

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

J. Michael Baxley, Circuit Court Judge

Case No. 2009-CP-10-6746

Long Grove at Seaside Farms, LLC; The Beach Company; and Gulfstream Construction Company, Inc., Respondents,

v.

Long Grove Property Owners' Association, Inc.; Vista Realty Partners, LLC; and Long Grove Vista, LLC;

Of Whom Long Grove Property Owners' Association is Appellant.

Long Grove Property Owners' Association, Inc., Third-Party Plaintiffs,

v.

James, Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C; Sam Mayo d/b/a SCM Construction, Inc.; Essex Engineering Corporation, Third Party Defendants;

Of Whom James, Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C is Respondent.

RECORD ON APPEAL
VOL. 3 of 3

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INDEX

Order Granting Summary Judgment to Plaintiffs and Third-Party Defendant Harwick filed July 26, 2012	1
Order Form 4 filed November 2, 2012 Denying Defendant POA's Motion to Reconsider.....	42
Plaintiffs' Summons and Complaint (with all Exhibits) filed October 26, 2009	44
Defendant Long Grove Property Owners' Association's Answer, Counterclaim, Crossclaim and Third-Party Complaint filed December 22, 2009.....	271
Plaintiffs' Motion to Dismiss and for Judgment on the Pleadings filed December 30, 2009	299
James, Harwick & Partners Motion to Dismiss Third-Party Complaint and for Judgment on the Pleadings filed February 24, 2010 [sic]	302
Long Grove Property Owners' Association Memorandum in Opposition to Plaintiffs filed May 20, 2010	304
Long Grove POA Memorandum in Opposition to Plaintiffs' Motion to Dismiss and/or Motion for Summary Judgment filed September 23, 2011	343
Long Grove POA Memorandum in Opposition to James Harwick Motion to Dismiss filed September 23, 2011	778
James Harwick's Supplemental Memorandum in Support of its Motion to Dismiss filed October 3, 2011.....	780
Defendant Long Grove Property Owners' Motion to Reconsider Order filed August 3, 2012.....	784
Transcript of hearing on September 27, 2011	829
Transcript of hearing on April 30, 2012	900
Deposition of John Darby (cover page, Page 14, Pages 23-35, pages 79-80, and Exhibit 19)	985
Deposition of Eduard de Guardiola (cover page, pages 17-20, pages 28-31, pages 101-102,	

pages 111-112, Exhibit 23 (Bates CBRE 923, CBRE 933, CBRE 937-38), Exhibit 31 (all pages), and Exhibit 33 (Bates Vista_00019-000046)	1046
Deposition of Richard Blatt (cover page, page 29, 113, 120 and Exhibit 36)	1096
Deposition of Kent Johnson (cover page, pages 76-77, Exhibit 2, Exhibit 4, Exhibit 9, Exhibit 11 and Exhibit 12).....	1174
Letter from Court issued October 14, 2011	1207
Letter from Court dated March 26, 2012	1209
Documents identified as Bates Beach Residential 00001-120.....	1212
Certificate of Appellant.....	1332

COPY

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT
Case No.: 09-CP-10-6746

THE BEACH COMPANY; LONG)
GROVE at SEASIDE FARMS,)
LLC; GULF STREAM)
CONSTRUCTION COMPANY,)
INC.,)

Plaintiffs,)

-vs-)

LONG GROVE PROPERTY)
OWNERS' ASSOCIATION,)
INC., VISTA REALTY)
PARTNERS, LLC; LONG GROVE)
VISTA, LLC,)

Defendants.)

LONG GROVE PROPERTY)
OWNERS' ASSOCIATION,)
INC.,)

Third-Party Plaintiff,)

-vs-)

JAMES, HARWICK &)
PARTNERS, INC., k/n/a JHP)
ARCHITECTURE/URBAN)
DESIGN, P.C.; SAM MAYO)
d/b/a SCM CONSTRUCTION,)
INC.; ESSEX ENGINEERING)
CORPORATION,)

Third-Party Defendants.)

THE 30(b)6 DEPOSITION OF:

Mr. John Charles Long Darby

Date: Friday, November 19, 2010

Time: 9:42 a.m.

Location: Nexsen Pruet, LLC
205 King Street
Suite 400
Charleston, SC 29401

Reporter: Kimberli S. Hogle
Court Reporter &
Notary Public
(843) 849-3007

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Independent Court Reporter
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1 A. It doesn't get paid for the manager.

2 Q. Does it get paid for doing other things for the
3 LLC?

4 A. Every one is different.

5 Q. For Long Grove, it was originally developed and
6 designed and built as apartments; correct?

7 A. Right.

8 Q. And then The Beach Company was the manager of
9 the apartment complex?

10 A. Property manager.

11 Q. Property manager, that's what I mean.

12 A. Correct.

13 Q. And it got paid to do that work; correct?

14 A. Yes.

15 Q. Was it getting paid to do anything else on
16 behalf of Long Grove Apartments owned by the LLC?

17 A. Again, it's been a long time. But it's not
18 uncommon that a particular development such as Long Grove
19 pays a development fee, and in this case I'm sure The Beach
20 Company received a development fee which goes to reimburse
21 certain costs.

22 Q. Okay. Anything else?

23 A. I think that's it.

24 Q. And then the management fees that are generated
25 through the rents and the work they do for the apartments?

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1 Q. You were asking third parties to make a bid to
2 purchase the property?

3 A. Right.

4 Q. Obviously, you had a price below which you would
5 not go. There was a floor; correct?

6 A. I don't recall discussing a floor, but that's
7 kind of inherent.

8 Q. It wouldn't make any sense to not have a floor.

9 A. Right.

10 Q. You're not gonna give it away.

11 A. Right.

12 Q. Do you recall how many offers you got as it was
13 being marketed?

14 A. I'll give you approximate figures, but I don't
15 recall the exact amount. They sent out packages and they
16 gave us a list of who the packages went to, and then that
17 list was shortened to, say, approximately 20, and then it
18 was shortened to, like, 10. And then we shortened that list
19 until it came down to two or three, and then we picked what
20 we felt was the best offer and sold it.

21 Q. Was the purchaser the highest bidder? Was Vista
22 the highest one?

23 A. If I recall, Vista was the highest one.

24 Q. When you went to L.J. Melody to market the
25 property, did you give them any terms for what would be in

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1 the sales contract, your requirements?

2 A. Yeah. You know, I think it's important to
3 mention that L.J. Melody at the time was somehow related,
4 maybe a subsidiary of C.B. Ellis. C.B. Ellis is a big real
5 estate brokerage group, and they used some of the talent
6 they had at C.B. Ellis. And I don't remember their names,
7 but it didn't really matter. The guy we communicated with
8 the most was from L.J. Melody. We gave them some parameters
9 that were very simple. You know, we wanted a short due
10 diligence period. We wanted a reasonable earnest deposit.
11 Obviously, you know, a good price, what we were selling the
12 apartments for. We made it clear in the beginning that if
13 the intentions were to convert the apartments to
14 condominiums, that we wanted to be indemnified of any
15 liability. At this particular time, there were a lot of
16 conversions going on throughout the country.

17 Q. Right. And the fact there were conversions
18 going on throughout the country, how did that affect what
19 you were doing?

20 A. What do you mean?

21 Q. Well, you mentioned that, which means to me that
22 it must have some importance that there were conversions
23 sort of going on around the country.

24 A. Well, we had never done a conversion. And the
25 apartments were built to be apartments, to be managed as

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1 apartments and occupied as apartments. And if someone
2 wanted to change that use, such as converting them into
3 individual ownership condominiums, there's risk involved in
4 that and we didn't want to share that risk.

5 Q. For somebody who was gonna buy it and run it as
6 apartments, did you have that same indemnification
7 requirement?

8 A. I don't recall -- I really don't recall. I
9 don't recall.

10 Q. Who were you working with at L.J. Melody?

11 A. John Farrell.

12 Q. Can you spell his last name?

13 A. F-A-R-R-E-L-L, John Farrell.

14 Q. What is his phone number?

15 A. (404) 923-1458. Atlanta, Georgia.

16 Q. Now, was that requirement for the
17 indemnification a non-negotiable term?

18 A. Yes.

19 Q. Now, there is also release language that worked
20 its way into the documents. Do you understand that there
21 was --

22 A. Right.

23 Q. Was the release part of the initial parameters
24 for the sale of the property?

25 A. Yes.

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1 Q. I mean, you advised L.J. Melody "we not only
2 need to be indemnified but we need to be released"?

3 A. I don't remember the exact -- there really
4 wasn't a lot of negotiations or conversations. We told them
5 we wanted to be indemnified and that we would document it as
6 such and, you know, that was never debated. It was agreed
7 to and it was in the documents, and there was never any
8 debate during the preparation of the documentation. It was
9 just done.

10 Q. Let me make sure I understand what documents
11 you're talking about. L.J. Melody has produced some
12 documents to be used to market the property; correct? Did
13 they produce those?

14 A. They prepared a package and they did most of
15 that work; correct.

16 Q. Was this term in that package?

17 A. I don't recall.

18 Q. But then the --

19 A. But it was in the negotiations. All the people
20 that provide offers, they were all put on notice that this
21 was a requirement.

22 Q. And when y'all chose to sell the property to
23 Vista, there wasn't any real negotiations over that
24 particular term -- when I say "no negotiations," the lawyers
25 had to work out the language that was satisfactory to both

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1 parties; is that correct?

2 A. That's correct. But there was discussion --
3 when we were negotiating on the phone with Vista, in
4 particular, Ed de Guardiola -- I don't know how to spell
5 that.

6 Q. She's got it.

7 A. It was discussed.

8 Q. Do you recall what those discussions were?

9 A. What I recall on the last telephone conversation
10 before we made our decision, we were interviewing Vista on
11 the phone. I had not put Ed de Guardiola with Vista. I
12 knew Ed de Guardiola from another transaction from years ago
13 -- not years, but a couple years, and Ed reintroduced
14 himself on the phone. He said, "John, this is Ed." I said,
15 "Ed, I didn't realize you were with Vista, but great." And
16 he said, "My best and final offer," and he stated the price,
17 stated the due diligence period, the term, and he said, "And
18 I will indemnify The Beach Company and its construction
19 company and the LLC and so forth as required." We said,
20 "Great, we'll get back to you." And later that afternoon we
21 awarded him the deal. A letter of intent was put together,
22 which I'm sure you've seen, and it was one of the easiest
23 contracts I've ever been involved with. The lawyers
24 prepared it. There was very little discussion, very little
25 debate through that process, and it wasn't long after that

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1 it closed.

2 Q. My recollection is the sales price was
3 \$37,250,000.00?

4 A. That sounds right.

5 Q. That was their final price offer?

6 A. The price, I don't recall the price ever
7 changing after we agreed to sell it to them. We did agree
8 -- or it was negotiated that, I want to say, \$250,000.00⁰⁰ was
9 escrowed.

10 Q. I assume in these negotiations that y'all did
11 not accept their first offer, that there was an offer that
12 was lower than the \$37,250,000.00; is that correct?

13 A. Well, the way it works, Frank, is you may have
14 10 people submit an offer and then they'll raise their
15 offers on the second round, then they'll raise it a little
16 more on the third round, and they drop out usually after two
17 or three and then they submit their best offer.

18 Q. And that's what happened in this case?

19 A. Yes.

20 Q. Was there any specific consideration for the
21 indemnification?

22 A. No.

23 Q. Was there any specific consideration for the
24 release?

25 A. No.

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1 Q. Was there any --

2 A. Nor was it ever discussed. Sorry, didn't mean
3 to interrupt you.

4 Q. That's all right. Was there any consideration
5 paid by any of the other entities that are being
6 indemnified?

7 A. No.

8 Q. Because you've got in there a host of folks.
9 The Beach Company didn't pay anything, did it?

10 A. No. No one did.

11 Q. And the same for the release. None of the
12 entities that were supposedly being released paid any
13 consideration, did they?

14 A. No one did.

15 Q. And the price actually went up during all of the
16 negotiations leading up to the agreement; correct?

17 A. Correct.

18 MR. GRIMBALL: We've been going at it an
19 hour. Let's take five and get more coffee and
20 some water.

21 (The deposition recessed briefly.)

22 BY MR. GRIMBALL:

23 Q. Other than talking with Mr. Parrish, did you do
24 anything to prepare for today's deposition?

25 A. Not really, Frank. I tried to remember a few

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1 numbers, but --

2 Q. You didn't read Mr. Johnson's deposition?

3 A. I reviewed Kent's deposition when we were
4 supposed to meet the first time.

5 Q. But not since then?

6 A. Not really.

7 Q. Do you recall anything that you disagreed with
8 him about?

9 A. No.

10 Q. Did you review any documents?

11 A. Not lately, no.

12 Q. When we were first gonna have this, did you
13 review documents back then?

14 A. No. Now, hold on, there was some documents I
15 think in Kent's deposition that I may have looked at, in the
16 back there.

17 Q. These are the exhibits; did you take a look at
18 those?

19 A. Yeah, I did.

20 Q. Other than that, though, you have not reviewed
21 any of the emails, contracts, files, anything like that,
22 have you?

23 A. No. I relied on Kent to do most of that.

24 Q. You had some direct discussions with Ed de
25 Guardiola; correct?

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1 A. Yes.

2 Q. Were these at the very end of the negotiations,
3 or did you discuss things directly with him sort of
4 throughout?

5 A. I've had several conversations with Ed from the
6 time the deal was negotiated and through the process, but I
7 mean, not all related to Long Grove.

8 Q. And all I'm interested in really is --

9 A. Very little about Long Grove. In fact, I don't
10 even remember what the conversations were about other than I
11 think their conversion went real well.

12 Q. They were able to sell it out fairly quickly?

13 A. Correct.

14 Q. Now, you understood that Vista was going to
15 convert these apartments into condominiums to be sold to the
16 public; correct?

17 A. Correct.

18 Q. And that as part of that process they would
19 create a separate corporation which was the Homeowners
20 Association to manage the common elements of the
21 condominiums; correct? You understood that?

22 A. What do you mean by "understood"? I think
23 that's what he did, but we didn't discuss it. One would
24 assume that he would do that; that's typically what happens.

25 Q. And prior to the negotiations with Vista, when

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1 it got down from that 20 to 10, when you really were looking
2 at Vista and you knew they were gonna convert it into
3 condominiums, prior to that, had you been involved in the
4 development of condominiums as part of your work for The
5 Beach Company?

6 A. Yes.

7 Q. And as part of that you understood that when you
8 develop condominiums, you create through a master deed the
9 Homeowners Association; correct?

10 A. Correct.

11 Q. If I remember correctly, and maybe I'm wrong
12 with Marais, but have you served on the boards of the HOA
13 when it's developer controlled?

14 A. I have before.

15 Q. And that's before this transaction occurred; is
16 that correct?

17 A. I don't know all the timing, but I have served
18 on the board.

19 Q. Do you recall what entities, what condominium
20 projects you were involved in which you served on the board?

21 A. I believe I served on the Bristol Condominium
22 Board.

23 Q. And do you understand that part of what a board
24 sometimes has to do is to bring a lawsuit, make a claim and
25 bring a lawsuit, to be able to recover sufficient money from

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1 the developer, contractor, architect, for construction
2 defects?

3 MR. PARRISH: Object to the form. Go ahead
4 and answer.

5 A. I'm assuming that can happen. I've never been
6 involved with a board being sued. I don't know exactly how
7 all that works, but obviously it happens.

8 Q. And what you were doing with the indemnification
9 and released language is to limit the parties from whom the
10 Board, the HOA, could conceivably collect the funds to
11 correct any errors or omissions in the development, design,
12 and construction; correct?

13 MR. PARRISH: Object to the form. Go ahead
14 and answer.

15 A. I'm gonna say that's part of it; correct.

16 Q. What is the other part of what you were doing?

17 A. I don't know. You just kind of listed a bunch
18 of stuff. Basically, it's not just the Homeowners
19 Association, it's the individual property owners, too.

20 Q. If they have some problem within their unit
21 that indemnification and release language, the intent of it
22 is to prevent them from being able to pursue a claim or a
23 case against --

24 A. The parties.

25 Q. Those parties listed in the agreement; correct?

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1 MR. PARRISH: Object to the form. Go ahead
2 and answer.

3 A. Correct.

4 Q. And if I understand the way that document works,
5 the Vista entities picked up the obligations that were being
6 released, assumed the obligations that were being released;
7 is that correct?

8 MR. PARRISH: Object to the form. Go ahead
9 and answer.

10 A. Correct.

11 Q. And then Mr. de Guardiola, if the Vista entities
12 cease to exist, he personally is responsible for those
13 obligations; correct?

14 A. That is my recollection.

15 Q. I'm happy to show you in the document if you --

16 A. Sure. I'll take your word for it.

17 MR. PARRISH: I mean, he said he agrees
18 with that. He thinks that's what it says and
19 you seem to think that's what it says. I'm
20 happy to have him look at it, but in the
21 interest of time, the document says what it
22 says.

23 MR. GRIMBALL: I don't know if I can find
24 it. I thought it was in paragraph 15. Maybe
25 you can help me find it.

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1 MR. PARRISH: What's the question?

2 MR. GRIMBALL: The obligation of Vista,
3 then Mr. de Guardiola.

4 THE WITNESS: Right here, 15B it looks
5 like.

6 MR. PARRISH: Subject to my objection, go
7 ahead.

8 THE WITNESS: Agrees to never sue and
9 completely releases the seller --

10 MR. PARRISH: That's not what he's looking
11 for. There it is right there. Again, subject
12 to my objection.

13 THE WITNESS: Edward De Guardiola,
14 the principal and the purchaser, assumes and
15 guarantees these indemnifications and
16 obligations.

17 BY MR. GRIMBALL:

18 Q. And if the Vista entities and Mr. de Guardiola
19 were to disappear from the scene, the HOA and the homeowners
20 would simply be out of luck --

21 MR. PARRISH: Object to the form.

22 Q. -- under your intent within this language?

23 MR. PARRISH: Object to the form. Go ahead
24 and answer.

25 A. Yes.

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1 Q. With regard to the sales contract, was a part of
2 the consideration that was provided by Long Grove at Seaside
3 Farms, LLC, over to Vista Realty Partners, LLC, a fee-simple
4 title to the property and improvements that were known as
5 the Long Grove Apartments?

6 MR. GRIMBALL: Object to the form.

7 A. Yes.

8 Q. In exchange for that fee-simple title, was part
9 of the consideration that was provided by Vista Realty
10 Partners over to Long Grove at Seaside Farms the purchase
11 price, the indemnification obligation, the release of
12 claims, the promise to include certain language in the
13 master deed, and the promise to include certain language in
14 later agreements with condominium purchasers?

15 MR. GRIMBALL: Object to the form.

16 A. Yes.

17 MR. LESEMAN: No further questions.

18 MR. PARRISH: I just have one follow-up
19 unless you want to ask him something, Frank.

20 MR. GRIMBALL: Go ahead.

21 EXAMINATION BY MR. PARRISH:

22 Q. Mr. Darby, was the release and indemnification
23 language in the sales contract and in the letter of intent,
24 was that a core or fundamental term of the bargain with
25 Vista?

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1 MR. GRIMBALL: Object to the form.

2 A. Yes.

3 Q. Would The Beach Company have sold this property
4 to Vista if Vista had not agreed to that language regarding
5 the release and indemnification?

6 MR. GRIMBALL: Object to the form.

7 A. No.

8 MR. PARRISH: That's all I have.

9 FURTHER EXAMINATION BY MR. GRIMBALL:

10 Q. The columns became an issue during this process,
11 I think it was after the sales contract was entered into; is
12 that correct? Or about was it before?

13 A. I don't recall. It was all in about a 45-day
14 period. They started their due diligence as quickly as they
15 could while we were negotiating documents as possible.

16 Q. Were you aware of any other issues of problems
17 that existed other than the column issue during that period
18 of time?

19 A. No.

20 MR. GRIMBALL: All right, thanks.

21 (The deposition concluded at 12:25 p.m.)

