

Decatur Head Beach Association Reservations Policy

Questions about usage

October 15, 2014

History of the Association regarding usage:

The DHBA was set up to limit the use/overuse of the property and this issue was specifically cited in the Bylaws of Decatur Head Beach Association.

Article V paragraph 1 reads as follows:

“1. Restrictions on Number of Shareholders. To prevent overcrowding of the real property and facilities of the Association and to preserve its pristine ecology, shareholders shall be restricted to forty-two (42) individuals or marital communities.”

We have even had situations over the years where a community divorced and one individual received the DHBA membership - because that is the rule; the share could not be shared between a divorced couple.

The original membership mostly consisted of young families with children ranging in age from infants to teenagers. As the children grew the membership decided separate use by adult children would be encouraged. **The Bylaws were not changed.**

A document entitled, “Decatur Head Beach Association: Policies and Procedures” contains the following paragraph:

“SEPARATE USE OF DECATUR HEAD BY CHILDREN OF SHAREHOLDERS

The Association wishes to encourage the separate use of Decatur Head by children of shareholders over the age of 21, but recognizes that use of the cabin by shareholders themselves must be given first consideration. After a survey in the winter of 1994 the Board of Trustees decided that the shareholders had the discretionary right to request a portion of their three-week Prime Time for their children without being subject to the bumping rules. However, any other use by children, either during open prime time dates or at anytime during the rest of the year, shall be subject to being bumped by a shareholder up to ten days prior to the start of their reservation. While on the Head children of shareholders are subject to all the same rules and regulations governing shareholders. In addition, shareholders are responsible for all actions of their children while on the Head and are responsible for any unpaid charges incurred by their children during their stay. Fees for children are the same as for shareholders.

The situation is different now than in 1994. Currently we have approximately 100 “adult children”. This is a vastly larger number of children who qualify to be at Decatur Head without their parents than in 1994. We have de facto 140 members. We also have had

situations where the spouses of adult children visit Decatur without either the member or the member's adult child present.

There are some major issues that are arising.

First, the way reservations are submitted to the Reservations Committee there is absolutely no way of knowing who will be using the Prime Time requests. It is not possible to enforce the portion of the Policy that states, "but recognizes that use of the cabin by shareholders themselves must be given first consideration."

However, after speaking with the caretakers and after reviewing the reservations submitted for the summer of 2014 there were instances where members were wait-listed and not able to get a cabin because a parent requested time for their adult child. There were also instances where a shareholder was not able to get the size cabin they requested because an adult child had it instead.

Second, the 1994 change stated as, "the shareholders had the discretionary right to request a portion of their three-week Prime Time for their children", has in fact been interpreted by some members to mean that all 3 weeks of Prime Time can be reserved for adult children.

The rules also read that each shareholder is entitled to submit reservations for 3 weeks of Prime Time which is defined as the period beginning with Memorial Day weekend and ending with Labor Day Monday in September. Prime Time also includes Thanksgiving and the week between Christmas and New Year, although Thanksgiving and Christmas are seldom requested.

The reality is that there truly aren't enough weeks to accomplish this if all 40 shareholders submit requests for 3 weeks of Prime Time. This year that time frame calculated out to be 14 weeks, (if the Thanksgiving and Holiday week aren't counted). Fourteen weeks X 7 cabins is equal to 98 Prime Time week/slots. If all 40 shareholders submitted requests for 3 weeks of Prime Time that would be 120 weeks/slots. As you can see we are short cabin weeks. Because we de facto have 140 members the actual shareholders are being relegated to less use while actually being the ones paying the special assessments and the monthly dues.

During the last year each shareholder was asked to pay a special assessment of \$1000. and monthly dues were increased to \$300. per month. Quickly doing the math that means each shareholder contributed \$4600 as an owner of Decatur Head.

Another consequence of the status quo is that whenever a share changes hands, either through sale or inheritance, a transfer fee equal to 5% of the sales price is to be paid by the person making the sale/transfer. This transfer fee is used by the Association to make improvements to the property. If no transfers of shares occur the improvement costs are shouldered by the shareholders.

Because shares are being used by multiple families, rather than changing ownership between generations, we have a situation where a rule is unintentionally altering the way we run our property.

Here is the question:

Do you as a shareholder feel it is okay to not get a cabin when another member's adult child gets the cabin and or time slot that you wanted?

You as a member are probably unaware that the "membership" has ballooned so much and that there is such pressure on Prime Time. If this is not the way you believe the situation should be going forward some alternatives may exist.

The Board has contemplated this and have had very lengthy discussions and suggest some possible alternatives to the status quo.

Option #1 Have the Prime Time Lottery only be for Shareholders. Once the shareholder's requests have been fulfilled, then adult children could reserve time once the calendar is posted to the Decatur Head website. The shareholder would be required to use the reservation made during the Prime Time lottery. Having a child show up without the member present would mean the member would be held out for the following years lottery. After the Prime Time lottery is completed, an adult child could make reservations without the possibility of being bumped if the member has not already booked 3 weeks of Prime Time. If an adult child is making a reservation using any of their parent's unused allotted 3 weeks of Prime Time a "SC" would be put on the calendar next to the name indicating the time will be used by an adult child. **The adult child making a reservation after the lottery would be "safe" from being bumped, so designated with a "SC", (safe child). Again, provided the member has not actually reserved 3 weeks of Prime Time.**

Option #2 Have the Prime Time lottery be for Shareholders only for the first two weeks. The 3rd round of the lottery adult children could reserve Prime Time without the fear of being bumped - designated by a "SC", (for safe child), on the calendar. This would mean only for the 3rd week designation on the submitted Reservation Form. The shareholder would be required to be the one using the reservation for times reserved during the 1st and 2nd rounds of the Lottery. Having a child show up without the member present would mean they would be held out for the following years lottery. **The adult child making a reservation during the 3rd week draw would be "safe" from being bumped. We would make that designation with a "SC", (safe child).**

Option #3 Have the Prime Time lottery be open to shareholders and their children, however, the weeks to be used by the adult child would need to be so designated as such by a "C" on the calendar. Members would be required to inform the Reservations Committee that they have submitted a reservation with the intended user to be their adult child. Having a child show up without the member present would mean they would be held out for the following years lottery. **The adult child would be subject to the**

bump rule up to 10 days in advance of the reservation. Unless the member attempting to bump the child had already submitted and received reservations for 3 weeks of Prime Time.

As you can see this is a very complex topic. We want the shareholders to know with 140 de facto members the pressure on Prime Time is getting very great. We also want the shareholders to know it is impossible to manage the lottery system with the rule instated in 1994 because there is no way of knowing who will actually show up to use the Prime Time. Therefore, we don't know if a member is allowing their adult child(ren) to use only a portion or all of their Prime Time. We, the Board, believe it is time to address the situation.

None of the above options completely address all problems presented here. Other more extreme options would be to force a transfer when the member no longer is the person using the reservations or just not allow adult children to use the facilities without the member present. Neither of these options are very palatable.