THE STATE OF SOUTH CAROLINA
In The Court of Appeals

---

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

---

Docket No. 2009-ALJ-17-0533-CC

---

Charleston County Assessor, . . . . . Appellant,

v.

LMP Properties, Inc., . . . . . Respondent.

---

**RECORD ON APPEAL**

**VOLUME III Of III**

---

Joseph Dawson, III, County Attorney
Bernard E. Ferrara, Jr., Deputy County Attorney
Austin A. Bruner, Assistant County Attorney
Bradley A. Mitchell, Assistant County Attorney
Charleston County Attorney's Office
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(843) 958-4010
Attorneys for Appellant

Stanley C. Rodgers, Esquire
Law Office of Stanley C. Rodgers, LLC
101 Queen Street, Suite 200
Charleston, South Carolina 29401
(843) 958-9881
Attorney for Respondent

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CHARLESTON COUNTY
BOARD OF ASSESSMENT APPEALS
DECISION

Re: OWNER: LMP Properties, Inc.
PID#: 08/Various 1231
BAA#: 08-0004
Date of Decision: November 10, 2009

The Charleston County Board of Assessment Appeals met on November 4, 2009, for the purpose of hearing the above-referenced taxpayer's appeal from the Charleston County Assessor's assessment of the above-referenced property for tax year 2008.

The subject of this appeal is 121 rental condo units located at The Legends and owned by LMP Properties, Inc. There are 11 different plans that are under appeal. The Assessor was represented by Toy Glennon, Steve Everman and Angela Sawadske. Mr. and Mrs. Ron Follman, the property owners, as well as Frank Headley, Leonard Krawcheck and Lydia Davidson were also present.

Ms. Glennon started the meeting with the particulars of the Tamsburg case which was decided in the 1990's. To qualify under Tamsburg the following criteria must be met: 1) units must be deeded only for financing, 2) units must be contiguous, 3) units are not marketed and 4) units were in a bad location. In the case of The Legends, the condos have been continuously marketed and as 57 have been sold, the units are scattered throughout the complex. Also, Mt. Pleasant is a very desirable location. Mr. Everman stated there are sales of over 200 condominiums in the area, so there is a sales market currently. Mr. Sawadske estimated the value of the 121 units at $16,493,000 for tax year 2008. The values for the Plans are as follows:

| | | | | | |
|---|---|---|---|---|---|
| Dogwood | $110,000 | Azalea | $105,000 | Azalea Elongated | $107,000 |
| Magnolia | $134,000 | Jasmine | $145,000 | Jasmine Elongated | $155,000 |
| Jasmine Garage | $175,000 | Oleander | $157,000 | Oleander Garage | $182,000 |
| Camellia | $170,000 | Camellia Garage | $$195,000 | | |

These values represent reductions from the current values.

Mr. Follmann stated the complex was converted to condos in 2006 and 57 units sold; however, the 121 units on appeal have been managed and maintained as rental units. The highest and best use of these units is as apartments. Mr. Headley submitted that condominium projects use discounting techniques to determine value. The comparables of Heron Reserve and Sabal Palms west of the Ashley are examples of condominium projects that either had low sales or no sales or converted back to an apartment complex. His estimate of value is $7,602,367 for tax year 2008. Mr. Krawcheck discussed Tamsburg as it applied to The Legends:



RESPONDENT'S EXHIBIT 1
PENGAD Bayonne, NJ

1) Contiguity – there are 13 buildings, 58 units have sold and there are still 121 rentals, 2) units are operated on a short-term rental basis, and 3) unmarketable – a unit did not sell in all of 2008. The income method should be used to value the subject if the Tamsburg test holds true and financing should not be a determining factor.

After carefully considering the information presented, the Charleston County Board of Assessment Appeals sets a Compromised Value of $10,090,500 for tax year 2008.

# Floor Plan Values

| | Current Value | Assessor Recommended | Board Value | Units | Total Value |
|---|---|---|---|---|---|
| **1 Bedroom** | | | | | |
| Azalea | $115,000 | $105,000 | $ 64,000 | 13 | $ 832,000 |
| Azalea Elongated | $120,000 | $107,000 | $ 65,800 | 10 | $ 658,000 |
| Dogwood | $120,000 | $110,000 | $ 66,500 | 33 | $ 2,194,500 |
| Magnolia Garage | $145,000 | $134,000 | $ 82,000 | 5 | $ 410,000 |
| **2 Bedroom** | | | | | |
| Jasmine | $175,000 | $145,000 | $ 89,000 | 2 | $ 178,000 |
| Jasmine Elongated | $180,000 | $155,000 | $ 96,000 | 1 | $ 96,000 |
| Jasmine Garage | $200,000 | $175,000 | $107,500 | 6 | $ 645,000 |
| Oleander | $182,000 | $157,000 | $ 96,000 | 38 | $ 3,648,000 |
| Oleander Garage | $205,000 | $182,000 | $ 112,000 | 1 | $ 112,000 |
| **3 Bedroom** | | | | | |
| Camellia | $205,000 | $170,000 | $ 104,500 | 9 | $ 940,500 |
| Camellia Garage | $230,000 | $195,000 | $ 125,500 | 3 | $ 376,500 |
| | | | | 121 | $10,090,500 |

# GENERAL USE CODE DEFINITIONS/CHANGES

Revised 9/22/00 — Indicates Changes to Use Codes or New Codes

| CODE | CAMA DESCRIPTION | DEFINITION AND INTENDED USE | SPECIAL APPRIASER |
|---|---|---|---|
| SFR | SNGL_FAM_RES | Used where the site is improved with a single family home(s). There are some exceptions to this in Peninsula Charleston for homes that have extra units in which the SFR use dominates the value or dominates the site. An SFR may have more than one residential unit on the PID. The Parcel Use Classes associated with this code are 10R RESIDENTIAL, 95R COMM_APR_RES, and 10M MOBILE_RE. | NO |
| DUP | DUPLEX | Used where the site is improved with 2 attached units, usually roughly equal in size. Often they are side by side identical, or up and down identical, although they may not always be equal. This code is not to be used for properties where there are two single family homes on one parcel, or a home and a mobile home. Currently properties coded like this will generally have a residence record. In the future, these MAY be collected with section/group data only, to facilitate use of GRM's for value. Must be coded Parcel Use Class 10R, unless the property is a "Tamsberg" property. NOTE: Tamsbergs are few and far between. | NO |
| APT | APARTMENT BLDG | Used for properties with more than 25 units on a single PID, or for Tamsberg properties. They are to be collected with section/group data only. Properties with four to twenty 25 units are to be coded to General Use Code SMA - SMALL APTS. The Parcel Use Class for both APT and SMA is 100 - APT BLDG. For true dormitories, use APT with Parcel Use Class 121 Group Living. | YES #34 |
| PAT | PATIO_HOME | 10R will be the Parcel Use Class | NO |
| CNC | CONDO_COMMON | not taxable, this is the common area for a condominium complex, or the base PID | NO |
| CNU | CONDO_UNIT | Parcel Use Class will vary by the use of the unit (i.e. 10R for res condos,etc.) | NO |
| TWH | TOWNHOUSE | 10R will be the Parcel Use Class. | NO |
| MBH | MOBILE HOME | This General Use Code is no longer in use. DO NOT create more of these. | N/A |
| CRC | COMMERCIAL | We are trying to get away from this one. Use it when the highest and best use is residential, but there is a commercial element. Examples of this are some "houses" on Church Street in the Peninsula that have a downstairs retail or office use but the upstairs is still one (nice) SFR. Limit the use of this carefully. If the property is best valued as residential, you can collect it as residential and make a comment about the commercial element. In general a property needs a section and group to be coded CRC, the exception to this is Mobile Home Parks Discuss the use of this with your appraisal supervisor, be careful in using this one. | NO |
| TRI | TRIPLEX | Used where the site is improved with 3 attached units, usually roughly equal in size to each other. Often they are side by side identical or up and down identical, although the units may not always be equal. This code is not to be used for properties where there are three single family homes on one PID, or three mobile homes. Triplexes currently have a residence record. In the future, theu MAY have section and group records only to allow use of GRM's for valuation. Unless a TRIPLEX is a Tamsberg property it should be coded to Parcel Use Class 10R. There are not many Tamsberg properties. | NO |
| ROW | ROW_HOUSE | Only used in Peninsula Charleston, not to be confused with TWH. | NO |
| SMA | SMALL APTS | This is a new General Use Code based on residential unit count. This code captures small apartment complexes mostly with 4 to 20 units. They will be valued using GRM's for the upcoming reassessment. These may be coded to the residential appraisal district where they are situated or to which they are adjacent.They may be coded to a commercial appriasal district. The Parcel Use Class should be 100 APT BLDG . Properties coded SMA will be handled by one assigned appraiser, countywide. Small dormitories (with 4 to 20 units) should be coded SMA with Parcel Use Class 121 GROUP_LIV. | YES #61 |

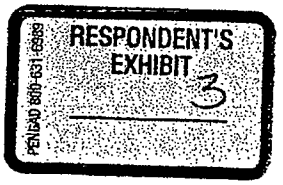
RESPONDENT'S EXHIBIT 2

0442

# PARCEL USE CODE DEFINITIONS/CHANGES

Revised 9/22/2000 — Indicates Changes to Classes

| CODE | CAMA DESCRIPTION | DEFINITION AND INTENDED USE | SPECIAL ASSIGNMENT |
|---|---|---|---|
| 10R | RESIDENTIAL | Use for single family homes, duplexes and triplexes and for AGR properties that have a non-ag SFR. General Use Code should be SFR, DUP, CNU, TWH, VCR TRI, and ROW. | NO |
| 95R | COMM_APPR_RES | See memo dated 7/29/99 by RLC titled HABU in Transitional Areas. This code is for properties that have a commercial highest and best use but legally must be appraised as residential due to 4% LR requirements. These will be SFR's and when/if they sell, the 95R should be a red flag to you that they didn't pay all that money for that old bungalow on Hwy 17. Such sales will probably need to be recoded to VCC to validate, and must get a notice after sale, or after loss of 4%. General Use Codes will be as for 10R, above. | NO |
| 100 | APT_BLDG | To be used only for apartment properties with four or more units. Do not code duplexes and triplexes as 100 APT_BLDG. The General Use Code will be APT or SMA. The apartment specialist will handle those coded APT, but not SMA.. | YES #34 |
| 102 | TWH-APTS | This parcel use class was prompted by an appeal known as Tamsberg. The court decision was very specific in it's reasoning when granting apt status to individual units. Don't just code any group of townhouses or duplexes under one ownership to this Parcel Use Class. Before using this Class, read the case law, talk to Steve Everman or one of the Chief Appraisers. We get appeals based on this decision, it is important to use this parcel use class only when it is appropriate! The general use code wil be TWH for these units. | YES #34 Appeals on # units may go to 3 units |
| 103 | CONDO_APTS | See TWH-APTS above. Rarely used, be careful when using. Gen Use = CNU | See Above |
| *104* | DU/TRI_APTS | See TWH-APTS above.Rarely used, be careful when using.Gen Use=DUP or TRI | See Above |
| *105* | QUAD_APTS | See TWH-APTS above. Rarely used, be careful when using. Gen Use= SMA | See Above |
| 106 | COMB_APTS | See TWH-APTS above. Rarely used, be careful when using. Gen Use= APT | See Above |
| 10M | MOBILE_RE | To be used for properties where a mobile home has been converted to RE. Not for use w/ PP mobile homes. General Use code should be 10M; there should be a mobile home record, not a residence record, unless there is a house and mobile. | NO |



# CHARLESTON COUNTY
# BOARD OF ASSESSMENT APPEALS
# DECISION

Re: OWNER: Keystone Legends I, LP
PID#: 05/599-00-00-020
BAA#: 05-0110
Date of Decision: May 22, 2007

The Charleston County Board of Assessment Appeals met on May 16, 2007, for the purpose of hearing the above-referenced taxpayer's appeal from the Charleston County Assessor's assessment of the above-referenced property for tax year 2005.

The subject property is a 200 unit apartment complex located at 1100 Legends Club Drive in Mount Pleasant completed by December 31, 2001. The Legends at Mount Pleasant Apartments sits on 22.92 acres in the Town of Mount Pleasant off Highway 17 North. The Assessor was represented by Steve Everman and Toy Glennon. The owner, Keystone Legends I, LP, was represented by Ronald Follmann.

Mr. Everman submitted the estimated value of the subject at $16,644,000 for tax year 2005 using the Income Approach tables developed for reassessment. Mr. Everman sited three sales of comparable properties to support the value of the subject. Mr. Everman used a Net Operating Income (NOI) of $1,259,711 and a capitalization rate of 7.5% in his valuation based on equity.

Mr. Follmann stated Mr. Everman was not using real numbers in determining the value of the subject and his value of $12,611,967 is derived from the audited income statement for tax year 2005. Mr. Follmann used an NOI of $1,150,559 and a capitalization rate of 9%. His valuation for tax purposes as of December 31, 2004 was $12,783,989. Mr. Follmann did not authorize the HUD audited financial statement to be released to the Assessor under a Freedom of Information Act request.

After carefully considering the information presented, the Charleston County Board of Assessment Appeals sets a compromised value of $14,656,000 for tax year 2005.



RESPONDENT'S EXHIBIT 4
PENGAD Bayonne, N.J.

599-00-00-020- 2005 (CONTINUED) 1100 LEGENDS CLUB DR

INCOME VALUATION

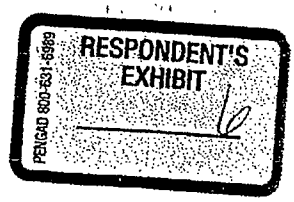
| BLD/SEC GRP | TYP/AGE/CL/QU/CN COMMERCL-USE | TN-AP /METH | UNITS RENTABLE | GROSS RENT | ADJ FCTR | VAC LOSS | MISC INCOME | EFF-GR INCOME | EXPENSE PCT/RATE | NET INCOME | CAP-RT /GRM | CAP-IN /GRM-IN |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1/ 1 | 170/ 3/D /G /A | | | | 1.000 | | | | | | | |
| 1 | 170-CLUB-HOUSE | GD/I | | | | | | | | | | |
| 1/ 1 | TOTAL | | | | | | | 0 | | 0 | | 0 |
| 2/ 1 | 800/ 3/D /G /A | | | | 1.000 | | | | | | | |
| 1 | 100-APARTMENTS | EX/T | 2-2 | 12,600.00 | | .080 | .040 | 24,111 | 3,900.00 | 16,311 | 8.300 | 196,518 |
| 2 | 100-APARTMENTS | EX/T | 2-2 | 12,600.00 | | .080 | .040 | 24,111 | 3,900.00 | 16,311 | 8.300 | 196,518 |
| 3 | 100-APARTMENTS | EX/T | 4-2 | 12,600.00 | | .080 | .040 | 48,223 | 3,900.00 | 32,623 | 8.300 | 393,040 |
| 4 | 100-APARTMENTS | EX/T | 2-2 | 12,600.00 | | .080 | .040 | 24,111 | 3,900.00 | 16,311 | 8.300 | 196,518 |
| 5 | 100-APARTMENTS | FR/T | 2-2 | 10,800.00 | | .100 | .040 | 20,218 | 3,900.00 | 12,418 | 8.300 | 149,614 |
| 6 | 100-APARTMENTS | AV/T | 2-2 | 11,300.00 | | .080 | .040 | 21,624 | 3,900.00 | 13,824 | 8.300 | 166,554 |
| B | 217-STOR-MEZ-STG | GD/T | 2-B | 360.00 | | .100 | .000 | 648 | .100 | 583 | 8.300 | 7,024 |
| 2/ 1 | TOTAL NUM-OCCUR: 4 | | | | | | | 163,046 | X4 | 108,381 | | 1,305,784 |
| 3/ 1 | 800/ 3/D /G /A | | | | 1.000 | | | | | | | |
| 1 | 100-APARTMENTS | VG/T | 8-2 | 12,000.00 | | .080 | .040 | 91,853 | 3,900.00 | 60,653 | 8.300 | 730,759 |
| 2 | 100-APARTMENTS | AV/T | 8-1 | 9,300.00 | | .080 | .040 | 71,186 | 3,900.00 | 39,986 | 8.300 | 481,759 |
| 3/ 1 | TOTAL NUM-OCCUR: 5 | | | | | | | 163,039 | X5 | 100,639 | | 1,212,518 |
| 4/ 1 | 800/ 3/D /G /A | | | | 1.000 | | | | | | | |
| 1 | 100-APARTMENTS | PR/T | 4-1 | 8,700.00 | | .100 | .040 | 32,573 | 3,900.00 | 16,973 | 8.300 | 204,494 |
| 2 | 100-APARTMENTS | PR/T | 4-1 | 8,700.00 | | .100 | .040 | 32,573 | 3,900.00 | 16,973 | 8.300 | 204,494 |
| 4 | 100-APARTMENTS | EX/T | 2-1 | 10,800.00 | | .080 | .040 | 20,667 | 3,900.00 | 12,867 | 8.300 | 155,024 |
| 5 | 100-APARTMENTS | AV/T | 4-3 | 15,000.00 | | .080 | .040 | 57,408 | 3,900.00 | 41,808 | 8.300 | 503,711 |
| 6 | 100-APARTMENTS | AV/T | 2-3 | 15,000.00 | | .080 | .040 | 28,704 | 3,900.00 | 20,904 | 8.300 | 251,855 |
| 4/ 1 | TOTAL NUM-OCCUR: 4 | | | | | | | 171,925 | X4 | 109,525 | | 1,319,578 |

** DETACHED STRUCTURES **

| DET# | STRUCTURE | AGE | QU | CN | AP | TN MTH | UNITS RENTABLE | GROSS RENT | ADJ FCTR | VAC LOSS | MISC INCOME | EFF-GR INCOME | EXPENSE PCT/RATE | NET INCOME | CAP-RT /GRM | CAP-IN /GRM-IN |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4 | GG-FRAME-GARAGE | 3 | VG | A | VG | T | 8-U | 1,020.00 | 1.000 | .100 | .000 | 7,344 | X1 .100 | 6,610 | 8.300 | 79,639 |

| | |
|---|---|
| TOTAL CAPITALIZED NET INCOME | 16,643,717 |
| ADDITIONAL BUILDING VALUE | 0 |
| ADDITIONAL IMPROVEMENT VALUE | 0 |
| ADDITIONAL LAND VALUE | 0 |
| GROSS RENT MULTIPLIER INCOME | 0 |
| TOTAL INCOME VALUATION ESTIMATE | 16,643,717 |

Copy made for Mr Follmann 9/26/05



DOCUMENT V

RECEIVED
2000 AUG -3 PM 2:54
CHARLESTON COUNTY
ASSESSOR'S OFFICE

FHA FORM NO. 4175-D
(CORPORATE)
Revised May 1970

# MORTGAGE NOTE

$15,891,900.00

Mount Pleasant, South Carolina.
May 27, 1999

FOR VALUE RECEIVED, the undersigned promise(s) to pay to MALONE MORTGAGE COMPANY AMERICA, LTD., * , or order, the principal sum of FIFTEEN MILLION EIGHT HUNDRED NINETY-ONE THOUSAND NINE HUNDRED Dollars ($15,891,900.00 ) ~~with interest from date at the rate of per centum (%) per annum on the unpaid balance until paid.~~ The said principal and interest shall be payable at the office of MALONE MORTGAGE COMPANY AMERICA, LTD. in Dallas, Texas or at such other place as the holder may designate in writing, as follows:

with interest on the unpaid balance from the date hereof at the rate of seven and thirty-five hundredths per centum (7.350%) per annum up to and including the earlier of the date of final endorsement or the last day of January, 2001, and thereafter at the rate of seven and one tenth per centum (7.100%) per annum on the unpaid balance until paid. The principal and interest shall be payable in monthly installments as follows:

Interest only shall be payable on the first day of June, 1999, and on the first day of each month thereafter, up to and including the first day of February, 2001. Commencing on the first day of March, 2001, installments of interest and principal shall be paid in the sum of NINETY-NINE THOUSAND NINE HUNDRED THIRTEEN & 65/100 DOLLARS ($99,913.65) each, such payments to continue monthly thereafter on the first day of each succeeding month until the entire indebtedness has been paid. In any event, the balance of principal, if any remaining unpaid, plus accrued interest, shall be due and payable on the first day of February, 2041. The installments of interest and principal shall be applied first to interest at the applicable rate aforesaid upon the principal sum or so much thereof as shall from time to time remain unpaid, and the balance thereof shall be applied on account of principal.

*a Texas limited partnership authorized to do business in such name or as MALONE MORTGAGE COMPANY

~~Privilege is reserved to pay the debt in whole or in an amount equal to one or more monthly payments on principal next due, on the first day of any month prior to maturity upon at least thirty (30) days' prior written notice to the holder.~~ If this debt is paid in full while insured under the provisions of the National Housing Act, as amended, all parties liable for payment thereof agree to be jointly and severally bound to pay to the holder hereof such adjusted mortgage insurance premium as may be required by the applicable Regulations.

~~Notwithstanding any provision herein for a prepayment charge, such charge shall be applicable only to the amount of prepayment in any one calendar year which is in excess of fifteen per centum (15%) of the original principal sum of this Note.~~

If default be made in the payment of any installment under this Note, and if such default is not made good prior to the due date of the next such installment, the entire principal sum and accrued interest shall at once become due and payable without notice, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default. In the event of default in the payment of this Note, and if the same is collected by an attorney at law, the undersigned hereby agree(s) to pay all costs of collection, including a reasonable attorney's fee.

~~No default shall exist by reason of nonpayment of any required installment of principal so long as~~ the amount of optional additional prepayments of principal already made pursuant to the privilege of ~~prepayment set forth in this Note equals or exceeds the amount of such required installment of principal.~~

All parties to this Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest and notice of dishonor.

The maker assumes no personal liability hereof except as set out in the Mortgage of even date given to secure this indebtedness.

The provisions set out in the Rider of this Mortgage Note that is attached hereto and marked as Exhibit "A" are incorporated herein for all purposes by this reference and made a part hereof as fully as if set out above.

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RESPONDENT'S EXHIBIT 7

PENGAD 800-631-6989

IN WITNESS WHEREOF, the undersigned has caused its name to be signed hereto by its duly authorized officer and its corporate seal to be hereto affixed the day and year first above written.

[SEAL]

KEYSTONE LEGENDS I, L. P.,
By: KEYSTONE LEGENDS, INC.,
General Partner

ATTEST

Secretary

By: Ronald W. Follmann
Ronald W. Follmann, President

THIS IS TO CERTIFY that this is the Note described in and secured by Mortgage of even date herewith and in the same principal amount as herein stated and secured by real estate situated in Mount Pleasant, Charleston County, State of South Carolina, to Jonnie Pardue, Trustee.

Dated the 26th day of May, 1999.

Alice F. Ansell
(Notary Public)

STATE OF SOUTH CAROLINA

LOAN No. 054-35605

Mortgage Note

KEYSTONE LEGENDS I, L. P.

TO

MALONE MORTGAGE COMPANY AMERICA, LTD.

No. 054-35605

Insured under 221(d)(4) of the National Housing Act and Regulations published thereunder

In effect on April 16, 1999

To the extent of advances approved by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner

By [signature]
(Authorized Agent)

Date May 27, 1999

A total sum of $ 15,891,000.00 has been approved for insurance hereunder by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner

By Robert A. Eisenberick
Director, Columbia
Multifamily Hub Center

Date 7/21/01

Reference is made to the Act and to the Regulations thereunder covering assignments of the insurance protection on this note.

76497-P Rev.5/70 HUD-Wash., D.C.

PAY TO THE ORDER OF:

without recourse.

MALONE MORTGAGE COMPANY AMERICA, LTD.,
By: MALONE MORTGAGE COMPANY, General Partner

By: Bernard P. Malone
Bernard P. Malone, President

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EXHIBIT "A"

RIDER TO MORTGAGE NOTE

Project No. 054-35605
Project Name: LEGENDS AT MOUNT PLEASANT
MOUNT PLEASANT, SOUTH CAROLINA

In the event any item, terms or provisions contained in this instrument are in conflict with the laws of the State of South Carolina, this instrument shall be affected only as to its application to such item, items, terms or provisions, and shall in all other respects remain in full force and effect. It is understood and agreed that in no event and upon no contingency shall the maker or makers of this Note, or any party liable thereon or therefor, be required to pay interest in excess of the rate allowed by the laws of the State of South Carolina. The intention of the parties is to conform strictly to the Usury Laws as now or hereafter construed by the courts having jurisdiction, and reference is here made to the Mortgage securing the payment of this Note which relates to the reduction of interest if from any circumstances whatsoever fulfillment of this note or any instrument securing its payment shall involve transcending the limits of validity prescribed by the usury statutes or any other law.

The indebtedness evidenced by this Note may not in any event, be prepaid in whole or in part prior to March 1, 2006. On or after March 1, 2006, Maker shall have the right to prepay in whole or in part, which prepayment may be made on the last day of any month upon 30 days prior written notice to the holder of this Note; provided, however, that for prepayments made within indicated times the following penalties shall be paid on the amounts prepaid:

(i) prepayment, in whole or in part, between 03/01/2006-02/28/2007 - 5%

(ii) prepayment, in whole or in part, between 03/01/2007-02/29/2008 - 4%

(iii) prepayment, in whole or in part, between 03/01/2008-02/28/2009 - 3%

(iv) prepayment, in whole or in part, between 03/01/2009-02/28/2010 - 2%

(v) prepayment, in whole or in part, between 03/01/2010-02/28/2011 - 1%

thereafter, no penalty will be charged for prepayment, in whole or in part.

Notwithstanding any prepayment prohibition imposed and/or penalty required by this Note with respect to prepayments made prior to March 1, 2010, the indebtedness may be prepaid in part or in full without the consent of the mortgagee and without prepayment penalty if HUD determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interest of the Federal Government.

The Maker will pay a late charge applicable to any payment due hereunder that is more than 15 days in arrears in an amount equal to 2 cents for each dollar of the payment to interest and to principal that are in arrears, to cover the expense in handling delinquent payments.

Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the Mortgagor hereof for payment of the indebtedness evidenced hereby and in the event of a default, the Mortgagee under this Note shall look solely to the property described in the Mortgage and to the rents, issues and profits thereof in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the Mortgagor except such judgment or decree as may be necessary to foreclose and bar its interest in the property and all other property mortgaged, pledged, conveyed or assigned to secure payment of this Note except as set out in the Mortgage of even date given to secure this indebtedness.

KEYSTONE LEGENDS I, L. P.,
By: KEYSTONE LEGENDS, INC., General Partner

By: Ronald W. Follmann
Ronald W. Follmann, President

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# MORTGAGE

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FHA FORM NO. 4175.1
CORPORATE
(Revised January 1977)

BK J 327PG015

# MORTGAGE

STATE OF SOUTH CAROLINA, }
COUNTY OF CHARLESTON } ss:

TO ALL WHOM THESE PRESENTS MAY CONCERN:
KEYSTONE LEGENDS I, L. P., a limited partnership ~~a corporation~~

organized and existing under the laws of South Carolina
having its principal place of business at Mount Pleasant, South Carolina
(hereinafter with its successors and assigns called the Mortgagor) sends Greetings:

WHEREAS, the Mortgagor is well and truly indebted unto MALONE MORTGAGE COMPANY AMERICA, LTD., a

limited partnership ~~a corporation~~ organized and existing under the laws of Texas, having its principal place of business at Dallas, Texas hereinafter with its successors and assigns called the Mortgagee), in the sum of FIFTEEN MILLION EIGHT HUNDRED NINETY-ONE THOUSAND NINE HUNDRED ($15,891,900.00) as evidenced by Mortgagor's Note of even date herewith bearing interest from date on outstanding balances at seven and one tenth per cent (7.10%) per annum, said principal and interest being payable in monthly installments as provided in said Note with a final maturity of 2/2041, which Note is identified as being secured hereby by a certificate thereon. Said Note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

seven and thirty-five hundredths (7.35%) during construction (6/99 - 2/2001)

Mortgagor desires to secure payment of the sums and also to secure the performance of all covenants and agreements herein contained, and in a building loan agreement between the Mortgagor and the Mortgagee hereinafter mentioned;

NOW, KNOW ALL MEN, that the Mortgagor, in consideration of the aforesaid debt and for better securing the payment thereof to the Mortgagee, and also in consideration of the further sum of Ten Dollars ($10) to the Mortgagor in hand well and truly paid by the Mortgagee at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold, and released, and by these presents does grant, bargain, sell, and release unto the Mortgagee, its successors and assigns, the following-described real estate situated in the Town of Mount Pleasant, County of Charleston, State of South Carolina:

SEE ATTACHED EXHIBIT "A"
(INCORPORATED HEREIN BY REFERENCE)

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TOGETHER WITH all buildings and improvements thereon and all and singular the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining, and including all after-acquired title, franchise, licenses, or easements; and together with all right, title and interest of the Mortgagor from time to time in and to all heating, lighting, plumbing, cooking, incinerating, ventilating, air-conditioning, laundry and refrigerating equipment; all elevators and motors, cable, engines and machinery, sprinkler systems; and storm and screen doors, screens, awnings, window shades, and floor coverings; and all other property now or hereafter owned by Mortgagor, or any successor in title, and attached to or used in connection with the real estate hereinabove described; and together with all building materials and equipment located on the premises and intended to be incorporated in the buildings or other improvements; AND ALSO all furnishings and articles of personal property now or hereafter attached to or in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all goods, chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be, attached to said building or buildings in any manner.

It is hereby mutually agreed between the parties hereto that all the foregoing property shall to the extent permitted by law be deemed to be affixed to the real property.

TO HAVE AND TO HOLD, all and singular the said premises unto the Mortgagee, its successors and assigns forever.

THE MORTGAGOR HEREBY COVENANTS AND AGREES WITH THE MORTGAGEE:

1. That it is lawfully seized of the premises hereinabove described in fee simple absolute, that it has good right and lawful authority to sell, convey, or encumber the same, and that the premises are free and clear of all liens and encumbrances whatsoever. The Mortgagor further covenants to warrant and forever defend all and singular the premises unto the Mortgagee, from and against the Mortgagor and all persons whomsoever lawfully claiming the same or any part thereof.

2. That Mortgagor will pay the Note at the times and in the manner provided therein;

3. That Mortgagor will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;

4. That the Regulatory Agreement, if any, executed by the Mortgagor and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, which is being executed simultaneously herewith, is incorporated in and made a part of this mortgage. Upon default under the Regulatory Agreement and upon the request of the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, the Mortgagee, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;

5. That all rents, profits and income from the property covered by this mortgage are hereby assigned to the Mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;

6. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;

7. That at the option of the Mortgagor the principal balance secured hereby may be reamortized on terms acceptable to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, if a partial prepayment results from an award in condemnation in accordance with provisions of Paragraph 9 herein, or from an insurance payment made in accordance with provisions of Paragraph 8 herein, where there is a resulting loss of project income;

8. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner upon the insurance of the mortgage and other hazards as may be required from time to time by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance Policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than 80% of the Insurable Value or not less than the unpaid balance of the insured mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee clause with loss payable to the Mortgagee and the Secretary of Housing and Urban Development as interest may appear, and shall be deposited with the Mortgagee;

That if the premises covered hereby, or any part thereof, shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company in pursuance of the contract of insurance to the extent of the indebtedness then remaining unpaid, shall be paid to the Mortgagee, and, at its option, may be applied to the debt or released for repairing or rebuilding of the premises;

9. That all awards of damages in connection with any condemnation for public use of or injury to any of said property, shall be paid to the mortgagee to be applied to the amount due under the Note secured hereby in (1) amounts equal to the next maturing installment or installments of principal and (2) with any balance to be credited to the next payment due under the Note. No amount applied to the reduction of the principal amount due in accordance with (1) shall be considered an option prepayment as the term is used in this Mortgage and the Note secured hereby, nor relieve the mortgagor from making regular monthly payments commencing on the first month following the date of receipt of the awards. The holder of the Note is hereby authorized in the name of the mortgagor to execute and deliver valid acquittances for such awards and to appeal from such awards;

10. That in order more fully to protect the security of this Mortgage, the Mortgagor will pay to the Mortgagee in addition to the monthly payments of interest or of principal and interest under the terms of the Note secured hereby and concurrently therewith monthly on the first day of each month after the date hereof and continuing until the said Note is fully paid the following sums:

(a) An amount sufficient to provide the Mortgagee with funds to pay the next mortgage insurance premium if this instrument and the Note secured hereby are insured, or a monthly service charge, if they are held by the Secretary of Housing and Urban Development, as follows:

(I) If and so long as said Note of even date and this instrument are insured or are reinsured under the provisions of the National Housing Act, an amount sufficient to accumulate in the hands of the Mortgagee one month prior to the due date the annual mortgage insurance premium, in order to provide such Mortgagee with funds to pay such premium to the Secretary of Housing and Urban Development pursuant to the National Housing Act, as amended, and applicable Regulations thereunder, or

(II) If and so long as said Note of even date and this instrument are held by the Secretary of Housing and Urban Development, a monthly service charge in an amount equal to 1/12 of 1/2 % of the average outstanding principal balance due on the Note computed for each successive year beginning with the first day of the month following the date of this instrument, if the Secretary of Housing and Urban Development is the mortgagee (beneficiary) named herein, or the first day of the month following assignment, if the Note and this instrument are assigned to the Secretary of Housing and Urban Development, without taking into account delinquencies or prepayment;

(b) A sum equal to the ground rents, if any, next due, plus the premiums that will next become due and payable on policies of fire and other property insurance covering the premises covered hereby, plus water rates, taxes and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such ground rents, premiums, water rates, taxes and assessments will become delinquent, such sums to be held by Mortgagee in trust to pay said ground rents, premiums, water rates, taxes, and special assessments;

(c) All payments mentioned in the two preceding subsections of this paragraph and all payments to be made under the Note secured hereby shall be added together and the aggregate amount thereof shall be paid each month in a single payment to be applied by Mortgagee to the following items in the order set forth:

(I) premium charges under the Contract of Insurance with the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner or service charge;

(II) ground rents, taxes, special assessments, water rates, fire and other property insurance premiums;

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(III) interest on the Note secured hereby;

(IV) amortization of the principal of said Note;

11. In the event the Mortgagor fails to pay sums provided for in this Mortgage, the Mortgagee, at its option, may pay the same. Any excess funds accumulated under *(b)* of the preceding paragraph remaining after payment of the item therein mentioned, shall be credited to subsequent monthly payments of the same nature required thereunder; but if any such item shall exceed the estimate therefor, or if the Mortgagor shall fail to pay any other governmental or municipal charge, the Mortgagor shall forthwith make good the deficiency or pay the charge before the same become delinquent or subject to interest or penalties and in default thereof the Mortgagee may pay the same.

All sums paid by the Mortgagee and any sums which the Mortgagee may be required to advance to pay mortgage insurance premiums shall be added to the principal of the debt secured hereby and shall bear interest from the date of payment at the rate specified in the Note and shall be due and payable on demand. In case of termination of the Contract of Mortgage Insurance by prepayment of the Mortgage in full, or otherwise (except as hereinafter provided), accumulations under *(b)* of the preceding paragraph hereof not required to meet payments due under the Contract of Mortgage Insurance, shall be credited to the Mortgagor. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under *(b)* of the preceding paragraph shall be credited to the principal of the Mortgage as of the date of the commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and accumulations under *(a)* thereof shall be likewise credited unless required to pay amounts due Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner under the Contract of Mortgage Insurance;

12. That the Mortgagor will pay all ground rents, if any, taxes, assessments, water rates, and other governmental or municipal charges or impositions to the extent provision therefor has not been made by monthly payments as hereinbefore provided before the same become delinquent or subject to interest or penalties, and in default thereof the Mortgagee may pay the same. All such sums so paid by the Mortgagee plus any sums which the Mortgagee has advanced to pay mortgage insurance premiums or fire and other hazard insurance premiums not provided for by monthly payments hereunder shall be added to the principal of this Mortgage, shall bear interest at the rate specified in the Note from the date of the advance and shall be due and payable to the Mortgagee upon demand;

13. That if the Mortgagee is made or becomes a party to any suit or action, by reason of this Mortgage or the indebtedness hereby secured, the Mortgagor will pay all expenses incurred by the Mortgagee therein, including a reasonable attorney's fee;

14. That if the Mortgagor shall assign or attempt to assign the rents, issues, or profits or any part thereof of the premises mortgaged hereby without the written consent of the Mortgagee, or in case of the actual or threatened demolition or removal of any building on or to be erected upon said premises, then, at the option of the Mortgagee, the debt hereby secured shall immediately become due;

15. That if it default in any of the covenants or agreements contained herein, or in said Note, then the Mortgagee may perform the same, and all expenditures made by the Mortgagee in so doing shall draw interest at the rate specified in the Note, and shall be repayable by the Mortgagor to the Mortgagee, and, together with interest and costs accruing thereon, shall be secured by this Mortgage;

16. That the Mortgagor will not voluntarily create or permit to be created against the property subject to this Mortgage any lien or liens inferior or superior to the lien of this Mortgage and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises, and on the failure of the Mortgagor to perform these covenants, or any part thereof, thereupon the principal and all arrears of interest shall, at the option of the Mortgagee, or any holder of the Note secured by this Mortgage, become due and payable, anything contained herein to the contrary notwithstanding;

17. That the improvements about to be made upon the premises above described and all plans and specifications comply with all municipal ordinances and regulations made or promulgated by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the fire rating or inspection organizations, bureau, association or office which are now or may hereafter become applicable to the premises above described;

18. That Mortgagor will not commit, permit, or suffer waste, impairment, or deterioration of said property or any part thereof, and in the event of the failure of the Mortgagor to keep the buildings on said premises and those to be erected on said premises, or improvements thereon, in good repair, the Mortgagee may make such repair as in its discretion it may deem necessary for the proper preservation thereof; and any sums paid for such repair shall bear interest from the date of payment at the rate specified in the Note, shall be due and payable on demand and shall be fully secured by this Mortgage;

19. That so long as this Mortgage and the said Note secured hereby are insured or held under the provisions of the National Housing Act, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color or creed, sex, age, familial status or handicap;

20. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a building loan agreement between the Mortgagor and Mortgagee, dated May 27, 1999, which building loan agreement (except such part or parts thereof as may be inconsistent herewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this Mortgage; and if the construction of the improvements to be made pursuant to said building loan agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon the said premises, employ watchmen to protect such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of advances of the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this Mortgage and shall be due and payable on demand with interest at the rate specified in the Note, but no such advances shall be insured unless same are specifically approved by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner prior to the making thereof. The principal sum and all other charges provided for herein shall, at the option of the Mortgagee or holder of this mortgage and the Note secured hereby, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said building loan agreement. This covenant shall be terminated upon the completion of the improvements to the satisfaction of the Mortgagee and the making of the final advance as provided in said building loan agreement;

21. That in the event of default in making any monthly payment provided for herein or in the Note secured hereby, and if such default is not made good prior to the due date of the next such installment or in the event of a breach of any other stipulation, agreement, condition and covenant to the Mortgagor, then in any such event, the whole principal sum of said Note shall, at the option of the Mortgagee, be deemed to have become immediately due, and the same with interest thereon and with all other costs and charges, shall thereupon be collectible by foreclosure of this Mortgage, and any failure to exercise said option shall not constitute a waiver of the right to exercise the same at any other time;

22. That the rights and remedies provided for herein shall be held to be in addition to and not in limitation of those provided by law;

23. It is agreed that the Mortgagor shall hold and enjoy the premises above conveyed until there is a default under this mortgage or in the Note secured hereby. It is the true meaning of this instrument that if the Mortgagor shall fully perform all the terms, conditions, covenants of this Mortgage, and of the Note secured hereby, that then this Mortgage shall be utterly null and void; otherwise to remain in full force and virtue. If there is a default in any of the terms, conditions, or covenants of this Mortgage, or of the Note secured hereby, this Mortgage may be foreclosed. The Mortgagor waives the Benefit of any appraisement laws of the State of South Carolina. Should any legal proceedings be instituted for the foreclosure of this Mortgage, or should the Mortgagee become a party to any suit involving this Mortgage or the title to the premises described herein, or should the debt secured hereby or any part thereof be placed in the hands of any attorney at law for collection by suit or otherwise, all costs and expenses (including continuation of abstract) incurred by the Mortgagee, and a reasonable attorney's fee, shall thereupon become due and payable immediately or on demand, at the option of the Mortgagee, as a part of the debt secured hereby, and may be recovered and collected hereunder;

24. In case of the foreclosure and sale of the mortgaged premises, said premises may be sold in one parcel. If the proceeds of the sale should be insufficient to pay all costs and expenses of the sale, attorney's fees and all charges, and the principal and interest on the debt secured hereby, including any and all advances made hereunder by or for the account of the Mortgagee, the Mortgagee shall be entitled to a judgement for the deficiency.

OPO 814-832

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25. This Mortgage has been executed by authority of the Board of Directors of the Mortgagor and with the consent of the holder of not less than two-thirds of the outstanding shares of its capital stock entitled to vote thereon;

26. That no waiver of any covenant herein or of the Note secured hereby shall at any time thereafter be held to be a waiver of the terms hereof or of the Note secured hereby;

27. This Mortgage and every covenant and agreement therein contained shall be binding upon and inure to the benefit of the Mortgagor and the Mortgagee and their respective successors and assigns, and to the extent permitted by law shall bind every subsequent owner of the mortgaged premises.

28 & 29. See attached Rider to Mortgage attached hereto as Exhibit "B" incorporated herein by reference

Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the Mortgagor has caused this instrument to be duly executed in its behalf by its President, attested by its Secretary, and its corporate seal to be affixed hereto the day of May 27, 1999.

KEYSTONE LEGENDS I, L. P.,
By: KEYSTONE LEGENDS, INC., General Partner

By: Ronald W. Follmann, President.

Signed, sealed, and delivered in the presence of—

Witness.

ATTEST: [CORPORATE SEAL]

Marilyn J. Follmann, Secretary.

STATE OF SOUTH CAROLINA )
COUNTY OF CHARLESTON )

Personally appeared before me who, being duly sworn, says that he saw the corporate seal of the KEYSTONE LEGENDS I., L. P., a South Carolina Limited partnership affixed to the foregoing instrument and that he also saw Ronald W. Follmann, President, and Marilyn J. Follmann, Secretary of said limited partnership, sign and attest the same and that he, with witnessed the execution and delivery thereof as the act and deed of the said limited partnership.

May

Sworn to before me this 27th day of May, 1999.

Notary Public for the State of South Carolina.

My Commission Expires July 13, 2008

STATE OF SOUTH CAROLINA

LOAN NO. 054-35605

Mortgage

KEYSTONE LEGENDS I, L. P.

TO

JOENIE PARDUE, TRUSTEE
FOR THE BENEFIT OF
MALONE MORTGAGE COMPANY AMERICA, LTD.

Received and properly indexed in and recorded in Book Page this day of , 19 , County, S. C.

Clerk.

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Exhibit "A"

Tract B

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Tract B on a survey by Thomas & Hutton Engineering Co., dated May 5, 1998, as revised May 26, 1999, recorded in Plat Book EO, page 197 Charleston County RMC as follows:

Beginning at the intersection of the northerly right of way of National Drive and the easterly right of way of U.S. Highway 17 North, said intersection being the True Point of Beginning, thence running along the easterly right of way of U.S. Highway 17 North N55-43-28 E for 338.58 feet to a concrete monument old:

Thence continuing along the easterly right of way of U.S. Highway 17 North, along a line with a course of N 55-55-31 E for 1320.80 feet to an iron old;

Thence along a line with a course of S 33-22-45 E for 221.20 feet to an iron old;

Thence along a line with a course of N 55-52-12 E for 345.97 feet to an iron old;

Thence along a line with a course of S 26-42-40 E for 328.01 feet to an iron new;

Thence along a line with a course of S 55-26-59 W for 1,856.01 feet to an iron new;

Thence along a line with a course of N 34-33-02 W for 180.00 feet to an iron new;

Thence along a line having a course of S 54-53-23 W for 141.95 feet to an iron new set in the northerly right of way of National Drive;

Thence continuing along the northerly right of way of National Drive, along a line with a course of N 21-16-14 W for 114.55 feet to an iron new;

Thence continuing along the northerly right of way of National Drive, along a curve to the left, having a length of 132.26 feet, a radius of 575.00 feet, and a chord of N 27-51-42 W for 131.97 feet to an iron new;

Thence continuing along the northerly right of way of National Drive N 34-27-04 W a distance of 140.05 feet to the True Point of Beginning.



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Together With:

Access Parcel (Fee Simple)

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Access Parcel on a survey by Thomas & Hutton Engineering Co., dated May 5, 1998, as revised May 26, 1999, recorded in Plat Book EO, page 117 Charleston County RMC as follows:

Commencing at the intersection of the southerly right of way of Old Course Lane and the easterly right of way of U.S. Highway 17 North, thence running along the southerly right of way of Old Course Lane along a line having a course of S 33-23-15 E for 213.49 feet to an iron new being the True Point of Beginning for the Access Parcel;

Thence continuing along the right of way of Old Course Lane S 33-23-15 E a distance of 24.89 feet to an old iron pin;

Thence along a curve to the left having a radius of 350.00 feet, a length of 30.23 feet and a chord of S 35-51-44 E for 30.22 feet to an iron new;

Thence along a curve to the right having a radius of 73.63 feet, a length of 7.15 feet and a chord of S 19-45-52 W for 7.14 feet to an iron new;

Thence along a curve to the right having a radius of 125.00 feet, a length of 34.90 feet, and a chord of S 25-11-00 W for 34.79 feet to an iron new;

Thence along a line with a course of N 26-42-55 W for 64.33 feet to an iron new;

Thence along a curve to the right having a radius of 123.63 feet, a length of 29.97 feet, and a chord of N 29-32-12 E for 29.89 feet to the True Point of Beginning.

Said parcel containing 0.04 acres based on the survey.

Together With:

Easement Areas

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Access Easement on a survey by Thomas & Hutton Engineering Co., dated May 5, 1998, as revised May 26, 1999, recorded in Plat Book EO, page 117 Charleston County RMC as follows:

Commencing at the intersection of the southerly right of way of Old Course Lane and the easterly right of way of U.S. Highway 17 North, thence running along the southerly right of way of Old Course Lane along a line having a course of S 33-23-15 E for 213.49 feet to an iron new;



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Thence along a curve to the left having a radius of 123.63 feet, a length of 29.97 feet, and a chord of S 29-32-12 W for 29.89 feet to the True Point of Beginning.

Thence southerly along a line with a course S 26 degrees 42 minutes 55 seconds East a distance of 64.33 feet to an iron new;

Thence along a curve to the right with a radius of 125.00 feet, a length of 32.69 feet, and a chord of S 40-40-27 W for 32.60 feet to an iron new;

Thence northerly along a line with a course N 26 degrees 42 minutes 40 seconds W a distance of 53.13 feet to an iron new;

Thence easterly along a curve to the left with a radius of 75.00 feet, a length of 26.58 feet, and a chord of N 27-21-41 E for 26.45 feet to an iron new;

Thence along a curve to the right with a radius of 123.63 feet, a length of 12.04 feet, and a chord of N 19-48-09 E for 12.03 feet to the Point of Beginning. Said easement containing 0.04 acres.

This being the same property as purchased by the Mortgagor by Deed recorded at Book E-306, Page 43 dated May 7, 1998 from Stackpole Limited Partnership in the RMC Office for Charleston County, South Carolina.



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EXHIBIT "B"

RIDER TO MORTGAGE

Project No. 054-35605
Project Name: LEGENDS AT MOUNT PLEASANT
Mount Pleasant, South Carolina

28. The Regulatory Agreement of even date herewith entered into between the Mortgagors (Grantors) herein and the Secretary of Housing & Urban Development which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement and upon request by the Secretary, the Mortgagee, at its option, may declare this Mortgage in default and may declare the whole of the indebtedness secured hereby to be due and payable.

29. The covenant of the Maker to pay principal and interest is included in the note secured hereby for the purpose of establishing and continuing the existence of the indebtedness. However, it is a condition of said covenant and those contained herein that in the event of a default under the terms hereof, the holder shall take no action against the Maker except such as may be necessary to subject to the satisfaction of the indebtedness the property described herein and any chattels appurtenant to the use thereof; provided, that nothing in this condition and no action so taken shall operate to impair any obligation of the Maker under the Building Loan Agreement or the Regulatory Agreement.

KEYSTONE LEGENDS I, L. P., By: KEYSTONE LEGENDS, INC., General Partner

By: _____
Ronald W. Follmann, President

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# Regulatory Agreement for Multifamily Housing Projects

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

BK J 327PG023

Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits

| Number | | Mortgagee | |
|---|---|---|---|
| -35605 | | MALONE MORTGAGE COMPANY AMERICA, LTD. | |
| Amount of Mortgage Note | | Date | |
| $15,891,900.00 | | May 27, 1999 | |
| Mortgage Recorded State of South Carolina Book | County of Charleston Page | Date May 27, 1999 | Originally endorsed for Insurance under Section |

This Agreement entered into this 27th day of May, 1999
between KEYSTONE LEGENDS I, L. P., a South Carolina limited partnership
whose address is 1251 National Drive, Suite 100, Mount Pleasant, SC 29464

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgage property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.

2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to $ 4,403.17 per month unless a different date or amount is approved in writing by the Secretary.

   Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

   (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.

3. Real property covered by the mortgage and this agreement is described in Schedule A attached hereto.

(This paragraph 4 is not applicable to cases insured under Section 232.)

4. (a) Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.

   (b) Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.

   (c) For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:



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(i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;

(ii) Deny the increase stating the reasons therefor.

5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.

(b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:

(1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;

(2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over nonpreferred applicants in their placement on a waiting list to be maintained by the Owners; and

(3) Through such further provisions agreed to in writing by the parties.

(c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.

(d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.

6. Owners shall not without the prior written approval of the Secretary:

(a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.

(b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs.

(c) Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property.

(d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.

(e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:

(1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;

(2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;

(3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and

(4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.

(f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.

(g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.

(h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.

7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.

8. Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.

9. (a) Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.

(b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.

(c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his



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duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents.

(d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.

(e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary.

(f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property ad the status of the insured mortgage.

(g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds i the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.

(h) If the mortgage is insured under Section 232:

(1) The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.

(2) The Owners shall suitably equip the project for nursing home operations.

(3) The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.

(i) If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as housing for the elderly.

10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).

11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:

(a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage;

(ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the not and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;

(b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project.

(c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.

(d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the



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mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, ofits, income, and charges, but upon default this permission is minated as to all rents due or collected thereafter.

13. As used in this Agreement the term:

(a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;

(b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;

(c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;

(d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;

(e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing and other activities as are incidental thereto;

(f) "Surplus Cash" means any cash remaining after:

(1) the payment of:

(i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;

(ii) All amounts required to be deposited in the reserve fund for replacements;

(iii) All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Secretary; and

(2) the segregation of:

(i) An amount equal to the aggregate of all special funds required to be maintained by the project; and

(ii) All tenant security deposits held.

(g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(c) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.

(h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;

(i) "Section" refers to a Section of the National Housing Act, as amended.

(j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.

(k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.

15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

16. The invalidity of any clause, part or provisions of this Agreement shall not affect the validity or the remaining portions thereof.

17. The following Owners: KEYSTONE LEGENDS I, L. P.; KEYSTONE LEGENDS, INC. Do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control, provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

(a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and

(b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

(To be executed with formalities for recording a deed to real estate.)

SEE ATTACHED SIGNATURE PAGE
(INCORPORATED HEREIN BY REFERENCE)



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SIGNATURE PAGE TO BE ATTACHED
TO
REGULATORY AGREEMENT

IN WITNESS WHEREOF, the parties hereto have set their hands on the date first hereinabove written.

Mary M. Hull (Witness)
Dorothy A. Lyons (Witness)

KEYSTONE LEGENDS I, L. P.
By: KEYSTONE LEGENDS, INC., General Partner

By: _____
Ronald W. Follmann, President

Elisa Large (Witness)
Laura A Evatt (Witness)

SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
By: FEDERAL HOUSING COMMISSIONER

By: Elizabeth W. Hiller
Authorized Agent

STATE OF SOUTH CAROLINA )
) ss.
COUNTY OF CHARLESTON )

PERSONALLY appeared before me the undersigned witness, who, on oath says s/he saw the within named KEYSTONE LEGENDS I, L. P., By KEYSTONE LEGENDS, INC., its General Partner, by its appropriate officer, sign and seal the within written instrument, and as its act and deed deliver the same, and that s/he with the other witness, whose signature appears above, witnessed the execution thereof.

Mary M. Hull
Witness

Dorothy A. Lyons
Notary Public in and for the State of South Carolina

My Commission Expires July 13, 2008

STATE OF SOUTH CAROLINA )
) ss.
COUNTY OF RICHLAND )

PERSONALLY appeared before me the undersigned witness, who, on oath says s/he saw the within named SECRETARY OF HOUSING AND URBAN DEVELOPMENT, By FEDERAL HOUSING COMMISSIONER, by its appropriate officer, sign and seal the within written instrument, and as its act and deed deliver the same, and that s/he with the other witness, whose signature appears above, witnessed the execution thereof.

Elisa Large
Witness

Laura A Evatt
Notary Public in and for the State of South Carolina
My Commission expires 11-09-08



VA-22

BK J 327PG028

Nexsen Pruet Jacobs Pollard & Robinson
POST OFFICE BOX 486
CHARLESTON, SOUTH CAROLINA 29402

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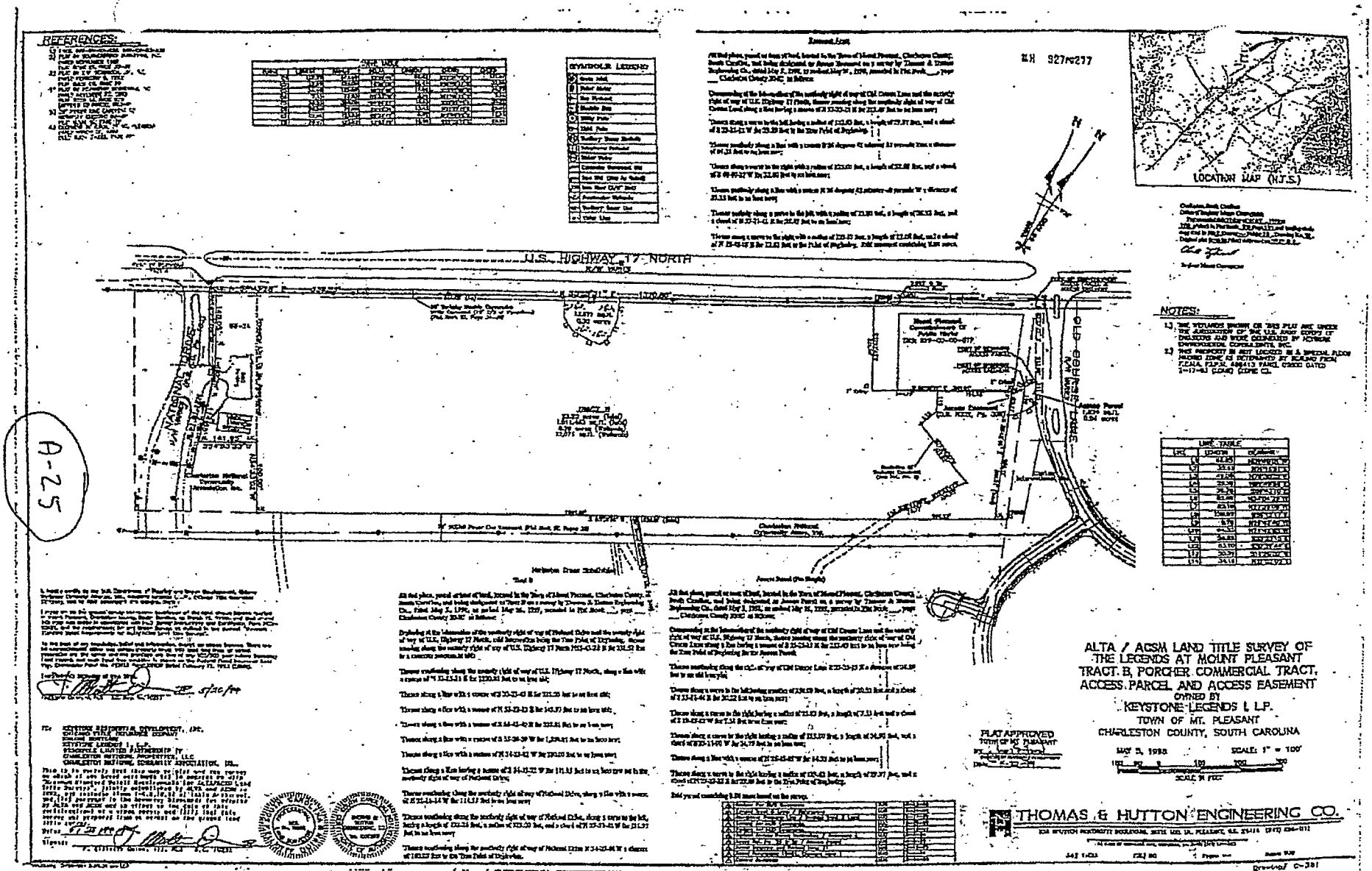
CHARLIE LYBRAND
REGISTER
CHARLESTON COUNTY SC

A-23

**PLAT**

A-24


REFERENCES:
U.S. HIGHWAY 17 NORTH
LOCATION MAP (N.T.S.)
NOTES:
SYMBOLS & LEGEND
LINE TABLE
CURVE TABLE
A-25
ALTA / ACSM LAND TITLE SURVEY OF
THE LEGENDS AT MOUNT PLEASANT
TRACT. B, PORCHER COMMERCIAL TRACT,
ACCESS PARCEL AND ACCESS EASEMENT
OWNED BY
KEYSTONE LEGENDS I, L.P.
TOWN OF MT. PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
MAY 5, 1998
SCALE: 1" = 100'
PLAT APPROVED
THOMAS & HUTTON ENGINEERING CO.

0465

BD 581PG121

STATE OF SOUTH CAROLINA )
) MASTER DEED FOR THE LEGENDS
COUNTY OF CHARLESTON ) HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is made on the date set forth below by LMP PROPERTIES, INC, a South Carolina Corporation (hereinafter referred to as "Declarant")

WITNESSETH

WHEREAS, Declarant is the owner of the real property which is located in Charleston County, South Carolina and is described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property"),

WHEREAS, Declarant desires to subject the Property, including the improvements thereof, to the provisions of this Master Deed and to the South Carolina Horizontal Property Regime Act (the "Act"), and

NOW, THEREFORE, Declarant hereby declares that the Property, including the improvements located thereon, is hereby submitted and made subject to the form of ownership set forth in the Act, and is hereby subjected to the provision of this Master Deed By virtue of the recording of this Master Deed, the Property shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the provisions of the Act and the covenants, conditions, restrictions, easements, assessments, and liens set forth in this Master Deed, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the Property subject to this Master Deed and shall be binding on all Persons having any right, title or interest in all or any portion of the real property subject to this Master Deed, their respective heirs, legal representatives, successors, successors-in-title and assigns, and shall be for the benefit of all owners of the property subject to this Master Deed

1 NAME

The name of the horizontal property regime is The Legends Horizontal Property Regime (hereinafter sometimes called "The Legends" or the "Regime," as further defined herein), which horizontal property regime is hereby submitted by Declarant to the provisions of §27-31-10, *et seq* of the South Carolina Code of Laws, 1976, as amended (the "Act")

2 DEFINITIONS

Generally, terms used in this Master Deed, the Bylaws, and the Articles of Incorporation shall have their normal, generally accepted meanings given in the Act or the South Carolina Nonprofit Corporation Act of 1994 Unless the context otherwise requires, certain terms used in this Master Deed, the Bylaws and the Articles of Incorporation shall be defined as follows

(a) Act or South Carolina Horizontal Property Act shall mean the provisions of §27-31-10, *et seq* of the South Carolina Code of Laws, 1976, as such Act may be amended from time to time

(b) Architectural Control Committee or ACC shall mean the committee established



RESPONDENT'S EXHIBIT 8
PENGAD 800-631-6989

# Charleston County
# Register Mesne Conveyance
## Charlie Lybrand, RMC

2 Courthouse Square
Rm. 201
P.O. Box 726
Charleston, SC 29402

Telephone Number
(843) 958-4800
Fax Number
(843) 958-4803

## Certificate Of Misnumbered Page

This is to certify that page BK D 581 PG 122 of this volume was misnumbered at the time of Microfilming.

