the note payable to the Defaulting Co-Owner as described above shall not diminish, limit or otherwise affect the non-Defaulting Co-Owner's full and complete ownership and control of the Defaulting Co-Owner's Co-Ownership Share once such transfer has been effectuated.

C. Resale Procedure.

(1) Within ninety (90) days of acquiring full ownership and control of the Defaulting Co-Owner's Co-Ownership Share, the non-Defaulting Co-Owner shall commence reasonable efforts to locate a purchaser for the Defaulting Co-Owner's Co-Ownership Share at the Offering Price. The Defaulting Co-Owner's Co-Ownership Share may be listed for sale with an agent or broker with a sales commission to be determined by the non-Defaulting Co-Owner in his/her sole discretion, provided that such sales commission shall not exceed six percent (6%) of the Offering Price, payable from sale proceeds.

(2) The non-Defaulting Co-Owner shall have discretion to establish the initial asking price for the Co-Ownership Share, provided that such initial asking price shall be at least equal to the Offering Price on the Offering Date. Thereafter, the Offering Price shall be adjusted as provided above. The non-Defaulting Co-Owner shall continue reasonable efforts to locate a purchaser until the earlier to occur of (i) acceptance of purchase offer as described below, or (ii) reduction of the Offering Price to zero.

(3) The non-Defaulting Co-Owner shall accept any purchase offer that meets all of the following criteria: (i) it is at or above the Offering Price; (ii) the purchaser makes a cash down payment which equals or exceeds ten percent (10%) of the offering price; (iii) The offeror agrees to pay the balance of the price in notes payable (as described below) or, if the offeror prefers, in cash; and (iv) It provides for close of escrow within sixty (60) calendar days. The non-Defaulting Co-Owner may accept an offer meeting these requirements from any person or entity, and may also choose at any time to purchase the Co-Ownership Share on these terms. In the event that multiple offers simultaneously meet these requirements, the non-Defaulting Co-Owner shall select the most advantageous offer. Before accepting any purchase offer, the non-Defaulting Co-Owner may obtain a statement of the financial qualifications of the prospective transferee including a loan application, and credit report, and arrange an interview of the prospective purchaser, and may reject a prospective purchaser on any basis which is (i) reasonable and (ii) not prohibited by law.

(4) All cash proceeds from a sale made pursuant to the Resale Procedure shall be distributed as follows:

(a) They shall first be used to pay any commissions or costs of sale;

(b) Any balance remaining shall be used to pay by the Defaulting Co-Owner to the non-Defaulting Co-Owner, including reasonable attorneys fees and costs incurred in connection with enforcing its rights against the Defaulting Co-Owner, acquiring the Defaulting Co-Owner's Co-Ownership Share, or selling or attempting to sell such Co-Ownership Share through the Resale Procedure; and

(c) Any balance remaining shall be paid to the Defaulting Co-Owner.

(5) To the extent the purchase price exceeds the purchaser's cash down payment, the excess amount (the "Total Note Amount") shall be paid in notes payable, distributed as follows:

(a) If the cash proceeds have been inadequate to satisfy all obligations described in Subsection (4)(b) above, a note payable shall be signed by the purchaser in favor of the non-Defaulting Co-Owner. The amount of such note shall be the lesser of (i) the Total Note Amount or (ii) the remaining balance of all obligations described in Subsection (4)(b). Interest shall accrue at a rate set by the non-Defaulting Co-Owner in his/her sole discretion, provided that such rate does not exceed legal limits. Interest and principal shall be fully amortized over a period of three (3) years, due and payable in thirty six (36) equal monthly installments.

(b) If the Total Note Amount exceeds the remaining balance of all obligations described in Subsections (4)(b) above, a note payable for such excess amount shall be signed by the purchaser in favor of the non-Defaulting Co-Owner. The non-Defaulting Co-Owner may assign a portion of such note to the Defaulting Co-Owner in exchange for a reduction in the amount owed by the non-Defaulting Co-Owner under its note payable signed in connection with the Internal Sale. The amount of the reduction shall be exactly equivalent to the principal amount assigned. If the non-Defaulting Co-Owner purchases through the Resale Procedure, the amount of the note payable under this Subsection shall be reduced to the amount owed by the non-Defaulting Co-Owner under its Internal Sale note, and a new note payable in such amount shall be signed by the non-Defaulting Co-Owner in favor of the Defaulting Co-Owner. The execution of such new note shall be deemed full repayment of the Internal Sale note. Interest on any note signed under this Subsection shall accrue at the rate of four percent (4%) per annum and be deferred to maturity, with all interest and principal shall be due and payable after five (5) years.

