

CHAPTER FOUR - Section 4.02B
WRITTEN DESCRIPTION OF INTERNAL CONTROL

Date: November 21, 1983
Attachment: Admin. Guideline
for Joint Owner's Dues
Amended: December 8, 1994
Amended: August 16, 2001
Amended: July 21, 2007
Amended: October 23, 2008

I. POLICY

It is the policy of the Board of Directors that there be a written description of the internal control methods employed by the Association. The written description will include the area and functions and indicate in some detail the manner of performing the task.

The written description will be in the form of a "*Methods and Procedures Manual*" describing the approved practices to be followed in all phases of operations.

II. RESPONSIBILITIES

It is the responsibility of the General Manager and Director of Business Management to see that properly prepared written guidelines are in existence and used by the employees. These guidelines should be developed to assure they are clear and transferable from one employee to another so that each activity is not employee dependent.

Financial internal control must be based upon approved accounting principles and the guidelines must reflect these principles and obligations.

III. APPLICATION

Employees are to use the approved guidelines and to strictly adhere to the established methods outlined to protect the integrity of the system and to assure uniformity of practices.

An employee is encouraged to recommend improvements to the systems but all changes must be approved and duly noted in the guidelines.

CHAPTER FOUR - Section 4.02B

WRITTEN DESCRIPTION OF INTERNAL CONTROL

ATTACHMENT: Administrative Guideline for Joint Owners' Dues

A. [Ref:] LMOA BYLAWS, ARTICLE 2, SECTION 2.01

1. If a residential lot or Marina Point Condominium Unit is jointly owned by more than one family unit (husband and wife) or by otherwise more than one person, firm, association or other entity, there shall be a full assessment of each of the entities which are members of the Association in accordance with this Section of the Bylaws.

B. LMOA LAND USE [Ref: PM 13.02 LMOA Environmental Controls: General Requirements, III. A. Single-family residences]

1. The properties shown as numbered lots on the Subdivision Plat Maps are restricted to the use of a single family. Only one (1) single-family residence shall be erected on a lot.
2. Each Marina Point Condominium unit shall be used only as a single-family residence.

C. DEFINITION OF A FAMILY [Ref: PM 13.02 LMOA Environmental Controls: General Requirements, III. B. Definition of a Family]

For purpose of the Section, "family" shall be defined as follows:

1. an individual;
2. a husband, wife, and dependent children;
3. two or more persons related by blood to the first degree of consanguinity (e.g. father, son, aunt, uncle, niece, nephew), marriage, adoption, plus not more than one unrelated person living together as a single housekeeping unit in a dwelling; or
4. not more than two persons not related by blood, marriage, or adoption including their dependent children living together as a single housekeeping unit in a dwelling.

D. INTENT OF JOINT OWNERS DUES

The intent of joint owner dues is to protect against multiple ownerships used to avoid individual ownership's cost/assessments while having the use of the amenities. The use would provide a "deflated" cost to multiple owners and an "inflated" cost to the Association. It is not the intent to have joint owners unfairly assessed.

E. EXAMPLES OF POSSIBLE EXCEPTIONS

This guideline is to clearly establish how to apply joint owner dues in cases where the property owner could properly seek relief because of excessive assessments applying to his/her property.

Examples of possible excessive assessment are:

1. If two unrelated individuals own jointly 3 lots, they are, under [Ref:] Section 2.01(b) of the Bylaws, obligated to pay 6 sets of dues. (Relief may be 3 sets of dues.)
2. Two unmarried brothers, who live together, own a lot jointly. The expected use factor is no more than a husband and wife and it is less than a husband and wife with children. (Relief may be 1 set of dues.)
3. An elderly, dependent parent lives with a daughter. They own a lot as "joint tenants." The parent is an invalid and never uses the membership. They are obligated to pay two sets of dues. (Relief may be 1 set of dues.)

4. A parent or parents are listed on the deed as joint tenants but have done so only to assist a non-dependent child in purchasing the property. The parents have no interest in receiving membership benefits as they can be treated as guests with respect to Association amenities whenever they might visit. (Relief may be: 1 set of dues.). Conversely, the parent(s) could be the primary user(s) and the child or children, even though listed as a joint owner, would not wish to receive membership benefits.
5. Two married brothers inherit one lot. One brother lives in Charlottesville and the other brother lives in New York. Each has a wife and children. The Charlottesville brother and his family regularly use the amenities. The New York brother and his family use the amenities only occasionally and are eligible to use the amenities as guests of the Charlottesville brother. (Relief may be 1 set of dues.)

Each lot/Marina Point condominium unit carries an automatic dues assessment that shall not be waived. Only joint owner dues may be granted an exception and the exception will be granted only when the second joint owner agrees, in writing, to not be issued a gate access device.

F. EXCEPTIONS

Exceptions - using the Land Use Definition - can be applied in determining assessments when an obvious excessive application or exploitation results from the Bylaws definition.

G. ADMINISTRATIVE INTERNAL CONTROLS REQUIRED

1. An exception to the Bylaws Definition requires documentation of why the exception is granted and the signature of the General Manager.
2. All exceptions are to be maintained in a permanent file.
3. In reporting the projected dues to the Finance Committee, the number of exceptions will be included in the report.
4. The Membership list shall indicate an exception has been made.

Cross-References

- [Ref:] PM 2.01 Bylaws, Article 2 Membership, Section 2.01, General
- [Ref:] PM 13.02 LMOA Environmental Controls: General Requirements,
 - III. Land Use, A. Single-family residences, and
 - III. Land Use, B. Definition of a Family