Date June 22, 2006

to exercise the architectural review powers set forth in Paragraph 13 hereof, which shall be the Board of Directors of the Association unless by resolution the Board appoints a separate Architectural Control Committee

(c) Area of Common Responsibility shall mean and refer to the Common Elements, together with those areas, if any, which by the terms of this Master Deed or by contract or agreement with any other Person or entity, become the responsibility of the Association

(d) Articles or Articles of Incorporation shall mean the Articles of Incorporation of The Legends Property Owners Association, Inc., which have been filed with the Secretary of State of the State of South Carolina

(e) Association shall mean The Legends Property Owners Association, Inc., a South Carolina nonprofit corporation, its successors or assigns

(f) Board or Board of Directors shall mean the board of directors of the Association, which shall be the body responsible for management and operation of the Association

(g) Bylaws shall mean the Bylaws of The Legends Property Owners Association, Inc , attached to this Master Deed as Exhibit "E" and incorporated herein by this reference

(h) Common Elements shall mean and refer to the aggregate of all General Common Elements and all Limited Common Elements which otherwise shall include all portions of the Regime which are not designated as Units or parts of Units

(i) Common Expenses shall mean the expenses incurred or anticipated to be incurred by the Association for the general benefit of the Regime including, but not limited to, those expenses incurred for maintaining, repairing, replacing, and operating the Common Elements, and as required under the Master Deed

(j) Declarant shall mean LMP Properties, Inc., a South Carolina corporation, its respective successors and assigns and any other Person, provided that such successors and/or assignee are designated in writing by Declarant as its successor and/or assign of the rights of Declarant set forth herein The expiration of Declarant's right to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws shall not terminate or alter the status of the above referenced entity and its successor and/or assign, as Declarant hereunder or divest it of other rights specifically reserved to Declarant herein

(k) Declarant's Easement Area shall mean that certain area, as shown on the Plans, that Declarant has the right to use exclusively for any purpose it deems appropriate as set forth in subparagraph 21(g)

(l) Domestic Partner shall mean any adult who cohabitates with an Owner and who has been designated as the Owner's Domestic Partner in a written statement, signed by the Owner and filed with the Association's Secretary A Person shall no longer be a Domestic Partner upon the Secretary's receipt of a written termination notice, signed by either the Owner or the Domestic Partner

(m) Electronic Document shall mean information created, transmitted, received or stored by electronic means and retrievable in human perceivable form including, without limitation, e-mail, web pages, electronic documents, and facsimile transmissions

(n) Electronic Signature shall mean a signature created, transmitted, received or stored by electronic means and includes, but is not limited to, a Secure Electronic Signature

(o) Eligible Mortgage Holder shall mean those holders of first Mortgages secured by Units in the Regime who have requested notice of certain items as set forth in this Master Deed

(p) General Common Elements shall mean those Common Elements set forth in Paragraph 5

(q) Limited Common Elements shall mean a portion of the Common Elements reserved for the exclusive use of those Persons entitled to occupy one (1) or more, but less than all, Units, as more particularly set forth in this Master Deed

(r) Majority shall mean fifty-one percent (51 %) or more of the basic value of the Regime, in accordance with the percentages set forth on Exhibit "B"

(s) Mortgage shall refer to any mortgage, deed to secure debt, deed of trust, or other transfer or conveyance for the purpose of securing the performance of an obligation including, but not limited to, a transfer or conveyance of fee title for such purpose

(t) Mortgagee or Mortgage Holder shall mean the holder of any Mortgage

(u) Occupant shall mean any Person staying overnight in a Unit for a total of more than thirty (30) days, either consecutive or nonconsecutive, in any calendar year, regardless of whether such Person is a tenant or the Owner of such Unit

(v) Owner shall mean the record titleholder of a Unit within the Regime, but shall not include a Person who is only a Mortgage Holder

(w) Person shall mean any individual, corporation, firm, association, partnership, trust, or other legal entity

(x) Plans shall mean the plot plan showing the location of the buildings in existence and other improvements on the Regime, and the floor plans showing the dimensions, area, and location of each Unit, the Common Elements that afford access to each Unit, and the other Common Elements for The Legends Horizontal Property Regime, attached hereto as Exhibit "D"

(y) Regime shall mean all that property described in Exhibit "A" attached hereto and incorporated herein by this reference, submitted to the provisions of the Act by this Master Deed

(z) Regime Instruments shall mean this Master Deed and all exhibits to this Master Deed, including the Bylaws of the Association, and the Survey and Plans, all as may be supplemented or amended from time to time

(aa) Secure Electronic Signature shall mean an electronic or digital method executed or adopted by a Person with the intent to be bound by or to authenticate a record, which is unique to the Person using it, is capable of verification, is under the sole control of the Person using it, and is linked to data in such a manner that if the data is changed, the electronic signature is invalidated

(bb) Survey shall mean the survey for The Legends Horizontal Property Regime attached hereto as Exhibit "C," showing the horizontal and vertical location of the buildings in existence and other improvements on the Regime

(cc) Total Association Vote shall mean all of the eligible votes attributed to members of the Association (including votes attributable to Declarant), and the consent of Declarant for so long as Declarant owns a Unit primarily for the purpose of sale

(dd) Unit shall mean that portion of the Regime intended for individual ownership and use as more particularly described in this Master Deed and shall include the undivided ownership in the Common Elements assigned to the Unit by this Master Deed

3 LOCATION, PROPERTY DESCRIPTION, PLATS AND PLANS

The Regime subject to this Master Deed and the Act is located in the Town of Mount Pleasant, Christ Church Parish, Charleston County, South Carolina, being more particularly described in Exhibit "A" attached to this Master Deed, which exhibit is specifically incorporated herein by this reference The Survey is attached hereto as Exhibit "C," and incorporated herein by this reference, and the Plans are attached hereto as Exhibit "D" and incorporated herein by this reference

So long as Declarant owns a Unit, Declarant reserves the right, but shall have no obligation, to make improvements and changes to all or part of the Common Elements and the Units owned by Declarant (other than changes to the location of Unit boundaries unless expressly permitted herein), including, without limitation, addition and realignment of parking spaces, addition and reconfiguration of storage spaces, renovation and installation of changes to utility systems and facilities, rearrangement and installation of security and refuse facilities, work relating to building exteriors, and extension of the drives and utility lines and pipes located on the Regime

4 UNITS AND BOUNDARIES

The Regime shall consist of thirteen (13) existing two-story buildings containing a total of two hundred (200) separate residential Units and one (1) commercial Unit located in the Club House, and Common Elements, some of which will be assigned as Limited Common Elements Each Unit consists of an apartment and its appurtenant percentage of undivided interest in the Common Elements Each Unit shall be conveyed as a separately designated and legally described freehold estate subject to the Act and the Regime Instruments The Units are depicted on the Survey and the Plans Each Unit includes that part of the structure, which lies within the following boundaries

(a) Vertical Boundaries The perimetrical or vertical boundaries of each Unit shall be the vertical planes formed by the outermost surface of the studs in the walls separating the

Unit from the wall of the Regime building, the walls separating the Unit from the hallway of the floor on which the Unit is located in the Regime building, and the common walls between the Units The vertical boundaries include the wallboard or other material comprising the wall of the Unit

(b) Horizontal Boundaries

(i) If the Unit is on the top floor of the building, the upper horizontal boundary of such Unit is the uppermost, unfinished, unexposed surface of the wallboard or other material comprising the ceiling of the Unit, with such material constituting part of the Unit The lower horizontal boundary of such Unit is the lowermost surface of the wood floor truss structure comprising the subflooring of the Unit, with the flooring and subflooring constituting part of the Unit

(ii) If the Unit is on the bottom floor of the building, the upper horizontal boundary of such Unit is the lowermost surface of the wood floor truss system with lightweight concrete comprising the subflooring of the Unit above, with the subflooring of the Unit above not constituting part of the Unit below The lower horizontal boundary of such Unit is the lowermost surface of the wood floor truss structure comprising the subflooring of the Unit, with the flooring and subflooring constituting part of the Unit

(c) Additional Information to Interpret Unit Boundaries Entry doors and exterior glass surfaces, including, but not limited to, windows and glass doors, serving the Unit shall be included within the boundaries of the Unit Heating and air conditioning systems serving a single Unit (including any part of any such system located outside the boundaries of the Unit), all duct work for heating and air conditioning systems and appliances and plumbing fixtures within a Unit shall be part of the Unit

If any chutes, flues, ducts, conduits, wires, pipes or other apparatus lies partially within and partially outside of the designated boundaries of the Unit, any portion thereof which serves only that Unit shall be deemed to be a part of that Unit, while any portions thereof which serve more than one (1) Unit or any portion of the Common Elements shall be deemed a part of the Common Elements, except that any chimney, fireplace flue, damper and chimney cap shall not be deemed part of a Unit, but shall be considered a Limited Common Element assigned to such Unit as set forth below

In interpreting deeds and Plans, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original Plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any deed or Floor Plan, regardless of settling or lateral movement of the building in which the Unit was located, and regardless of minor variance between the boundaries shown on the Plans or in a deed and those of the Unit

The ownership of each Unit shall include, and there shall pass with each Unit, whether or not separately described in the conveyance thereof, that percentage of the right, title and interest in the Common Elements attributable to such Unit, together with membership in the Association and an undivided interest in the funds and assets held by the Association

5 GENERAL COMMON ELEMENTS

The General Common Elements consist of all portions of the Regime not located within the boundaries of a Unit and include without limitation

(a) the land whether leased or in fee simple and whether or not submerged on which the Regime buildings stand,

(b) certain utility infrastructures, fences, entry feature and lighting for same, paving, the foundation, roofs, exterior walls of the buildings, crawl spaces, landscape areas, outside parking area and lighting for same, mail kiosks, stairs, hallways, maintenance shed and car wash,

(c) the compactor, swimming pool, fitness facility, business center, laundry room, and Club House (excluding the commercial Unit contained therein), and all other lighting in any Common Element of the Regime buildings, and in general, all devices or installations existing or to be constructed or installed for common use, and

(d) all other elements of the Regime, in existence or to be constructed or installed, rationally of common use or necessary to its existence, upkeep, and safety.

Ownership of the General Common Elements shall be by the Owners as tenants-in-common The percentage of undivided interest in and to the General Common Elements attributable to each Unit is set forth in Exhibit "B" attached hereto and incorporated herein by this reference Such percentages of undivided interest may be altered only by the consent of all Owners and Mortgagees (or such lesser number of Owners and Mortgagees as may hereafter be prescribed by the Act) expressed in a duly recorded amendment to this Master Deed

The General Common Elements shall remain undivided, and no Owner or any other Person shall bring any action for partition or division of the whole or any part thereof except as provided in the Act Except as provided for Limited Common Elements or as otherwise provided herein, each Owner and the Association may use the General Common Elements for the purposes for which they are intended, but no such use shall enter or encroach upon the lawful rights of the other Owners

6 LIMITED COMMON ELEMENTS

(a) The Limited Common Elements located on the Regime and the Unit(s) to which they are assigned are

(i) breezeways, hallways, corridors, and stairs serving more than one (1) but less than all Units, as shown on the Plans, are assigned as Limited Common Elements to the Units that they serve,

(ii) the portion of the Common Elements on which there is located any portion of the air conditioning or heating system exclusively serving a particular Unit or Units is assigned as a Limited Common Element to the Unit or Units so served,

(iii) any utility meter which serves only one (1) Unit is assigned as a Limited

Common Element to the Unit so served,

(iv) a Unit may be assigned one (1) or more garages, shown on the Plans as Limited Common Elements Garages may be initially assigned or reassigned by amendment to this Master Deed as provided in subparagraphs (b) and (c) below,

(v) a Unit may be assigned one (1) or more boat parking spaces, shown on the Plans as Limited Common Elements Boat parking spaces may be initially assigned or reassigned by amendment to this Master Deed as provided in subparagraphs (b) and (c) below,

(vi) any balcony attached to and serving only one (1) Unit is assigned as a Limited Common Element to the Unit to which it is attached and which it serves,

(vii) any chimney (including the flue, damper and chimney cap) adjoined and connected to a Unit or Units are assigned as Limited Common Elements to the Unit or Units to which they are adjoined and connected, and

(viii) each Unit is assigned one (1) mailbox or mail slot, to be initially assigned in the sole discretion of Declarant

(ix) The Commercial Unit located in the Clubhouse may be assigned one (1) or more parking spaces and signage rights on four (4) separate locations as shown on Exhibit D

(b) The Association's Board of Directors, without need for a membership vote, is hereby authorized to assign and to reassign Limited Common Elements and General Common Elements not previously assigned, provided that any such assignment or reassignment shall be made in accordance with the Act A General Common Element not previously assigned as a Limited Common Element may be so assigned and a Limited Common Element may be reassigned by the Board, without the need for a vote of the Association, upon written application to the Association by the Owner or Owners for whose exclusive use such General Common Element is requested or whose use of the Limited Common Element previously assigned is directly affected Upon such application, the Association shall prepare and execute an amendment to the Master Deed assigning the Common Element as a Limited Common Element or reassigning the Limited Common Element, which amendment shall be executed by the Owner or Owners making such application For so long as Developer owns a Unit primarily for the purpose of sale, an amendment to assign a Common Element, not previously assigned as a Limited Common Element shall be executed by the officers of the Association, if the request is made by Developer The Board has the right to approve or disapprove any such request made by any Person other than Developer

(c) For so long as Developer owns any Unit primarily for the purpose of sale, Developer shall have the right to sell to Owners one (1) or more parking spaces and storage spaces to be assigned as Limited Common Elements pursuant to subparagraphs (a) and (b) above The proceeds of the sale of the exclusive use of parking spaces and storage spaces as Limited Common Elements shall belong to Developer

7 ASSOCIATION MEMBERSHIP AND ALLOCATION OF VOTES

All Owners, by virtue of their ownership of a fee or undivided fee interest in any Unit in the Regime, excluding Persons holding such interest under a Mortgage, are members of the The Legends Property Owners Association, inc , and, except as otherwise provided herein or in the Bylaws, shall be entitled to vote on all matters upon which members of the Association are entitled to vote pursuant to the Master Deed and in accordance with the Bylaws Subject to the provisions of the Regime instruments, the Owner or collective Owners shall be entitled to one (1) weighted vote for such Unit, which shall be weighted according to the percentage interests set forth in Exhibit "B" The percentage interests set forth on Exhibit "B" are calculated based on the value of an individual Unit versus the value of the Regime as a whole, which percentage interest may be expressed as a fraction, the numerator of which shall be the value of the individual Unit, and the denominator of which shall be the value of the Regime as a whole

8 ALLOCATION OF LIABILITY FOR COMMON EXPENSES

(a) Except as provided below or elsewhere in the Act or Regime instruments, the amount of all Common Expenses shall be assessed against all the Units in accordance with the percentage of undivided interest in the Common Elements appurtenant to the Unit as set forth in Exhibit "B" attached hereto and incorporated herein by this reference

(b) The Board of Directors shall have the power to levy special assessments against Units pursuant to this Paragraph as, in its discretion, it shall deem appropriate Failure of the Board of Directors to exercise its authority under this Paragraph shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Paragraph in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Paragraph

(i) Any Common Expenses benefitting less than all of the Units or significantly disproportionately benefitting all Units may be specially assessed equitably among all of the Units that are benefitted according to the benefit received Except for expenses for maintenance, repair or replacement of Limited Common Elements which may be specially assessed, expenses incurred for the maintenance, repair or replacement of the Area of Common Responsibility, shall not be specially assessed

(ii) Any Common Expenses occasioned by the conduct of less than all of those entitled to occupy all of the Units or by the Occupant(s), licensees or invitees of any such Unit or Units may be specially assessed against such Unit or Units

(c) In the event the Regime is served by any common utility meter, the Board shall have the authority to install submeters and assess individual Unit utilities usage charges as special assessments as provided in subparagraph (b)(i) above This shall include the right to add a charge for the cost of overhead for such submetering, against individual Units and/or to install separate utility meters for the Units It is anticipated that the Commercial Unit located in the Clubhouse will be submetered

In addition to and not in limitation of all other rights it may have, the Association, acting through its Board of Directors, shall have the right and authority

(a) to enter into Units for maintenance, emergency, security, or life-safety purposes, which right may be exercised by the Board of Directors, officers, agents, employees, managers, and all police officers, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit For the purposes of this Paragraph, an emergency justifying immediate entry into a Unit shall include, but not be limited to, the following situations a water or other utility leak, fire, strong foul odor, obvious insect infestation or sounds indicating that a Person or animal might be injured or sick and require immediate medical attention No one exercising the rights granted in this subparagraph shall be liable for trespass, damages, or in any other manner by virtue of exercising such rights The failure to exercise the rights herein or to exercise said rights in a timely manner shall not create liability to any of the above-referenced parties, it being agreed that no duty to enter a Unit shall exist,

(b) to make and to enforce reasonable rules and regulations governing the use of the Regime, including the Units, Limited Common Elements, and Common Elements,

(c) to enforce use restrictions, other Master Deed and Bylaws provisions, and rules and regulations by the imposition of reasonable monetary fines and suspension of use and voting privileges,

(d) to grant and accept permits, licenses, utility easements, leases, and other easements,

(e) to control, manage, operate, maintain, improve and replace all portions of the Area of Common Responsibility,

(f) to represent and act on behalf of the Owners in the event of damage or destruction as a result of casualty loss in accordance with the provisions of the Act and Paragraph 12 of this Master Deed,

(g) to represent and act on behalf of the Owners in the event of any loss resulting from condemnation or eminent domain in accordance with Paragraph 20 of this Master Deed,

(h) to acquire, hold, and dispose of tangible and intangible personal property and real property,

(i) to collect security deposits in reasonable amounts, as determined by the Board of Directors in its sole discretion, to protect against any damage to the Regime, including, without limitation, damage resulting from moving in or out of a Unit, the transportation and use of construction materials in the Regime, and the alteration, modification, or addition to a Unit and any Limited Common Element appurtenant thereto Costs for repair of such damage may be deductible from the security deposit and any additional expenses may be specifically assessed

against the Unit under subparagraph 8(b)(ii) above,

(j) to approve contractors or subcontractors who have access to the Regime for the purpose of making repairs or improvements to Units based on rules and regulations promulgated and adopted by the Board which may include, without limitation financial stability of the contractors and/or subcontractors, history of compliance with the Regime Instruments and rules and regulations of the Association, and other factors that may be reflective of quality and ability The Board may also impose insurance requirements and collect other non-refundable fees for use of the trash receptacle,

(k) at the sole expense of the Association, without need for a membership vote, and without the consent of any affected Owner, to relocate any portion of the air conditioning, heating, plumbing, ventilating, exhaust or electrical system serving a particular Unit, provided that after such relocation, the system serving the Unit functions at least as well and at no greater cost to the Owner as existed prior to the relocation,

(l) to close permanently or temporarily any portion of the Common Elements (excluding the Limited Common Elements, and any Common Elements the use of which is reasonably necessary for access to or from a Unit and any portion of the Common Elements subject to the Master Declaration or any portion of the Common Elements over, on, upon or which Declarant has an easement) with thirty (30) days prior notice to all Owners, except that, in emergency situations requiring a temporary closing, prior notice shall not be required so long as notice is given within three (3) days after the closing explaining the reason for the closing Notwithstanding the above, the Owners may re-open closed Common Elements by a majority vote of the Total Association Vote, cast at a duly called special or annual meeting, and

(m) to enter into joint agreements and contracts with other homeowners associations for the provision of services, including, without limitation, management, landscaping, porter, concierge, property monitoring services, and trash removal services

10 ASSESSMENTS

(a) Purpose of Assessment The Association shall have the power to levy assessments as provided herein and in the Act The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of Units in the Regime as may be more specifically authorized from time to time by the Board

(b) Creation of the Lien and Personal Obligation For Assessments Each Owner of any Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (i) annual assessments or charges, (ii) special assessments, such assessments to be established and collected as hereinafter provided, and (iii) specific assessments against any particular Unit which are established pursuant to the terms of this Master Deed, including but not limited to reasonable fines imposed in accordance with the terms of this Master Deed

All such assessments, together with charges, interest, costs, and reasonable attorneys' fees actually incurred, and if the Board so elects, rents, in the maximum amount permitted under

South Carolina law, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each assessment is made Such amounts shall also be the personal obligation of the Person who was the Owner of such Unit at the time when the assessment fell due Each Owner and his or her grantee shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance Pursuant to provision Section 27-31-200 of the Act, upon the conveyance of a Unit, all unpaid assessments against a Unit shall first be paid out of the sales price of such Unit or by the acquirer over any other charges or assessments of whatever nature, except as provided in the Act Notwithstanding anything contained herein to the contrary, pursuant to the Act, any grantee who obtains title pursuant to judicial or nonjudicial foreclosure of any Mortgage of record shall not be liable for such Unit's share of assessments accruing subsequent to the recording of such Mortgage, but prior to the acquisition of title by such Mortgagee

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, unless otherwise provided, the annual assessments shall be paid in equal monthly installments due on the first day of each calendar month No Owner may exempt him or herself from liability for or otherwise withhold payment of assessments for any reason whatsoever, including, but not limited to, nonuse of the Common Elements, the Association's failure to perform its obligations required hereunder, abandonment of his or her Unit, or a dispute arising from the Association's performance of its duties The lien provided for herein shall have priority as provided in the Act

The Board of Directors shall have the right to (i) not spend the full amount budgeted for any particular line item in the budget, (ii) spend more than what has been budgeted, and (iii) shift revenues within the budget from one line to another

(c) Delinquent Assessments All assessments and related charges not paid on or before the due date shall be delinquent, and the Owner shall be in default

(i) Any monthly installment of annual assessments or any part thereof not paid in full by the tenth (10th) day of the month or any other charge not paid within ten (10) days of the due date shall bear interest from such date at the maximum legal rate allowable under South Carolina law without further notice or warning to the delinquent Owner

(ii) If part payment of assessments and related charges is made, the amount received may be applied first to costs and reasonable attorneys' fees actually incurred, then to late charges, then to interest, then to delinquent assessments, and then to current assessments

(iii) If assessments, fines or other charges or any part thereof due from an Owner remain delinquent and unpaid for a period greater than fifteen (15) days from the date due, a notice of delinquency may be given to that Owner stating that if the assessment, fine or charge remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board of Directors may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment and of any special assessment without any further notice being given to the delinquent Owner Upon acceleration, that Owner shall thereby lose the privilege of paying the annual assessment in monthly installments for that fiscal year

(iv) If assessments and other charges or any part thereof remain unpaid more

than thirty (30) days after they become delinquent, the Association, acting through the Board, may institute suit to collect all amounts due pursuant to the provisions of the Master Deed, the Bylaws, the Act and South Carolina law, including reasonable attorneys' fees actually incurred, and suspend the Owner and/or Occupant's right to use the Common Elements, including the right to bring or park vehicles on the Common Elements or have guests bring or park vehicles on the Common Elements However, the Board may not limit pedestrian, medical, fire, police or other health, safety, service or emergency vehicle ingress or egress to or from the Unit or deny necessary parking of clearly and properly identified handicapped vehicles used by handicapped owners or occupants protected by the Fair Housing Amendments Act of 1988 Prior to suspending parking privileges, the Association shall provide the delinquent Owner or Occupant written notice of its intention to do so, sent by certified mail not less than ten (10) days prior to the date of such suspension

(v) If any assessment or other charge is delinquent for thirty (30) days or more, then, in addition to all other rights provided in the Act and herein, the Association shall have the right to suspend water, electricity, gas, heat, air conditioning, cable television, or other utility services to the Unit paid for as a Common Expense by the Association Any costs incurred by the Association in discontinuing and/or reconnecting any utility service, including reasonable attorneys' fees, shall be an assessment against the Unit The utility services shall not be required to be restored until the delinquency is paid in full, at which time the Association shall make arrangements for restoration of the service An Owner whose utility or service has been suspended hereunder shall not be entitled to use any such utility or service from any source, and any such unauthorized use shall be considered a theft of services under South Carolina law

(d) Computation of Operating Budget and Assessment It shall be the duty of the Board at least twenty-one (21) days prior to the Association's annual meeting to prepare and deliver to each member a budget covering the estimated costs of operating the Regime during the coming year and a notice of the assessments to be levied against each Unit for the following year The budget and the assessment shall become effective unless disapproved at a duly called and constituted annual meeting of the Association by a vote of a majority of the Total Association Vote, provided, however, if a quorum is not obtained at the annual meeting, the budget shall become effective even though a vote to disapprove the budget could not be called at this meeting

Notwithstanding the foregoing, in the event that the membership disapproves the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the current year shall continue for the succeeding year In such case, the Board may propose a new budget at any time during the year at a special meeting of the Association The proposed budget and assessment shall be delivered to the members at least twenty-one (21) days prior to the proposed effective date thereof and at least ten (10) days prior to the special meeting The approval procedure set forth above for budgets considered at annual meetings shall also apply to budgets considered at special meetings

(e) Special Assessments In addition to the annual assessment provided for in subparagraph (b) above, the Board may, at any time, and in addition to any other rights it may have, levy a special assessment against all Owners, notice of which shall be sent to all Owners

(f) Capital Reserve Budget and Contribution The Board of Directors shall annually

prepare a capital reserve budget that shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost The Board shall set the required capital reserve contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital reserve budget, with respect both to amount and timing by equal annual assessments over the period of the budget The annual capital reserve contribution required, if any, shall be fixed by the Board and included within the budget and assessment as provided in subparagraph (d) of this Paragraph A copy of the capital reserve budget shall be distributed to each member in the same manner as the operating budget

(g) Statement of Account Any Owner, Mortgagee, or a Person having executed a contract for the purchase of a Unit, or a lender considering a loan to be secured by a Unit, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines, or other charges against a Unit The Association shall respond in writing within five (5) business days of receipt of the request for a statement, provided, however, the Association may require the payment of a fee as a prerequisite to the issuance of such a statement Such written statement shall be binding on the Association as to the amount of assessments due on the Unit as of the date specified therein

(h) Surplus Funds and Common Profits Common profits from whatever source shall be applied to the payment of Common Expenses Any surplus funds remaining after the application of such common profits to the payment of Common Expenses shall, at the option of the Board of Directors, either be distributed to the Owners or credited to the next assessment chargeable to the Owners in proportion the liability for Common Expenses attributable to each Unit, or added to the Association's capital reserve account as set forth in (f) above

If the Board of Directors reasonably determines that during a fiscal year there will likely be a surplus of funds at the end of such fiscal year (excluding amounts designated for reserves), the Board may, but shall not be required to, reduce the amount of the annual assessment to be collected from the Owners for the remainder of that fiscal year Any Owner who has already paid the entire annual assessment at the time of such reduction shall, in the discretion of the Owner, either receive a refund of the overpayment or a credit of the amount of the overpayment towards the annual assessment of the Association for the following fiscal year Notwithstanding the above, the Association may first apply the amount of any overpayment toward any other amount the Owner may owe to the Association

(i) Date of Commencement of Assessments Assessments shall commence as to a Unit on the first day of the month following the conveyance of the Unit to a Person other than the Declarant Notwithstanding anything to the contrary stated herein, the Declarant shall not be responsible for the payment of any type of assessment until the expiration of Declarant's right to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide The first annual common assessment shall be adjusted according to the number of months then remaining in that fiscal year

(j) Budget Deficits During Declarant Control For so long as the Declarant has the authority to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws, Declarant shall pay to the Association the amount sufficient to satisfy

the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the annual, special and specific assessments collected by the Association in any fiscal year

(k) Working Capital Fund Declarant, on behalf of the Association, shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services A nonrefundable contribution to the working capital fund of the Association shall be paid by the purchaser of a Unit at the closing of each sale or resale of a Unit in the amount of two (2) months of the general assessment charged to such Unit Declarant shall not use the working capital funds to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association Notwithstanding anything to the contrary herein, the contribution to the working capital fund shall not be due from (i) any grantee who is the Domestic Partner, spouse or child of the grantor, (ii) any grantee that is a wholly-owned entity of the grantor, (iii) any grantee to whom a Unit is conveyed by a will or through the law of intestacy, or (iv) any grantee of a Unit who obtains title pursuant to judicial or nonjudicial foreclosure of any first Mortgage of record or secondary purchase money Mortgage of record (provided that neither the grantee nor any successor grantee on the Mortgage is the seller of the Unit)

11 INSURANCE

The Association, acting through its Board of Directors, shall obtain and maintain at all times, as a Common Expense, insurance as required herein The Association shall obtain property insurance that shall, at a minimum, afford fire and extended coverage insurance for and in an amount consonant with the full replacement value of the buildings and other structures on the Regime Such coverage shall include all of the Units and the fixtures initially installed therein by Developer and replacements thereof up to the value of those initially installed by Developer, but shall not include any improvements or additions (including wall coverings and fixtures) made by or on behalf of any Owner other than those made by Developer and shall exclude furnishings and other personal property within a Unit

All insurance purchased by the Association pursuant to this Paragraph shall run to the benefit of the Association, the Board of Directors, officers, all agents and employees of the Association, the Owners and their respective Mortgagees, and all other persons entitled to occupy any Unit as their interests may appear The Association's insurance policy may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance equals at least the replacement cost of the insured property

The Board of Directors shall make available for review by Owners a copy of the Association's insurance policy to allow Owners to assess their personal insurance needs and each Owner shall have the obligation to obtain any additional coverage at his or her own expense

All insurance coverage for the Association shall be written in the name of the Association as trustee for itself, each of the Owners, and the Mortgagees of Owners, if any It shall be the duty of the Board of Directors at least every two (2) years to conduct an insurance review to determine if the policy in force is adequate to meet the needs of the Association and to satisfy the requirements of this Paragraph Such responsibility may be performed, and shall be deemed

reasonably performed, by the Board requesting the Association's insurance agent to verify that insurance policies in existence meet the needs of the Association and satisfy the requirements of this Paragraph

(a) The Board of Directors shall utilize reasonable efforts to secure a blanket hazard insurance policy providing "special perils" coverage in an amount equal to full replacement cost, before application of deductibles, of all improvements located on the Regime If "special perils" coverage is not reasonably available at reasonable cost, the Board shall obtain, at a minimum, fire and extended coverage, in like amounts The Board shall use reasonable efforts to obtain policies that will provide the following

(i) the insurer waives its rights of subrogation of any claims against directors, officers, the managing agent, the individual Owners, Occupants, and their respective household members,

(ii) any "other insurance" clause contained in the master policy shall expressly exclude individual Owners' policies from its operation,

(iii) until the expiration of ten (10) days after the insurer gives notice in writing to the Mortgagee of any Unit, the Mortgagee's insurance coverage will not be affected or jeopardized by any act or conduct of the Owner of such Unit, the other Owners, the Board of Directors, or any of their agents, employees, or household members, nor be canceled for nonpayment of premiums,

(iv) the master policy may not be canceled, substantially modified, or subjected to nonrenewal without at least ten (10) days prior notice in writing to the Board of Directors and all Mortgagees of Units, and

(v) an agreed value endorsement and an inflation guard endorsement

(b) All policies of insurance shall be written with a company licensed to do business in the State of South Carolina The company shall provide insurance certificates to each Owner and each Mortgagee upon request

(c) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors, provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto

(d) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees Each Owner shall notify the Board of Directors of all structural improvements or significant upgrades made by the Owner to his or her Unit Any Owner who obtains an individual insurance policy covering any portion of the Regime, other than improvements and betterments made by such Owner at his or her expense and personal property belonging to such Owner, shall file a copy of such individual policy or policies with the Board of Directors within thirty (30) days after the purchase of such insurance Such Owner shall also promptly notify, in writing, the Board of Directors in the event such policy is cancelled

(e) Expense. In addition to the insurance required hereinabove, the Board shall obtain as a Common

(i) workers' compensation insurance if and to the extent necessary to meet the requirements of law,

(ii) public liability insurance and officers' and directors' liability insurance in such amounts as the Board may determine. The public liability insurance shall contain a cross liability endorsement,

(iii) fidelity bonds, if reasonably available, covering officers, directors, employees, and other persons who handle or are responsible for handling Association funds. Such bonds, if reasonably available, shall be in an amount consistent with the best business judgment of the Board of Directors, but in no event less than three (3) months assessments plus a reasonable amount to cover all or a reasonable portion of reserve funds in the custody of the Association at any time during the term of the bond, provided, however, fidelity coverage herein required may be reduced based on the implementation of financial controls which take one or more of the following forms (a) the Association or management company, if any, maintains a separate bank account for the working account and the reserve account, each with appropriate access controls and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Association, (b) the management company, if any, maintains separate records and bank accounts for each association that uses its services and the management company does not have the authority to draw checks on, or to transfer funds from, the Association's reserve account, or (c) two (2) members of the Board of Directors must sign any checks written on the reserve account, and

(iv) such other insurance as the Board of Directors may determine to be necessary or desirable including, for example coverage of the following types of property contained within a Unit, regardless of ownership (A) fixtures, improvements and alterations that are part of the Building or structure, and (B) appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

(f) Insurance carried by the Association as a Common Expense shall not be required to include (i) any part of a Unit that is not depicted on the original Plat, or (ii) any part of a Unit that was not included as part of the collateral for the initial loan made for the initial purchase of the Unit, nor shall the Association include public liability insurance for individual Owners for liability arising within the Unit.

(g) Nothing contained herein gives any Owner or other party a priority over any rights of first Mortgagees as to distribution of insurance proceeds. Any insurance proceeds payable to the Owner of a Unit on which there is a Mortgagee endorsement shall be disbursed jointly to such Owner and the Mortgagee. This is a covenant for the benefit of any such Mortgagee and may be enforced by any such Mortgagee.

(h) Every Owner shall be obligated to obtain and maintain at all times insurance covering those portions of his or her Unit to the extent not insured by policies maintained by the Association. Upon request by the Board, the Owner shall furnish a copy of such insurance policy or policies to the Association. In the event that any such Owner fails to obtain insurance as

required by this subparagraph, the Association may purchase such insurance on behalf of the Owner and assess the cost thereof to the Owner, to be collected in the manner provided for collection of assessments under Paragraph 10 hereof

(i) Insurance Deductibles In the event of an insured loss, any required deductible shall be considered a maintenance expense to be paid by the person or persons who would be responsible for such loss in the absence of insurance If the loss affects more than one (1) Unit or a Unit and the Common Elements, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected owner's portion of the total cost of repair Notwithstanding this, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Owner shall be responsible for paying the deductible pertaining to his or her Unit, if any If any Owner or Owners fail to pay the deductible when required under this subparagraph, then the Association may pay the deductible and assess the cost to the Owner or Owners pursuant to Paragraph 8 of this Master Deed

(j) Payment of Claims to Delinquent Owners Notwithstanding anything to the contrary herein, in the event of an insured loss under the Association's master hazard insurance policy for which the Association receives from the insurer payment for a loss sustained by an Owner who is delinquent in the payment of assessments owed to the Association under Paragraph 10 hereof, then the Association may retain and apply such proceeds to the delinquency Any surplus remaining after application of the proceeds to any delinquency shall be paid by the Association to the affected Owner

12 REPAIR AND RECONSTRUCTION

Pursuant to the Act, in the event of damage to or destruction of any part of the Regime as a result of fire or other casualty which requires the reconstruction of more than two-thirds (2/3) of the Regime, the Association shall not proceed with the reconstruction and repair of the Regime unless one hundred percent (100%) of the Owners agree to proceed with the reconstruction and repair of the Regime If one hundred percent (100%) of the owners do not agree to proceed with the reconstruction and repair of the Regime, the insurance proceeds shall be delivered pro rata to the Owners in accordance with the percentage of ownership set forth on Exhibit "B"

Pursuant to the Act, in the event of damage to or destruction of any part of the Regime as a result of fire or other casualty which does not requires the reconstruction of more than two-thirds (2/3) of the Regime, the Association shall proceed with the reconstruction and repair of the Regime in accordance with the provisions below

In the event of substantial damage or destruction, each holder of a first Mortgage shall be entitled to written notice of the damage, and nothing in these documents shall be construed to afford a priority to any Owner with respect to the distribution of proceeds to any such Unit

(a) Cost Estimates Immediately after a fire or other casualty causing damage to the Regime, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged Unit) to substantially the condition that existed before such casualty, allowing for any changes or improvements necessitated by changes in applicable building codes Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary

(b) Source and Allocation of Proceeds If, for any reason, the proceeds of insurance are not sufficient to defray the costs of reconstruction and repair, as determined by the Board, the additional costs shall be assessed against the Owners of the Unites) damaged in proportion to the value of their respective Units or against all Owners, in the case of insufficient funds to cover damage to the Common Elements If an Owner refuses to pay such costs, upon the affirmative vote or written consent of the members of the Association holding a Majority of the Total Association Vote, the Owners may proceed with such reconstruction at the expense of all Owners benefited thereby This assessment shall not be considered a special assessment as discussed in subparagraph lO(e) If there are surplus funds after repair and reconstruction is completed, such funds shall be common funds of the Association to be used as directed by the Board The provisions of this subparagraph 11 (b) may be amended subsequent to the date on which the fire or other disaster occurs by one hundred percent (100%) of the Owners affected

(c) Plans and Specifications' Any such reconstruction or repair shall be substantially in accordance with the Plans and specifications under which the Regime was originally constructed to standard finish so as to exclude any upgrades made to Units, except where changes are necessary to comply with current applicable building codes or where improvements not in accordance with the original Plans and specifications are approved by the Board of Directors To the extent insurance proceeds are available, the Association may reconstruct or repair Owner improvements damaged as a result of fire or other casualty

(d) Encroachments Encroachments upon or in favor of Units that may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the architectural plans under which the Regime was originally constructed Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand

(e) Construction Fund The net proceeds of the insurance collected on account of a casualty and the funds collected by the Association from assessments against Owners on account of such casualty shall constitute a construction fund, which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Paragraph to be disbursed by the Association in appropriate progress payments to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction of the structure as are designated by the Board of Directors

13 ARCHITECTURAL CONTROLS

(a) During Declarant Control During the time in which Declarant has the right to appoint directors and officers of the Association under Article III, Part A, Section 2 of the Bylaws, there shall be no Architectural Control Committee and all encroachments onto the Common Elements or Limited Common Elements, exterior change, alteration or construction (including painting and landscaping), and any erection, placement or posting of any object, sign, clothesline, speaker, playground equipment, light, fountain, flag, personalized or customized exterior door mat, or thing on the exterior or roofs of the buildings, in any windows (except window treatments as provided herein), or on any Limited Common Elements or any Common Elements, must receive the prior written approval of Declarant However, a mezuzah or comparable religious symbol not larger than three inches (3") in width and nine inches (9") in height may be posted on the doorframe of the Unit In addition, reasonable seasonal decorative

lights may be displayed between Thanksgiving and January 15 Granting or withholding such approval shall be within the sole discretion of Declarant All references in the Regime Instruments to the Architectural Control Committee or ACC shall refer to Declarant during the period Declarant has the right to appoint the officers and directors of the Association Notwithstanding anything to the contrary stated herein, the initial improvements constructed on the Regime and all architectural modifications thereto that are made by Declarant shall not be subject to approval pursuant to this Paragraph

(b) After Declarant Control After such time as Declarant's rights to appoint officers and directors of the Association as provided in Article III, Part A, Section 2 of the Bylaws has expired, an Architectural Control Committee shall be appointed by the Board of Directors and except for Declarant, so long as Declarant shall own a Unit for sale, no Owner, Occupant, or any other Person may make any encroachment onto the Common Elements or Limited Common Elements, or make any exterior change, addition, alteration, or construction (including painting and landscaping), nor erect, place or post any object, sign, clothesline, speaker, playground equipment, light, fountain, flag, personalized or customized exterior door mat, or thing on the exterior or roofs of the buildings, in any windows (except window treatments as provided herein), on any Limited Common Elements, or on any other Common Elements, without first obtaining the written approval of the ACC However, a mezuzah or comparable religious symbol not larger than three inches (3") in width and nine inches (9") in height may be posted on the doorframe of the Unit In addition, reasonable seasonal decorative lights may be displayed between Thanksgiving and January 15 The standard for approval of such improvements shall include, but not be limited to, aesthetic consideration, materials to be used, harmony with the external design of the existing buildings, Units and structures, the location in relation to surrounding structures and topography, and the impact of such approval, if any, on the increase or decrease of sounds and vibrations between the Units and between the Units and the Common Elements Notwithstanding the above, Declarant shall not be required to obtain any approvals under this Paragraph

(c) Alteration of Units Subject to the other provisions of this Master Deed, alterations to the interiors of Units, relocation of the boundaries between adjoining Units, and subdivision of Units are subject to the following restrictions

(1) Alterations to the Interiors of the Units Except as provided herein, no Owner or Occupant may make any alteration within a Unit which involves connecting to Common Element pipes, lines, conduits and/or other apparatus for access to common utilities without prior written ACC approval (including, but not limited to, installation of washers and dryers) Except as provided herein, no Owner or Occupant shall make any interior modifications to or place an excessive load on any structural or load bearing portions of a Unit without first obtaining the prior written approval of the ACC Such approval shall not be granted by the ACC unless the Owner has presented to the ACC a report or drawing prepared by a licensed structural engineer showing that compensating measures will be taken to ensure the structural integrity of the Unit and the Regime All building code requirements must be complied with and necessary permits and approvals secured for any modifications Notwithstanding the above, all Owners desiring to make any interior modifications or alterations to a Unit affecting the Common Elements or structure or load bearing portions of a Unit must make application to the ACC as described below in order for the ACC to make the determination of whether the ACC's approval is required

Notwithstanding the above, if any Owner acquires an adjoining Unit, such Owner shall have the right (subject to the prior written approval of the Mortgagees of the Units involved) to remove all or any part of any intervening partition or to create doorways or other apertures therein, notwithstanding the fact that such partition may, in whole or part, be part of the Common Elements, so long as no portion of any structural or load bearing portions of the Unit(s) are materially weakened or removed and the ACC has approved the plans described above and no portion of any Common Elements is damaged, destroyed or endangered, other than that partition and any chutes, flues, ducts, conduits, wires or other apparatus contained therein which shall be relocated by such Owner if such facilities serve any other part of the Regime Notwithstanding the above, Declarant shall not be required to obtain any approvals under this Paragraph The alterations permitted in this Paragraph shall not be deemed an alteration or relocation of boundaries between adjoining Units

(ii) Relocation of Boundaries Boundaries between adjoining Units shall not be relocated, provided, however, Declarant shall have the right to relocate boundaries between Units owned by Declarant without the approval of the Board of Directors, and the Board of Directors shall execute the required amendment to the Master Deed

(iii) Subdivision of Units No Unit shall be subdivided into a smaller Unit or Units

(d) Applications Applications for approval of any such architectural modification shall be in writing and shall provide such information as the ACC may reasonably require Once an application and all required information is received by the ACC, the ACC shall stamp the application as being complete and shall then forward to the applicant a written notice of application completion (the "Notice of Application Completion") The ACC shall be the sole arbiter of such application and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction that is not in conformance with approved plans The Board or ACC may publish written architectural standards for exterior and Common Element alterations or additions, and any request in substantial compliance therewith shall be approved, provided, however, each such requested change shall be in harmony with the external design of the existing buildings and Units and the location in relation to surrounding structures and topography of the vicinity

In the event that the ACC fails to approve or to disapprove such application within forty-five (45) days after the date of the Notice of Application Completion, ACC approval will not be required and this Paragraph will be deemed complied with, provided, however, even if the requirements of this Paragraph are satisfied, nothing herein shall authorize anyone to construct or maintain any structure or improvement that is otherwise in violation of the Master Deed, the Bylaws, or the rules and regulations of the Association.

(e) Appeal In the event that the ACC or its designated representative disapproves any application or part thereof, an Owner shall have the right to appeal the ACC's decision to the Board of Directors The Board shall rule on the appeal within forty-five (45) days of receiving written notice requesting an appeal from the Owner In ruling on the appeal, the Board shall consider all relevant materials presented to it by either the Owner or the ACC, the decision of the ACC, and the application of the Owner to the ACC The Board of Directors shall have the final authority to approve, disapprove, or conditionally approve or disapprove the application of the Owner If the Board does not receive written notice from the Owner by certified mail requesting

an appeal within fourteen (14) days from the date of the ACC's notice to the Owner of its decision, the decision of the ACC shall become final and all rights of appeal shall terminate and thereafter be void

(f) Encroachments onto Common Elements The ACC, subject to this Paragraph, may permit Owners to make encroachments onto the Common Elements as it deems acceptable

(g) Condition of Approval As a condition of approval for a requested architectural change, modification, addition, or alteration, an Owner, on behalf of him or herself and his or her successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance of such change, modification, addition, or alteration, unless otherwise agreed to in writing by the ACe It is the responsibility of every Owner of a Unit to determine for him or herself what architectural modifications have been made to his or her Unit by any predecessor-in-interest In the discretion of the Board or ACC, an Owner may be made to verify such condition of approval by written instrument in recordable form acknowledged by such Owner on behalf of him or herself and all successors-in-interest

(h) Limitation of Liability Review and approval of any application pursuant to this Paragraph is made on the basis of aesthetic considerations only, and neither Declarant, the Board of Directors or the ACC shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, or for ensuring compliance with building codes and other governmental requirements Neither Declarant, the Association, the Board of Directors, the ACC, or member of any of the foregoing shall be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Unit

(i) No Waiver of Future Approvals Each Owner acknowledges that the members of the Board of Directors and ACC will change from time to time and that interpretation, application and enforcement of the architectural standards may vary accordingly Each Owner further acknowledges that the Board of Directors and ACC may adopt different architectural standards for different parts of the Regime, based on street visibility and location of the proposed modification in the building The approval of either the Board of Directors or the ACC of any proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Board of Directors, or the ACC shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent

(j) Enforcement Any construction, alteration, or other work done in violation of this Paragraph shall be deemed to be nonconforming Upon written request from the Board or the ACC, Owners shall, at their own cost and expense, remove such construction, alteration, or other work and shall restore the property to substantially the same condition as existed prior to the construction, alteration, or other work Should an Owner fail to remove and restore as required hereunder, the Board or its designees shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as existed prior to the construction, alteration or other work All costs thereof, including reasonable attorneys' fees, may be assessed against the benefited Unit and collected as an assessment pursuant to this Master Deed

In addition to the foregoing, the Board of Directors shall have the authority and standing, on behalf of the Association, to impose reasonable fines and to pursue all legal and equitable remedies available to enforce the provisions of this Paragraph and its decisions Furthermore, the Board shall have the authority to record in the Charleston County land records notices of violation of the provisions of this Paragraph

If any Owner or Occupant makes any exterior change, alteration, or construction (including landscaping) upon the Common Elements or Limited Common Elements in violation of this Paragraph, he or she does so at his or her sole risk and expense. The Board may require that the change, alteration or construction be removed or that it remain on the Common Elements or Limited Common Elements without reimbursement to the Owner or Occupant for any expense he or she may have incurred in making the change, alteration or construction

(k) Commencement of Construction All changes, modifications and improvements approved by the ACC hereunder must be commenced within six (6) months from the date of approval If not commenced within six (6) months from the date of such approval, then such approval shall be deemed revoked by the ACC, unless the ACC gives a written extension for commencing the work All work approved by the ACC hereunder shall be completed in its entirety within ninety (90) days from the date of commencement, unless otherwise agreed in writing by the ACC All approved changes, modifications, and improvements must be completed in their entirety An Owner may not construct only a portion or part of an approved change, modification, or improvement

14 USE RESTRICTIONS

Each Owner of a Unit shall be responsible for ensuring that the Owner's family, guests, tenants and Occupants comply with all provisions of the Regime Instruments and the rules and regulations of the Association Furthermore, each Owner and Occupant shall always endeavor to observe and promote the cooperative purposes for which the Association was established In addition to any rights the Association may have against the Owner's family, guests, tenants or Occupants, as a result of such Person's violation of the Regime Instruments, the Association may take action under this Master Deed against the Owner as if the Owner committed the violation in conjunction with the Owner's family, guests, tenants or Occupants

In addition to the following use restrictions, the Board of Directors may adopt rules and regulations in accordance with the terms hereof and as specified in the Bylaws

(a) Use of Units Each residential Unit shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from a residential Unit or any part of the Regime, except that the Owner or Occupant residing in a Unit may conduct ancillary business activities within the Unit so long as

(i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside of the Unit,

(ii) the business activity does not involve visitation of the Unit by employees, clients, customers, suppliers or other business invitees in greater volume than would normally be expected for guest visitation to a residential Unit without business activity,

(iii) Regime, the business activity is legal and conforms to all zoning requirements for the

(iv) the business activity does not unreasonably increase traffic in the Regime in excess of what would normally be expected for residential Units in the Regime without business activity (other than by couriers, express mail carriers, parcel delivery services and other such similar delivery services),

(v) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the Association's ability to obtain insurance coverage,

(vi) the business activity is consistent with the residential character of the Regime and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Regime, as determined in the Board's discretion, and

(vii) the business activity does not result in a materially greater use of common element facilities or Association services

The terms "business" and "trade," as used herein, shall have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required therefor Notwithstanding the above, the use of a Unit by an on-site management agent operating on behalf of the Association shall not be considered a trade or business within the meaning of this Paragraph

Notwithstanding, the above, the Commercial Unit located within the Clubhouse, may be used as a real estate office and it may be used for other commercial purposes provided

(i) the business activity does not create undue noise or traffic in the Regime,

(ii) the business activity is legal and conforms to all zoning requirements applicable to the Regime

(iii) the business activity does not substantially increase the insurance premium paid by the Association or otherwise negatively affected the Association's ability to obtain insurance coverage

(iv) the business activity does not constitute a nuisance or a hazardous or offensive use or threatens the security or safety of the Residents in the Regime as determined in the Boards discretion

(b) Number of Occupants. The maximum number of Occupants in a residential Unit shall be limited to two (2) people per bedroom in the Unit, (as such bedrooms are depicted on the original Survey and Plans filed in the Office of the Register of Deeds for Charleston County, South Carolina) This occupancy restriction shall not apply to require the removal of any Person

lawfully occupying a Unit on the date of the recording of this Master Deed Upon written application, the Board shall grant variances to this restriction to comply with provisions of the Fair Housing Amendments Act of 1988 or any amendments thereto

If an Owner of a Unit is a corporation, partnership, trust or other legal entity not being a natural person, the entity shall designate in writing to the Board the name(s) of the Person(s) who will occupy the Unit The designated Person(s) to occupy the Unit may not be changed more frequently than once every six (6) months without the express written consent of the Board as determined in the Board's sole discretion

(c) Outbuildings No structure of a temporary character, trailer, tent, shack, carport, garage, barn or other outbuilding shall be erected by any Owner or Occupant, other than Declarant, on any portion of the Regime, at any time, either temporarily or permanently, without the prior written approval of the Board

(d) Use of Common Elements Including Amenities. There shall be no obstruction of the Common Elements, nor shall anything be kept on, parked on, stored on or removed from any part of the Common Elements without the prior written consent of the Board, except as specifically provided herein With prior written Board approval, and subject to any restrictions imposed by the Board, an Owner may reserve portions of the Common Elements for use for a period of time as set by the Board Any such Owner who reserves a portion of the Common Elements as provided herein shall assume, on behalf of him or herself and his or her guests, Occupants and family, all risks associated with the use of the Common Elements and all liability for any damage or injury to any Person or thing as a result of such use The Association shall not be liable for any damage or injury resulting from such use unless such damage or injury is caused solely by the willful acts or gross negligence of the Association, its agents or employees

There shall be no use of the roofs of the Regime buildings by the Owners, their family members, guests, tenants, invitees, agents or contractors The Association and its agents and contractors shall have access to the roofs for performing its maintenance and repair responsibility There shall be no gardening or landscaping on the Common Elements by Owners or Occupants without the prior written consent of the Board This subparagraph shall not apply to Declarant, for so long as Declarant shall own a Unit for sale

(e) Use of Storage Spaces Limited Common Elements and Balconies Except as otherwise provided herein, the use of the Limited Common Elements assigned to the Units is restricted exclusively to the Owners of the Unit to which such Limited Common Elements are assigned, and said Owner's family members, guests, tenants and invitees The Limited Common Elements are reserved for exclusive use, but shall not be construed or interpreted to be separate and apart from the Common Elements in general, and the restrictions applicable to the Common Elements shall also apply to the Limited Common Elements

(1) Storage Spaces Storage spaces shall be used solely for the purpose of storing any personal property belonging to the Owner or Occupant of the Unit to which such storage space is assigned as a Limited Common Element No Owner or Occupant shall store any explosives, or any flammable, odorous, noxious, corrosive, hazardous or pollutant materials or any other goods in the space that would cause danger or nuisance to the storage space or the Regime The storage space shall not be used for any purposes unlawful or contrary to any

ordinance, regulation, fire code, or health code. If hazardous substances are stored, used, generated or disposed of on or in the storage space or if the storage space becomes contaminated in any manner for which the Owner or Occupant thereof is legally liable, Owner or Occupant shall indemnify and hold harmless Declarant, Association and Board of Directors from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses and any and all sums paid from settlement of claims, attorneys' fees, consultant and expert fees, arising as a result of that contamination by Owner or Occupant

(ii) Balconies No objects other than potted plants and patio furniture shall be placed on a balcony This prohibition applies to objects such as, but not limited to, umbrellas, bicycles, laundry garments, towels and objects other than potted plants and patio furniture, except as may be authorized by the Board Objects shall not be permitted to hang over or be attached to any exterior balcony wall or railing or to otherwise protrude outside of the vertical plane formed by the exterior surface of the balcony wall Penetration of the surfaces of a balcony wall or floor is prohibited No Owner or Occupant may enclose a balcony without the prior written consent of the ACC, as set forth in Paragraph 13 above As used herein, "enclosure" shall mean the permanent enclosure of a balcony into the heated and cooled space within the boundaries of a Unit

(l) Prohibition of Damage, Nuisance and Noise Without the prior written consent of the Board of Directors, nothing shall be done or kept on the Regime, or any part thereof, which would increase the rate of insurance on the Regime or any Unit or part thereof, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirements of any governmental body, or which would increase the Common Expenses

The Units in the Regime are built in close proximity to one another, resulting in the sharing of common walls, floors and ceilings As a result, noise and vibration may be detectable between Units or between Units and the Common Elements Therefore, an Owner or Occupant shall not conduct activities within a Unit or use a Unit in a manner that interferes with or causes disruption to the use and quiet enjoyment of another Unit by its respective Owner and Occupant

Furthermore, noxious, destructive or offensive activity shall not be carried on within any portion of the Regime No Owner or Occupant of a Unit may use or allow the use of the Unit or any portion of the Regime at any time, in any way or for any purpose which may endanger the health, unreasonably annoy or disturb or cause embarrassment, or discomfort to other Owners or Occupants, or in such a way as to constitute, in the sole opinion of the Board of Directors, a nuisance In addition, no Owner or Occupant of a Unit may use or allow the use of a Unit or the Common Elements in any manner which creates disturbing noises, including, without limitation, use of stereo speakers or equipment that will in the sole discretion of the Board of Directors interfere with the rights, comfort or convenience of the other Owners or Occupants Nothing herein, however, shall be construed to affect the rights of an aggrieved Owner to proceed individually for relief from interference with his or her property or personal rights

No Owner, Occupant or agent of such Owner or Occupant shall do any work which, in the reasonable opinion of the Board of Directors or its designee, would jeopardize the soundness or safety of the Regime or any structure created thereon, would reduce the value thereof, or would impair any easement or other interest in real property thereto, without in every such case the unanimous, prior written consent of all members of the Association and their Mortgagees

No damage to or waste of the Common Elements, or any part thereof, shall be permitted by any Owner or member of his or her family or any invitee of any Owner Each Owner shall indemnify and hold the Association and the other Owners harmless against all loss to the Association or other Owners resulting from any such damage or waste caused by such Owner, members of his or her family, guests, invitees, or Occupants of his or her Unit

(g) Firearms and Fireworks The display or discharge of firearms or fireworks on the Common Elements or Limited Common Elements is prohibited, provided, however, the display of lawful firearms on the Common Elements or Limited Common Elements is permitted by law enforcement officers and also is permitted for the limited purpose of transporting the firearms across the Common Elements or Limited Common Elements to or from the Owner's Unit The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size The term "fireworks" shall include those items as listed in Section 23-35-10 of the of the South Carolina Code of Laws, 1976, as amended

(h) Animals No Owner or Occupant may keep any animal on any portion of the Regime except as expressly permitted in this subparagraph An Owner or Occupant may keep no more than a total of two (2) dogs and/or cats per Unit No aggressive breeds are allowed (for example, pit bulls, dobermans, rotweilers, etc) No pet over thirty-five (35) pounds is allowed on the second floor Current pet records must be provided on each pet to the Home Owners Association Notwithstanding the foregoing, a reasonable number of other generally recognized household pets, as determined in the Board's sole discretion, weighing less than two (2) pounds each (including by way of illustration, but not limitation, fish, gerbils and small birds) may be kept in Units

No Owner or Occupant may keep, breed or maintain any pet for any commercial purpose, and no structure for the care, housing, or confinement of any pet shall be constructed or maintained on any part of the Common Elements, including Limited Common Elements, without prior written ACC approval No pets are allowed on any portion of the Common Elements except for the designated dog walk area, if any, provided, however, an Owner or Occupant may walk a pet across the Common Elements to reach such dog walk area, if any, or to enter or exit the Regime property Notwithstanding the foregoing, pets must be kept on a leash and be under the physical control of a responsible Person at all times while on the Common Elements, but excluding the Limited Common Elements Feces left upon the Common Elements by pets must be immediately removed by the owner of the pet or the Person responsible for the pet

No potbellied pigs, snakes, pit bulldogs, Rotweillers or Doberman Pinschers may be brought onto or kept on the Regime at any time In addition, other animals determined in the Board's sole discretion to be dangerous shall not be brought onto or kept on the Regime at any time The Board may require that any pet that, in the Board's opinion, endangers the health of any Owner or Occupant or creates a nuisance or unreasonable disturbance, be permanently removed from the Regime upon seven (7) days written notice If the Owner or Occupant fails to do so, the Board may remove the pet The Board may remove any pet, which, in the Board's sole discretion, presents an immediate danger to the health, safety or property of any community member, without prior notice to the pet's owner

Any Owner or Occupant who keeps or maintains any pet upon the Regime shall be deemed to have agreed to indemnify and hold the Association, its directors, officers, and agents free and harmless from any loss, claim or liability of any kind or character whatever arising by

reason of keeping or maintaining such pet within the Regime

(i) Parking. Subject to the restrictions herein, parking shall be available on a first-come, first serve basis. No Owner or Occupant may keep or bring onto the Regime more than a reasonable number of vehicles per Unit at any time, as determined by the Board, provided, however, the Board may adopt reasonable rules limiting the number of vehicles which may be parked at the Regime. Vehicles only may be parked in designated parking spaces or other areas authorized in writing by the Board. Parking adjacent to Club House is restricted to those having business in the Club House.

For so long as Declarant owns a Unit primarily for the purpose of sale, Declarant may assign, with or without an assignment fee, more parking spaces or garages (which parking spaces or garages shall thereafter be Limited Common Elements appurtenant to the Unit to which they have been assigned) to an Owner and may adopt rules regulating the use of unassigned parking spaces.

Disabled and stored vehicles are prohibited from being parked on the Regime, except in garages. For purposes hereof, a vehicle shall be considered "disabled" if it does not have a current license tag or is obviously inoperable. A vehicle shall be considered "stored" if it remains on the Regime without being driven for fourteen (14) consecutive days or longer without prior written Board permission.

Boats, motor cycles, trailers, jet-skis and trailers for same, panel trucks, buses, trucks with a load capacity of one (1) ton or more, vans (excluding vans used by handicapped persons, mini-vans or sport utility vehicles used as passenger vehicles and receiving a "car" or "passenger vehicle" classification by the South Carolina Department of Motor Vehicles), recreational vehicles (RVs and motor homes), vehicles used primarily for commercial purposes, and vehicles with commercial writings on their exteriors other than Sheriffs, Marshals, or police officers' vehicles marked as such, are also prohibited from being parked on the Regime, except areas, if any, that may be designated by the Board as parking areas for particular types of vehicles. Notwithstanding the above, trucks, vans, commercial vehicles and vehicles with commercial writings on their exteriors shall be allowed temporarily on the Common Elements during normal business hours for the purpose of serving any Unit or the Common Elements, provided, however, no such vehicle shall remain on the Common Elements overnight or for any purpose unless prior written consent of the Board is first obtained.

If any vehicle is parked on any portion of the Regime in violation of this Paragraph or in violation of the Association's rules and regulations, the Board or agent of the Association may place a notice on the vehicle specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle may be towed or booted. The notice shall include the name and telephone number of the Person or entity that will do the towing or booting and the name and telephone number of a Person to contact regarding the alleged violation. If twenty-four (24) hours after such notice is placed on the vehicle the violation continues or thereafter occurs again within six (6) months of such notice, the Board or agent of the Association may have the vehicle towed or booted in accordance with the notice, without further notice to the Owner or user of the vehicle.