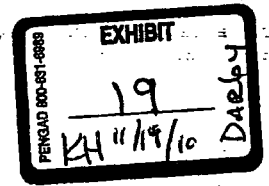
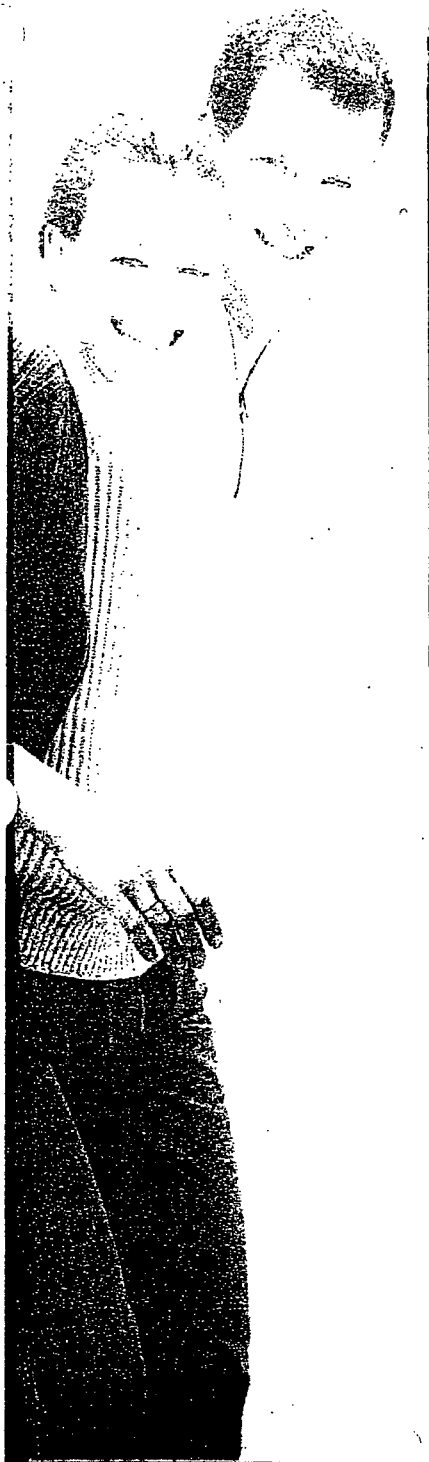
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23

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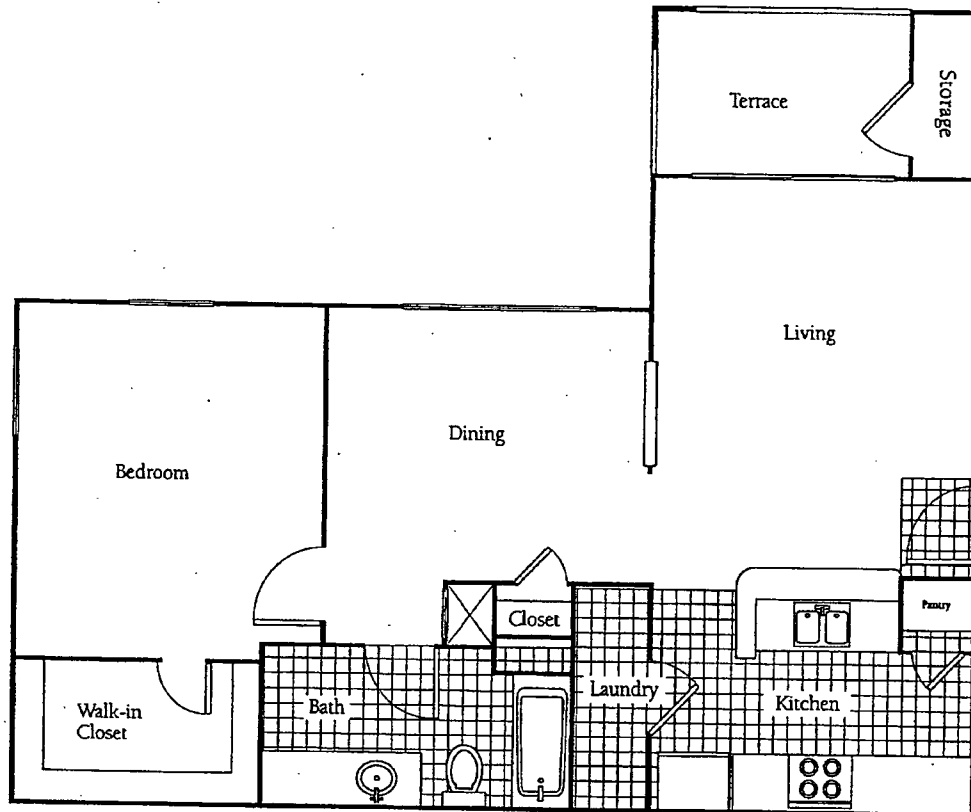


*See agent for details & cost **Garage & boat storage spaces sold separately

A Home to Reflect Your Distinctive Personality

The Gloria

1 B E D R O O M / 1 B A T H

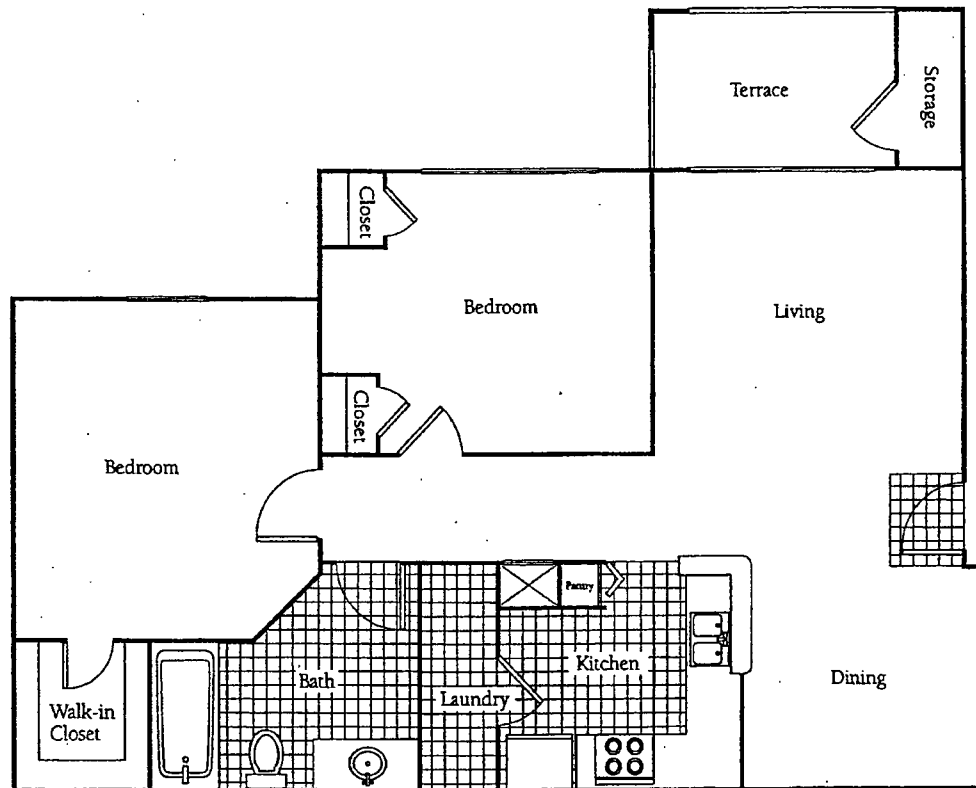



Long Grove
AT SEASIDE FARMS

A Home to Reflect Your Distinctive Personality

The Majestic

2 BEDROOM / 1 BATH

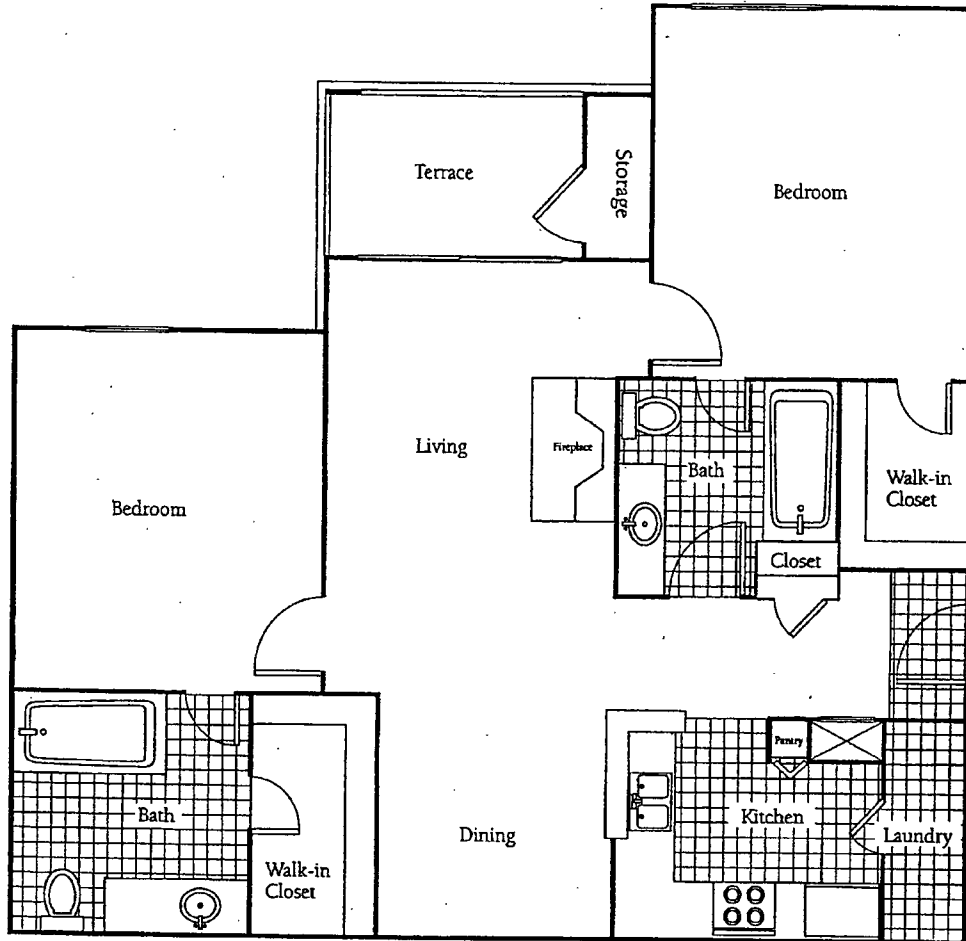



Long Grove
AT SEASIDE FARMS

A Home to Reflect Your Distinctive Personality

The Riviera

2 BEDROOM / 2 BATH

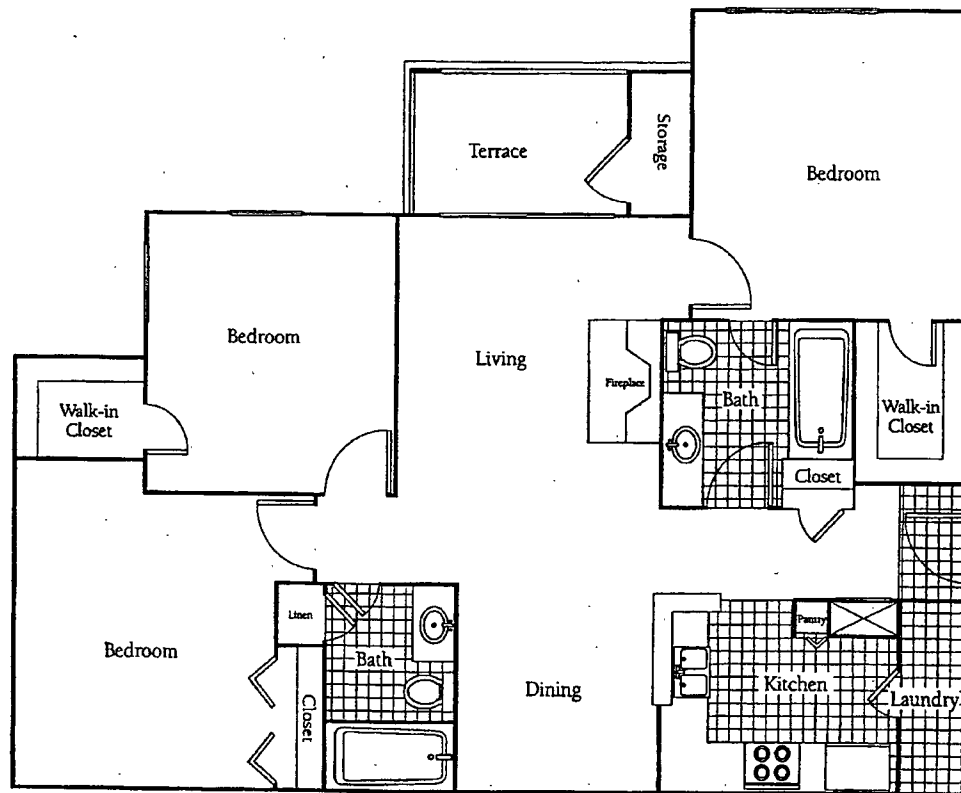


Long Grove
AT SEASIDE FARMS

A Home to Reflect Your Distinctive Personality

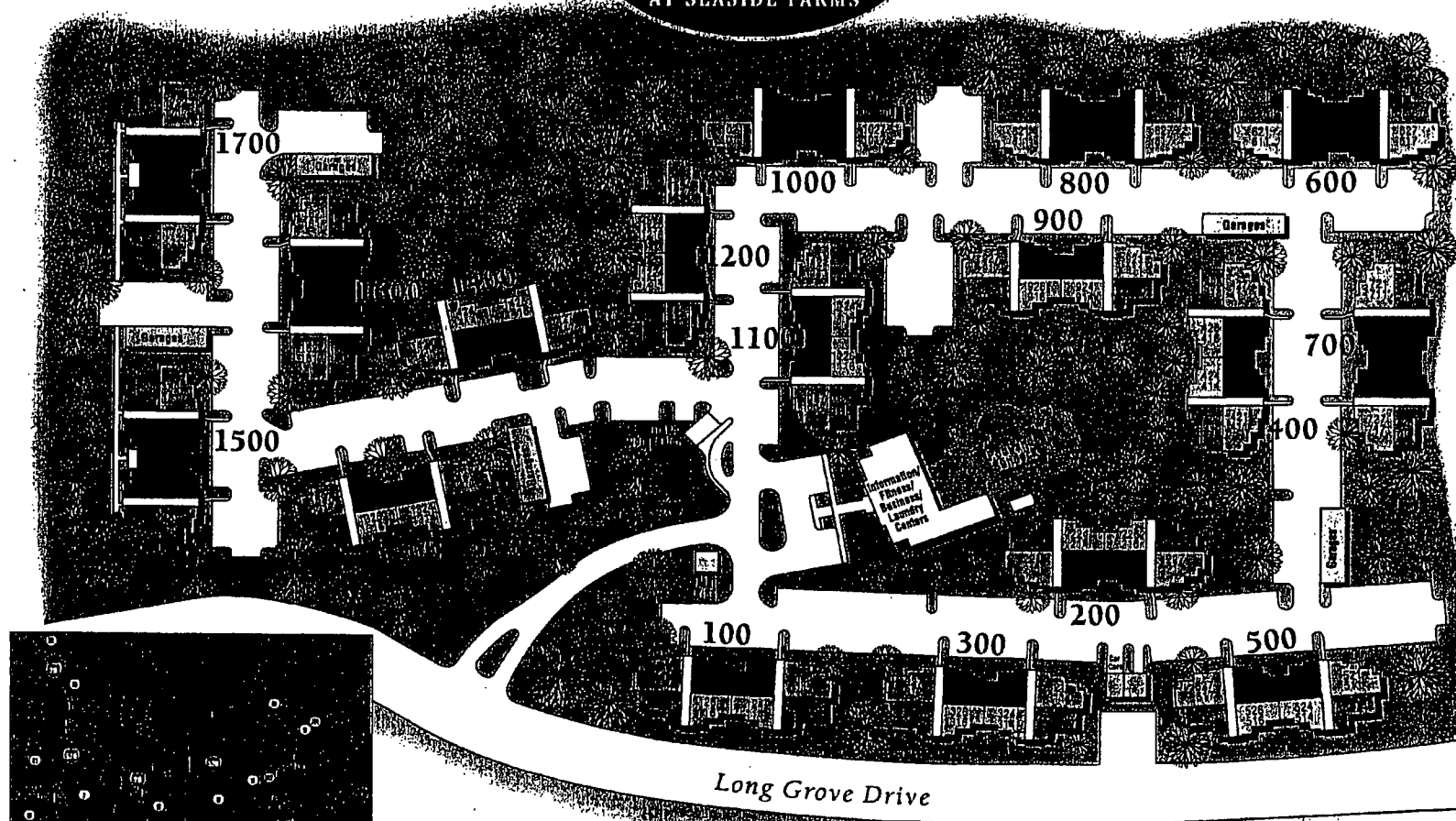
The Victoria

3 BEDROOM / 2 BATH



Long Grove
AT SEASIDE FARMS

Long Grove
AT SEASIDE FARMS



The Gloria
1 Bedroom, 1 Bath

The Majestic
2 Bedrooms, 1 Bath

The Riviera
2 Bedrooms, 2 Baths

The Victoria
3 Bedrooms, 2 Baths

**Drawing Terms and Conditions
for Long Grove Condominium Lottery (May 7th Drawing)**

- Each potential Purchaser shall be allowed to complete one Letter of Intent to Purchase (the "Letter of Intent") for each Drawing. In the event Purchaser intends to purchase two units, Purchaser must reside in one unit and may use the second unit as an investment unit. No Purchaser may purchase more than two units
- The Real Estate Agent for Seller ("Agent") acknowledging the Letter of Intent shall determine in his or her sole discretion whether the Purchaser is purchasing the property for primary residence, second home or for investment purposes. "Primary Residence" shall mean purchasing the property for use as a primary residence of Purchaser and not for use as a secondary residence or rental property. "Second Home" shall mean purchasing the property for use as a secondary residence and not for use as a primary residence or rental property. "Investment Purposes" shall mean purchasing the property for the primary purpose of obtaining income either through rents, sale of the contract or sale of the property. The Agent shall make such determination based upon his or her own due diligence, and Purchaser hereby waives and releases the Agent from any and all claims, loss or damages based on the Agent's determination of Purchaser's purpose for purchasing the property.
- The name of each Purchaser completing a Letter of Intent shall be placed on one (1) card. The cards will then be segregated into three (3) groups: (i) Purchasers purchasing the property for Primary and Secondary Residence with no contingencies; (ii) Purchasers purchasing the property for Primary and Secondary Residence with contingencies, and ; (iii) Purchasers purchasing the property for Investment purposes.
- The cards with the names of Purchasers who are purchasing the property for primary and second home residence use without contingencies will be placed in the drawing basket and shuffled. One (1) card will be drawn at a time.
- Once a Purchaser's card is drawn, Purchaser shall be obligated to enter into a Home Purchase Agreement in the event one of the properties identified on that Purchaser's Letter of Intent is available. The property to be purchased by the Purchaser will be selected based on the order of priority set forth on the Letter of Intent. For example, if Mr. and Mrs. Jones' card is drawn and their first choice for a property has already been assigned, then Mr. and Mrs. Jones will purchase their second choice of property if it is available. If none of Mr. and Mrs. Jones' properties identified on their Letter of Intent are available, then their card is discarded and Mr. and Mrs. Jones will not be entitled to purchase any property based upon this drawing. In the event Purchaser is not entitled to purchase property based upon this drawing, Purchaser's earnest money deposit attached to Letter of Intent will be fully refunded.
- If all of the cards for Primary and Second Home Residence use without contingencies have been drawn from the basket and additional properties are still available, then the same procedure shall be used for Primary and Second Home Residences with contingencies.
- The same procedure shall be used for all units that have been identified as investment properties. A separate inventory and pricing sheet is available for investment units. Investors will not be able to choose from the Primary and Second Home Residence lists. All units identified as "investor units" are at the sole discretion of the Seller.

- In order to qualify for a particular Drawing, a complete Letter of Intent must be delivered to The Beach Company Residential Division by 12:00 p.m. on Friday, May 6, 2005.
- Should Purchaser choose a condominium unit identified as Spec ("Spec" includes Seller's standard upgrades with no additional upgrades) from any price list, Purchaser understands and agrees that spec units are required to close within thirty (30) days from ratification of contract. All other units shall be prepared for closings to occur between 45 to 60 days of ratification of contract.
- The Purchaser does not need to be present at the Drawing. The Agent shall contact the Purchaser within forty-eight (48) hours of the Drawing if the Purchaser is obligated to enter into a Home Purchase Agreement for a particular property based on the drawing. The five (5) days time frame for executing a Home Purchase Agreement shall begin at the time of the Drawing. The time of the notification from the Agent has no affect on this five (5) day time frame.
- Earnest Money deposits shall be as follows: one bedroom/one bath - \$3,000; two bedroom/one bath - \$4,500; two bedroom/two bath - \$4,500; three bedroom/2 bath - \$6,000. Earnest money deposits must be attached to the Letter of Intent, and in the event a Purchaser is purchasing two units, two earnest money checks for each unit individually should be placed with the Letter of Intent. Once a Purchaser has been successfully selected with a matching unit from Purchaser's preference list, Purchaser's earnest money shall be deposited in an escrow account and becomes immediately non-refundable.
- The Beach Company, the Seller of the property, their respective employees, affiliates and agents, and the Agents (collectively, the "Listed Parties") are not responsible for Letters of Intent which are not received due to lost, failed, delayed, misplaced, or interrupted communications, technical or mechanical error, or human error. The listed parties are not responsible for incorrect information on the Letter of Intent.
- The Beach Company and the Seller of the property reserves the right to cancel any Drawing at any time at its sole discretion.

LETTER OF INTENT TO PURCHASE

This binding Letter of Intent to Purchase (the "Agreement") is effective as of the ____ day of _____, 200__ by and between Long Grove Vista, LLC, a Georgia limited liability company ("Seller") and _____ ("Purchaser") for property located in the Town of Mount Pleasant, Christ Church Parish, Charleston County, South Carolina. For and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

The following list of properties is ranked in order of Purchaser's preference in the potential Long Grove Horizontal Property Regime lottery dated _____, 200__ (the "Lottery"). Purchaser understands these properties are ranked in order of preference and will be based on availability in the Lottery. Purchaser's intention is to purchase only one Unit should Purchaser's name be drawn multiple times.

1.	Unit#	Address	Price
2.	Unit#	Address	Price
3.	Unit#	Address	Price
4.	Unit#	Address	Price
5.	Unit#	Address	Price
6.	Unit#	Address	Price
7.	Unit#	Address	Price
8.	Unit#	Address	Price
9.	Unit#	Address	Price
10.	Unit#	Address	Price

Purchaser intends to purchase one of the above listed Units pursuant to Seller's standard Long Grove Horizontal Property Regime Purchase Agreement subject to the following contingencies (check all that apply):

____ Financing Contingency

____ No Financing Contingency

____ Other (specify: _____)

11523-003
415931-1

Purchaser acknowledges and agrees that any contingencies to purchasing one of the above listed properties shall be considered as a risk to Seller and will be taken into consideration by Seller in order to determine (i) whether Purchaser will participate in the Lottery; (ii) Purchaser's chances in the Lottery; and (iii) whether Purchaser will be awarded the opportunity to purchase a Unit.

The terms and conditions of the Lottery are attached hereto and incorporated herein by reference. Purchaser has no questions in regard to the Lottery and agrees to be subject to such terms and conditions. Purchaser and Seller acknowledge and agree that the intent of the Lottery and this Agreement is to provide Seller with the ability to compare numerous offers from prospective purchasers of the above listed properties.

In connection with and as consideration for entering into this Agreement, Purchaser has deposited with Seller an Earnest Money Deposit in the amount of \$_____ made payable to The Beach Company (the "Earnest Money Deposit"). If Purchaser's name is not drawn in the Lottery, the Earnest Money Deposit shall be refunded to Purchaser, this Agreement shall be terminated, and all further rights, obligations and liabilities created hereunder shall be deemed terminated and of no further force and effect.

