

NEWPORT OFFER TO PURCHASE ADDENDUM “B”

“The building’s general liens and mortgages...”

The portion of Corporate Debt for which the owner of shares for Unit _____ is responsible is

\$ _____ as of (date) _____

When shares for a Unit in the Newport are sold it is not required that the Newport debt apportioned to that Unit and payable by whoever owns the shares for that Unit be paid off immediately upon sale. It is important for the Buyer and the Seller to be aware of the debt, if any, and agree how to handle the debt, if any. See explanation of debt below:

Newport Debt vs Condominium Reserve Fund

To ensure that condominiums have ready funds for capital maintenance projects the State has mandated that they have a RESERVE FUND. The Newport, being a cooperative and corporation, is not bound by State condominium law and is not required to have a reserve fund. At the Newport, capital projects, once approved, can be funded by borrowing from a bank, instead of or in addition to using funds from any capital reserve fund the Newport may elect to establish.

Each borrowing to fund capital project costs is apportioned to each Unit and the apportioned amount becomes the responsibility of the Member who owns the shares for that Unit. A Member, upon receiving the invoice from a capital project borrowing, may pay that amount to the Newport immediately, or, may borrow that amount from the Newport to be repaid with interest. If the member chooses to borrow rather than pay immediately, the amount of that Member’s borrowing is added to any existing debt against that Member’s shares. The Member’s monthly fee will be increased by an amount sufficient to pay down the debt over time, with interest, as may be determined by the Board of Directors. Borrowing to fund capital project costs avoids large, one-time assessments on Members of the Newport.