If a vehicle is parked in a fire lane, is blocking another vehicle or access to another Owner's Unit or parking space, is obstructing the flow of traffic, is parked on any grassy area, is

parked in a parking space which has been assigned as exclusively serving another Unit, or otherwise creates a hazardous condition, no notice shall be required and the Board or agent of the Association may have the vehicle towed immediately. If a vehicle is towed in accordance with this subparagraph, neither the Association nor any officer or agent of the Association shall be liable to any Person for any claim of damage as a result of the towing activity Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow or boot

(j) Heating of Units in Colder Months In order to prevent breakage of water pipes during colder months of the year resulting in damage to any portion of the Regime, increased Common Expenses, and increased insurance premiums or cancellation of insurance policies due to numerous damage claims, the thermostats within the Units shall be maintained with the heat in an "on" position and at a minimum temperature setting of fifty-five degrees (55°) Fahrenheit (except during power failures or periods when heating equipment is broken) whenever the temperature is forecasted to or does reach thirty-two degrees (32°) Fahrenheit or below Owners and Occupants of Units shall take all steps possible on a timely basis to keep heating and cooling equipment, including, but not limited to, the thermostat, in good working order and repair. The Board of Directors may fine any Owner or Occupant and/or may cause the water service to the violator's Unit to be discontinued for violation of this subparagraph, in addition to any other remedies of the Association

(k) Signs Except as may be provided for herein or as may be required by legal proceedings, and except for signs which may be erected by Declarant related to the development and sale of Units, no signs, advertising posters, flyers, political placards or billboards of any kind shall be erected, placed, or permitted to remain on the Regime without the prior written consent of the Board or its designee. The Board shall have the right to erect reasonable and appropriate signs on behalf of the Association. Notwithstanding the above, the Owner of the Commercial Unit shall have the right to maintain signs on the four (4) locations set forth on Exhibit D as Limited Common Elements The size and appearance of the signs is subject to the approval of the ACC

(l) Rubbish Trash and Garbage All rubbish, trash, and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate therein No garbage or trash shall be placed on the Common Elements or Limited Common Elements outside the Unit, temporarily or otherwise, except in trash compactor Rubbish, trash, and garbage shall be disposed of in sealed bags and either placed in the trash compactor, or proper receptacles designated by the Board for collection or removed from the Regime

(m) Unsightly or Unkept Conditions The pursuit of hobbies or other activities, including, but not limited to the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any part of the Regime. Clothing, bedding, rugs, mops, appliances, indoor furniture, and other household items shall not be placed or stored outside the Unit

(n) Garage Sales Garage sales, yard sales, flea markets, or similar activities are prohibited unless approved in writing by the Board of Directors

(o) Garages A Unit may have a garage and drive up area in front of garage assigned

to it as Limited Common Elements, exclusively serving a particular Unit Such assigned garages and drive up areas are designated Limited Common Elements and may only be used by the Owner or Occupants to whom the garages are assigned, and their guests and families It is prohibited for an Owner or Occupant of a Unit that includes a garage to convert such garage to any other use Garage doors shall remain closed at all times, except for necessary use, ingress, and egress All garages shall be maintained in such a manner that parking for the maximum number of motor vehicles for which it was originally designed to hold is allowed and possible Assigned garage openers must be regularly serviced and lubricated by the Owner to whom they have been assigned

(p) Window Treatments All windows in Units must have window treatments The color of all window treatments visible from outside the Unit must be white or off-white Bed sheets shall not be used as window treatments

(q) Antennas and Satellite Dishes Except as provided below, no satellite dish, antenna or other device for the transmission or reception of television signals, radio signals or any form of electromagnetic wave or radiation shall be erected, used or maintained on any portion of the Regime, including the Unit or Limited Common Elements, provided, however, the Association shall have the right to erect, construct and maintain such devices The following shall apply to all Owners

(i) No transmission antenna, of any kind, may be erected anywhere on the Regime, including the Units, without written approval of the Board of Directors or the Architectural Control Committee

(ii) No direct broadcast satellite (DBS) antenna or multi-channel multi-point distribution service (MMDS) antenna larger than one meter in diameter shall be placed, allowed or maintained upon the Regime, including the Units and the Limited Common Elements

(iii) DBS and MMDS satellite dishes or antennas one meter or less in diameter and television broadcast service antennas may only be installed in accordance with Federal Communication Commission (FCC) rules and the rules and regulations of the Association, both as may be amended from time to time

In the event of a transfer of the Unit which includes a satellite dish or antenna, the grantee shall assume all responsibility for the satellite dish or antenna and shall comply with this Master Deed, the Bylaws and the rules and regulations regarding satellite dishes and antennas, including, but not limited to, those requirements relating to maintenance and removal of satellite dish or antenna

(r) Grilling The use of outdoor grills on any portion of the Regime must conform with all applicable laws and ordinances and must not have any adverse effect on the Association's ability to obtain insurance coverage or the cost for such coverage The use of outdoor grills on balconies is prohibited

(s) Abandoned Personal Property Personal property, other than vehicles as provided for in subparagraph (i) shall not be kept, or allowed to remain for more than twenty-four (24) hours upon any portion of the Common Elements, other than on a Limited Common

Element, without prior written permission of the Board of Directors If the Board determines that a violation exists, then, not less than two (2) days after written notice is placed on the personal property and/or on the front door of the property owner's Unit, if known, the Board may remove and either discard or store the personal property in a location which the Board may determine and shall have no obligation to return, replace or reimburse the owner of the property The notice shall include the name and telephone number of the Person or entity that will remove the property and the name and telephone number of a Person to contact regarding the alleged violation

The Board, in its discretion, may determine that an emergency situation exists and may exercise its removal rights hereunder without prior notice to the property owner, provided, however, in such case, the Board shall give the property owner, if known, notice of the removal of the property and the location of the property within three (3) days after the property is removed

Neither the Association nor any officer or agent thereof shall be liable to any Person for any claim of damage resulting from the removal activity in accordance herewith The Board may elect to impose fines or use other available remedies, rather than exercise its authority to remove property hereunder

(t) Replacing Carpet with Tile or Hardwood Floors Other than Declarant, no Owner, Occupant, or any other Person may replace carpeting with a tile, marble, vinyl, hardwood floor, or other hard surfaced flooring material, on the interior floor of a Unit which is located immediately above another Unit without first obtaining written approval of Declarant or the Architectural Control Committee, as applicable, as set forth in Paragraph 13 Among other factors, Declarant or the Architectural Control Committee, as applicable, may consider whether the change will cause noise to any Unit below which will exceed the average noise level in Units below Units with carpeted floors and that the weight of such proposed flooring is appropriate and will not cause problems to the structure or subflooring

The Owner applying for such approval shall provide Declarant or the Architectural Control Committee, as applicable, with information regarding these factors, as well as other information requested by Declarant or the Architectural Control Committee regarding the proposed flooring and its effect, provided, however, the noise level requirements shall be considered to be met if the Owner provides a sound transmission test that the proposed flooring will create a noise level less than a standard level set by reasonable regulation of Declarant or the Architectural Control Committee, as applicable Notwithstanding anything to the contrary stated herein, at least fifty percent (50%) of each room within a Unit located above another Unit (excluding the kitchen and bathrooms) shall have area rugs or carpet unless the flooring is sound proofed so as not to exceed the noise level in Units with carpeted floors

(u) Sale Period Notwithstanding any provisions contained in this Master Deed to the contrary, during the period of the sale of the Units it shall be expressly permissible for Declarant, its contractors, agents, employees, assigns and representatives, to maintain and carry on, upon such portion of the Regime as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the completion and sale of the Units, including, but without limitation, business offices, signs, model Units and sales offices The right to maintain and carry on such facilities and activities shall include specifically the right to use the parking facilities on the Regime for such purposes

and to use the Units owned by Declarant as model Units and as offices for the sale of the Units and related activities

(v) Move In/Move Out Owner or Occupant shall not move furniture, construction materials, and other over-sized items in or out of the Regime except during such hours and according to requirements to be determined by the Board of Directors

(w) Life-Safety Systems Owners and Occupants shall not tamper with or disengage any portion of the life-safety systems that serve the Regime including, without limitation, the sprinkler heads and all branch and feed lines that support such sprinkler heads, and all fire control devices (such as smoke detectors and call boxes), regardless of whether such items are located within the boundaries of a Unit

15 LEASING

In order to preserve the character of the Regime as predominantly owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, the leasing of Units shall be governed by the restrictions imposed by this Paragraph Except as provided herein, the leasing of Units shall be prohibited "Leasing," for the purposes of this Master Deed, is defined as regular, exclusive occupancy of a Unit by any Person other than the Owner For purposes hereof, occupancy by a roommate of an Owner who occupies the Unit as such Owner's primary residence shall not constitute Leasing hereunder

(a) General Owners desiring to lease their Units may do so only if they have applied for and received from the Board of Directors either a "Leasing Permit" or a "Hardship Leasing Permit " Such a permit, upon its issuance, will allow an Owner to lease his or her Unit provided that such Leasing is in strict accordance with the terms of the permit and this Paragraph The Board of Directors shall have the authority to establish conditions as to the duration and use of such permits consistent with this Paragraph All Leasing Permits and Hardship Leasing Permits shall be valid only as to a specific Owner and Unit and shall not be transferable between either Units or Owners, but shall be transferable to successors in title to the same Unit

(b) Leasing Permits An Owner's request for a Leasing Permit shall be approved if current, outstanding Leasing Permits have not been issued for more than fifty percent (50%) of the total number of Units (excluding Units owned by Declarant) in the Regime A Leasing Permit shall be automatically revoked upon the happening of any of the following events (i) the failure of an Owner to lease his or her Unit within one hundred eighty (180) days of the Leasing Permit having been issued, (ii) the failure of an Owner to have his or her Unit leased for any consecutive one hundred eighty (180) day period thereafter, or (iii) the occurrence of the date referenced in a written notification by the Owner to the Association that the Owner will, as of said date, no longer need the Leasing Permit If current Leasing Permits have been issued for more than fifty percent (50%) of the total number of Units (excluding Units owned by Declarant), no additional Leasing Permits shall be issued (except for Hardship Leasing Permits) until the number of outstanding current Leasing Permits falls below fifty percent (50%) of the total number of Units (excluding Units owned by Declarant) in the Regime Owners who have been denied a Leasing Permit shall automatically be placed on a waiting list for a Leasing Permit and shall be issued the same if they so desire when the number of current outstanding Leasing Permits issued falls to fifty percent (50%) or less of the total number of Units (excluding Units owned by Declarant) in

the Regime The issuance of a Hardship Leasing Permit to an Owner shall not cause the Owner to be removed from the waiting list for a Leasing Permit

(c) Hardship Leasing Permits If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board of Directors for a Hardship Leasing Permit The Board of Directors shall have the authority to issue or deny requests for Hardship Leasing Permits in its discretion after considering the following factors (i) the nature, degree, and likely duration of the hardship, (ii the harm, if any, which will result to the Regime if the permit is approved, (iii) the number of Hardship Leasing Permits which have been issued to other Owners, (iv) the Owner's ability to cure the hardship, and (v) whether previous Hardship Leasing Permits have been issued to the Owner A "hardship" as described herein shall include, but not be limited to the following situations (A) an Owner must relocate his or her residence outside the greater Charleston metropolitan area and cannot, within six (6) months from the date that the Unit was placed on the market, sell the Unit except at a price below the current appraised market value, after having made reasonable efforts to do so, (B) where the Owner dies and the Unit is being administered by his or her estate, and (C) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Unit Hardship Leasing Permits shall be valid for a term not to exceed one (1) year Owners may apply for additional Hardship Leasing Permits Hardship Leasing Permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a Leasing Permit

(d) Leasing Provisions Leasing which is authorized, pursuant to permit, hereunder shall be governed by the following provisions

(i) Notice At least seven (7) days prior to entering into the lease of a Unit, the Owner shall provide the Board with a copy of the proposed lease agreement The Board shall approve or disapprove the form of said lease In the event a lease is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with the Master Deed and any rules and regulations adopted pursuant thereto

(ii) General Units may be leased only in their entirety, no fraction or portion may be leased without prior written Board approval All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease The Board may maintain and, upon request, provide a form that is deemed acceptable There shall be no subleasing of Units or assignment of leases without prior written Board approval No short term vacation rentals are permitted Minimum lease terms will be determined by the Board Within ten (10) days after executing a lease agreement for the lease of a Unit, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Unit The Owner must provide the lessee copies of the Master Deed, Bylaws, and the rules and regulations Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee, the Board's approval or disapproval shall be limited to the form of the proposed lease

(iii) Liability for Assessments, Use of Common Elements, and Compliance with Master Deed, Bylaws, and Rules and Regulations Each Owner covenants and agrees that any lease of a Unit shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Unit, agrees to the applicability of this

covenant and incorporation of the following language into the lease

(A) Compliance with Master Deed, Bylaws, and Rules and Regulations The lessee shall comply with all provisions of the Master Deed, Bylaws, and rules and regulations adopted pursuant thereto and shall control the conduct of all other Occupants and guests of the leased Unit in order to ensure such compliance The Owner shall cause all Occupants of his or her Unit to comply with the Master Deed, Bylaws, and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Unit are fully liable and may be sanctioned for any such violation If the lessee, or a Person living with the lessee, violates the Master Deed, Bylaws, or a rule or regulation for which a fine is imposed, notice of the violation shall be given to the Owner and the lessee, and such fine may be assessed against the lessee in accordance with Article V of the Bylaws If the fine is not paid by the lessee within the time period set by the Board, the Owner shall pay the fine upon notice from the Association of the lessee's failure to pay the fine Unpaid fines shall constitute a lien against the Unit

Any violation of the Master Deed, Bylaws, or rules and regulations adopted pursuant thereto by the lessee, any Occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with South Carolina law The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Master Deed, Bylaws, and the rules and regulations adopted pursuant thereto, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner, in accordance with the terms hereof If the Association proceeds to evict the lessee, any costs, including reasonable attorneys' fees actually incurred and court costs associated with the eviction shall be an assessment and lien against the Unit

(B) Use of Common Elements The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Elements, including but not limited to, the use of any and all recreational facilities and other amenities

(C) Liability for Assessments When an Owner who is leasing his or her Unit fails to pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor If lessee fails to comply with the Board's request to pay assessments or other charges, lessee shall pay to the Association all amounts authorized under the Master Deed as if lessee were an Owner The above provision shall not be construed to release the Owner from any obligation, including the obligation for assessments, for which he or she would otherwise be responsible

(e) Applicability of this Paragraph Notwithstanding the above, this Paragraph shall not apply to any leasing transaction entered into by Declarant (regardless of whether said lease is entered into prior to or after the expiration of Declarant's right to appoint and remove officers and directors of the Association pursuant to Article III, Part A, Section 2 of the Bylaws), the Association, or the holder of any first Mortgage on a Unit who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage Such parties shall be permitted to leas e a Unit without first obtaining a permit in accordance with this Paragraph, and such Units shall not considered as being leased in determining the maximum number of Units that may be leased in accordance with this Paragraph

16 TRANSFER OR SALE OF UNITS

An Owner intending to make a transfer or sale of a Unit or any interest in a Unit shall give written notice to the Board of Directors of such intention within seven (7) days after execution of the purchase agreement (in the case of the purchase of a Unit) or transfer or sales documents (in the case of the conveyance of a Unit without a purchase of said Unit) The Owner shall furnish to the Board of Directors as part of the notice (i) the name and address of the intended grantee, and (ii) such other information as the Board of Directors may reasonably require In addition, the purchase agreement or transfer documents shall attach a copy of the Master Deed and Bylaws This Paragraph shall not be construed to create a right of first refusal in the Association or in any third party

In addition, a non-refundable contribution to the working capital fund of the Association shall be paid to the Association by the purchaser of a Unit at the closing of each sale or resale of a Unit in the amount of two (2) months of the general assessment charges to such Unit in accordance with Paragraph 10(i) hereof

Within seven (7) days after receiving title to a Unit, the new Owner of the Unit shall give written notice to the Board of Directors of his or her ownership of the Unit Upon failure of an Owner to give the required notice within the seven (7) day time period provided herein, the Board may levy fines against the Unit and the Owner thereof, and assess the Owner for all costs incurred by the Association in determining his or her identity

17 MAINTENANCE RESPONSIBILITY

(a) By the Owner. Each Owner shall have the obligation to maintain and keep in good repair all portions of his or her Unit and all improvements made by the Owner to the Limited Common Elements assigned to the Unit except any portion of a Unit which is expressly made the maintenance obligation of the Association as set forth in subparagraph (b) below This maintenance responsibility shall include, but not be limited to the following all glass surfaces (excluding exterior cleaning), windows, window frames (except for periodic painting of the exterior window frames), casings and locks (including caulking of windows), all doors, doorways, door frames, and hardware that are part of the entry system of the Unit and/or garage (except for periodic painting of the exterior surface of entry doors and door frames facing the hallway of the Regime), all portions of the heating and air conditioning system, including the air conditioning compressor and the fan coil serving the Unit, and all pipes, lines, ducts, conduits, or other apparatus which serve only the Unit, whether located within or without a Unit's boundaries (including all electricity, water, sewer, or air conditioning pipes, lines, ducts, conduits, or other apparatus serving only the Unit)

In addition, each Owner shall have the responsibility

(i) To keep in a neat, clean and sanitary condition any Limited Common Elements serving his or her Unit, including but not limited to, garages,

(ii) To perform his or her responsibility in such manner so as not to unreasonably disturb other Persons in other Units,

(iii) To promptly report to the Association or its agent any defect or need for repairs, for which the Association is responsible, and

(iv) To pay for the cost of repairing, replacing or cleaning up any item which is the responsibility of the Owner but which responsibility such Owner fails or refuses to discharge (which the Association shall have the right, but not the obligation, to do), or to pay for the cost of repairing, replacing, or cleaning up any item which, although the responsibility of the Association, is necessitated by reason of the willful or negligent act of the Owner, his or her family, tenants or guests, with the cost thereof to be added to and become part of the Owner's next chargeable assessment

(b) By the Association The Association shall maintain and keep in good repair as a Common Expense the "Area of Common Responsibility," which includes the following

(I) all General Common Elements, including any Limited Common Elements, but excluding all improvements made to such Limited Common Elements, provided, however, the cost of maintenance and repair of Limited Common Elements may be assessed against the Owner to whom the Limited Common Element is assigned under Paragraph 8(b )(1),

(ii) periodic painting of exterior surfaces of the Regime buildings, exterior window frames, and entry doors and door frames facing the hallway of the Regime, on a schedule to be determined by the Board of Directors,

(iii) periodic cleaning of exterior window surfaces on a schedule to be determined by the Board of Directors,

(iv) life safety and building systems, and

(v) all Limited Common Element chimneys and chimney caps the cost of which may be assessed against the Owner of the Unit to which the chimney and fireplace flue are attached, pursuant to Paragraph 8(b)(1)

Additionally, the Association shall have the right, but not the obligation, to conduct a periodic inspection, on a schedule to be determined by the Board of Directors, of all fireplaces and chimney flues and, if, in the Board of Director's sole discretion, a flue needs to be cleaned and/or repaired, the Association shall provide such cleaning and/or repair (even though the flues are considered a portion of the Unit) and the cost of such periodic inspection, cleaning and/or repair may be assessed against the Owner of the Unit served by such flue pursuant to Paragraph 8(b )(1)

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Elements by an Owner or Occupant which is the responsibility of the Association hereunder (including, but not limited to landscaping of Common Elements) shall be performed at the sole expense of such Owner or Occupant, and the Owner or Occupant shall not be entitled to reimbursement from the Association even if the Association accepts the maintenance or repair

The Association shall repair incidental damage to any Unit resulting from performance of work that is the responsibility of the Association As finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready" Such repair and subsequent cleaning shall be performed based on a reasonableness standard ill performing its responsibilities hereunder, the Association shall have the authority to delegate to such Persons, firms or corporations of its choice, such duties as are approved by the Board of Directors

The Association shall not be liable for injury or damage to Person or property caused by the elements or by the Owner of any Unit, or any other Person, or resulting from any utility, rain, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder, except for injuries or damages arising after the Owner of a Unit has put the Association on notice of a specific leak or flow from any portion of the Common Elements and the Association has failed to exercise due care to correct the leak or flow within a reasonable time thereafter The Association shall not be liable to the Owner of any Unit or such Owner's Occupant, guest, or family, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the Common Elements The Association shall not be liable to any Owner, or any Owner's Occupant, guest or family for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Paragraph where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Master Deed, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority

(c) Failure to Maintain If the Board of Directors determines that any Owner has failed or refused to discharge properly his or her obligation with regard to the maintenance, repair, or replacement of items of which he or she is responsible hereunder, then, the Association shall give the Owner written notice of the Owner's failure or refusal and of the Association's right to provide necessary maintenance, repair, or replacement at the Owner's cost and expense The notice shall set forth with reasonable particularity the maintenance, repair, or replacement deemed necessary by the Board of Directors

Unless the Board of Directors determines that an emergency exists, the Owner shall have ten (10) days within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within ten (10) days If the Board determines that (i) an emergency exists or (ii) that an Owner has not complied with the demand given by the Association as herein provided, then the Association may provide any such maintenance, repair, or replacement at the Owner's sole cost and expense, and such costs shall be added to and become a part of the assessment to which such Owner is subject,

shall become and be a lien against the Unit, and shall be collected as provided herein for the collection of assessments

If the Board determines that the need for maintenance or repair is in the Area of Common Responsibility and is caused through the willful or negligent act of any Owner, or Occupant or their family, guests, lessees, or invitees, then the Association may assess the cost of any such maintenance, repair, or replacement against the Owner or Occupant's Unit, shall become a lien against the Unit, and shall be collected as provided herein for the collection of assessments

(d) Measures Related to Insurance Coverage

(i) The Board of Directors, upon resolution, shall have the authority to require all or any Owner(s) to do any act or perform any work involving portions of the Regime which are the maintenance responsibility of the Owner, which will, in the Board's sole discretion, decrease the possibility of fire or other damage in the Regime, reduce the insurance premium paid by the Association for any insurance coverage or otherwise assist the Board in procuring or maintaining such insurance coverage This authority shall include, but need not be limited to, requiring Owners to install and maintain smoke detectors, requiring Owners to certify that they have checked the batteries for their smoke detectors, requiring Owners to allow the Association to inspect the smoke detectors and replace batteries if needed on a schedule to be determined by the Board of Directors, requiring Owners to make improvements to the Owner's Unit, and such other measures as the Board may reasonably require so long as the cost of such work does not exceed Three Hundred Dollars ($300) per Unit in any twelve (12) month period

(ii) In addition to, and not in limitation of, any other rights the Association may have, if any Owner does not comply with any requirement made by the Board of Directors pursuant to subparagraph (d)(i) above, the Association, upon fifteen (15) days' written notice (during which period the Owner may perform the required act or work without further liability), may perform such required act or work at the Owner's sole cost Such cost shall be an assessment and a lien against the Unit as provided herein The Association shall have all rights necessary to implement the requirements mandated by the Board pursuant to subparagraph (d)(i) of this Paragraph, including, but not limited to, a right of entry during reasonable hours and after reasonable notice to the Owner or Occupant of the Unit, except that access may be had at any time without notice in an emergency situation

(e) Mold and/or Mildew Mold and/or mildew can grow in any portion of the Regime that is exposed to elevated levels of moisture The Association and each Owner agree to (i) regularly inspect the parts of the Regime that they respectively maintain, and which are visible and accessible without having to first conduct invasive testing, for the existence of mold, mildew, and/or water intrusion (except when the water intrusion is part of the normal functioning of improvements and appliances such as showers, sinks, dishwashers, and other similar appliances and improvements) and/or damage, (ii) upon discovery, immediately repair in a good and workmanlike condition the source of any water intrusion in the parts of the Regime that they respectively maintain, (iii) remediate or replace any building material located in the parts of the Regime that they respectively maintain that has absorbed water or moisture as a result of water intrusion, and (iv) promptly and regularly remediate all mold and/or mildew discovered in the parts of the Regime that they respectively maintain in accordance with current industry-accepted methods In addition, the Association agrees to notify the Owners, and each Owner agrees to notify the Association of the discovery of mold, mildew, and/or water intrusion and/or damage in

the parts of the Regime that they respectively maintain Each Owner or Occupant further agrees not to block or cover any of the heating, ventilation or air-conditioning ducts located in the Unit Each other also agrees to operate the air conditioning system in a manner so as to lower the risk of mold and mildew developing in a Unit

Notwithstanding anything to the contrary herein, Declarant shall have no obligation to perform any invasive testing or inspections, maintenance or repairs in accordance with this subparagraph 17(e), and shall not be held liable for any loss or damage caused by the failure of the Association or an Owner to perform their obligations herein

18 MORTGAGEE'S RIGHTS

(a) Unless at least two-thirds (2/3) of the first Mortgagees and Owners give their consent, the Association or the membership shall not

(i) by act or omission seek to abandon or terminate the Regime,

(ii) change the pro rata interest or obligations of any individual Unit for the purpose of (A) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (B) determining the pro rata share of ownership of each Unit in the Common Elements,

(iii) partition or subdivide any Unit in any manner inconsistent with the provisions of this Master Deed,

(iv) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements (the granting of easements or licenses, as authorized herein, shall not be deemed a transfer within the meaning of this clause), or

(v) use hazard insurance proceeds for losses to any portion of the Regime (whether to Units or to Common Elements) for other than the repair, replacement, or reconstruction of such portion of the Regime

The provisions of this subparagraph shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Owners where a larger percentage vote is otherwise required by the Act or the Regime Instruments for any of the actions contained in this Paragraph

(b) Where the Mortgagee holding a first Mortgage of record, a secondary purchase money Mortgage of record (provided that neither the grantee nor any successor grantee on the secondary purchase money Mortgage is the seller of the Unit) or other purchaser of a Unit obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be liable, nor shall the Unit be subject to a lien, for the share of the Common Expenses or assessments by the Association chargeable to such Unit which became due prior to such acquisition of title Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all the Units, including such acquirer, and its successors and assigns Additionally, such acquirer shall be responsible for all charges accruing subsequent to the passage of title, including, but not limited to, all charges for the month in which title is passed

(c) Upon written request to the Association, identifying the name and address of the holder and the Unit number or address, any Eligible Mortgage Holder will be entitled to timely written notice of

(i) any condemnation loss or any casualty loss which affects a material portion of the Regime or any Unit on which there is a first Mortgage held by such Eligible Mortgage Holder,

(ii) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a first Mortgage held by such Eligible Mortgage Holder which remains unsatisfied for a period of sixty (60) days, and any default in the performance by an individual Owner of any other obligation under the Regime Instruments which is not cured within sixty (60) days,

(iii) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, or

(iv) any proposed action that would require the consent of a specified percentage of Eligible Mortgage Holders, as specified herein

(d) Upon written request to the Association, identifying the name and address of the holder and the Unit number or address, any Eligible Mortgage Holder, or insurer or guarantor of a first mortgage on a Unit, will be entitled to timely written notice of

(i) any proposed amendment of the Regime Instruments effecting a change in (a) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (b) the interests in the Common Elements or Limited Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto, (c) the number of votes in the Association appertaining to any Unit, or (d) the purposes to which any Unit or the Common Elements are restricted,

(ii) any proposed termination of the Regime,

(iii) any condemnation loss or any casualty loss which affects a material portion of the Regime or any Unit on which there is a first Mortgage held by such Eligible Mortgage Holder,

(iv) any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a first Mortgage held by such Eligible Mortgage Holder which remains unsatisfied for a period of sixty (60) days, and any default in the performance by an individual Owner of any other obligation under the Regime Instruments which is not cured within sixty (60) days,

(v) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, or

(vi) any proposed action th t would require the consent of a specified percentage of Eligible Mortgage Holders, as specified herein

(e) Any holder of a first Mortgage shall be entitled, upon written request, to receive within a reasonable time after request, a copy of the financial statement of the Association for the immediately preceding fiscal year, free of charge to the Mortgagee so requesting

(f) Notwithstanding anything to the contrary herein contained, the provisions of Paragraphs 15 and 16 governing leasing and sales of units, respectively, shall not apply to impair the right of any first Mortgagee to

(i) foreclose or take title to a Unit pursuant to remedies contained in its Mortgage, or

(ii) take a deed or assignment in lieu of foreclosure, or

(iii) sell, lease, or otherwise dispose of a Unit acquired by the Mortgagee

(g) No Priority No provision of this Master Deed or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Elements

(h) Notice to Association Upon request, each Owner shall be obligated to furnish to the Association the name and address of any mortgagee encumbering such Owner's Unit

(i) Failure of Mortgagee to Respond Any Mortgagee who receives a written request from the Board to respond to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested

(j) Construction of this Paragraph Nothing contained in this Paragraph shall be construed to reduce the percentage vote that must otherwise be obtained under the Regime Instruments or South Carolina law for any of the actions set forth in this Paragraph

19 GENERAL PROVISIONS

(a) SECURITY THE ASSOCIATION OR DECLARANT MAY, BUT SHALL NOT BE REQUIRED TO, FROM TIME TO TIME, PROVIDE MEASURES OR TAKE ACTIONS WHICH DIRECTLY OR INDIRECTLY IMPROVE SECURITY ON THE REGIME, HOWEVER, EACH OWNER, FOR HIMSELF OR HERSELF AND HIS OR HER TENANTS, GUESTS, LICENSEES, AND INVITEES, ACKNOWLEDGES AND AGREES THAT NEITHER THE ASSOCIATION NOR DECLARANT IS A PROVIDER OF SECURITY AND NEITHER PARTY SHALL HAVE A DUTY TO PROVIDE SECURITY ON THE REGIME FURTHERMORE, THE ASSOCIATION DOES NOT GUARANTEE THAT NON-OWNERS AND NON-OCCUPANTS WILL NOT GAIN ACCESS TO THE REGIME AND COMMIT CRIMINAL ACTS ON THE REGIME NOR DOES THE ASSOCIATION GUARANTEE THAT CRIMINAL ACTS ON THE REGIME WILL NOT BE COMMITTED BY OTHER OWNERS OR OCCUPANTS IT SHALL BE THE RESPONSIBILITY OF EACH OWNER TO

PROTECT HIS OR HER PERSON AND PROPERTY AND ALL RESPONSIBILITY TO PROVIDE SUCH SECURITY SHALL LIE SOLELY WITH EACH OWNER NEITHER DECLARANT NOR THE ASSOCIATION SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF MEASURES UNDERTAKEN.

(b) Dispute Resolution Prior to filing a lawsuit against the Association, the Board, or any officer, director, or property manager of the Association, an Owner or Occupant must request and attend a hearing with the Board of Directors Any such request shall be in writing and shall be personally delivered to any member of the Board of Directors or the property manager, if any, of the Association The Owner or Occupant shall, in such request and at the hearing, make a good faith effort to explain the grievance to the Board and resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner or Occupant's grievance before filing suit Upon receiving a request for a hearing, the Board shall give notice of the date, time and place of the hearing to the Person requesting the hearing The Board shall schedule this hearing for a date not less than seven (7) or more than twenty-one (21) days from the date of receipt of the request

(c) Parking Spaces, Garages, Vehicles and Storage Spaces Neither Declarant nor the Association shall be held liable for any loss or damage arising from theft, vandalism, malicious mischief, or any loss or damage resulting from water or acid damage, to any property placed or kept in any parking space, garage or storage space in the Regime Each Owner or Occupant with use of a parking space, garage, or storage space who places or keeps a vehicle and/or any personal property in the vehicle, parking space, garage or storage space does so at his or her own risk

(d) Unit Keys At the request of the Association, each Owner, by acceptance of a deed to a Unit, agrees to provide the Association with a key to the Unit (and the security alarm code, if any) to be used by the Association for maintenance, emergency, security or safety purposes as provided in subparagraph 9(a) of this Master Deed (and for pest control, if necessary, as provided in subparagraph 21(e) of this Master Deed) Neither Declarant nor the Association shall be liable for any loss or damage due to its holding such key, or use of such key for the purposes described above and each Owner shall indemnify and hold harmless Declarant, the Association and its officers and directors against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon Declarant, the Association or its officers or directors in connection with any action, suit, or other proceeding (including settlement of any such action, suit or proceeding) brought by the Owner or the Owner's family, tenants, guests, employees, invitees, or licensees against Declarant, the Association, its officers or directors arising out of or relating to its holding or use of such key for the purposes described above

(e) Successor Declarants Any successor to Declarant shall not be responsible or subject to liability by operation of law or through the purchase of Declarant's interest in the Regime or any portion thereof at foreclosure or otherwise for any act, omission, or matter occurring or arising from any act, omission, or matter occurring prior to the time the successor succeeded to the interest of Declarant

(f) Disclosures Each Owner and Occupant acknowledge the following

(i) The Regime is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved and/or widened in the future

(ii) The natural light available to and views from an Owner's Unit may change over time due to, among other circumstances, additional development and the removal or addition of landscaping

(iii) No representations are made regarding the zoning of adjacent property, or that the category to which adjacent property is zoned may not change in the future

(iv) No representations are made regarding the schools that currently or may in the future serve the Unit

(v) Since in every community, there are conditions that different people may find objectionable, it is acknowledged that there may be conditions outside of the Regime that an Owner or Occupant may find objectionable and that it shall be the sole responsibility of the Owners and Occupants to become acquainted with community conditions that could affect the Unit

(vi) The Plans and the dimensions and square footage calculations shown thereon are only approximations Any Owner who is concerned about any representations regarding the Plans should do his/her own investigation as to the dimensions, measurements and square footage of his/her Unit.

(vii) Declarant may be renovating and constructing portions of the Regime and engaging in other construction activities related to the construction of Common Elements Such renovation and construction activities may, from time to time, produce certain conditions on the Regime, including, without limitation (A) noise or sound that is objectionable because of its volume, duration, frequency or shrillness, (B) smoke, (C) noxious, toxic, or corrosive fumes or gases, (D) obnoxious odors, (E) dust, dirt or flying ash, (F) unusual fire or explosion hazards, (G) temporary interruption of utilities, and/or (H) other conditions that may threaten the security or safety of Persons on the Regime Notwithstanding the foregoing, all Owners and Occupants agree that such conditions on the Regime resulting from renovation and construction activities shall not be deemed a nuisance and shall not cause Declarant and its agents to be deemed in violation of any provision of the Master Deed

(viii) Exposed concrete surfaces in portions of the Regime which are not heated and cooled are subject to cracking due to (A) water penetration, (B) expansion and contraction of the concrete with temperature changes, and (C) building settlement

(ix) Concrete surfaces in heated and cooled portions of the Regime are subject to cracking due to building settlement

(x) Concrete and hardwood surfaces and other uncovered surfaces within a Unit may transmit noise, and such noise shall not constitute a use of the Unit that interferes with or causes disruption to the use and enjoyment of another Unit by its respective Owner and/or Occupant

(xi) No representations are made that the Unit is or will be soundproof or that sound may not be transmitted from one Unit to another

(xii) A Unit may trap humidity created by every day living (cooking, bathing, laundering etc ) As a result, condensation may appear on the interior portion of windows and glass surfaces, and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows and glass If left unattended and not properly maintained by Owners and Occupants, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially, mildew and/or mold (see subparagraph 17(e) hereof)

(xiii) Balcony rails are made of wood and will need to be repainted and replaced periodically

(xiv) Portions of the Regime will not be landscaped and will be allowed to return to their natural state

(xv) Declarant shall not be responsible for responding to or taking any affirmative action on behalf of the Association or an individual member of the Association to mitigate, alleviate, remedy or cure any off-site conditions that may directly impact the Regime o any portion thereof, and such inaction by the Declarant shall not constitute a breach of fiduciary duty by the directors and officers of the Association that are appointed by the Declarant, pursuant to Article III, Part A, Section 2 of the Bylaws of the Association

(xvi) While the drainage system for surface water runoff on the Regime will be constructed in accordance with applicable governmental standards, the Regime may still be subject to erosion and/or flooding during unusually intense or prolonged periods of rain

(xvii) Light may emit from improvements on adjacent properties

(xviii) Air planes regularly fly over the property from time to time and may create noise

(xix) Second floor balcony floors are made of wood and may allow dirt and water to penetrate to the first floor balconies

(xx) certain areas of the Regime property are not irrigated

(g) Services During Declarant Control Each Owner acknowledges that Declarant and its affiliates may provide services utilized by communities such as this Regime including, but not limited to, management services Each Owner consents and agrees that the Association may enter into service contracts with Declarant and its affiliates

20 EMINENT DOMAIN

(a) General Whenever all or any part of the Regime shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall appoint the Association,

as attorney-in-fact for the Owners, to represent such Owners in any related proceedings, negotiations, settlements, or agreements The award made for such taking shall be payable to the Association, for the benefit of the Owners and Mortgagees, and shall be disbursed by the Association as hereinafter provided in this Paragraph 20

(b) Common Elements and Limited Common Elements If any portion of the Common Elements on which improvements, excluding Units, shall have been constructed is taken by eminent domain, and if at least two-thirds (2/3) of the Total Association Vote consent to replace such Common Elements on the remaining portions of the Regime and according to plans therefore to be approved by the Association, then the Board of Directors shall arrange for such replacement and the Association shall disburse the award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Regime is to be repaired or reconstructed, in accordance with Paragraph 13 above If the Association does not consent as provided above, the award shall be allocated by the Association to the Owners in proportion to their respective undivided interest in the Common Elements, provided, however, that the portion of the award attributable to the taking of any permanently assigned Limited Common Element shall be allocated to the Owner to which that Limited Common Element was so assigned at the time of the taking If any Limited Common Element was permanently assigned to more than one Unit at the time of the taking, the portion of the award attributable to the taking thereof shall be allocated in equal shares to the Owners to which it was so assigned

(c) Units If all or any portion of a Unit is taken by eminent domain, the interest of all remaining Owners in the Common Elements shall be reallocated by taking as a basis the value of the individual Units in relation to the Regime as a whole, and such revised interests shall be reflected in an amendment to Exhibit "B" of this Master Deed The Association shall disburse to the Owners affected by such condemnation, the share of the award attributable to each Unit (in accordance with such Unit's interest in the Common Elements as set forth on Exhibit "B"), as well as each Unit's undivided interest in the Common Elements

21 EASEMENTS

(a) Use and Enjoyment Each Owner and Occupant shall have a right and a non-exclusive easement of use and enjoyment in and to the Common Elements (including the right of access, ingress and egress to and from his or her Unit over those portions of the Regime designated for such purpose), and such non-exclusive easement shall be appurtenant to and shall pass with the title to such Unit, subject to (i) the rights of the Owners to the exclusive use of the Limited Common Elements assigned to their respective Units, (ii) to the right of the Association to control the use and enjoyment of the Common Elements as provided by the terms of this Master Deed including, but not limited to, the right of the Association to suspend voting and use privileges as provided herein, and (iii) the right of the Association to have access to the Units and Limited Common Elements assigned to a Unit to discharge its rights and obligations, under the Regime Instruments, including without limitation, the maintenance responsibility of the Association

(b) Support Every portion of a Unit and all Limited Common Elements contributing to the support of an abutting Unit shall be burdened with a non-exclusive easement of support for the benefit of such abutting Unit

(c) Encroachments The Units and Common Elements shall be subject to non-

exclusive easements of encroachment to the extent that any Unit or Common Element encroaches on any other Unit or Common Element, whether by reason of any deviation from the Surveyor Plans in the construction, renovation, restoration, or repair of any improvement or by reason of the settling or shifting of any land or improvement

(d) Utilities To the extent that the sprinkler system or any utility line, pipe, wire, or conduit serving any Unit, Units or the Common Elements shall lie wholly or partially within the boundaries of another Unit or the Common Elements, such other Unit, Units, or the Common Elements shall be burdened with a non-exclusive easement for the use, maintenance, repair and replacement of such sprinkler system, utility line, pipe, wire or conduit, such non-exclusive easement to be in favor of the Unit, Units, or Common Elements served by the same and the Association It shall be the obligation of the benefitted Owner to maintain, replace and repair any pipe, line, conduit, duct or wire owned by such Owner, even if such pipe, line conduit, duct or wire is located within the boundaries of a Unit of another Owner ill such circumstance, the benefitted Owner shall repair all incidental damage to any Unit resulting from performance of any such work All Owners hereby covenant and agree that as finish levels can have varying degrees, such repairs will be complete only to the extent of being "paint-ready" Components that may require repair or replacement, such as tile and trim, will be reinstalled only to the extent of readily available materials or similar materials (trim and such will also be finished to "paint-ready") Due to the uncontrollability of quality of repair, items such as faux paint treatment, wallpaper, ceiling/wall applique, and any other similar types of finishes, will not be the responsibility of the benefitted Owner

(e) Pest Control The Association may but shall not be obligated to dispense chemicals for the extermination of insects and pests within the Units and Common Elements ill the event the Association chooses to provide such pest control, the Association and its duly authorized contractors, representatives, and agents shall have an easement to enter Units for the purpose of dispensing chemicals for the exterminating of insects and pests within the Units and Common Elements Owners shall either provide a key to the Unit for purpose of such entry or have someone available at such times as are designated by the Board of Directors to allow entry into the Unit for this purpose The Association shall not be liable for any illness, damage, or injury caused by the dispensing of these chemicals for this purpose

(f) Community Bulletin Board As part of the Common Elements maintained by the Association, Declarant and/or the Board shall have the right, but not the obligation, to erect on the Regime a bulletin board primarily for the use of Owners in advertising their Units for sale For so long as the Association desires to maintain this bulletin board, each Owner and his licensed real estate broker and agent may use the Regime for access, ingress and egress to and from this bulletin board, provided, however, the use of the bulletin board shall be subject to such reasonable nondiscriminatory rules and regulations as may be adopted or promulgated by the Board regulating the size and duration of such advertisements Declarant or Board may terminate use of this bulletin board entirely at any time, and no property rights of any kind are created hereby

(g) Declarant Easements For so long as Declarant owns any Unit primarily for the purpose of sale, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns shall have (i) a non-exclusive easement for access and ingress to, egress from and use of the Common Elements for the

placement and maintenance of signs, banners, balloons, decorations marketing materials and tables; a sales office, a leasing office, a business office, promotional facilities and model Units on any portion of the Regime, together with such other facilities as in the opinion of Declarant may be reasonably required, convenient or incidental to the completion, renovation, improvement, development, sale or lease of any Unit, (ii) a non-exclusive easement to use the Common Elements for special events and promotional activities, and (iii) a transferable, nonexclusive easement on, over, through, under and across the Common Elements and Limited Common Elements for the purpose of making improvements on the Regime or any portion thereof, for the purpose of constructing, installing, replacing, repairing, restoring and maintaining all utilities, buildings, driveways, landscaping and any other improvements on the Regime property or serving the Regime, and for the purpose of doing all things reasonably necessary and proper in connection therewith

Additionally, Declarant and its duly authorized contractors, subcontractors, representatives, agents, associates, employees, tenants and successors and assigns, shall have an exclusive easement for any and all purposes it deems appropriate over, on and through Declarant's Easement Area so long as Declarant, or any successor Declarant, owns any Unit for the purpose of sale or lease

22 AMENDMENTS

Except where a higher vote is required for action under any other provision of this Master Deed or by the Act, in which case such higher vote shall be necessary to amend such provision, this Master Deed may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members of the Association holding two-thirds (2/3) of the Total Association Vote Moreover, no amendment to this Master Deed shall modify, alter, or delete any (a) provision of this Master Deed that benefits Declarant, (b) rights, privileges, easements, protections, or defenses of Declarant, or (c) rights of the Owners or the Association in relationship to Declarant, without the written consent of Declarant attached to and recorded with such amendment, until the later of the following (i) the date upon which Declarant no longer owns any Unit, (ii) the date upon which Declarant no longer has the right to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws, or (iii) ten (10) years after the date on which this Master Deed is recorded in the Office of the Register of Mesne Conveyances for Charleston County, South Carolina, whichever period of time is longer

Notice of any meeting at which a proposed amendment will be considered shall state the fact of consideration and the subject matter of the proposed amendment No amendment shall be effective until certified by the president and secretary of the Association and recorded in the Office of the Register of Mesne Conveyances for Charleston County, South Carolina

In addition to the above, material amendments to this Master Deed must be approved by Eligible Mortgage Holders who represent at least fifty-one percent (51 %) of the votes of Units that are subject to Mortgages held by Eligible Mortgage Holders Notwithstanding the above, the approval of any proposed amendment by an Eligible Mortgage Holder shall be deemed implied and consented to if the Eligible Mortgage Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after the Eligible Mortgage Holder receives notice of the proposed amendment sent by certified or registered mail, return receipt requested Material amendments are those that establish, provide for, govern or regulate any of the following

(A) Voting,

(B) Assessments, assessment liens or subordination of such liens,

(C) Reserves for maintenance, repair and replacement of the Common Elements,

(D) Insurance of fidelity bonds,

(E) Rights to use of the Common Elements,

(F) Responsibility for maintenance and repair of the Regime,

(G) Expansion or contraction of the Regime or the addition, annexation or withdrawal of property to or from the Regime,

(H) Boundaries of any Unit,

(I) The interests in the Common Elements or Limited Common Elements,

(J) Convertibility of Units into Common Elements or of Common Elements into Units,

(K) leasing of units,

(L) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Unit in the Regime

(M) Establishment of self-management by the Association where professional management has been required by any of the agencies or corporations set forth below,

(N) Amendment of any provisions that are for the express benefit of Eligible Mortgage holders or insurers or guarantors of first mortgages on Units in the Regime, and

(O) Restoration or repair of the Regime (after damage or partial condemnation) in a manner other than that specified in the Regime Instruments)

Notwithstanding the foregoing, Declarant or the Board of Directors, without the necessity of a vote from the Owners, may amend this Master Deed to correct any scriveners errors, comply with any applicable state, city or federal law, and/or to bring the Regime into compliance with applicable rules and regulations of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration ("VA") pursuant to federal law

Any action to challenge the validity of an amendment adopted under this Paragraph must be brought within one (1) year of the effective date of such amendment No action to challenge such amendment may be brought after such time

23 SEVERABILITY

Invalidation of anyone of these covenants or restrictions by judgment or court order or otherwise shall in no way affect the application of such provision to other circumstances or affect any other provision(s), which shall remain in full force and effect

24 DECLARANT RIGHTS

Notwithstanding anything to the contrary herein, and in addition to Declarant's right to appoint and remove officers and directors under Article III, Part A, Section 2 of the Bylaws and other rights set forth herein, Declarant shall have the right, as long as Declarant owns at lease one (1) Unit, to conduct such sales, marketing, leasing, administrative and other activities at the Regime as Declarant deems appropriate for the sale, marketing or leasing of any Unit and Declarant shall have a non-exclusive easement right across the Common Elements to erect signs, banners, balloons and other decorations and to conduct such other sales, marketing and leasing activities as provided herein The expiration of Declarant's right to appoint and remove officers and directors of the Association pursuant to Article III, Part A, Section 2 of the Bylaws shall not terminate or alter the status of the above-referenced entity and its respective successors and assigns as Declarant hereunder or divest Declarant of other rights specifically reserved to Declarant herein

25 DISCLAIMER

THE DECLARANT SPECIFICALLY DISCLAIMS ANY INTENTION TO HAVE MADE ANY WARRANTY(IES) OR REPRESENTATION(S) IN CONNECTION WITH THE SUBMITTED PROPERTY (INCLUDING ANY WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR USE OR FITNESS FOR A PARTICULAR PURPOSE) OR TO THE CONDITION OF THE PROPERTY WHICH IS BEING SOLD "AS-IS" OR "WHERE-IS" OR THE DOCUMENTS ESTABLISHING OR GOVERNING THE CONDOMINIUM, EXCEPT THOSE WARRANTIES AND REPRESENTATIONS (IF ANY) EXPLICITLY SET FORTH HEREIN NO PERSON SHALL BE ENTITLED TO RELY UPON ANY WARRANTY OR REPRESENTATIONS NOT EXPLICITLY SET FORTH HERE IN STATEMENTS (IF ANY) AS TO COMMON EXPENSES, TAXES, ASSESSMENTS OR OTHER CHARGES MADE BY THE DECLARANT OR ANY REPRESENTATIVE THEREOF ARE ESTIMATES ONLY AND NO WARRANTY, GUARANTEE OR REPRESENTATION IS MADE THAT THE ACTUAL AMOUNT OF SUCH COMMON EXPENSES, ASSESSMENTS OR OTHER CHARGES WILL CONFORM WITH SUCH ESTIMATES NOTWITHSTANDING, THE DECLARANT MAY PROVIDE INITIAL OWNERS WITH A HOME OWNER'S WARRANTY POLICY BUT THAT IN NO WAY MAKES THE DECLARANT RESPONSIBLE FOR THE CONDITION OF THE PROPERTY

(Remainder of paid intentionally left blank)

IN WITNESS WHEREOF, Declarant has executed this Master Deed under seal this 26th day of April, 2006

DECLARANT LMP Properties, Inc
A South Carolina Corporation

By [signature]
Ron Follman
Its Sole Shareholder, Director and Officer

Signed, sealed, and delivered
this 26th day of April, 2006
in the presence of

[signature]
Witness #1

[signature]
Witness #2

STATE OF SOUTH CAROLINA )
) ACKNOWLEDGMENT
COUNTY OF CHARLESTON )

I, a Notary Public in and for the County and State aforesaid, certify that Ron Fullman as sole Shareholder, Director and Officer personally appeared before me this day and acknowledged the execution of the foregoing Master Deed on behalf of LMP Properties, Inc

WITNESS my hand and official stamp or seal this 26th day of April, 2006

[signature]
Notary Public for SC
My commission Expires 4/24/13

EXHIBIT "A" BK D 581 PG 171

Tract B

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South carolina, and being designated as Tract B on a survey by Thomas & Hutton Engineering Co , dated May 5, 1998, as revised May 26, 1999, recorded in Plat Book ED, Page 197, Charleston County RMC Office as follows

Beginning at the intersection of the northerly right of way of National Drive and the easterly right of way of U S Highway 17 North, said intersection being the True Point of Beginning, thence running along the easterly right of way of U S Highway 17 North N55-43-28 E for 338 58 feet to a concrete monument old

Thence continuing along the easterly right of way of U S Highway 17 North, along a line with a course of N 55-55-31 E for 1320 80 feet to an iron old,

Thence along a line with a course of S 33-22-45 E for 221 20 feet to an iron old,

Thence along a line with a course of N 55-52-12 E for 345 97 feet to an iron old,

Thence along a line with a course of S 26-42-40 E for 328 01 feet to an iron new,

Thence along a line with a course of S-55-26-59 W for 1,856 01 feet to an iron new,

Thence along a line with a course of N 34-33-02 W for 180 00 feet to an iron new,

Thence along a line having a course of S 54-53-23 W for 141 95 feet to an iron new set in the northerly right of way of National Drive,

Thence continuing along the northerly right of way of National Drive, along a line with a course of N 21-16-14 W for 114 55 feet to an iron new,

Thence continuing along the northerly right of way of National Drive, along a curve to the left, having a length of 132 26 feet, a radius of 575 feet, and a chord of N 27-51-42 W for 131 97 feet to an iron new,

Thence continuing along the northerly right of way of National Drive N 34-27-04 W a distance of 140 05 feet to the True Point of Beginning

TOGETHER WITH

Access Parcel (Fee Simple)

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Access Parcel on a survey by Thomas & Hutton Engineering Co , dated May 5, 1998, as revised May 26, 1999, recorded in Plat Book ED, Page 197, Charleston County RMC Office as follows

Commencing at the intersection of the southerly right of way of Old Course Lane and the easterly right of way of U S Highway 17 North, thence running along the southerly right of way of Old Course Lane along a line having a course of SW 33-23-15 E for 213 49 feet to an iron new being the True Point of Beginning for the Access Parcel,

Thence continuing along the right of way of Old Course Lane S 33-23-15 E a distance of 24 89 feet to an old iron pin,

Thence along a curve to the left having a radius of 350 00 feet, a length of 30 23 feet and a chord of S 35-51-44 E for 30 22 feet to an iron new,

Thence along a curve to the right having a radius of 73 63 feet, a length of 7 15 feet and a chord of S 19-45-52 W for 7 14 feet to an iron new,

Thence along a curve to the right having a radius of 125 00 feet, a length of 34 90 feet, and a chord of S 25-11-00 W for 34 79 feet to an iron new,

Thence along a line with a course of N26-42-55 W for 64 33 feet to an iron new,

Thence along a curve to the right having a radius of 123 63 feet, a length of 29 97 feet, and a chord of N 29-32-12 E for 29 89 feet to the True Point of Beginning

Said Parcel containing 0 04 acres based on the survey

TOGETHER WITH

EASEMENT AREAS

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Access Easement on Survey by Thomas & Hutton Engineering Co , dated May 5, 1998 and recorded in Plat Book ED, Page 197, Charleston County RMC Office as follows

Commencing at the intersection of the southerly right of way of Old Course Lane and the easterly right of way of U S Highway 17 North, thence running along the southerly right of way of Old Course Lane along a line having a course of S 33-23-15 E for 213 49 feet to an iron new,

Thence along a curve to the left having a radius of 123 63 feet, a length of 29 97 feet, and a chord of S 29-32-12 W for 29 89 feet to the True Point of Beginning

Thence southerly along a line with a course S 26 degrees 42 minutes 55 seconds East a distance of 64 33 feet to an iron new,

Thence along a curve to the right with a radius of 125 00 feet, a length of 32 69, and a chord of S 40-40-27 W for 32 60 feet to an iron new,

Thence northerly along a line with a course N 26 degrees 42 minutes 40 second W a distance of 53 13 feet to an iron new,

Thence easterly along a curve to the left with a radius of 75 00 feet, a length of 26 58 feet, and a chord of N 27-21-41 E for 26 45 feet to an iron new,

Thence along a curve to the right with a radius of 123 63 feet, a length of 12 04 feet, and a chord of N 19-48-09 E for 12 03 feet to the Point of Beginning Said easement containing 0 04 acres

T.M.S. 599-00-00-020

**The Legends Ownership Schedule**
**Units**

| Unit | Unit Type | Unit Value | Ownership Percentage | |
|---|---|---|---|---|
| 111 | B-2gspfv | $1,282 | 0 574% | Attached Garage |
| 112 | B-2spcv | $1,323 | 0 592% | |
| 114 | B-1gsppv | $1,159 | 0 519% | Attached Garage |
| 116 | B-1gsppv | $1,159 | 0 519% | Attached Garage |
| 117 | B-2gspfv | $1,282 | 0 574% | Attached Garage |
| 118 | B-2sppv | $1,323 | 0 592% | |
| 121 | B-2ufpfv | $1,323 | 0 592% | |
| 122 | B-2ufpcv | $1,323 | 0 592% | |
| 123 | B-1uelfv | $1,154 | 0 517% | |
| 124 | B-1upv | $1,134 | 0 508% | |
| 125 | B-1uelfv | $1,154 | 0 517% | |
| 126 | B-1ucv | $1,134 | 0 508% | |
| 127 | B-2ufpfv | $1,323 | 0 592% | |
| 128 | B-2ufpcv | $1,323 | 0 592% | |
| 211 | B-2spfv | $1,323 | 0 592% | |
| 212 | B-2spcv | $1,323 | 0 592% | |
| 213 | A-2spfv | $819 | 0 367% | |
| 214 | A-2spcv | $819 | 0 367% | |
| 215 | A-2spfv | $819 | 0 367% | Handicap unit |
| 216 | A-2spcv | $819 | 0 367% | |
| 217 | B-2spfv | $1,323 | 0 592% | |
| 218 | B-2spcv | $1,323 | 0 592% | |
| 221 | B-2uspfv | $1,323 | 0 592% | |
| 222 | B-2ufpcv | $1,323 | 0 592% | |
| 223 | A-2ufv | $819 | 0 367% | |
| 224 | A-2ucv | $819 | 0 367% | |
| 225 | A-2ufv | $819 | 0 367% | |
| 226 | A-2ucv | $819 | 0 367% | |
| 227 | B-2ufv | $1,323 | 0 592% | |
| 228 | B-2ufpcv | $1,323 | 0 592% | |
| 311 | B-2gspfv | $1,282 | 0 574% | Attached Garage |
| 312 | B-2spcv | $1,323 | 0 592% | |
| 314 | B-1gspcv | $1,159 | 0 519% | Attached Garage |
| 316 | B-1gspcv | $1,159 | 0 519% | Attached Garage |
| 317 | B-2gspfv | $1,282 | 0 574% | Attached Garage |
| 318 | B-2spcv | $1,323 | 0 592% | |
| 321 | B-2ufv | $1,323 | 0 592% | |
| 322 | B-2ucv | $1,323 | 0 592% | |
| 323 | B-1uelfv | $1,154 | 0 517% | |
| 324 | B-1ucv | $1,134 | 0 508% | |
| 325 | B-1uelfv | $1,154 | 0 517% | |
| 326 | B-1ucv | $1,134 | 0 508% | |
| 327 | B-2ufv | $1,323 | 0 592% | |
| 328 | B-2ucv | $1,323 | 0 592% | |
| 411 | B-2spfv | $1,323 | 0 592% | |
| 412 | B-2sptv | $1,323 | 0 592% | |
| 413 | A-2spfv | $819 | 0 367% | |

Exhibit B (1)

| | | | | |
|---|---|---|---|---|
| 414 | A-2sptv | $819 | 0 367% | |
| 415 | A-2spfv | $819 | 0 367% | Handicap unit |
| 416 | A-2sptv | $819 | 0 367% | |
| 417 | B-2spfv | $1,323 | 0 592% | |
| 418 | B-2sptv | $1,323 | 0 592% | |
| 421 | B-2ufv | $1,323 | 0 592% | |
| 422 | B-2utv | $1,323 | 0 592% | |
| 423 | A-2ufv | $819 | 0 367% | |
| 424 | A-2utv | $819 | 0 367% | |
| 425 | A-2ufv | $819 | 0 367% | |
| 426 | A-2utv | $819 | 0 367% | |
| 427 | B-2ufv | $1,323 | 0 592% | |
| 428 | B-2utv | $1,323 | 0 592% | |
| 511 | B-2gspfv | $1,282 | 0 574% | Attached Garage |
| 512 | B-2spcv | $1,323 | 0 592% | |
| 514 | B-1gspcv | $1,159 | 0 519% | Attached Garage |
| 516 | B-1gspcv | $1,159 | 0 519% | Attached Garage |
| 517 | B-2gspfv | $1,282 | 0 574% | Attached Garage |
| 518 | B-2spcv | $1,323 | 0 592% | |
| 521 | B-2ufpfv | $1,323 | 0 592% | |
| 522 | B-2ufpcv | $1,323 | 0 592% | |
| 523 | B-1uelfv | $1,154 | 0 517% | |
| 524 | B-1ucv | $1,134 | 0 508% | |
| 525 | B-1uelfv | $1,154 | 0 517% | |
| 526 | B-1ucv | $1,134 | 0 508% | |
| 527 | B-2ufvfp | $1,323 | 0 592% | |
| 528 | B-2uspfpcv | $1,323 | 0 592% | |
| 611 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 612 | C-1gspcv | $1,480 | 0 663% | Attached Garage |
| 613 | A-1spfv | $736 | 0 330% | |
| 614 | A-1spcv | $736 | 0 330% | |
| 615 | A-1spfv | $736 | 0 330% | |
| 616 | A-1spcv | $736 | 0 330% | |
| 617 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 618 | C-1gspcv | $1,480 | 0 663% | Attached Garage |
| 621 | C-1ufpfv | $1,456 | 0 652% | |
| 622 | C-1ufpcv | $1,456 | 0 652% | |
| 623 | A-1uelfv | $743 | 0 333% | |
| 624 | A-1uelcv | $743 | 0 333% | |
| 625 | A-1uelfv | $743 | 0 333% | |
| 626 | A-1uelcv | $743 | 0 333% | |
| 627 | C-1ufpfv | $1,456 | 0 652% | |
| 628 | C-1ufpcv | $1,456 | 0 652% | |
| 711 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 712 | C-1gspcv | $1,480 | 0 663% | Attached Garage |
| 713 | A-1spfv | $736 | 0 330% | |
| 714 | A-1spcv | $736 | 0 330% | |
| 715 | A-1spfv | $736 | 0 330% | |
| 716 | A-1spcv | $736 | 0 330% | |
| 717 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 718 | C-1gspcv | $1,480 | 0 663% | Attached Garage |

Exhibit B(2)

| | | | | |
|---|---|---|---|---|
| 721 | C-1ufpfv | $1,456 | 0 652% | |
| 722 | C-1ufpcv | $1,456 | 0 652% | |
| 723 | A-1uelfv | $743 | 0 333% | |
| 724 | A-1ucv | $736 | 0 330% | |
| 725 | A-1uelfv | $743 | 0 333% | |
| 726 | A-1ucv | $736 | 0 330% | |
| 727 | C-1ufpfv | $1,456 | 0 652% | |
| 728 | C-1ufpcv | $1,456 | 0 652% | |
| 811 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 812 | C-1gspcv | $1,480 | 0 663% | Attached Garage |
| 813 | A-1spfv | $736 | 0 330% | |
| 814 | A-1spcv | $736 | 0 330% | |
| 815 | A-1spfv | $736 | 0 330% | |
| 816 | A-1spcv | $736 | 0 330% | |
| 817 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 818 | C-1gspcv | $1,480 | 0 663% | Attached Garage |
| 821 | C-1ufpspfv | $1,456 | 0 652% | |
| 822 | C-1ufpcv | $1,456 | 0 652% | |
| 823 | A-1uelfv | $743 | 0 333% | |
| 824 | A-1ucv | $736 | 0 330% | |
| 825 | A-1uelfv | $743 | 0 333% | |
| 826 | A-1ucv | $736 | 0 330% | |
| 827 | C-1ufpfv | $1,456 | 0 652% | |
| 828 | C-1ufpcv | $1,456 | 0 652% | |
| 911 | B-2spfv | $1,323 | 0 592% | |
| 912 | B-2spcv | $1,323 | 0 592% | |
| 913 | A-2spfv | $819 | 0 367% | |
| 914 | A-2spcv | $819 | 0 367% | |
| 915 | A-2spfv | $819 | 0 367% | Handicap unit |
| 916 | A-2spcv | $819 | 0 367% | |
| 917 | B-2spfv | $1,323 | 0 592% | |
| 918 | B-2spcv | $1,323 | 0 592% | |
| 921 | B-2ufv | $1,323 | 0 592% | |
| 922 | B-2uspcv | $1,323 | 0 592% | |
| 923 | A-2ufv | $819 | 0 367% | |
| 924 | A-2ucv | $819 | 0 367% | |
| 925 | A-2ufv | $819 | 0 367% | |
| 926 | A-2ucv | $819 | 0 367% | |
| 927 | B-2ufv | $1,323 | 0 592% | |
| 928 | B-2ucv | $1,323 | 0 592% | |
| 1011 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 1012 | C-1gspcv | $1,480 | 0 663% | Attached Garage |
| 1013 | A-1spfv | $736 | 0 330% | |
| 1014 | A-1spcv | $736 | 0 330% | |
| 1015 | A-1spfv | $736 | 0 330% | |
| 1016 | A-1spcv | $736 | 0 330% | |
| 1017 | A-3spgfv | $939 | 0 420% | Attached Garage |
| 1018 | C-1gspcv | $1,480 | 0 663% | Attached Garage |
| 1021 | C-1ufpfv | $1,456 | 0 652% | |
| 1022 | C-1ufpspcv | $1,456 | 0 652% | |
| 1023 | A-1uelfv | $743 | 0 333% | |