Purchaser acknowledges and agrees that should the Purchaser's name be drawn in the Lottery for any of the above listed properties, then the Earnest Money Deposit shall be automatically and immediately become non-refundable. In addition, Purchaser shall be obligated to execute and deliver to the Seller, Seller's standard Long Grove Horizontal Property Regime Purchase Agreement (excluding any contingencies except as checked above) no more than 5 days from the date of the Lottery drawing. Upon full execution of such agreement in accordance with the terms herein, the Earnest Money Deposit acknowledged hereunder shall constitute the Earnest Money referred to in the Long Grove Horizontal Property Regime Purchase Agreement and shall be applied toward the purchase price at the time of the closing pursuant to the terms and conditions of the Long Grove Horizontal Property Regime Purchase Agreement.

In the event Purchaser does not enter into Seller's standard Long Grove Horizontal Property Regime Purchase Agreement within the above-referenced 5 day period, then Seller shall have the right to retain the Earnest Money Deposit. Seller shall have the right to retain the Earnest Money Deposit as part of its liquidated damages and not as a penalty, the parties agreeing that actual damages in such event would be difficult, if not impossible to determine.

In witness hereof, Purchaser and Seller have executed this Agreement as of the date written above.

Purchaser(s):

Print Name: _____

Date: _____

Print Name: _____

Date: _____

Acknowledged by Agent:

Print Name: _____

Date: _____

Seller:

LONG GROVE VISTA, LLC

By: _____

Name: _____

Date: _____

Additional Purchaser Preferences
(Attach to Letter of Intent)

11.	Unit#	Address	Price
12.	Unit#	Address	Price
13.	Unit#	Address	Price
14.	Unit#	Address	Price
15.	Unit#	Address	Price
16.	Unit#	Address	Price
17.	Unit#	Address	Price
18.	Unit#	Address	Price
19.	Unit#	Address	Price
20.	Unit#	Address	Price
21.	Unit#	Address	Price
22.	Unit#	Address	Price
23.	Unit#	Address	Price
24.	Unit#	Address	Price
25.	Unit#	Address	Price

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415931-1

**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION PURSUANT TO SECTION 15-48-10
OF THE CODE OF LAWS OF SOUTH CAROLINA, AS MODIFIED HEREIN**

LONG GROVE HORIZONTAL PROPERTY REGIME

PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 200__ by and between Long Grove Vista, LLC, a Georgia limited liability company (hereinafter referred to as the "Seller"), and _____ (hereinafter referred to as the "Purchaser").

WITNESSETH

In consideration of the purchase price specified below, the mutual covenants and benefits provided for herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereto do hereby agree as follows:

1. **GENERAL.** Seller agrees to sell, and Purchaser agrees to purchase, in accordance with the terms and conditions of this Agreement, Unit ____ (hereinafter referred to as the "Unit") of Long Grove Horizontal Property Regime (hereinafter referred to as the "Regime"), a Regime development in the Town of Mount Pleasant, Christ Church Parish, Charleston County, South Carolina, with the property description of the Regime attached hereto and incorporated herein as Exhibit "A" and the floor plan for such Unit attached hereto and incorporated herein as Exhibit "B." The Regime was created pursuant to the Master Deed for Long Grove Horizontal Property Regime, recorded in Book _____, Page _____, *et seq.*, in the RMC Office for Charleston County, South Carolina (hereinafter referred to as the "Master Deed"), and shown and delineated on the plat of survey attached as Exhibit "C" to the Master Deed and on the plot plans and floor plans attached as Exhibit "D" to the Master Deed. The Unit, together with its percentage of undivided interest in the common elements of Long Grove Horizontal Property Regime, and its interest in the limited common elements assigned to such Unit, is more particularly described in the Master Deed, and is shown and delineated on the plat of survey for Long Grove Horizontal Property Regime, which survey, plot plans and floor plans, were recorded as Exhibits "C" and "D" to the Master Deed.

2. **PURCHASE PRICE.** The total purchase price of the Unit (hereinafter referred to as the "Total Purchase Price") shall be calculated as follows:

• Base Purchase Price For Unit	\$ _____
• Garage(s)	\$ _____
• Total Upgrade Amount	\$ _____
• Additional Purchase Price for _____	\$ _____
TOTAL PURCHASE PRICE:	\$ _____

and shall be paid as follows:

Purchase Agreement2
11523-003

(a) \$ _____ (hereinafter referred to as the "Earnest Money"), the receipt of which is hereby acknowledged by The Beach Company (hereinafter referred to as the "Holder"). The Earnest Money, shall be consideration for Seller reserving the Unit for Purchaser and Seller agreeing not to sell the Unit to anyone other than Purchaser prior to the date set for closing in Paragraph 3 hereof. The Earnest Money shall be deposited in an escrow/trust account by Holder (with Holder retaining the interest if the account is interest bearing) within five (5) banking days from Seller's acceptance of this Agreement and shall be applied toward the Total Purchase Price of the Unit at the time of closing. In the event any Earnest Money check is not honored, for any reason, by the bank upon which it is drawn, Holder shall promptly notify Purchaser and Seller, and Seller shall have the right to terminate this Agreement upon written notice to the Purchaser.

Holder shall disburse Earnest Money only as follows: (i) upon the failure of the parties to enter into a binding agreement; (ii) at closing; (iii) upon a written agreement signed by all parties having an interest in the funds; or (iv) upon order of a court or arbitrator having jurisdiction over any dispute involving the Earnest Money; In the event an objection is to disbursement is made, Holder shall consider the objection and shall do any or a combination of the following: (i) hold the Earnest Money for a reasonable period of time to give the parties an opportunity to resolve the dispute; (ii) disburse the Earnest Money and so notify all parties; and/or (iii) interplead the Earnest Money into a court of competent jurisdiction. Holder shall be reimbursed for and may deduct from any funds interpleaded its cost and expenses, including reasonable attorneys' fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for same) for any matter relating to the performance of Holder's duties under this Earnest Money Paragraph. If Purchaser breaches Purchaser's obligations or warranties herein, Holder may pay the Earnest Money to Seller by check.

(b) The balance of the Total Purchase Price, plus all closing costs which are the responsibility of the Purchaser hereunder, shall be paid by Purchaser in cash or by certified check, at the closing of this purchase and sale.

3. CLOSING. Subject to the provisions of Paragraph 26 hereof which shall automatically extend the closing date until the required pre-sale is met, the closing of the purchase and sale contemplated by this Agreement shall take place on or before _____, 200__, and the closing attorneys for the transaction shall be Buist, Byars, Pearce & Taylor, LLC (the "Closing Attorney"). The closing shall take place at such specific reasonable time, date, and place as shall be designated by Seller at least seven (7) days prior thereto. Notwithstanding anything to the contrary herein, Seller shall have the right from time to time by notice to the other party to extend the closing for up to two (2) periods of thirty (30) days each. Time is of the essence of this Agreement.

4. TITLE AND PERFORMANCE.

(a) Title. Purchaser acknowledges that the Unit he or she is to purchase may not now be a part of the Regime. Prior to consummation of the sale contemplated by this Agreement, Seller shall have submitted the Unit to the Master Deed. Title to the Unit shall be conveyed to Purchaser by special warranty deed, and title to the Unit shall be insurable and free and clear of all encumbrances, except the Unit shall be subject to the Master Deed, taxes not yet due and payable, and all other encumbrances, zoning ordinances, easements and restrictions of record.

(b) RESPA Disclosure. As required by the Real Estate Settlement Procedures Act of 1974, Purchaser acknowledges that Seller has not directly or indirectly required Purchaser, as a condition of sale, to purchase either an owner or mortgagee's title insurance policy from any particular title company. Purchaser may elect to obtain

such insurance from a company of Purchaser's choice and Purchaser shall pay, at closing, the title insurance premium for such policy.

5. CLOSING COSTS AND PRORATIONS.

(a) Seller shall pay closing costs in an amount not to exceed _____ Dollars (\$_____) plus attorneys' fees charged by the Closing Attorney; provided, however, Seller shall only pay such closing costs only if Purchaser obtains financing through a lender preapproved by Seller (hereinafter referred to as the "Preapproved Lenders") and the closing is held at the offices of the Closing Attorney. The Preapproved Lenders are Wachovia Bank and Bank of America. Purchaser shall pay all additional costs and fees incident to the securing of financing and the closing of the purchase and sale contemplated hereunder. "Closing Costs" as defined in this Agreement shall include loan fees charged by Purchaser's lender and included in Section 800 of the HUD-1 Settlement Statement, the lender's title insurance premium, title commitment fee, title and tax examination fees, lender's attorneys' fees, and recording costs, and shall specifically exclude prepaid interest, mortgage insurance premiums, tax and insurance reserves, working capital contribution, the Association insurance reimbursement, and the Association assessment proration, all of such excluded amounts shall be paid by Purchaser.

(b) Contribution to Working Capital Fund of Association. In addition to all other sums due hereunder, Purchaser agrees at closing to make a nonrefundable contribution to the working capital fund of the Association in an amount equal to two (2) months general assessments on the Unit.

(c) Ad Valorem Taxes.

(i) Purchaser acknowledges that, as of the year in which closing takes place, the Unit may not have been a separately described and assessed parcel of real estate and that, in that event, ad valorem taxes for the Unit for the year in which closing takes place will be assessed under a tax bill in the name of Seller which covers additional property. Should the Unit not be a separately described and assessed parcel of real estate, Purchaser agrees to pay Seller at closing that portion of the tax for the year in which closing takes place (based on the prior year if the tax bill for the year in which closing takes place is not yet available) which shall be determined by multiplying the total tax bill by the percentage interest in the common elements assigned to the Unit in the Master Deed and then prorating the product of such multiplication as of the date of closing. Seller agrees to pay the entire tax bill before it becomes delinquent and, upon written request from Purchaser or any first mortgagee of the Unit, to provide Purchaser or such mortgagee proof of payment. If the amount allocated to the parties is based upon an estimate and the actual bill varies from the estimate, the party who paid too much shall have the right to adjust the prorated amount and the party who paid too little shall pay any increased amount based on the actual tax bill to the other party within ten (10) days of receipt of notice.

(ii) If, in the year in which closing takes place, the Unit is a separately described and assessed parcel of real estate, then ad valorem taxes applicable to the Unit shall be prorated between the Seller and Purchaser as of the date of closing. If the amount allocated to Purchaser is based upon an estimate and the actual bill varies from the estimate, the party who paid too much shall have the right to adjust the prorated amount and the party who paid too little shall pay any increased amount based on the actual tax bill to the other party within ten (10) days of receipt of notice.

(d) Common Expense Assessments. Purchaser shall pay his or her pro rata share of the common expense assessment levied against the Unit, as provided in the Master Deed, for the year in which the closing shall take place, which common expense assessment shall be adjusted at the closing according to the number of days remaining in the calendar year. Except for that portion of the assessment installment as shall be payable for the

month in which the closing shall take place, which shall be prorated between Seller and Purchaser as of the day of closing such adjusted common expense assessment shall be payable to Long Grove Property Owners Association, Inc. (hereinafter referred to as the "Association"), by Purchaser in equal monthly installments, commencing on the first day of the calendar month immediately following the date of closing, or as otherwise provided by the Board of Directors of the Association.

(e) Insurance Premiums. Purchaser acknowledges that, prior to closing, either: (i) Seller will have pre-paid directly the Unit's pro rata portion of the annual premium on the hazard and liability insurance policies maintained by the Association or Seller; or (ii) the Association will have pre-paid such premium with funds previously contributed by Seller to the Association's account. At closing, Purchaser shall reimburse the appropriate party for the Unit's pro rata portion of said annual premium from the date of closing through the expiration date of the policies. Purchaser further acknowledges that such insurance policies shall be paid one year in advance. At closing, Purchaser shall pay to the Association the difference between the amount of the Unit's share of the current year's full premium, and the amount paid by Purchaser as reimbursement for the Unit's pro rata portion of such annual premium, as set forth above, in order to ensure that the Association's budget has sufficient funds to pay the cost of the next annual premium, when it is due.

6. BROKERAGE AND AGENCY. Seller shall pay a real estate commission to The Beach Company (hereinafter referred to as the "Listing Broker") pursuant to a separate commission agreement. In no event shall Seller have any obligation to pay any real estate commission except in the event of the closing of this transaction in accordance with the terms of this Agreement. Except as may otherwise be provided, the Listing Broker has represented the Seller in this transaction. If Purchaser worked with or was represented by another cooperating broker, a disclosure of such brokerage relationship set forth in Exhibit "D" shall be a part of this Agreement. If no such brokerage relationship exists, there shall be no Exhibit "D" to this Agreement, and Purchaser acknowledges that Purchaser is solely responsible for protecting Purchaser's interests.

Except as set forth in this Paragraph, Purchaser and Seller represent and warrant to the other that each party has not dealt with another broker, agent, or finder in connection with this transaction and Purchaser and Seller covenant and agree, each to the other, to indemnify and hold each other harmless from any and all losses, damages, costs and expenses including, but not limited to, attorneys' fees and court costs that may be incurred or suffered as a result of any claim for any fee, commission, or similar compensation with respect to this transaction made by any person or entity and arising through the actions of the indemnifying party, whether or not such claim for any fee, commission, or similar compensation with respect to this transaction made by any person or entity is meritorious.

7. DISCLAIMER. Purchaser and Seller acknowledge that they have not relied upon any advice, representations or statements of Brokers and waive and shall not assert any claims against Brokers involving the same. The term "Broker" as used herein, shall mean those parties executing this Agreement as the Listing Broker and Selling Broker, if applicable. Purchaser and Seller agree that Brokers shall not be responsible to advise Purchaser and Seller on any matter, including but not limited to the following: any matter which could have been revealed through a survey, title search or inspection of the Unit; the condition of the Unit, any portion thereof, or any item therein; the necessity or cost of any repairs to the Unit; hazardous or toxic materials; the tax or legal consequences of this transaction; the availability and cost of utilities or community amenities; the appraised or future value of the Unit; any condition(s) existing on the Regime that may affect the Regime; the terms, conditions and availability of financing; and the uses and zoning of the Regime whether permitted or proposed. Purchaser and Seller acknowledge that Brokers are not experts with respect to the above matters and that, if any of these matters or any other matters are of concern to them, they shall seek independent expert advice relative thereto.

8. PURCHASER'S REPRESENTATION REGARDING USE AND OCCUPANCY OF UNIT.
Purchaser hereby represents and warrants to Seller that Purchaser is purchasing the Unit for the following purpose (check the appropriate box):

- ☐ Primary residence;
- ☐ Secondary residence (without rentals);
- ☐ Secondary residence (with rentals);
- ☐ Lease to third party; or
- ☐ Other: _____

9. POSSESSION. Permanent possession of the Unit shall be delivered to Purchaser at the closing.

10. LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

(a) Governing Documents. Purchaser acknowledges that the Unit being purchased is a portion of the Regime and improvements that have been or will be made subject to the Master Deed referred to in Paragraph 1. The nature and extent of the rights and obligations of the Purchaser in acquiring and owning the Unit will be controlled by and subject to the Master Deed, as well as the Articles of Incorporation, the Bylaws, and the rules and regulations of the Association. Purchaser agrees to comply with all of the terms, conditions and obligations set forth therein.

(b) Membership in Association. Upon conveyance of title to the Unit to Purchaser, Purchaser shall automatically become a member of the Association and shall be subject to the assessment obligations and other provisions set forth in the Master Deed, including the obligation of the Purchaser to pay a contribution to the working capital of the Association referred to in Paragraph 5(b) above.

(c) Disclosure Package. Purchaser hereby acknowledges that he/she has received a copy of the property condition report required under Section §27-31-430 of the South Carolina Horizontal Property Act, a copy of the Master Deed, a copy of the Bylaws of the Association, a copy of the Articles of Incorporation of the Association, a copy of the estimated budget of the Association (the "Disclosure Package").

(d) Insurance. Purchaser 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, Purchaser shall furnish a copy of such insurance policy or policies to the Association. In the event that Purchaser fails to obtain insurance as required by this subparagraph and the Master Deed, the Association may purchase such insurance on behalf of the Purchaser and assess the cost thereof to the Purchaser, to be collected in the manner provided for collection of assessments under the Master Deed.

11. NONASSIGNABILITY BY PURCHASER. Purchaser's interest in this Agreement may not be transferred or assigned, in whole or in part, without the prior written consent of Seller.

12. DEFAULT.

(a) In the event Seller fails to comply with or perform any of the conditions to be complied with or any of the covenants, agreements or obligations to be performed by Seller under the terms and conditions of this Agreement, then Purchaser shall be entitled to terminate this Agreement by giving written notice to Seller,

* Notwithstanding anything to the contrary stated herein or represented by Broker or Seller, leasing of a Unit shall be permitted only in accordance with Paragraph 15 of the Master Deed.

whereupon the Earnest Money with interest at the rate of three percent (3%) per annum as fixed and full liquidated damages shall be immediately delivered to Purchaser, it being acknowledged that it is impossible to more precisely estimate the specific damages to be suffered by Purchaser, but that the sum herein stipulated is a reasonable estimate of such damages and the parties hereto expressly acknowledged and intend that this provision shall be a provision for the return of the Earnest Money plus interest as fixed and full liquidated damages and not as a penalty. Thereafter, all further rights, obligations and liabilities created hereunder shall be deemed terminated and of no further force and effect. This shall be Purchaser's exclusive remedy.

(b) In the event Purchaser fails to comply with or perform any of the covenants, agreements or other obligations to be performed by Purchaser under the terms and provisions of this Agreement, Seller shall be entitled to terminate this Agreement upon written notice to Purchaser whereupon Seller shall retain the Earnest Money and any and all portions of the Total Upgrade Deposit (as set forth in Paragraph 14 hereof) as fixed and full liquidated damages, it being acknowledged that it is impossible to more precisely estimate the specific damages to be suffered by Seller, but that the sum herein stipulated is a reasonable estimate of such damages and the parties hereto expressly acknowledged and intend that this provision shall be a provision for the retention of the Earnest Money and the Total Upgrade Deposit as fixed and full liquidated damages and not as a penalty, whereupon all rights, liabilities and obligations created under the terms and provisions of this Agreement shall be deemed null and void of no further force and effect.

13. MANDATORY BINDING ARBITRATION. The parties waive their right to a jury trial and agree that any disputes, claims, or controversies arising from or related to this Agreement, or any breach thereof, shall be resolved via final, binding arbitration conducted in accordance with the South Carolina Uniform Arbitration Act, S.C. Code Ann. § 15-48-10, *et seq.* If a conflict between those rules and the terms of this Agreement arises, then this Agreement shall control. The venue of the arbitration shall be exclusively in Charleston County, South Carolina. The parties agree that they will never attempt to litigate any such matters in any other forum or in any other manner. The parties agree to an expedited arbitration hearing and agree that the arbitration shall be heard and decided as soon as reasonably possible after notice of the demand for arbitration is provided in writing to the party to whom the demand for arbitration is made. Notwithstanding § 15-48-30 (which specifies the use of three arbitrators), the parties will use a single, unbiased arbitrator to decide all matters in dispute. If the parties are unable to agree on an arbitrator, then any party may petition the Charleston County Court of Common Pleas to appoint an arbitrator. In addition to the limited discovery permitted under § 15-48-80 in the discretion of the arbitrator, the parties shall exchange witness lists and exhibits at least ten (10) days prior to the arbitration hearing. In addition to all available legal and equitable remedies, any party is entitled to request and obtain from the arbitrator an award of injunctive relief (i.e., a temporary restraining order and temporary and permanent injunction) as an appropriate remedy to enforce this Agreement or prevent a continued violation of this Agreement, without having to post a bond or other security. The parties agree to (i) join into the arbitration proceeding hereunder or (ii) join any other arbitration proceeding being conducted by persons or entities related to the dispute that may be necessary to completely resolve the dispute, such as a future grantee, or condominium purchaser. Payment of the costs of any such arbitration and attorneys' fees of the parties shall be allocated equitably by the arbitrator to correspond with the arbitrator's evaluation of the relative merits or lack thereof of the respective claims of the parties. The decision and award of the arbitrator shall be binding and conclusive, and judgment in conformity with the decision and award may be entered and enforced in any court of competent jurisdiction. Notwithstanding the above, if Seller provides a warranty to the Purchaser, either directly or through a third party warranty company, the terms, provisions, procedures and requirements of that warranty must first be followed and completely exhausted before Purchaser can pursue any claim for arbitration described herein.

INITIALS OF SELLER _____.

INITIALS OF PURCHASER _____.

14. UNIT COMPLETION.

(a) Select one of the following paragraphs:

☐ Unit to be Purchased "As Is". Seller and Purchaser hereby agree that no Upgrades will be made to the Unit, and that the Unit is being transferred "As Is" and "Where Is" pursuant to subsection (b) below.

☐ Unit to be Purchased with Builder Standards. Seller and Purchaser hereby agree that the Unit shall be renovated substantially in conformance with the Floor Plan and the standard specifications for Unit renovation attached hereto as Exhibit "E" and incorporated herein by this reference (hereinafter referred to as the "Standard Specifications").

☐ Upgrade Finish Items and Options. The Unit shall be renovated substantially in conformance with the Floor Plan and the standard specifications for Unit renovation attached hereto as Exhibit "E". Upgrades shall be made to the Unit substantially in conformance with the scope of work set forth in Exhibit "F" attached hereto and incorporated herein (hereinafter referred to as the "Upgrades"). Purchaser understands and agrees that materials used in construction and completion may vary somewhat from any samples provided; such variations are inherent in manufacturing and shall not be grounds for any refusal by Purchaser to accept the Unit. Actual as-built conditions may also vary. Purchaser shall finalize any and all requests for Upgrades upon Purchaser's execution of this Agreement, which final requests shall be set forth on Exhibit "F" attached hereto. Simultaneously with Purchaser's execution of Exhibit "F" attached hereto, Purchaser shall pay to Seller fifty percent (50%) of the total costs and expenses of the Upgrades chosen by Purchaser (hereinafter referred to as the "Total Upgrade Deposit"), which Total Upgrade Deposit shall be held by Holder in escrow and disbursed as provided in this Agreement. The balance of the total costs and expense of the Upgrades shall be paid on or before closing. Purchaser's obligation to pay the balance of the total costs and expenses of the Upgrades chosen by Purchaser shall be binding and non-contingent notwithstanding any contingency to which this Agreement is otherwise subject, except where a contingency is exclusively that of Seller or Seller has defaulted hereunder. IF PURCHASER TERMINATES THIS AGREEMENT OR DEFAULTS UNDER THIS AGREEMENT, PURCHASER SHALL NOT BE ENTITLED TO ANY REFUND OF THE TOTAL UPGRADE DEPOSIT AND SHALL BE HELD LIABLE FOR THE PAYMENT OF THE BALANCE OF THE TOTAL COSTS AND EXPENSES OF THE UPGRADES CHOSEN BY PURCHASER. If Purchaser fails to timely complete and execute Exhibit "F" hereto or to make payment of the amounts required in this Paragraph or fails to select an item of choice, Seller may, at its sole discretion, either (i) terminate this Agreement and return the Earnest Money to Purchaser, whereupon all rights, obligations and liabilities under this Agreement shall be deemed terminated and of no further force and effect; or (ii) complete the Unit with the Standard Specifications, and Purchaser shall be obligated to purchase the Unit so finished. Purchaser acknowledges that Exhibit "F" hereto is intended to specify Purchaser's Upgrades and once executed, may not be changed except in Seller's sole discretion. It is Purchaser's sole obligation to ensure the clarity and accuracy of all choices.