(6) If the sum of cash and notes received by the non-Defaulting Co-Owner is less than the remaining balance of the obligations described in Subsection (4)(b), the Defaulting Co-Owner shall sign a note payable for the difference to the non-Defaulting Co-Owner. Interest shall accrue at a rate set by the non-Defaulting Co-Owner in his/her sole discretion, provided that such rate does not exceed legal limits. Interest and principal shall be fully amortized over a period of three (3) years, and due and payable in thirty six (36) equal monthly installments.

7.6 FORECLOSURE. Each Co-Owner pledges his/her interest to the other as security for the obligations described in this Agreement and acknowledges that such interest is subject to common law liens and associated foreclosure rights. A Co-Owner may proceed with required notices related to foreclosure immediately upon Default by the other Co-Owner.

7.7 EVICTION. A Co-Owner's right to occupy any portion of the Property under the lease provisions of this Agreement shall terminate immediately upon Default, and the Defaulting Co-Owner and such Co-Owner's relatives, guests, tenants or subtenants shall be subject to eviction from the premises following service of any legally required notices. By executing this Agreement, each Co-Owner expressly agrees to waive any legal right to occupy the premises following Default. A Co-Owner may proceed with legally required notices related to Eviction immediately upon Default by the other Co-Owner. Following vacation of the premises, the non-Defaulting Co-Owner's may rent the Property to outside parties and retain all proceeds from such rental.

7.8 WAIVER OF STATUTORY PRIORITY. Each Co-Owner waives the benefit of statutory debtor protection, including homestead and exemption rights, to the full extent permitted by State and Federal law with respect to enforcement of obligations described in this Agreement.

ARTICLE 8--GENERAL PROVISIONS

8.1 VALUATION. Whenever this Agreement requires a determination of the "Appraised Value" of any interest in, or portion of, the Property, the value shall be determined through an appraisal process as follows:

A. Not later than the date on which this Agreement requires or allows a Co-Owner to initiate determination of Appraised Value (the "Appraisal Initiation Date"), any interested Party may retain up to two (2) people meeting the following requirements (a "Qualified Valuer"): (i) having at least two (2) years experience estimating the value of real estate similar to the Property in the area where the Property is located, (ii) holding a valid real estate sales, brokerage or appraisal license, (iii) having no prior business or personal relationship with any Co-Owner, and (iv) agreeing in writing to complete his/her valuation within fourteen (14) calendar days of retention. Each Party shall pay the fees (if any) charged by of the Qualified Valuer that he/she retains.

B. The Parties shall instruct each Qualified Valuer to determine a fair market value for the Property based upon the conditions that exist at the time of the appraisal. Within fourteen (14) calendar days of the Appraisal Initiation Date, any Party who retains one or more Qualified Valuer shall provide a complete and unaltered copy of each of his/her valuation to one (1) representative of the other Co-Owner. A Party waives the right to retain a Qualified Valuer if he fails to timely fulfill the requirements of this Subsection.

C. Upon expiration of fourteen (14) calendar days following the Appraisal Initiation Date, the Co-Owners shall determine Appraised Value as follows: (i) If only one (1) valuation from a Qualified Valuer is received, the Appraised Value shall be the value stated in that valuation; (ii) If two (2) or three (3) valuations from Qualified Valuers are received, the Appraised Value shall be the average of the values stated in the valuations; (iii) If four (4) or more valuations from Qualified Valuers are received, the Co-Owners shall disregard the lowest and highest valuations, and the Appraised Value shall be the average of the remaining valuations.

8.2 NOTICES. Except where expressly prohibited by law, whenever "Notice" is required to be given hereunder to a Party, a Co-Owner, or the Equity Sharing Association, such Notice shall be deemed properly given if done so in accordance with the following provisions.

A. Notice to Equity Sharing Association. Any Notice or other communication to the Equity Sharing Association shall be given by email to each Designated Party.

B. Notice to Party. Except when otherwise required by law, any Notice or other communication to a Party shall be given by email at such Party's last known email address. It shall be the responsibility of each Party (i) to regularly monitor his/her email communication, and (ii) to provide Notice to the Designated Party for each Co-Owner when his/her email address changes. Under no circumstances shall any Party of the Equity Sharing Association, or any employees, representatives, assignees or subcontractors of any of these entities or people, be responsible for the consequences when any Party fails to receive a Notice because the intended recipient either (i) failed to check his/her email account with reasonable regularity (to be defined as once every three (3) days), and (ii) has failed to timely provide Notice of a change in his/her email address within a reasonable time after such change (to be defined as within three (3) days of the change). Notwithstanding the preceding sentences, a Co-Owner may specify a reasonable alternative method of notification, to be used for a period of up to thirty (30) days, by providing Notice to the Designated Party for the other Co-Owner, of such alternative and the dates during which it will be required.