Exhibit B(3)

| | | | | |
|---|---|---|---|---|
| 1024 | A-1uelcv | $743 | 0 333% | |
| 1025 | A-1uelfv | $743 | 0 333% | |
| 1026 | A-1uelcv | $743 | 0 333% | |
| 1027 | C-1ufpfv | $1,456 | 0 652% | |
| 1028 | C-1ufpspcv | $1,456 | 0 652% | |
| 1111 | B-2spfv | $1,323 | 0 592% | |
| 1112 | B-2spcv | $1,323 | 0 592% | |
| 1113 | A-2spfv | $819 | 0 367% | |
| 1114 | A-2spcv | $819 | 0 367% | |
| 1115 | A-2spfv | $819 | 0 367% | Handicap unit |
| 1116 | A-2spcv | $819 | 0 367% | |
| 1117 | B-2spfv | $1,323 | 0 592% | |
| 1118 | B-2spcv | $1,323 | 0 592% | |
| 1121 | B-2ufv | $1,323 | 0 592% | |
| 1122 | B-2ufpspcv | $1,323 | 0 592% | |
| 1123 | A-2ufv | $819 | 0 367% | |
| 1124 | A-2ucv | $819 | 0 367% | |
| 1125 | A-2ufv | $819 | 0 367% | |
| 1126 | A-2ucv | $819 | 0 367% | |
| 1127 | B-2ufv | $1,323 | 0 592% | |
| 1128 | B-2ufpcv | $1,323 | 0 592% | |
| 1211 | B-2gsp | $1,282 | 0 574% | Attached Garage |
| 1212 | B-2spcv | $1,323 | 0 592% | |
| 1214 | B-1gspcv | $1,159 | 0 519% | Attached Garage |
| 1216 | B-1gspcv | $1,159 | 0 519% | Attached Garage |
| 1217 | B-2gspfv | $1,282 | 0 574% | Attached Garage |
| 1218 | B-2spcv | $1,323 | 0 592% | |
| 1221 | B-2ufpfv | $1,323 | 0 592% | |
| 1222 | B-2ufpspcv | $1,323 | 0 592% | |
| 1223 | B-1uelfv | $1,154 | 0 517% | |
| 1224 | B-1ucv | $1,134 | 0 508% | |
| 1225 | B-1uelfv | $1,154 | 0 517% | |
| 1226 | B-1ucvsp | $1,134 | 0 508% | |
| 1227 | B-2ufpfv | $1,323 | 0 592% | |
| 1228 | B-2ufpspcv | $1,323 | 0 592% | |
| 1311 | B-2spfv | $1,323 | 0 592% | |
| 1312 | B-2spcv | $1,323 | 0 592% | |
| 1313 | A-2spfv | $819 | 0 367% | |
| 1314 | A-2spcv | $819 | 0 367% | |
| 1315 | A-2spfv | $819 | 0.367% | |
| 1316 | A-2spcv | $819 | 0 367% | |
| 1317 | B-2spfv | $1,323 | 0 592% | |
| 1318 | B-2spcv | $1,323 | 0 592% | |
| 1321 | B-2ufv | $1,323 | 0 592% | |
| 1322 | B-2ucv | $1,323 | 0 592% | |
| 1323 | A-2ufv | $819 | 0 367% | |
| 1324 | A-2ucv | $819 | 0 367% | |
| 1325 | A-2ufv | $819 | 0 367% | |
| 1326 | A-2ucv | $819 | 0 367% | |
| 1327 | B-2ufv | $1,323 | 0 592% | |
| 1328 | B-2ucvsp | $1,323 | 0 592% | |

Exhibit B (4)

| | | | |
|---|---|---|---|
| 1100 | Office Unit | $1,760 | 0 788% |
| | Total | $223,308 | 100 000% |



| Legend | |
|---|---|
| g | attached garage |
| fp | fireplace |
| u | 2nd floor |
| cv | courtyard view |
| fv | front view |
| sp | screened porch |
| el | elongated living room |
| tv | tree view |
| A-1 | 1bdr Azalea |
| A-2 | 1 bdr Dogwood |
| A-3 | 1 bdr Magnolia |
| B-1 | 2 bdr Jasmine |
| B-2 | 2 bdr Oleander |
| C-1 | 3 bdr Camellia |

Exhibit B(5)

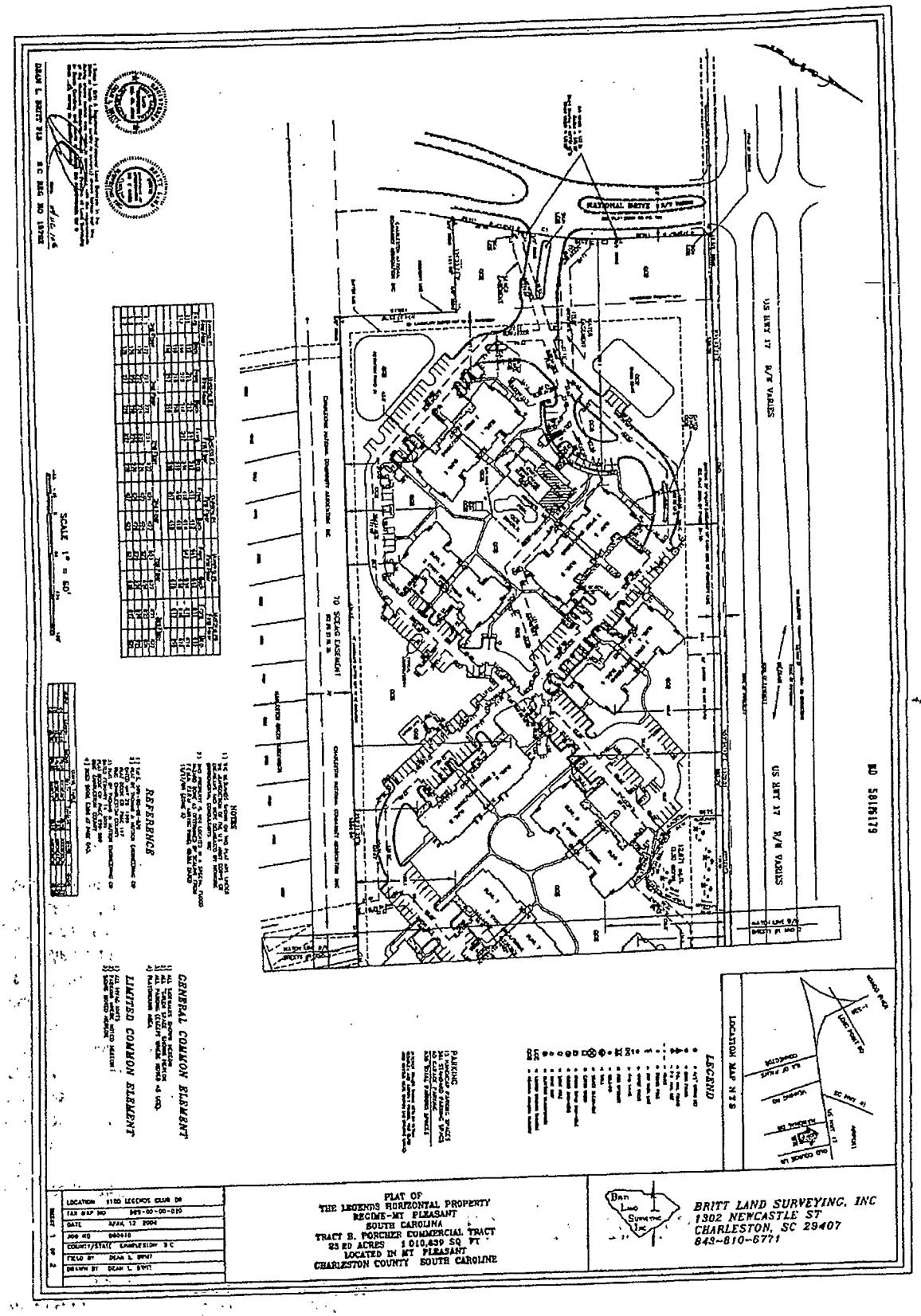
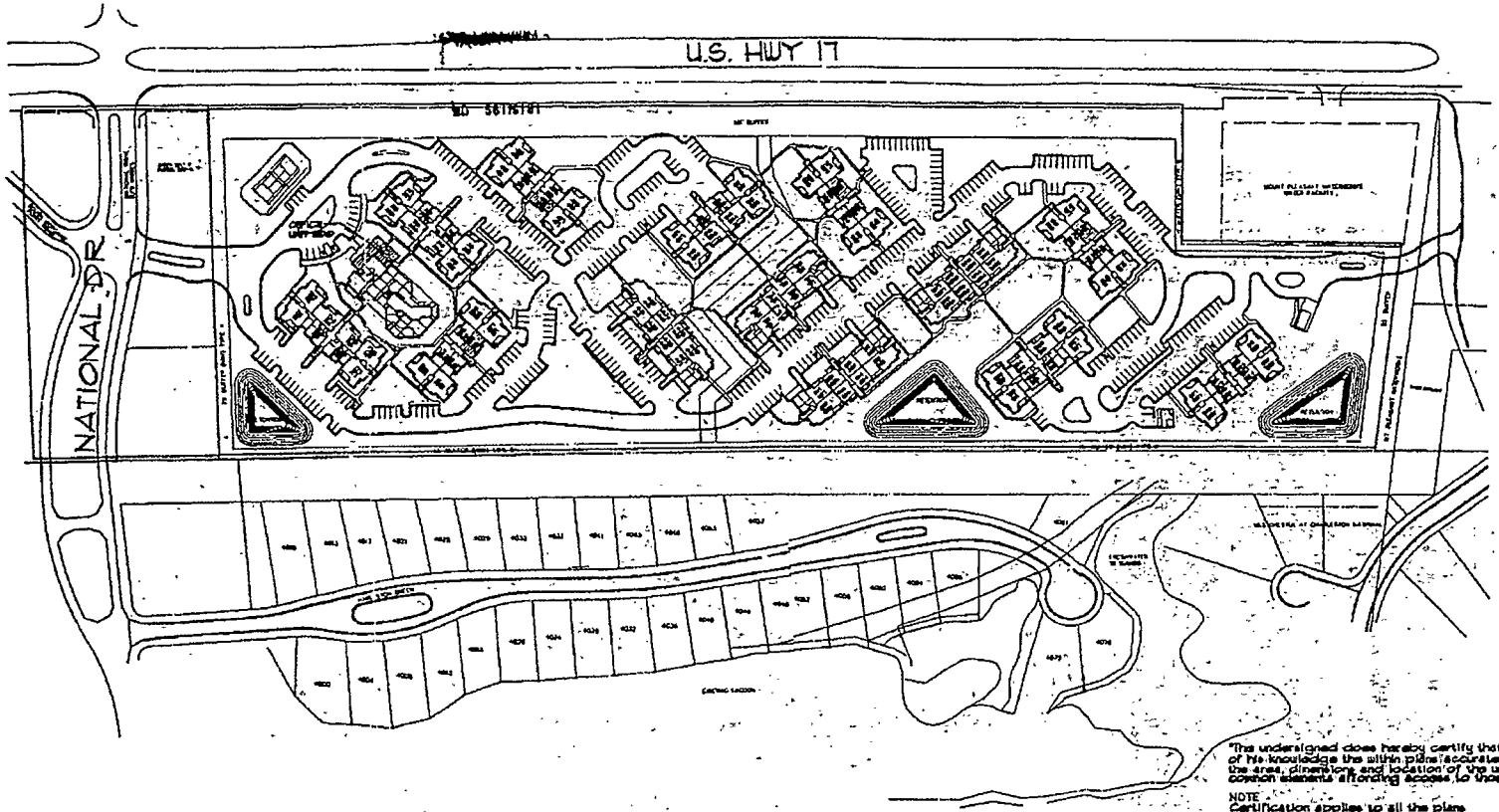

PLAT OF
THE LEGENDS HORIZONTAL PROPERTY
REGIME-MT PLEASANT
SOUTH CAROLINA
TRACT B, PORCHER COMMERCIAL TRACT
23.60 ACRES 1,010,639 SQ FT
LOCATED IN MT PLEASANT
CHARLESTON COUNTY SOUTH CAROLINE
BRITT LAND SURVEYING, INC
1302 NEWCASTLE ST
CHARLESTON, SC 29407
843-810-6771
LEGEND
LOCATION MAP NTS
GENERAL COMMON ELEMENT
LIMITED COMMON ELEMENT
REFERENCE
SCALE 1" = 60'
US HWY 17 N/B
US HWY 17 S/B
NATIONAL DRIVE
70' SCANA EASEMENT
CHARLESTON NATIONAL COMMUNITY ASSOCIATION INC
SHEET 1 OF 2

Exhibit C (1)

SCALE 1" = 60'
LIMITED COMMON ELEMENT
GENERAL COMMON ELEMENT
REFERENCE
PLAT OF
THE LEGENDS HORIZONTAL PROPERTY
REGIME-MT PLEASANT
SOUTH CAROLINA
TRACT B, PORCHER COMMERCIAL TRACT
23.20 ACRES 1,010,639 SQ FT
LOCATED IN MT PLEASANT
CHARLESTON COUNTY SOUTH CAROLINE
BRITT LAND SURVEYING, INC
1302 NEWCASTLE ST
CHARLESTON, SC 29407
843-810-6771
LOCATION MAP N.T.S.
LOCATION 1180 LEGENDS CLUB DR
TAX MAP NO 544-00-00-020
DATE APRIL 12 2004
JOB NO 040910
COUNTY/STATE CHARLESTON S.C
FIELD BY DEAN L. BRITT
DRAWN BY DEAN L. BRITT
SHEET 2 OF 2

Exhibit C(a)



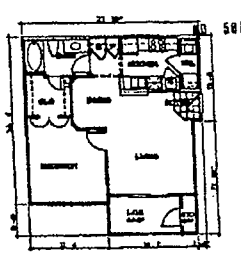

"The undersigned does hereby certify that to the best of his knowledge the within plans accurately reflect the area, dimensions and location of the units and the common elements affording access to those units"

NOTE
Certification applies to all the plans

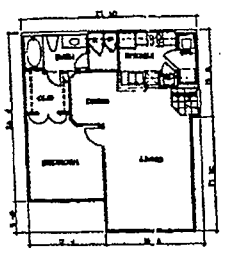
**THE LEGENDS**
SITE PLAN
HORIZONTAL PRERTY REGIME
TOWN OF MOUNPLEASANT
CHARLESTON COUNTSOUTH CAROLINA
3-21-0

Exhibit D (1)

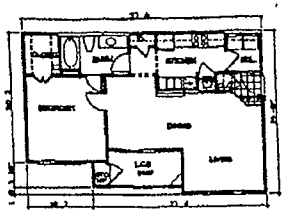
4/1/86



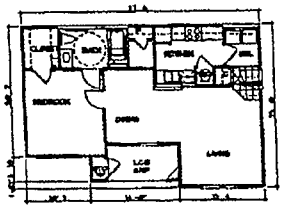
UNIT A1 - ONE BEDROOM ONE BATH



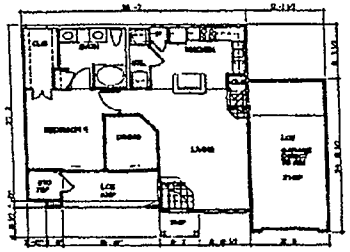
UNIT A1S - ONE BEDROOM ONE BATH



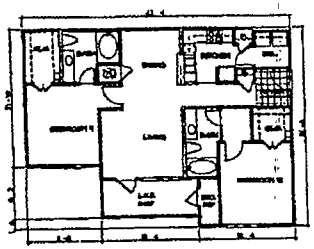
UNIT A2 - ONE BEDROOM ONE BATH



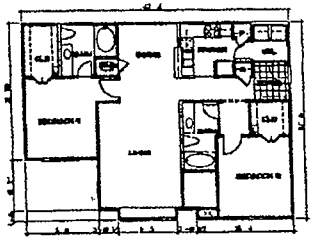
UNIT A2HC - ONE BEDROOM ONE BATH



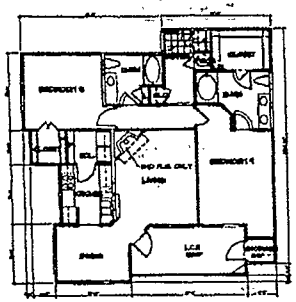
UNIT A3J - ONE BEDROOM ONE BATH



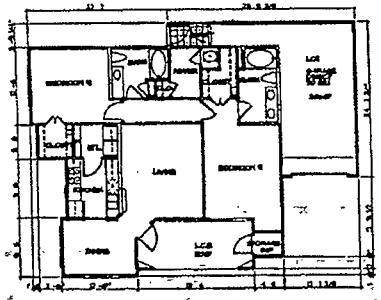
UNIT B1 - TWO BEDROOM TWO BATH



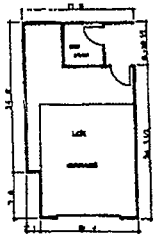
UNIT B1S - TWO BEDROOM TWO BATH



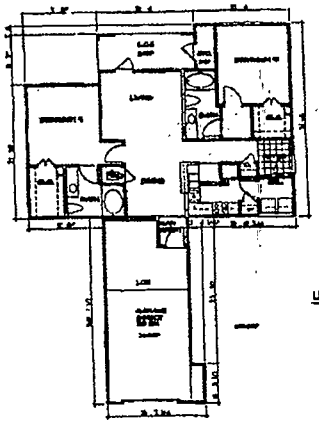
UNIT B2 - TWO BEDROOM TWO BATH



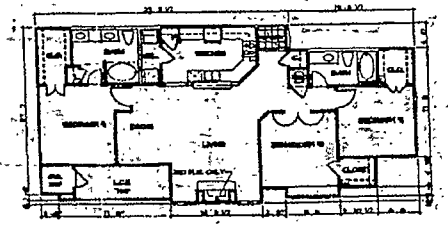
UNIT B2J - TWO BEDROOM TWO BATH



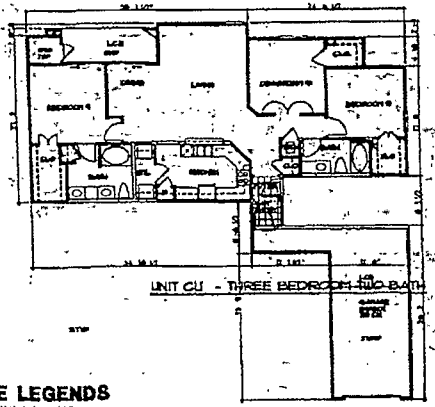
ONE CAR GARAGE



UNIT B1I - TWO BEDROOM TWO BATH, DIRECT ENTRY



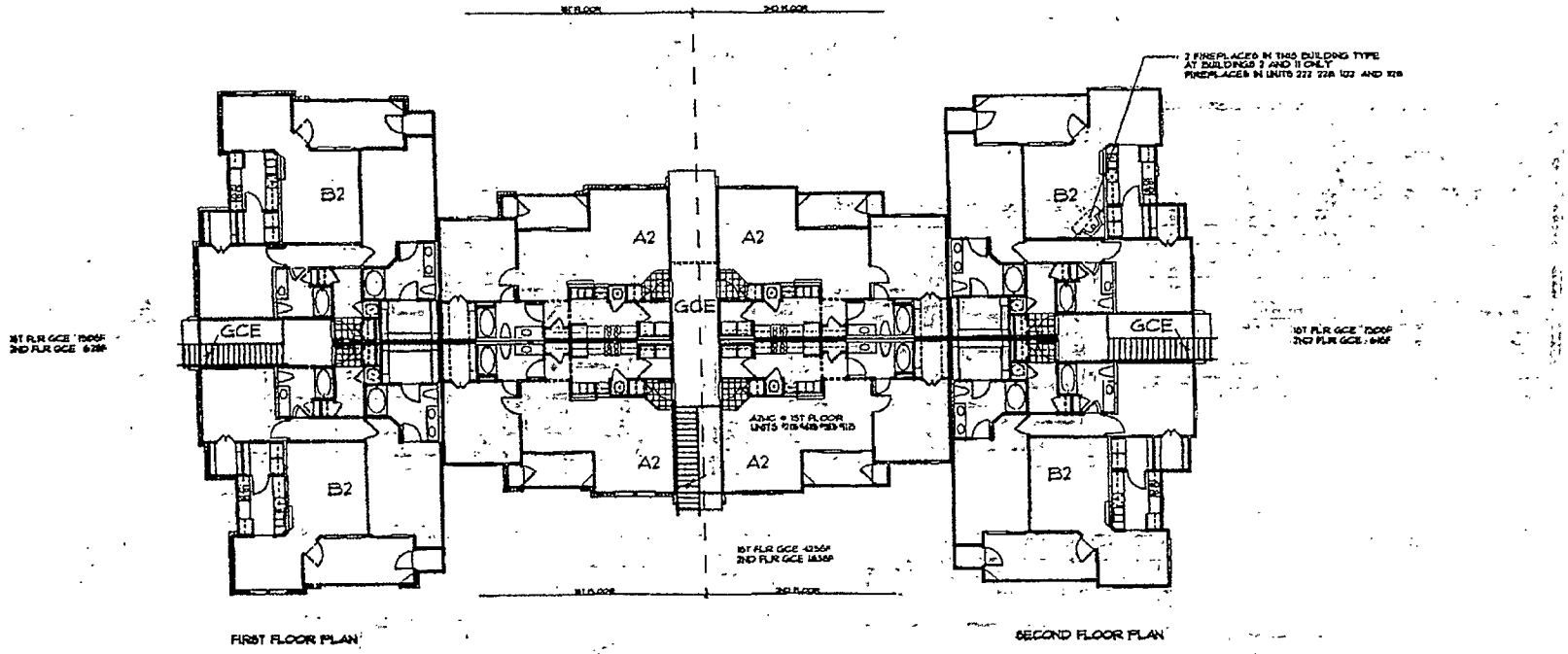
UNIT C1 - THREE BEDROOM TWO BATH



UNIT C1J - THREE BEDROOM TWO BATH

ADDRESSES PER UNIT TYPE

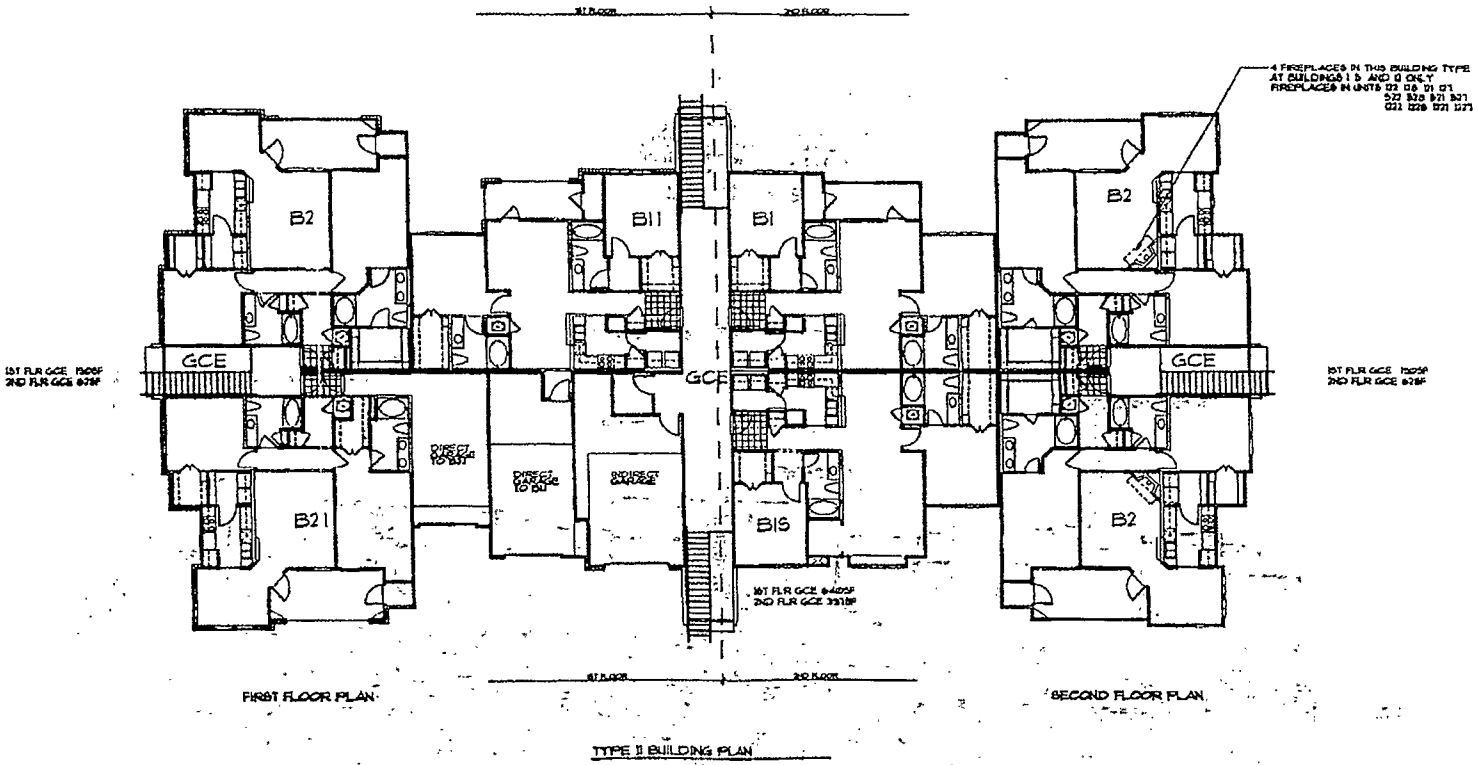
| UNIT TYPE | ADDRESS |
|---|---|
| A1 | 713, 724, 733, 736, 739, 742, 745, 748, 751, 754, 757, 760, 763, 766, 769, 772, 775, 778, 781, 784, 787, 790, 793, 796, 799, 802, 805, 808, 811, 814, 817, 820, 823, 826, 829, 832, 835, 838, 841, 844, 847, 850,




TYPE I BUILDING PLAN

**THE LEGENDS**
BUILDING PLAN
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
3-31-05

Exhibit B(2)

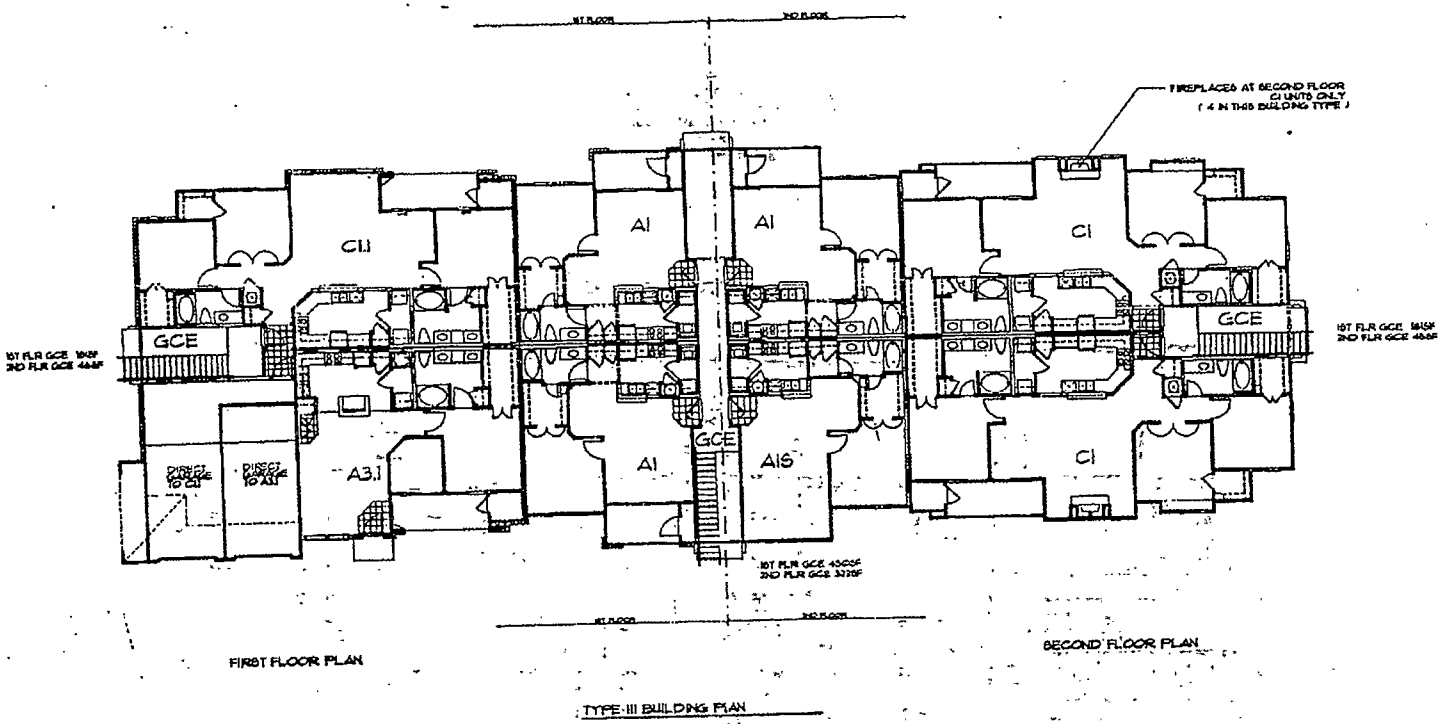



TYPE II BUILDING PLAN

**THE LEGENDS**
BUILDING PLAN
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA

Exhibit D (4)

BK 5817P185




FIRST FLOOR PLAN

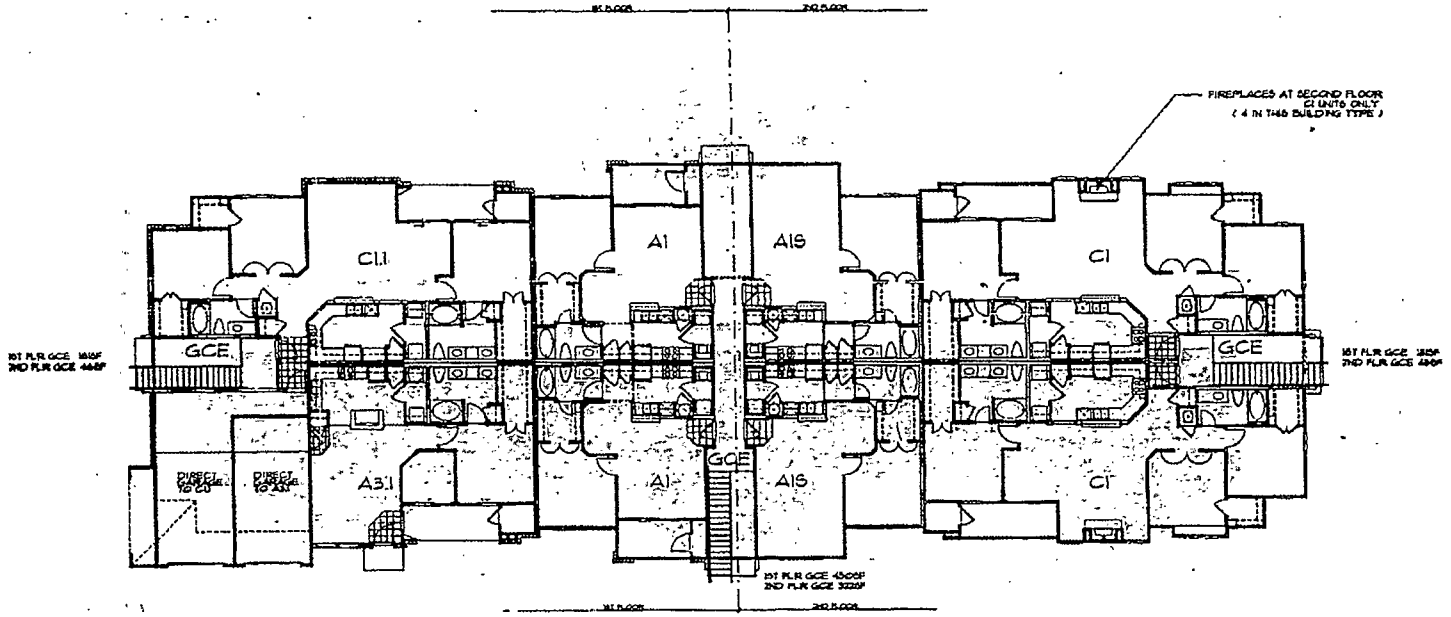
SECOND FLOOR PLAN

TYPE III BUILDING PLAN

**THE LEGENDS**
BUILDING PLAN
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
3-31-96

Exhibit D(2)

0530




FIRST FLOOR PLAN

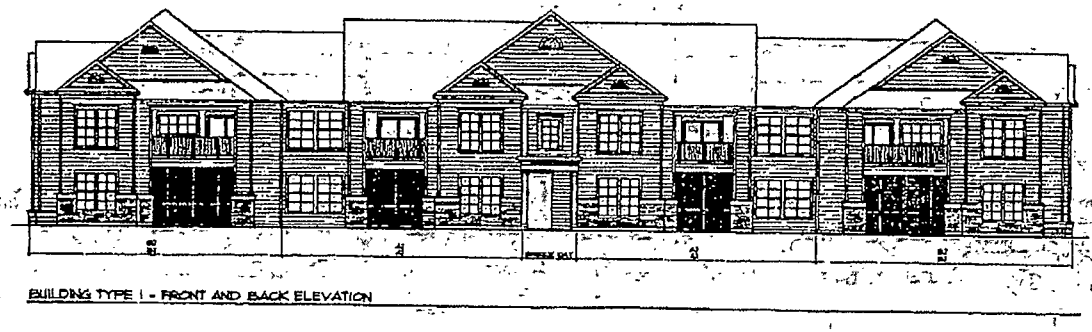
SECOND FLOOR PLAN

TYPE IV BUILDING PLAN

**THE LEGENDS**
BUILDING PLAN
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
3-31-06

Exhibit D (4)

BUILDING TYPE I - END ELEVATION



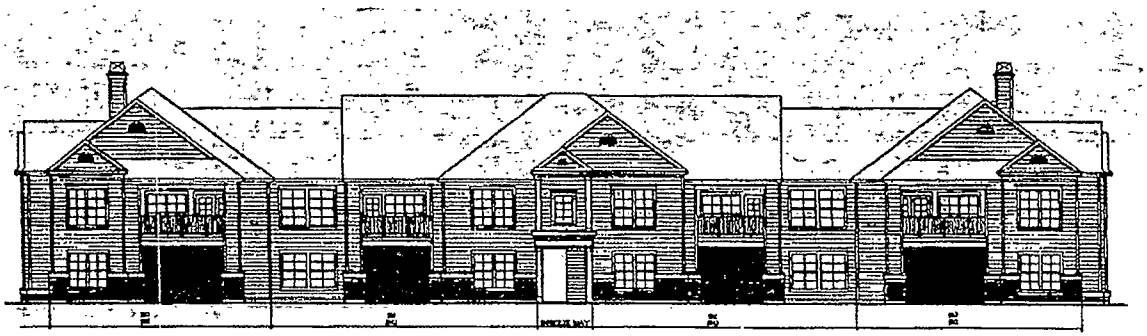
BUILDING TYPE I - FRONT AND BACK ELEVATION

**THE LEGENDS**
ELEVATIONS
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA

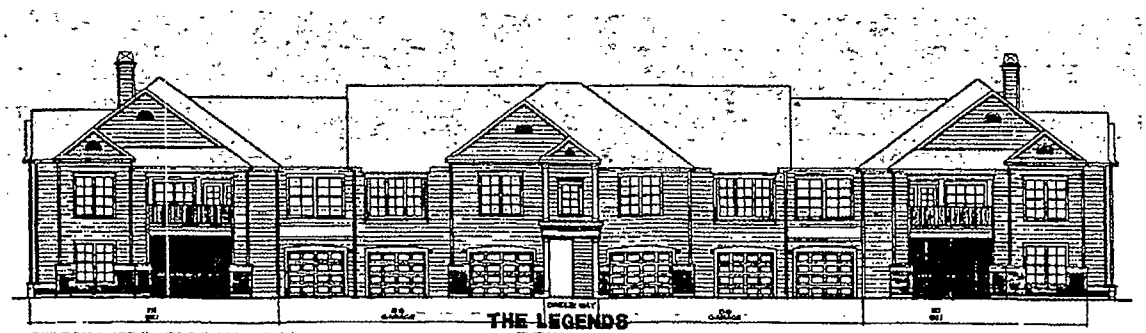
Exhibit (7)

BD 5815188

BUILDING TYPE II - SIDE ELEVATION



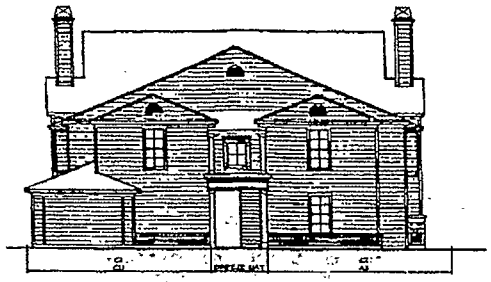
BUILDING TYPE II - REAR ELEVATION



BUILDING TYPE II - FRONT ELEVATION

**THE LEGENDS**
ELEVATIONS
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
9-21-05

Exhibit D(5)



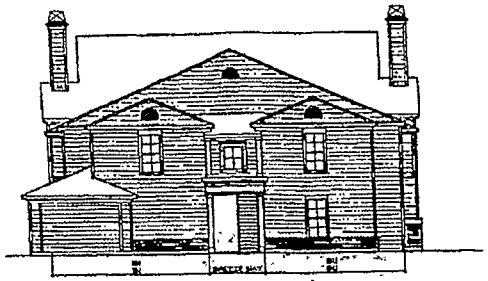
BUILDING TYPE III - END ELEVATION

BUILDING TYPE III - REAR ELEVATION

BUILDING TYPE III - FRONT ELEVATION

**THE LEGENDS**
ELEVATIONS
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA

BK 5815190



BUILDING TYPE IV - END ELEVATION

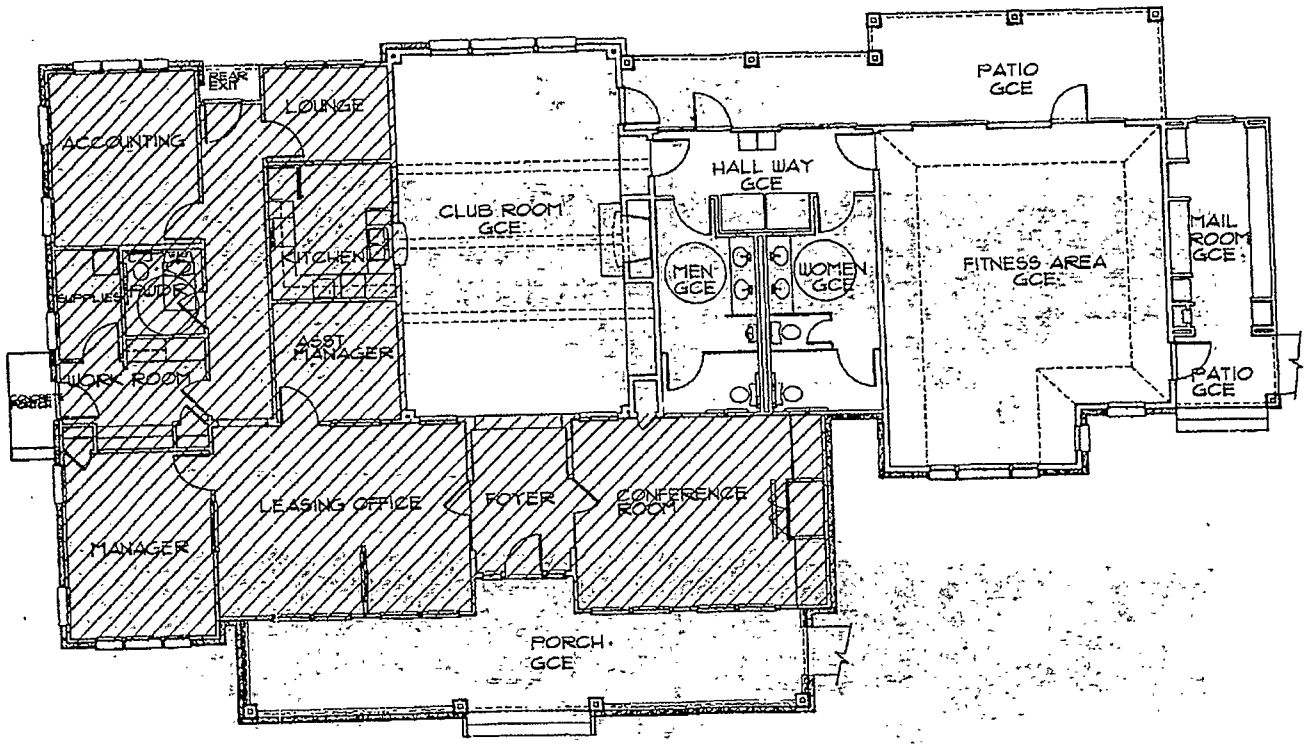
BUILDING TYPE IV - COURT ELEVATION

BUILDING TYPE IV - FRONT ELEVATION

**THE LEGENDS**
ELEVATIONS
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
3-27-06

Exhibit D (10)

BD 581PG191



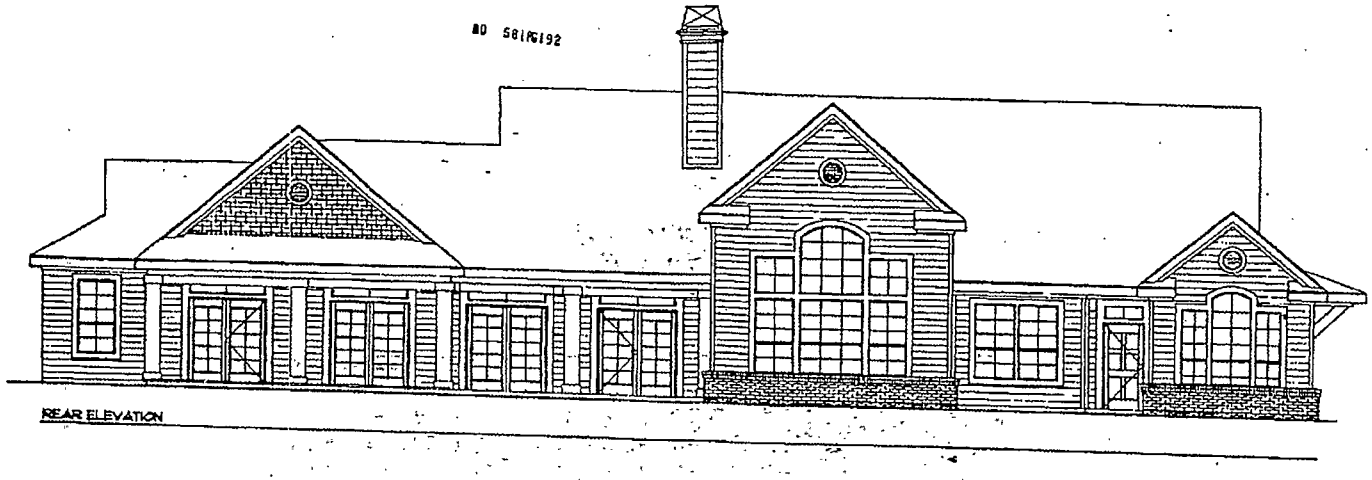

CLUB PLAN

HATCHED AREA INDICATES OFFICE UNIT 1100

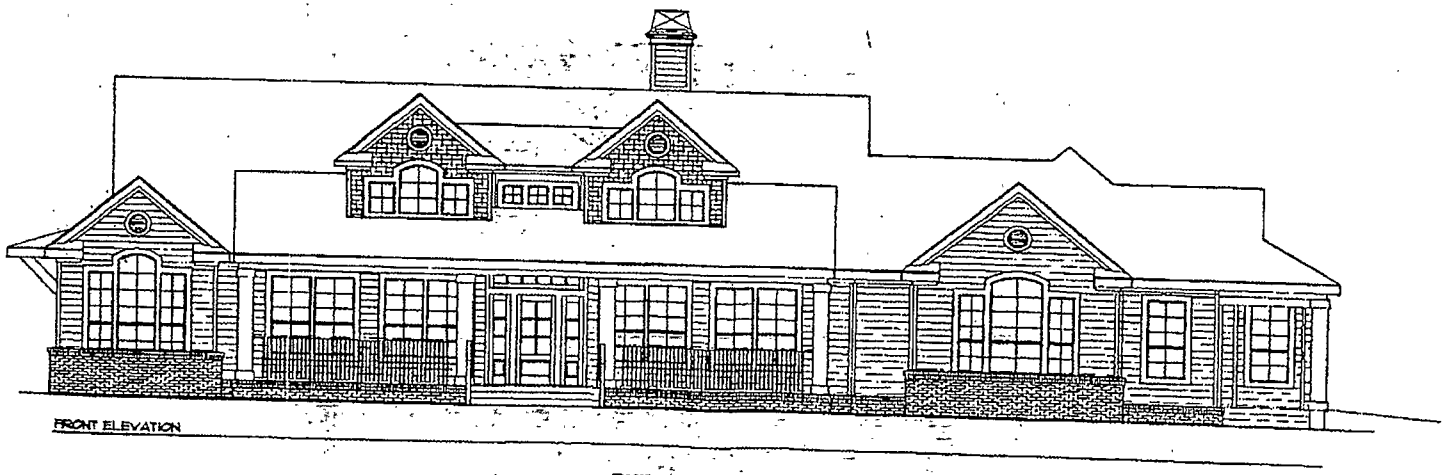
**THE LEGENDS**
CLUB PLAN
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
3-31-00

Exhibit D(1)

0536



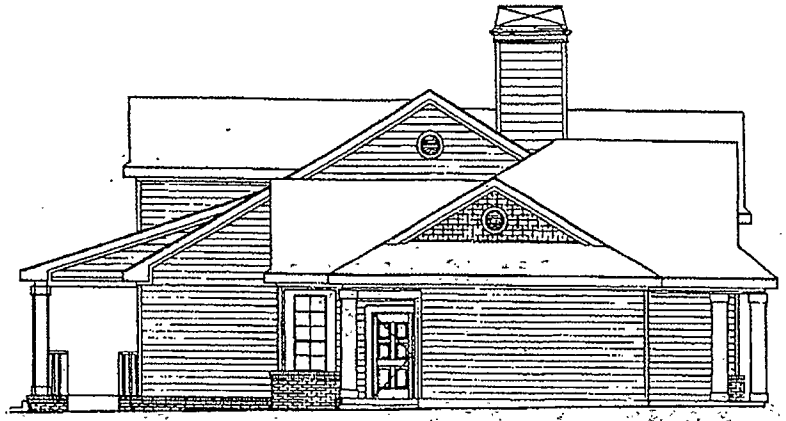
REAR ELEVATION



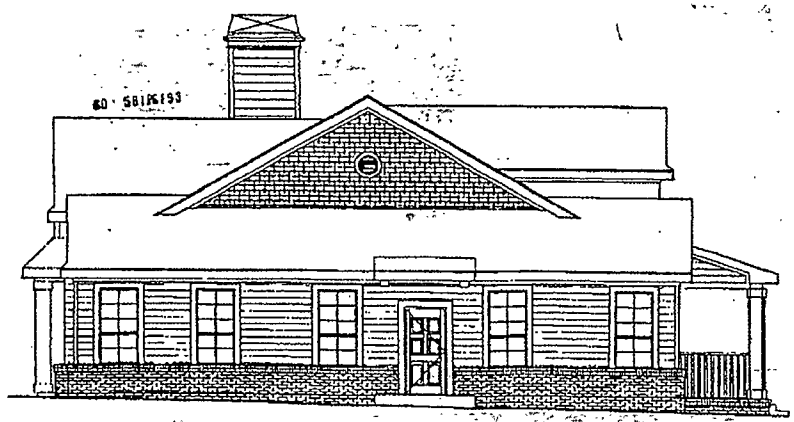
FRONT ELEVATION

**THE LEGENDS**
CLUB ELEVATIONS
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
3-27-06

Exhibit D (12)



RIGHT ELEVATION

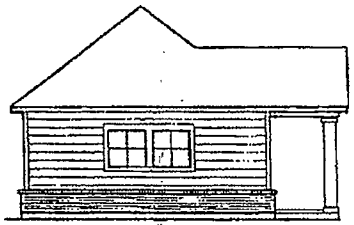


LEFT ELEVATION

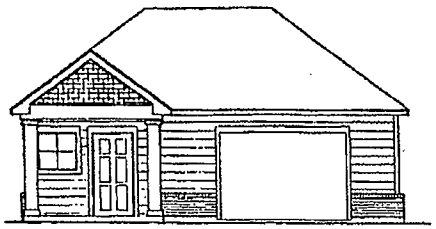
**THE LEGENDS**
CLUB ELEVATIONS
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
3-21-06

Exhibit D (3)

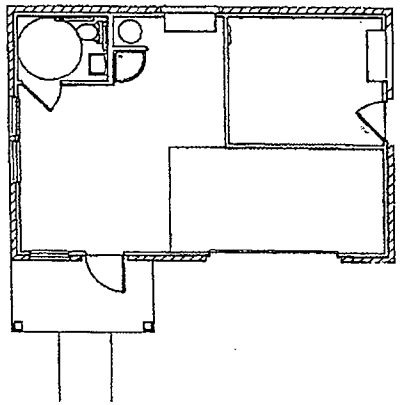
BD 581P6194



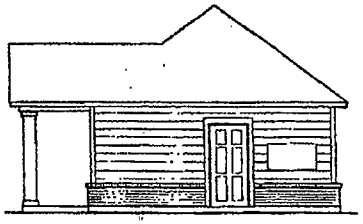
LEFT ELEVATION



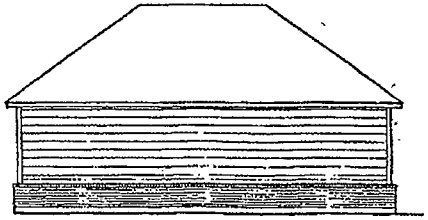
FRONT ELEVATION



FLOOR PLAN



RIGHT ELEVATION



REAR ELEVATION

**THE LEGENDS**
**MAINTENANCE BUILDING**
**HORIZONTAL PROPERTY REGIME**
**TOWN OF MOUNT PLEASANT**
**CHARLESTON COUNTY, SOUTH CAROLINA**

EXHIBIT "E"

BKD 581PG195

# BYLAWS

# OF

# THE LEGENDS PROPERTY OWNERS ASSOCIATION, INC.

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BYLAWS BKD 581PG198

OF

THE LEGENDS PROPERTY OWNERS ASSOCIATION, INC

Article I
General

Section 1 Applicability These Bylaws provide for the self-government of The Legends Property Owners Association, Inc , in accordance with provisions § 27-31-10, *et seq* of the South Carolina Code of Laws, 1976, as may be amended from time to time, the Articles of Incorporation filed with the Secretary of State and the Master Deed for The Legends Horizontal Property Regime, recorded in the RMC Office for Charleston County, South Carolina ("Master Deed")

Section 2 Name The name of the corporation is The Legends Property Owners Association, Inc ("Association")

Section 3 Definitions The terms used herein shall have their generally accepted meanings or such meanings as are specified in Paragraph 2 of the Master Deed

Section 4 Membership An Owner of a Unit shall automatically become a member of the Association upon taking title to the Unit and shall remain a member for the entire period of ownership As may be more fully provided below, a member's spouse or Domestic Partner may exercise the powers and privileges of the member If title to a Unit is held by more than one (1) Person, the membership shall be shared in the same proportion as the title, but there shall be only one (1) membership and one (1) vote per Unit Membership does not include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership Membership shall be appurtenant to the Unit and shall be transferred automatically by conveyance of that Unit and may be transferred only in connection with the transfer of title

Section 5 Entity Members In the event an Owner is a corporation, limited liability company, partnership, trust, or other legal entity not being a natural person or persons, than any natural person who is an officer, director, or other designated agent of such corporation, partner of such partnership, beneficiary or other designated agent of such trust, manager of a limited liability company or representative of such other legal entity shall be eligible to represent such entity or entities in the affairs of the Association, including, without limitation, serving on the Board of Directors of the Association Such person's relationship with the entity or entities which are the Owner, and termination of the person's relationship with the Association will create a vacancy in any elected or appointed position within the Association in which such

person may have been serving and such vacancy will be filled in accordance with these Bylaws

Section 6 Voting Each Unit shall be entitled to one (1) weighted vote, which vote shall be weighted according to the percentage interests set forth in Exhibit "B" to the Master Deed, which vote may be cast by the Owner, the Owner's spouse or Domestic Partner, or by a lawful proxy as provided below When more than one (1) Person owns a Unit, the vote for such Unit shall be exercised as they determine between or among themselves, but in no event shall more than one (1) vote be cast with respect to any Unit If only one (1) co-owner attempts to cast the vote for a Unit, it shall be conclusively presumed that such co-owner is authorized on behalf of all co-owners to cast the vote for such Unit In the event of disagreement between or among co-owners and an attempt by two (2) or more of them to cast such vote or votes, such Persons shall not be recognized and such vote or votes shall not be counted No Owner shall be eligible to vote, either in person or by proxy, or to act as a proxy for any other member if that Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association or if the Owner has had its voting rights suspended for the infraction of any provision of the Master Deed, these Bylaws, or any rule of the Association If the voting rights of an Owner have been suspended, that Owner shall not be counted as an eligible vote for purposes of establishing a majority or a quorum

Section 7 Majority As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number of eligible votes, Owners, or other group, respectively Unless otherwise specifically stated, the words "majority vote" mean more than fifty percent (50%) of those voting in person or by proxy Except as otherwise specifically provided in the Declaration or these Bylaws, all decisions shall be by majority vote

Section 8 Purpose The Association shall have the responsibility of administering the Regime, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Regime and performing all of the other acts that may be required to be performed by the Association pursuant to the Act, the South Carolina Nonprofit Corporation Act of 1994 and the Master Deed Except as to those matters which the Act, the Master Deed or the South Carolina Nonprofit Corporation Act of 1994 specifically require to be performed by the vote of the Association membership, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth below

Section 9 Electronic Documents and Electronic Signatures

(a) Electronic Documents Whenever these Bylaws require that a document, record or instrument be "written" or "in writing," the requirement is deemed satisfied by an Electronic Document

(b) Electronic Signatures. Whenever these Bylaws require a signature, an Electronic Signature satisfies that requirement only if (1) the signature is easily recognizable as a Secure Electronic Signature which is capable of verification, under the sole control of the signatory, and attached to the electronic document in such a way that the document cannot be modified without invalidating the signature, or (2) the Board reasonably believes that the signatory affixed the signature with the intent to sign the Electronic Document, and that the Electronic Document has not been modified since the signature was affixed

(c) Verification and Liability for Falsification. The Board may require reasonable verification of any Electronic Signature or Electronic Document Pending verification, the Board may refuse to accept any Electronic Signature or Electronic Document that, in the Board's sole discretion, is not clearly authentic Neither the Board nor the Association shall be liable to any Member or any other Person for accepting or acting in reliance upon an Electronic Signature or Electronic Document that the Board reasonably believes to be authentic Any Member or Person who negligently, recklessly or intentionally submits any falsified Electronic Document or an unauthorized Electronic Signature shall fully indemnify the Association for actual damages, reasonable attorneys' fees and expenses incurred as a result of such acts

## Article II
## Meetings of Members

Section 1 Annual Meetings. The regular annual meeting of the members shall be held during the fourth quarter of each year with the date, hour, and place to be set by the Board of Directors No annual meeting of the Association shall be set on a legal holiday

Section 2 Special Meetings. Special meetings of the members may be called for any purpose at any time by the President or Secretary, by request of any two (2) members of the Board of Directors, or upon written petition of Owners holding at least five percent (5%) of the Total Association Vote Any such written petition by the members must be submitted to the Association's Secretary The Secretary shall then verify that the required number of members have joined in the petition and shall submit all proper petitions to the Association's President The President shall then promptly call a special meeting for the purpose stated in the petition setting the date, time and location of the meeting (which is not required to be the date, time or location requested in any petition submitted to the Association), and the Secretary shall send notice of the meeting in accordance with these Bylaws Any special meeting called pursuant to written petition shall be set within thirty (30) days of the date of the petition If a special meeting is not called within such thirty (30) day period, the Person signing the written petition may set the time and the place of such special meeting and give notice pursuant to Section 3 below

Section 3 Notice of Meetings. It shall be the duty of the Secretary to mail or deliver to the record Owner of each Unit or to the Units a notice of each annual or special meeting of the

Association at least twenty-one (21) days prior to each annual meeting and at least ten (10) days (or if notice is sent by other than first class mail or registered mail, thirty (30) days) prior to each special meeting The notice shall state the purpose of any special meeting, as well as the time and place where it is to be held The notice of an annual meeting shall state the time and place of the meeting and if any of the following items will be considered at such annual meeting, the notice shall also state such purpose director conflict of interest, indemnification of officers, employees or agents, amendment of the Articles by directors and members, amendment of the Bylaws by directors and members, articles of merger, sale of assets other than in the regular course of activities, dissolution by incorporators, dissolution by directors and members, removal of directors, amendment to the Articles or Bylaws terminating members or redeeming or canceling membership (and if such amendment is to be considered, the notice to members proposing the amendment shall include one statement of up to five hundred (500) words opposing the proposed amendment if the statement is submitted by any five (5) members or members having three percent (3%) or more of the voting power, whichever is less, not later than twenty (20) days after the Board has voted to submit the amendment to the members for their approval The production and mailing costs must be paid by the Association If any Owner wishes notice to be given at an address other than his or her Unit, the Owner shall have designated by notice in writing to the Secretary such other address The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered proper service of notice

Section 4 Waiver of Notice Waiver of notice of meeting of the Owners shall be deemed the equivalent of proper notice Any Owner may, in a signed writing, waive notice of any meeting of the Owners, either before or after such meeting Attendance at a meeting by an Owner, whether in person or represented by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof, or particular matter not described in the notice unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order or objects to considering the matter when it is presented Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote

Section 5 Quorum Except as may be provided elsewhere, the presence of Owners, in person or by proxy, entitled to cast twenty-five percent (25%) of the Total Association Vote shall constitute a quorum Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be reestablished Owners whose voting rights have been suspended pursuant to the Master Deed or these Bylaws shall not be counted as eligible votes toward the quorum requirement

Section 6 Adjournment Any meeting of the Owners may be adjourned from time to time for periods not exceeding ten (10) days by vote of the Owners holding the majority of the votes represented at such meeting, regardless of whether a quorum is present Any business that could be transacted properly at the original session of the meeting may be transacted at a

reconvened session, and no additional notice of such reconvened session shall be required if the new date, time or place is announced at the meeting prior to adjournment

Section 7 Proxy Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid To be valid, a proxy must be signed, dated, and filed with the Secretary prior to the opening of the meeting for which it is to be used Proxies may be delivered to the Board by personal delivery, U S mail or facsimile transmission to any Board member or the property manager and are effective when received by the Secretary Proxies may be revoked only by written notice signed by the member and delivered to the Secretary, except that (a) the presence in person by the giver of a proxy at a meeting for which the proxy is given shall automatically invalidate the proxy for that meeting, and (b) a later dated proxy shall automatically be deemed to invalidate any previously given proxy A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy Proxies shall be valid for a period of eleven (11) months, unless the proxy expressly provides for another time period, provided that, no proxy is valid for more than three (3) years from the date of its execution The death or incapacity of the member appointing a proxy does not affect the right of the Association to accept the proxy's authority unless the Secretary receives notice of such death or incapacity prior to the exercise of the authority by the proxy

Section 8 Members' List For Voting

(a) After fixing a "Record Date" (as hereinafter defined) for a notice of a meeting, the Association shall prepare an alphabetical list of the names of all its members who are entitled to notice of the meeting The list must show the address and number of votes each member is entitled to vote at the meeting The Board shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting but not entitled to notice of the meeting This list must be prepared on the same basis and be part of the list of members As used herein, "Record Date" shall mean the close of business on the business day preceding the day on which the meeting is held, unless a date is fixed by the Board

(b) The list of members must be available for inspection by any member for the purpose of communication with other members concerning the meeting, beginning the day after notice is given of the meeting for which the list was prepared and continuing through the meeting, at the Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held A member, a member's agent, or member's attorney is entitled on written demand to inspect and, subject to the limitations of Sections 33-31-1602(c) and 33-31-1605 of the South Carolina Nonprofit Corporation Act of 1994, to copy the list, at a reasonable time and at the member's expense, during the period it is available for inspection

(c) The Association shall make the list of members available at the meeting, and any member, a member's agent, or member's attorney is entitled to inspect the list at any time during

the meeting or any adjournment

(d) If the Association refuses to allow a member, a member's agent, or member's attorney to inspect the list of members before or at the meeting, or copy the list as permitted by subsection 8(b), the court of common pleas of the county in which the Association's principal office is located in South Carolina or, if none in South Carolina, its registered office is located on application of the member, may summarily order the inspection or copying at the Association's expense and may postpone the meeting for which the list was prepared until the inspection or copying is complete and may order the Association to pay the member's costs, including reasonable counsel fees, incurred to obtain the order

(e) Unless a written demand to inspect and copy a membership list has been made under subsection 8(b) before the membership meeting and the Association improperly refuses to comply with the demand, refusal or failure to comply with this Section does not affect the validity of action taken at the meeting

(f) A member may inspect and copy the membership list only if (i) his demand is made in good faith and for a proper purpose, (ii) he describes with reasonable particularity his purpose, and (iii) the list is directly connected with his purpose

Section 9 Action Taken Without a Meeting In the Board's discretion, any action that may be taken by the Association members at any annual, regular, or special meeting may be taken without a meeting if the Board delivers a written consent form or written ballot to every member entitled to vote on the matter

(a) Ballot A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot

The Board may deliver ballots and consent forms by personal delivery, U S Mail, facsimile transmission, e-mail, or other electronic means Owners shall deliver their vote by ballot or consent form by whatever means is specified by the Board

All solicitations for votes by written ballot shall (i) indicate the number of responses needed to meet the quorum requirements, (ii) state the percentage of approvals necessary to approve each matter other than election of directors, and (iii) specify the time by which a ballot must be received by the Board in order to be counted A written ballot may not be revoked The Association shall maintain such ballots in its file for at least three (3) years

(b) Written Consent Approval by written consent shall be valid only when the number of written consents setting forth the actions taken is received and equals or exceeds the requisite voting power required to pass such action at a meeting held on the date that the last consent is executed, provided however, in no event less than eighty percent (80%) of the Total Association Vote, and if such action is consented to by the Declarant, if required Executed written consents shall be included in the minutes or filed with the Association's records If an action of the members is approved by written consent hereunder, the Board shall issue written notice of such approval to all members who did not sign written consents Membership approval shall be effective ten (10) days after written notice is issued, provided, however, if the consent is to an amendment to the Master Deed or Bylaws which must be recorded, the effective date shall be no earlier than the date of recording of such amendment

Section 10 Order of Business At all meetings of the Association, Roberts Rules of Order (latest edition) shall govern when not in conflict with the Master Deed, these Bylaws or the Articles of Incorporation, unless the Owners present at a particular meeting vote to suspend Robert's Rules at that meeting

## Article III
## Board of Directors

A Composition and Selection

Section 1 Composition and Eligibility The affairs of the Association shall be governed by a Board of Directors Except for directors appointed by the Declarant hereunder, the directors shall be Owners or spouses or Domestic Partners of such Owners, provided, however, no Owner and his or her spouse or Domestic Partner may serve on the Board at the same time, and no co-owners may serve on the Board at the same time No persons shall be eligible to be elected to or continue to serve on the Board of Directors if they are shown on the books and records of the Association to be more than thirty (30) days delinquent in the payment of any assessment or charge by the Association Directors shall not be eligible to serve more than three (3) consecutive two (2) year terms without first resigning from the Board for a time period which shall be the lesser of (a) one (1) year, or (b) the period of time from the end of one (1) annual meeting of the Association to the beginning of the next annual meeting of the Association

Section 2 Directors Appointed by the Declarant Notwithstanding anything to the contrary herein, Declarant shall have exclusive authority to appoint and remove directors and officers until the earlier of (1) three (3) years after the recording of the Master Deed, (2) four (4) months after one hundred percent (100%) of the Units have been conveyed to Owners, or (3) the surrender in writing by Declarant of the authority to appoint and remove officers and directors of the Association

Section 3 Number of Directors and Term of Office During the period that the

Declarant has the authority to appoint directors, the Board shall consist of three (3) directors After termination of Declarant's right to appoint directors and officers as described in Section 2 of this Article, the Association shall call a meeting to be held at which Owners shall elect five (5) directors If such meeting is not the annual meeting, the directors elected shall serve until the next annual meeting At the first annual meeting after Declarant has surrendered control of the Association, the three (3) directors receiving the highest number of votes shall be elected for terms of two (2) years each and remaining directors shall be elected for terms of one (1) year each At each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association

Section 4 Removal of Members of the Board of Directors During the time in which Declarant has the right to appoint officers and directors of the Association, the Declarant may remove a director without cause by delivering written notice to such director and the presiding officer of the Board or the president or secretary Such removal is effective when the notice is effective, unless the notice specifies a future date After expiration of Declarant's right to appoint officers and directors of the Association, at any annual or special meeting called for the purpose of removing of a director of the Association duly called, anyone (1) or more Board members, except for directors appointed by Declarant hereunder, may be removed with or without cause by the minimum number of votes required for removal under Section 3331-808 of the South Carolina Nonprofit Corporation Act of 1994, to elect said director and a successor may then and there be elected to fill the vacancy thus created A director elected by the Board may be removed without cause by the vote of two-thirds (2/3) of the directors then in office, however, a director elected by the Board to fill a vacancy of a director elected by the members may be removed without cause by the members, but not the Board Further, any director who is more than thirty (30) days past due in the payment of any assessment or charge shall be automatically removed from the Board of Directors, even if the director subsequently pays the amount owed, and the vacancy shall be filled as provided in Section 5 below Any director who has had three (3) consecutive unexcused absences from regularly scheduled Board meetings may be removed by the vote of a majority of the other directors Any director whose removal has been proposed shall be given at least ten (10) days notice of the calling of the meeting to consider his or her removal and the purpose thereof and shall be given an opportunity to be heard at the meeting

Section 5 Vacancies Except for a vacancy of a director appointed by the Declarant, which may only be filled by the Declarant, vacancies in the Board caused by any reason, except the removal of a director by a majority of the Total Association Vote or by Declarant, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors The successor so selected shall hold office until the next annual meeting Notwithstanding anything to the contrary herein, any director who is an officer, director or other designated agent of an entity member and whose position becomes vacant for any reason, may be replaced by the entity who is the Owner unless there has been a transfer of ownership of the Unit, in which case, the vacancy shall be filled by the remaining directors, even if less than a quorum at any meeting of the directors

Section 6 Compensation Directors shall not be compensated for services as such unless and only to the extent that compensation is authorized by a majority of the Total Association Vote Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon approval of such expenses by the Board of Directors Directors also may be given nominal gifts or tokens of appreciation by the Association for recognition of services performed, not to exceed a value of One Hundred Dollars ($100 00) per calendar year For purposes hereof, reasonable food and beverages purchased for Board meeting shall not be considered compensation

Section 7 Director Conflicts of Interest

(a) A conflict of interest transaction is a transaction with the Association in which a director of the Association has a direct or indirect conflict For purposes of this Section, a director has an indirect interest in a transaction if (i) another entity in which the director has a material interest or in which the director is a general partner is a party to the transaction, or (ii) another entity of which the director is a director, officer, or trustee is a party to the transaction

(b) A conflict of interest transaction is not voidable or the basis for imposing liability on the director if the transaction (i) was fair to the Association at the time it was entered into, (ii) the material facts of the transaction and the director's interest were disclosed or known to the Board or a committee Of the Board and the Board or committee authorized, approved, or ratified the transaction, or (iii) the material facts of the transaction and the director's interest were disclosed or known to the members and they authorized, approved, or ratified the transaction Notwithstanding anything herein, the directors, during the period of Declarant control, shall be authorized on behalf of the Association to enter into contracts with the Declarant and its affiliates as set forth in Paragraph 19(9) of the Master Deed.

