

HISTORY OF DRUM POINT SUBDIVISION December 1999 BY DON RANDALL

Drum Point subdivision was established by the Drum Point Corporation (DPC), on August 2, 1947, by Mr. Paul D. Kerman, declarant of the "governing documents"(covenants). Mr. Kerman had acquired the property from Judge Gray, who had acquired it from the Barreda brothers of Lima, Peru. DRUM POINT CORPORATION'S stock and ownership of all its assets were acquired by the Chesapeake Ranch Club (CRC) in 1970, when DPC merged into CRC. CRC'S principal stockholder was Mr. Phillipson.

Beginning in the 1970's, following the acquisition of the assets of the Drum Point Corporation by CRC, CRC began selling lots which had piers and other community-wide amenities to private individuals. The CRC during the period 1970 to 1983 did little or no road maintenance in Drum Point. In 1982, CRC publicly announced that it intended to sell or develop, for commercial purposes, the twenty five (25) acres of private land owned by CRC. This area (27) was generally known as the Drum Point Club. Following this announcement, CRC announced that it intended to apply, and did apply for permits to build a public marina at Drum Point Club area, on the Patuxent River side.

Soon thereafter, a small group of property owners, led by Messrs. John Marshall, B.J. Kimrey and Jim Smith, began a campaign to raise sufficient funds from Drum Point property owners within the Drum Point Property Owner's Association (DPPOA), to attempt to purchase the assets of CRC, particularly the roads, covenants and the 25 acres at the "point".

Initially this effort in 1983, was intended to be an undertaking of DPPOA WITH THE ENTIRE COMMUNITY OR ALL PROPERTY OWNERS TO BE INVOLVED IN ACQUIRING THE RECORDED COMMUNITY-WIDE ASSETS OF CRC. The purpose was to prevent the commercial development of the Point and to acquire operation of the covenants, roads, piers and other common use properties. This was billed to the residents as "an effort to put our destiny into our own hands."

Unfortunately, most of the Drum Point property owners, including those within the DPPOA, did not join in this effort. Although repeated efforts and pleas for participation were made, only a small number of property owners pledged to put cash into a new non-profit community corporation, known as Drum Point Project, Inc. (DPPI). Pledges ranged from \$1,000 to \$4,000 with each \$1,000 representing one (1) voting right. This effort failed to raise the full amount needed and a bank loan of \$100,000 was made to make the acquisition.

Through extraordinary efforts and dedication to purpose, this small group of people convinced 113 property owners to subscribe about \$200,000.00 into an escrow account for the purchase of the developer's properties. These leaders negotiated to purchase the Point (area 27), three lots at the community beach, the roads, lakes, community beaches and other community-wide properties, including the rights to administer and enforce the covenants.

THE TERMS OF PURCHASE AND THE DEEDS OF SALE WERE AS FOLLOWS:

DRUM POINT (AREA 27) 25 ACRES PLUS CERTAIN OTHER PARCELS OF LAND, INCLUDING THE LOTS IN AREA 27, THE LOTS NORTH OF THE AREA 27 FENCE (PARKING AREA FOR THE COMMUNITY BEACH) AND THE CLUB HOUSE PROPERTY WITHIN AREA 27.-----\$250,000.00

THE ROADS, LAKE BEDS AND PLATTED ACCESS POINTS TO THE LAKES AND BEACHES-----\$ 85,000.00

TOTAL COST-----\$335,000.00

A 501 (C)(3) not-for-profit Maryland corporation was established. This was later reorganized into a 501 (c), (7) recreational club corporation to own and operate the Drum Point Club. DPPI also established a separate 501 (C)(4) Road and Community Service Corporation (DPRCSC). These reorganizations were done on advice of tax lawyers so that both corporations could qualify for federal exemption from taxes. By separating the roads and community-wide properties from the Drum Point Club it insulated the Club from liabilities of operations of the roads and other properties. **FINALLY, BY ESTABLISHING DPRCSC AND OPENING ITS MEMBERSHIP TO EVERY DRUM POINT PROPERTY OWNER FOR A MODEST ANNUAL FEE OF \$20, IT ONCE AND FOR ALL OFFERED TO THE ENTIRE COMMUNITY THE LEGAL RIGHT TO BE INVOLVED IN THE DAY TO DAY OPERATIONS OF THE COMMUNITY-WIDE PROPERTIES.**

DPPI sold and deeded to DPRCSC the roads, lake beds, the three lots making up the beach parking lot (now known as Kerman Shores), and other community-wide properties. DPRCSC executed two mortgages to DPPI, one for the roads and one for the three lots at the community beach, to be paid over forty (40) years. The Drum Point Road and Community Services Corporation (DPRCSC) became the legal, recorded owner of the roads, lake beds, access points, and the three lots that comprise the parking area at the community beach (Kerman Shores). At this point, DPPOA did not own any properties in Drum Point.

After three years of negotiations, the Drum Point Property Owner's Association (DPPOA) and the Drum Point Road and Community Services Corporation (DPRCSC) merged in 1993. The surviving corporation is the DPPOA which now legally owns the roads, lake beds, the three lots at Kerman Shores and other community-wide properties, i.e, Beach and lake access rights of ways.)

DPPOA ASSUMED ALL ASSETS AND LIABILITIES OF DPRCSC. DPRCSC TRANSFERRED \$506,497.34 IN ASSETS AND APPROXIMATELY \$200,000.00 IN LIABILITIES (\$145,984.21 MORTGAGE TO HOME FEDERAL FOR PAVING ROADS IN 1992 AND APPROXIMATELY \$49,000.00 MORTGAGE TO DPPI FOR THE THREE WATER FRONT LOTS MAKING UP THE PARKING AREA AT THE COMMUNITY BEACH, KERMAN SHORES) **THUS THIS MERGER OF DPRCSC INTO DPPOA RESULTED IN A NET ASSET GAIN FOR DPPOA OF APPROXIMATELY \$311,513.00, and conveyed title to these community-wide properties to DPPOA.**

A 1996 agreement was reached between DPPOA and DPPI to cancel the mortgage on the three lots comprising the parking lot at Kerman Shores. The agreement provided for DPPOA to return to DPPI any and all Special Tax District payments made by DPPI, on lots in Area 27, during the period 1996 through 2010. In effect, DPPI agreed to cancel the remaining balance of the 40 year mortgage at no cost to DPPOA. DPPOA agreed to return all Special Tax District payments made by DPPI, **THUS THE AGREEMENT AMOUNTED TO A ZERO COST TO DPPOA IN RETURN FOR DPPI'S CANCELING THE BALANCE DUE ON THE MORTGAGE FOR THE LOTS AT KERMAN SHORES. ADDITIONALLY DPPI AGREED TO PAY FOR AND PERFORM ALL ROAD MAINTENANCE WITHIN AREA 27.**

Drum Point Property Owner's Association (DPPOA) is open to membership by any Drum point Property Owner. Any owner wishing to exercise any legal control over the operations of any of the community-wide properties owned by DPPOA, may do so, provided they join DPPOA, pay an annual fee of \$15.00 and exercise their rights to vote as provided by the DPPOA charter and by laws.