(b) "AS IS" and "WHERE IS". Except for the transfer warranties being provided to Purchaser as set forth in Paragraph 4(a) hereof, Seller shall not by the execution and delivery of any document or instrument executed and delivered in connection with the closing, make any warranty, express or implied, of any kind or any nature whatsoever, with respect to the Unit other than warranties of title pursuant to the deed of conveyance in Paragraph 4(a), and all such warranties are hereby disclaimed. Without limiting the generality of the foregoing, SELLER MAKES, AND SHALL MAKE, NO EXPRESS OR IMPLIED WARRANTY OF SUITABILITY OR FITNESS OF THE REGIME FOR ANY PURPOSE, OR AS TO THE MERCHANTABILITY, VALUE, QUALITY, CONDITION OR SALEABILITY OF THE REGIME. Except for the Upgrades, if any, the sale of the Unit by Seller to Purchaser shall be "AS IS" and "WHERE IS". Seller shall transfer to Purchaser any manufacturing warranties pertaining to the Unit, which by their terms are transferable.

15. INSPECTIONS.

(a) Unit Inspection. Prior to closing, Purchaser and Seller shall inspect the Unit and execute a written Walk Through List specifying all items, including any noted in previous inspections, that remain to be completed. No items shall be part of the Walk Through List, unless such items are actually written on the Walk Through List. Purchaser acknowledges that Seller will make its best efforts to complete all of the items specified in the agreed upon Walk Through List on a timely basis as soon as reasonably possible after closing, but the fact that any repairs, touch ups or adjustments are incomplete shall not constitute a valid reason for Purchaser's failure to close. Purchaser further agrees that under no circumstances shall the closing be delayed or postponed due to Purchaser or Seller's inability to inspect the Unit and execute a Walk Through List prior to closing and there shall be no withholding of any or all of Seller's proceeds at closing for any such Walk Through List items, without the written approval of the Seller.

(b) Except for items set forth in the Walk Through List, Purchaser expressly acknowledges acceptance of all conditions or circumstances existing in the Unit and waives and releases Seller, its agents, architects, contractors, employees and subcontractors, and Broker, from any claim, rights of action or suits seeking rescission of this Agreement, damages or other relief based upon, or relating to, any condition or circumstances existing on or in the vicinity of the Unit, except as may be covered by express warranty, if any, given the Purchaser by the Seller. Upon satisfactory disposition of the items set forth in the Walk Through List, this acceptance, waiver and release shall apply to such items as well, except as may be covered by any express warranty.

16. NOTICES. Each notice, except for oral notice of the date and time of closing (as set forth in Paragraph 3) and of the inspection (as set forth in Paragraph 15), required or permitted to be given hereunder must comply with the requirements of this Paragraph. Each such notice shall be in writing and shall be delivered either by personally delivering it by hand or Federal Express or similar courier service to the person to whom notice is directed, or by facsimile transmission, or by depositing it with the United States Postal Service, certified mail, return receipt requested, with adequate postage prepaid, addressed to the appropriate party (and marked to a particular individual's attention). Such notice shall be deemed delivered at the time of personal delivery or, if mailed, when it is deposited as provided above, but the time period in which a response to any such notice must be given or any action taken with respect thereto shall commence to run from the date it is personally delivered or, if mailed, the date of receipt of the notice by the addressee thereof, as evidenced by the return receipt. Notwithstanding the above, notice by facsimile transmission shall be deemed to have been given as of the date and time it is transmitted if the sending facsimile machine produces a written confirmation with a date, time and telephone number to which the notice was sent. Rejection or other refusal by the addressee to accept the notice shall be deemed to be receipt of the notice. In addition, the inability to deliver the notice because of a change of address of the party of which no notice was given to the other party as provided below shall be deemed to be the receipt of the notice sent. The addresses of the parties to which notice is to be sent shall be those set forth below. Such addresses may be changed by either party by designating the change of address to the other party in writing.

17. FLOOR PLANS AND MODELS. Purchaser hereby acknowledges and agrees that any floor plans, renderings, drawings, and the like, furnished by Seller to Purchaser which purport to depict the Unit, or any portion thereof, or the building containing the same, are merely approximations, and do not necessarily reflect the actual as-built conditions of the same. The Purchaser further acknowledges and agrees that the decorations, furniture, furnishings, wallpaper, custom finishes, appliances, fixtures, and the like, contained in any model unit of Long Grove Horizontal Property Regime, are for demonstrative purposes only, and are not included in the property which is the subject of this Agreement.

18. SOUTH CAROLINA LAW. This Agreement concerns the sale of real property located in the State of South Carolina. This Agreement, and all of the relationships between the parties hereto, shall be construed and interpreted in accordance with the laws of the State of South Carolina.

19. TIME OF ESSENCE. Time is of the essence of this Agreement.
20. FORCE MAJEURE. Either party hereto shall be excused for the period of any delay in the performance of any obligations hereunder when such delay is occasioned by cause or causes beyond the control of the party whose performance is so delayed and the time for performance shall be automatically extended for a like period. Such causes shall include, without limitation, all labor disputes, civil commotion, war, warlike operations, invasion, rebellion, hostilities, military or usurped power, sabotage, government regulations or controls, fire or other casualty, inability to obtain any necessary materials or services, or acts of God.
21. SEVERABILITY. The provisions of this Agreement are intended to be independent, and in the event any provision hereof should be declared by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatsoever, such illegality, unenforceability, or invalidity shall not affect the remainder of this Agreement.
22. CONSTRUCTION OF AGREEMENT. The Purchaser and Seller acknowledge that they have read, understand, and have had the opportunity to be advised by legal counsel as to each and every one of the terms, conditions, restrictions, and effect of all of the provisions of this Agreement and every part of the Disclosure Package, all of which are incorporated herein by reference and made a part hereof, and the Purchaser agrees to the enforcement of any and all of these provisions and affixes his hand and seal hereto with full knowledge of same. Should any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same. It is further agreed that words of any gender used in this Agreement shall be held to include any other gender, any words in the singular number shall be held to include the plural wherever applicable, and that captions and paragraph numbers appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such Paragraph or in any way affect this Agreement.
23. NON-RECORDATION OF AGREEMENT. Neither this Agreement nor any of the terms hereof, nor any other memorandum, affidavit or other document relating to or referring to this Agreement or the transactions contemplated hereby, whether directly or indirectly, shall ever be filed of record by or on behalf of Purchaser. If there occurs a violation of the preceding sentence, Seller may avail itself of any remedies available to it for breach of this Agreement at law or in equity.
24. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties hereto. No agent, representative, salesman or officer of the parties hereto has authority to make, or has made, any statements, agreements, or representations, either oral or in writing, in connection herewith, modifying, adding to, or changing the terms and conditions hereof and neither party has relied upon any representation or warranty not set forth in this Agreement. No dealings between the parties or customs shall be permitted to contradict, vary, add to, or modify the terms hereof.
25. SURVIVAL. All terms, conditions, representations, and provisions contained herein shall extinguish upon closing and delivery of the deed, except for Paragraphs 4 (Title), 5(b) (Contribution to Working Capital Fund of Association), 5(c) (Ad Valorem Taxes), 5(d) (Common Expense Assessments), 5(e) (Insurance Premiums), 6 (Brokerage and Agency), 7 (Disclaimer), 8 (Purchaser's Representation Regarding Use and Occupancy of Unit), 10(a) (Governing Documents), 13 (Mandatory Binding Arbitration), 14 (Unit Completion), 15 (Inspection), 17 (Floor Plans and Models), 18 (South Carolina Law), 21 (Severability), 22 (Construction of Agreement), 24 (Entire Agreement), 27 (Disclosures), and 28 (Resale Restrictions) hereof, which Paragraphs shall survive indefinitely.

26. PRE-SALE CONTINGENCY. Seller's obligation to close hereunder is expressly contingent upon Seller's procuring purchase agreements to sell the number of Units required to equal Twelve Million Eight Hundred Twenty-Five Thousand Dollars (\$12,825,000) (inclusive of the Unit described herein) at Long Grove Horizontal Property Regime, and such purchasers under said agreements having been approved for a purchase money real estate loan or in the event of a cash sale, at such time Purchaser's funds for purchase of the Unit are verified, at prices no less than the minimum prices required by Seller's construction lender. In the event the above pre-sale requirement is not met by March 1, 2006, Seller may, at its option, terminate this Agreement not later than sixty (60) days from such date in which event Seller shall refund all Earnest Money paid hereunder to Purchaser and neither party shall have any further rights or obligations hereunder.

27. DISCLOSURES. Purchaser acknowledges the following:

- (a) He or she has received and read the Regime Disclosure Package.
- (b) The Association budget provided to Purchaser is based on estimated expenses only and may increase or decrease significantly when the actual expenses of the Association become known.
- (c) 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.
- (d) The views from and natural light available to a Unit may change over time due to, among other circumstances, additional development and the removal or addition of landscaping.
- (e) 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.
- (f) No representations are made regarding the schools that currently or may in the future serve the Regime.
- (g) Since in every community there are conditions which different people may find objectionable, Purchaser acknowledges that there may be conditions outside of the Regime that Purchaser may find objectionable and that it shall be the sole responsibility of Purchaser to become acquainted with neighborhood conditions that could affect the Unit.
- (h) Plumbing and concrete, tile and hardwood surfaces within a Unit may transmit noise, and such noise shall not constitute a use of a Unit that interferes with or causes disruption to the use and quiet enjoyment of another Unit by its respective Owner and/or Occupant.
- (i) No representations are made that the Unit is or will be soundproof or that sound may not be transmitted from one Unit to another. Sound transmission between Units is inherent in multi-family construction and is not a warrantable condition.
- (j) The Regime floor plans and the dimensions and square footage calculations shown thereon are only approximations. Any purchaser who is concerned about any representations regarding the floor plans should do his/her own investigation as to the dimensions, measurements and square footage of his/her Unit.
- (k) Seller's agents may be renovating 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: (i) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic, or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion

Purchase Agreement2

hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the security or safety of persons on the Regime. Notwithstanding the foregoing, Purchaser agrees that such conditions on the Regime resulting from construction activities shall not be deemed a nuisance or discomfort to Purchaser and shall not cause Seller and its agents to be deemed in violation of any provision of the Master Deed.

(l) Mold and/or mildew can grow in any portion of the Regime that is exposed to elevated levels of moisture. The Association and each Regime unit 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 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 Units Owners, and each Regime unit 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.

(m) Exposed concrete surfaces in portions of the Regime that are not heated and cooled are subject to cracking due to (i) water penetration, (ii) expansion and contraction of the concrete with temperature changes, and (iii) building settlement.

(n) Concrete surfaces in heated and cooled portions of the Regime are subject to cracking due to building settlement. Cracks smaller than one-half inch ($\frac{1}{2}$ ") are not warrantable conditions.

(o) The Unit may trap humidity created by general use and occupation of such space (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 Purchaser, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially mold and/or mildew (see subparagraph 17(e) of the Master Deed).

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

(q) Seller 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 or any portion thereof, and such inaction by the Seller shall not constitute a breach of fiduciary duty by the directors and officers of the Association that are appointed by the Seller, pursuant to Article III, Part A, Section 2 of the Bylaws of the Association.

(r) While the drainage system for surface water runoff on the Regime is 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.

(s) Purchaser hereby grants Seller the right to obtain and use photography of the Regime (including the Unit) for publication and advertising purposes.

(t) Purchaser consents to the Seller changing, in its sole discretion, the Regime name and the street names and addresses in the Regime including the street address of the Unit before or after closing.

(u) Purchaser acknowledges that the performance and methods and practices of operating heating

Purchase Agreement2

and cooling systems can be directly affected by the orientation and location of a room or Unit in relation to the sun. Seller shall, therefore, have no obligation other than to install a heating and cooling system at the Unit which has been sized and designed based on industry standards for the type and size of unit to be constructed and which functions in accordance with industry standards.

(v) The cost of upgrades may not necessarily result in a commensurate increase in the value of the Unit.

(w) No representations are made that the systems in the Unit including, by way of example only, heating and air conditioning and electrical systems will operate or perform at a level or standard greater than the minimum specifications of the manufacturer.

28. RESALE RESTRICTIONS. Purchaser and Seller agree, and the special warranty deed to Purchaser shall provide, that for a period of twelve (12) months from the date of closing, neither the Purchaser nor any successor-in-title may transfer or convey any interest in the Unit to any third party. Notwithstanding the foregoing, Purchaser may offer to convey the Unit to Seller for the Total Purchase Price, and Purchaser shall pay all closing costs; provided, however, Seller shall not be obligated to accept such offer (hereinafter referred to as "Seller's Right to Repurchase").

(a) Notice. If Purchaser or any authorized successors-in-title to Purchaser desires to transfer title to the Unit under circumstances triggering Seller's Right to Repurchase hereunder, the party proposing to transfer title shall deliver to Seller written notice of such intent. The Unit shall be offered for sale to Seller at the Total Purchase Price. Any such transfer of title to any party other than Seller as required hereunder shall be null and void. Seller shall have ten (10) days after receipt of notice to elect to exercise Seller's Right to Repurchase.

(b) Exercise. If Seller elects to exercise Seller's 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 Seller's notice of its exercise of Seller's Right to Repurchase (the exact date, time, and location of closing of the repurchase to be selected by Seller). Reconveyance of the Unit to Seller 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 existing at the time Purchaser acquired the Unit from Seller. If the title proposed to be reconveyed to Seller is subject to any defect not permitted in this Paragraph, Seller, 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 Seller (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, Seller shall pay to the owner of the Unit the Total 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 a.m. on the date of such reconveyance.

(c) Failure to Exercise. The failure of Seller to exercise Seller's Right to Repurchase provided in this Agreement against Purchaser or any other party shall not constitute a waiver of such Seller's rights granted herein against Purchaser or any other party.

(d) Termination of Seller's Right to Repurchase. Seller's Right to Repurchase and the resale restriction granted in the first sentence of Paragraph 28 above shall automatically terminate twelve (12)

months after the date of closing on a Unit, or upon the recordation of a written document terminating such rights signed by Seller. After termination has occurred as provided above and upon submission to Seller of a written request by Purchaser or Purchaser's successor-in-title and a release in form and content satisfactory to Seller, Seller shall provide to Purchaser an executed release of Seller's Right to Repurchase in recordable form. Neither issuance nor recordation of such release shall be necessary to terminate such rights after the twelve (12) month period has elapsed.

(e) Exclusions. Seller'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 Seller 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.

(f) Mortgage Subordination. The special warranty deed transferring title of a Unit to Purchaser shall provide that Seller's Right to Repurchase is subordinate to any record mortgage made in good faith for value securing a bona fide mortgage on the Unit.

29. ADVERTISING. Prior to closing, Purchaser is prohibited from listing or advertising the Unit for sale in any real estate listing service and/or publication, on any online electronic medium and on any radio, television or any other medium for advertising.

30. EXHIBITS AND ADDENDA. The following Exhibits and/or Addenda are attached hereto and by reference made a part hereof: Exhibit "A" - Regime Legal Description; Exhibit "B" - Unit Floor Plan; Exhibit "C" - Financing (choose one); Exhibit "D" - Selling Broker (if necessary); Exhibit "E" - Standard Specifications for Unit Completion, Exhibit "F" - Upgrade Finish Items and Options; and Exhibit "G" - Warranty.

31. OFFER. This Agreement, as executed by Purchaser, shall constitute an offer to Seller. Seller may accept the same, if at all, by delivering to Purchaser at least one executed original or copy of this Agreement prior to the time that Purchaser shall notify Seller, in writing, of Purchaser's revocation of this offer. The date of this Agreement is the date of execution by Seller.

32. SPECIAL STIPULATIONS. The following stipulations, if in conflict with any preceding provision, shall control:

(a) Purchaser further understands and acknowledges that pursuant to the Master Deed, Seller shall assign and Purchaser shall accept garage space number(s) _____ as limited common element(s) appurtenant to such Unit.

[SIGNATURES ON NEXT PAGE]

Date: _____

PURCHASER(S):

Print Name: _____

Print Name: _____

Address: _____

Phone: (W) _____; (H) _____

Facsimile: _____

E-mail: _____

SELLER:

LONG GROVE VISTA, LLC,
a Georgia limited liability company

Date: _____

By: _____

Name: _____

Title: _____

Address: _____

Phone: _____

Facsimile: _____

E-mail: _____

LISTING BROKER: THE BEACH COMPANY

By: _____

Broker or Affiliated Licensee

Print or Type Name: _____

Phone: _____

Facsimile: _____

E-mail: _____

Broker Code: _____

SELLING BROKER: _____

By: _____

Broker or Affiliated Licensee

Print or Type Name: _____

Phone: _____

Facsimile: _____

E-mail: _____

Broker Code: _____

EXHIBIT "A"

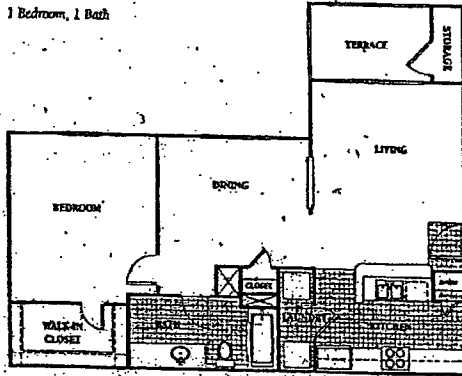
REGIME LEGAL DESCRIPTION

All that piece, parcel or tract of land, with the buildings and improvements thereon, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as "PARCEL G" on a plat entitled "PLAT OF PROPERTY LINE ADJUSTMENT BETWEEN PARCEL G ABOUT TO BE CONVEYED TO LONG GROVE AT SEASIDE FARMS, L.L.C. AND TRACT A-1 OWNED BY THE BEACH COMPANY SEASIDE FARMS" prepared by Thomas & Hutton Engineering Co., dated May 8, 2000, and recorded June 1, 2000, in Plat Book EE, Page 49 in the RMC Office for Charleston County, reference to said plat being craved for a more complete description.

EXHIBIT "B"

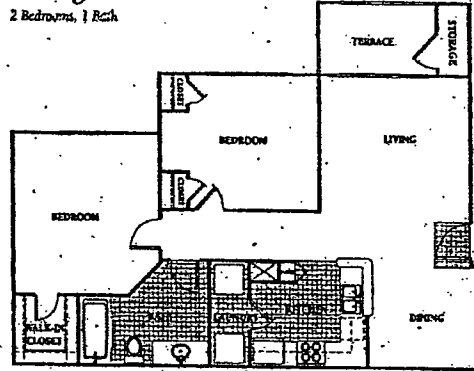
UNIT FLOOR PLAN†

The Gloria
1 Bedroom, 1 Bath



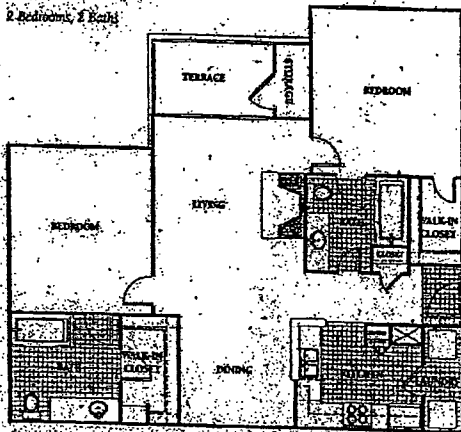
Buyer Acknowledgement: _____
Date: _____

The Majestic
2 Bedrooms, 1 Bath



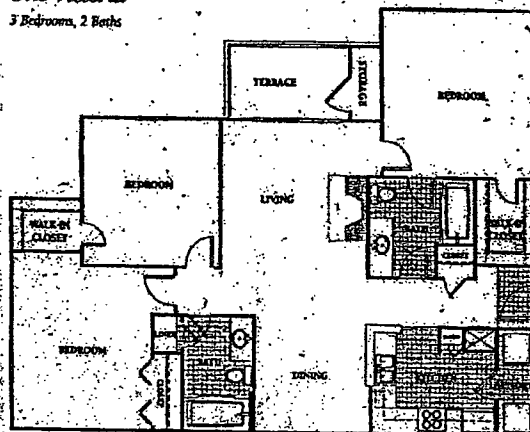
Buyer Acknowledgement: _____
Date: _____

The Riviera
2 Bedrooms, 2 Baths



Buyer Acknowledgement: _____
Date: _____

The Victoria
3 Bedrooms, 2 Baths



Buyer Acknowledgement: _____
Date: _____

† The floor plans and the dimensions and square footage calculations shown hereon are only approximations. Any Purchaser who is concerned about any representations regarding the floor plans should do his/her own investigation as to the layout, appliances, fixtures, dimensions, measurements and square footage of his/her Unit.

