



June 29, 2020

Mariners Landing Development Company, LLC (MLDC) combined the amenities, including the golf course, and formed Mariners Landing Country Club, LLC (MLCC) at closing. MLDC designated the "Mariners Club" properties as Special Recreational Parcels pursuant to Article V of the recorded Declarations at the May MLCA board meeting. The Declarant's intent of the SRP designation achieves the same end goal of Mariners Landing Community Association, Inc. (MLCA) ownership of common property, which is an all-inclusive resort community. The primary benefit of the SRP's is property value enhancement. Everyone shares in the benefits, enjoyment, and expenses of the Special Recreational Parcels.

Please accept our apologies as communications from MLCA and MLDC have been paused awaiting clarity regarding a legal opinion. The MLCA board had to exercise its Duty of Care and conduct due diligence on the Declarant's action. The opinion from the MLCA counsel is:

The Declarant's authority to make designations for Special Recreational Parcels is set forth in Part V, Section 5 of the Restated and Amended Declaration. I see no requirement that the designation must be in a recorded instrument. If the successor Declarant elected to convey the golf course to the Association, which is authority also set forth in this Section, the conveyance would need to be by deed and the deed would need to be recorded in the land records of Bedford County, Virginia. Thus, my recommendation for the Association's Board would be for the Board to recognize that the recent maneuvering by the successor Declarant is a significant alteration of responsibility for the Association, but a reflection and implementation of reserved authority for the successor Declarant in the recorded covenants and restrictions.

While the possibility of MLCA acquiring the amenities and such have been discussed on-and-off for a decade, the recent changes are significant for the community. There is no vote by the board or community on this action. Pursuant to the Declarations, MLCA is now responsible for the expenses associated with the operation and maintenance of the SRP's as common areas. The responsibility for recreational parcels and facilities is not uncommon within HOA's, as it is typical for developers to build them to encourage property sales and then hand them over to the HOA for their continued operations. In the case of Mariners Landing, the first step of the "hand-off" took almost 20 years to occur. MLCA and MLDC will continue discussions of MLCA ownership as the second and final step, which will require a membership vote.

While the Board did not make this decision, the MLCA board concurs this designation is ultimately in the best interest of the community. All property owners have full use privileges of the facilities, subject to being current with their MLCA assessments. Keeping our facilities open and well maintained, it is believed that over one hundred million dollars' worth of property values are now stabilized (and will likely increase as conditions of the facilities improve accordingly). In addition, well maintained facilities excite people to become future owners.

This is not a temporary action as rumored; it is permanent unless the Declarant chooses to change it, or the property owners vote to purchase it and control the future of these properties. As MLCA is

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responsible for the expenses related to the operation and maintenance of the facilities, the Board must develop the budget and assessments necessary to meet these obligations. Pursuant to the Association governing documents, the Board develops and adopts the budget, which is then presented for review at the Association's annual meeting (typically in October). At its June 12th meeting, the Board approved the one-time special assessment amount for the remainder of 2020. The Board will then determine the annual assessment amount later this year which will become due in January 2021. As I am sure you are aware, there is a cost associated with living in a golf and lake resort community and the costs here, even with the increase, are still significantly lower than any other comparable community in our region, including those with far fewer offerings.

The cost for Mariners Club labor and operations will be included in MLCA assessments based on actual expenses less actual income. The feedback received over the past five months reflected keeping costs down. Budgeting and operations for this year reflects that feedback, and as the community grows – MLDC or MLCA can increase service levels while keeping expenses to a minimum. The projected expense budget for this year is \$585,000. The MLCA board approved a one-time special assessment for 2020 reflecting \$1,600 for developed properties, \$800 for Pointe efficiencies and \$400 for undeveloped lots. Please note that income was not factored into the assessment.

You will also be receiving communications from the Mariners Club regarding the new program as well as clarity for those that paid for 2020 Amenities. Please feel free to reach out to the Club and pick up your access key.

The simple fact is the Declarant and Mariners Landing's operations were going to change. We hope that you agree that the change we are currently experiencing is incredibly positive and reflects the best interest of the entire community.

~ MLCA Board of Directors
Jeff Burdett- President
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