(c) For purposes of subsection 7(b)(ii), a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the Board or on the committee who have no direct or indirect interest in the transaction, but a transaction may be authorized, approved, or ratified under this Section by a single director If a majority of the directors on the Board who have nodirect or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this Section The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection 7(b)(ii) if the transaction is otherwise approved as provided in subsection 7(b).

(d) For purposes of subsection 7(b)(iii), a conflict of interest transaction is authorized, approved, or ratified by the members if it receives a majority of the votes entitled to be counted under this subsection 7(d) Votes cast by or voted under the control of a director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in subsection 7(a)(i), may not be counted in a vote of members to determine whether to authorize, approve, or ratify a conflict of interest transaction under subsection

7(b)(iii) The vote of these members, however, is counted in determining whether the transaction is approved under other provisions of the South Carolina Nonprofit Corporation Act of 1994 A majority of the voting power, whether or not present, that are entitled to be counted in a vote on the transaction under this subsection 7(d) constitutes a quorum for the purpose of taking action under this Section

Section 8 Nomination Nomination for election to the Board shall be made from the floor at the meeting The Board also may appoint a nominating committee to make nominations prior to the meeting

Section 9 Elections All members of the Association eligible to vote shall be entitled to cast their entire vote for each directorship to be filled There shall be no cumulative voting The directorships for which elections are held shall be filled by that number of candidates receiving the most votes Voting for election of Board members shall be by written ballot (unless dispensed by unanimous consent at such meeting at which such voting is conducted)

B Meetings

Section 1 Regular Meetings Regular meetings of the Board may be held on such date and at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every six (6) months The newly elected Board shall meet within ten (10) days after each annual meeting of the membership Notwithstanding the foregoing, during the period in which Declarant shall have exclusive authority to appoint and remove directors and officers of the Association, as set forth in Article III, Section 2 hereof, the Board shall not be required to hold regular meetings

Section 2 Special Meetings Special meetings of the Board may be called by the President on two (2) days notice to each director given by regular first class or electronic mail, in person, by telephone, or by facsimile transmission, which notice shall state the date, time, and place of the meeting Special meetings of the Board shall be called by the President, Vice President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors

Section 3 Waiver of Notice Any director may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice Attendance by a director at any meeting of the Board shall also constitute a waiver of notice by him or her of the date, time and place of such meeting, unless such director, upon arriving at the meeting or prior to the vote on a matter not noticed in conforming with the South Carolina Nonprofit Corporation Act of 1994, objects to lack of notice and does not thereafter vote for or assent to the objected action If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at such meeting

Section 4. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. A majority of directors shall constitute a quorum for the transaction of business. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the Board, unless otherwise provided by these Bylaws or the South Carolina Nonprofit Corporation Act of 1994. One (1) or more directors who participate in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, provided all persons participating in the meeting can hear each other.

Section 5. Open Meetings. Board meetings need not be open to all members. However, if the Board permits members to attend Board meetings, then members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. Notwithstanding the above, the Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board may order the removal of any meeting guest who, in the Board's opinion, either disrupts the conduct of business at the meeting or fails to leave the meeting upon request after an announcement of reconvening in executive session.

Section 6. Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if a majority of the directors consent to such action in writing, sent via hand delivery, regular first class or electronic mail or facsimile. Such consents must describe the action taken and be signed by no fewer than a majority of the directors and such consents shall be filed with the minutes of the Board of Directors. An action taken pursuant to this Section shall be effective when the last director signs the consent, unless, the consent specifies a different effective date.

C. Powers and Duties.

Section 1. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Regime and may do all such acts and things as are not by the Act, the Master Deed, the Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and shall be responsible for the following, in the way of explanation, but not limitation:

(a) preparation and adoption of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses,

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment,

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility as set forth in Paragraph 17 of the Master Deed,

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, repair, and replacement of the Common Elements, Association property, and the Area of Common Responsibility and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties,

(e) collecting the assessments, depositing the proceeds thereof in a financial depository or institution which it shall approve, or otherwise investing the proceeds in accordance with any limitations set forth in South Carolina law, and using the proceeds to administer the Association,

(f) making and amending rules and regulations and imposing sanctions for violation thereof, including, without limitation, monetary fines,

(g) opening of bank or other financial accounts on behalf of the Association and designating the signatories required,

(h) making or contracting for the making of repairs, additions, and improvements to, or alterations of the Common Elements in accordance with the other provisions of the Master Deed and these Bylaws, after damage or destruction by fire or other casualty,

(i) enforcing by legal means the provisions of the Master Deed, these Bylaws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association,

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Act and the Master Deed, and paying the premium cost thereof,

(k) paying the costs of all services rendered to the Association or its members and not directly chargeable to specific Owners,

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred, and

(m) contracting with any Person for the performance of various duties and functions The Board shall have the power to enter into common management agreements with trusts, condominium associations, or other associations or corporations Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity

Section 2 Management Agent The Association may, but shall not be required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize The Board shall use reasonable efforts in any management contract to provide for termination of such contract by the Association with or without cause and without penalty, upon no more than thirty (30) days written notice No management contract shall have a term in excess of one (1) year

Section 3 Borrowing Except as may be set forth in Paragraph 18 of the Master Deed, the Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, restoration, or improvement of the Common Elements and facilities, and for other purposes, with the approval of a majority of the Total Association Vote

Section 4 Liability and Indemnification of Officers, Directors and Committee Members The Association shall indemnify every officer, director, and committee member (including directors, officers, and committee members appointed by Declarant during the period of Declarant control) that conducted himself or herself in good faith, and in the case of a criminal proceeding had no reasonable cause to believe his or her conduct was unlawful, and reasonably believed (i) in the case of conduct in his or her official capacity with the Association, that his conduct was in its best interest, and (ii) in all other cases, that his or her conduct was at least not opposed to its best interests The foregoing indemnification shall be valid against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon such officer, director or committee member in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board of Directors) to which he or she may be made a party by reason of being or having been an officer, director or committee member, whether or not such person is an officer, director or committee member at the time such expenses are incurred subject to the limitations herein The Board must make a determination of whether the director has met the standard of conduct in the preceding sentence prior to indemnifying such officer, director or committee member Such determination shall be made by (i) the Board by majority vote of a quorum consisting of directors not at the time parties to the proceeding, (ii) if a quorum cannot be obtained as outlined above, by majority vote of a committee duly designated by the Board, in which designation directors who are parties may participate, consisting solely of two (2) or more directors not at the time parties to the proceeding, (iii) by special legal counsel pursuant to Section 33-31-855(b)(3) of the South Carolina Nonprofit Corporation Act of 1994, or (iv) by members of the Association Authorization of indemnification and evaluation as to reasonableness of expenses must be made in the same manner as the preceding sentence, except that if the determination is made by special legal counsel, such authorization and evaluation must be made by those entitled under Section 33-31-855(b)(3) of the South Carolina Nonprofit Corporation Act of 1994 to select counsel

Directors who are partners to the proceedings may not vote on the determination

If the Association indemnifies or advances expenses to a director pursuant hereto in connection with a proceeding by or in the right of the Association, the Association shall report the indemnification or advance in writing to the members with or before the notice of the next meeting of members The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by any such officer, director or committee member in the performance of his or her duties, except for his or her own individual willful misfeasance or malfeasance The Association, in determining whether to indemnify a director, officer or committee member, shall not impute knowledge to said director, officer or committee member from any source whatsoever, rather, any such determination shall be based on the actual knowledge of the director, officer or committee member The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers, directors and committee members may also be members of the Association), and the Association shall indemnify and forever hold each such officer, director or committee member free and harmless against any and all liability to others on account of any such contract or commitment Notwithstanding anything contained herein to the contrary, the Association may not indemnify a director (i) in connection with a proceeding by or in the right of the Association in which the director was adjudged liable to the Association, or (ii) in connection with any other proceeding charging improper personal benefit to the director, whether or not involving action in his or her official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member or former officer or director may be entitled The Association shall maintain, as a Common Expense, adequate general liability and, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in the Master Deed

D Committees

Section 1 Architectural Control Committee After termination of the Declarant's right to appoint directors and officers of the Association as described in Part A, Section 2 of this Article, the Board shall establish an Architectural Control Committee for the purpose of establishing and maintaining architectural standards in the Regime as provided in the Master Deed, provided that such committees shall have two (2) or more members

Section 2 Other Committees There shall be such other committees as the Board shall determine with the powers and duties that the Board shall authorize, provided that such committees shall have two (2) or more members

Section 3 Service on Committees Unless otherwise provided in these Bylaws or in the resolution authorizing a particular committee, the members of any committee shall be

appointed by the President and shall serve at the pleasure of the Board of Directors Any committee member may be removed with or without cause at any time and with or without a successor being named A Committee may not (i) authorize distributions, (ii) approve or recommend to members dissolution, merger, or the sale, pledges, or transfer of all or substantially all of the Association's assets, (iii) select, appoint, or remove directors or fill vacancies on the Board or any of its committees, or (iv) adopt, amend, or repeal the Articles of Incorporation or Bylaws

## Article IV
## Officers

Section 1 Designation The principal officers of the Association shall be the President, the Secretary and the Treasurer, all or any of which may be the same person A Vice President may be elected at the discretion of the Board

Section 2 Election of Officers The Association officers shall be elected annually by the Board at the first Board meeting following each annual meeting of the members and shall hold office at the pleasure of the Board and until a successor is elected

Section 3 Removal of Officers Upon the affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and a successor may be elected

Section 4 Vacancies A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term

Section 5 President The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the South Carolina Nonprofit Corporation Act of 1994, including, but not limited to, the power to appoint committees from among the members from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association

Section 6 Vice President The Vice President, if any, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting

Section 7 Secretary The Secretary shall keep the minutes of all meetings ofthe members and of the Board of Directors and authenticate records of the Association and shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized under South

Carolina law

Section 8 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements (such account shall be in chronological order and shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred), for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors The Treasurer shall be responsible for the preparation of the budget as provided in the Master Deed The Treasurer may delegate all or a part of the preparation and notification duties associated with the above responsibilities to a management agent

Section 9 Other Officers Other offices may be created by the Board, and the Board members that hold such offices shall have such titles and duties as are defined by the Board

Section 10 Agreements, Contracts, Deeds, Leases, Etc Except during the period Declarant has the right to appoint the officers and directors of the Association, all agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors

## Article V
## Rule Making and Enforcement

Section 1 Authority and Enforcement The Regime shall be used only for those uses and purposes set out in the Master Deed The Board of Directors shall have the authority to make, modify, repeal and enforce reasonable rules and regulations governing the conduct, use, and enjoyment of Units and the Common Elements, provided, copies of all such rules and regulations shall be furnished to all Owners and Occupants Any rule or regulation may be repealed by the affirmative vote or written consent of a majority of the Total Association Vote and the consent of the Declarant so long as the Declarant has the right to appoint and remove directors, at an annual or special meeting of the membership Every Owner and Occupant shall comply with the Master Deed, Bylaws and rules and regulations of the Association, and any lack of compliance therewith shall entitle the Association and, in an appropriate case, one (1) or more aggrieved Owners, to take action to enforce the terms of the Master Deed, Bylaws or rules and regulations

The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Owner's Unit, and to suspend an Owner's right to vote or to use the Common Elements for violation of any duty imposed under the Master Deed, these Bylaws, or any rules and regulations duly adopted hereunder, provided, however, nothing herein shall authorize the

Association or the Board to limit ingress and egress to or from a Unit In the event that any Occupant of a Unit violates the Master Deed, Bylaws, or a rule or regulation and a fine is imposed, notice of such violation shall be sent to the Owner and Occupant, and the fine shall first be assessed against such Occupant, provided, however, if the fine is not paid by the Occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association, and the fine shall be an assessment and a lien against the Unit until paid The failure of the Board to enforce any provision of the Master Deed, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter

Section 2 Fining and Suspension Procedure The Board shall not impose a fine, suspend the right to vote or suspend the right to use the Common Elements (provided, however, if an Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association, suspension of the right to vote and the right to use the Common Elements shall be automatic, provided further, however, suspension of common utility services shall require compliance with the provisions of Paragraph 10(c)(v) of the Master Deed, where applicable), unless and until the Association has sent or delivered written notice to the violator as provided in subsection (a) below Any such fine or fines may be effective or commence upon the sending of such notice or such later date as may be set forth in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge such fine under subsection (b) below

(a) Notice If any provision of the Master Deed or Bylaws or any rule or regulation of the Association is violated, the Board shall send the violator written notice identifying the violation and fine(s) and/or suspension being imposed and advising the violator of the right to request a hearing before the Board to contest the violation, fine(s), or suspension or to request reconsideration of the fine(s) or suspension Fine(s) may be effective or commence upon the sending of such notice or such later date specified in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge the fine In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and fines may be imposed on a per diem basis without further notice to the violator Suspensions shall be effective pursuant to Section 33-31-621 of the South Carolina Nonprofit Corporation Act of 1994

(b) Hearing If a written request for hearing is received from the violator within ten (to) days of the date of the violation notice provided above, then the Board shall schedule and hold in executive session a hearing affording the violator a reasonable opportunity to be heard The minutes of the meeting shall contain a written statement of the results of the hearing The Board may establish rules of conduct for such hearing, which may include limits on time and on the number of participants who may be present at one time

Section 3 Additional Enforcement Rights Notwithstanding anything to the contrary herein contained, the Board may elect to enforce any provision of the Master Deed, the Bylaws, or the rules and regulations by self-help (specifically including, but not limited to, towing of

vehicles that are in violation of the parking rules and regulations or performing maintenance on any Unit upon a failure by the Owner to so do) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth in Section 2 of this Article In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorneys' fees actually incurred

The Association or its duly authorized agent shall have the power to enter a Unit or upon any portion of the Common Elements to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates the Master Deed, the Bylaws, or the rules and regulations, provided, however, written notice shall be given to the Owner of the Unit at least two (2) days prior to the time that any items of construction are altered or demolished All costs of self-help, including reasonable attorneys' fees, shall be assessed against the violating Owner and shall be collected as provided herein for the collection of assessments

## Article VI
## Miscellaneous

Section 1 Notices

(a) Method of Giving Notice Unless otherwise prohibited in these Bylaws, all notices, demands, bills, statements, or other communications shall be in writing and shall be given via

(i) Personal delivery to the addressee, or

(ii) United States mail, first class, postage prepaid, or

(iii) Electronic mail, or

(iv) Facsimile, or

(v) A secure web site, provided that notice shall be deemed given via web site only upon proof that the addressee has retrieved the message

(b) Addressee Notice sent by one of the methods described in subparagraph (a) above shall be deemed to have been duly given

(i) If to an Owner, at the address, electronic mail address or facsimile number which the Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Unit of such Owner,

(ii) If to an Occupant, at the address, electronic mail address or facsimile number which the Occupant has designated in writing with the Secretary or, if no such address has been designated, at the address of the Unit occupied, or

(iii) If to the Association, the Board or the managing agent, at the postal address, facsimile or electronic mail address of the principal office of the Association or the managing agent, if any, or at such other address as shall be designated in writing and filed with the Secretary The Secretary shall promptly provide notice to all Owners of any such change in address

Section 2 Severability The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws or the Master Deed

Section 3 Captions The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision thereof

Section 4 Gender and Grammar The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires

Section 5 Fiscal Year The fiscal year of the Association may be set by Board resolution, and, in the absence thereof, shall be the calendar year

Section 6 Financial Audit The accounts of the Association shall be audited as a Common Expense by an independent accountant after the close of each fiscal year Such audited statement shall include a balance sheet as of the end of the fiscal year and a statement of operations for that year, and shall be made available to the member, the Attorney General, or the holder, insurer, or guarantor of any first mortgage on a Unit upon submission of a written request and must be available within one hundred twenty (120) days of the Association's fiscal year end

If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them If not, the statements must be accompanied by the statement of the president or Person responsible for the Association's financial accounting records stating that Person's belief as to whether the statements were prepared on the basis of generally accepted accounting principles, and if not, describing the basis of preparation, and describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year

Section 7 Conflicts The duties and powers of the Association shall be those set

forth in the Act; the South Carolina Nonprofit Corporation Act of 1994, the Master Deed, these Bylaws, and the Articles of Incorporation, together with those reasonably implied to affect the purposes of the Association, provided, however, that if there are conflicts or inconsistencies between the Act, the South Carolina Nonprofit Corporation Act of 1994, the Master Deed, these Bylaws, or the Articles of Incorporation, then the provisions of the Act, the South Carolina Nonprofit Corporation Act of 1994, as may be applicable, the Master Deed, the Articles of Incorporation and these Bylaws, in that order, shall prevail, and each Owner of a Unit, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies

Section 8 Amendment Except where a higher vote is required for action under a particular provision of the Master Deed or Bylaws, in which case such higher vote shall be necessary to amend, these Bylaws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent of the members holding two-thirds (2/3) of the Total Association Vote Any amendment to add, change, or delete a greater quorum for members must be adopted under the quorum then in effect or proposed to be adopted, whichever is greater Any amendment to add, change, or delete a voting requirement must be adopted by the same vote and classes of members required to take action under the voting requirements then in effect or proposed to be adopted, whichever is greater Any amendment that fixes a greater quorum or voting requirements for the Board may be amended or repealed only by the members, if the members originally adopted such quorum or voting requirements Notwithstanding the foregoing, any amendment to the Bylaws shall require the written consent of Declarant until the later of the following (a) the date upon which the Declarant no longer owns any Unit at Long Grove Horizontal Property Regime, (b) the date upon which the Declarant no longer has the right to appoint the directors and officers of the Association as provided in Article III, Part A, Section 2 of the Bylaws, or (c) ten (10) years after the date on which the Master Deed is recorded in the RMC Office for Charleston County, South Carolina, whichever period of time is longer Moreover, no amendment shall become effective until it is certified by the President and Secretary of the Association and recorded in the RMC Office for Charleston County, South Carolina Any amendment duly certified and recorded shall be conclusively presumed to have been duly adopted in accordance with the Master Deed and Bylaws Owners whose voting rights have been suspended pursuant to the Master Deed or these Bylaws shall not be counted as eligible votes toward the amendment requirement

Any action to challenge the validity of an amendment adopted under this Section must be brought within one (1) year of the amendment's effective date No action to challenge any such amendment may be brought after such time

Notwithstanding the foregoing, Declarant or the Board of Directors, without the necessity of a vote from the Owners, may amend these Bylaws to correct any scriveners errors, comply with any applicable state, city or federal law, and/or to bring the Regime into compliance with applicable rules and regulations of the Federal National Mortgage Association ("Fannie Mae"), the Department of Housing and Urban Development ("HUD") and the Veterans Administration

("VA") pursuant to federal law

Section 9 Books and Records



(a) The Association shall

(i) keep as permanent records minutes of all meetings of its members and Board, a record of all actions taken by the members or directors without a meeting, and a record of all actions taken by committees of the Board as authorized by Section 33-31-825(d) of the South Carolina Nonprofit Corporation Act of 1994,

(ii) maintain appropriate accounting records,

(iii) maintain a record of its members in a form that permits preparation of a list of the name and address of all members, in alphabetical order, showing the number of votes each member is entitled to cast,

(iv) maintain its records in written form or in another form capable of conversion into written form within a reasonable time, and

(v) keep a copy of the following records at its principal office

(A) its Articles or restated Articles of Incorporation and all amendments to them currently in effect,

(B) its Bylaws or restated Bylaws and all amendments to them currently in effect,

(C) resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of members,

(D) the minutes of all meetings of members and records of all actions approved by the members for the past three years,

(E) all written communications to members generally within the past three years, including the financial statements furnished for the past three years under Section 3331-1620 of the South Carolina Nonprofit Corporation Act of 1994,

(F) a list of the names and business or homes address of its current directors and officers, and

(G) its most recent report of each type required to be filed by it with the Secretary of State of South Carolina under the South Carolina Nonprofit Corporation Act of 1994

(b) All members of the Association and any holder of a first Mortgage shall be entitled to inspect the following records at a reasonable time and location specified by the Association, upon written request at least five (5) business days before the date on which the member or mortgagee wishes to inspect and copy

(i) in effect, its Articles or restated Articles of Incorporation and all amendments to them currently in,

(ii) its Bylaws or restated Bylaws and all amendments to them currently in effect,

(iii) resolutions adopted by either its members or Board of Directors increasing or decreasing the number of directors or the classification of directors, or relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members,

(ix) resolutions adopted by either its members or Board of Directors relating to the characteristics, qualification, rights, limitations, and obligations of members or any class or category of members,

(x) the minutes of all meetings of members and records of all actions approved by the members for the past three (3) years,

(xi) all written communications to members generally within the past three (3) years, including the statements furnished for the past three (3) years,

(xii) a list of the names and business or home addresses of its current directors and officers, and

(xiii) its most recent annual report delivered to the Secretary of State

(c) A member may inspect and copy the following records upon written notice at least five (5) business days before the date on which the member wishes to inspect and copy only if the member's demand is made in good faith and for a proper purpose that is reasonably relevant to the member's legitimate interest as a member, the member describes with reasonable particularity the purpose and the records the member desires to inspect, the records are directly connected with this purpose

(i) excerpts from minutes of any Board meeting, records of any action of a committee of the Board while acting in place of the Board on behalf of the

Association, minutes of any meeting of the members, and records of action taken by the members or the Board without a meeting, to the extent not subject to inspection under subsection 9(a),

(ii) accounting records of the Association, and

(iii) the membership list only if for a purpose related to the member's interest as a member. Without the consent of the Board, a membership list or any part thereof may not be used to solicit money or property unless such money or property will be used solely to solicit the votes of the members in an election to be held by the Association, used for any commercial purpose, or sold to or purchased by any person.

The Association may impose a reasonable charge, covering the cost of labor and material, for copies of any documents provided to the Member.

Notwithstanding anything to the contrary, the Board may limit or preclude member inspection of confidential or privileged documents, including attorney/client privileged communications, executive session meeting minutes, and financial records or accounts of other members. Minutes for any Board or Association meetings do not become effective and an official Association record until approved by the Board or Association membership, as applicable, at a subsequent meeting.

IN WITNESS WHEREOF, the undersigned certifies the foregoing to be the By-Laws of The Legends Property Owners Association, Inc.

Dated 4/26, 2006

Marilyn Tillmann
Secretary

# RECORDER'S PAGE

***NOTE***: This page MUST remain with the original document

BKD 581 PG 221

**FILED**

April 27, 2006

3:39:35 PM

BK D 581 PG 121

Charlie Lybrand, Register
Charleston County, SC

Filed By:

Krawcheck & Davidson
Attorneys at Law
9 State Street
Charleston SC 29401

| DESCRIPTION | AMOUNT Mas/Con |
|---|---|
| Recording Fee | $ 105.00 |
| State Fee | $ - |
| County Fee | $ - |
| | |
| Postage | |
| TOTAL | $ 105.00 |

$ Amount (in thousands):

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MAY 18 2006

PID VERIFIED BY ASSESSOR
REP TRR
DATE 5-17-06

DO NOT STAMP BELOW THIS LINE

STATE OF SOUTH CAROLINA ) FIRST AMENDMENT TO MASTER DEED
) OF THE LEGENDS HORIZONTAL PROPERTY
COUNTY OF CHARLESTON ) REGIME

WHEREAS, by its Master Deed dated April 19, 2006, and recorded April 27, 2006, in Book D581 Page 121, in the Charleston County RMC Office (the "Master Deed"), LMP Properties, Inc , a South Carolina corporation (the "Declarant") created and established on the property described therein The Legends Horizontal Property Regime (the "Regime"), and

WHEREAS, Declarant being the Owner of all Units and all interest in the Common Elements of the Regime has the right and authority to amend the master Deed in the following particulars

1 Any references to "Developer" in the Master Deed shall mean and refer to LMP Properties, Inc as Declarant

2 Section 16 of the Master Deed entitled Transfer or Sale of Units shall be amended by the addition of the following paragraphs

For a period of eighteen (18) months from the date of the Title to Real Estate whereby the Declarant conveys title to a Unit to a Purchaser ("Initial Closing"), neither the Purchaser, nor their heirs, assigns or any successor-in-title, may transfer or convey any interest in the Unit to any third party Notwithstanding the foregoing, for a period of eighteen (18) months from the Initial Closing, Purchaser may offer to convey the Unit to Declarant for the consideration stated in the Deed conveying the Unit to Purchaser (the "Initial Purchase Price") and the Purchaser shall pay all closing costs, provided, however, Declarant shall not be obligated to accept such offer (hereinafter referred to as "Declarant's Right to Repurchase")

Notice If Purchaser, their heirs, assigns or any authorized successors-in-title to Purchaser, desires to transfer title to the Unit under circumstances triggering Declarant's Right to Repurchase hereunder, the party proposing to transfer title shall deliver to Declarant written notice of such intent The Unit shall be offered for sale to Declarant for the Purchase Price Any such transfer of title to any party other than Declarant as required hereunder shall be null and void Declarant shall have ten (10) days after receipt of notice to elect to exercise Declarant's Right to Repurchase

Exercise If Declarant elects to exercise its Right to Repurchase, it shall do so by delivering written notice of election to the party proposing the transfer within ten (10) days of receipt of the written notice Closing shall occur within forty-five (45)days after the date of receipt of Declarant's notice of its exercise of its Right to Repurchase (the exact date, time, and location of closing of the repurchase to be selected by Declarant) Reconveyance of the Unit to Declarant shall be by special warranty deed (subject to the same exceptions to title set forth in the special warranty deed to Purchaser and subject to the standard and customary easements that do not hinder the use or development and/or construction of improvements upon the Unit or any portion thereof) The owner of the Unit shall pay all closing costs incurred in the closing On or before closing, the owner of the Unit shall be required to pay any and all outstanding assessments or other charges due and owing under the Master Deed and shall cure or cause to be cured all title defects or title exceptions not

RESPONDENT'S EXHIBIT 9

existing at the time Purchaser acquired the Unit from Declarant If the title proposed to be reconveyed to Declarant is subject to any defect not permitted in this Paragraph, Declarant, in addition to all other rights and remedies which it may have at law or in equity, may remove such defect and deduct all costs and expenses incurred by Declarant (including, but not limited to, reasonable attorney's fees) from the amount of the repurchase price otherwise payable as provided in this Paragraph Upon reconveyance, Declarant shall pay to the owner of the Unit, the Purchase Price in funds immediately available in the Charleston County, South Carolina area Ad valorem taxes and assessments shall be prorated as of 12 01 am on the date of such reconveyance

**Failure to Exercise** The failure of Declarant to exercise Declarant's Right to Repurchase provided in this Agreement against Purchaser, their heirs or assigns or any other party, shall not constitute a waiver of such Declarant's rights granted herein against Purchaser, their heirs and assigns

**Termination of Declarant's Right to Repurchase** Declarant's Rights to Repurchase and the resale restriction granted above shall automatically terminate eighteen (18) months after the Initial Closing, or upon the recordation of a written document terminating such rights signed by Declarant After termination has occurred as provided above and upon submission to Declarant of a written request by Purchaser, their heirs, assigns or successors-in-title and a release in form and content satisfactory to Declarant, Declarant shall provide to Purchaser an executed release of Declarant's Right to Repurchase in recordable form Neither issuance nor recording of such release shall be necessary to terminate such rights after the eighteen (18) month period has elapsed

**Exclusions** Declarant's Right to Repurchase shall not apply to a transfer of the Unit by Purchaser to a leasehold tenant, the spouse of Purchaser, a person who is in direct lineal descendant of Purchaser, a trust whose beneficiaries are solely the spouse and direct lineal descendant's of Purchaser, an entity which Purchaser owns, directly or indirectly, not less than fifty-one percent (51%) of such entity, a person acquiring title pursuant to a foreclosure sale, or a person acquiring title by means of sale in lieu of foreclosure Purchaser shall give Declarant at least ten (10) calendar days notice prior to any of the transfers detailed within this subsection together with sufficient documentation to establish that the transfer is one of these exclusions

Declarant's Right to Repurchase is for a period of twelve (12) months (instead of eighteen (18) months) as to certain Units sold by the Declarant and as set forth in the Deeds from the Declarant to the Purchasers of these Units

Declarant's Right to Repurchase is subordinate to any record mortgage made in good faith for value securing a bona fide mortgage on the Unit

3 All other terms and provisions of the Master Deed not effected by this Amendment shall remain in full force and effect

IN WITNESS WHEREOF the undersigned has set his hand and seal this 2ND day of May, 2006

WITNESSES

DECLARANT
LMP Properties, Inc

by _____
Ronald W Follmann
Its

STATE OF South Carolina )
)
COUNTY OF Charleston )

The foregoing instrument was acknowledged before me this 2ND day of May, 2006, by LMP Properties, Inc , by Ronald W Follmann, its President

_____
Notary Public for South Carolina
My Commission Expires 6/24/13

BK P 582PG431

# RECORDER'S PAGE

*NOTE* This page MUST remain with the original document

**FILED**

May 9, 2006
2 17 41 PM
BK P 582PG428

Charlie Lybrand, Register
Charleston County, SC

Filed By
Weeks, Manaker and Donaldson, LLC

| DESCRIPTION | AMOUNT |
|---|---|
| Recording Fee | $ 10 00 |
| State Fee | |
| County Fee | |
| | |
| Postage | |
| TOTAL | $ 10 00 |

$ Amount (in thousands)

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AUDITOR STAMP HERE

MAY 2 6 2006

PEGGY A. ROSELEY
CHARLESTON COUNTY AUDITOR

PID VERIFIED BY ASSESSOR

REP

DATE

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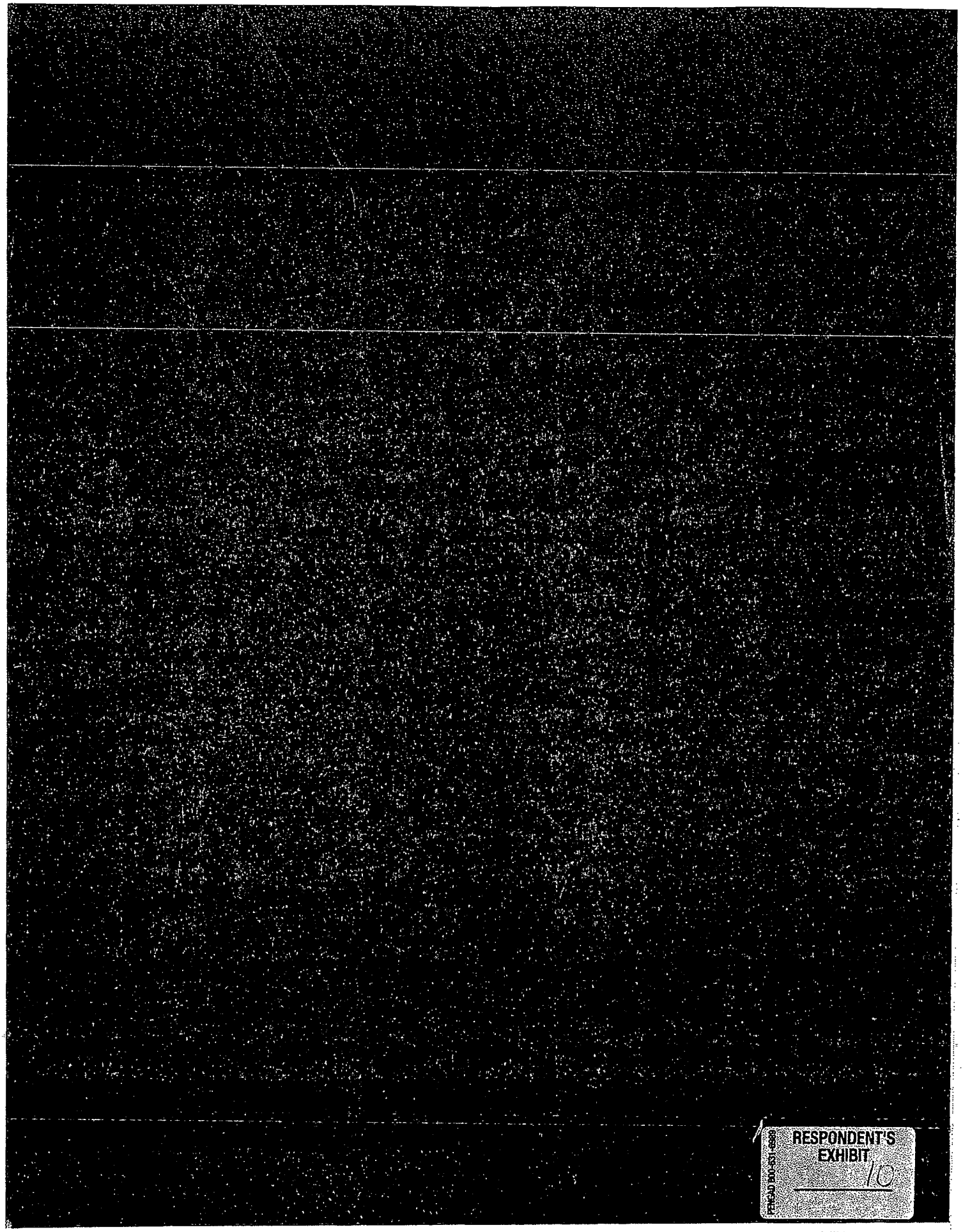

RESPONDENT'S
EXHIBIT
10

Summary Appraisal Report of 121 Units at:

The Legends at Mount Pleasant
1100 Legends Club Drive
Mount Pleasant, Charleston County, South Carolina 29464

Prepared By:

Frank A. Headley

Date of Appraisal:

Retrospective Value
December 31, 2003

MARSHALL DODDS COMPANY, INC.
Real Estate Appraisers and Consultants

June 6, 2010

Mr. Rob Follmann
LMP Properties Inc.
93 North Shellmore Drive
Mount Pleasant, South Carolina 29464

**Re: Summary Appraisal of:**
**Fee Simple/ Leased Fee Estate of 121 Units**
**The Legends at Mount Pleasant**
100 Legends Club Drive
Mount Pleasant, Charleston County, South Carolina 29464

Dear Mr. Follman,

I have inspected and appraised the above captioned property which contains 121 apartment units. The purpose of this appraisal was to determine the Market Value of the leased fee and fee simple estate of the subject property.

The appraisal report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal related mandates within Title XI of the Federal Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA 12 C.F.R. 34) and the Appraisal Standards for Federally Related Transactions have been reviewed, and this appraisal is intended to comply with those standards. The Market Value, as estimated herein, is premised upon the Assumptions and Limiting Conditions which are attached. The definition of Market Value is also found in the body of this report.

In this report, three value indications have been developed and will be reported.

It is my opinion that the market value of the leased fee and fee simple estate of subject property with taxes based on the 2003 prorata tax value as of December 31, 2003 is:

**EIGHT MILLION NINE HUNDRED TWENTY THOUSAND DOLLARS**
**($8,920,000)**

It is my opinion that the market value of the leased fee and fee simple estate assuming taxes based on the current tax value of $18,766,000 as of December 31, 2003 is:

**SEVEN MILLION SIX HUNDRED FORTY FIVE THOUSAND DOLLARS**
**($7,645,000)**

2010 GADSDEN STREET • COLUMBIA, SOUTH CAROLINA 29201
POST OFFICE BOX 926 • COLUMBIA, SOUTH CAROLINA 29202
803.765.2840 • FAX 803 252.4780

It is my opinion that the market value of the 121 condominiums which comprise a condominium project in fee simple as of December 31, 2003 with consideration for the current condominium market is:

**SEVEN MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS**
**($7,750,000)**

This updated report remains part of the original assignment to assist the owner in a tax appeal of the subject property. The initial assignment was as of October 19, 2009.

If you have any questions or comments, please feel free to call. It has been a pleasure to serve you in this matter.

Respectfully submitted,

MARSHALL DODDS COMPANY, INC.

BY: _____

Frank A. Headley
State Certified General Real
Estate Appraiser (No. CG 571

## SUMMARY APPRAISAL REPORT

**Client:** Mr. Ron Follmann
LMP Properties Inc.
93 North Shellmore Drive
Mount Pleasant, South Carolina 29464

**Appraisers:** Frank A. Headley
Marshall Dodds Company, Inc.
2010 Gadsden Street
Columbia, South Carolina 29201

**Subject:** Summary Appraisal:
Fee Simple/Leased Fee Estate of 121 units
The Legends at Mount Pleasant
1100 Legends Club Drive
Mount Pleasant, Charleston County, South Carolina 29464

*This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.*

### PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide the appraisers' best estimate of the market value of the subject real property as of the effective date. *Market Value* is defined by the federal financial institutions regulatory agencies as follows:

*Market Value* means the most probable price, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) buyer and seller are typically motivated;
(2) both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) a reasonable time is allowed for exposure in the open market;
(4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)

## INTENDED USE AND USER

The intended use of this appraisal report is for property tax value appeal by the owner to reduce the tax value set by the Charleston County Tax Assessor.

| | |
|---|---|
| **INTEREST VALUED:** | Market Value of the fee simple estate and leased fee estate |
| **EFFECTIVE DATE OF VALUE:** | December 31, 2003 |
| **DATE OF INSPECTION:** | October 19, 2009 |
| **DATE OF REPORT:** | June 6, 2010 |

## APPRAISAL DEVELOPMENT AND REPORTING PROCESS

In preparing this appraisal, the scope of the appraiser's work is as follows:

- inspected the subject site and the improvements
- gathered information for comparable rentals and improved sales through data available in 2000 through 2003.
- applied the Income Approach to estimate the market value as a rental complex as of the date of appraisal. In addition, applied the Income Approach and Sales Comparison Approach which is a Discounted Sellout Analysis to determine the market value of the 121 units owned by a single entity as condominium units.
- gathered data from public sources such as Tax Assessor's information, deeds filed, Chamber of Commerce, and SC Employment Security Commission among others

## PROPERTY COMMENTS AND EXTRAORDINARY ASSUMPTIONS

There are no extraordinary assumptions.

This Summary Appraisal Report is a brief recapitulation of the appraisers' data, analyses and conclusions. Supporting documentation is retained in the appraisers' file.

## PERSONAL PROPERTY

The value indications derived include certain items such as appliances, clubhouse fixtures, as well as office equipment, which are considered personal property. As is common practice in this market, these items are considered a part of the real property. The value of the items cannot be separated, and they would not, under normal circumstances be sold separately. The final value estimate recorded in the appraisal includes the value of the personal property.

## AREA DATA

**The information in the area data section reflects data which was available in 2002 through most of 2003.**

The subject property is located in the town of Mount Pleasant in Charleston County. The city of Summerville is located in Dorchester, Berkeley, and Charleston Counties but is primarily in Dorchester County. The area is part of the Trident region, which is comprised of Charleston, Dorchester, and Berkeley Counties. Charleston and Charleston County have the highest population within the Trident area, and Charleston is the focal point of the area. This city is located on the peninsula bounded by the Cooper and Ashley Rivers, which converge to form the Charleston Harbor, and is one of America's most historical cities, having been incorporated in 1783. English colonists named the original settlement in 1670, under a grant by Charles II, King of England, and the city was named Charles Towne.

The city has long been an important seaport in the center of a rich agricultural region. It is also a nationally known resort and convention city. Progress has been made in recent years in industrial development due to the seaport facilities and the favorable business climate. Several examples of the increasing economic development of the Trident area are as follows:

1. Charleston is home to the largest containerized port on the Atlantic and Gulf coasts. It is fourth nationwide.

2. Seventeen foreign-owned firms operate in the Trident region, and produce more than 25 percent of the manufacturing jobs in the region.

3. DaimlerChrysler (Mercedes) has reopened an American La France plant in North Charleston to make fire trucks and ambulances. It is expected to employ 760 workers in its 283,500 square foot facility.

The Charleston Trident area stretches along the central and southern South Carolina Coast, and includes over ninety miles of Atlantic Ocean coastline. The area includes 25 incorporated communities ranging in population from 97 (Jamestown) to 96,650 (City of Charleston). It is located in the lower part of the state of South Carolina and is served by Interstate 26, U.S. Highways #17, #52, #78 and #701 and State Highways #61, #41, #7, #171, #642, #700 and #703. A new loop highway known as the Mark Clark Expressway and also designated as I-526 was constructed around Charleston. Currently, the expressway forms a loop throughout the region -- connecting from John's Island in the west to east of the Cooper River. It loops around the Charleston area and St. James Island, accessing Johns Island to the south and downtown Charleston. It extends to Mount Pleasant and the Isle of Palms.

The Trident Complex consists of three counties - Berkeley, Charleston, and Dorchester - which comprise the Charleston metropolitan market including the port city of Charleston and the city of North Charleston. The metropolitan area, with the old peninsula at the center, extends north to include North Charleston, Goose Creek and Summerville, west across the Ashley River to St. Andrews and James Island, and east across the Cooper River to Mt. Pleasant and the beaches. The County of Charleston has a coastline of 91 miles with an altitude from sea level to 25 feet.

A brief overview of the area is as follows:

*Population*

Population growth1 in the Trident area has been reasonably good. Between 1990 and 2000 growth in the entire Trident area was from 506,822 to 549,070 people or an 8.3 percent increase overall. The majority of the population is in Charleston County, which experienced a 5.1 percent growth with an increase from 295,103 to 309,969. The growth in Berkeley County during in the same period increased from 128,713 to 142,651 or 10.8 percent increase. Dorchester County experienced a growth in the same period from 83,061 to 96,413, for an 16.1 percent growth rate. The chart below presents population changes.

**POPULATION TRENDS - HISTORICAL**

| Area | 1970 | % Change | 1980 | % Change | 1990 | % Change | 2000 |
|---|---|---|---|---|---|---|---|
| BERKELEY | 56,199 | 68.6 | 94,727 | 35.9 | 128,713 | 10.8 | 142,651 |
| CHARLESTON | 247,650 | 11.8 | 276,974 | 6.5 | 295,103 | 5.1 | 309,969 |
| DORCHESTER | 32,276 | 82.1 | 58,761 | 41.4 | 83,061 | 16.1 | 96,413 |
| CHARLESTON MSA | 336,125 | 28.1 | 430,462 | 17.8 | 506,822 | 8.3 | 549,070 |
| SOUTH CAROLINA | | | | | 3,486,708 | 15.1 | 4,012,012 |

STDB Online (CCIM website)

As can be seen, since 1970, growth has been strong in the entire metro area. Charleston County has had fairly steady growth, while the outlying Berkeley and Dorchester Counties have had extremely strong growth. Growth was not quite as strong in the 1990's, but judged in light of the fact that the U.S. Navy base began closing in the early 1990's, growth has been strong. There were over 14,807 civilian jobs, as well as 28,547 active duty military personnel at the Charleston Navy Base and this dwindled to 4,089 active duty personnel in 1996 and 3,792 civilian employees. The community leaders, however, after losing about 21,000 naval jobs, experienced a net gain in employment between 1989 and 1997 due to redevelopment of the base and attracting new business into the area. The population trends for major cities in the area reflect a reasonable growth.

1. US Census Bureau

| POPULATION TRENDS BY TOWN | | | |
|---|---|---|---|
| City | 1990 | % Change | 2000 |
| Charleston | 80,414 | 20.2 | 96,650 |
| Isle of Palms | 3,680 | 24.5 | 4,583 |
| North Charleston | 70,218 | 13.4 | 79,641 |
| Mt. Pleasant | 30,108 | 58.1 | 47,609 |
| Summerville | 22,116 | 22.7 | 27,144 |

The following chart reflects the population trends based on the latest data available. As can be seen, there has been some growth in each of the counties and consequently the MSA since the 2000 census. In addition, steady growth is projected through 2008. The MSA appears to be growing at a rate slightly above the state of South Carolina.

| *POPULATION TRENDS – ESTIMATED/FORECAST* | | | | | |
|---|---|---|---|---|---|
| **Area** | **2000** | **% Change** | **2003 (Est)** | **% Change** | **2008 (Proj)** |
| BERKELEY | 142,651 | 2.7 | 146,438 | 4.0 | 152,260 |
| CHARLESTON | 309,969 | 3.1 | 319,486 | 4.6 | 334,117 |
| DORCHESTER | 96,413 | 6.6 | 102,796 | 9.6 | 112,615 |
| CHARLESTON MSA | 549,070 | 3.6 | 568,758 | 5.3 | 599,032 |
| SOUTH CAROLINA | 4,012,012 | 3.4 | 4,149,481 | 5.1 | 4,360,964 |

STDB Online (CCIM website)

*Government*

The Peninsula area of Charleston has been the center of the financial-legal community and is expected to maintain this position. The federal and county office buildings in Charleston anchor a large satellite office area.

Management of local government varies between city and county governments in the Trident area.

The 25 incorporated areas within Berkeley, Charleston, and Dorchester Counties operate separately under the mayor/council form of government.

The cities of Charleston and North Charleston are governed by a mayor-council. Charleston County is governed by a council-manager form of government. Berkeley County is governed by a county council with an elected county supervisor serving as the administrative officer. Dorchester County is governed by a seven-member county council with a county administrator appointed by council. The general attitude of government within the area appears to be to promote growth. Public services and utilities are provided by various municipalities and utility systems within the area and are ever expanding to meet the needs of the growth.

*Income*

Income in all categories had grown since the 1990 census. The following chart suggests positive growth between 2000 and 2003 in median household income, average household income and per capita income in all areas. The Charleston MSA is generally above the state of South Carolina but below the national averages.

| INCOME TRENDS | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Area | Median Household Income | | | Average Household Income | | | Per Capita Income | | |
| | 2000 Census | 2003 Est. | 2008 Proj. | 2000 Census | 2003 Est. | 2008 Proj. | 2000 Census | 2003 Est. | 2008 Proj. |
| BERKELEY | $39,916 | $42,527 | $47,775 | $46,741 | $51,345 | $57,902 | $16,374 | $18,534 | $21,925 |
| CHARLESTON | $38,040 | $40,623 | $45,771 | $52,957 | $57,370 | $64,973 | $21,080 | $23,408 | $27,562 |
| DORCHESTER | $43,608 | $46,601 | $52,198 | $51,850 | $55,808 | $62,880 | $18,677 | $20,484 | $23,774 |
| CHARLESTON MSA | $39,549 | $42,156 | $47,414 | $51,279 | $55,662 | $62,920 | $19,640 | $21,625 | $25,200 |
| SOUTH CAROLINA | $37,257 | $39,829 | $45,033 | $48,364 | $52,471 | $59,271 | $18,485 | $20,467 | $23,840 |
| USA | $42,257 | $45,128 | $50,610 | $56,675 | $61,579 | $69,104 | $21,234 | $23,201 | $26,239 |

*STDB Online (CCIM Website)*

*Employment*

The total employment in the Charleston Metro area estimated by place of work increased from 212,100 in 1996 to 254,600 in 2000. It declined in 2001 which is the latest year available. The following chart shows this trend.

| Employment By Place of Work | | | | | | |
|---|---|---|---|---|---|---|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| Berkeley | 26,800 | 28,300 | 31,000 | 31,800 | 33,500 | 32,530 |
| Charleston | 162,900 | 170,000 | 177,300 | 185,400 | 194,300 | 190,050 |
| Dorchester | 22,500 | 23,500 | 25,200 | 23,230 | 26,800 | 26,210 |
| MSA | 212,100 | 221,800 | 233,600 | 243,100 | 254,600 | 248,790 |

Non-Agricultural Employment by Place of Work (Latest available)
S.C. Employment Security Commission

The following chart shows the breakdown by employment sector for the MSA using the year 1996 and 2000.

| Breakdown Charleston MSA | | | | |
|---|---|---|---|---|
| | 1996 | Percent | 2000 | Percent |
| Manufacturing | 20,600 | 10.3 | 22,600 | 8.9 |
| Construction and Mining | 14,000 | 6.6 | 19,000 | 7.5 |
| Transportation/Public Utilities | 11,100 | 5.2 | 14,900 | 5.9 |
| Trade | 54,000 | 25.5 | 62,100 | 24.4 |
| Finance/Insurance/Real Estate | 8,500 | 4.0 | 9,300 | 3.7 |
| Services | 55,400 | 26.1 | 75,400 | 29.6 |
| Government | 48,500 | 22.9 | 51,400 | 20.2 |
| Total | 212,100 | 100.0 | 254,600 | 100.0 |

While manufacturing employment increased somewhat, the actual percentage declined. Construction increased and trade stayed about the same. Services increased, and government declined as a percentage, although in actual numbers it had increased! In fact, all sectors increased in terms of actual numbers, though the percentages were less in some cases.

The following chart shows the labor force and the unemployment rate for all three counties, the MSA, the state, and the United States.

| **Employment by Place of Residence** | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
| | **Labor Force/Unemployment Rate** | | | | | | |
| **Berkeley** | 59,070 | 60,150 | 62,828 | 64,858 | 66,736 | 66,686 | 67,811 |
| | 4.7% | 4.1% | 2.8% | 3.7% | 2.9% | 3.9% | 3.8% |
| **Charleston** | 141,620 | 155,440 | 160,301 | 160,857 | 160,694 | 159,445 | 163,293 |
| | 6.0% | 4.1% | 2.9% | 3.3% | 3.1% | 3.6% | 4.1% |
| **Dorchester** | 42,580 | 41,570 | 43,323 | 44,231 | 48,406 | 49,006 | 49,912 |
| | 5.1% | 3.9% | 3.1% | 3.4% | 2.8% | 3.7% | 3.7% |
| **MSA** | 243,270 | 257,150 | 266,452 | 269,946 | 275,836 | 275,137 | 281,016 |
| | 5.5% | 4.0% | 2.9% | 3.4% | 3.0% | 3.7% | 4.0% |
| **S.C.** | 1,753,200 | 1,931,300 | 1,962,900 | 1,963,300 | 1,975,900 | 1,952,000 | 1,968,500 |
| | 6.0% | 4.5% | 3.8% | 4.5% | 3.8% | 5.3% | 6.0% |
| **U.S.** | 133,950,000 | 136,300,000 | 137,670,000 | 139,380,000 | 142,580,000 | 143,860,000 | 144,860,000 |
| | 5.4% | 4.9% | 4.5% | 4.2% | 4.0% | 4.7% | 5.8% |

S.C. Employment Security Commission (Data contains updates from previously reported data)

As can be seen, employment within the MSA increased from 243,270 to 281,016. Actual unemployment for the area generally declined through 2000 but increased in 2001 and 2002. There were indicators of a strong overall increase in the labor force throughout the period. Charleston in September 2003 was 4.4 percent, Dorchester was 4.1 percent, and Berkeley was 4.5 percent.

The following chart shows the ten largest employers in the region:

| No. | Company Name | Employees |
|---|---|---|
| 1 | U. S. Navy | 10,000 |
| 2 | Medical University of South Carolina | 8,200 |
| 3 | U.S. Air Force | 5,292 |
| 4 | Charleston County School District | 5,000 |
| 5 | Care Alliance Health Services (Roper Hospital, Roper Hospital North & St. Francis) | 4,500 |
| 6 | Berkeley County Schools | 3,457 |
| 7 | Charleston County | 1,933 |
| 8 | Westvaco Corporation | 2,014 |
| 9 | Columbia/ HCA Carolina's Dn. HQ. & Medical Centers | 2,200 |
| 10 | Robert Bosch Corporation | 2,062 |

Center for Business Reasearch, Charleston Metro Chamber of Commerce 12/02

*Military*

The military remains a major industry in the Charleston area today, despite major downsizing. The US Navy currently has 10,000 active and civilian employees at several facilities and commands, including the Naval Weapons Station, SPAWAR Systems Center Charleston (formerly NISE East) and others.

The Charleston Air Force Base is home for the US Air Force's 437th Airlift Wing and employs 5,292 active and civilian employees. It is home base to 49 aircraft, including the new C-17.

In addition, other federal and defense-related jobs in the area include the US Department of Defense's Finance and Accounting Center employing a total of 650 people; the Army's Combat Equipment Group Base with 313; and the US Coast Guard with 588 active and civilian employees. Also, the Naval Nuclear Power Training Command (NNPTC) recently opened and is expected to add approximately 3,000 naval trainees to the military population in the Charleston region each year.

**Port of Charleston**

The Port of Charleston is the number one containerized port on the South Atlantic and Gulf Coasts, second on the entire East coast only to the combined ports of New York and New Jersey and sixth in the entire United States, handling approximately 14 million tons of cargo annually. The port has four intermodal facilities which handle container bulk and break bulk cargo. The port terminals have more than two million square feet of warehouse and storage space, and can accommodate over 17 vessels at one time.

ORION is the South Carolina State Ports Authority's computerized document processing system, which allows cargo to be cleared before ships enter the port. U.S. Customs and the U.S. Department of Agriculture, along with all types of port-related public and private entities are linked to ORION, allowing for one of the fastest cargo clearance systems in the nation.

A recent study conducted by the South Carolina State Ports Authority clearly indicates the importance of the Port to the region's economy. The Authority estimates there are 14,900 port related jobs in the region, generating more than $2 billion into the local economy. The Port operates four terminals in the region and has recently begun plans to build a fifth state-of-the-art facility. A site on the old Navy Base was recently sold. The new $113 million two-phase terminal construction program is underway, planned to be the most modern, most efficient terminal complex in the nation. The port's present and future facilities, its rail service via both Seaboard and Southern Lines, and its access to Interstate Highways 26 and 95, make the Trident area ideal for shipping and constitute a significant factor in the region's rapid growth. The number of new jobs expected has not been announced.

*Health Care*

A total of 17,000 people are employed in the region's ten major hospitals and medical facilities and over 25,000 are employed in the area's medical industry overall.

The center of the region's healthcare industry is the Medical University of South Carolina (MUSC), located on 55 acres in downtown Charleston. Its six colleges and patient care facilities provide both educational resources and healthcare facilities to the region. MUSC facilities and medical staff are nationally recognized in such areas as cardiology, cancer and pediatrics. In June 2003 it was calculated that the economic impact of MUSC was an additional 21,000 jobs (above its 8,200) and $1.65 billion.

In addition to MUSC, nine additional hospitals serve the medical needs of the region. They are Bon Secours/St. Francis Xavier, Charleston Memorial, Columbia Trident Medical Center, Columbia Summerville Medical Center, East Cooper Regional Medical Center, Roper and Roper North, the VA Medical Center and the U.S. Naval Hospital.

*Tourism*

The tourism industry is an important and vital aspect of the Charleston region's economy, with over 3.9 million visitors annually enjoying the hospitality of the Low country. Many come to visit the beautiful plantations, uncrowded beaches and the historical district, with its lovely old homes, quaint shops and wide variety of restaurants. Charleston again ranked among the 20 most popular destinations in the world in 1998 for the sixth consecutive year. The ranking by Conde Nast Traveler magazine places the area among world-renowned destinations including New York, San Francisco, Rome and Paris.

The 4.1 million visitors in 2001 spent $4.5 billion on accommodations, food and beverages, sightseeing and shopping, resulting in an over 47,000 direct and indirect visitor-related jobs for the local economy.