EXHIBIT "C"

NO FINANCING REQUIRED

The following shall control over any inconsistent provision contained in the Purchase Agreement:

Purchaser represents to Seller that no mortgage financing is necessary or desirable for Purchaser to complete this transaction and that Purchaser does not desire for this Agreement to be contingent upon his ability to obtain financing. Purchaser agrees to provide Seller with a letter from a bank or financial institution on or before ten (10) business days from the date of Seller's acceptance of this Agreement verifying that Purchaser has sufficient funds to close the sale of the Unit. In the event Purchaser elects to obtain mortgage financing for the purchase of the Unit, this Agreement shall not be contingent on financing and the financing shall not delay the closing of the sale of the Unit.

PURCHASER(S):

Print Name: _____

Print Name: _____

EXHIBIT "C"

FINANCING CONTINGENCY

The following financing contingency shall control over any inconsistent provision contained in the Purchase Agreement:

This Agreement is made conditioned upon Purchaser's ability to obtain a loan in the principal amount of not less than \$ _____ for a term of not less than _____ () years, with an interest rate of not more than the "Market Rate" on the unpaid balance. As used herein, "Market Rate" shall mean the publicly announced rate by Wachovia Bank, N.A., during the financing contingency period, as set forth below, for purchase money mortgages for a thirty (30) year fixed rate mortgage, for the intended use set forth in Paragraph 8 above, which rate may not be the lowest or best lending rate made available by Wachovia Bank, N.A. Such loan is to be secured by a first lien on the Unit. Purchaser covenants to apply for such loan on or before seven (7) days from the date of Seller's acceptance of this Agreement to notify Seller and/or Seller's agent of such application, and to pursue such application diligently. In the event Purchaser fails to apply for such loan within such period, or does not diligently furnish requested loan information within Purchaser's control within two (2) days of the request therefor, Purchaser shall be in default hereunder and Seller, at its option, may terminate this Agreement and Holder shall disburse to Seller the Earnest Money as fixed and full liquidated damages and not as a penalty. Purchaser agrees to cooperate fully with Seller and the lender in processing the loan application. Seller or its designated agent is authorized to contact such lender from time to time regarding the status of said loan. "Ability to obtain" as used herein means that Purchaser is qualified to receive the loan described herein based upon lender's customary and standard underwriting criteria. If Purchaser has the ability to obtain the loan referenced herein, Purchaser warrants that, at closing, Purchaser will have sufficient cash to complete the purchase of the Unit. Purchaser further warrants that unless otherwise specified herein, Purchaser does not need to sell or lease other real property in order to complete the purchase of the Unit.

Purchaser shall provide Seller with written evidence of approval for a loan for purchase of the Unit under the terms and conditions set forth in this Agreement on or before fourteen (14) days from the date of Seller's acceptance of this Agreement. Upon receipt of evidence of loan approval by Seller, this financing contingency shall no longer apply. In the event the loan is disapproved and evidence of such disapproval is provided to Seller within said fourteen (14) day period, then Purchaser may terminate the Agreement, Holder shall return the Earnest Money, to Purchaser, and Seller shall return the Total Upgrade Deposit, if any, to Purchaser, and all further rights, obligations and liabilities created hereunder shall be deemed terminated and of no further force and effect. Should Purchaser not provide evidence of approval or disapproval of loan within said fourteen (14) day period, this financing contingency shall not apply, this transaction shall be considered an all cash transaction, Seller shall not pay any closing costs, and if the Purchaser is unable to obtain financing by the closing date, the Earnest Money shall be disbursed by Holder to Seller and the Total Upgrade Deposit, if any, shall be retained by Seller. Purchaser agrees that a loan with terms consistent with those set forth herein shall satisfy this financing contingency.

Purchaser may also apply for a loan with terms and conditions that are different from those set forth herein and close the transaction provided that: (a) all other terms and conditions of this Agreement are fulfilled; and (b) the new loan does not increase the costs charged to the Seller. In the event that Purchaser provides Seller with evidence of approval for a loan for the purchase of the Unit that is not consistent with the terms and conditions set forth herein, Purchaser shall be deemed to have waived this financing contingency. Purchaser shall be obligated to close this transaction if Purchaser has the ability to obtain a loan with terms and conditions set forth herein and/or any other loan for which Purchaser has applied and been approved.

In the event Purchaser applies for financing from a lender that is not a lender preapproved by Seller, this financing contingency shall not apply, this transaction shall be considered an all cash transaction, Seller shall not pay any closing costs, and if the Purchaser is unable to obtain financing by the closing date, the Earnest Money shall be disbursed by Holder to Seller and the Total Upgrade Deposit, if any, shall be retained by Seller as provided in Paragraph 12(b) of this Agreement.

PURCHASER(S):

Print Name: _____

Print Name: _____

EXHIBIT "D"
SELLING BROKER RELATIONSHIP
[TO BE ATTACHED BY LISTING BROKER]

EXHIBIT "E"

STANDARD SPECIFICATIONS FOR UNIT COMPLETION

Builder Standard Package:

- Tile to be Installed in Kitchen, all Bathrooms and Foyer Area
- New Carpet in Living Room, Dining Room, Hallway(s) and Bedroom(s) (if applicable)
- Freshly Painted Interior

[SAMPLE--SELLER ENCOURAGED TO INCORPORATE CUSTOMIZED EXHIBIT]
EXHIBIT "F"

UPGRADE FINISH ITEMS AND OPTIONS

<u>Description of Upgrade</u>	<u>Cost of Upgrade</u>
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____
7. _____	\$ _____
8. _____	\$ _____
9. _____	\$ _____
10. _____	\$ _____

Seller and Purchaser each intending to be legally bound, do hereby covenant and agree that the Total Purchase Price set forth in Paragraph 2 of this Agreement shall include the Total Upgrade Amount set forth in this Exhibit "F."

TOTAL UPGRADE AMOUNT: \$ _____

TOTAL UPGRADE DEPOSIT: (\$ _____)

BALANCE OWED ON TOTAL UPGRADE AMOUNT BY _____: \$ _____

Date: _____

Purchaser Signature: _____

Date: _____

Purchaser Signature: _____

Date: _____

Seller Signature: _____

[OPTIONAL: IF UNIT OCCUPIED BY A TENANT]

ADDENDUM TO THE LONG GROVE HORIZONTAL PROPERTY REGIME
PURCHASE AGREEMENT
WHEN UNIT OCCUPIED BY TENANT

This is an Addendum (hereinafter referred to as the "Addendum") to the LONG GROVE HORIZONTAL PROPERTY REGIME PURCHASE AGREEMENT for the purchase and sale of Unit _____ of the Long Grove Horizontal Property Regime (hereinafter referred to as the "Purchase Agreement") by and between LONG GROVE VISTA, LLC, a Georgia limited liability company (hereinafter referred to as the "Seller") and _____ (hereinafter referred to as the "Purchaser/s").

Seller and Purchaser, each intending to be legally bound, do hereby covenant and agree as follows:

1. Terms used in this Addendum shall have the same meaning given to such terms in the Purchase Agreement.
2. This Addendum is an integral part of the Purchase Agreement and shall form a part thereof.
3. In the event of a conflict between the terms and provisions of this Addendum and the terms and conditions of the Purchase Agreement, the terms and provisions of this Addendum shall prevail and survive the closing.
4. The Purchase Agreement is hereby amended to add the following:

Purchaser acknowledges and understands that there is currently a tenant residing in the Unit to be purchased. Under provisions § 27-31-10 *et seq.* of the Code of Laws of South Carolina (hereinafter referred to as the "South Carolina Horizontal Property Act"), the tenant has the right to at least ninety (90) days notice (or at least one hundred twenty (120) days if the tenant is over the age of fifty-nine (59)), if the term of the lease is longer, prior to being required to vacate the Unit. The tenant also has the right to purchase the Unit for a period of sixty (60) days after delivery of an initial offer from Seller. Thereafter, during the fifteen (15) days following such sixty (60) day period (or fifty (50) days if the tenant is over the age of fifty-nine (59)), Seller may not sell the Unit to any other person at a price or on terms more favorable than the price or terms initially offered to the tenant, without first delivering the same offer to the tenant. In that event, the tenant will have ten (10) days to deliver acceptance of any such offer before the Unit is sold to Purchaser. Because of the tenant's rights set forth above, Purchaser acknowledges that this Purchase Agreement will be effective only if the tenant does not exercise tenant's right to purchase the Unit as set forth above. If tenant exercises the right to purchase the Unit, this Purchase Agreement shall be null and void and of no further force and effect, all Earnest Money shall be returned to Purchaser and all parties shall be relieved of their respective obligations. If tenant does not exercise the right to purchase, then this Purchase Agreement shall remain in full force and effect, and Purchaser shall purchase the Unit subject to tenant's rights of occupancy. Purchaser shall assume all of landlord's rights and obligations under tenant's lease and South Carolina statutes. Notwithstanding the foregoing, Purchaser acknowledges that Seller does not guarantee the tenancy of the Unit by tenant for the entire period of tenant's lease. Purchaser hereby acknowledges receipt of a copy of the lease and all documents pertaining to the Unit.

Purchaser agrees to apply for financing prior to the date on which the tenant's right to purchase the Unit expires. In consideration, the Seller agrees to reimburse Purchaser for application fees incurred only if the tenant then exercises its right to purchase the Unit. In the event the Purchase Agreement herein is exercised, Purchaser will then pay all mortgage and closing costs as per the Purchase Agreement.

5. Except as provided above, the Purchase Agreement is not altered or amended hereby and remains in full force and effect according to the terms hereof.

IN WITNESS WHEREOF, the parties have hereunto affixed their respective hands and seals on the day and year set forth under the respective names.

WITNESSES:

PURCHASER

Date: _____

PURCHASER

Date: _____

SELLER

Date: _____

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

ESTIMATED ASSESSMENT FOR UNIT TYPES

Fiscal Year 1

<u>Unit Type</u>	<u>Designation</u>	<u>No. of Units</u>	<u>S.F.</u>	<u>Total S.F.</u>	<u>% Ownership</u>	<u>Annual Fee</u>	<u>Monthly Fee</u>
1x1	A	68	780	53,040	0.00290	\$1,871.48	\$155.96
2 x 1	B	40	855	34,200	0.00318	\$2,051.43	\$170.95
2 x 2	C	96	1,040	99,840	0.00387	\$2,495.30	\$207.94
3 x 2	D	68	1,200	81,600	0.00447	\$2,879.19	\$239.93

Total/Average:	272	268,680					

HOA Fees per Sq. Ft. w/ Reserves at 10% of Annual Budget	\$2.40	\$0.20

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

ESTIMATED OPERATING BUDGET

Fiscal Year 1

WITH RESERVES AT 10% OF ANNUAL BUDGET

EXPENDITURE

MANAGEMENT FEE	\$4,625.00	\$55,500.00
On-Site Supervision	\$2,080.00	\$24,960.00
LABOR		
Maintenance Staff	\$2,773.33	\$33,280.00
Janitorial Staff	\$1,733.33	\$20,800.00
Receiving	N/A	N/A
Pool Attendant	N/A	N/A
Front Desk	N/A	N/A
Concierge	N/A	N/A
Labor Extras Benefits Etc	\$2,634.75	\$31,617.00
TOTAL MANAGEMENT & LABOR	\$13,846.42	\$166,157.00
ADMINISTRATIVE EXPENSES		
Audit/Tax Preparation	\$250.00	\$3,000.00
Attorney's Fees	\$400.00	\$4,800.00
Bookkeeping	\$0.00	\$0.00
Corporate Filing Fees-Annual Report	\$50.00	\$600.00
Fees Payable to Division	\$90.83	\$1,090.00
Fees/ Permits	\$41.67	\$500.00
Office Expenses/Fax & copier	\$100.00	\$1,200.00
Office Expenses - General Admin	\$250.00	\$3,000.00
Pool Permits	\$41.67	\$500.00
Insurance Appraisal	\$83.33	\$1,000.00
TOTAL ADMINISTRATIVE EXPENSES	\$1,307.50	\$15,690.00
INSURANCE	\$15,833.33	\$190,000.00
CONTRACT SERVICES		
Access System Maintenance	N/A	N/A
Cable TV Service	\$50.00	\$600.00
Carpet Cleaning	N/A	N/A
Driveway/Paver Maintenance	N/A	N/A
Elevator Maintenance	N/A	N/A
Fertilization & Insect Control (Exterior)	\$166.67	\$2,000.00
Floor Contract Maintenance Hard Surface	\$25.00	\$300.00
Fitness Center Maintenance	\$50.00	\$600.00
HVAC System Maintenance	\$100.00	\$1,200.00
Irrigation Maintenance	N/A	N/A
Landscape Maintenance Interior	N/A	N/A

Landscape Maintenance	\$2,750.00	\$33,000.00
Annual Flower Change Out	\$450.00	\$5,400.00
Annual Mulch	\$1,291.67	\$15,500.00
Life Safety Equipment	\$183.33	\$2,200.00
Patrol Service	\$750.00	\$9,000.00
Pest Control Service (Termite Contract)	\$566.67	\$6,800.00
Pressure Washing	\$583.33	\$7,000.00
Pool Chemical Equipment Maint	\$66.67	\$800.00
Pool/Spa Fountain Maint.	\$200.00	\$2,400.00
Parking lot Maintenance	\$100.00	\$1,200.00
Trash Chute Cleaning	N/A	N/A
Trash Collection	\$916.67	\$11,000.00
Window Cleaning	N/A	N/A
TOTAL CONTRACTS	\$8,250.00	\$99,000.00
SUPPLIES & REPAIRS		
Access System Repairs	N/A	N/A
Building Maintenance	\$541.67	\$6,500.00
Recreation Supplies	\$200.00	\$2,400.00
Electrical Supplies & Repairs	\$333.33	\$4,000.00
Janitorial Supplies	\$300.00	\$3,600.00
Miscellaneous Equipment Repair	\$100.00	\$1,200.00
Painting	\$200.00	\$2,400.00
Pool Supplies	\$200.00	\$2,400.00
Plumbing Supplies	\$300.00	\$3,600.00
Signage	N/A	N/A
Site Communications	N/A	N/A
Staff Uniforms	N/A	N/A
Tree Trimming	\$300.00	\$3,600.00
TOTAL SUPPLIES & REPAIR	\$2,475.00	\$29,700.00
UTILITIES		
Electricity	\$3,416.67	\$41,000.00
Natural Gas	N/A	N/A
Telephones	\$333.33	\$4,000.00
Common Area Water/Sewer	\$916.67	\$11,000.00
Storm Water Assess Fee	\$83.33	\$1,000.00
TOTAL UTILITIES	\$4,750.00	\$57,000.00
OTHER EXPENSES		
Contingency	\$1,000.00	\$12,000.00
PUD Fees	\$1,375.00	\$16,500.00
Misc		
TOTAL EXPENSES W/OUT RESERVES	\$48,837.25	\$586,047.00
SET ASIDE FOR RESERVES AT 10% OF BUDGET	\$4,883.73	\$58,604.70
TOTAL EXPENSES WITH RESERVES	\$53,720.98	\$644,651.70

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC

Capital Expenditures and Deferred Maintenance Reserve Analysis

Building Component	Actual Age	Expected Life	Remaining Useful Life	Estimated Replacement Cost	Annual Reserves
Roofing	5	50	45	\$750,000	\$16,667
Structure	5	40	35	\$1,750,000	\$50,000
Fire Protection	5	30	25	\$250,000	\$10,000
Mechanical HVAC	5	25	20	\$10,000	\$500
Plumbing	5	40	35	\$750,000	\$21,429
Electrical	5	30	25	\$800,000	\$32,000
Pool	5	40	35	\$50,000	\$1,429
Pool Surface & Equipment	5	10	5	\$19,800	\$3,960
Pavement & Parking					
Areas Foundation	5	25	25	\$200,000	\$8,000
Pavement & Parking					
Areas Surface	0	5	5	\$39,600	\$7,920
Drainage	5	40	35	\$150,000	\$4,286
Exterior Paint	0	5	5	\$115,000	\$23,000
Total Reserves				\$4,884,400	\$179,190

Long Grove Condominiums

Address:

Amenities:

Value:

Number	BR / BA	Sq. Ft.	Fireplace	Screened Patio	Spec Package	Upgrade Package	Total Value
222	1 / 1	780				\$11,000.00	\$179,900.00
322	1 / 1	780		√			\$174,900.00
622	1 / 1	780		√	√		\$169,900.00
628	1 / 1	780		√	√		\$169,900.00
822	1 / 1	780		√			\$169,900.00
1012	1 / 1	780		√			\$169,900.00
1018	1 / 1	780		√			\$169,900.00
1022	1 / 1	780		√	√		\$171,900.00
1312	1 / 1	780		√	√		\$171,900.00
1322	1 / 1	780		√			\$174,900.00
1412	1 / 1	780			√		\$170,900.00
1522	1 / 1	780		√			\$169,900.00
1622	1 / 1	780			√		\$173,900.00
1728	1 / 1	780		√			\$169,900.00
214	2 / 1	855					\$186,900.00
216	2 / 1	855			√		\$186,900.00
226	2 / 1	855					\$188,900.00
324	2 / 1	855		√		\$11,000.00	\$205,900.00
414	2 / 1	855			√		\$186,900.00
416	2 / 1	855					\$186,900.00
516	2 / 1	855		√	√		\$191,900.00
1124	2 / 1	855					\$188,900.00
1126	2 / 1	855			√		\$183,900.00
1314	2 / 1	855		√			\$191,900.00
1324	2 / 1	855		√			\$194,900.00
1416	2 / 1	855					\$190,900.00
1426	2 / 1	855			√		\$193,900.00
225	2 / 2	1040	√			\$12,000.00	\$219,900.00
724	2 / 2	1040		√	√		\$210,900.00
816	2 / 2	1040					\$207,900.00
1015	2 / 2	1040					\$204,900.00
1514	2 / 2	1040		√			\$208,900.00
1516	2 / 2	1040		√	√		\$208,900.00
1715	2 / 2	1040			√		\$204,900.00
1726	2 / 2	1040		√			\$210,900.00

Long Grove Condominiums

Address:

Amenities:

Value:

Number	BR / BA	Sq. Ft.	Fireplace	Screened Patio	Spec Unit	Upgrade Package	Total Value
121	3 / 2	1200	√				\$242,900.00
217	3 / 2	1200			√		\$234,900.00
321	3 / 2	1200	√				\$237,900.00
411	3 / 2	1200		√			\$235,900.00
417	3 / 2	1200		√			\$235,900.00
517	3 / 2	1200					\$234,900.00
621	3 / 2	1200			√		\$234,900.00
827	3 / 2	1200		√			\$235,900.00
911	3 / 2	1200			√		\$234,900.00
921	3 / 2	1200	√		√		\$237,900.00
927	3 / 2	1200	√				\$237,900.00
1327	3 / 2	1200	√		√		\$237,900.00
1421	3 / 2	1200	√			\$12,000.00	\$249,900.00
1517	3 / 2	1200					\$234,900.00
1521	3 / 2	1200					\$234,900.00
1717	3 / 2	1200			√		\$234,900.00
1727	3 / 2	1200					\$234,900.00

*All prices and availability subject to change without notice

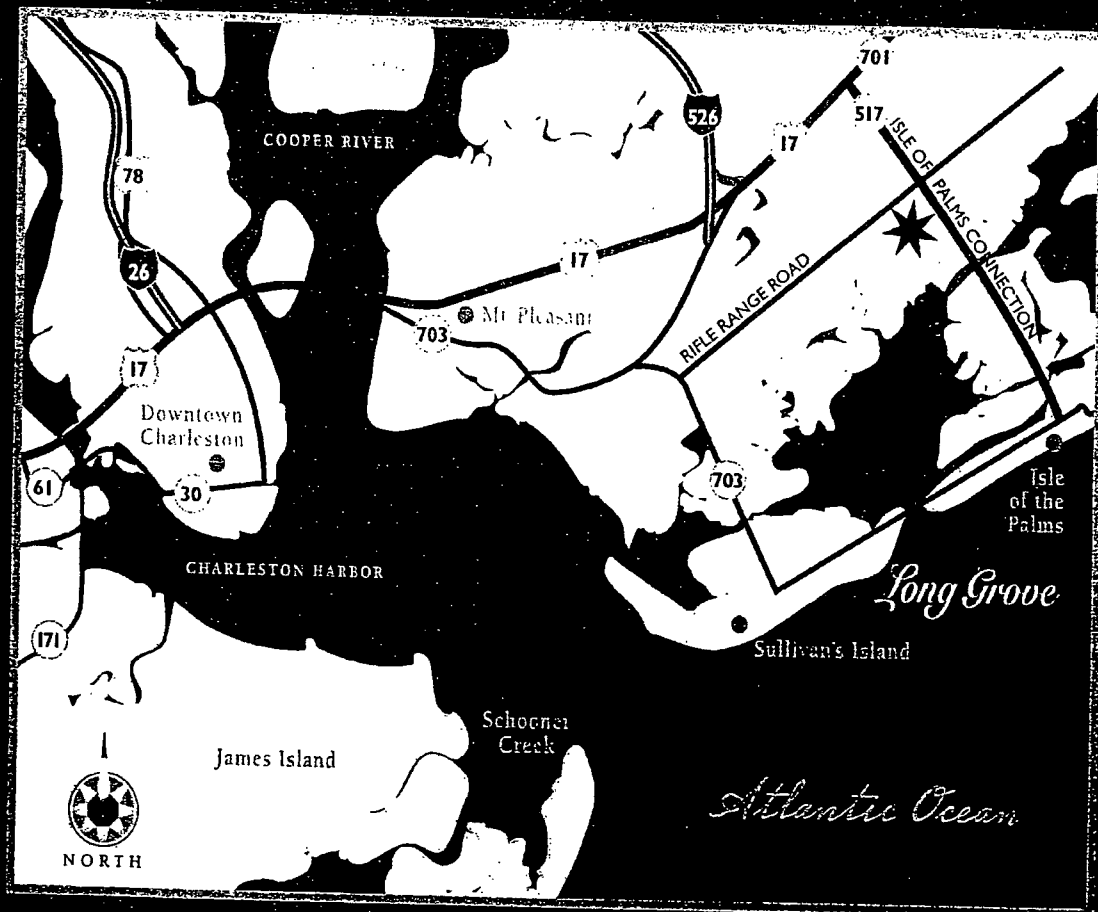
Long Grove Condominiums

Address:			Amenities:		Value:	
Number	BR / BA	Sq. Ft.	Fireplace	Screened Patio	Investor Reduction	Total Value
112	1 / 1	780		√	\$2,000.00	\$169,900.00
422	1 / 1	780			\$2,000.00	\$166,900.00
528	1 / 1	780		√	\$2,000.00	\$172,900.00
1218	1 / 1	780			\$2,000.00	\$168,900.00
1122	1 / 1	780			\$2,000.00	\$166,900.00
314	2 / 1	855		√	\$2,000.00	\$189,900.00
316	2 / 1	855		√	\$2,000.00	\$189,900.00
1226	2 / 1	855			\$2,000.00	\$191,900.00
714	2 / 2	1040		√	\$2,000.00	\$205,900.00
1615	2 / 2	1040			\$2,000.00	\$201,900.00
113	2 / 2	1040			\$2,000.00	\$204,900.00

*All prices and availability subject to change without notice

**All investor units being sold in "as-is" condition

It couldn't be easier!



