CHARLESTOWN OWNERS ASSOCIATION
Section I – Board Responsibilities & Limitations
Article XIX – BOOKS and RECORDS

Section I - Maintenance
Section II - Availability

ADMINISTRATIVE RESOLUTION 2004-01

Guidelines for Association File Review

WHEREAS, Article XIX, Section 1 of the Bylaws of the Charlestown Owners Association ("Association") states that The Association shall keep books and records as required by the Act and Section 13.1-932 of the Virginia code, or as otherwise required by law. The Association shall keep records of: (1) the Governing documents; (2) its actions (board resolutions, meeting minutes, etc.); and (3) its financial affairs (receipts and expenditures affecting the finances, operation and administration of the Association, budget, financial statements, etc.). All books and records shall be kept in accordance with generally accepted accounting principals, and the same shall be reviewed annually by an accountant, or shall be audited upon the request of twenty-five (25%) percent of the Owners, at the request of the majority of the Mortgagees, or upon the determination of the Board of Directors. Any audit or review shall be performed by a certified public accountant retained by the Board who shall not be an Owner, an occupant of a Lot, the managing agent or an employee of the managing agent. The cost of such review or audit shall be a Common Expense. The Association shall maintain the annual reports required to be filed with the Virginia State Corporation Commission by Section 13.1-936 of the Virginia Code, the Act and as otherwise required by law.

WHEREAS, Article XIX, Section 2 of the Bylaws of the Charlestown Owners Association ("Association") authorizes the books and records of the Association shall be available for examination by Owners and Mortgagees during regular business hours on business days at the times and in the manner established by the Board of Directors for the general knowledge of the Owners in accordance with Section 13.1-933 of the Virginia code, the Act, or as otherwise required by law. The Board of Directors may fix, from time to time, a reasonable charge to cover the costs of providing any books and records prior to providing copies of the same and to impose charges for staff resources expended in association with extraordinary examination requests.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors believes that it is in the best interest of the Association to specify: (1.) the procedures and criteria for storage, maintenance and retention of COA files to include inserting and removing documentation in individual Owner files; (2.) how files are handled and how access and use is controlled. The process and procedures are outlined in succeeding paragraphs.

RETENTION AND STORAGE OF FILES

1. Association Records will be retained and stored as follows:

A. Permanent Records:

- Charter, Articles of Incorporation, By-Laws, Board Resolutions, Audit reports, Federal and State income tax returns. These will be kept in the Property Manager's main office.

- Minutes of Board, Committee meetings, reports and studies prepared by or on behalf of the Board, and all owner approved Budgets. These will be kept in the Lakinhurst Office.

- Records pertaining to Management Contract Negotiations and evaluations of Management's performance will be kept in locked files and access is limited to Directors. The Board's Officers will have keys to a two drawer file cabinet, which shall be used to store files that are confidential. These records will be kept in these locked files in the Lakinhurst Office.

B. 7-Years: Bank statements, Deposit tickets, Canceled checks, and payroll records. These will be kept in the Property Manager's main office.

C. Bank reconciliations, Inactive contracts, Vendor invoices and Insurance policies. These will be kept in the Property Manager's main office.

D. 90-Days after votes and elections are certified: Annual and Special meeting ballots and proxies. These will be kept in the Property Manager's main office.

2. Owner files will be retained as follows:

A. In general, once documents have been placed in files in the Property Manager's Main Office or in the Lakinhurst office – they will remain there.

B. Financial and related collection records will be kept in the Property Manager's main office. These are permanent records. When homes are sold, the file financial and related collection records pertaining to the previous owner will be archived and a new file started for the new owner.

C. Other records such as requests for architectural variance, architectural compliance issues, hearing committee actions, maintenance agreements, work orders etc will be kept in the Lakinhurst office and will be retained permanently unless superseded by new actions that are clearly documented.

D. E-Mails and other correspondence to and from owners will be copied and placed in the owner files in the Lakinhurst office unless they pertain to financial or collection actions in which case they will be filed in the owner file in the Property Manager's main office. These documents will be retained as outlined above in Sections A-C depending on the subject matter of the correspondence.

E. If complaints or comments are received from an owner about another owner -- they will be validated by Management and the owner in question afforded an opportunity to comment – provided that the subject is a matter for Association concern or interest. The complete record will then be filed in the owner's file in the Lakinhurst Office. As an exception: if the matter is purely a private matter and has no bearing on the neighborhood or the association – all items relating to the matter will be retained for a period of ninety days, thereafter they will be destroyed. All such records will be destroyed when the home is sold.

PROCEDURES FOR REVIEW AND USE OF COA FILES

1. Owners Review and Use of Files

A. Owner files will be held as outlined in Section 2 above. Management will retain the keys to these files and will control access to them.

B. When an owner wishes to review their own or other owner files (provided that they have some bona fide purpose/need to see another owner's file – relating to association or property issues) – they may contact management and arrange an appointment. NOTE: Owner's may review their financial and collection files maintained in the Property Manager's main office as well as the other file in the Lakinhurst office. Owners may not have access to any other Owner's financial file maintained in the Property Manager's main office. Owners may make copies of their own files. Owners may not make copies of other owner's files. Owner files will not be removed from the office. Files may be reviewed only in the presence of a representative of the management company.

2. Board of Directors and Committees Review and Use of Files

A. Management and Officers will have keys to a file cabinet containing committee files and records. These records are for the use of Committees and will be available for their use at any time. These files will be kept in the Lakinhurst office – unless the committee Chair approves their removal for use by a Committee Member or a Director– in which case a *"file log"* note will be made – identifying who took the file or part thereof and when it will be returned.

B. When any Director needs to review any COA owner file they will contact management and set up a time to review the files of interest. The Director viewing the file will sign a *"file log"* which will include name, date, time and reason for the file review. Any copies that are made by the Director will also be listed in the *"file log."* Files will be reviewed in the presence of the managing agent at the either the COA Office or management office, depending on the nature of the file. Owner files may not under any circumstances be removed from the office in which they are kept. The *"file log"* will be available to owners for review.

C. When a Director leaves office, they will return all original files and shall return copies of any materials in their possession that relate to COA business that they used during their tenure, such as a file of all letters sent as President, copies of adopted policies, copies of owner file materials, etc. These materials should be given to management who can then confirm that the materials are duplicates of items already among the COA files. Management may destroy these copies after verification that the original document is in the possession of the COA at either the Lakinhurst of management office.

D. All COA files will be appropriately filed, labeled and locked in a filing cabinet. File cabinet keys will be given to the Property Manager and Officers of the Board.

This Resolution shall be filed as an Administration Resolution, of the Book of Resolutions.

The effective date of this Resolution shall be May 31, 2004.

This Resolution was approved and adopted by the Board on April 21, 2004.