*Retail Trade*

Between 1996 and 2002, gross retail sales grew 30 percent, from $9.9 billion to $13.3 billion. These figures are reflected on the following charts.

| TOTAL RETAIL SALES ($000) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
| Metro Area | $9,900,000 | $10,400,000 | $11,200,000 | $12,100,000 | $13,000,000 | $12,900,000 | $13,300,000 |

*S.C. Dept of Revenue*

*Education*

Each county in the area operates a separate school district, which collectively serves approximately 90,000 students in 140 schools in the tri-county area. Nearly 100 parochial and private schools also serve the Trident area. In addition, seven schools are available for children with special educational needs.

The area has excellent educational facilities, public and private, including five colleges-- The Citadel, College of Charleston, Medical University of South Carolina, Charleston Southern University, and Trident Technical College. The first three offer postgraduate degrees, with total enrollment in 2001 as follows:

| | | |
|---|---|---|
| 1. | Charleston Southern University | 2,684 |
| 2. | College of Charleston | 11,617 |
| 3. | The Citadel | 4,001 |
| 4. | Johnson & Wales Culinary University | 1,300 |
| 5. | Medical University of S.C. | 2,316 |
| 6. | Trident Technical College | 10,461 |
| 7. | Limestone College | 200 |
| 8. | Low Country Graduate Center | 1,000 |
| 9. | Webster University | 500 |
| 10. | Miller-Motte Technical College | 236 |
| | Total | 34,315 |

*Taxes*

In South Carolina, personal income taxes range from 2.5 percent up to 7 percent of net income.

South Carolina has no state property taxes and no intangibles tax. Real and personal property taxes are levied by local taxing authorities. The assessment rate for businesses, is set by the South Carolina Tax Commission. The Commission assesses manufacturers real and personal property at 10.5 percent, and real property at 6.0 percent.

There is no inventory tax in South Carolina. The state also offers a five-year exemption from all county property taxes (except school and special purpose taxes) for new and expanding manufacturers with a capital investment in excess of $50,000.

Sales taxes in Berkeley and Charleston Counties are 6 percent, with the sales tax in Dorchester County at 5 percent.

*Utilities*

The commissioners of Public Works of the city of Charleston operate the water system, which serves the city, a large section of Charleston County, and parts of Berkeley and Dorchester Counties. Sources of supply are primarily the Edisto River and Foster Creek. Plant capacity is 42 million gallons per day, with present average daily demand at 32 million gallons per day.

Charleston County has seven sewer systems, five operated by municipalities, and two by public service districts. All treatment facilities have been planned for expansion.

Berkeley County water is provided by several different systems, including the city of Charleston, Moncks Corner, St. Stephens, and Goose Creek.

Dorchester County is served by the Dorchester County Water Authority, The St. George Water Department, and the city of Summerville. Sources of supply are primarily from wells.

Electric service in the area is provided by the South Carolina Electric and Gas Company, South Carolina Public Service Authority (Santee Cooper), and two electric cooperatives - Berkeley Electric and Edisto Electric Cooperatives.

Telephone service in the area is provided by Southern Bell, Home Telephone Company, GTE South, McClellanville Telephone Company, United Telephone Company, and the St. Stephens Telephone Company. Long distance service is available from a number of independent carriers.

*Summary*

The Peninsula City of Charleston is a dense urban area with the sea port and the business community, older residential sections and educational-hospital complexes located close to the Ashley River. A number of manufacturing concerns are located north of Charleston in the Summerville and Moncks Corner area. The upper Trident region is basically a bedroom community for the Charleston area, with many residents commuting along the Interstate Highway system, which was recently improved with the expansion of I-526. The most significant factor affecting the area is the closure of the naval facilities. The announced defense closure of some of Charleston's military facilities will continue to impact the area in the future. It is thought that the economy of the area will remain in an uncertain position until a higher confidence level is obtained by consumers, and will depend on the area's ability to create new jobs. Steps are being taken to promote growth within the area, such as the BEST committee's relocation of the Defense Finance and Accounting Center into the Charleston area. Some positive economic factors, such as the new Army Distribution Depot, have absorbed some of the Navy losses. Economic development efforts have been very successful in recent years. Between 1995 and 2001, the three area chambers of commerce have announced more than 45,000 new jobs and over $4 billion in capital investments in the area. Employment growth in the future is projected to occur at a steady pace.

The economy appears to be stable at this time. The area's historical ability to absorb Naval job losses has been demonstrated between 1989 and 1994, with a positive net employment gain after losing approximately 21,000 Navy jobs during this period. Tourism remains an important component of the Charleston economy, and this sector has been growing steadily over the years. Growth is also being experienced in manufacturing, the Port of Charleston, and in the medical industry. It is thought that the area will remain stable.

## NEIGHBORHOOD DATA

**This section of the report reflects a brief description of the neighborhood composition in late 2003.**

Subject neighborhood is located within the city limits of Mt. Pleasant, Northeast of the main business district in the downtown area of Mt. Pleasant off of US Highway #17. It is located within the Charleston National Golf Club development. It is across from the Park West Planned Unit Development which is a predominantly residential community with what are considered to be upscale amenities, lakes, as well as marsh and creek views for the developments. Developments are mostly upscale in Charleston National and Park West and are restricted by a master plan for the area, which has been approved by the town of Mt. Pleasant. The main entrance to the area is from US Highway #17. Thomas C. Cairo Middle School and Charles Pinkney Elementary School and the new Wando High School, which will be open in 2004, are in Park West. The town of Mt. Pleasant also is developing 59 acres with recreation facilities for baseball and other sports in Park West. Much of this infrastructure has been completed at this time. In addition, near the entrance is the Park West Business Center with medical and veterinary offices, early childhood development center and other offices. The Shops at Park West is under construction at this time and this will include a 45,000 square foot Publix Supermarket and 20,000 square feet of retail space. Continental Properties Company, Inc. is developing the property. It is located conveniently to subject.

Other developments in the area should be noted. The Gates is a duplex community with each individual unit sold to individual owner occupants. Other developments near the subject include Tennyson, which is an upscale single-family residential section, Fox Moor, Berkleigh, Summerlin and Wellelsey Place. There are attached townhouses nearby that are very upscale and in the high $100,000 price range, known as Keswick. This is adjacent to Arlington, which is another single-family section. There is room for future expansion and additional developments.

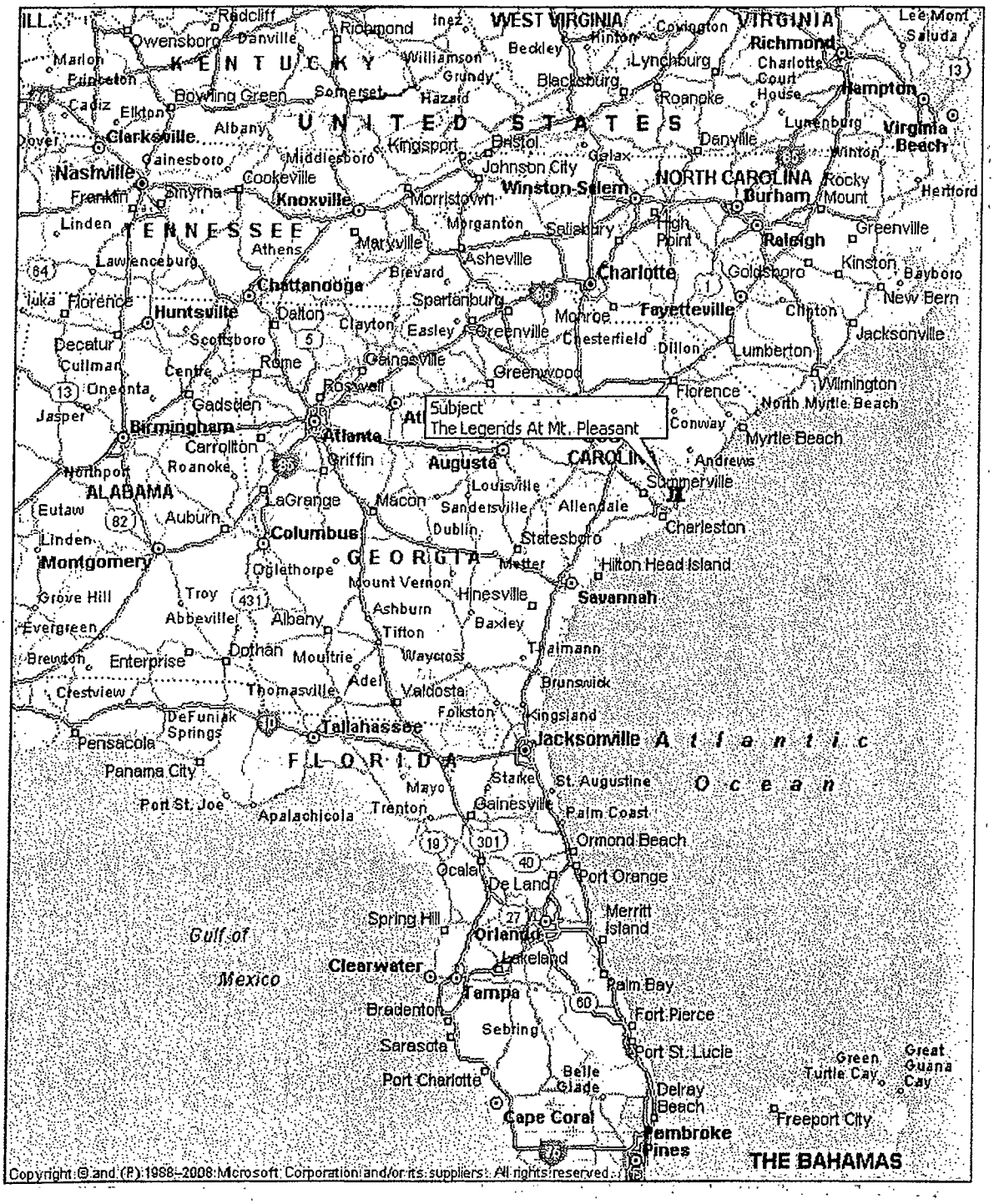
It should be mentioned that Carrington Place is a multi-family apartment complex built in 2000.

The subject is located within a short driving distance of major shopping facilities such as the two center located at the Isle of Palms Connector and US Highway #17. This is a major development with a Bi-Lo and small shops as well as the major development which includes Belk, Casual Corner, Barnes and Noble, Old Navy, Joseph A Banks, Rack Room Shoes, S&K Menswear, Talbot's, Hallmark Gold Crown store, Millennium Music, Athlete's Foot, Tweeter Audio and Video, GAP, Victoria's Secret, Yankee Candle, Banana Republic, American Eagle Outfitters, Atlanta Bread Company and other smaller retailers. This is located next to a relatively new Lowe's store.

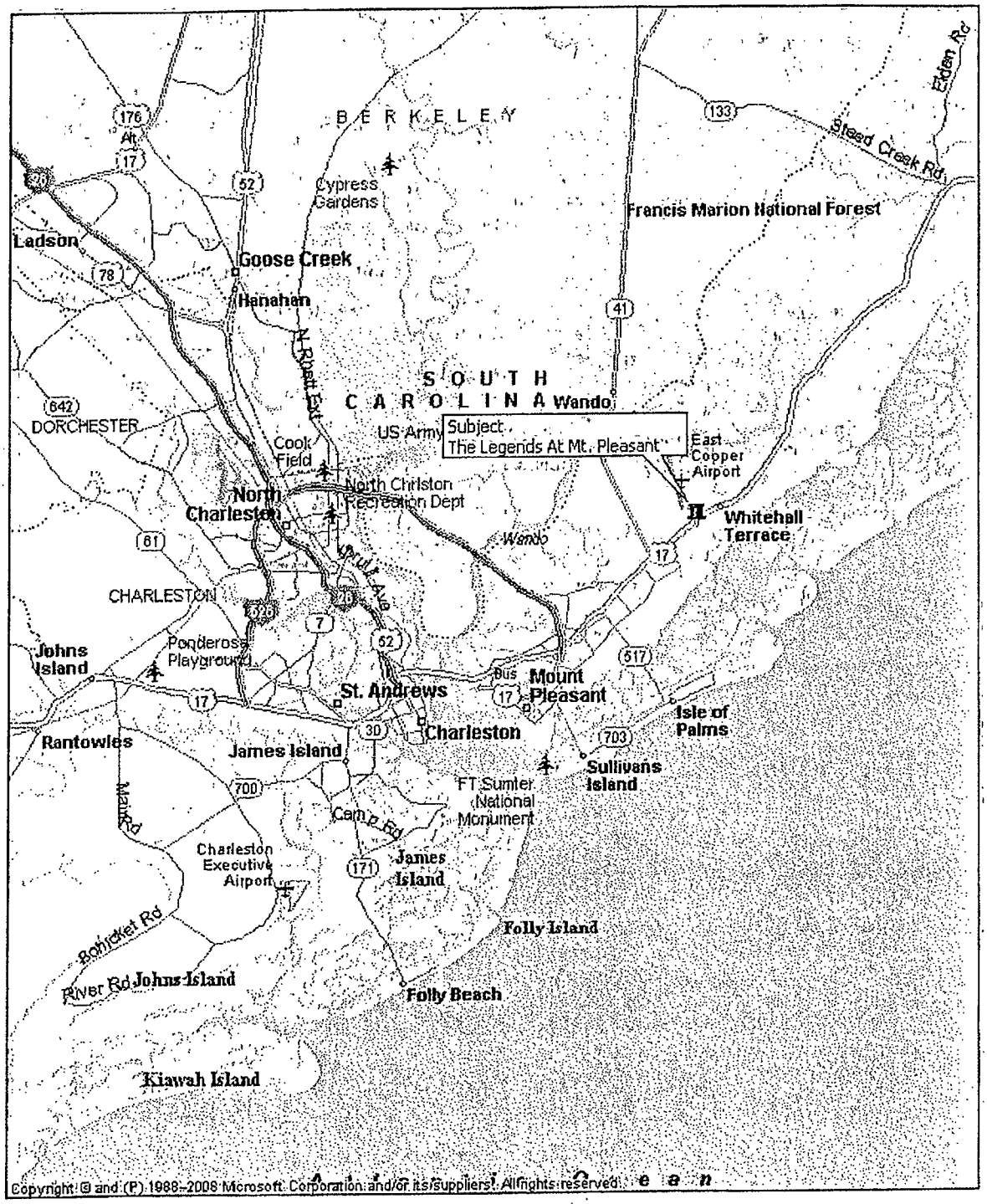
Mt. Pleasant is one of the fast growing areas in Charleston County and is considered to be desirable. Master plan communities such as Park West, Dunes West, Brickyard Plantation among others are being developed along the corridor extending from Isle of Palms Connector. The Charleston National Golf Course is located with single-family residential as well as an upscale apartment complex known as The Legends.

Demand and desirability of the neighborhood is considered to be good and it is anticipated that this will continue well into the future.

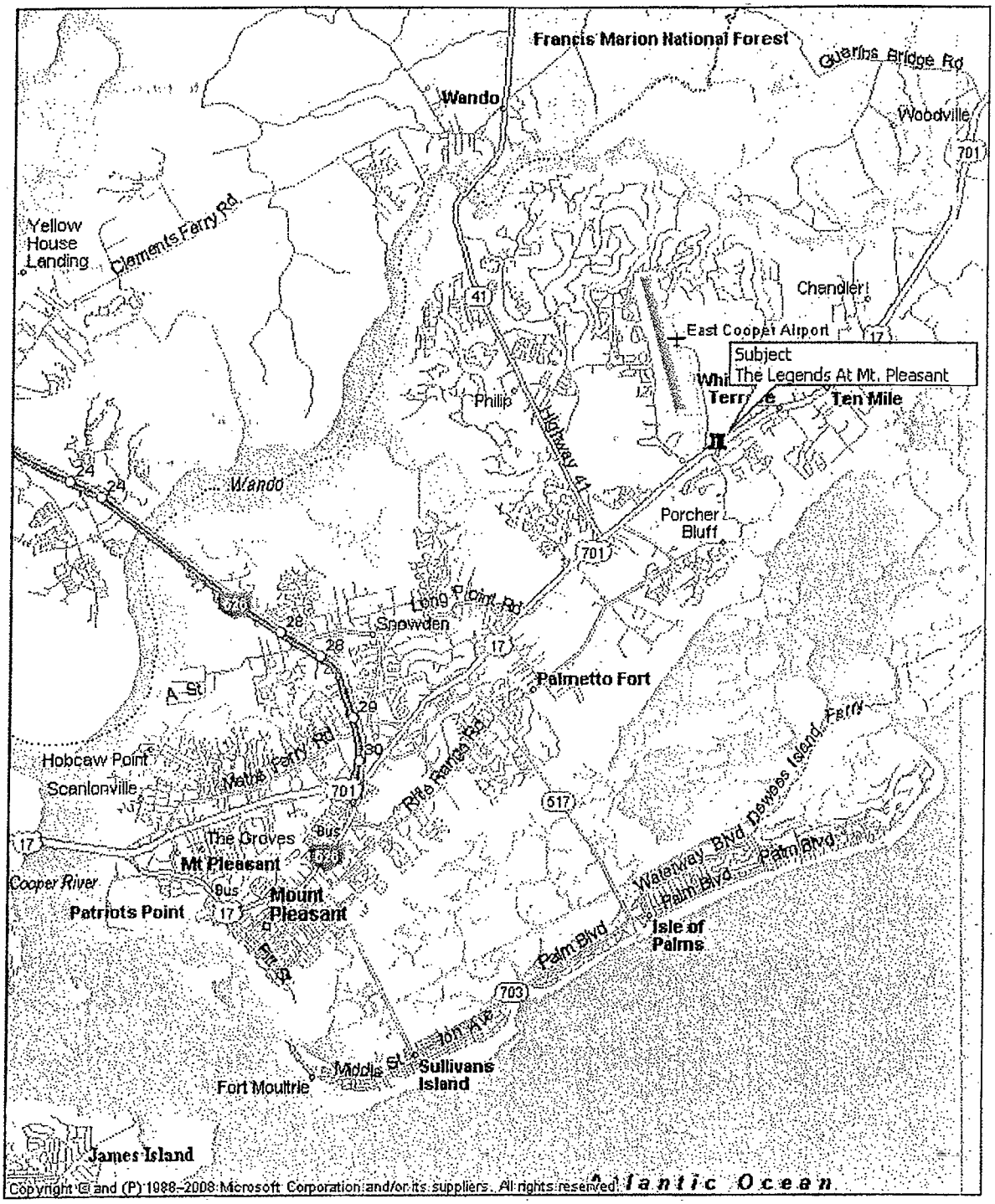
# REGIONAL LOCATION



# METROPOLITAN LOCATION

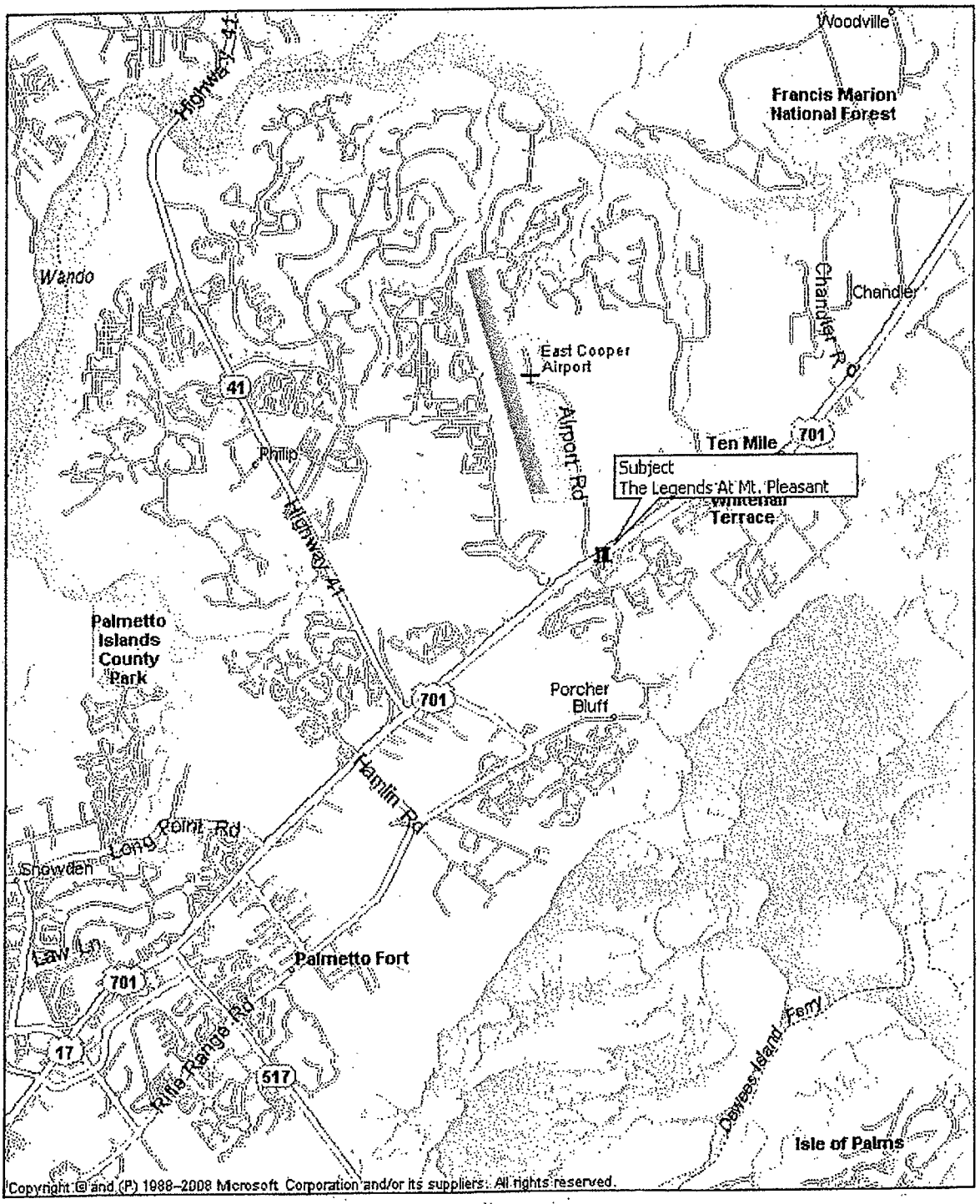


# NEIGHBORHOOD LOCATION




MARSHALL DODDS COMPANY, INC.

# IMMEDIATE NEIGHBORHOOD LOCATION



## PROPERTY DESCRIPTION

The subject site supports a total of 200 units. The subject because of a conversion to condominiums is part of the overall site which contains 23.22 acres with .3 acres in wetlands and 12,671 square feet in wetlands. The site has over 1,600 feet of frontage along US Highway #17 but is not accessed from US Highway #17. It does have frontage on National Drive which is the access road off of US Highway 17 North. The 121 apartment units are shown on tax map #599-00-00 with various lot numbers. The site is in census tract 46.01. In the overall development there are 13 multifamily buildings and the subject units are scattered throughout the complex.

The units are attractive with 9 foot ceilings. Some of the units have direct garage access and there are only 8 rental garages on the property. Units have all appliances including microwave ovens. The parking areas are asphalt paved and there is adequate green space. The property has good amenities with a clubhouse, pool, garden tubs, alarms, 5 inch crown molding in living and dining areas, business center, car care center, fitness center, internet and cable, and fireplaces (some units).

The subject site is not located in a flood hazard area.

The unit mix for the subject 121 units and the overall property is as follows:

| No. Units | Original Units | Type | BR/BA | Size (SF) | 200 Unit (SF) | 121 Unit (SF) |
|---|---|---|---|---|---|---|
| 23 | 24 | A-1 | 1BR/1BA | 787 | 18,888 | 18,101 |
| 0 | 8 | A-1 Solarium | 1BR/1BA | 787 | 6,296 | 0 |
| 33 | 40 | A-2 | 1BR/1BA | 875 | 35,000 | 28,875 |
| 5 | 8 | A-3 Garage | 1BR/1BA | 997 | 7,976 | 4,985 |
| 2 | 8 | B-1 | 2BR/2BA | 1198 | 9,584 | 2,396 |
| 1 | 8 | B-1 Solarium | 2BR/2BA | 1198 | 9,584 | 1,198 |
| 6 | 8 | B-1 Garage | 2BR/2BA | 1222 | 9,776 | 7,332 |
| 38 | 64 | B-2 | 2BR/2BA | 1394 | 89,216 | 52,972 |
| 1 | 8 | B-2 Garage | 2BR/2BA | 1369 | 10,952 | 1,369 |
| 9 | 16 | C-1 | 3BR/2BA | 1536 | 24,576 | 13,824 |
| 3 | 8 | C-1 Garage | 3BR/2BA | 1596 | 12,768 | 4,788 |
| 121 | 200 | | Total | | 234,616 | 135,840 |
| | | | Average | | 1173 | 1123 |

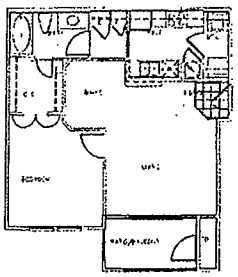
## History

The subject property was developed as an apartment community in 2000. It was converted to condominium development in 2006. It is noted that a clause in the HUD mortgage prevented pre-payment until March 2006 so the property could not have been converted to condominiums during 2003 and 2004 which was a prime period for condominium conversion and sales. After conversion in July of 2006, 44 units were sold in 2006. In 2007, 13 units were sold. None were sold in 2008 although units were actively marketed. Only 1 unit was sold in 2009. A total of 121 units remained in the rental pool, while 22 units remained available and were advertised for sale with the result being the one unit which sold in 2009.

## Taxes

The real estate taxes have been calculated based on the apartment tax value established for the 2005 reassessment of $8,866,880. This is a prorated value of $73,280 per unit for the subject units. Taxes have also been estimated based on the $18,766,000 which was placed on the 121 unit ($155,091 per unit) based on the Tax Assessor's 2003 value for the individual units as condominiums. To the taxes we have added $63 per unit for solid waste fee and $1,407 per unit (prorated to $851) for the 2003 storm water fee. Since tax values increased during reassessment and tax rates actually decreased, we will use the 2005 after reassessment millage rate which was 199.9 mills. The sales tax refund factor for that year was .00137 which includes both the city and the county. This is a reasonable assumption that rates would decline as values were increasing during reassessment. Computations are as follows:

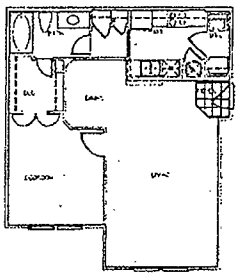
| | 121 Units Apartments | 121 Units Condominium |
|---|---|---|
| Tax Value | $8,866,880 | $18,766,000 |
| Assessment Ratio | 0.06 | 0.06 |
| Assessed Value | $532,013 | $1,125,960 |
| Millage Rate | 0.1999 | 0.1999 |
| Gross Tax | $106,349 | $225,079 |
| LOST Rebate | | |
| $8,866,880 x .00137 | ($12,148) | |
| $18,766,000 x .00137 | | ($25,709) |
| Net Tax | $94,201 | $199,370 |
| Solid Waste | | |
| 121 x $63 | $7,624 | $7,624 |
| Storm Water (Prorate) | $851 | $851 |
| | $102,676 | $207,845 |
| Total Tax | $102,700 | $207,800 |



## Azalea, A-1, 736sf

One bedroom
One bath
Living space 658 sq. ft.
Patio space 66 sq. ft.
Storage space 12 sq. ft.

Bedroom-12x14
Living Room-14x16
Dining Area-10x8
Kitchen-8x9
Utility-3x8
Bathroom-10x5
Closet-7x6



## Azalea, A-1, 743sf
ELONGATED L/R

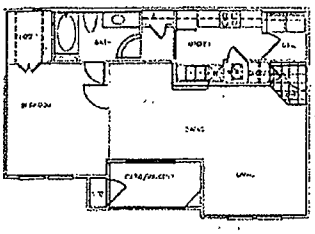
One bedroom
One bath
Living space 743 sq. ft.

Bedroom-12x14
Living Room-14x18
Dining Area-8x10
Kitchen-9x8
Utility-8x3
Bathroom-10x5
Closet-6x7

For more information, please contact Denali Properties:
(843) 216-1000 • www.LoveTheLegends.com

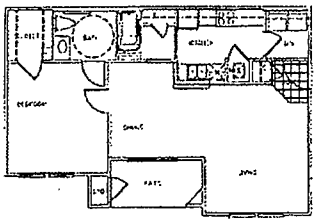
The Legends
AT MOUNT PLEASANT

All representations, specifications, floor coverings and other features are proposed only and are subject to change at any time. Consult your purchase agreement for the items included with the unit. All dimensions are approximate and subject to change in accordance with the purchase agreement.



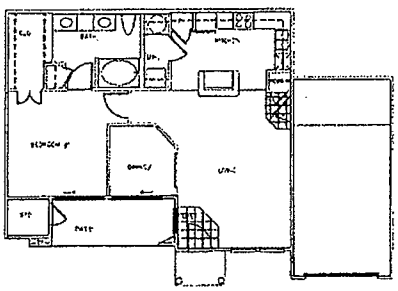
## Dogwood, A-2, 819sf

| | |
|---|---|
| One bedroom | Bedroom-12x13 |
| One bath | Living Room-13x15 |
| Living space 753 sq. ft. | Dining Area-12x11 |
| Patio space 60 sq. ft. | Kitchen-11x6 |
| Storage space 7 sq. ft | Utility-5x6 |
| | Bathroom-11x6 |
| | Closet-6x6 |



## Dogwood, A-2, 819sf

| | |
|---|---|
| Handicap Accessible | Bedroom-12x13 |
| One bedroom | Living Room-13x15 |
| One bath | Dining Area-12x11 |
| Living space 753 sq. ft. | Kitchen-11x6 |
| Patio space 60 sq. ft. | Utility-5x6 |
| Storage space 7 sq. ft | Bathroom-11x6 |
| | Closet-6x6 |



## Magnolia, A-3, 939sf
GARAGE

| | |
|---|---|
| One bedroom | Bedroom-13x12 |
| One bath | Living Room-14x19 |
| Direct access garage | Study-8x9 |
| Living space 836 sq. ft. | Kitchen-10x15 |
| Patio space 82 sq. ft. | Utility-3x9 |
| Front porch 25 sq. ft. | Bathroom-10x9 |
| Storage space 21 sq. ft. | Closet-9x5 |
| Direct access garage 274 sq. ft. | |

For more information, please contact Denali Properties:
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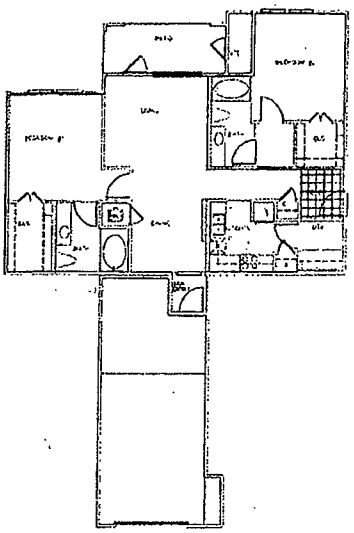
Legends

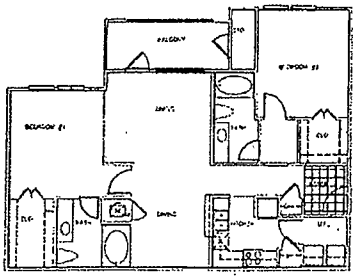
MARSHALL DODDS COMPANY, INC.



## Jasmine, B-1, 1159sf

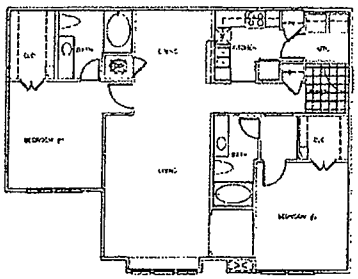
GARAGE

| | |
|---|---|
| Two bedroom | Bedroom #1-13x12 |
| Two bath | Bedroom #2-13x12 |
| Living space 1050 sq. ft. | Living Room-12x13 |
| Patio space 88 sq. ft. | Dining Area-9x9 |
| Storage space 21 sq. ft. | Kitchen-11x9 |
| Direct access garage 368 sq. ft. | Utility-6x6 |
| | Bathroom #1-9x9 |
| | Bathroom #2-11x5 ½ |
| | Closet #1-6x9 |
| | Closet #2-6x5 ½ |



## Jasmine, B-1, 1134sf

| | |
|---|---|
| Two bedroom | Bedroom #1-13x12 |
| Two bath | Bedroom #2-13x12 |
| Living space 1030 sq. ft. | Living Room-13x12 |
| Patio space 84 sq. ft. | Dining Area-9x9 |
| Storage space 21 sq. ft. | Kitchen-11x9 |
| | Utility-6x6 |
| | Bathroom #1-9x9 |
| | Bathroom #2-5 ½ x11 |
| | Closet #1-9x6 |
| | Closet #2-6x5 ½ |



## Jasmine, B-1, 1154sf

ELONGATED L/R

| | |
|---|---|
| Two bedroom | Bedroom #1-13x12 |
| Two bath | Bedroom #2 13x12 |
| Living space 1154 sq. ft. | Living Room-17x13 |
| | Dining Area- 9x9 |
| | Kitchen-11x9 |
| | Utility-6x6 |
| | Desk Nook/Study-5x6 |
| | Bathroom #1-9x9 |
| | Bathroom #2-5 ½ x11 |
| | Closet #1-9x6 |
| | Closet #2-6 ½x5 ½ |

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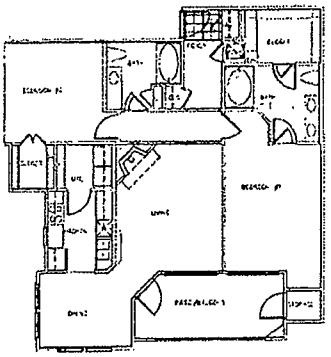
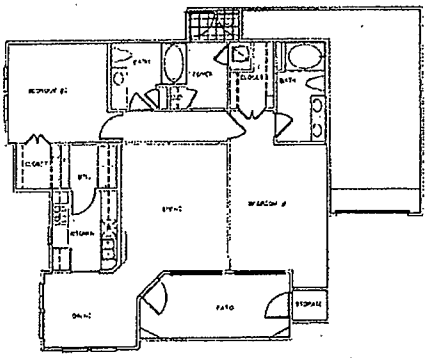


## Oleander, B-2, 1323sf
FIREPLACE SELECT UNITS

Two bedroom
Two bath
Living space 1176 sq. ft.
Patio space 132 sq. ft.
Storage space 15 sq. ft.

Bedroom #1-12x17
Bedroom #2-13x12
Living Room-13x15
Dining Area-12x9
Kitchen-10x8
Utility-5x7
Bathroom #1-9x12
Bathroom #2-9x8
Closet #1-9x7
Closet #2-5x5



## Oleander, B-2, 1282sf
GARAGE

Two bedroom
Two bath
Living space 1135 sq. ft.
Patio space 132sq. ft.
Storage space 15 sq. ft.
Direct access garage 306 sq. ft.

Bedroom #1-12x17
Bedroom #2-13x12
Living Room-13x15
Dining Area-12x9
Kitchen-10x8
Utility-5x7
Bathroom #1-6x12
Bathroom #2-9x8
Closet #1-6x8
Closet #2-5x5

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AT MOUNT PLEASANT

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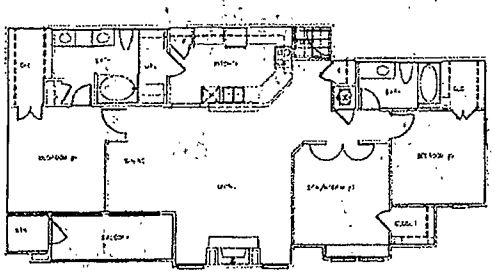
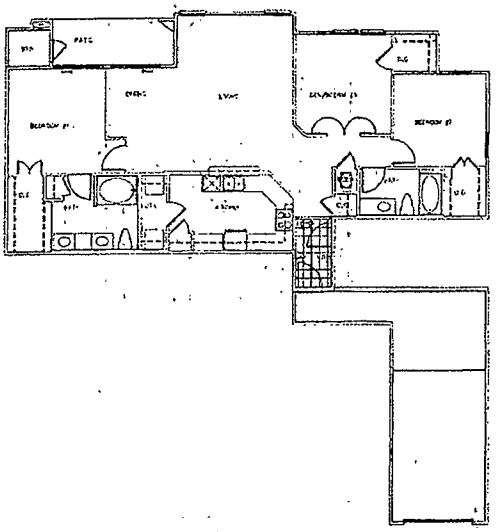


## Camellia, C-1, 1456sf
FIREPLACE

Three bedroom
Two bath
Living space 1357 sq. ft.
Patio space 79 sq. ft.
Storage space 21 sq. ft.

Bedroom #1-12 x12⅛
Bedroom #2-12x 11
Bedroom #3 11½ x12
Living Room-18x14
Dining Area-12x8
Kitchen-15x9
Utility-3x9
Bathroom #1-10x9
Bathroom #2-11x6
Closet #1-9x5
Closet #2-5x6
Closet #3-5x5



## Camellia, C-1, 1480sf
GARAGE

Three Bedroom
Two bath
Living space 1377 sq. ft.
Patio space 82 sq. ft.
Storage space 21 sq. ft.
Direct access garage 364 sq. ft.

Bedroom #1 12x12⅛
Bedroom #2 12x11
Bedroom #3 11½x12
Living room 18x14
Dining area-12x8
Kitchen-15x9
Utility-3x9
Bathroom #1-10x9
Bathroom #2-11x6
Closet #1-9x5
Closet #2-5x6
Closet #3-5x5

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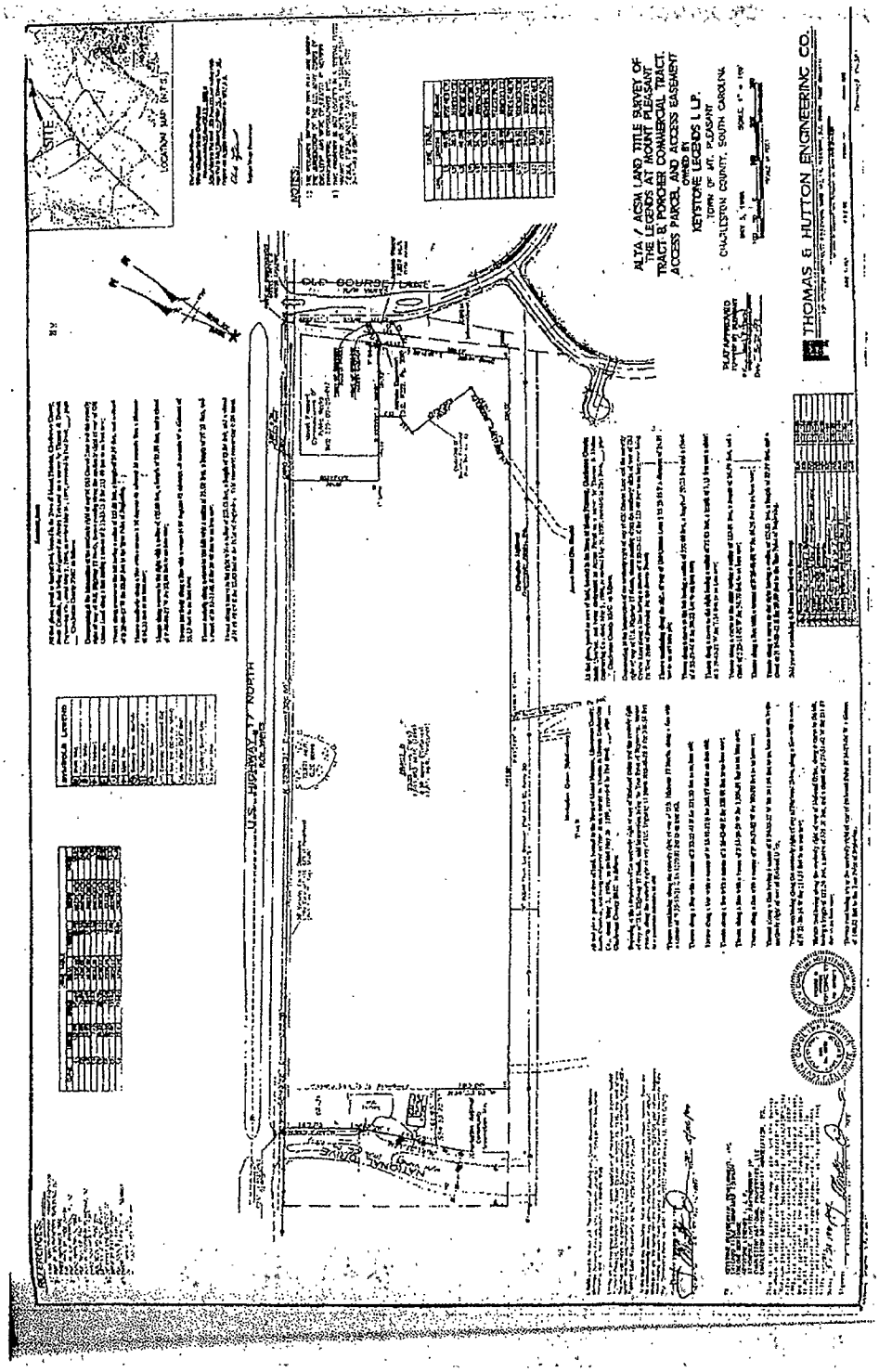


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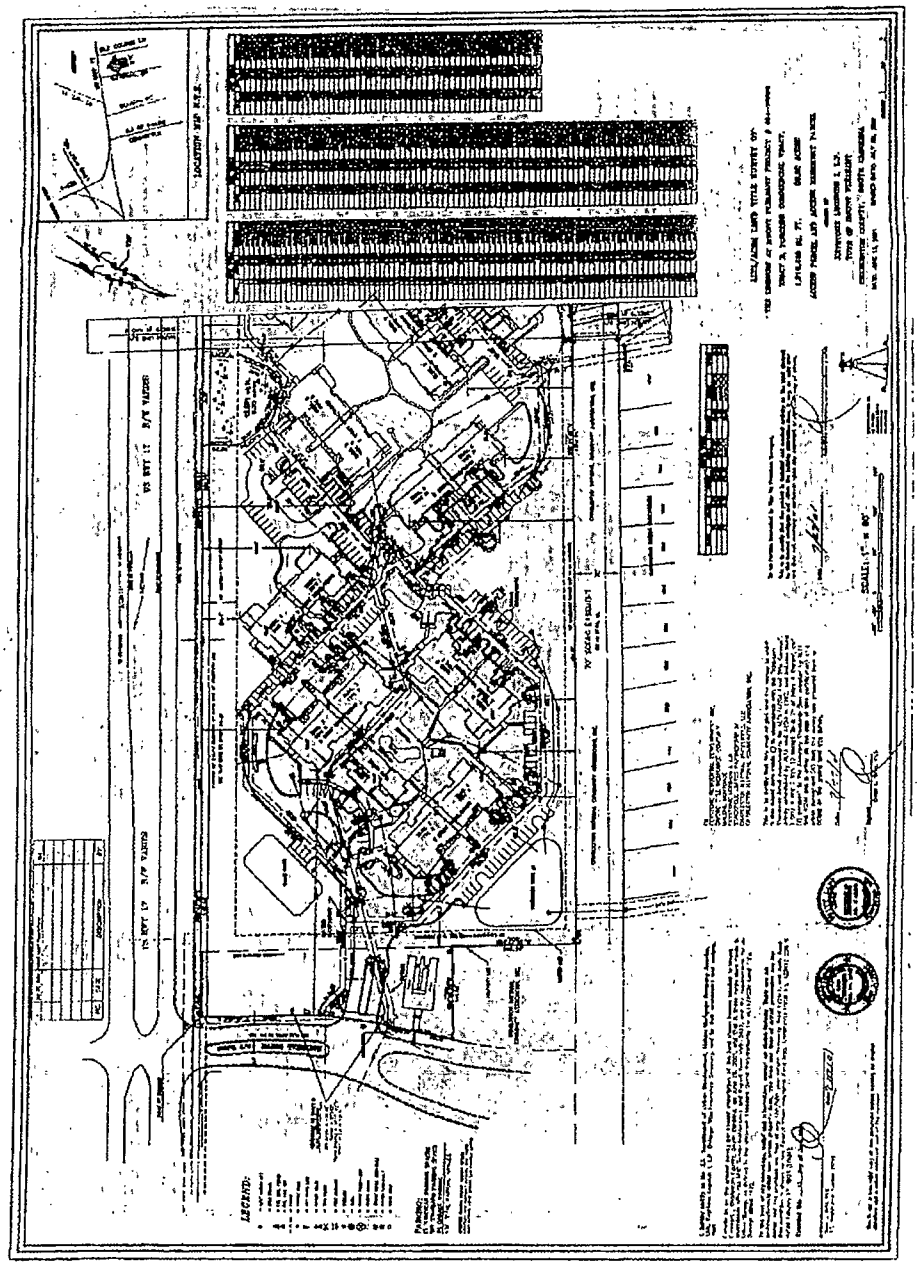
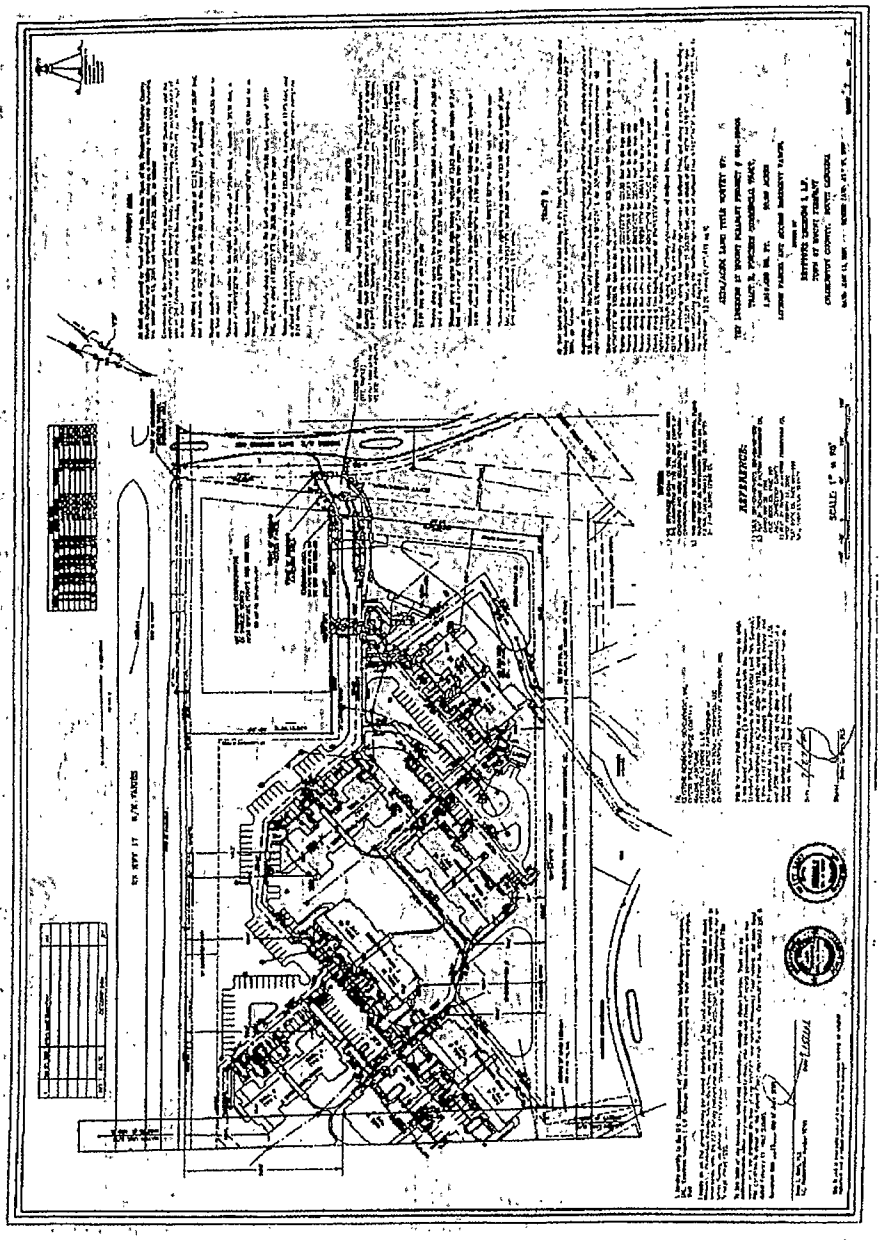
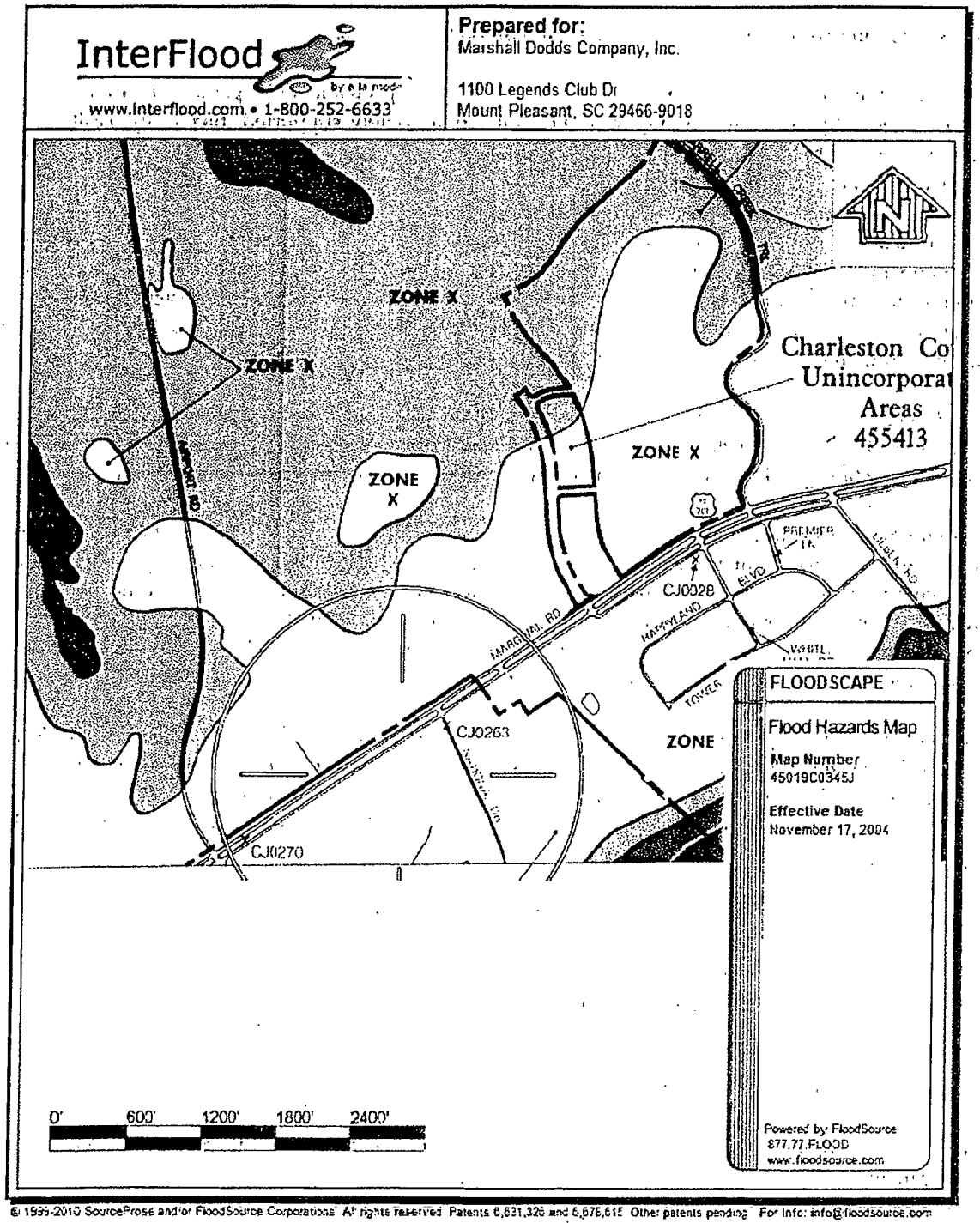




# FLOOD MAP

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## APARTMENT MARKET OVERVIEW
## HIGHEST AND BEST/ MOST PROBABLE USE ANALYSIS

**This section unless otherwise stated reflects 2003 market conditions.**

The Highest and Best or Most Probable Use is "the reasonably probable and legal use of vacant land for an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value[1]. Underlying the theory of the Highest and Best or most Profitable Use is the theory of change.

All real estate, improved or unimproved can be described within the context of its place in a particular development cycle; however, change is ever present. In some cases, downtown urban land in a central core business district, can be regarded as having a significant demand and, for those sites still in the core which remain as parking lots, or other types of vacant ground, the future potential for development and transition from their present use to a markedly different one is readily foreseeable.

The Highest and Best Use of any property should be analyzed not only in terms of its existing use with improvements constructed thereon, but also in terms of other possible uses, with proper consideration given to any effects made by zoning and planning changes, social needs, and market demand.

It should also be noted that property in its transitional state may appear physically to the eye to have a suitable existing improvement constructed thereon, whereas in fact, the value of the underlying ground may have risen to such a degree that the existing improvements cannot contribute sufficient income stream to provide a fair return of capital on both the value of the ground and the improvements. This would create a situation where, although immediate development may not be warranted, the existing improvements may have effectively become obsolete.

Therefore, in estimating Highest and Best Use, the appraiser considers those uses which are physically possible for the site. Permissible uses are those uses which may be permitted under current zoning and deed restrictions for the site. Feasible uses are those possible uses which would produce the highest net return to the owners and the Highest and Best Use among all feasible uses, that use which produces the highest net return to ownership.

There are three recognized tests for highest and best use which are:

1. That the site be physically suited for the use.
2. That the use be legally permissible.
3. That the use be economically sound and feasible and maximally productive.

Legal Requirements

The legal requirements involve zoning, and the subject is zoned so as to allow for multifamily development.

1. *The Appraisal of Real Estate, 10th Edition, Appraisal Institute, 1992, p. 45.*

Physical Characteristics

A visual inspection of the site indicates that the site is capable of supporting the improvements. All factors appear to be favorable.

Economic Feasibility/Maximally Productive

This is the primary feature in establishing the highest and best use of any property. This consideration analyzes the uses which are financially feasible and reasonably profitable. The use of subject is for multifamily conventional apartments with 200 units (now 121 units). This would suggest that the proposed use is a reasonable use. Because of this, it is thought that an analysis of the apartment market within the Greater Charleston area, as well as within the subject neighborhood, would be useful. It is noted that the subject could not be converted to condominiums in 2003 because of a mortgage clause which prohibited prepayment until March 2006.

The apartment market within the Greater Charleston area as well as the subject neighborhood will be analyzed. One survey, the Charleston Apartment Report, July 15, 2003, has been utilized. This multifamily survey has been produced by Carolinas Real Data of Charlotte, North Carolina in conjunction with the Charleston Apartment Association since December 1994. The current data analyze the period of June 15, 2003. The Council of Governments in the area had at one time produced a multifamily survey, but this was discontinued after Hurricane Hugo in 1989.

Market Overview - Charleston MSA

There are currently approximately 26,691 apartment units within the Charleston Metropolitan area. These are located in communities in Berkeley, Charleston, and Dorchester counties. The largest sub-markets are North Charleston and West Ashley, which are both in Charleston County. Historically, the building boom occurred in Charleston in the late 1970s through 1980. Between 1975 and 1979, 4,479 apartment units were developed. Between 1980 and 1984, 3,719 apartment units were developed. From 1985 through 1989, a total of 8,000 apartment units were developed. The early 1990s reflected very few apartment starts primarily due to the naval base closing, and in the early 1990s, the recession. A total of 484 multifamily permits were issued between 1990 and 1994 for major apartment complexes (Audubon Park, Hanahan (228 units) and Palmetto Plantation, Mount Pleasant (256 units). It is noted that some of these permits do not reflect some owner occupied condominium units in addition to rental complexes, duplexes, etc.

The following table shows the overall vacancy rate, average rent, absorption, units under construction, units started, and units completed since December 1994.

| Historical Trend | | | | | | | |
|---|---|---|---|---|---|---|---|
| Survey Date | Total Units | Percent Vacant | Average Rent | Absorption | Units UC | Units Started | Units Complete |
| Dec 1994 | 21,780 | 11.9 | $458 | N/A | 0 | 0 | 0 |
| June 1995 | 21,899 | 10.4 | $462 | 86 | 0 | 0 | 0 |
| Dec 1995 | 21,899 | 12.3 | $467 | -374 | 0 | 0 | 0 |
| June 1996 | 22,493 | 8.3 | $469 | 983 | 0 | 0 | 0 |
| Dec 1996 | 22,536 | 9.1 | $479 | -174 | 0 | 0 | 0 |
| June 1997 | 22,560 | 8.2 | $493 | 175 | 300 | 300 | 0 |
| Dec 1997 | 22,325 | 7.2 | $504 | 224 | 300 | 0 | 0 |
| June 1988 | 22,760 | 5.5 | $520 | 531 | 692 | 512 | 120 |
| Dec 1998 | 23,048 | 5.4 | $541 | 343 | 1,358 | 846 | 180 |
| June 1999 | 23,459 | 5.4 | $565 | 357 | 1,132 | 200 | 426 |
| Dec 1999 | 23,809 | 6.2 | $581 | 157 | 2,203 | 1,431 | 360 |
| June 2000 | 24,282 | 6.2 | $605 | 539 | 1,849 | 230 | 584 |
| Dec 2000 | 25,218 | 8.5 | $622 | 414 | 2,030 | 1,232 | 1,051 |
| June 2001 | 25,429 | 8.9 | $644 | 440 | 2,002 | 544 | 572 |
| Dec 2001 | 25,718 | 10.2 | $644 | 602 | 1,408 | 248 | 858 |
| June 2002 | 25,495 | 8.9 | $672 | 1,084 | 970 | 272 | 810 |
| Dec 2003 | 26,449 | 8.9 | $678 | 509 | 614 | 133 | 533 |
| June 2003 | 26,691 | 7.6 | $687 | 732 | 625 | 492 | 496 |

*SOURCE: Carolinas Real Data, Charleston Apartment Report, July 2003.*

As can be seen from the table, vacancies were relatively high from December 1994 through December 1995. The market began stabilizing in June 1996, reflecting an 8.3 percent vacancy rate overall. In December 1996, negative absorption caused the vacancy rate to increase to approximately 9.1 percent, but it decreased to 7.2 percent in December 1997, to 5.5 percent in July 1998, 5.4 percent in December 1998 and June 1999, with a slight increase to 6.2 percent in December 1999, which remained the same in June 2000 even though 473 units were added to the market. It increased in December 2000 as new units were completed and further increased by December 2001. It has declined in June 2002 and was the same in December 2003 with 533 units completed. It improved in June 2003 to 7.6 percent.

There has been substantial development in the Charleston market area over the past several years. Construction and development will be discussed in each area of Charleston.

The downtown area has had no new development of major complexes. One development is reported to be planned, and this is to be very upscale with $2,000 plus rents.

On James Island, there has been substantial development. The first major complex to be developed was the Enclave. This is an upscale property that was almost fully leased by the time it was completed in late 1998.

Riverland Woods was completed in late 2000/2001 and was stabilized by May 2001, with an overall leased rate of about 18 units per month. This property contained 288 units. As of our most recent survey, their occupancy was about 96 percent. There is currently a small special which is $300 off of the first months rent but occupancy, overall, based on the multi-family survey and on our periodic surveys has been in the 94 to 98 percent range for the past 18 months.

Merritt at James Island is a new upscale property with 230 units. It was completed November 2002. This property had construction delays, consequently lease-up has been relatively slow. This property has upper ranged rents from $854 base for one bedroom unit to $1,454 base for a three bedroom/two bath unit. As a general rule, this property basically leased up units as they became available.

The Islands Phase I is completed. This phase contains 186 units. Pre-leasing started in December 2001, and leasing has been steady at about 15 units per month. It was completed in August 2002 and is stabilized. The Islands Phase II was recently completed and leaseup appears to be going reasonably well. The management did not report individually but did report that 80 percent of the total number of units were leased as of our November survey.

On Johns Island, which is near James Island, carried in the James Island section of the survey, a very upscale property known as The Vintage at Fenwick Plantation was completed in December 2002. Of the 216 units, 150 units are leased. Rents range from a low of $790 to a high of $1,250 base rent for a very large two bedroom, two bath townhouse. The site is one of the most attractive sties in the Charleston area with numerous, very mature oak trees.

In the West Ashley section, Ashley Knoll Phase I had final completion by February of 2000 and lease-up completed by May of 2000 with a lease-up rate of 30 units per month. The second phase has recently come online, and it is leased up. Concessions are being offered. Both were at 91 percent.

Heron Reserve is another new property which was built in 1999, and the 272 units leased at the rate of about 18 units per month with some turnover during lease-up. This property was at 97 percent.

Cypress Cove is an upscale property with rents ranging from a low of $699 to a high of $1,225 for a three bedroom/two bath unit. It was built in 2000 and was relatively slow leasing up, finally stabilizing in early 2002. It was 97 percent occupied and offering some concessions in the fall of 2002 and was at 96 percent with no concessions at our most recent survey.

Another West Ashley property is the renovation of Ashley Hall Gardens to Woodbridge which has 84 units with another 114 units which were added on a site which was purchased. This is a major rehab, and was 80 percent leased.

In Goose Creek, Coventry Green was completed in February 2002 but was substantially completed in late 2001. They are offering a small special, and of the 256 units, there are 93 percent leased. This property is stabilized.

