

FAQs, Qualifications, Rights & Responsibilities
for Buying & Selling 'A' Bonds and Associated Cabin Ownership Rights at Rock
Lodge
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Purchasing an RPI 'A' Bond and associated Cabin Occupancy Rights can significantly enhance the experience of enjoying Rock Lodge. This document is intended to clarify what people are buying when an 'A' Bond and Cabin Occupancy Rights are bought or sold, what RPI looks at when deciding whether a purchaser (or purchasers) are qualified, and the responsibilities of those who own Cabin Occupancy Rights. A complete explanation of rights and responsibilities of all RPI Bondholders may be found in the Bylaws of RPI.

We want anyone purchasing RPI Bonds to fully understand what they are buying, and all associated responsibilities. Read the RPI Bylaws and consult an attorney prior to purchasing a Bond.

This document is only a guide, not a substitute for understanding the Bylaws. The wording in the Bylaws -- not this guide -- are legally binding in the event of a dispute. Note: Cabin Occupancy Rights at various times have been referred to as "Proprietary Rights of Occupancy" or "Proprietary Rights". They are the same.

Q: What makes RPI 'A' Bonds different from other classes of bonds, i.e. B, C, and D Bonds?

A: Only A Bonds are associated with Cabin Occupancy Rights. Other classes of bonds permit Bondholders to occupy rooms owned by RPI in the Stone House and Bungalow. 'A' Bondholders are also entitled to more votes on RPI matters, for example at the RPI Annual Meeting.

Q: When I purchase in 'A' Bond and associated Cabin Occupancy Rights, am I, in effect, purchasing a cabin that I own?

A No, and the distinction is important. RPI owns all the property on its land, including all the buildings and cabins, all of which is spelled out in the deed RPI purchased when it acquired the property. RPI *never* sells cabins, only bonds and associated occupancy rights. It is also for this reason that Cabin Occupancy Rights owners do not have the right to remove or dismantle cabins, as the cabin doesn't belong to them.

RPI is organized as a non-equity cooperative in the State of New Jersey, based around the concept of selling occupancy rights, a common practice in real estate. In a New York City Co-op, for example, a Co-op corporation owns a building. Those purchasing a Co-op, buy shares in that corporation that are associated with rights and responsibilities for a particular apartment. People may say, "I'm selling a co-op, apartment, 6F at 34 W. 29th St," but that is really a

shorthand way of saying, “I’m selling my shares in the co-op corporation that owns apartment 6F at 34 W. 29th St. along with the rights to occupy to that apartment as long as you are in good standing with the corporation (for example, pay maintenance charges, assessments, and comply with other rules of the corporation’s bylaws and policies, like having insurance).” While RPI Occupancy Rights are not the same as the rights associated with New York City Co-ops, the concept of owning “rights,” rather than specific property has similarities.

Q: What am I responsible for when I purchase an ‘A’ bond and move into a cabin?

A: To purchase an ‘A’ Bond and retain your occupancy rights you must:

1. Qualify for purchase. This means you must be a full-time Rock Lodge member in good standing, and have the financial wherewithal to be responsible for the purchase of the bond, annual site fees, taxes, and Rock Lodge Club membership. RPI may obtain credit and other financial background checks, as well as criminal background checks to qualify members, and you may be asked to pay for these background checks in advance of a purchase of an ‘A’ Bond.
2. Abide by the Bylaws of RPI and RLC. RPI’s bylaws require you to be a member in good standing of Rock Lodge Club, you must be prepared to maintain your membership in good standing with the Club,
3. Pay Annual Site Fees. Annual site fees are established for each cabin based on the size of the cabin and site, its location, and other features). The treasurer of Rock Lodge Club includes the cabin’s site fee on the annual invoice along with the annual RLC membership fee.
4. Pay Taxes assessed by the Township. Those with Cabin Occupancy Rights are responsible for paying township taxes on the structure which they occupy. Taxes are assessed by the township and RLC bills them annually on behalf of RPI in the later part of the season
5. Insure the RPI Property you have rights to occupy – i.e.: cabin and site. You may obtain insurance privately or through Rock Lodge Club)
6. If you do any major landscaping, remove large trees, or make other changes that might change the view-shed for everyone, you must first get the approval of the joint RLC-RPI Preservations, Land Use & Preservation Committee (PLUCC). It’s easy, and all the forms you need are on the website.

Q: What happens if I fail to meet the responsibilities listed above?

A: You will loose your occupancy rights and the Bond. This happens rarely, and isn’t anything anyone at Rock Lodge wants – it’s not why we’re here. If there are serious violations – for

example, if a Bondholder fails to pay site fees, taxes, or maintain membership in good standing with Rock Lodge Club -- legal measures have been taken. In all cases, courts have confirmed that the rights and responsibilities detailed in the Bylaws of both RPI and Rock Lodge Club are legally constructed and enforceable.

Q: How do I sell a bond and cabin occupancy rights if I don't want it anymore?

A: A Rock Lodge Club member wishing to obtain Cabin Occupancy Rights to a specific cabin may seek a seller of an existing class "A" RPI bond and Cabin Occupancy Rights to associated cabin. The public source of information about the availability of bonds for sale is the RPI bulletin board in the Bungalow foyer and the electronic bulletin board on the Rock Lodge Club website, www.rocklodge.com.

The sale of bonds is a private matter between sellers and buyers. RPI does not buy back bonds. Nonetheless, officers of RPI do attempt to facilitate transfers by acting as communicators of full information to all parties.

To transfer a bond, all parties to the transfer must be members of Rock Lodge Club in good standing. This means that all dues and fees must have been paid, all persons to be listed on the bond must be non-provisional members, and at least one must be a full member.

When a member has found a buyer and received payment, the RPI secretary must be notified so that new documents can be created and conveyed to the new owner(s). There is a \$25.00 bond transfer fee. Of course, any new buyer of Cabin Occupancy Rights must abide by the ByLaws and Trustee Laws of both RLC and RPI, and agree to the other responsibilities summarized here.

Q: What is the relationship between Rock Lodge Club and RPI?

A: This is beyond the scope of this document, and can be more fully understood by consulting the website. In a nutshell, RPI leases its property to Rock Lodge Club, so that Rock Lodge Club can run the nudist club we all value and enjoy. Like all owner/tenant relationships, the club and RPI have rights and responsibilities specified in a lease. The club obtains revenue through membership, site fees, room rental fees, event charges, and contributions. RPI also delegates certain administrative tasks to the Club, such as the collection of the property taxes assessed on each cabin by Sussex County. The club pays for maintenance on the property and may choose to make improvements ("tenant improvements"). Again, this is very analogous to what occurs in a co-op apartment, where property tax assessments on every apartment are generally included in monthly maintenance fees; in the case of cabins at Rock Lodge, property taxes are paid once a year.

Enjoy Rock Lodge!