DIRECTIONS:

Long Grove is conveniently located within Seaside Farms of Mt. Pleasant. Take 17 North into Mt. Pleasant. Turn right on the Isle of Palms Connector (517) toward the beach. After passing Rifle Range Road, turn right on Riviera Drive into Seaside Farms. At the stop sign, turn left on Long Grove Drive. The entrance to Long Grove Condominiums will be on your right.



www.LongGroveCondos.com

(843) 277-1555 ~ 1600 Long Grove Drive ~ Mt. Pleasant, SC 29464

A DEVELOPMENT OF
VISTA REALTY PARTNERS

ALL INFORMATION IS BELIEVED TO BE ACCURATE BUT IS NOT WARRANTED. OFFERS SUBJECT TO CHANGE WITHOUT NOTICE.



STATE OF SOUTH CAROLINA

IN THE COURT
OF COMMON PLEAS

COUNTY OF CHARLESTON

NINTH JUDICIAL CIRCUIT
2009-CP-10-6746

THE BEACH COMPANY; LONG
GROVE AT SEASIDE FARMS,
LLC; GULF STREAM
CONSTRUCTION, INC.;

Plaintiffs,

vs.

LONG GROVE PROPERTY
OWNERS' ASSOCIATION,
INC.; VISTA REALTY
PARTNERS, LLC; LONG GROVE
VISTA, LLC;

Defendants.

LONG GROVE PROPERTY
OWNERS' ASSOCIATION, INC.

Third-Party
Plaintiffs,

vs.

James, Harwick &
Partners, Inc. n/k/a/ JHP
Architecture/Urban
Design, P.C.; Sam Mayo
d/b/a SCM Construction,
Inc.; Essex Engineering
Corporation

Third-Party
Defendants

RULE 30(b)(6) DEPOSITION OF LONG GROVE VISTA
March 9, 2011

RULE 30(b)(6) DEPOSITION OF LONG GROVE VISTA
BY WITNESS EDUARD DE GUARDIOLA

9:46 a.m.

Carlock Copeland & Stair
285 Peachtree Center Avenue
Marquis II, Suite 2600
Atlanta, Georgia

Valerie N. Almand, RPR, CRR, CCR-B-531

1 information about you. What's your date of birth and
2 age?

3 **A. I'm 57 years old.**

4 Q. Uh-huh.

5 **A. March 23rd, 1953.**

6 Q. All right. And educational background?

7 **A. I have an undergraduate degree from Florida**
8 **State University and a juris doctor degree from**
9 **Florida State University. I do not practice law.**

10 Q. Did you ever practice law?

11 **A. I did for two years.**

12 Q. Had enough?

13 MS. JOWERS: Smart man.

14 BY MR. GRIMBALL:

15 Q. All right. And you got your undergraduate
16 degree when?

17 **A. 1975.**

18 Q. And did you go straight into law school?

19 **A. Yes.**

20 Q. 1978?

21 **A. Yes.**

22 Q. Okay. So in 1980 you moved out of the law
23 into what?

24 **A. Real estate development.**

25 Q. Where?

1 **A. Miami, Florida.**

2 Q. Were you working for a company or did you
3 immediately start your own?

4 **A. I was working for a company called Gold**
5 **Crown Acquisitions, as I recall.**

6 Q. Uh-huh. How long did you work with them?

7 **A. To the best of my recollection, several**
8 **years, two, three years.**

9 Q. Okay. Then what?

10 **A. Then I started my own company.**

11 Q. And what was it called?

12 **A. Edge Equities, Incorporated, I believe.**

13 Q. Florida company?

14 **A. Yes.**

15 Q. And when did you start the Vista companies?

16 **A. August of 2000.**

17 Q. From the mid Eighties, early/mid Eighties
18 until 2000 were you in Florida operating Edge
19 Equities?

20 **A. I was in Florida until 1987. I moved to**
21 **Atlanta in 1987.**

22 Q. Okay. And then from '87 to 2000 were you
23 operating Edge Equities as your primary business, or
24 you think you formed something else by then?

25 **A. No. Edge Equities ceased doing business on**

1 or about 1991, as I recall.

2 Q. Okay. What happened at that point?

3 A. As I recall, a real estate recession hit
4 and I didn't do anything for several years, and then
5 went to work as a consultant to a local company by
6 the name of Tempo Management.

7 Q. And then in 2000 -- did that last until
8 2000?

9 A. It lasted from '91 to '93. In '93 I joined
10 another company in Atlanta called Focus Group.

11 Q. All right.

12 A. And that lasted from '93 to 2000.

13 Q. Okay. Then what did you do, form Vista?

14 A. I formed Vista in August of 2000.

15 Q. And what was the name of the first Vista
16 company that you formed?

17 A. I've only formed Vista Realty Partners,
18 LLC.

19 Q. Are you the sole owner of Vista Realty
20 Partners, LLC?

21 A. Yes.

22 Q. And has Vista Realty Partners then formed
23 the other LLCs that I've seen in some of these
24 documents?

25 A. Every transaction there's a new entity

1 **formed for that specific transaction. Vista Realty**
2 **Partners has no assets, it's simply a doing business**
3 **as name.**

4 Q. For example, Long Grove Vista, LLC, that
5 was formed -- is that a wholly-owned subsidiary of
6 Vista Realty Partners, LLC?

7 **A. No.**

8 Q. Okay. Tell me the relationship between the
9 two, if any.

10 **A. There is none.**

11 Q. Okay. All right. I think I understand
12 what you're saying. Whenever you -- when you get
13 involved in a project, you'll simply -- you will, you
14 personally create the company and you're the sole
15 owner?

16 **A. No. We typically form a new company to**
17 **acquire that particular asset, and the new company**
18 **may have different members, different investors.**

19 Q. Okay. And Long Grove Vista, LLC, who are
20 the -- who formed that company?

21 **A. My lawyer.**

22 Q. Who owned it?

23 **A. The members I believe were Long Grove**
24 **Development, LLC which was an entity controlled by**
25 **myself, and the other member was another entity**

1 employees?

2 **A. No.**

3 Q. Any assets?

4 **A. No.**

5 Q. Long Grove Vista did not have any
6 employees; did it?

7 **A. I don't know.**

8 Q. Okay. Its asset was the property that
9 was -- that sold, the buildings and the units, the
10 common areas that were then sold; correct?

11 **A. Yes.**

12 Q. It no longer has any assets; does it?

13 **A. I don't know.**

14 Q. Who would know?

15 **A. My accountant.**

16 Q. And who is your accountant?

17 **A. Richard Atkins.**

18 Q. And with whom is -- is he an independent
19 CPA?

20 **A. Yes.**

21 Q. Where does -- what is the name of his
22 company and where is he located?

23 **A. Faucett-Taylor in Atlanta, Georgia.**

24 Q. All right. My assumption is you have --
25 you've developed -- have you developed condominiums

1 from the ground up?

2 **A. Yes.**

3 Q. You have, okay. Have you done that in
4 South Carolina?

5 **A. No.**

6 Q. All right. Is Long Grove the only property
7 that you've had an interest in in South Carolina?

8 **A. No.**

9 Q. Okay. Where else have you had an interest?
10 What other properties?

11 **A. We owned an apartment rental community**
12 **called Sable Palms also in South Carolina.**

13 Q. And where specifically? Do you know?

14 **A. I can't recall the specific location. I**
15 **believe it was on the -- on the west side away from**
16 **the water.**

17 Q. That was used as apartments, though?

18 **A. Yes.**

19 Q. Was it ever converted to condominiums?

20 **A. No.**

21 Q. With the other condominiums that you
22 operated, you -- or that you built and developed,
23 you'd set up a separate LLC that would then form the
24 homeowners' association and operate the homeowners'
25 association for some period of time?

1 **A. Yes.**

2 Q. Okay. And were you always the -- or not
3 always, but typically the member and manager of the
4 LLC that was engaged in that activity?

5 **A. Yes.**

6 Q. And you've been doing that for how long?

7 **A. I think I only did it once.**

8 Q. Once. Okay. Built from the ground up and
9 did that.

10 **A. Yes.**

11 Q. Got you. Where was that?

12 **A. Atlanta, Georgia.**

13 Q. In Atlanta. What was the name of it?

14 **A. Krog Street Condominiums.**

15 Q. Had that been the subject of a construction
16 defect suit?

17 **A. No.**

18 Q. Have you converted properties to
19 condominiums?

20 **A. Yes.**

21 Q. Okay. How many times have you done that in
22 the last -- well, in your career?

23 **A. Three or four times.**

24 Q. And when you've done that has it been like
25 Long Grove where you purchased an existing set of

1 buildings used as apartments and then converted those
2 to condominiums?

3 **A. Yes.**

4 Q. Okay. And again, it was -- you would set
5 up an LLC for that process, you'd be the managing
6 member or the member and the manager of that LLC?

7 **A. Yes.**

8 Q. You would appoint the board of directors
9 for the HOA and operate the HOA; correct?

10 **A. I don't know about that.**

11 Q. Okay. How do you go about -- when you've
12 converted apartments to condominiums and formed the
13 HOA, are you involved in the process of selecting the
14 board of directors and operating the HOA?

15 **A. No.**

16 Q. Would that have been Hudson Hooks and
17 Mr. Blatt who did that in this --

18 **A. In which?**

19 Q. In Long Grove.

20 **A. I think so.**

21 Q. Okay. Who did it on the other ones? Do
22 you know?

23 **A. Don Bird in my office and Linda Curry may**
24 **have done it at the lawyer's. I frankly don't -- I**
25 **didn't get involved in that kind of work.**

1 from my notes.

2 THE WITNESS: Okay.

3 MR. BEST: David, just so I know whether to
4 object or not, is there a question in there, or you
5 just want him to look at them?

6 MR. PARRISH: No, I want to make sure he's
7 got the document in front of him as Exhibit 16 that
8 was talked about earlier in this deposition. And I'm
9 just saying, when I talk about the contract that's
10 the document I'm talking about, and I just want to
11 give him a chance to read paragraphs 14 and 15 in
12 that contract if he needs to before I ask my
13 questions.

14 THE WITNESS: Okay.

15 BY MR. PARRISH:

16 Q. I believe, if I heard you right, that you
17 told Mr. Grimball that it was a quote deal breaker
18 end quote for John Darby that these terms of
19 paragraph 14 and 15 be contained in this contract?

20 MR. GRIMBALL: Object to the form.

21 A. Yes.

22 Q. And tell me what you mean by deal breaker.

23 A. John conveyed to me that he had to have
24 these provisions in the contract in order for him to
25 accept our offer.

1 Q. In other words, if you didn't agree to it
2 he wasn't going to sell the property to you.

3 A. That's correct.

4 Q. And do I understand that you weren't overly
5 concerned about that because you did not believe the
6 indemnification provision was enforceable?

7 MR. GRIMBALL: Object to the form.

8 A. Yes.

9 Q. And that was after discussions with your
10 attorney that you came to that conclusion?

11 A. Yes.

12 MR. BEST: Object to form.

13 Q. And was that the attorney that represented
14 you in connection with the negotiation and execution
15 of the contract?

16 A. I can't recall.

17 Q. Would it have been Linda Curry or somebody
18 in her firm?

19 A. My previous testimony was it either came up
20 in this transaction or in a previous transaction in
21 Florida.

22 Q. Did you ever tell Mr. Darby that you didn't
23 think indemnification was enforceable?

24 A. I can't recall.

25 Q. Did you ever tell your attorneys that

1 **before or after.**

2 Q. You would agree that after you, and of
3 course by you I mean your entities, after ownership
4 you could have done any investigating testing that
5 you desired, because you owned the property. Would
6 you agree with that?

7 **A. Yes.**

8 Q. And Mr. Grimball asked you some questions
9 about the property owners' association, the POA. At
10 the time you contracted to buy this property the POA
11 did not exist; correct?

12 **A. Correct.**

13 Q. In fact, you, and again one of your
14 entities, bought the property and thereafter you
15 formed the POA and you actually controlled the POA
16 for a period of time.

17 **A. Yes.**

18 Q. And then at some point in time, presumably
19 after a certain number of units were sold out, you
20 turned control of the POA over to the homeowners,
21 which is how it's typically done in a major league
22 development.

23 **A. Yes, yes.**

24 Q. So would you agree that you -- and, once
25 again, when I say you I mean your entities -- for a

1 period of time both owned the buildings and also
2 controlled the property owners' association?

3 **A. Yes.**

4 MR. BEST: Object to form.

5 BY MR. PARRISH:

6 Q. Do you know why The Beach Company requested
7 in the contract that you include in the master deed a
8 disclosure of the condition releases and assumptions
9 of liability and indemnification agreement provisions
10 in paragraph 14 and 15 of the contract?

11 **A. No, I --**

12 MR. GRIMBALL: Object to the form. Pardon
13 me.

14 **A. No, I do not, no.**

15 Q. And pardon my silence as I'm trying to read
16 down through my notes as I go along here.

17 Have you seen any report today concerning
18 the actual defects that are being alleged by the POA?

19 **A. I have not.**

20 Q. Do you have an idea what the general nature
21 of those defects as alleged are?

22 **A. No.**

23 Q. And just pardon my -- I'm trying to wind
24 down here.

25 BY MR. PARRISH: In the interest of time



A 272-Unit Condominium Conversion Opportunity
in Mount Pleasant, South Carolina



THE BEACH COMPANY | L.J. MELODY

CBRE
- 923 -



INTRODUCTION

INTRODUCTION

The Beach Company and L.J. Melody have been retained as exclusive advisor to Long Grove at Seaside Farms, LLC, ("Owner") regarding the sale of Long Grove (the "Property"). The negotiations for the sale of the Property will be conducted by the Owner on an "as is, where is" basis. Owner and Broker will assure that those who are qualified and seriously interested are accorded an opportunity to undertake their investigations and submit their proposals. At the same time, Owner intends to accomplish the stated objectives in a way that will minimize the disruption to Property and its operations.

This Offering Memorandum has been prepared by The Beach Company and L.J. Melody for use by a limited number of parties and does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor does it purport to be all inclusive or to contain all of the information which prospective investors may need or desire. All projections have been developed by The Beach Company and L.J. Melody, the Owner, and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and The Beach Company and L.J. Melody and therefore are subject to variation. No representation is made by The Beach Company and L.J. Melody or the Owner as to the accuracy or completeness of the information contained herein, and nothing contained herein is, nor shall be relied on as, a promise or representation of the future performance of the Property. Although the information contained herein is believed to be correct, the Owner, The Beach Company and L.J. Melody, and their respective employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, the Owner, The Beach Company and L.J. Melody, and their respective employees disclaim any and all liability for representation and warranties, expressed and implied, contained in, or for omissions from, the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property since the date of preparation of the Offering Memorandum. Analysis and verification of ALL information contained in the Offering Memorandum is solely the responsibility of the prospective purchaser. Prospective purchasers are specifically asked to review and verify specifics included in the Property Highlights section of the Offering Memorandum. Many of these specifics regard property and building design and construction specifications and were based on a cursory review of information presumed, but not known to be accurate.

MARKETING PRESENTATIONS & PROPERTY TOURS

The Beach Company and L.J. Melody will provide marketing materials, formal market presentations, and market tours to qualified parties. It is strongly recommended that interested parties perform at least some level of pre-due diligence and meet with the Broker prior to submitting a letter of intent. For further information on the Property or to arrange for a tour, please contact:

Robert Given
Vice President
Tel: (305) 374-1000
robert.given@ljmelody.com

John Farrell
Director
Tel: (770) 730-3668
john.farrell@ljmelody.com

William Shanaman
Vice President
Tel: (843) 277-3022
bshanaman@thebeachcompany.com

CONSIDERATION OF OFFERS

Owner and Broker will assess the qualifications of any party submitting a nonbinding letter of intent in accordance with Owner's objectives. In making this assessment, Owner will consider a number of factors including but not limited to price, timing of closing, the perceived ability of the investor to complete the transaction, and other factors. The Owner expressly reserves the right, at its sole discretion, to reject any and all expressions of interest or offers regarding the Property and/or terminate discussions with any entity at any time with or without notice. The Owner shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless and until such offer is approved by the Owner, a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Owner and its legal counsel, and any conditions to the Owner obligations there under have been satisfied or waived.



EXECUTIVE SUMMARY

Property Differentiation

- ❑ Long Grove was developed by The Beach Company, one of the Southeast's most prestigious developers. The quality of construction and attention to detail is unmatched.
- ❑ Long Grove is located in the heart of Mount Pleasant's newest and most desirable Mixed-use developments, Seaside Farms, where single family residences range from \$350,000 to over \$800,000. Seaside Farms is only two minutes to the beach and 15 minutes from Charleston's Historic and Central Business Districts.
- ❑ The Isle of Palms is Charleston's most desirable beach destination and is accessed via the Isle of Palms connector, which is the entrance to Seaside Farms. The connector dead ends into the beach at a point where there is superior public beach access, which is also just two miles south of the nationally renowned Wild Dunes Beach and Golf Resort.
- ❑ Converters will appreciate this premier location in the suburban Seaside Farms submarket, large unit sizes, and significant number of two and three bedroom units (75% of the property).
- ❑ Long Grove was completed in 2000 and encompasses 19.44 acres with a density of 14 units per acre. The buildings have pitched roofs with brick and lap siding exteriors. All buildings are two-story and elevated six feet off the ground enhancing privacy and views. Units feature 9-foot ceilings, oversized windows, laundry rooms with full-size connections, fireplaces are in select units, the kitchens have white appliance packages on white raised panel cabinets, and all units have cutting edge high speed internet access, cable television and telephone technology.
- ❑ The closest active condominium conversion is Daniel's Landing on Daniel Island, which reports sales between \$148k and \$266k, or averaging over \$170 per foot. There are examples of newer multi-housing product that have sold between \$180 and \$250 per foot in the area.
- ❑ As a result of unprecedented growth in the last 15 years, not only has available land for new development rapidly diminished in Mount Pleasant, but also the City itself has adopted a very staunch posture discouraging and/or rejecting plans for new development.
- ❑ The five mile radius surrounding the property has an estimated Owner Occupancy of over 70% and a 2003 Estimated Average Family Household Income of over \$108,510 (Claritas).
- ❑ Converters will enjoy speed to the market with apartments priced well below single family homes, circumventing long lead times of competing offerings in the pipeline in Charleston County.

Converters

Long Grove presents converters the ability to "beat the clock" by being able to sell quality apartments immediately with no construction risk involved. Additionally, the property should enable a converter to take advantage of a price point below other comparable product in the area.



EXECUTIVE SUMMARY

Income Investors

The story for income investors is also intriguing. A seller-favorable supply/demand environment allows income investors to underwrite attractive cash flow and value appreciation. As other Charleston County rental communities are converted to fee-simple ownership and new multi-family developments are built for sale, rental properties are becoming even more valuable. Long Grove has the institutional asset qualities that should hold long-term investment value.

Offers

The Beach Company & L.J. Meldoy invites you to learn more about Long Grove by reviewing this Offering Memorandum and then touring the property with us. Please contact any of the individuals noted in the introduction to arrange a site visit or answer questions regarding the investment offering. Long Grove is being offered without a stated asking price. Offers will be due December 10, 2004. Ownership reserves the right to enter into discussions with any group at any time and/or remove the property from the market without notice.

THE BEACH COMPANY

REAL ESTATE DEVELOPMENT • SALES • LEASING • MANAGEMENT
Building Traditions Since 1965

December 28, 2004

Mr. Eduard deGuardiola
Vista Realty Partners, LLC

Re: Letter of Intent - Vista Realty Partners, LLC Purchase of Long Grove
Apartments, Mount Pleasant, South Carolina

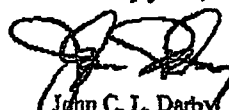
Dear Ed:

We are in receipt of the Letter of Intent in connection with this proposed transaction. Attached hereto is the Letter of Intent executed by Long Grove at Seaside Farms, LLC, the actual owner of the property. In reading the Letter of Intent, we wish to clarify certain issues before we proceed to the definitive contract.

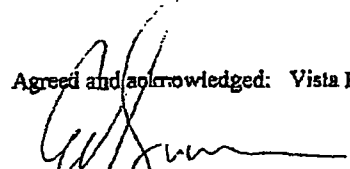
The Letter of Intent contemplates the execution of a Listing Agreement, a Management Agreement, and an Indemnification Agreement. We propose that the original Listing Agreement and Management Agreement be sent to you along with the Sales Contract, and that all three documents would be signed simultaneously. For clarification, the Listing Agreement will allow "dual agency" by The Beach Company. In the Sales Contract, we will include specific language dealing with the indemnification by Vista Partners against claims made by purchasers of condominium units at the property. The indemnification language will include a release of claims related to the development, design, construction, maintenance, alteration, and repair of the property. We propose that the release of claims will not only be in the Sales Contract but also in the deed of conveyance at closing and will survive the closing of this transaction.

Please acknowledge your agreement to these clarifications, and we will proceed to prepare the Sales Contract, Listing Agreement and Management Agreement.