Atlantic Palm is considered to be in the Goose Creek area, although it is probably very competitive with North Charleston as well. This is a 312 unit property with 312 units completed at this time. Of the 312 units completed, it was 91 percent leased. Leaseup has been good but occupancy has fluctuated in the low 80 percent to 90 percent range.

In North Charleston, Jamison Park completed its final 96 units of 216 in late 2001. This property was 97 percent leased and is stabilized. It is moderately priced from $675 for a one bedroom to $950 for a three bedroom unit. Rents were recently increased.

Mt. Pleasant is the area which has had the heaviest construction in the past three years. Long Grove at Seaside Farm has a total of 272 units. Leasing began in 1999, and with turnover, this property has not exceeded about 86 percent until recently. It has reached 93 percent in November and 93 percent in January 2004, having been in the low 90 percent range in summer 2002. Much of this is due to the fact that most of the new inventory is in the Mt. Pleasant area. Palmetto Plantation is a 1993 property in Mt. Pleasant which has operated reasonably well over the years, but for the first time, is offering modest concessions. It maintains a 95 percent plus occupancy. Legends of Mt. Pleasant is 92 percent leased as of June 15, 2003. This is another very upscale property with base rent for one bedroom at $685, while the highest price rents for three bedroom units are $1,375. This property began leasing in 2000. They have been giving some concessions.

Southhampton is another new property in the Mt. Pleasant area. This property leased-up relatively quickly upon completion in 1999. However, it did have turnover but has finally stabilized again. In November 2003 it was 96 percent.

Carrington Place in Park West was another 2000 property which has been in lease-up and has had turnover. Its highest occupancy was 85 percent in June of 2001 but during the summer of 2002 finally attained above 90 percent occupancy. It was 96 percent in October 2002 and 91 percent in November 2002, in November 2003 it was 90 percent.

River Oaks has a total of 360 units. It has changed management companies. It began leasing in April of 2001 and was completed in September 2001. It has some of the highest rents in the area with one bedroom units ranging from $710 to $910. Some units have excellent river views. The highest priced unit is $1,385, and this is for a three bedroom/two bath unit. The property basically struggled during 2002. In June of 2003 it had a dramatic turnaround along with another management change. By the late summer it had reached the low 90 percent range and in November was 89 percent. During all of 2002 the property was in the 60 percent range.

Alexan Belle Hall is also in the Mt. Pleasant area. This is a very upscale property. This property has all 240 units complete at this time. Leasing began January 2002. This very upscale property began leasing-up as it offered three months free. It has stabilized.

Daniel Landing is counted as being in Mt. Pleasant, but in actuality, it is on Daniel Island. This property leased-up at a relatively steady pace and is now converting to condominiums. It is in an excellent location on Daniel Island.

Summerville has one new property that was leased-up, and this is Grove at Oakbrook. The first phase contains 160 units, and it was completed in February of 2002 with a November occupancy of 98 percent. It leased around 16 per month. It has generally stayed in the 95 percent to 100 percent range.

Also in the Summerville area but actually being in North Charleston is Cedar Grove with 248 units. It began leasing recently, and there are 248 units finished in December 2002 and 201 units leased with lease rates from beginning at close to 25 per month. This is in the Dorchester County School District. It stabilized and has remained close to 100 percent.

A 120 unit second phase for Grove at Oakbrook is currently under construction. Units will likely be ready in the winter of 2004. The Vinings at Wescot Phase I with 190 units is under construction. The first units will likely be ready for occupancy in January or February of 2004. Marymeade (Traditions at Summerville), which is located off of Highway 17, near I-26 in Summerville, has a first phase planned with 232 units and construction recently began in the fall of 2003.

Bridgepointe, which is adjacent to Westbury Mews in Summerville, has begun construction of a 130 unit, mostly townhouse community. This property is somewhat different from the majority of properties which are being built and is similar to The Islands on James Island. Indigo Colony was reported to be planned near Atlantic Palms, but this property has been planned for approximately two years and had not been started. Another project was joint ventured on the site and 240 units, known as Alta Shores is under construction at this time. Units should be available in the spring or early summer of 2004. This is in the Goose Creek area but the property is actually in North Charleston.

A small property in the Summerville area known as The Cedars with 50 units was completed and is at 96 percent. Another small property in North Charleston with 144 units (Willow Ridge) with lower end rents has leased-up quickly.

The current forecast by the Charleston Apartment Market Report suggests that vacancy will likely decrease, even with the new construction underway, over the next 18 months to the 5 percent to 7 percent range. Completed units should decline and concessions should also decline. Occupancy rates should increase and rents will likely also increase. Absorption should remain about the same.

In the Charleston MSA, absorption has been reasonably good as new inventory has come on line. In 1998, absorption was 874 units total. In 1999, this had dropped slightly to 514, but in 2000, absorption was 953 units, 2001 showed 1,042 units overall. In the Charleston MSA for the first six months of 2002, a total of 1,084 units were absorbed with another 509 added in the second six months. In June 2003 absorption was 732 units.

Average rents in Charleston MA have increased overall approximately $194 per month since June 1997. The following table shows the average rents in the areas delineated by the survey.

| Area | June 1997 | Dec. 1997 | June 1998 | Dec. 1998 | June 1999 | Dec. 1999 | June 2000 | Dec. 2000 | June 2001 | Dec. 2001 | June 2002 | Dec 2002 | June 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Downtown | $590 | $591 | $637 | $645 | $628 | $659 | $670 | $689 | $674 | $674 | $686 | $691 | $700 |
| Mt. Pleasant | $645 | $658 | $684 | $706 | $739 | $748 | $780 | $797 | $831 | $821 | $831 | $833 | $821 |
| West Ashley | $502 | $515 | $526 | $543 | $572 | $596 | $619 | $635 | $643 | $652 | $662 | $666 | $671 |
| Charleston MA | $493 | $504 | $520 | $541 | $565 | $581 | $605 | $622 | $644 | $644 | $672 | $678 | $687 |
| James Island | $582 | $591 | $635 | $690 | $726 | $731 | $758 | $806 | $823 | $831 | $862 | $882 | $904 |
| Summerville | $458 | $458 | $476 | $502 | $531 | $543 | $555 | $556 | $569 | $580 | $613 | $640 | $627 |
| Goose Creek | $453 | $474 | $482 | $496 | $565 | $573 | $612 | $624 | $635 | $679 | $738 | $724 | $721 |
| N. Charleston | $435 | $443 | $456 | $472 | $484 | $497 | $512 | $528 | $538 | $548 | $556 | $558 | $582 |
| Hanahan | $441 | $458 | $475 | $503 | * | | | | | | | | |

*Hanahan now included with North Charleston

SOURCE: Carolinas Real Data, Charleston Apartment Report, July 2003.

The following table shows the overall vacancy by area from the Carolinas Real Data Survey.

Non-Subsidized Vacancy By Area - Carolinas Real Data Survey

| | Total | Downtown | Goose Creek | James Island | Mount Pleasant | North Charleston | Summerville | West Ashley |
|---|---|---|---|---|---|---|---|---|
| Units Surveyed | 26,691 | 422 | 1,520 | 2,100 | 4,324 | 7,810 | 3,271 | 7,244 |
| Vacant | 2,022 | 32 | 157 | 299 | 305 | 508 | 135 | 586 |
| % Vacant | 7.6 | 7.6 | 10.3 | 14.2 | 7.1 | 6.5 | 4.1 | 8.1 |

SOURCE: Charleston Apartment Report, Carolinas Real Data, July 2003.

Reference is made to the chart on the following two pages. This chart reflects the occupancy/absorption analysis for new conventional properties with the survey having been completed by Marshall Dodds Company, Inc. in November of 2003. At this time, West Ashley has absorbed inventory reasonably well and is continuing to do so based on our updated surveys. Summerville has also done extremely well in absorbing new inventory and it currently has the best vacancy rate of only 4.1 percent. North Charleston with 6.5 percent has improved and Mount Pleasant has substantially improved going from 12.6 percent to 7.1 percent. Part of this was due to the fact that Daniel Landing and Cambridge Lakes are converting to condominiums, which helped other complexes stabilize. James Island increased in overall vacancy but

Daniel Landing is counted as being in Mt. Pleasant, but in actuality, it is on Daniel Island. This property leased-up at a relatively steady pace and is now converting to condominiums. It is in an excellent location on Daniel Island.

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A 120 unit second phase for Grove at Oakbrook is currently under construction. Units will likely be ready in the winter of 2004. The Vinings at Wescot Phase I with 190 units is under construction. The first units will likely be ready for occupancy in January or February of 2004. Marymeade (Traditions at Summerville), which is located off of Highway 17, near I-26 in Summerville, has a first phase planned with 232 units and construction recently began in the fall of 2003.

Bridgepointe, which is adjacent to Westbury Mews in Summerville, has begun construction of a 130 unit, mostly townhouse community. This property is somewhat different from the majority of properties which are being built and is similar to The Islands on James Island. Indigo Colony was reported to be planned near Atlantic Palms, but this property has been planned for approximately two years and had not been started. Another project was joint ventured on the site and 240 units, known as Alta Shores is under construction at this time. Units should be available in the spring or early summer of 2004. This is in the Goose Creek area but the property is actually in North Charleston.

A small property in the Summerville area known as The Cedars with 50 units was completed and is at 96 percent. Another small property in North Charleston with 144 units (Willow Ridge) with lower end rents has leased-up quickly.

The current forecast by the Charleston Apartment Market Report suggests that vacancy will likely decrease, even with the new construction underway, over the next 18 months to the 5 percent to 7 percent range. Completed units should decline and concessions should also decline. Occupancy rates should increase and rents will likely also increase. Absorption should remain about the same.

In the Charleston MSA, absorption has been reasonably good as new inventory has come on line. In 1998, absorption was 874 units total. In 1999, this had dropped slightly to 514, but in 2000, absorption was 953 units, 2001 showed 1,042 units overall. In the Charleston MSA for the first six months of 2002, a total of 1,084 units were absorbed with another 509 added in the second six months. In June 2003 absorption was 732 units.

Average rents in Charleston MA have increased overall approximately $194 per month since June 1997. The following table shows the average rents in the areas delineated by the survey.

| Area | June 1997 | Dec. 1997 | June 1998 | Dec. 1998 | June 1999 | Dec. 1999 | June 2000 | Dec. 2000 | June 2001 | Dec. 2001 | June 2002 | Dec 2002 | June 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Downtown | $590 | $591 | $637 | $645 | $628 | $659 | $670 | $689 | $674 | $674 | $686 | $691 | $700 |
| Mt. Pleasant | $645 | $658 | $684 | $706 | $739 | $748 | $780 | $797 | $831 | $821 | $831 | $833 | $821 |
| West Ashley | $502 | $515 | $526 | $543 | $572 | $596 | $619 | $635 | $643 | $652 | $662 | $666 | $671 |
| Charleston MA | $493 | $504 | $520 | $541 | $565 | $581 | $605 | $622 | $644 | $644 | $672 | $678 | $687 |
| James Island | $582 | $591 | $635 | $690 | $726 | $731 | $758 | $806 | $823 | $831 | $862 | $882 | $904 |
| Summerville | $458 | $458 | $476 | $502 | $531 | $543 | $555 | $556 | $569 | $580 | $613 | $640 | $627 |
| Goose Creek | $453 | $474 | $482 | $496 | $565 | $573 | $612 | $624 | $635 | $679 | $738 | $724 | $721 |
| N. Charleston | $435 | $443 | $456 | $472 | $484 | $497 | $512 | $528 | $538 | $548 | $556 | $558 | $582 |
| Hanahan | $441 | $458 | $475 | $503 | * | | | | | | | | |

*Hanahan now included with North Charleston

SOURCE: Carolinas Real Data, Charleston Apartment Report, July 2003.

The following table shows the overall vacancy by area from the Carolinas Real Data Survey.

Non-Subsidized Vacancy By Area - Carolinas Real Data Survey

| | Total | Downtown | Goose Creek | James Island | Mount Pleasant | North Charleston | Summerville | West Ashley |
|---|---|---|---|---|---|---|---|---|
| Units Surveyed | 26,691 | 422 | 1,520 | 2,100 | 4,324 | 7,810 | 3,271 | 7,244 |
| Vacant | 2,022 | 32 | 157 | 299 | 305 | 508 | 135 | 586 |
| % Vacant | 7.6 | 7.6 | 10.3 | 14.2 | 7.1 | 6.5 | 4.1 | 8.1 |

SOURCE: Charleston Apartment Report, Carolinas Real Data, July 2003.

Reference is made to the chart on the following two pages. This chart reflects the occupancy/absorption analysis for new conventional properties with the survey having been completed by Marshall Dodds Company, Inc. in November of 2003. At this time, West Ashley has absorbed inventory reasonably well and is continuing to do so based on our updated surveys. Summerville has also done extremely well in absorbing new inventory and it currently has the best vacancy rate of only 4.1 percent. North Charleston with 6.5 percent has improved and Mount Pleasant has substantially improved going from 12.6 percent to 7.1 percent. Part of this was due to the fact that Daniel Landing and Cambridge Lakes are converting to condominiums, which helped other complexes stabilize. James Island increased in overall vacancy but

Merritt has fully stabilized and the Islands Phase II has recently come online and also the Vintage at Fenwick is in lease-up. Leasing is going well on these two properties.

All areas appear to be absorbing inventory well, including Mount Pleasant.

Referring to the chart, there are several probable additions to the market. The first property is Bella Vista, which is proposed with 108 very upscale units in the downtown area with rents much higher than the typical Charleston rent. In West Ashley, Heron Reserve II is proposed with a total of 112 units, but the owners have stated that this will not be started in 2003 and may not start in 2004. For all practical purposes, this is off the list. Lockhaven Village is under construction in the West Ashley area with 300 units, and they are planning unit for 2004. The second phases of the Vinings at Wescot and Marymeade will likely not be started unless demand warrants and both of these are in the Summerville area. Summerville has been doing very well in absorbing inventory.

It is anticipated that the Charleston Market will continue to absorb inventory on a regular basis. Charleston has been absorbing about 900 to 1,100 units annually, based on job growth and population increases.

## Occupancy/Absorption Analysis - Charleston Market - New Conventional Properties (November 2003)

### Under Constuction,Completed,Stabilized Or In Lease-up

| Location/Property | Age | Fully Complete | Current Occupancy | No. Units | Units Ready | Units Rented | Units Vacant Or UC | Units Needed For 93.0% | Units Below 93.0% | Even Stabilized |
|---|---|---|---|---|---|---|---|---|---|---|
| **James Island** | | | | | | | | | | |
| The Enclave | 1998 | 11/98 | 90.0% | 300 | 300 | 270 | 30 | 279 | 9 | Yes |
| Riverland Woods | 2001-02 | 02/01 | 96.0% | 288 | 288 | 276 | 12 | 288 | -8 | Yes |
| Merritt At James Island | 2002 | 11/02 | 98.0% | 230 | 230 | 225 | 5 | 214 | -11 | Yes |
| The Islands I * | 2002 | 08/02 | 80.0% | 186 | 186 | 149 | 37 | 173 | 24 | Yes |
| The Islands II * | 2003 | 09/03 | 80.0% | 134 | 60 | 107 | 27 | 125 | 18 | No |
| Vintage At Fenwick Plantantion | 2002 | 12/02 | 70.0% | 216 | 216 | 151 | 65 | 201 | 50 | No |
| * Islands Reported Together | | | 87.0% | 1,354 | 1,280 | 1,178 | 176 | 1,260 | 82 | |
| **Mount Pleasant** | | | | | | | | | | |
| Southampton | 1999 | 05/99 | 96.0% | 240 | 240 | 230 | 10 | 223 | -7 | Yes |
| Long Grove | 2000 | 05/00 | 93.0% | 272 | 272 | 253 | 19 | 253 | 0 | Yes |
| River Oaks | 2000-01 | 08/01 | 89.0% | 360 | 360 | 320 | 40 | 335 | 15 | Yes |
| Legends ** | 2000-01 | 02/01 | 92.0% | 200 | 200 | 184 | 16 | 186 | 2 | Yes |
| Alexan Belle Hall | 2002 | Fall 02 | 93.0% | 240 | 240 | 223 | 17 | 223 | 0 | Yes |
| Carrington Place | 2000 | 12/00 | 90.0% | 244 | 244 | 220 | 24 | 227 | 7 | Yes |
| | | | 92.0% | 1,556 | 1,556 | 1,430 | 126 | 1,447 | 17 | |
| Daniel's Landing | 2000 | 12/00 | 99.0% | 295 | 295 | Was Stabilized to 99 0% | | Converting to condos 6/03 | | |
| Cambridge Lakes | 2000 | 9/00 | NA | 104 | 104 | Converting to condominiums Summer 2003 | | | | |
| **West Ashley** | | | | | | | | | | |
| Heron Reserve | 1999 | 10/99 | 97.0% | 272 | 272 | 264 | 8 | 253 | -11 | Yes |
| Ashley Knoll | 1999 | 02/00 | 91 0% | 280 | 272 | 256 | 25 | 260 | 5 | Yes |
| Ashley Knoll II | 2001 | 09/01 | 91.0% | 128 | 128 | 116 | 12 | 119 | 3 | Yes |
| Woodbridge (Renov/Addition)* | 1973-2003 | 08/03 | 80.0% | 198 | 150 | 158 | 40 | 184 | 26 | No |
| Cypress Cove | 2000-01 | Spring 01 | 96.0% | 264 | 264 | 253 | 11 | 246 | -7 | Yes |
| Lockhaven Village | NA | NA | 0.0% | 300 | 0 | 0 | 300 | 279 | 279 | No |
| | | | 73.0% | 1,442 | 1,086 | 1,046 | 396 | 1,341 | 295 | |
| *Was Ashley Hall Gardens | | | | | | | | | | |
| **North Charleston** | | | | | | | | | | |
| Jamison Park | 2001 | 09/01 | 96.0% | 216 | 216 | 207 | 9 | 201 | -6 | Yes |
| Willow Ridge | 2001-03 | Winter 03 | 99 0% | 144 | 144 | 143 | 1 | 134 | -9 | Yes |
| | | | 97 0% | 360 | 360 | 350 | 10 | 335 | (15) | |
| **Goose Creek** | | | | | | | | | | |
| Alta Shores | NA | NA | 0.0% | 240 | 0 | 0 | 240 | 223 | 223 | No |
| Coventry Green | 2001-02 | 02/02 | 93.0% | 256 | 256 | 238 | 18 | 238 | 0 | Yes |
| Atlantic Palms | 2001 | 06/02 | 91.0% | 312 | 312 | 284 | 28 | 290 | 6 | No |
| | | | 65 0% | 808 | 568 | 522 | 286 | 751 | 229 | |
| **Summerville-Dochester,Berkeley,and Charleston Counties** | | | | | | | | | | |
| Midland Terrace | 2000 | 09/02 | 92.0% | 120 | 120 | 110 | 10 | 112 | 2 | Yes |
| Grove @ Oakbrook | 2001-02 | 02/02 | 96.0% | 160 | 160 | 157 | 3 | 149 | -8 | Yes |
| Grove @ Oakbrook II | NA | NA | 0.0% | 120 | 0 | 0 | 120 | 112 | 112 | No |
| Cedar Grove | 2002 | 12/02 | 99 0% | 248 | 248 | 246 | 2 | 231 | -15 | Yes |
| The Cedars** | 1999 | 11/99 | 96.0% | 50 | 50 | 48 | 2 | 47 | -1 | Yes |
| Reserve (Vinings) At Wescott I | NA | NA | 0.0% | 192 | 0 | 0 | 192 | 179 | 179 | No |
| Marymeade I | NA | NA | 0.0% | 232 | 0 | 0 | 232 | 216 | 216 | No |
| Bridgepointe | NA | NA | 0.0% | 130 | 0 | 0 | 130 | 121 | 121 | No |
| | | | 45.0% | 1,252 | 678 | 561 | 691 | 1,167 | 606 | |
| **Total** | | | 75.0% | 6772 | 6428 | 5087 | 1685 | 6301 | 1214 | |

Information from Charleston Apartment Market Report and interviews by Marshall Dodds Co , Inc with managers, owners and developers

** Based on Apartment Market Report

## Occupancy/Absorption Analysis - Charleston Market - New Conventional Properties (November 2003)

### Planned

| Location/Property | Age | Fully Complete | Current Occupancy | No. Units | Units Ready | Units Rented | Units Vacant Or UC | Units Needed For 93.0% | Units Below 93.0% | Ever Stabilized |
|---|---|---|---|---|---|---|---|---|---|---|
| **Downtown** | | | | | | | | | | |
| Bella Vista | | | 0.0% | 100 | 0 | 0 | 100 | 100 | 100 | |
| To be very upscale with rents to $2500 | | | | | | | | | | |
| | | | | 100 | 0 | 0 | 100 | 100 | 100 | |
| **James Island** | | | | | | | | | | |
| None Known At This Time | | | | | | | | | | |
| **Mount Pleasant** | | | | | | | | | | |
| The Vinoy At Park West | NA | NA | 0.0% | 224 | 0 | 0 | 224 | 208 | 208 | |
| | | | | 224 | 0 | 0 | 224 | 208 | 208 | |
| **West Ashley** | | | | | | | | | | |
| Heron Reserve II | NA | NA | 0.0% | 112 | 0 | 0 | 112 | 104 | 104 | |
| Owner stated that this will not be started in 2003 and may not start in 2004 | | | | | | | | | | |
| | | | | 112 | 0 | 0 | 112 | 104 | 104 | |
| **North Charleston** | | | | | | | | | | |
| None Known At This Time | | | | | | | | | | |
| **Goose Creek** | | | | | | | | | | |
| None Known At This Time | | | | | | | | | | |
| | | | | 0 | 0 | 0 | 0 | 0 | 0 | |
| **Summerville-Dorchester,Berkeley,and Charleston Counties** | | | | | | | | | | |
| Reserve (Vinings) At Wescott II | NA | NA | 0.0% | 168 | 0 | 0 | 168 | 156 | 156 | |
| Applegate | NA | NA | 0.0% | 192 | 0 | 0 | 192 | 179 | 179 | NA |
| Marymeads II | NA | NA | 0.0% | 88 | 0 | 0 | 88 | 82 | 82 | |
| | | | 0.0% | 448 | 0 | 0 | 448 | 417 | 417 | |
| Total | | | 0.0% | 892 | 0 | 0 | 892 | 829 | 829 | |

Note: Vinings and Marymeads have land for a second phase, demand permitting. This will not be a factor until completion and lease-up of Phase I.
Information from Charleston Apartment Market Report and interviews by Marshall Dodds Co., Inc with managers, owners and developers

Market Overview - Subject Market Area

The performance within the subject market area is reflected on the following table.

Mt. Pleasant

| | Total Surveyed | Units Vacant | % Vacant |
|---|---|---|---|
| June 2003 | 4,324 | 305 | 7.1 |
| December 2002 | 4,619 | 581 | 12.6 |
| June 2002 | 4,683 | 634 | 13.5 |
| December 2001 | 4,545 | 753 | 16.6 |
| June 2001 | 4,453 | 805 | 18.1 |
| December 2000 | 4,097 | 731 | 17.8 |
| June 2000 | 3,522 | 208 | 5.9 |
| December 1999 | 3,170 | 174 | 5.5 |
| June 1999 | 3,106 | 194 | 6.2 |
| December 1998 | 2,866 | 84 | 2.9 |
| June 1998 | 2,866 | 45 | 1.6 |
| December 1997 | 2,866 | 73 | 2.5 |

SOURCE: Carolinas Real Data ,Charleston Apartment Report Various.

The subject market area includes Mt. Pleasant as well as Daniel Island. As can be seen from the chart, A building boom occurred starting in early 1999 and was most prevalent in the Mt. Pleasant area. Occupancies pre-1999 were very high in the 97 to 98 percent range. As units came online during the period of substantial construction, vacancies increased. In addition, concessions were very prevalent in the market and a number of properties were significantly impacted.

As the overall market improved the Mt. Pleasant market started to improve. In addition, Daniel Landing recently announced that it's 295 units are being converted to condominiums. This is a new very upscale property in an excellent location on Daniel Island. Cambridge Lakes was built as apartments but also decided to convert to condominiums and this contained 104 units. This has taken 399 units that were new off of the market. In addition, Montclair Apartments, which is a 1985 vintage property with 240 units located on US Highway #17 in Mt. Pleasant has also converted to condominiums. Basically, the condominium market has been relatively good in the Mt. Pleasant area. As can be seen, occupancies began to increase substantially and properties, such as River Oak, which has had a problem leasing up, and some of the other properties that have not been able to maintain stabilized occupancy began to stabilize.

In addition, there has been growth within the Mt. Pleasant area and this is expected to continue. The new bridge between Mt. Pleasant and Charleston is under construction at this time but this will enhance development as it is completed.

**Conclusion – Highest and Best Use – As Is Vacant**

The subject property based on its zoning could be developed with apartments or condominiums with its probable use being for the development of a multifamily apartment complex.

**Conclusion – Highest and Best Use – As Improved**

The subject property was in operation as an apartment complex in 2003. It could not be converted to condominiums in 2003 as it was under a prepayment penalty during that period of time. It is therefore my opinion the highest and best use of the subject property was for continued use as a multifamily apartment complex.

**Overview of the Current Market**

The subject Mount Pleasant market area has fluctuated in vacancy from 5.9 percent in February 2008 to 12.0 percent in February of 2010. In February of 2009 the vacancy was 23.3 percent and this was caused by new properties on the market. There are currently two projects proposed on Daniel Island with a total of 720 units. Absorption net was basically negative in Mount Pleasant with a minus 26 units absorbed and in the overall market a minus 264 units absorbed in February 2010.

In the Mount Pleasant market, the overall condominium market was reviewed between 2006 and 2008. River Oaks changed its name to Edgewater Plantation was purchased in June 2006 for a condominium conversion. It is noted that this is about the same time as the subject property could pay off its loan and converted to condominiums. The Edgewater Plantation conversion was unsuccessful and the property was converted back to multifamily apartments due to lack of presales. Sabal Palms in West Ashley with 300 units also unsuccessfully converted to condominiums and it converted back to multifamily apartments.

The following statistics show overall condominium sales in the Mount Pleasant market. These were taken from the Multiple Listing Service. In 2006, 679 units were sold. This dropped in 2007 to 448 and dropped again to 220 in 2008. Days on the market went from 36 in 2006 to an average of 125 in 2008. The median selling price declined in 2008 although the average selling price stayed about the same as 2007. The reason for this appears to be the fact that there were a number of condominiums sold in the $1,000,000 to $3,000,000 range with many of these being at The Tides which is on the river with excellent views. In any case the lower end condominium market appears to have declined significantly based on the data available.

Jan to Dec 2008 41 - 42

| Status | Total | Avg Price | Avg $ Per Sqft | Median | Low | High | Avg DOM | Avg CDOM |
|---|---|---|---|---|---|---|---|---|
| ACT/CNT | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| PND | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| SLD/RNT/L | | | | | | | | |
| SE | 220 | $328,036 | $201.38 | $190,000 | $82,001 | $2,200,000 | 125 | 128 |
| WTH | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| EXP | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| **Total** | **220** | **$328,036** | **$201.38** | **$190,000** | **$82,001** | **$2,200,000** | **125** | **128** |

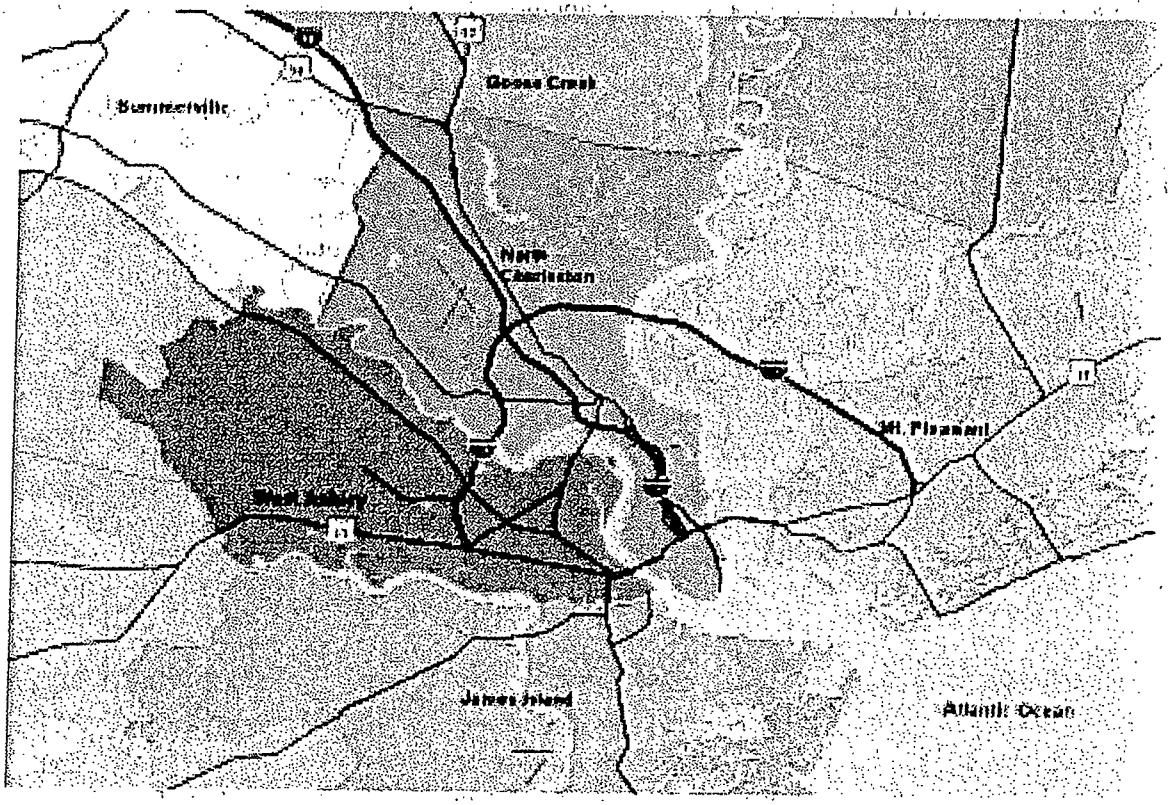
Jan to Dec 2007 32-61-62

| Status | Total | Avg Price | Avg $ Per Sqft | Median | Low | High | Avg DOM | Avg CDOM |
|---|---|---|---|---|---|---|---|---|
| ACT/CNT | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| PND | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| SLD/RNT/L | | | | | | | | |
| SE | 448 | $328,827 | $212.81 | $200,000 | $78,000 | $3,050,000 | 63 | 0 |
| WTH | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| EXP | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 | 0 |
| **Total** | **448** | **$328,827** | **$212.81** | **$200,000** | **$78,000** | **$3,050,000** | **63** | **0** |

Jan to Dec 2006 32-61-62

| Status | Total | Avg Price | Avg $ Per Sqft | Median | Low | High | Avg DOM |
|---|---|---|---|---|---|---|---|
| ACT/CNT | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 |
| PND | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 |
| SLD/RNT/L | | | | | | | |
| SE | 679 | $237,076 | $191.16 | N/A | $116,261 | $1,285,000 | 36 |
| WTH | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 |
| EXP | 0 | $0 | $0.00 | $0 | $0 | $0 | 0 |
| **Total** | 679 | $237,076 | $191.16 | N/A | $116,261 | $1,285,000 | 36 |

| | # of Homes | Avg. D.O.M. | Avg. S.P. | Avg. SP/SF |
|---|---|---|---|---|
| **Sold - 2006** | 679 | 36 | $237,076 | $191.16 |
| **Sold - 2007** | 448 | 63 | $328,827 | $212.81 |
| **Sold - 2008** | 220 | 125 | $328,036 | $201.38 |
| **Change (# from 2006 to 2007)** | -231 | 27 | $91,751 | $21.65 |
| **Change (% from 2006 to 2007)** | -34.02% | 73.69% | 38.70% | 11.32% |
| **Change (# from 2007 to 2008)** | -228 | 62 | ($791) | ($11.43) |
| **Change (% from 2007 to 2008)** | -50.89% | 98.41% | -0.24% | -5.37% |


Goose Creek
Summerville
Charleston
Mt. Pleasant
James Island
Atlantic Ocean

## METHODS OF VALUATION

In estimating the value of a property, appraisal procedures are utilized which reflect three distinct methods for analyzing data mathematically: the cost approach, the sales comparison approach, and the income approach. A brief description of each technique is as follows:

**The Cost Approach** - The cost approach is based on the premise that the value of the property can be derived by adding the estimated value of the land to the current cost of constructing a reproduction or replacement for the existing building and then subtracting the total depreciation. The cost approach is based on the principle of substitution, which is generally that a buyer will not pay more for one property than the cost to purchase a similar site and construct a building or equivalent utility.

**The Income Approach** - The income approach measures the present value of the future benefits of property ownership. This approach is based primarily on the principles of anticipation and change. In general, these principles are that value is created by the expectation of benefits to be derived in the future due to changes in the marketplace.

**The Sales Comparison Approach** - This procedure utilizes the sale prices of similar properties as a basis for estimating market value of the subject property. The basic principle of this approach is substitution, which is that an informed purchaser will pay no more for a property than would have to be paid for a similar property of comparable utility.

## APPRAISAL PROCEDURES

This report will utilize the Income Approach to estimate the value of the subject property as an apartment complex based on current market conditions and the fact that the portions of the subject have been actually marketed as condominiums over the past 22 months with limited success. The property for all practical purposes is an apartment complex and the highest and best use remains as multifamily apartments. The Income Approach is the most appropriate approach when valuing an income producing property.

The Assessor has assigned values to each of the units based on the 2003 values of various condominium properties that have been sold within the area. These values appear to be reasonable for individual retail sales of condominium units and for single owners. However, the market value of the property should be determined by a sale of all units to a single purchaser which is in fact required by appraisal standards and standards set forth by all appraisal regulatory authorities. Simply adding the value of individual units together and claiming that to be market value is inappropriate and contrary to normal appraisal practice. For this reason, we will estimate the value of property appropriately by using the Sales Comparison Approach to determine the value of the individual condominium units and then the Income Approach with appropriate deductions and discounting to determine the overall market value of the 121 units owned by a single entity.

## INCOME APPROACH TO VALUE

The Income Approach reflects the income producing capabilities of the subject and requires an analysis of the probable market rental of the subject on the date of appraisal.

In using the Income Approach, we are concerned with the present value of the future benefits of property ownership. This is generally indicated by the net income which a fully informed person is warranted in assuming the property will produce during its remaining useful life. In the Income Approach, value tends to be set by the effective investment necessary to acquire, without undue delay, a comparable substitute income property offering an equally desirable net income return.

The analysis is initiated by estimating the economic rent for the property, which is the rent that a tenant, using the premises for their Highest and Best use, is warranted in paying, and that the owner is warranted in accepting. This economic rent concept is the normal basis for a gross income projection in appraisal practice, and all such projections are based upon a reasonably foreseeable future, the extent of which varies with the circumstances of projection but conforms to the probable attitudes of experienced investors in the market. As most rental income buildings cannot expect to be fully and continuously occupied, we made a deduction from the projected gross income for anticipated vacancy based upon local experience of similar buildings. From the projected effective gross income, the estimated future expenses were deducted to arrive at a prospective net income estimate. After vacancy and fixed and operating expenses have been deducted, the remaining income is available for payment of debt service return on invested capital and income taxes, depending upon individual circumstances. This net income before debt service and income taxes is then converted by the capitalization process into an estimate of value.

### Historical Performance

The subject 2003 operating statements and HUD audit have been analyzed and are shown on the following page. The operating statements and the audits have somewhat different categories in places but are relatively close in most categories.

## Subject Reconstructed Income & Expense Analysis

| Legends<br>Mount Pleasant, SC | Based on 2003 Operating<br>2003 | Per Unit | % | Based on 2003 HUD Audit<br>2003 | Per Unit | % |
|---|---|---|---|---|---|---|
| Gross Potential Rental Income | NA | NA | | $2,103,135 | $10,516 | |
| Less: | | | | | | |
| Apartment Vacancies | NA | NA | | ($144,070) | ($720) | -6.9% |
| Non-Revenue Units | NA | NA | | $0 | $0 | 0.0% |
| Bad Debts - Net | NA | NA | | ($1,351) | ($7) | -0.1% |
| Concessions - Not shown | NA | NA | | $0 | $0 | 0.0% |
| Total Vacancy | NA | NA | 0.0% | ($145,421) | ($727) | -7.0% |
| Net Rental Income | $1,959,060 | $9,795 | | $1,957,714 | $9,789 | |
| Other Income | | | | | | |
| Laundry | $7,279 | $36 | | $0 | $0 | |
| Damage,Clean,Forf Dep | $80,375 | $402 | | $0 | $0 | |
| Late/NSF | $6,100 | $31 | | $0 | $0 | |
| Miscellaneous Income | $36,338 | $182 | | $155,633 | $778 | |
| Garage/Storage | $10,715 | $54 | | $0 | $0 | |
| Pet | $8,198 | $41 | | $0 | $0 | |
| Total Other Income | $149,005 | $745 | | $155,633 | $778 | |
| Effective Gross Income | $2,108,070 | $10,540 | 100.0% | $2,113,347 | $10,567 | 100.0% |
| Operating Expenses: | | | | | | |
| Management Fee | ($96,000) | ($480) | -4.6% | ($96,000) | ($480) | -4.5% |
| Repairs & Maintenance | ($32,038) | ($160) | | ($2,229) | ($11) HVAC | |
| Painting & Redecorating | ($19,911) | ($100) | | $0 | $0 | |
| Grounds | ($26,281) | ($131) | | $0 | $0 | |
| Supplies | $0 | $0 | | ($49,814) | ($249) | |
| Contracts | $0 | $0 | | ($39,553) | ($198) | |
| Water & Sewer | ($3,478) | ($17) | | ($3,478) | ($17) | |
| Electricity | ($23,549) | ($118) | | ($25,466) | ($127) | |
| Gas | $0 | $0 | | $0 | $0 | |
| Security | ($15,244) | ($76) | | ($17,766) | ($89) | |
| Trash | ($6,166) | ($31) | | $0 | $0 | |
| Office & Miscellaneous | ($20,276) | ($101) | | ($20,576) | ($103) | |
| Telephone | ($5,981) | ($30) | | $0 | $0 | |
| Legal & Audit | ($4,556) | ($23) | | ($4,600) | ($23) | |
| Advertising & Promotion | ($29,400) | ($147) | | ($24,976) | ($125) | |
| Salaries & Benefits | ($140,580) | ($703) | | ($126,940) | ($635) | |
| Other | $0 | $0 | | $0 | $0 | |
| Total Operating | ($423,460) | ($2,117) | -20.1% | ($411,398) | ($2,057) | -19.5% |
| Fixed Expenses | | | | | | |
| Real Estate Taxes | ($138,946) | ($695) | | ($137,530) | ($688) | |
| Business Property Taxes | ($368) | ($2) | | $0 | $0 | |
| Misc Unspecified Taxes | $0 | $0 | | ($1,775) | ($9) | |
| Hazard Insurance | ($88,942) | ($445) | | ($86,676) | ($433) | |
| Total Fixed Expenses | ($228,256) | ($1,141) | -10.8% | ($225,989) | ($1,130) | -10.7% |
| Reserves - HUD Actual | ($52,838) | ($264) | | ($52,838) | ($264) | |
| Total Expenses | ($704,554) | ($3,523) | -33.4% | ($690,225) | ($3,451) | -32.7% |
| Net Operating Income | $1,403,516 | $7,018 | 66.6% | $1,423,122 | $7,116 | 67.3% |
| Capital/Non-Recurring/Atypical Expenses | | | | | | |
| Appliances/HVAC | NA | $0 | | NA | $0 | |
| Carpet/Blinds | ($10,261) | ($51) | | NA | $0 | |
| Interior | NA | $0 | | NA | $0 | |
| Exterior | NA | $0 | | NA | $0 | |
| Other Non-Recurring/Extraordinary | NA | $0 | | NA | $0 | |

* Percent Of Gross Potential Rental Income

**Source: Statements provided management and owners

Number Units: 200

## Revenue Estimates

### Rental Comparables

From the Carolinas Real Data Survey July 2003, rentals from Mount Pleasant are in the addenda.

### Projected Rental Income

Rent will be estimated assuming that water and sewer, as well as electricity are paid by the tenant as is the case. The actual asking rents for subject will be used. These were before concessions. These are supported in the market.

### Other Income

Other income from all sources was relatively high at $745 per unit. This included the detached rental garages and storage. This was relatively minor. Substantial other income was derived from lease break fees which apparently included forfeited deposits. This was above normal so other income will be projected at $500 per unit annually.

The projected rental schedule is on the following page.

## Projected Rental Schedule

| No. Units | Type | Original Units | BR/BA | 2003 Base Rent | Size (SF) | Rent Per SF | Total Projected Monthly |
|---|---|---|---|---|---|---|---|
| 23 | A-1 | 24 | 1BR/1BA | $740 | 787 | $0.94 | $17,020 |
| 0 | A-1 Solarium | 8 | 1BR/1BA | $740 | 787 | $0.94 | $0 |
| 33 | A-2 | 40 | 1BR/1BA | $795 | 875 | $0.91 | $26,235 |
| 5 | A-3 Garage | 8 | 1BR/1BA | $985 | 997 | $0.99 | $4,925 |
| 2 | B-1 | 8 | 2BR/2BA | $940 | 1198 | $0.78 | $1,880 |
| 1 | B-1 Solarium | 8 | 2BR/2BA | $940 | 1198 | $0.78 | $940 |
| 6 | B-1 Garage | 8 | 2BR/2BA | $1,085 | 1222 | $0.89 | $6,510 |
| 38 | B-2 | 64 | 2BR/2BA | $1,010 | 1394 | $0.72 | $38,380 |
| 1 | B-2 Garage | 8 | 2BR/2BA | $1,185 | 1369 | $0.87 | $1,185 |
| 9 | C-1 | 16 | 3BR/2BA | $1,225 | 1536 | $0.80 | $11,025 |
| 3 | C-1 Garage | 8 | 3BR/2BA | $1,375 | 1596 | $0.86 | $4,125 |
| 121 | Total | 200 | Averages | $927 | 1123 | $0.83 | |

| | | | | | |
|---|---|---|---|---|---|
| **Base Monthly Rental Income** | | | | | $112,225 |
| **Premium Monthly Rental Income** | | | | | |
| 0 | View | @ | $0 | | $0 |
| **Garage/Storage Income (In Other)** | | | | | |
| 0 | Garages | @ | $0 | | $0 |
| 0 | Storage | @ | $0 | | $0 |
| **Gross Monthly Potential Rental Income** | | | | | $112,225 |
| | | | | x | 12 |
| **Gross Annual Potential Rental Income** | | | | | $1,346,700 |
| **Other Income (Annual)** | | | | | |
| Miscellaneous Income | | 121 Units @ | $500 Per Unit | | $60,500 |
| **Total Gross Annual Potential Income** | | | | | $1,407,200 |

## Expense Estimates

Reference is made to the 2003 subject operating history. Five expense comparables which are properties in the Charleston, Summerville, Columbia, Myrtle Beach and Spartanburg areas have been shown. Other properties throughout the state have also been reviewed. Certain expenses within the property, such as utilities and trash removal were estimated based on costs for subject. Expenses such as repairs and maintenance as well as decorating expenses and grounds were based on typical expenses on a stabilized basis.

### Vacancy

Vacancy in the area of subject property and in the Charleston area have been discussed at length in the Highest and Best Use/ Apartment Overview section.

In estimating vacancy and collection loss, an allowance for bad debt and also for units occupied by management will be made. On a stabilized basis, it is thought that the property should operate at 92 percent occupancy.

### Rental Concessions

There are numerous advertised rental concessions in the market at this time. Concessions have been offered in the past. It is thought that an allowance of 5.0 percent for concessions or loss to lease would be appropriate. This is supported by the difference between Gross Potential rent based on asking rent and the Gross Potential Rent in the HUD Audit.

### Management

Typical management fees in the market range from 3 percent to 6 percent. A management fee of 4.5 percent will be used in the Income Analysis as this is the actual fee charged.

### Repairs and Maintenance

On a stabilized basis, this will be estimated at $200 per unit, exclusive of reserves, and this is within the range of the comparables.

### Painting and Redecorating

This expense will be projected at $200 per unit, exclusive of reserves and this is within the range of the comparables.

### Grounds

This is estimated at $150 per unit.

Water and Sewer

This has been estimated at $30 per unit based on actual.

Electricity/Gas:

This expense has been estimated at $170 per unit based on typical.

Trash Removal

This expense is estimated at $50 per unit based on typical.

Office and Miscellaneous

This expense will be estimated at $110 per unit as subject was approaching this.

Telephone

On a normal basis, telephone is estimated at $40 per unit including beepers and answering service. The actual was less per unit but reflected 200 units.

Legal and Audit

Legal and audit expense will be estimated at $4,600 based on actual.

Advertising and Promotion

This expense has been estimated at $125 per unit on a stabilized basis. Some years this could be higher and some years it could be lower .

Salaries and Benefits

Salaries and benefits will be projected at $850 per unit including group insurance based on typical. Actual is low as the owner and wife draw below normal salaries.

Property Taxes

Property taxes have been previously estimated in this report being $102,700 based on apartments and $207,800 based on the condominium tax value.

Business Property Taxes

This is for office furnishings only and is in office and miscellaneous expense.

Hazard Insurance

Insurance has been increasing somewhat, and the market is fluctuating. It is thought that a reasonable estimate on a stabilized basis prorata would be $52,635 or $435 per unit based on reported premiums.

Reserves for Replacement

This item has been estimated at $250 per unit, per year and would include provision for future replacements of major HVAC systems, roofing, carpeting and other similar items. These items are expected to last for long periods of time; however, allowance should be made for periodic replacements. During the normal investment period, it is likely that there will be appliance carpet replacements.

Support for including reserves for replacement in apartment properties can be found in the Korpacz Real Estate Investor Survey, First Quarter, 2003 Based on surveys of apartment investors, typical reserves allocated ranged from approximately $150 to $800 per unit with the average at $282.64.

Summary

It is noted that certain expenses will increase over time; however, rental increases will generally occur from year to year and should generally offset or exceed annual increases in operating expenses.

The operating expenses for the subject property were $2,568 per unit. These ranged from $2,072 to $2,512 based on the comparables. The fixed expenses were $2,152 per unit based on the tax estimate for condominiums. Based on the tax estimate for the subject property as apartments, the fixed expenses were $1,284. The reason is the higher taxes based on the condominium valuation. The comparables without reserves ranged from $3,168 to $3,656. Subject did have reserves included. Reserves were required under the HUD loan but reserves are considered by investors and are considered by appraisers as an allocation toward future replacements.

## Expense Comparable Chart

| Expense Item | Comparable # 1 Columbia, SC 2003 Per Unit Age | 1989/2000 526 | Comparable # 2 Summerville, SC 2003 Per Unit Age | 2002 160 | Comparable # 3 Charleston, SC 2003 Per Unit Age | 2000 288 | Comparable # 4 Myrtle Beach, SC 2003 Per Unit Age | 1998/2000 264 | Comparable # 5 Spartanburg,SC 2003 Per Unit Age | 1998 204 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Expenses:** | | | | | | | | | | |
| Management | 3.0% | $214 | 3.2% | $332 | 3.6% | $335 | 5.0% | $419 | 5.1% | $380 |
| Repairs & Maintenance | | $192 | | $277 | | $104 | | $186 | | $266 |
| Painting & Redecorating | | $177 | | $107 | | $187 | | $240 | | $131 |
| Grounds | | $170 | | $212 | | $177 | | $211 | | $180 |
| Water/Sewer | | $368 | Net | ($21) | Net | $158 | | $279 | | $256 |
| Electric/Gas | | $161 | | $173 | | $138 | | $131 | | $97 |
| Trash | | $42 | | $29 | | $99 | | $67 | | $54 |
| Office & Miscellaneous | | $66 | | $100 | | $80 | | $90 | | $82 |
| Telephone | | $26 | | Above | | $38 | | $25 | | $23 |
| Elevator | | $0 | | $0 | | $0 | | $0 | | $0 |
| Legal & Audit | | $15 | | $51 | | $4 | | $28 | | $3 |
| Advertising & Promotion | | $53 | | $213 | | $85 | | $86 | | $87 |
| Salaries & Benefits | | $721 | | $1,015 | | $667 | | $750 | | $646 |
| Total Operating Expenses | | $2,205 | | $2,488 | | $2,072 | | $2,512 | | $2,205 |
| **Fixed Expenses:** | | | | | | | | | | |
| Property Taxes | | $840 | | $799 | | $1,014 | | $517 | | $725 |
| Business Property Taxes | | $7 | | $0 | | $7 | | $0 | | $0 |
| Hazard Insurance | | $117 | | $369 | | $266 | | $595 | | $238 |
| Total Fixed Expenses | | $964 | | $1,168 | | $1,287 | | $1,112 | | $963 |
| Total Expenses | | $3,169 | | $3,656 | | $3,359 | | $3,624 | | $3,168 |
| Capital Expenses | | $444 | | $174 | | $290 | | $405 | | $55 |

Source: Actual operating statements. Property names are confidential.

## Capitalization of Net Income

Capitalization rates were selected from the market. The following chart shows capitalization rates between May 2001 and December 2003.

**Overall Rate Chart**

| No. | Date | Name<br>Location | Overall<br>Rate |
|---|---|---|---|
| 1 | 06/01 | Carrington Place<br>Mt. Pleasant, SC | 8.25% |
| 2 | 07/02 | The Enclave<br>Charleston; SC | 8.49% |
| 3 | 05/02 | Cypress Cove<br>Charleston, SC | 7.88% |
| 4 | 08/03 | Paces Brook<br>Columbia, SC | 7.71% |
| 5 | 05/01 | Fairview Crossing<br>Simpsonville, SC | 9.03% |
| 6 | 05/02 | Oak Pointe<br>Simpsonville, SC | 8.75% |
| 7 | 12/03 | Greyeagle<br>Greenville, SC | 8.20% |
| 8 | 10/03 | Columbiana Lakes<br>Columbia, SC | 7.86% |
| 9 | 04/02 | Huntington Place<br>Columbia, SC | 8.58% |
| | Range | 7.71% | 9.03% |
| | Average | | 8.31% |
| | Mid-Point | | 8.37% |

Sales of properties located in the Charleston area, Columbia and Greenville were used to estimate the capitalization rate. Overall rates ranged from 7.71 percent to 9.03 percent with the average at 8.31 percent and the mid point range at 8.37 percent.

A capitalization rate of 8.25 percent has been selected.

The Income and Expense Analysis and Value Indication by Direct Capitalization Charts can be found on the following pages.

## Income Analysis And Value By Direct Capitalization *

| | | Income/Expense | Per Unit |
|---|---|---|---|
| **Gross Potential Rental Income** | | $1,346,700 | $11,130 |
| Less Concessions (Loss to Lease) | 5.0% | ($67,335) | ($556) |
| Less Vacancy & Collection Loss | 8.0% | ($107,736) | ($890) |
| Effective Gross Rental Income | | $1,171,629 | $9,684 |
| Miscellaneous Annual Income | | $60,500 | $500 |
| **Effective Gross Income** | | $1,232,129 | $10,184 |
| **Operating Expenses:** | | | |
| Management | 4.5% | $55,446 | $458 |
| Repairs & Maintenance | | $24,200 | $200 |
| Painting & Redecorating | | $24,200 | $200 |
| Grounds | | $18,150 | $150 |
| Water & Sewer | | $3,630 | $30 |
| Electric/Gas | | $20,570 | $170 |
| Trash | | $6,050 | $50 |
| Office & Miscellaneous | | $13,310 | $110 |
| Telephone | | $4,840 | $40 |
| Security | | $17,766 | $147 |
| Legal & Audit | | $4,600 | $38 |
| Advertising & Promotion | | $15,125 | $125 |
| Salaries & Benefits | | $102,850 | $850 |
| **Total Operating Expenses** | | ($310,737) | ($2,568) |
| **Fixed Expenses:** | | | |
| Property Taxes | | $102,700 | $849 |
| Business Property | | $0 | $0 |
| Hazard Insurance | | $52,635 | $435 |
| **Total Fixed Expenses** | | ($155,335) | ($1,284) |
| **Reserves For Replacement:** | | | |
| 121 Units @ | $250 | $30,250 | $250 |
| **Total Reserves** | | ($30,250) | ($250) |
| **Total Expenses And Reserves** | | ($496,322) | ($4,102) |
| **Net Operating Income** | | $735,807 | $6,082 |
| $735,807 Capitalized @ | 8.25% | | $8,919,000 |
| **Indicated Value By Direct Capitalization** | | **(Rounded)** | **$8,920,000** |

***Based on 2003 Income. Taxes based on 2005 Apartment Tax Value pro rata ($8,866,880) and 2005 (after reassessment) millage rate of 199.9 and LOST factor of.00137. Add Storm Water and $63/Unit Solid Waste**

## Income Analysis And Value By Direct Capitalization *

**Condominium Tax Value**

| | | Income/Expense | Per Unit |
|---|---|---|---|
| **Gross Potential Rental Income** | | $1,346,700 | $11,130 |
| Less Concessions (Loss to Lease) | 5.0% | ($67,335) | ($556) |
| Less Vacancy & Collection Loss | 8.0% | ($107,736) | ($890) |
| Effective Gross Rental Income | | $1,171,629 | $9,684 |
| Miscellaneous Annual Income | | $60,500 | $500 |
| **Effective Gross Income** | | $1,232,129 | $10,184 |
| **Operating Expenses:** | | | |
| Management | 4.5% | $55,446 | $458 |
| Repairs & Maintenance | | $24,200 | $200 |
| Painting & Redecorating | | $24,200 | $200 |
| Grounds | | $18,150 | $150 |
| Water & Sewer | | $3,630 | $30 |
| Electric/Gas | | $20,570 | $170 |
| Trash | | $6,050 | $50 |
| Office & Miscellaneous | | $13,310 | $110 |
| Telephone | | $4,840 | $40 |
| Security | | $17,766 | $147 |
| Legal & Audit | | $4,600 | $38 |
| Advertising & Promotion | | $15,125 | $125 |
| Salaries & Benefits | | $102,850 | $850 |
| **Total Operating Expenses** | | ($310,737) | ($2,568) |
| **Fixed Expenses:** | | | |
| Property Taxes | | $207,800 | $1,717 |
| Business Property | | $0 | $0 |
| Hazard Insurance | | $52,635 | $435 |
| **Total Fixed Expenses** | | ($260,435) | ($2,152) |
| **Reserves For Replacement:** | | | |
| 121 Units @ | $250 | $30,250 | $250 |
| **Total Reserves** | | ($30,250) | ($250) |
| **Total Expenses And Reserves** | | ($601,422) | ($4,970) |
| **Net Operating Income** | | $630,707 | $5,214 |

| | | |
|---|---|---|
| $630,707 Capitalized @ | 8.25% | $7,645,000 |
| **Indicated Value By Direct Capitalization** | **(Rounded)** | **$7,645,000** |

***Based on 2003 Income. Taxes based on Condo Tax Value pro rata ($18,766,000) and 2005 (after reassessment) millage rate of 199.9 and LOST factor of.00137. Add Storm Water and $63/Unit Solid Waste**

## Indicated Value by Income Approach

**Based on Apartment Taxes**

| | |
|---|---|
| Direct Capitalization Analysis | $8,920,000 |

**Based on Condominium Taxes**

| | |
|---|---|
| Direct Capitalization Analysis | $7,645,000 |

## Discounted Sellout Analysis

Subject property is currently valued for tax purposes based on the retail value of 121 condominium units which when added together total $18,766,000 which is an average of $155,091 per unit. Previous discussions in this report indicate that the subject property currently has a Highest and Best Use of rental apartments rather than condominiums. It has been pointed out previously that condominium sales slowed and only one property was sold between January 2008 and August 2009. It has further been pointed out that two properties attempted to convert to condominiums at the same time and both of these reverted back to apartments. The reason was the fact that pre-sales could not be achieved. We have further noted that condominium sales have fallen off sharply.

Reference is made to the Appraisal Real Estate, 13th Edition, Page 639. This page is reproduced and included in the addenda to this report. "To value individual condominium units (residential, office, industrial or other property types), appraisers generally use the Sales Comparison Approach. Recent sales of comparable size, location and quality are the best indicators of value. The income capitalization approach may also be applicable if some condominium units are rented rather that occupied by the owners."

It further states, "to value entire condominium projects, whether they are newly constructed buildings or conversions, appraisers typically use sales comparison approach to establish individual unit prices and apply discounted cash flow analysis to value the whole project. Using the latter technique, the amount of timing of all capital outlets, expected monetary receipts and returns are estimated. These amounts are discounted at a rate consistent with competitive investment yields. The estimates of future sellout prices and the timing of the sales are key elements in the valuation." "Although similar data may be used in both applications, the valuation of individual condominium units is distinct from the valuation of a condominium project. The aggregate of individual unit values does not reflect the market value of the overall project as the aggregate sum does not reflect carrying or holding costs, marketing expense or timing of cash flows. It is improper to represent the sum of the individual unit values as the market value of the entire project. Likewise, individual units are not valued by appraising the entirety and then allocating the total value to individual units. Each assignment has separate and distinct considerations."

The subject 121 units is in a single ownership. Consequently, it should be treated as such and simply adding the value of the individual condominium units which in effect are rented apartments is inappropriate and does not reflect the true market value as it does not take into consideration selling costs and other costs associated with the sale of bulk of condominium units. For this analysis, we will use the average value at retail estimated by the Tax Assessor's Office which is $155,091. Based on the slow down in sales and the current financing market, we will estimate that no sales would occur within year 1 and that 15 sales per year would occur in the following 3 years with 20 sales per year thereafter with the final year having 16 sales.

- Sales Expense will be estimated at 6 percent.
- Advertising expense will be estimated at 0.5 percent.
- Closing expense will be estimated at 1.0 percent.
- Management, overhead will be estimated at 1.0 percent.

- Developer's Profit will be estimated at 10.0 percent, basically a Developer would not undertake this risk without an expectation of profit.
- Taxes per unit are estimated at $1,923 per unit based on the 2008 taxes with 3.0 percent annual adjustment. This will be applied to the number of units remaining.
- Upfit costs to refurbish the individual units for sale is estimated at $3,500 with a 3 percent annual adjustment.
- The net proceeds will be discounted based on 12 percent. In September 2009, the Baa corporate bonds are 6.26 percent if 500 to 600 basis points are applied this would range from 11.26 percent to 12.26 percent so 12 percent is reasonable considering the overall risk.

The final value estimate is $7,750,000 which is the present worth and indicated market value which an investor would likely pay for all 121 units to be able to earn a profit and pay all costs.

As has been stated, this is the appropriate methodology for appraising multiple condominium units. It is important to note that "Gross Sellout" does not equal market value.

## Discounted Sellout Analysis
## Legends At Mount Pleasant
## 121 Units

| | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross Sales Income** | | | | | | | | | | | | | | |
| Number Of Units Sold | | | | 0 | 15 | 15 | 15 | 20 | 20 | 20 | 16 | 0 | 0 | 121 |
| Average Tax Value | | | | $155,091 | $155,091 | $155,091 | $155,091 | $155,091 | $155,091 | $155,091 | $155,091 | $155,091 | $155,091 | $155,091 ** |
| | | | | $0 | $2,326,365 | $2,326,365 | $2,326,365 | $3,101,820 | $3,101,820 | $3,101,820 | $2,481,456 | $0 | $0 | $18,766,011 |
| Other Sales | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Average Price | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Miscellaneous Income | | | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Income** | | | | $0 | $2,326,365 | $2,326,365 | $2,326,365 | $3,101,820 | $3,101,820 | $3,101,820 | $2,481,456 | $0 | $0 | $18,766,011 |
| **Less Expenses:** | | | | | | | | | | | | | | |
| Sales Expense | | | 6.0% | $0 | ($139,582) | ($139,582) | ($139,582) | ($186,109) | ($186,109) | ($186,109) | ($148,887) | $0 | $0 | ($1,125,960) |
| Advertising Expense | | | 0.5% | ($10,000) | ($11,632) | ($11,632) | ($11,632) | ($15,509) | ($15,509) | ($15,509) | ($12,407) | $0 | $0 | ($103,830) |
| Closing Expense | | | 1.0% | $0 | ($23,264) | ($23,264) | ($23,264) | ($31,018) | ($31,018) | ($31,018) | ($24,815) | $0 | $0 | ($187,661) |
| Management, Overhead | | | 1.0% | ($10,000) | ($23,264) | ($23,264) | ($23,264) | ($31,018) | ($31,018) | ($31,018) | ($24,815) | $0 | $0 | ($197,661) |
| Developers Profit | | | 10.0% | $0 | ($232,637) | ($232,637) | ($232,637) | ($310,182) | ($310,182) | ($310,182) | ($248,146) | $0 | $0 | ($1,876,603) |
| Taxes/ Unit | $1,923 | 3.0% | Annual Adj | ($232,683) | ($209,986) | ($185,640) | ($159,676) | ($121,184) | ($80,244) | ($36,736) | $0 | $0 | $0 | ($1,026,149) |
| Uplit Costs Per Unit Base | $3,500 | 3.0% | Annual Adj. | $0 | ($54,075) | ($55,697) | ($57,368) | ($59,089) | ($60,862) | ($62,688) | ($64,569) | $0 | $0 | ($414,348) |
| **Total Expenses** | | | | ($252,683) | ($694,440) | ($671,716) | ($647,423) | ($754,109) | ($714,942) | ($673,260) | ($523,639) | $0 | $0 | ($4,932,212) |
| Net Proceeds | | | | ($252,683) | $1,631,925 | $1,654,649 | $1,678,942 | $2,347,711 | $2,386,878 | $2,428,560 | $1,957,817 | $0 | $0 | $13,833,799 |
| Discounted at | | | 12.0% | 0.892857 | 0.797194 | 0.711780 | 0.635518 | 0.567427 | 0.506631 | 0.452349 | 0.403883 | 0.360610 | 0.321973 | |
| **Present Worth** | | | | ($225,610) | $1,300,961 | $1,177,746 | $1,066,998 | $1,332,155 | $1,209,266 | $1,098,557 | $790,729 | $0 | $0 | $7,750,802 |
| | | | | | | | | | Present Worth & Indicated Market Value | | | (Rounded) | | $7,750,000 |
| | | | | | | | | | Estimated "Gross Sellout" Value | | | (Rounded) | | $18,766,000 |

** Average Sales Price

MARSHALL DODDS COMPANY, INC.

