

**Common Land Conveyance Valuation Procedure
Unanimously Adopted by HOA Board January 9, 2023**

As we previously indicated, the Board has been evaluating an appropriate per square foot purchase price for the common land that would be transferred if approved by the owners who all have an undivided interest in the common land wherever located. Below we provide our recommendation on the per square foot cost for the conveyance of common land that can be discussed at the information meetings.

As a reminder, any amounts received for conveyance of common land will be Association assets and applied to the Association's reserve account. After the information meetings, the Board will send the owners voting information related to the proposed conveyance that will include the proposed short purchase agreement identifying the property, the per square foot cost, the number of square feet to be conveyed, and other relevant information. If the conveyance and proposed purchase agreement is approved by the required number of owners, a condition of the transfer will be an updated survey to reflect the additional square footage and its location within Unit A that would be recorded with Eagle County. There will also be a quitclaim deed recorded with Eagle County to reflect the property transfer.

The Board sought to develop a methodology to handle future requests for the conveyance of common land that is transparent and clear.

In order to establish a methodology, we had to establish a base per square foot price for common land if sold as square footage as part of a larger home sale. Please keep in mind that:

- common land is not generally for sale;
- there is no established market for the sale of common land;
- the HOA is not in the business of common land sales; and
- every homeowner purchased their home knowing that common land was not part of their plat and not part of their residence.

Once the Board established an agreed-upon per square foot price for the sale of common land, we set out to reduce that square footage price by some percentage in order to account for the benefit of that land to the homeowner vs. the HOA as a whole. Our recommendations and reasoning are set forth below:

Base Calculation Methodology:

- Look at a 2-year sales history limited to the West Vail market (North Frontage Road) for all duplex home sales and take the average per square foot price for those sales.
- We specifically limited the MLS data to the relevant area of interest to get better comparables, and we wanted to have a time frame that accounted for fluctuations in the market.

- We did not include any homes currently for sale due to the uncertainty of final pricing.

Discount Rate Methodology:

- These projects, now and in the future, will be handled from the perspective of a homeowner with a home remodel, not a builder/developer looking to develop vacant land. Given the enormous homeowner value associated with conveyance of common land, the Board agreed on a 50/50 split.
- Given that the vast majority of the home improvement benefit associated with a larger property is to the homeowner, with only a small fraction of benefit to the HOA at large, we discussed splits that would require the homeowner to pay 75-90% of the established per square foot price.
- However, we settled on a 50/50 split given the high cost of improved land generally and a desire to facilitate homeowner development while being fair to the HOA.
- Please keep in mind that:
 - The common land being conveyed is on or adjacent to improved property including utilities, roads, landscaping, and other HOA improvements that vacant land does not have.
 - The conveyed common land becomes sellable square feet for the homeowner of the residence only and is of only tangential value to the HOA.
 - The conveyed common land reduces the allowable site coverage available to the entire HOA, which may result in future loss of development for other homeowners.