Sincerely yours,


John C. L. Darby
President and CEO

Agreed and acknowledged: Vista Realty Partners, LLC


Eduardo deGuardiola



12/30/2004 12:40 7785 04
12/28/2004 16:59 FAX 18437226449

LJ MELODY
THE BEACH COMPANY

PAGE 03/04
003

Dec 22 04 04:48p

Richard

847-945-3912

p.2

LONG GROVE at SEASIDE FARMS
TRANSACTION TERM SHEET

This transaction term sheet outlines the business terms offered by Purchaser with respect to the purchase of the Property identified below and, when countersigned by Seller, the business terms that ownership would be willing to recommend for internal approval. Until such time as a formal purchase and sale agreement is executed by Seller and Purchaser, all discussions are non-binding, and Seller has no obligations to negotiate in good faith or to proceed to the completion of such a purchase and sale agreement, except that Seller will not solicit further offers (although Seller may receive and review offers received from others on an unsolicited basis) or otherwise negotiate with others regarding sale of the Property unless Seller and Purchaser fail to execute a purchase and sale agreement on or before the date specified below. Regardless of the fact that Purchaser may elect to spend time, effort and expense based on this term sheet, Purchaser may not rely on this term sheet as creating any legal obligation of any kind of binding on Seller, except as expressly provided above, and Purchaser waives and releases Seller from any such obligation and expressly assumes the risk that the parties will fail to negotiate and execute a binding purchase and sale agreement regarding the Property.

Purchaser

Vista Realty Partners
(INSERT Purchaser Name)

Property

Long Grove at Seaside Farms, Mt. Pleasant, SC

Purchase Price

\$ 37,250,000.00
(INSERT Purchase Price)

In determining the purchase price, Purchaser expressly understands that Seller shall retain and reserve from the sale all (1) utility deposits and deposits with governmental and quasi-governmental authorities, (2) non-refundable tenant deposits such as cleaning fees, redecorating fees and pet fees, (3) initial inducement payments made to Seller by providers of telephones and cable service and the like, (4) rights to the name "The Beach Company", "The Beach Co." and The Beach Company trademark, and (5) right, title and interest in any website or domain names maintained by Seller or Seller's property manager with the respect to the Properties. In addition, Purchaser hereby certifies that the purchase price offered herein by Purchaser is based upon the assumption that the apartments located at the Property contain 265,368 air-conditioned square feet in the aggregate, plus the common areas.

12/30/2004 12:40 770 - 884
12/28/2004 16:59 FAX 18437220449

LJ MELODY
THE BEACH COMPANY

PAGE 04/04
0084

Dec 22 04 04:48p Richard

847-845-3912

P.3

Earnest Money Deposit

\$ 500,000 ⁰⁰

(INSERT Earnest Money)

Fifty percent (50%) of the earnest money must be posted at contract execution and fifty percent (50%) upon expiration of the due diligence period. One hundred percent (100%) of the earnest money will become non-refundable (except in the event of termination of the purchase and sale agreement due to Seller's default) upon expiration of the due diligence period, unless Purchaser has theretofore terminated the purchase and sale agreement.

of the deposit will become non-refundable 7 business days after contract execution (in order to give Purchaser time to obtain Phase I Environmental and Engineering assessments acceptable to Purchaser) or when seller has delivered a title commitment disclosing title reasonably acceptable to Purchaser's attorney, whichever occurs later. This deposit is refundable in the event of Seller's default.

In addition, the Purchaser will post

\$ 250,000 ⁰⁰

(INSERT Non-refundable Deposit)

as a non-refundable deposit within 48 hours of contract execution, refundable only upon Seller's default.

Contract Execution

A purchase and sale agreement covering the Property must be executed by Seller and Purchaser no later than January 7, 2005. If such agreement has not been executed by the specified date, Seller may terminate and cancel any negotiations with Purchaser regarding the Property or any time thereafter.

Due Diligence Begins

Wednesday, January 7, 2005

Due Diligence Ends

Friday, January 28, 2005
Tuesday, February 4, 2005 No contingencies will remain beyond the expiration of the due diligence period.

Survey and Title Inspection

Seller shall deliver an existing Survey and current Title Commitment to Purchaser. Purchaser shall have until the date that is ten (10) business days prior to the expiration of the due diligence period to submit a survey/title objection letter. Otherwise, all title and survey matters shall be deemed approved.

Financing

This transaction is NOT contingent on Purchaser's ability to obtain financing.

Closing Date

On or before February 28, 2005.

Closing Costs

Seller will pay for any such closing costs as customarily paid by Seller's in Mt. Pleasant, S.C. Purchaser will pay for all other transaction costs, including any title endorsements or survey updates requested by Purchaser.

Mount Pleasant Real Estate LLC

Page 2 of 7

and all transfer taxes and recording costs. Purchaser and Seller will pay their own respective attorneys' fees.

Services Agreement

Purchaser will enter into a listing agreement appointing The Beach Company as sales agent for condominium sales at the subject property. The agreement will provide for a 5% commission and obligate The Beach Company to pay a 3% commission to outside agents. The agreement will provide for a break-up fee of \$250,000 in the event Purchaser elects to terminate the Services Agreement without cause.

Management Agreement

The Beach Company shall be retained to provide property management services at the subject property for a fixed fee of \$10,000 per month. Monthly fee to be adjusted or cease when condominium conversions cause occupancy to fall to 50%.

Indemnification

The Purchasing entity will indemnify The Beach Company against claims made by purchasers of condominium units at the subject property. Eduard deGuardiola will assume this indemnity if the Purchasing entity ceases to exist or its assets are depleted.

Agency Representation and Disclosures

Purchaser acknowledges that The Beach Company/LJ Melody & Company represents the Seller only in this transaction and will be compensated by Seller per a separate agreement.

As-Is

The Property will be sold and purchased "as-is, where is, with all faults"; Seller will be released from all liabilities except those specifically arising under the purchase and sale agreement.

Submitted by:

Vishal Patel Partners
By: [Signature]
Name: Eduard deGuardiola
Title: President

Accepted by:

THE BEACH COMPANIES

By: _____
Name: _____
Title: _____

**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION PURSUANT TO SECTION 15-48-10
OF THE CODE OF LAWS OF SOUTH CAROLINA, AS MODIFIED HEREIN**

LONG GROVE HORIZONTAL PROPERTY REGIME

PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into this 12 day of MAY, 2005 by and between Long Grove Vista, LLC, a Georgia limited liability company (hereinafter referred to as the "Seller"), and THOMAS BLAU JR. & PATRICIA C. BLAU (hereinafter referred to as the "Purchaser").

WITNESSETH

In consideration of the purchase price specified below, the mutual covenants and benefits provided for herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereto do hereby agree as follows:

1. **GENERAL.** Seller agrees to sell, and Purchaser agrees to purchase, in accordance with the terms and conditions of this Agreement, Unit 1326 (hereinafter referred to as the "Unit") of Long Grove Horizontal Property Regime (hereinafter referred to as the "Regime"), a Regime development in the Town of Mount Pleasant, Christ Church Parish, Charleston County, South Carolina, with the property description of the Regime attached hereto and incorporated herein as Exhibit "A" and the floor plan for such Unit attached hereto and incorporated herein as Exhibit "B." The Regime was created pursuant to the Master Deed for Long Grove Horizontal Property Regime, recorded in Book _____, Page _____, et seq., in the RMC Office for Charleston County, South Carolina (hereinafter referred to as the "Master Deed"), and shown and delineated on the plat of survey attached as Exhibit "C" to the Master Deed and on the plot plans and floor plans attached as Exhibit "D" to the Master Deed. The Unit, together with its percentage of undivided interest in the common elements of Long Grove Horizontal Property Regime, and its interest in the limited common elements assigned to such Unit, is more particularly described in the Master Deed, and is shown and delineated on the plat of survey for Long Grove Horizontal Property Regime, which survey, plot plans and floor plans, were recorded as Exhibits "C" and "D" to the Master Deed.

2. **PURCHASE PRICE.** The total purchase price of the Unit (hereinafter referred to as the "Total Purchase Price") shall be calculated as follows:

• Base Purchase Price For Unit #1326 - \$	<u>184,700.00</u>
• Garage(s)	\$ <u>—</u>
• Total Upgrade Amount	\$ <u>—</u>
• Additional Purchase Price for	\$ <u>—</u>
TOTAL PURCHASE PRICE:	\$ <u>184,700.00</u>

and shall be paid as follows:

Purchase Agreement
11523-003

VISTA_00019

(a) \$ 4,900.00 (hereinafter referred to as the "Earnest Money"), the receipt of which is hereby acknowledged by The Beach Company (hereinafter referred to as the "Holder"). The Earnest Money, shall be consideration for Seller reserving the Unit for Purchaser and Seller agreeing not to sell the Unit to anyone other than Purchaser prior to the date set for closing in Paragraph 3 hereof. The Earnest Money shall be deposited in an escrow/trust account by Holder (with Holder retaining the interest if the account is interest bearing) within five (5) banking days from Seller's acceptance of this Agreement and shall be applied toward the Total Purchase Price of the Unit at the time of closing. In the event any Earnest Money check is not honored, for any reason, by the bank upon which it is drawn, Holder shall promptly notify Purchaser and Seller, and Seller shall have the right to terminate this Agreement upon written notice to the Purchaser.

Holder shall disburse Earnest Money only as follows: (i) upon the failure of the parties to enter into a binding agreement; (ii) at closing; (iii) upon a written agreement signed by all parties having an interest in the funds; or (iv) upon order of a court or arbitrator having jurisdiction over any dispute involving the Earnest Money; In the event an objection to disbursement is made, Holder shall consider the objection and shall do any or a combination of the following: (i) hold the Earnest Money for a reasonable period of time to give the parties an opportunity to resolve the dispute; (ii) disburse the Earnest Money and so notify all parties; and/or (iii) interplead the Earnest Money into a court of competent jurisdiction. Holder shall be reimbursed for and may deduct from any funds interpleaded its cost and expenses, including reasonable attorneys' fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder. No party shall seek damages from Holder (nor shall Holder be liable for same) for any matter relating to the performance of Holder's duties under this Earnest Money Paragraph. If Purchaser breaches Purchaser's obligations or warranties herein, Holder may pay the Earnest Money to Seller by check.

(b) The balance of the Total Purchase Price, plus all closing costs which are the responsibility of the Purchaser hereunder, shall be paid by Purchaser in cash or by certified check, at the closing of this purchase and sale.

3. CLOSING. Subject to the provisions of Paragraph 26 hereof which shall automatically extend the closing date until the required pre-sale is met, the closing of the purchase and sale contemplated by this Agreement shall take place within 30 days of recordation of Covenants, Restrictions and By-Laws, and the closing attorneys for the transaction shall be Buist, Byars, Pearce & Taylor, LLC. The closing shall take place at such specific reasonable time, date, and place as shall be designated by Seller at least seven (7) days prior thereto. Notwithstanding anything to the contrary herein, Seller shall have the right from time to time by notice to the other party to extend the closing for up to two (2) periods of thirty (30) days each. Time is of the essence of this Agreement.

 WE REQUEST CLOSING DATE TO BE ON OR BEFORE 6/30/05

4. TITLE AND PERFORMANCE

(a) Title. Purchaser acknowledges that the Unit he or she is to purchase may not now be a part of the Regime. Prior to consummation of the sale contemplated by this Agreement, Seller shall have submitted the Unit to the Master Deed. Title to the Unit shall be conveyed to Purchaser by special warranty deed, and title to the Unit shall be insurable and free and clear of all encumbrances, except the Unit shall be subject to the Master Deed, taxes not yet due and payable, and all other encumbrances, zoning ordinances, easements and restrictions of record.

(b) RESPA Disclosure. As required by the Real Estate Settlement Procedures Act of 1974, Purchaser acknowledges that Seller has not directly or indirectly required Purchaser, as a condition of sale, to purchase either an owner or mortgagee's title insurance policy from any particular title company. Purchaser may elect to obtain

such insurance from a company of Purchaser's choice and Purchaser shall pay, at closing, the title insurance premium for such policy.

5. CLOSING COSTS AND PRORATIONS.

(a) Seller shall pay closing costs in an amount not to exceed \$700.00 + attorney's fees Dollars (\$700.00); provided, however, Seller shall only pay such closing costs only if Purchaser obtains financing through a lender preapproved by Seller (hereinafter referred to as the "Preapproved Lenders") and the closing is held at the offices of Buist, Byars, Pearce & Taylor, LLC. The Pre-approved Lenders are Wachovia Bank and Bank of America. Purchaser shall pay all additional costs and fees incident to the securing of financing and the closing of the purchase and sale contemplated hereunder. "Closing Costs" as defined in this Agreement shall include loan fees charged by Purchaser's lender and included in Section 800 of the HUD-1 Settlement Statement, the lender's title insurance premium, title commitment fee, title and tax examination fees, lender's attorneys' fees, and recording costs, and shall specifically exclude prepaid interest, mortgage insurance premiums, tax and insurance reserves, working capital contribution, the Association insurance reimbursement, and the Association assessment proration, all of such excluded amounts shall be paid by Purchaser.

(b) Contribution to Working Capital Fund of Association. In addition to all other sums due hereunder, Purchaser agrees at closing to make a nonrefundable contribution to the working capital fund of the Association in an amount equal to two (2) months general assessments on the Unit.

(c) Ad Valorem Taxes.

(i) Purchaser acknowledges that, as of the year in which closing takes place, the Unit may not have been a separately described and assessed parcel of real estate and that, in that event, ad valorem taxes for the Unit for the year in which closing takes place will be assessed under a tax bill in the name of Seller which covers additional property. Should the Unit not be a separately described and assessed parcel of real estate, Purchaser agrees to pay Seller at closing that portion of the tax for the year in which closing takes place (based on the prior year if the tax bill for the year in which closing takes place is not yet available) which shall be determined by multiplying the total tax bill by the percentage interest in the common elements assigned to the Unit in the Master Deed and then prorating the product of such multiplication as of the date of closing. Seller agrees to pay the entire tax bill before it becomes delinquent and, upon written request from Purchaser or any first mortgagee of the Unit, to provide Purchaser or such mortgagee proof of payment. If the amount allocated to the parties is based upon an estimate and the actual bill varies from the estimate, the party who paid too much shall have the right to adjust the prorated amount and the party who paid too little shall pay any increased amount based on the actual tax bill to the other party within ten (10) days of receipt of notice.

(ii) If, in the year in which closing takes place, the Unit is a separately described and assessed parcel of real estate, then ad valorem taxes applicable to the Unit shall be prorated between the Seller and Purchaser as of the date of closing. If the amount allocated to Purchaser is based upon an estimate and the actual bill varies from the estimate, the party who paid too much shall have the right to adjust the prorated amount and the party who paid too little shall pay any increased amount based on the actual tax bill to the other party within ten (10) days of receipt of notice.

(d) Common Expense Assessments. Purchaser shall pay his or her pro rata share of the common expense assessment levied against the Unit, as provided in the Master Deed, for the year in which the closing shall take place, which common expense assessment shall be adjusted at the closing according to the number of days remaining in the calendar year. Except for that portion of the assessment installment as shall be payable for the month in which the closing shall take place, which shall be prorated between Seller and Purchaser as of the day of

closing, such adjusted common expense assessment shall be payable to Long Grove Property Owners Association, Inc. (hereinafter referred to as the "Association"), by Purchaser in equal monthly installments, commencing on the first day of the calendar month immediately following the date of closing, or as otherwise provided by the Board of Directors of the Association.

(e) **Insurance Premiums.** Purchaser acknowledges that, prior to closing, either: (i) Seller will have pre-paid directly the Unit's pro rata portion of the annual premium on the hazard and liability insurance policies maintained by the Association or Seller; or (ii) the Association will have pre-paid such premium with funds previously contributed by Seller to the Association's account. At closing, Purchaser shall reimburse the appropriate party for the Unit's pro rata portion of said annual premium from the date of closing through the expiration date of the policies. Purchaser further acknowledges that such insurance policies shall be paid one year in advance. At closing, Purchaser shall pay to the Association the difference between the amount of the Unit's share of the current year's full premium, and the amount paid by Purchaser as reimbursement for the Unit's pro rata portion of such annual premium, as set forth above, in order to ensure that the Association's budget has sufficient funds to pay the cost of the next annual premium, when it is due.

6. **BROKERAGE AND AGENCY.** Seller shall pay a real estate commission to The Beach Company (hereinafter referred to as the "Listing Broker") pursuant to a separate commission agreement. In no event shall Seller have any obligation to pay any real estate commission except in the event of the closing of this transaction in accordance with the terms of this Agreement. Except as may otherwise be provided, the Listing Broker has represented the Seller in this transaction. If Purchaser worked with or was represented by another cooperating broker, a disclosure of such brokerage relationship set forth in Exhibit "D" shall be a part of this Agreement. If no such brokerage relationship exists, there shall be no Exhibit "D" in this Agreement, and Purchaser acknowledges that Purchaser is solely responsible for protecting Purchaser's interests.

Except as set forth in this Paragraph, Purchaser and Seller represent and warrant to the other that each party has not dealt with another broker, agent, or finder in connection with this transaction and Purchaser and Seller covenant and agree, each to the other, to indemnify and hold each other harmless from any and all losses, damages, costs and expenses including, but not limited to, attorneys' fees and court costs that may be incurred or suffered as a result of any claim for any fee, commission, or similar compensation with respect to this transaction made by any person or entity and arising through the actions of the indemnifying party, whether or not such claim for any fee, commission, or similar compensation with respect to this transaction made by any person or entity is meritorious.

7. **DISCLAIMER.** Purchaser and Seller acknowledge that they have not relied upon any advice, representations or statements of Brokers and waive and shall not assert any claims against Brokers involving the same. The term "Broker" as used herein, shall mean those parties executing this Agreement as the Listing Broker and Selling Broker, if applicable. Purchaser and Seller agree that Brokers shall not be responsible to advise Purchaser and Seller on any matter, including but not limited to the following: any matter which could have been revealed through a survey, title search or inspection of the Unit; the condition of the Unit, any portion thereof, or any item therein; the necessity or cost of any repairs to the Unit; hazardous or toxic materials; the tax or legal consequences of this transaction; the availability and cost of utilities or community amenities; the appraised or future value of the Unit; any condition(s) existing on the Regime that may affect the Regime; the terms, conditions and availability of financing; and the uses and zoning of the Regime whether permitted or proposed. Purchaser and Seller acknowledge that Brokers are not experts with respect to the above matters and that, if any of these matters or any other matters are of concern to them, they shall seek independent expert advice relative thereto.

8. PURCHASER'S REPRESENTATION REGARDING USE AND OCCUPANCY OF UNIT.

Purchaser hereby represents and warrants to Seller that Purchaser is purchasing the Unit for the following purpose (check the appropriate box):

- ☐ Primary residence;
- ☒ Secondary residence (without rentals);
- ☐ Secondary residence (with rentals);
- ☐ Lease to third party; or
- ☐ Other: _____

9. POSSESSION. Permanent possession of the Unit shall be delivered to Purchaser at the closing.

10. LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

(a) Governing Documents. Purchaser acknowledges that the Unit being purchased is a portion of the Regime and improvements that have been or will be made subject to the Master Deed referred to in Paragraph 1. The nature and extent of the rights and obligations of the Purchaser in acquiring and owning the Unit will be controlled by and subject to the Master Deed, as well as the Articles of Incorporation, the Bylaws, and the rules and regulations of the Association. Purchaser agrees to comply with all of the terms, conditions and obligations set forth therein.

(b) Membership in Association. Upon conveyance of title to the Unit to Purchaser, Purchaser shall automatically become a member of the Association and shall be subject to the assessment obligations and other provisions set forth in the Master Deed, including the obligation of the Purchaser to pay a contribution to the working capital of the Association referred to in Paragraph 5(b) above.

(c) Disclosure Package. Purchaser hereby acknowledges that he/she has received a copy of the property condition report required under Section §27-31-430 of the South Carolina Horizontal Property Act, a copy of the Master Deed, a copy of the Bylaws of the Association, a copy of the Articles of Incorporation of the Association, a copy of the estimated budget of the Association (the "Disclosure Package").

(d) Insurance. Purchaser 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, Purchaser shall furnish a copy of such insurance policy or policies to the Association. In the event that Purchaser fails to obtain insurance as required by this subparagraph and the Master Deed, the Association may purchase such insurance on behalf of the Purchaser and assess the cost thereof to the Purchaser, to be collected in the manner provided for collection of assessments under the Master Deed.

11. NONASSIGNABILITY BY PURCHASER. Purchaser's interest in this Agreement may not be transferred or assigned, in whole or in part, without the prior written consent of Seller.

12. DEFAULT.

(a) In the event Seller fails to comply with or perform any of the conditions to be complied with or any of the covenants, agreements or obligations to be performed by Seller under the terms and conditions of this

* Notwithstanding anything to the contrary stated herein or represented by Broker or Seller, leasing of a Unit shall be permitted only in accordance with Paragraph 15 of the Master Deed.

Agreement, then Purchaser shall be entitled to terminate this Agreement by giving written notice to Seller, whereupon the Earnest Money with interest at the rate of three percent (3%) per annum as fixed and full liquidated damages shall be immediately delivered to Purchaser, it being acknowledged that it is impossible to more precisely estimate the specific damages to be suffered by Purchaser, but that the sum herein stipulated is a reasonable estimate of such damages and the parties hereto expressly acknowledged and intend that this provision shall be a provision for the return of the Earnest Money plus interest as fixed and full liquidated damages and not as a penalty. Thereafter, all further rights, obligations and liabilities created hereunder shall be deemed terminated and of no further force and effect. This shall be Purchaser's exclusive remedy.

(b) In the event Purchaser fails to comply with or perform any of the covenants, agreements or other obligations to be performed by Purchaser under the terms and provisions of this Agreement, Seller shall be entitled to terminate this Agreement upon written notice to Purchaser whereupon Seller shall retain the Earnest Money and any and all portions of the Total Upgrade Deposit (as set forth in Paragraph 14 hereof) as fixed and full liquidated damages, it being acknowledged that it is impossible to more precisely estimate the specific damages to be suffered by Seller, but that the sum herein stipulated is a reasonable estimate of such damages and the parties hereto expressly acknowledged and intend that this provision shall be a provision for the retention of the Earnest Money and the Total Upgrade Deposit as fixed and full liquidated damages and not as a penalty, whereupon all rights, liabilities and obligations created under the terms and provisions of this Agreement shall be deemed null and void of no further force and effect.