## RECONCILIATION OF VALUE

| | |
|---|---|
| Income Approach | |
| Apartment Taxes | $8,920,000 |
| Condominium Taxes | $7,645,000 |
| Discounted Sellout (Condominiums) | $7,750,000 |

As can be seen by the indicators above, the value of the subject property ranges from $7,645,000 to $8,920,000. The units should properly be valued as a rental apartment complex rather than as individual condominium units. The methodology which has been used in this appraisal to value the subject property as condominium units is not only a recognized technique but a technique that would be required for use by fee appraisers. It is clear that the values of the subject property as shown above do not approach the value placed on the subject property by the Tax Assessor's Office. The original tax value (prorata) for the subject property as apartments of $8,866,880 appears to be in line with the value indications in this report.

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is made subject to the following conditions and assumptions:

1. LIMIT OF LIABILITY: The liability of Marshall Dodds Company, Inc., its employees and independent contractors is limited to the client only and to the fee actually received by appraiser. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. Further, notwithstanding anything herein to the contrary, the client will forever indemnify and hold Marshall Dodds Company, Inc., and its officers and employees harmless from any claims by third parties related in any way to the appraisal or study which is the subject hereof. Third parties shall include limited partners of client if client is a partnership and stock holders of client, if client is a corporation, and all lenders, tenants, past owners, successors, assigns, transferees and spouses of client. The appraiser is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally.

2. LIENS AND ENCUMBRANCES: All existing liens and encumbrances have been disregarded unless otherwise stated, and the property is appraised as though free and clear under responsible ownership and competent management.

3. EXHIBITS: The sketches, surveys, maps and/or other exhibits in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photographs, if any, are included for the same purpose as of the date of the photographs. Site plans are not surveys unless so designated.

4. PROPOSED OR INCOMPLETE IMPROVEMENTS: On all appraisals subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.

5. INFORMATION USED: Information, estimates and opinions furnished to the appraiser and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility is assumed for accuracy of such items furnished. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. All are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds of subject property.

6. COPIES, PUBLICATION, DISTRIBUTION, USE OF APPRAISAL REPORT: Disclosure of the contents of this appraisal report is governed by By-Laws and Regulations of the Appraisal Institute. These By-Laws and Regulations require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate; except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to

such third parties (such as rating agencies and for securitization purposes) as he may select; however, selected portions of this appraisal report shall not be given to third parties without prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public (especially any conclusions as to value, the identity of the appraiser or the firm with which the appraiser is connected, or any reference to the Appraisal Institute or to the MAI or SRA designation) by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser. Additional copies of this appraisal report will be available to the client at an additional expense, to be determined before delivery of said copies.

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for purposes other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

7. TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICES: The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report or as otherwise agreed in writing. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony or appear in court because of having made this appraisal report, with reference to the property in question, unless arrangements thereof have previously been made. In addition, the appraiser(s) will not engage in post appraisal consultation with client or third parties except under separate and special arrangement and at an additional fee. If testimony or deposition is required because of an subpoena, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party.

8. CONFIDENTIALITY: The appraisal is to be used only in its entirety. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No change of any item in the report shall be made by anyone other than the appraiser and/or officer of the firm. The appraiser and firm shall have no responsibility if any such unauthorized change is made.

The Appraiser may not divulge the material contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

9. TRADE SECRETS: This appraisal was obtained from Marshall Dodds Company, Inc. and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

10. LEGALITY OF USE: The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; and, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state,

federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

11. LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL OR MECHANICAL NATURE, HIDDEN COMPONENTS, HAZARDOUS MATERIAL: No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and marketable. The property is appraised as if free and clear, unless otherwise stated in the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee or as derived by the appraiser. The appraiser has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil, or hidden structural, mechanical or other components, and the appraiser(s) shall not be responsible for defects in the property related thereto.

The appraisal is based on there being no hidden, unapparent or apparent conditions of the property site, subsoil or structures or toxic materials which would render it more or less valuable. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

The appraiser(s) assumes no responsibility for any costs of consequences arising due to the need or the lack of need for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

Unless otherwise stated in this report, the existence of any hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property and is not qualified to detect such substances. The presence of substances such as asbestos, urea- formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required discovering them.

12. COMPONENT VALUES: The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

13. AUXILIARY AND RELATED STUDIES: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been required or made unless otherwise specified in an agreement for services or in the report.

14. DOLLAR VALUES, PURCHASING POWER: The market values estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

15. INCLUSIONS: Furnishings and equipment or personal property except as specifically indicated and typically considered as part of the real estate, have been disregarded with only the real estate being considered in the value estimate, unless otherwise stated. In some property types, business and real estate interests and values are combined.

16. VALUE CHANGE, DYNAMIC MARKET, INFLUENCES, ALTERATION OF ESTIMATE BY APPRAISER(S): The estimated market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

In cases of appraisal involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value and are subject to change, as the market and value are naturally dynamic.

The estimate of market value in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

17. APPRAISAL REPORT AND VALUE ESTIMATE: The appraisal report and value estimate are subject to change if the physical or legal entity or financing is different than that reported.

18. MANAGEMENT OF THE PROPERTY: It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management. Marshall Dodds Company, Inc. assumes no responsibility for any adverse effects on property values caused by incompetent management.

19. WETLANDS: The estimate of value in this report has been made assuming no impact on value because of "Section 404 Wetlands" as defined by the U.S. Army Corps of Engineers. We have found no evidence of "wetlands" but are not experts in this field and urge the client to seek the advice of an expert to determine any potential impact of "wetlands" on the property.

20. AMERICANS WITH DISABILITIES ACT: The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Marshall Dodds Company, Inc. has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

## CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
8. I have made a personal inspection of the property that is the subject of this report.
9. Besides any other signers of this report, no one has provided significant professional assistance to the person signing this report.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Frank A. Headley, have completed the requirements of the continuing education program of the Appraisal Institute.
12. This appraisal assignment was not based on a requested minimum valuation, specific valuation, or the approval of a loan.
13. The appraiser has performed within the context of the Competency Provision of the Uniform Standards of Professional Appraisal Practice.
14. I have not appraised this property in the three years prior to accepting this assignment.

Frank A. Headley
State Certified General Real
Estate Appraiser (No. CG 571)

## APPRAISER QUALIFICATIONS

Frank A. Headley
2010 Gadsden Street
Columbia, South Carolina 29201
803-765-2840.

## EXPERIENCE:

Entered the real estate field in 1965 as a sales representative for a builder/developer. During the period from 1965 to 1973 was primarily engaged in sales and management activities in conjunction with residential real estate. During the period 1973 through 1978, primarily engaged in management and in-house appraising of properties. During the period 1978 to present, primarily engaged in fee appraisal of real estate. Affiliated with Marshall Dodds Company, Inc. since 1983.

## TYPES OF PROPERTIES

Appraisals have been made on the following types of real estate:

| | |
|---|---|
| Residential: | Land, single family and multifamily dwellings. |
| Commercial: | Apartments (extensive experience with HUD, conventional, and Fannie Mae), commercial land, various commercial retail and office buildings, hotels and motels, resort residential subdivisions, residential subdivisions, condominium projects and shopping centers. |
| Industrial: | Vacant land, warehouses, industrial manufacturing and distribution facilities; and |
| Special Purpose: | Churches, service stations, and truck terminals. |

## EDUCATION

B.S. Degree in Economics, University of South Carolina
Real Estate Appraisal, University of South Carolina
Society of Real Estate Appraisers, Course 101

Appraisal Institute:

Course 1A-1/8-1, Real Estate Appraisal Principles
Course 1A-2, Basic Valuation Procedures
Course SPP, Standards of Professional Practice
Course 1B-A, Capitalization Theory and Techniques
Course 1B-B, Capitalization Theory and Techniques
Course 2-1, Case Studies in R. E. Valuation
Course 2-2, Report Writing

Appraisal Institute Seminars:

1) Standards of Professional Practice Part C
2) General Demonstration Appraisal Report Writing
3) Subdivision Analysis

Other Seminars:

1) Tax Free Exchange of Real Property
2) Change is Not a Spectator Sport

*PROFESSIONAL AFFILIATIONS*

| | |
|---|---|
| Licensed: | South Carolina Certified General Real Estate Appraiser #CG571<br>South Carolina Real Estate Broker #587295415 |
| Affiliation: | General Associate Member - Appraisal Institute |
| Member: | National Association of Real Estate Boards |
| Member: | South Carolina Association of Realtors |
| Member: | Greater Columbia Association of Realtors |
| Member: | Consolidated Multiple Listing Service |

**APPRAISAL LICENSES**:

State of South Carolina
Real Estate Appraisers Board
"State Certified General Real Estate Appraiser"
(Number CG 571)

State of North Carolina
Real Estate Appraisers Board
"State Certified General Real Estate Appraiser"
(Number A3574)

State of Georgia
Real Estate Appraisers Board
"State Certified General Real Estate Appraiser"
(Number CG 4999)

**CLIENTELE**:

Life insurance companies, mortgage banking firms, real estate investment trusts, banks, real estate developers, oil companies, government agencies, attorneys and individuals.

# ADDENDA

# OPERATING and AUDITED STATEMENTS

| | Month to Date | % | Year to Date | % |
|---|---|---|---|---|
| INCOME | | | | |
| RENT INCOME | | | | |
| Rent | 174,341.55 | 0 | 1,959,065.10 | 0 |
| NET RENT INCOME | 174,341.55 | 0 | 1,959,065.10 | 0 |
| OTHER INCOME | | | | |
| Garage Income | 935.00 | 0 | 8,950.56 | 0 |
| Storage Room Rentals | 162.00 | 0 | 1,763.92 | 0 |
| Owned Washer/Dryer Income | 754.26 | 0 | 7,252.91 | 0 |
| Cable TV Income | -43.10 | 0 | 7,303.59 | 0 |
| Move Out Charges | 10,675.05 | 0 | 36,037.01 | 0 |
| Lease Termination Fees | 1,504.00 | 0 | 44,338.07 | 0 |
| NSF Fees | 0.00 | 0 | 180.00 | 0 |
| Phone Commissions | 213.30 | 0 | 1,083.15 | 0 |
| Pet Rent | 500.00 | 0 | 8,198.20 | 0 |
| Miscellaneous Income | 26.50 | 0 | 440.39 | 0 |
| Vending Machine Income | 0.00 | 0 | 26.41 | 0 |
| Late Fee | 503.30 | 0 | 5,919.80 | 0 |
| Gate Cards/Remotes Fees | 110.00 | 0 | 176.23 | 0 |
| NonRefundable Fee (rent) | 600.00 | 0 | 27,335.00 | 0 |
| TOTAL OTHER INCOME | 15,940.31 | 0 | 149,005.24 | 0 |
| TOTAL INCOME | 190,281.86 | 0 | 2,108,070.34 | 0 |
| EXPENSES | | | | |
| PROJECT MAINTENANCE EXPENSES | | | | |
| Appliance Repairs | 87.26 | 0 | 1,177.85 | 0 |
| Lighting/Fan Repairs | 0.00 | 0 | 470.11 | 0 |
| Blinds | 0.00 | 0 | 553.59 | 0 |
| Sheetrock Repair | -110.00 | 0 | -239.78 | 0 |
| Cleaning Supplies | 0.00 | 0 | 198.40 | 0 |
| Carpet Cleaning & Repair | 190.00 | 0 | 6,333.76 | 0 |
| Carpet Replacement | 0.00 | 0 | 10,261.30 | 0 |
| Locks and Keys | 0.00 | 0 | 105.60 | 0 |
| Other Interior Maintenance | 191.41 | 0 | 2,322.46 | 0 |
| Carpet | 1,726.19 | 0 | 5,621.38 | 0 |
| Vinyl | 0.00 | 0 | 419.72 | 0 |
| Painting | 750.00 | 0 | 3,383.74 | 0 |
| Painting Exterior | 0.00 | 0 | 63.70 | 0 |
| Car Wash Repairs | 0.00 | 0 | 128.90 | 0 |
| Exterminating | 345.00 | 0 | 4,232.23 | 0 |
| HVAC (Heat, Ventilation, Air) | 91.79 | 0 | 2,229.49 | 0 |
| Electrical Repairs | 261.33 | 0 | 1,723.89 | 0 |
| Plumbing Repairs | 284.77 | 0 | 5,618.36 | 0 |
| Other Equipment Repairs | 589.50 | 0 | 4,420.94 | 0 |
| Fire Extinguisher Repair/Insp. | 0.00 | 0 | 632.25 | 0 |
| Annuals | 0.00 | 0 | 549.67 | 0 |
| Grounds Maintenance | 600.00 | 0 | 21,680.53 | 0 |
| Pine Straw | 0.00 | 0 | 4,050.00 | 0 |
| Pool Chemicals | 0.00 | 0 | 593.17 | 0 |
| Exterior Repairs | 433.49 | 0 | 2,157.94 | 0 |
| Contract Labor | 390.00 | 0 | 13,640.25 | 0 |
| TOTAL MAINTENANCE EXPENSE | 5,830.74 | 0 | 92,329.45 | 0 |

# The Legends at Mt. Pleasant - (Legends)
## Dec 2003

| | Month to Date | % | Year to Date | % |
|---|---|---|---|---|
| MANAGEMENT FEES | 0.00 | 0 | 96,000.00 | 0 |
| SECURITY EXPENSES | | | | |
| Security Service | 1,480.50 | 0 | 17,766.00 | 0 |
| Controlled Access Gate | -2,796.83 | 0 | -2,522.50 | 0 |
| TOTAL SECURITY EXPENSES | -1,316.33 | 0 | 15,243.50 | 0 |
| INSURANCE EXPENSES | | | | |
| Property & Casualty | 854.00 | 0 | 86,654.00 | 0 |
| Liability | 0.00 | 0 | 2,287.86 | 0 |
| Workman's compensation | 0.00 | 0 | 2,569.00 | 0 |
| TOTAL INSURANCE EXPENSE | 854.00 | 0 | 91,510.86 | 0 |
| PROPERTY TAX EXPENSES | | | | |
| Storm Water Tax | 0.00 | 0 | 1,406.88 | 0 |
| Property Tax | 5,538.24 | 0 | 137,538.24 | 0 |
| Personal Property Tax | 367.61 | 0 | 367.61 | 0 |
| TOTAL PROPERTY TAX | 5,905.85 | 0 | 139,312.73 | 0 |
| UTILITY EXPENSE | | | | |
| Electric-Vacant Units | 58.23 | 0 | 4,642.22 | 0 |
| Electricity-House Meters | 0.00 | 0 | 12,314.98 | 0 |
| Electricity Club House | 0.00 | 0 | 6,592.25 | 0 |
| Water & Sewer | 0.00 | 0 | 90.85 | 0 |
| Water & Sewer Units | 111.45 | 0 | 3,387.10 | 0 |
| Trash Disposal | 113.72 | 0 | 5,202.10 | 0 |
| Compactor Lease | 0.00 | 0 | 963.80 | 0 |
| TOTAL UTILITY EXPENSE | 283.40 | 0 | 33,193.30 | 0 |
| GENERAL & ADMINISTRATIVE | | | | |
| Office Supplies | 261.27 | 0 | 1,547.22 | 0 |
| Business License | 0.00 | 0 | 4,918.53 | 0 |
| Banking Costs | 0.00 | 0 | 50.99 | 0 |
| Telephone/Answering Service | 482.49 | 0 | 5,981.11 | 0 |
| Printing & Copying | 122.96 | 0 | 1,002.83 | 0 |
| Postage & Related | 0.00 | 0 | 353.78 | 0 |
| Courier/Overnight Delivery | 116.84 | 0 | 770.50 | 0 |
| Credit Verification | 41.44 | 0 | 860.74 | 0 |
| Collections Costs | 155.93 | 0 | 840.91 | 0 |
| Equipment Rental | 74.20 | 0 | 890.40 | 0 |
| Furniture Rental Expenses | -193.00 | 0 | 6,981.06 | 0 |
| Computer Maintenance | 0.00 | 0 | 110.24 | 0 |
| Software & Supplies | 11.71 | 0 | 254.32 | 0 |
| Professional Dues | 0.00 | 0 | 135.00 | 0 |
| Training | 100.00 | 0 | 326.13 | 0 |
| Recruiting | 92.18 | 0 | 1,091.16 | 0 |
| Misc. Administrative | 0.00 | 0 | 316.92 | 0 |
| Legal & Accounting | 106.50 | 0 | 4,556.15 | 0 |
| Travel | 34.21 | 0 | 716.08 | 0 |
| TOTAL GENERAL & ADM. EXP. | 1,406.73 | 0 | 31,704.07 | 0 |
| MARKETING EXPENSES | | | | |
| Newspaper/Radio Advertising | 58.34 | 0 | 216.16 | 0 |

# The Legends at Mt. Pleasant - (Legends)
## Dec 2003

| | Month to Date | % | Year to Date | % |
|---|---|---|---|---|
| Apartment Guides | 835.00 | 0 | 20,844.00 | 0 |
| Internet | 202.90 | 0 | 2,887.29 | 0 |
| Signs | 400.00 | 0 | 5,216.00 | 0 |
| Promotional Gifts | 0.00 | 0 | 19.03 | 0 |
| Other Marketing Supplies | 0.00 | 0 | 217.34 | 0 |
| TOTAL MARKETING EXPENSES | 1,496.24 | 0 | 29,399.82 | 0 |
| OPERATING SALARIES | | | | |
| Assistant Manager | 1,838.35 | 0 | 20,182.16 | 0 |
| Leasing Agents | 1,556.40 | 0 | 19,398.35 | 0 |
| Maintenance Supervisor | 0.00 | 0 | 21,083.88 | 0 |
| Assistant Maintenance | 0.00 | 0 | 2,337.38 | 0 |
| Asset. Mgr. | 1,602.03 | 0 | 20,746.70 | 0 |
| TOTAL OPERATING SALARIES | 4,996.78 | 0 | 83,748.47 | 0 |
| SALARY RELATED | | | | |
| SRE-Assistant Manager | 913.71 | 0 | 8,399.75 | 0 |
| SRE-Leasing Agents | 424.36 | 0 | 6,090.21 | 0 |
| SRE-Maintenance Supervisor | 0.00 | 0 | 8,629.25 | 0 |
| SRE-Assistant Maintenance | 0.00 | 0 | 431.92 | 0 |
| SRE-Asset Mgr. | 443.32 | 0 | 15,694.86 | 0 |
| TOTAL SALARY RELATED | 1,781.39 | 0 | 39,245.99 | 0 |
| Unemployment | 0.00 | 0 | 1,377.32 | 0 |
| TOTAL PAYROLL | 6,778.17 | 0 | 124,371.78 | 0 |
| TOTAL G & A EXPENSE | 21,238.80 | 0 | 653,065.51 | 0 |
| NET OPERATING INCOME | 169,043.06 | 0 | 1,455,004.83 | 0 |
| HUD INSURANCE EXPENSE | 6,500.00 | 0 | 78,000.00 | 0 |
| HUD AUDIT | 0.00 | 0 | 4,000.00 | 0 |
| DEBT EXPENSE | | | | |
| 1st Mortgage Interest | 92,761.96 | 0 | 1,122,931.98 | 0 |
| TOTAL DEBT SERVICE | 92,761.96 | 0 | 1,122,931.98 | 0 |
| TOTAL EXPENSES | 99,261.96 | 0 | 1,204,931.98 | 0 |
| NET INCOME | 69,781.10 | 0 | 250,072.85 | 0 |

**KEYSTONE LEGENDS I, L.P.**
**HUD PROJECT NO. 054-35605**

**PROFIT AND LOSS DATA**
**FOR THE YEAR ENDED DECEMBER 31, 2003**

| ACCT # | | | |
|---|---|---|---|
| | REVENUES: | | |
| 5120 | Rent revenue - gross potential | $ 2,103,135 | |
| 5100T | Total rent revenue potential | | $ 2,103,135 |
| 5220 | Vacancies - apartments | 144,070 | |
| 5200T | Total vacancies | | 144,070 |
| 5152N | Net rental revenue | | 1,959,065 |
| 5410 | Financial revenue - project operations | 2,497 | |
| 5440 | Revenue from investments - replacement reserve | 560 | |
| 5400T | Total financial revenue | | 3,057 |
| 5910 | Laundry and vending | 8,413 | |
| 5920 | Tenant charges | 147,220 | |
| 5900T | Total other revenue | | 155,633 |
| 5000T | Total revenue | | 2,117,755 |
| | EXPENSES: | | |
| 6210 | Advertising and marketing | 24,976 | |
| 6250 | Other renting expense | 14,690 | |
| 6310 | Office salaries | 49,396 | |
| 6311 | Office expenses | 20,576 | |
| 6320 | Management fee | 96,000 | |
| 6330 | Manager or superintendent salary | 24,700 | |
| 6350 | Audit fees | 4,000 | |
| 6351 | Bookkeeping/accounting services | 600 | |
| 6370 | Bad debt | 1,351 | |
| 6263T | Total administrative expenses | | 236,289 |
| 6450 | Electricity | 25,466 | |
| 6451 | Water and sewer | 3,478 | |
| 6400T | Total utilities expense | | 28,944 |

**KEYSTONE LEGENDS I, L.P.**
**HUD PROJECT NO. 054-35605**

**PROFIT AND LOSS DATA**
**FOR THE YEAR ENDED DECEMBER 31, 2003**

EXPENSES (CONTINUED):

| ACCT # | | | |
|---|---|---|---|
| 6510 | Payroll | 28,336 | |
| 6515 | Supplies | 49,814 | |
| 6520 | Contracts | 39,553 | |
| 6525 | Garbage and trash removal | 6,166 | |
| 6530 | Security payroll/contract | 17,766 | |
| 6546 | HVAC repair and maintenance | 2,229 | |
| 6500T | Total operating and maintenance expenses | | 143,864 |
| 6710 | Real estate taxes | 137,538 | |
| 6711 | Payroll taxes - project | 7,712 | |
| 6720 | Property and liability insurance | 86,676 | |
| 6324 | Workmen's compensation | 2,569 | |
| 6723 | Health insurance and other employee benefits | 14,227 | |
| 6790 | Miscellaneous taxes, licenses, permits & insurance | 1,775 | |
| 6700T | Total taxes and insurance | | 250,497 |
| 6820 | Interest on mortgage payable | 1,115,374 | |
| 6850 | Mortgage insurance premium/service charge | 78,545 | |
| 6800T | Total financial expenses | | 1,193,919 |
| 6000T | Total cost of operations before depreciation | | 1,853,513 |
| 5060T | Profit (loss) before depreciation | | 264,242 |
| 6600 | Depreciation expense | | 587,593 |
| 5060N | Operating profit or (loss) | | (323,351) |
| 7120 | Legal expenses - entity | 2,400 | |
| 7100T | Net entity expenses | | 2,400 |
| 3250 | Net profit or (loss) | | $ (325,751) |

| | | | |
|---|---|---|---|
| S1000-010 | Total mortgage principal payments required during the period | $ | 83,097 |
| S1000-020 | Total of monthly deposits into the replacement reserve | $ | 52,838 |
| S1000-030 | Replacement reserve releases which are included as expense items | $ | 0 |

# SALES CHART

## Summary Of Improved Apartment Sales

| No. | Date | Name Location | Year Built | Sales Price | No. Units | Size (SF) | Average Unit Size (SF) | Effective Gross Income | NOI | Price /Unit | NOI /Unit | Price /SF | NOI /SF | EGIM | Expense Percent* | Overall Rate |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 06/01 | Carrington Place Mt. Pleasant, SC | 2000 | $16,197,370 | 244 | 236,128 | 968 | $2,279,818 | $1,337,070 | $66,383 | $5,480 | $68.60 | $5.66 | 7.10 | 41.4% | 8.25% |
| 2 | 07/02 | The Enclave Charleston, SC | 1998 | $24,742,500 | 300 | 294,108 | 980 | $3,454,147 | $2,101,291 | $82,475 | $7,004 | $84.13 | $7.14 | 7.16 | 39.2% | 8.49% |
| 3 | 05/02 | Cypress Cove Charleston, SC | 2001 | $19,325,000 | 264 | 274,104 | 1,038 | $2,502,000 | $1,523,300 | $73,201 | $5,770 | $70.50 | $5.56 | 7.72 | 39.1% | 7.88% |
| 4 | 08/03 | Paces Brook Columbia, SC | 1990 | $14,000,000 | 260 | 220,868 | 849 | $2,141,550 | $1,079,150 | $53,846 | $4,151 | $63.39 | $4.89 | 6.54 | 49.6% | 7.71% |
| 5 | 05/01 | Fairview Crossing Simpsonville, SC | 1991 | $11,700,000 | 240 | 215,296 | 897 | $1,801,426 | $1,056,226 | $48,750 | $4,401 | $54.34 | $4.91 | 6.49 | 41.4% | 9.03% |
| 6 | 05/02 | Oak Pointe Simpsonville, SC | 1997 | $6,163,576 | 116 | 114,104 | 984 | $944,300 | $539,600 | $53,134 | $4,652 | $54.02 | $4.73 | 6.53 | 42.9% | 8.75% |
| 7 | 12/03 | Greyeagle Greenville, SC | 1991 | $5,852,000 | 156 | 154,624 | 991 | $986,700 | $479,865 | $37,513 | $3,076 | $37.85 | $3.10 | 5.93 | 51.4% | 8.20% |
| 8 | 10/03 | Columbiana Lakes Columbia, SC | 1995 | $10,500,000 | 204 | 209,096 | 1,025 | $1,590,000 | $825,000 | $51,471 | $4,044 | $50.22 | $3.95 | 6.60 | 48.1% | 7.86% |
| 9 | 04/02 | Huntington Place Columbia, SC | 1998 | $11,657,000 | 192 | 242,496 | 1,263 | $1,745,000 | $1,000,000 | $60,714 | $5,208 | $48.07 | $4.12 | 6.68 | 42.7% | 8.58% |

# RENTAL COMPARABLES

The Legends at Mt. Pleasant Rental Community
Unit Mix and Market Rents as of 12/31/03

| Type | # of Units | Market Rents | Description | Size SF |
|---|---|---|---|---|
| A-1 | 23 | 740 | 1 Bdr | 787 |
| A-1S | 0 | | 1 Bdr Solarium | 787 |
| A-2 | 33 | 795 | 1 Bdr | 875 |
| A-3G | 5 | 985 | 1 Bdr w/garage | 997 |
| B-1 | 2 | 940 | 2 Bdr 2 B | 1198 |
| B-1S | 1 | 940 | 2 Bdr 2 B Solarium | 1198 |
| B-1G | 6 | 1085 | 2 Bdr 2 B w/garage | 1222 |
| B-2 | 38 | 1010 | 2 Bdr 2 B | 1394 |
| B-2G | 1 | 1185 | 2 Bdr 2 B w/garage | 1369 |
| C-1 | 9 | 1225 | 3 Bdr 2 B | 1536 |
| C-1G | 3 | 1375 | 3 Bdr 2 B w/garage | 1596 |
| Total | 121 | | | |

## ALEXAN BELLE HALL

1600 BELLE POINTE DRIVE
MT. PLEASANT, SC 29464
Tel: (866) 882-5273 Fax: (843) 856-9620
Area: MT. PLEASANT -
Type: CONVENTIONAL
Map #: 214 Photo file:

### Management

TRAMMELL CROW RESIDENTIAL SERV
3801 LAKE BOONE TRAIL SUITE 320
RALEIGH, NC 27607
Tel:
Fax:

### Community Features

- [x] Clubhouse
- [x] Business Center
- [ ] Tennis Courts
- [x] Swimming Pool
- [x] Rec./Exer. Room
- [ ] Playground/Court
- [x] Laundry Facility
- [ ] Courtesy Officer
- [ ] Security Guard
- [ ] Burglar Alarms
- [ ] Controlled Access

### Floorplan features

| | Fee |
|---|---|
| [x] Storage | $0 |
| [x] Garage | $75 |
| [ ] Carport | $0 |
| [x] Fireplace | $0 |
| [ ] Microwave | $0 |
| [x] Ceiling Fan | $0 |
| [x] W/D Connect | $0 |
| W/D Units | $0 |
| [x] Patio/Balcony | $0 |
| [x] 9' Ceilings | $0 |
| View | $25 |
| Upper Floor | $0 |

### Construction Information

Bldg. Status: COMPLETED
Year Built: 2001
In Lease Up: No
Units Complete: 240
Units U/C: 0
Units Proposed: 0
# Floors:
Acreage:
Units / Acre:
Tax Parcel:
Turnover Rate :

### Ownership

TRAMMELL CROW RESIDENTIAL
2859 PACES FERRY ROAD SUITE 1100
ATLANTA GA 30339
Tel: (770) 801-3120 Fax: (770) 801-1256

RANDOLPH DEVELOPMENT
528 ISLAND WALK WEST
MT. PLEASANT SC 29464-
Tel: (843) 849-4944 Fax:
Purchase Date:
Purchase Price: $0
Price/Unit: $0

### Current Occupancy / Rents as of 6/15/03

| Bdrms | Bath | Type | Sq. Ft. | Rent Range | Rent/sf | Units | Vac. | Vac.% |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | GRDN | 764 | $805 - $805 | $1.054 | 90 | 7 | 7.8% |
| 1 | 1 | GRDN | 788 | $835 - $835 | $1.060 | 8 | 1 | 12.5% |
| 1 | 1 | GRDN | 864 | $955 - $955 | $1.105 | 18 | 1 | 5.6% |
| 2 | 2 | GRDN | 1,085 | $1,015 - $1,015 | $0.935 | 40 | 2 | 5.0% |
| 2 | 2 | GRDN | 1,130 | $1,035 - $1,060 | $0.927 | 24 | 2 | 8.3% |
| 2 | 2 | GRDN | 1,181 | $1,060 - $1,060 | $0.898 | 12 | 1 | 8.3% |
| 2 | 2 | GRDN | 1,226 | $1,105 - $1,105 | $0.901 | 8 | 1 | 12.5% |
| 2 | 2.5 | TNHS | 1,399 | $1,355 - $1,355 | $0.969 | 8 | 1 | 12.5% |
| 2 | 2.5 | TNHS | 1,612 | $1,480 - $1,480 | $0.918 | 8 | 1 | 12.5% |
| 2 | 2.5 | TNHS | 1,670 | $1,630 - $1,630 | $0.976 | 8 | 1 | 12.5% |
| 3 | 2.5 | GRDN | 1,332 | $1,340 - $1,340 | $1.006 | 12 | 1 | 8.3% |
| 3 | 2.5 | GRDN | 1,422 | $1,365 - $1,365 | $0.960 | 4 | 0 | 0.0% |
| Totals/Averages | | | 1,018 | | $0.999 | 240 | 19 | 7.9% |

### Historical Occupancy / Rents

| Survey Date | Units | Vac # | Vac % | Rents by Bedrooms One | Two | Three |
|---|---|---|---|---|---|---|
| 12/15/02 | 240 | 55 | 22.9% | $850 | $1,226 | $1,318 |
| 6/15/02 | 200 | 173 | 86.5% | $806 | $1,209 | $1,313 |

### Current Deposits / Fees / Concessions

**Pets / Fees**

Pets Allowed: No
Dep. Refundable: $0
Dep. NON-Refund: $0
Pet Rent / month: $0

**Security Deposit / Fees**

Application Fee: $0
Dep. Refundable: $300
Dep. NON-Refund $0

**Utilities Included**

- [ ] Water
- [ ] Heat
- [ ] Elec.
- [ ] CableTV
- [ ] Recycling

**Current Rent Concessions**

Yes - UP TO 2 MOS FREE RENT W/14 MO LSE ON SELECT UNITS

### Map

## CARRINGTON PLACE/PARK W.

1300 PARK WEST BOULEVARD
CHARLESTON, SC 29464
Tel: (843) 856-4946 Fax: (843) 856-4914
Area: MT. PLEASANT -
Type: CONVENTIONAL
Map #: 206 Photo file: 0206CSP1.JPG

### Management

SENTINEL REAL ESTATE
7905 WATERFORD LAKES DRIVE
CHARLOTTE, NC 28210
Tel: (704) 752-1628
Fax:

### Community Features

- [x] Clubhouse
- [ ] Business Center
- [x] Tennis Courts
- [x] Swimming Pool
- [x] Rec./Exer. Room
- [ ] Playground/Court
- [x] Laundry Facility
- [ ] Courtesy Officer
- [ ] Security Guard
- [x] Burglar Alarms
- [ ] Controlled Access

### Floorplan Features for Construction

| | | | |
|---|---|---|---|
| [ ] Storage | $0 | Bldg. Status: | COMPLETED |
| [x] Garage | $0 | Year Built: | 2000 |
| [ ] Carport | $0 | In Lease Up: | No |
| [x] Fireplace | $0 | Units Complete: | 244 |
| [ ] Microwave | $0 | Units U/C: | 0 |
| [x] Ceiling Fan | $0 | Units Proposed: | 0 |
| [x] W/D Connect | $0 | # Floors: | 2-3 FLOORS |
| [ ] W/D Units | $0 | Acreage: | 19.22 |
| [x] Patio/Balcony | $0 | Units / Acre: | 13 |
| [x] 9' Ceilings | $0 | Tax Parcel: | 598-00-00-040 |
| [ ] View | $0 | Turnover Rate : | |
| [ ] Upper Floor | $0 | | |

### Ownership

SENTINEL REAL ESTATE TOWNPLACE A
1251 AVENUES OF THE AMERICAS 35TH
NEW YORK NY 10020
Tel: (212) 408-5064 Fax: (212) 603-4963

Tel: Fax:
Purchase Date: 6/15/01
Purchase Price: $16,197,000
Price/Unit: $66,381

### Current Occupancy / Rents as of 6/15/03

| Bdrm | Bath | Type | Sq. Ft. | Rent Range | Rent/sf | Units | Vac. | Vac.% |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | GRDN | 812 | $690 - $690 | $0.850 | 56 | 3 | 5.4% |
| 1 | 1 | GRDN | 872 | $735 - $735 | $0.843 | 40 | 2 | 5.0% |
| 2 | 1 | GRDN | 1,138 | $850 - $850 | $0.747 | 48 | 3 | 6.3% |
| 2 | 2 | GRDN | 1,165 | $885 - $885 | $0.760 | 32 | 2 | 6.3% |
| 2 | 2 | GRDN | 1,289 | $905 - $905 | $0.702 | 48 | 3 | 6.3% |
| 3 | 2 | GRDN | 1,387 | $1,100 - $1,100 | $0.793 | 20 | 1 | 5.0% |
| Totals/Averages | | | 1,073 | | $0.783 | 244 | 14 | 5.7% |

### Historical Occupancy / Rents

| Survey Date | Units | Vac # | Vac % | Rents by Bedrooms One | Two | Three |
|---|---|---|---|---|---|---|
| 12/15/02 | 244 | 27 | 11.1% | $713 | $880 | $1,100 |
| 6/15/02 | 244 | 21 | 8.6% | $688 | $870 | $1,100 |
| 12/15/01 | 244 | 61 | 25.0% | $688 | $893 | $1,040 |
| 6/15/01 | 244 | 44 | 18.0% | $688 | $893 | $1,040 |
| 12/15/00 | 244 | 79 | 32.4% | $688 | $893 | $1,040 |
| 6/15/00 | 92 | 30 | 32.6% | $688 | $893 | $1,040 |

### Current Deposits / Fees / Concessions

**Pets / Fees**

Pets Allowed: Yes
Dep. Refundable: $250
Dep. NON-Refund: $250
Pet Rent / month: $0

**Security Deposit / Fees**

Application Fee: $50
Dep. Refundable: $250
Dep. NON-Refund $0

**Utilities Included**

- [ ] Water
- [ ] Heat
- [ ] Elec.
- [ ] CableTV .
- [ ] Recycling

**Current Rent Concession**

Yes . UP TO ONE MONTH FREE RENT W/12 MONTH LEASE

### Map

## LEGENDS AT MT. PLEASANT

1100 LEGENDS CLUB DRIVE
MT. PLEASANT, SC 29466
Tel: (843) 216-1000 Fax: (843) 216-1110
Area: MT. PLEASANT -
Type: CONVENTIONAL
Map #: 204 Photo file: 0204CSP1.JPG

### Management

KEYSTONE LEGENDS INC
1100 LEGENDS CLUB DRIVE
MT. PLEASANT, SC 29466
Tel: (843) 216-1000
Fax: (843) 216-1110

### Community Features

- [x] Clubhouse
- [x] Business Center
- [x] Tennis Courts
- [x] Swimming Pool
- [x] Rec./Exer. Room
- [x] Playground/Court
- [ ] Laundry Facility
- [ ] Courtesy Officer
- [ ] Security Guard
- [x] Burglar Alarms
- [x] Controlled Access

### Floorplan features - fee

| | | |
|---|---|---|
| [x] Storage | $25 | |
| [x] Garage | $150 | |
| [ ] Carport | $0 | |
| [x] Fireplace | $15 | |
| [x] Microwave | $0 | |
| [x] Ceiling Fan | $0 | |
| [x] W/D Connect | $0 | |
| [x] W/D Units | $45 | |
| [x] Patio/Balcony | $15 | |
| [x] 9' Ceilings | $0 | |
| View | $0 | |
| Upper Floor | $10 | |

### Construction Information

| | |
|---|---|
| Bldg. Status: | COMPLETED |
| Year Built | 2000 |
| In Lease Up: | No |
| Units Complete: | 200 |
| Units U/C: | 0 |
| Units Proposed: | 0 |
| # Floors: | 2-3 FLOORS |
| Acreage: | |
| Units / Acre: | |
| Tax Parcel: | |
| Turnover Rate : | |

### Ownership

KEYSTONE DEVELOPMENT
1251 NATIONAL DRIVE SUITE 100
MT. PLEASANT SC 29464-
Tel: (843) 884-1588 Fax:

Tel: Fax:
Purchase Date:
Purchase Price: $0
Price/Unit: $0

### Current Occupancy / Rents as of 6/15/03

| Bdrms | Bath | Type | Sq. Ft. | Rent Range | Rent/sf | Units | Vac. | Vac.% |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | GRDN | 787 | $685 - $685 | $0.870 | 8 | 0 | 0.0% |
| 1 | 1 | GRDN | 787 | $685 - $685 | $0.870 | 24 | 2 | 8.3% |
| 1 | 1 | GRDN | 875 | $740 - $770 | $0.863 | 40 | 4 | 10.0% |
| 1 | 1 | GRDN | 997 | $950 - $950 | $0.953 | 8 | 0 | 0.0% |
| 2 | 2 | GRDN | 1,198 | $885 - $905 | $0.747 | 8 | 0 | 0.0% |
| 2 | 2 | GRDN | 1,198 | $885 - $905 | $0.747 | 8 | 1 | 12.5% |
| 2 | 2 | GRDN | 1,222 | $1,025 - $1,025 | $0.839 | 8 | 1 | 12.5% |
| 2 | 2 | GRDN | 1,369 | $1,150 - $1,150 | $0.840 | 8 | 1 | 12.5% |
| 2 | 2 | GRDN | 1,394 | $975 - $975 | $0.699 | 64 | 5 | 7.8% |
| 3 | 2 | GRDN | 1,536 | $1,225 - $1,225 | $0.798 | 16 | 2 | 12.5% |
| 3 | 2 | GRDN | 1,596 | $1,375 - $1,375 | $0.862 | 8 | 0 | 0.0% |
| Totals/Averages | | | 1,173 | | $0.799 | 200 | 16 | 8.0% |

### Historical Occupancy / Rents

| Survey Date | Units | Vac # | Vac % | Rents by Bedrooms: One | Two | Three |
|---|---|---|---|---|---|---|
| 12/15/02 | 200 | 14 | 7.0% | $769 | $988 | $1,300 |
| 6/15/02 | 200 | 22 | 11.0% | $769 | $988 | $1,300 |
| 12/15/01 | 200 | 49 | 24.5% | $769 | $988 | $1,300 |
| 6/15/01 | 200 | 81 | 40.5% | $768 | $997 | $1,285 |
| 12/15/00 | 148 | 68 | 45.9% | $811 | $1,036 | $1,313 |
| 6/15/00 | 44 | 11 | 25.0% | $814 | $1,036 | $1,313 |

### Current Deposits / Fees / Concessions

**Pets / Fees**

Pets Allowed: Yes
Dep. Refundable: $250
Dep. NON-Refund: $100
Pet Rent / month: $0

**Security Deposit / Fees**

Application Fee: $40
Dep. Refundable: $150
Dep. NON-Refund $150

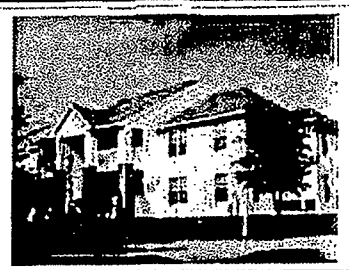
**Utilities Included**

- [ ] Water
- [ ] Heat
- [ ] Elec.
- [ ] CableTV .
- [ ] Recycling

**Current Rent Concessions**

Yes - ONE MONTH FREE RENT

### Map



## LONG GROVE@SEASIDE FARMS

1600 LONG GROVE DRIVE
MT. PLEASANT, SC 29464
Tel: (843) 971-3849 Fax: (843) 971-3359
Area: MT. PLEASANT -
Type: CONVENTIONAL
Map #: 198 Photo file: 0198CSP1.JPG

**Management**

BEACH COMPANY, THE
211 KING STREET SUITE 300
CHARLESTON, SC 29401
Tel: (843) 722-2615
Fax: (843) 722-6449

| Community Features | Floorplan features | fee |
|---|---|---|
| ✔ Clubhouse | ☑ Storage | $0 |
| ✔ Business Center | ☑ Garage | $95 |
| Tennis Courts | ☐ Carport | $0 |
| ✔ Swimming Pool | ☑ Fireplace | $10 |
| ✔ Rec./Exer. Room | ☐ Microwave | $0 |
| Playground/Court | ☑ Ceiling Fan | $0 |
| ✔ Laundry Facility | ☑ W/D Connect | $0 |
| ✔ Courtesy Officer | ☑ W/D Units | $50 |
| Security Guard | ☑ Patio/Balcony | $0 |
| Burglar Alarms | ☑ 9' Ceilings | $0 |
| Controlled Access | View | $20 |
| | Upper Floor | $10 |

**Construction Information**

| | |
|---|---|
| Bldg. Status: | COMPLETED |
| Year Built: | 1999 |
| In Lease Up: | No |
| Units Complete: | 272 |
| Units U/C: | 0 |
| Units Proposed: | 0 |
| # Floors: | 2-3 FLOORS |
| Acreage: | 19.44 |
| Units / Acre: | 14 |
| Tax Parcel: | 561-00-00-147 |
| Turnover Rate | 43% |

**Ownership**

BEACH COMPANY LONG GROVE SEASID
211 KING STREET SUITE 300
CHARLESTON SC 29401
Tel: (843) 722-2615 Fax: (843) 971-3849

Tel: Fax:
Purchase Date:
Purchase Price: $0
Price/Unit: $0

### Current Occupancy / Rents as of 6/15/03

| Bdrms | Bath | Type | Sq Ft. | Rent Range | Rent/sf | Units | Vac. | Vac.% |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | GRDN | 850 | $805 - $855 | $0.976 | 68 | 2 | 2.9% |
| 2 | 1 | GRDN | 924 | $890 - $940 | $0.990 | 40 | 3 | 7.5% |
| 2 | 2 | GRDN | 1,112 | $940 - $990 | $0.868 | 96 | 8 | 8.3% |
| 3 | 2 | GRDN | 1,265 | $1,090 - $1,120 | $0.874 | 68 | 9 | 13.2% |
| Totals/Averages | | | 1,057 | | $0.914 | 272 | 22 | 8.1% |

### Historical Occupancy / Rents

| Survey Date | Units | Vac # | Vac % | Rents by Bedrooms One | Two | Three |
|---|---|---|---|---|---|---|
| 12/15/02 | 272 | 52 | 19.1% | $830 | $940 | $1,105 |
| 6/15/02 | 272 | 24 | 8.8% | $830 | $940 | $1,100 |
| 12/15/01 | 272 | 46 | 16.9% | $799 | $915 | $1,090 |
| 6/15/01 | 272 | 78 | 28.7% | $799 | $900 | $1,090 |
| 12/15/00 | 272 | 75 | 27.6% | $799 | $900 | $1,125 |
| 6/15/00 | 272 | 68 | 25.0% | $767 | $899 | $1,110 |
| 12/15/99 | 64 | 44 | 68.8% | $727 | $869 | $1,090 |

### Current Deposits / Fees / Concessions

| Pets / Fees | | Security Deposit / Fees | | Utilities Included |
|---|---|---|---|---|
| Pets Allowed: | Yes | Application Fee: | $50 | ☐ Water |
| Dep. Refundable: | $200 | Dep. Refundable: | $100 | ☐ Heat |
| Dep NON-Refund: | $200 | Dep. NON-Refund | $200 | ☐ Elec. |
| Pet Rent / month: | $0 | | | ☐ CableTV. |
| | | | | ✔ Recycling |

**Current Rent Concessions**

Yes - UP TO ONE MONTH FREE ON SELECT UNIT TYPES

### Map

## RIVER OAKS

100 EIGHTY OAK AVENUE
MT. PLEASANT, SC 29464
Tel: (843) 856-1400 Fax: (843) 216-0050
Area: MT. PLEASANT -
Type: CONVENTIONAL
Map #: 202 Photo file: 0202CSP1.JPG

### Management

BEACH COMPANY, THE
211 KING STREET SUITE 300
CHARLESTON, SC 29401
Tel: (843) 722-2615
Fax: (843) 722-6449

### Community Features

- ✔ Clubhouse
- ✔ Business Center
- ✔ Tennis Courts
- ✔ Swimming Pool
- ✔ Rec./Exer. Room
- ✔ Playground/Court
- ✔ Laundry Facility
- ✔ Courtesy Officer
- Security Guard
- ✔ Burglar Alarms
- Controlled Access

### Floorplan features

| | Fee |
|---|---|
| ☐ Storage | $0 |
| ☑ Garage | $95 |
| ☐ Carport | $0 |
| ☑ Fireplace | $0 |
| ☐ Microwave | $0 |
| ☑ Ceiling Fan | $0 |
| ☑ W/D Connect | $0 |
| ☑ W/D Units | $50 |
| ☑ Patio/Balcony | $0 |
| ☑ 9' Ceilings | $0 |
| View | $20 |
| Upper Floor | $25 |

### Construction Information

| | |
|---|---|
| Bldg. Status: | COMPLETED |
| Year Built: | 2000 |
| In Lease Up: | No |
| Units Complete: | 360 |
| Units U/C: | 0 |
| Units Proposed: | 0 |
| # Floors: | 2-3 FLOORS |
| Acreage: | |
| Units / Acre: | |
| Tax Parcel: | |
| Turnover Rate : | |

### Ownership

REGENT PARTNERS
3348 PEACHTREE ROAD NE SUITE 1000
ATLANTA GA 30326
Tel: (404) 364-1400 Fax:

BROAD STREET PARTNERS

Tel: (843) 853-2171 Fax:
Purchase Date:
Purchase Price: $0
Price/Unit: $0

### Current Occupancy / Rents as of 6/15/03

| Bdrms | Bath | Type | Sq.Ft. | Rent Range | Rent/sf | Units | Vac. | Vac% |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | GRDN | 736 | $710 - $910 | $1.101 | 64 | 1 | 1.6% |
| 1 | 1 | GRDN | 875 | $760 - $860 | $0.926 | 80 | 2 | 2.5% |
| 2 | 1 | GRDN | 1,040 | $835 - $1,035 | $0.899 | 48 | 1 | 2.1% |
| 2 | 2 | GRDN | 1,149 | $910 - $1,110 | $0.879 | 120 | 6 | 5.0% |
| 3 | 2 | GRDN | 1,387 | $1,210 - $1,335 | $0.917 | 48 | 26 | 54.2% |
| Totals/Averages | | | 1,032 | | $0.937 | 360 | 36 | 10.0% |

### Historical Occupancy / Rents

| Survey Date | Units | Vac # | Vac % | Rents by Bedrooms One | Two | Three |
|---|---|---|---|---|---|---|
| 12/15/02 | 360 | 151 | 41.9% | $810 | $973 | $1,273 |
| 6/15/02 | 360 | 122 | 33.9% | $810 | $973 | $1,273 |
| 12/15/01 | 360 | 188 | 52.2% | $848 | $991 | $1,323 |
| 6/15/01 | 268 | 212 | 79.1% | $838 | $981 | $1,313 |

### Current Deposits / Fees / Concessions

**Pets / Fees**

Pets Allowed: Yes
Dep. Refundable: $200
Dep. NON-Refund: $200
Pet Rent / month: $0

**Security Deposit / Fees**

Application Fee: $50
Dep. Refundable: $100
Dep. NON-Refund $200

**Utilities Included**

- ☐ Water
- ☐ Heat
- ☐ Elec.
- ☐ CableTV .
- Recycling

**Current Rent Concessions**

Yes - ONE MONTH FREE W/12 MONTH LEASE

### Map

## SOUTHAMPTON

2500 BEAUCASTEL ROAD
MT. PLEASANT, SC 29464
Tel: (843) 856-2766 Fax: (843) 856-2776
Area: MT. PLEASANT -
Type: CONVENTIONAL
Map #: 199 Photo file: 0199CSP1.JPG

### Management

STEVEN D. BELL
P O BOX 3288
GREENSBORO, NC 27402
Tel: (336) 272-7196
Fax: (336) 378-9705

| Community Features | | Floorplan Features | Inc |
|---|---|---|---|
| ✓ | Clubhouse | ✓ Storage | $40 |
| ✓ | Business Center | ✓ Garage | $80 |
| ✓ | Tennis Courts | Carport | $0 |
| ✓ | Swimming Pool | ✓ Fireplace | $15 |
| ✓ | Rec./Exer. Room | Microwave | $0 |
| | Playground/Court | Ceiling Fan | $0 |
| ✓ | Laundry Facility | ✓ W/D Connect | $0 |
| ✓ | Courtesy Officer | W/D Units | $0 |
| | Security Guard | ✓ Patio/Balcony | $0 |
| | Burglar Alarms | ✓ 9' Ceilings | $0 |
| ✓ | Controlled Access | View | $0 |
| | | Upper Floor | $0 |

### Construction Information

| | |
|---|---|
| Bldg. Status: | COMPLETED |
| Year Built: | 1999 |
| In Lease Up: | No |
| Units Complete: | 240 |
| Units U/C: | 0 |
| Units Proposed: | 0 |
| # Floors: | 2-3 FLOORS |
| Acreage: | |
| Units / Acre: | |
| Tax Parcel: | |
| Turnover Rate : | |

### Ownership

STEVEN D. BELL
P.O. BOX 3288
GREENSBORO NC 27402-
Tel: (336) 272-7196 Fax (336) 378-9705

Tel: Fax:
Purchase Date: 8/19/00
Purchase Price: $19,750,000
Price/Unit: $82,292

### Current Occupancy / Rents as of 6/15/03

| Bdrms | Bath | Type | Sq. Ft. | Rent Range | Rent/sf | Units | Vac | Vac% |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | GRDN | 928 | $749 - $779 | $0.823 | 108 | 3 | 2.8% |
| 2 | 2 | GRDN | 1,139 | $915 - $930 | $0.810 | 70 | 2 | 2.9% |
| 2 | 2 | GRDN | 1,182 | $899 - $914 | $0.767 | 30 | 1 | 3.3% |
| 2 | 2 | GRDN | 1,204 | $965 - $980 | $0.808 | 8 | 0 | 0.0% |
| 3 | 2.5 | GRDN | 1,412 | $1,199 - $1,214 | $0.854 | 24 | 1 | 4.2% |
| Totals/Averages | | | 1,079 | | $0.815 | 240 | 7 | 2.9% |

### Historical Occupancy / Rents

| Survey Date | Units | Vac # | Vac % | Rents by Bedrooms One | Two | Three |
|---|---|---|---|---|---|---|
| 12/15/02 | 240 | 22 | 9.2% | $764 | $934 | $973 |
| 6/15/02 | 240 | 7 | 2.9% | $764 | $935 | $1,207 |
| 12/15/01 | 240 | 22 | 9.2% | $738 | $929 | $1,207 |
| 6/15/01 | 240 | 21 | 8.8% | $738 | $929 | $1,207 |
| 12/15/00 | 240 | 58 | 24.2% | $707 | $928 | $1,207 |
| 6/15/00 | 240 | 11 | 4.6% | $798 | $995 | $1,285 |
| 12/15/99 | 240 | 17 | 7.1% | $798 | $995 | $1,285 |
| 6/15/99 | 240 | 120 | 50.0% | $785 | $988 | $1,235 |

### Current Deposits / Fees / Concessions

**Pets / Fees**

Pets Allowed: Yes
Dep. Refundable: $0
Dep. NON-Refund: $300
Pet Rent / month: $0

**Security Deposit / Fees**

Application Fee: $40
Dep. Refundable: $250
Dep. NON-Refund $150

**Utilities Included**

- Water
- Heat
- Elec.
- CableTV
- Recycling

**Current Rent Concessions**

No

### Map

# CONDOMINIUM VALUATION

# APPRAISAL OF REAL ESTATE
# THIRTEENTH EDITION

MARSHALL DODDS COMPANY, INC.

Readers of this text may be also be interested in the following publications from the Appraisal Institute:

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- *Appraising Residential Properties*, fourth edition
- *Study Guide to* APPRAISING RESIDENTIAL PROPERTIES
- *The Appraisal of Rural Property*, second edition
- *Appraising Industrial Properties*
- *Scope of Work*
- *Market Analysis for Real Estate: Concepts and Applications in Valuation and Highest and Best Use*
- *Real Estate Valuation in Litigation*, second edition
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0662

Appraisal Institute

# The Appraisal of Real Estate

THIRTEENTH EDITION

Appraisal Institute • 550 West Van Buren • Chicago, IL 60607 • www.appraisalinstitute.org

The Appraisal Institute advances global standards, methodologies, and practices through the professional development of property economics worldwide.

## Valuation of Water Rights

Water rights separated from the fee simple interest may have a different market value than the water rights as part of the fee simple interest. Identifying the specific type of water rights being appraised—e.g., prescriptive water rights, appropriative water rights, groundwater rights, riparian rights, contractual entitlements—is essential because the limitations on use and access imposed by different types of ownership interests affect the comparability and transferability of those rights. The ownership of water rights can be complex and even contentious, and legal counsel may be needed to fully analyze the issues involved in identifying and appraising water rights separately.

In the western half of the United States, water rights are often bought and sold in an identifiable market, making direct comparisons possible. If ground leases for the use of water are available, that information may be applicable in the income capitalization approach. The rates charged by local utilities for water are not usually an indicator of the value of the water to a property owner because of the many additional costs (administration, overhead, etc.) built into the consumer price of water.

When valuing water rights attached to land, usually with the before-and-after valuation technique, an appraiser must consider the cost of bringing water to a property, which may be borne by the owner of the water rights or by the provider of the water (e.g., the local water district).

## Valuation of Subsurface Rights

Appraising the right to obtain and market the minerals present underground requires the consideration of a wide variety of physical and business characteristics that affect the value and use of land subject to a subsurface mining easement. Analysis of the estimated mineral reserves, the quality of the resource, the capacity for extraction, market demand and pricing for the commodity, transportation costs, and many other factors may be outside a real property appraiser's field of expertise. Due to the complexity of identifying and analyzing relevant characteristics, assignments to value subsurface rights generally involve the collaboration of business appraisers, real property appraisers, geologists, and other experts.

A contractual royalty rate granting rights to extract a mineral from the land can provide an indication of the income-generating potential of the land. A capitalization or yield rate applied to the royalty rent would not reflect expenses of operation, capital costs, and other expenses related to the mining operation. Deriving appropriate discount rates for the mineral rights alone from sales of entire mines can be difficult because of the presence of other assets and liabilities such as other mine operations, pension fund liabilities, and employee benefit liabilities. Similarly, direct comparison of sales must factor in business value or other nonrealty components present in comparable mining operations.



## Valuation of Condominiums and Cooperatives

Real estate divided into condominium or cooperative units can be valued using most traditional appraisal methodologies.

To value individual condominium units (residential, office, industrial, or other property types), appraisers generally use the sales comparison approach. Recent sales of units of comparable size, location, and quality are the best indicators of value. The income capitalization approach may also be applicable if some condominium units are rented rather than occupied by the owners. For example, a leased office condominium unit could be valued by the income capitalization approach using traditional techniques. The cost approach is usually not applicable in the appraisal of any type of condominium unit because it is difficult to estimate site value and the contributory value of common elements.

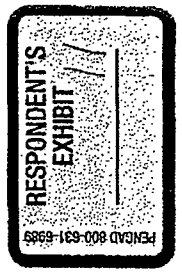
To value entire condominium projects, whether they are newly constructed buildings or conversions, appraisers typically use the sales comparison approach to establish individual unit prices and apply discounted cash flow analysis to value the whole project. Using the latter technique, the amount and timing of all capital outlays, expected monetary receipts, and returns are estimated, and these amounts are discounted at a rate consistent with competitive investment yields. The estimates of future sellout prices and the timing of sales are key elements in the valuation.

Although similar data may be used in both applications, the valuation of individual condominium units is distinct from the valuation of an entire condominium project. The aggregate of individual unit values does not reflect the market value of the overall project, as the aggregate sum does not reflect carrying or holding costs, marketing expense, or the timing of cash flows. It is improper to represent the sum of the individual unit values as the market value of the entire project. Likewise, individual units are not valued by appraising the entirety and then allocating the total value to individual units. Each assignment has separate and distinct considerations.

If an active market for units in a cooperatively owned property exists, appraisers can value individual units with the sales comparison approach. However, appraisers must remember that prices are influenced by the amount and terms of the mortgage financing that the corporation has placed on the building. Often corporate bylaws impose limitations on the property's marketability, which can affect the validity of comparable sales data.



0663



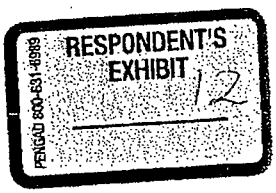



| Floor Plan | Assessor 2003 Values | Subtotals | Alternative 2003 Values -- 29466 | Subtotal |
|---|---|---|---|---|
| **1 Bedroom Units** | | | | |
| Azalea Plan (13) | $ 105,000 | $ 1,365,000 | $ 60,676 | $ 788,788 |
| Azalea Elongated Plan (10) | $ 107,000 | $ 1,070,000 | $ 61,839 | $ 618,390 |
| Dogwood Plan (33) * | $ 110,000 | $ 3,630,000 | $ 63,568 | $ 2,097,744 |
| Magnolia Garage Plan (5) | $ 134,000 | $ 670,000 | $ 77,426 | $ 387,130 |
| **2 Bedroom Units** | | | | |
| Jasmine Plan (2) * | $ 148,000 | $ 296,000 | $ 101,393 | $ 202,786 |
| Jasmine Elongated Plan (1) | $ 156,000 | $ 156,000 | $ 106,868 | $ 106,868 |
| Jasmine Garage Plan (6) | $ 170,000 | $ 1,020,000 | $ 116,460 | $ 698,760 |
| Oleander Plan (38) | $ 157,000 | $ 5,966,000 | $ 107,558 | $ 4,087,204 |
| Oleander Garage Plan (1) | $ 175,000 | $ 175,000 | $ 119,887 | $ 119,887 |
| **3 Bedroom Units** | | | | |
| Camellia Plan (9) * | $ 170,000 | $ 1,530,000 | $ 141,454 | $ 1,273,086 |
| Camellia Garage Plan (3) | $ 192,000 | $ 576,000 | $ 159,758 | $ 479,274 |
| | Total: | $ 16,454,000 | | $ 10,859,917 |

* Base Unit

# Unit Sales

| | | |
|---|---|---|
| 2006: | | 44 |
| 2007: | January: | 1 |
| | February: | 0 |
| | March: | 2 |
| | April: | 1 |
| | May: | 2 |
| | June: | 1 |
| | July: | 4 |
| | August: | 0 |
| | September: | 0 |
| | October: | 0 |
| | November: | 1 |
| | December: | 1 |
| 2008: | | |
| | January: | 0 |
| | February: | 0 |
| | March: | 0 |
| | April: | 0 |
| | May: | 0 |
| | June: | 0 |
| | July: | 0 |
| | August: | 0 |
| | September: | 0 |
| | October: | 0 |
| | November: | 0 |
| | December: | 0 |
| 2009: | | 1 |



THE STATE OF SOUTH CAROLINA
In The Court of Appeals

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APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

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Docket No. 2009-ALJ-17-0533-CC

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Charleston County Assessor, . . . . . Appellant,

v.

LMP Properties, Inc., . . . . . Respondent.

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**CERTIFICATE OF COUNSEL**

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The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

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Charleston, South Carolina
August 11, 2014