

RURAL WATER DISTRICT NO. 4
Douglas County, Kansas

POLICY NO. 12

TITLE: Benefit Unit Numbering System

Rationale:

For the purpose of accounting for the issuance and transfer of benefit units in the District, the Board of Directors provides the following guidance to the office staff of the District in the form of policy:

Policy:

Upon the approval by the Board of Directors of the sale of a benefit unit, the District staff shall assign a unique number to the benefit unit, and the purchaser's name shall appear on the benefit unit certificate bearing that unique number assigned. Upon the transfer of the benefit unit to another party (in accordance with policy No. 10 and the District buy-laws), the benefit unit number assigned to the original owner of the benefit unit shall remain the same, and that number shall be transferred to the new owner of the benefit unit.

For example, assume a case whereby a fictitious patron named John Q. Public purchases a benefit unit identified with the legal description of Mr. Public's personal residence. Assume further that the benefit unit is assigned number 1000. Upon the sale of his residence to a fictitious patron named Mary Smith, the benefit unit certificate transferred to Mary Smith by John Q. Public is still assigned number 1000. For the duration of the benefit unit, the District file shall show that the original owner of unit number 1000 was John Q. Public, the second owner of unit number 1000 was May Smith, and all subsequent owners of unit number 1000 shall be identified in a file that is associated with benefit unit number 1000.

The intent of this policy is to allow the District to keep a historical record of the ownership of each benefit unit issued. For that reason, no benefit unit shall be issued without including the purchasing party's name or names on the benefit unit certificate. This shall include the case in which a landowner that originally purchased the benefit unit merely held the benefit unit during the construction phase of a project. (For example, assume a case in which a landowner/home-builder purchased a benefit unit for a residence being constructed by the home builder for another party. In this case, the home builder shall appear; as the first owner of the benefit unit and the party that purchases the home as a residence shall appear in the District records as the second owner of record.)

If a benefit unit is voided for nonpayment, or if a unit is redeemed by the District, the number will be cancelled from the system and will not be used again.

On a prospective basis, District staff shall maintain files throughout the entire duration of a benefit unit that track the ownership of each benefit unit from the date of original issue to any date in time.

Approved: October 24, 2000