C. Notice to Co-Owner. Notices shall be considered properly given to a Co-Owner when they are properly given to the natural person who is such Co-Owner's Designated Party.

D. Effective Date of Notice. The "Effective Date" of a Notice shall be seven (7) calendar days after emailing. Where Notice by email is expressly made inadequate by operation of law, the Effective Date of the Notice shall be the date specified by law for the manner in which the Notice is given or, if no such date is specified, shall be ten (10) calendar days after the Notice is sent or published.

8.3 EFFECTIVE DATE OF AGREEMENT. The "Effective Date" of this Agreement shall be the date the Agreement is signed by the first person to sign it. The "Reference Date" of this Agreement shall be the date so described in the recorded Memorandum of Agreement. Each authentic page of this Agreement shall bear the Reference Date in its footer, and pages that fail to do so shall not be deemed authentic. Where different versions of a page bear the Reference Date, the latest version on record in the files of Sirkin & Associates shall be deemed the controlling version.

8.4 DURATION OF AGREEMENT. This Agreement shall bind the Co-Owners for ninety (90) years or until (i) One hundred percent (100%) of the Property is resold in a single transaction, (ii) One Co-Owner transfers his/her entire interest

in the Property to the other Co-Owner, (iii) The Co-Owners explicitly agree in writing to no longer be bound by this Agreement; or (iv) This Agreement is superseded or lapses by operation of law.

8.5 PARTITION. Partition is a court-ordered forced sale of co-owned real estate. While each Co-Owner recognizes that they may have a right to seek partition of the Property, they also recognize that such action is likely to have negative consequences for the other Co-Owner. Accordingly, each Co-Owner agrees to waive his/her right to seek partition or sale in lieu of partition throughout the ninety (90)-year term of this Agreement.

8.6 MISCELLANEOUS TERMS. If a Co-Owner or an individual comprising a Co-Owner becomes subject to any claim, liability, obligation, or loss arising from or related to the willful or negligent act or omission of the other Co-Owner, such other Co-Owner shall fully indemnify him/her from all associated costs and expenses including reasonable attorneys fees. The provisions of this Agreement shall be liberally construed to effect its purpose of creating a general plan for the operation of the Property. The various headings used are for convenience only and shall not affect meaning or interpretation. Any exhibit mentioned in this Agreement is attached and deemed incorporated by this reference. This Agreement is executed in and shall be governed by the laws of the state where the Property is located. This Agreement may be amended at any time and from time to time, but any amendment must be in writing and signed by both Co-Owners. Each provision of this Agreement shall be deemed independent. The invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provision. Time is expressly declared to be of the essence in this Agreement. Except as specifically provided in this Agreement, a Co-Owner may waive a term or provision of this Agreement only by preparing and signing a written document explicitly describing the waiver. No waiver by any Co-Owner of any breach of this Agreement shall constitute a waiver of any subsequent breach of the same or different provision of this Agreement. This document contains the entire agreement of the Co-Owners relating to any matter regarding the Property. Any written or oral representations, modifications or agreements regarding these matters, including but not limited to those contained in any purchase agreement or preliminary commitment, shall be of no force and effect unless contained in a subsequently dated, written document expressly stating such representation, modification or agreement, signed by both Co-Owners.

8.7 COSTS AND ATTORNEY'S FEES. Except as otherwise provided in Section 7.2D, in the event that any dispute between the Parties related to this Agreement or to the Property should result in litigation or arbitration, the prevailing Party in such dispute shall be entitled to recover from the other Party all reasonable fees, costs and expenses of enforcing any right of the prevailing Party, including without limitation, reasonable attorneys' fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate allowed by law. For the purposes of this Section: (i) attorney fees shall include, without limitation, fees incurred in bankruptcy litigation, postjudgment motions, discovery, contempt proceedings, and examinations (debtor and third party) relating to garnishment and levy; and (ii) prevailing Party shall mean the Party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

8.8 ATTORNEY DISCLOSURES. Each Co-Owner understands and acknowledges that his/her interests conflict with the interests of the other Co-Owner and that the attorney preparing this Agreement is unable to adequately represent the interests of any Co-Owner individually. The parties acknowledge that the legal and tax aspects of equity sharing have not yet been fully tested through litigation in the court or tax system. The Co-Owners acknowledge that they have been advised to independently hire economic, tax and legal counsel to evaluate and review the financial, tax and legal consequences of this transaction and this Agreement. The Co-Owners acknowledge that they have either conducted their own independent tax and legal analysis of each of the terms of this Agreement or hereby knowingly waive their right to do so.

OCCUPANT:

_____ _____

DATE DATE

INVESTOR:

_____ _____

DATE DATE