13. MANDATORY BINDING ARBITRATION. The parties waive their right to a jury trial and agree that any disputes, claims, or controversies arising from or related to this Agreement, or any breach thereof, shall be resolved via final, binding arbitration conducted in accordance with the South Carolina Uniform Arbitration Act, S.C. Code Ann. § 15-48-10, *et seq.* If a conflict between those rules and the terms of this Agreement arises, then this Agreement shall control. The venue of the arbitration shall be exclusively in Charleston County, South Carolina. The parties agree that they will never attempt to litigate any such matters in any other forum or in any other manner. The parties agree to an expedited arbitration hearing and agree that the arbitration shall be heard and decided as soon as reasonably possible after notice of the demand for arbitration is provided in writing to the party to whom the demand for arbitration is made. Notwithstanding § 15-48-30 (which specifies the use of three arbitrators), the parties will use a single, unbiased arbitrator to decide all matters in dispute. If the parties are unable to agree on an arbitrator, then any party may petition the Charleston County Court of Common Pleas to appoint an arbitrator. In addition to the limited discovery permitted under § 15-48-80 in the discretion of the arbitrator, the parties shall exchange witness lists and exhibits at least ten (10) days prior to the arbitration hearing. In addition to all available legal and equitable remedies, any party is entitled to request and obtain from the arbitrator an award of injunctive relief (i.e., a temporary restraining order and temporary and permanent injunction) as an appropriate remedy to enforce this Agreement or prevent a continued violation of this Agreement, without having to post a bond or other security. The parties agree to (i) join into the arbitration proceeding hereunder or (ii) join any other arbitration proceeding being conducted by persons or entities related to the dispute that may be necessary to completely resolve the dispute, such as a future grantee, or condominium purchaser. Payment of the costs of any such arbitration and attorneys' fees of the parties shall be allocated equitably by the arbitrator to correspond with the arbitrator's evaluation of the relative merits or lack thereof of the respective claims of the parties. The decision and award of the arbitrator shall be binding and conclusive, and judgment in conformity with the decision and award may be entered and enforced in any court of competent jurisdiction. Notwithstanding the above, if Seller provides a warranty to the Purchaser, either directly or through a third party warranty company, the terms, provisions, procedures and requirements of that warranty must first be followed and completely exhausted before Purchaser can pursue any claim for arbitration described herein.

INITIALS OF SELLER

RS

INITIALS OF PURCHASER

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14. UNIT COMPLETION.

(a) Select one of the following paragraphs:

☒ **Unit to be Purchased "As Is".** Seller and Purchaser hereby agree that no Upgrades will be made to the Unit, and that the Unit is being transferred "As Is" and "Where Is" pursuant to subsection (b) below.

☐ **Unit to be Purchased with Builder Standards.** Seller and Purchaser hereby agree that the Unit shall be renovated substantially in conformance with the Floor Plan and the standard specifications for Unit renovation attached hereto as Exhibit "F" and incorporated herein by this reference (hereinafter referred to as the "Standard Specifications").

☐ **Upgrade Finish Items and Options.** The Unit shall be renovated substantially in conformance with the Floor Plan and the standard specifications for Unit renovation attached hereto as Exhibit "F". Upgrades shall be made to the Unit substantially in conformance with the scope of work set forth in Exhibit "F" attached hereto and incorporated herein (hereinafter referred to as the "Upgrades"). Purchaser understands and agrees that materials used in construction and completion may vary somewhat from any samples provided; such variations are inherent in manufacturing and shall not be grounds for any refusal by Purchaser to accept the Unit. Actual as-built conditions may also vary. Purchaser shall finalize any and all requests for Upgrades upon Purchaser's execution of this Agreement, which final requests shall be set forth on Exhibit "F" attached hereto. Simultaneously with Purchaser's execution of Exhibit "F" attached hereto, Purchaser shall pay to Seller fifty percent (50%) of the total costs and expenses of the Upgrades chosen by Purchaser (hereinafter referred to as the "Total Upgrade Deposit"), which Total Upgrade Deposit shall be held by Holder in escrow and disbursed as provided in this Agreement. The balance of the total costs and expense of the Upgrades shall be paid on or before closing. Purchaser's obligation to pay the balance of the total costs and expenses of the Upgrades chosen by Purchaser shall be binding and non-contingent notwithstanding any contingency to which this Agreement is otherwise subject, except where a contingency is exclusively that of Seller or Seller has defaulted hereunder. IF PURCHASER TERMINATES THIS AGREEMENT OR DEFAULTS UNDER THIS AGREEMENT, PURCHASER SHALL NOT BE ENTITLED TO ANY REFUND OF THE TOTAL UPGRADE DEPOSIT AND SHALL BE HELD LIABLE FOR THE PAYMENT OF THE BALANCE OF THE TOTAL COSTS AND EXPENSES OF THE UPGRADES CHOSEN BY PURCHASER. If Purchaser fails to timely complete and execute Exhibit "F" hereto or to make payment of the amounts required in this Paragraph or fails to select an item of choice, Seller may, at its sole discretion, either (i) terminate this Agreement and return the Earnest Money to Purchaser, whereupon all rights, obligations and liabilities under this Agreement shall be deemed terminated and of no further force and effect; or (ii) complete the Unit with the Standard Specifications, and Purchaser shall be obligated to purchase the Unit so finished. Purchaser acknowledges that Exhibit "F" hereto is intended to specify Purchaser's Upgrades and once executed, may not be changed except in Seller's sole discretion. It is Purchaser's sole obligation to ensure the clarity and accuracy of all choices.

(b) **"AS IS" and "WHERE IS".** Except for the transfer warranties being provided to Purchaser as set forth in Paragraph 4(a) hereof, Seller shall not by the execution and delivery of any document or instrument executed and delivered in connection with the closing, make any warranty, express or implied, of any kind or any nature whatsoever, with respect to the Unit other than warranties of title pursuant to the deed of conveyance in Paragraph 4(a), and all such warranties are hereby disclaimed. Without limiting the generality of the foregoing, SELLER MAKES, AND SHALL MAKE, NO EXPRESS OR IMPLIED WARRANTY OF SUITABILITY OR FITNESS OF THE REGIME FOR ANY PURPOSE, OR AS TO THE MERCHANTABILITY, VALUE, QUALITY, CONDITION OR SALEABILITY OF THIS REGIME. Except for the Upgrades, if any, the sale of the Unit by Seller to Purchaser shall be "AS IS" and "WHERE IS". Seller shall transfer to Purchaser any manufacturing warranties pertaining to the Unit, which by their terms are transferable.

15. INSPECTIONS.

(a) **Unit Inspection.** Prior to closing, Purchaser and Seller shall inspect the Unit and execute a written Walk Through List specifying all items, including any noted in previous inspections, that remain to be completed. No items shall be part of the Walk Through List, unless such items are actually written on the Walk Through List. Purchaser acknowledges that Seller will make its best efforts to complete all of the items specified in the agreed upon Walk Through List on a timely basis as soon as reasonably possible after closing, but the fact that any repairs, touch ups or adjustments are incomplete shall not constitute a valid reason for Purchaser's failure to close. Purchaser further agrees that under no circumstances shall the closing be delayed or postponed due to Purchaser or Seller's inability to inspect the Unit and execute a Walk Through List prior to closing and there shall be no withholding of any or all of Seller's proceeds at closing for any such Walk Through List items, without the written approval of the Seller.

(h) Except for items set forth in the Walk Through List, Purchaser expressly acknowledges acceptance of all conditions or circumstances existing in the Unit and waives and releases Seller, its agents, architects, contractors, employees and subcontractors, and Broker, from any claim, rights of action or suits seeking rescission of this Agreement, damages or other relief based upon, or relating to, any condition or circumstances existing on or in the vicinity of the Unit, except as may be covered by express warranty, if any, given the Purchaser by the Seller. Upon satisfactory disposition of the items set forth in the Walk Through List, this acceptance, waiver and release shall apply to such items as well, except as may be covered by any express warranty.

16. **NOTICES.** Each notice, except for oral notice of the date and time of closing (as set forth in Paragraph 3) and of the inspection (as set forth in Paragraph 15), required or permitted to be given hereunder must comply with the requirements of this Paragraph. Each such notice shall be in writing and shall be delivered either by personally delivering it by hand or Federal Express or similar courier service to the person to whom notice is directed, or by facsimile transmission, or by depositing it with the United States Postal Service, certified mail, return receipt requested, with adequate postage prepaid, addressed to the appropriate party (and marked to a particular individual's attention). Such notice shall be deemed delivered at the time of personal delivery or, if mailed, when it is deposited as provided above, but the time period in which a response to any such notice must be given or any action taken with respect thereto shall commence to run from the date it is personally delivered or, if mailed, the date of receipt of the notice by the addressee thereof, as evidenced by the return receipt. Notwithstanding the above, notice by facsimile transmission shall be deemed to have been given as of the date and time it is transmitted if the sending facsimile machine produces a written confirmation with a date, time and telephone number to which the notice was sent. Rejection or other refusal by the addressee to accept the notice shall be deemed to be receipt of the notice. In addition, the inability to deliver the notice because of a change of address of the party of which no notice was given to the other party as provided below shall be deemed to be the receipt of the notice sent. The addresses of the parties to which notice is to be sent shall be those set forth below. Such addresses may be changed by either party by designating the change of address to the other party in writing.

17. **FLOOR PLANS AND MODELS.** Purchaser hereby acknowledges and agrees that any floor plans, renderings, drawings, and the like, furnished by Seller to Purchaser which purport to depict the Unit, or any portion thereof, or the building containing the same, are merely approximations, and do not necessarily reflect the actual as-built conditions of the same. The Purchaser further acknowledges and agrees that the decorations, furniture, furnishings, wallpaper, custom finishes, appliances, fixtures, and the like, contained in any model unit of Long Grove Horizontal Property Regime, are for demonstrative purposes only, and are not included in the property which is the subject of this Agreement.

18. **SOUTH CAROLINA LAW.** This Agreement concerns the sale of real property located in the State of South Carolina. This Agreement, and all of the relationships between the parties hereto, shall be construed and interpreted in accordance with the laws of the State of South Carolina.

19. **TIME OF ESSENCE.** Time is of the essence of this Agreement.

20. **FORCE MAJEURE.** Either party hereto shall be excused for the period of any delay in the performance of any obligations hereunder when such delay is occasioned by cause or causes beyond the control of the party whose performance is so delayed and the time for performance shall be automatically extended for a like period. Such causes shall include, without limitation, all labor disputes, civil commotion, war, warlike operations, invasion, rebellion, hostilities, military or usurped power, sabotage, government regulations or controls, fire or other casualty, inability to obtain any necessary materials or services, or acts of God.

21. **SEVERABILITY.** The provisions of this Agreement are intended to be independent, and in the event any provision hereof should be declared by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatsoever, such illegality, unenforceability, or invalidity shall not affect the remainder of this Agreement.

22. **CONSTRUCTION OF AGREEMENT.** The Purchaser and Seller acknowledge that they have read, understand, and have had the opportunity to be advised by legal counsel as to each and every one of the terms, conditions, restrictions, and effect of all of the provisions of this Agreement and every part of the Disclosure Package, all of which are incorporated herein by reference and made a part hereof, and the Purchaser agrees to the enforcement of any and all of these provisions and affixes his hand and seal hereto with full knowledge of same. Should any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent prepared the same. It is further agreed that words of any gender used in this Agreement shall be held to include any other gender, any words in the singular number shall be held to include the plural wherever applicable, and that captions and paragraphs numbers appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such Paragraph or in any way affect this Agreement.

23. **NON-RECORDATION OF AGREEMENT.** Neither this Agreement nor any of the terms hereof, nor any other memorandum, affidavit or other document relating to or referring to this Agreement or the transactions contemplated hereby, whether directly or indirectly, shall ever be filed of record by or on behalf of Purchaser. If there occurs a violation of the preceding sentence, Seller may avail itself of any remedies available to it for breach of this Agreement at law or in equity.

24. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement between the parties hereto. No agent, representative, salesman or officer of the parties hereto has authority to make, or has made, any statements, agreements, or representations, either oral or in writing, in connection herewith, modifying, adding to, or changing the terms and conditions hereof and neither party has relied upon any representation or warranty not set forth in this Agreement. No dealings between the parties or customs shall be permitted to contradict, vary, add to, or modify the terms hereof.

25. **SURVIVAL.** All terms, conditions, representations, and provisions contained herein shall extinguish upon closing and delivery of the deed, except for Paragraphs 4 (Title), 5(b) (Contribution to Working Capital Fund of Association), 5(c) (Ad Valorem Taxes), 5(d) (Common Expense Assessments), 5(e) (Insurance Premiums), 6 (Brokerage and Agency), 7 (Disclaimer), 8 (Purchaser's Representation Regarding Use and Occupancy of Unit), 10(a) (Governing Documents), 13 (Mandatory Binding Arbitration), 14 (Unit Completion), 15 (Inspection), 17 (Floor Plans and Models), 18 (South Carolina Law), 21 (Severability), 22 (Construction of Agreement), 24 (Entire Agreement), 27 (Disclosures), and 28 (Resale Restrictions) hereof, which Paragraphs shall survive indefinitely.

26. PRE-SALE CONTINGENCY. Seller's obligation to close hereunder is expressly contingent upon Seller's procuring purchase agreements to sell the number of Units required to equal Twelve Million Eight Hundred Twenty-Five Thousand Dollars (\$12,825,000.00) (inclusive of the Unit described herein) at Long Grove Horizontal Property Regime, and such purchasers under said agreements having been approved for a purchase money real estate loan or in the event of a cash sale, at such time Purchaser's funds for purchase of the Unit are verified, at prices no less than the minimum prices required by Seller's construction lender. In the event the above pre-sale requirement is not met by March 1, 2006, Seller may, at its option, terminate this Agreement not later than sixty (60) days from such date in which event Seller shall refund all Earnest Money paid hereunder to Purchaser and neither party shall have any further rights or obligations hereunder.

27. DISCLOSURES. Purchaser acknowledges the following:

- (a) He or she has received and read the Regime Disclosure Package.
- (b) The Association budget provided to Purchaser is based on estimated expenses only and may increase or decrease significantly when the actual expenses of the Association become known.
- (c) 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.
- (d) The views from and natural light available to a Unit may change over time due to, among other circumstances, additional development and the removal or addition of landscaping.
- (e) 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.
- (f) No representations are made regarding the schools that currently or may in the future serve the Regime.
- (g) Since in every community there are conditions which different people may find objectionable, Purchaser acknowledges that there may be conditions outside of the Regime that Purchaser may find objectionable and that it shall be the sole responsibility of Purchaser to become acquainted with neighborhood conditions that could affect the Unit.
- (h) Plumbing and concrete, tile and hardwood surfaces within a Unit may transmit noise, and such noise shall not constitute a use of a Unit that interferes with or causes disruption to the use and quiet enjoyment of another Unit by its respective Owner and/or Occupant.
- (i) No representations are made that the Unit is or will be soundproof or that sound may not be transmitted from one Unit to another. Sound transmission between Units is inherent in multi-family construction and is not a warrantable condition.
- (j) The Regime floor plans and the dimensions and square footage calculations shown thereon are only approximations. Any purchaser who is concerned about any representations regarding the floor plans should do his/her own investigation as to the dimensions, measurements and square footage of his/her Unit.
- (k) Seller's agents may be renovating 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: (i) noise or sound that is objectionable because of its volume, duration, frequency or shrillness; (ii) smoke; (iii) noxious, toxic, or corrosive fumes or gases; (iv) obnoxious odors; (v) dust, dirt or flying ash; (vi) unusual fire or explosion

Purchase Agreement

- 10 -

VISTA_00028

hazards; (vii) temporary interruption of utilities; and/or (viii) other conditions that may threaten the security or safety of persons on the Regime. Notwithstanding the foregoing, Purchaser agrees that such conditions on the Regime resulting from construction activities shall not be deemed a nuisance or discomfort to Purchaser and shall not cause Seller and its agents to be deemed in violation of any provision of the Master Deed.

(l) Mold and/or mildew can grow in any portion of the Regime that is exposed to elevated levels of moisture. The Association and each Regime unit 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 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 Units Owners, and each Regime unit 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.

(m) Exposed concrete surfaces in portions of the Regime that are not heated and cooled are subject to cracking due to (i) water penetration, (ii) expansion and contraction of the concrete with temperature changes, and (iii) building settlement.

(n) Concrete surfaces in heated and cooled portions of the Regime are subject to cracking due to building settlement. Cracks smaller than one-half inch ($\frac{1}{2}$ ") are not warrantable conditions.

(o) The Unit may trap humidity created by general use and occupation of such space (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 Purchaser, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially mold and/or mildew (see subparagraph 17(e) of the Master Deed).

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

(q) Seller 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 or any portion thereof, and such inaction by the Seller shall not constitute a breach of fiduciary duty by the directors and officers of the Association that are appointed by the Seller, pursuant to Article III, Part A, Section 2 of the Bylaws of the Association.

(r) While the drainage system for surface water runoff on the Regime is 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.

(s) Purchaser hereby grants Seller the right to obtain and use photography of the Regime (including the Unit) for publication and advertising purposes.

(t) Purchaser consents to the Seller changing, in its sole discretion, the Regime name and the street names and addresses in the Regime including the street address of the Unit before or after closing.

(u) Purchaser acknowledges that the performance and methods and practices of operating heating

Purchase Agreement]

- 11 -

VISTA_00029

and cooling systems can be directly affected by the orientation and location of a room or Unit in relation to the sun. Seller shall, therefore, have no obligation other than to install a heating and cooling system at the Unit which has been sized and designed based on industry standards for the type and size of unit to be constructed and which functions in accordance with industry standards.

(v) The cost of upgrades may not necessarily result in a commensurate increase in the value of the Unit.

(w) No representations are made that the systems in the Unit including, by way of example only, heating and air conditioning and electrical systems will operate or perform at a level or standard greater than the minimum specifications of the manufacturer.

28. **RESALE RESTRICTIONS.** Purchaser and Seller agree, and the special warranty deed to Purchaser shall provide, that for a period of twelve (12) months from the date of closing, neither the Purchaser nor any successor-in-title may transfer or convey any interest in the Unit to any third party. Notwithstanding the foregoing, Purchaser may offer to convey the Unit to Seller for the Total Purchase Price, and Purchaser shall pay all closing costs; provided, however, Seller shall not be obligated to accept such offer (hereinafter referred to as "Seller's Right to Repurchase").

(a) **Notice.** If Purchaser or any authorized successors-in-title to Purchaser desires to transfer title to the Unit under circumstances triggering Seller's Right to Repurchase hereunder, the party proposing to transfer title shall deliver to Seller written notice of such intent. The Unit shall be offered for sale to Seller at the Total Purchase Price. Any such transfer of title to any party other than Seller as required hereunder shall be null and void. Seller shall have ten (10) days after receipt of notice to elect to exercise Seller's Right to Repurchase.

(b) **Exercise.** If Seller elects to exercise Seller's 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 Seller's notice of its exercise of Seller's Right to Repurchase (the exact date, time, and location of closing of the repurchase to be selected by Seller). Reconveyance of the Unit to Seller 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 existing at the time Purchaser acquired the Unit from Seller. If the title proposed to be reconveyed to Seller is subject to any defect not permitted in this Paragraph, Seller, 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 Seller (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, Seller shall pay to the owner of the Unit the Total 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 a.m. on the date of such reconveyance.

(c) **Failure to Exercise.** The failure of Seller to exercise Seller's Right to Repurchase provided in this Agreement against Purchaser or any other party shall not constitute a waiver of such Seller's rights granted herein against Purchaser or any other party.

(d) **Termination of Seller's Right to Repurchase.** Seller's Right to Repurchase and the resale restriction granted in the first sentence of Paragraph 28 above shall automatically terminate twelve (12)

months after the date of closing on a Unit, or upon the recordation of a written document terminating such rights signed by Seller. After termination has occurred as provided above and upon submission to Seller of a written request by Purchaser or Purchaser's successor-in-title and a release in form and content satisfactory to Seller, Seller shall provide to Purchaser an executed release of Seller's Right to Repurchase in recordable form. Neither issuance nor recordation of such release shall be necessary to terminate such rights after the twelve (12) month period has elapsed.

(c) **Exclusions.** Seller'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 Seller 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.

(f) **Mortgage Subordination.** The special warranty deed transferring title of a Unit to Purchaser shall provide that Seller's Right to Repurchase is subordinate to any record mortgage made in good faith for value securing a bona fide mortgage on the Unit.

29. **ADVERTISING.** Prior to closing, Purchaser is prohibited from listing or advertising the Unit for sale in any real estate listing service and/or publication, on any online electronic medium and on any radio, television or any other medium for advertising.

30. **EXHIBITS AND ADDENDA.** The following Exhibits and/or Addenda are attached hereto and by reference made a part hereof: Exhibit "A" - Regime Legal Description; Exhibit "B" - Unit Floor Plan; Exhibit "C" - Financing (choose one); Exhibit "D" - Selling Broker (if necessary); Exhibit "E" - Standard Specifications for Unit Completion; Exhibit "F" - Upgrade Finish Items and Options; and Exhibit "G" - Warranty.

31. **OFFER.** This Agreement, as executed by Purchaser, shall constitute an offer to Seller. Seller may accept the same, if at all, by delivering to Purchaser at least one executed original or copy of this Agreement prior to the time that Purchaser shall notify Seller, in writing, of Purchaser's revocation of this offer. The date of this Agreement is the date of execution by Seller.

32. **SPECIAL STIPULATIONS.** The following stipulations, if in conflict with any preceding provision, shall control:

(a) Purchaser further understands and acknowledges that pursuant to the Master Deed, Seller shall assign and Purchaser shall accept garage space number(s) as limited common element(s) appurtenant to such Unit.

[SIGNATURES ON NEXT PAGE]

Purchase Agreement

- 14 -

VISTA_00032

Date: 5/18/05

PURCHASER(S):

THOMAS BLAN DE
Print Name: THOMAS BLAN DEPATRICIA C. BLAN
Print Name: Patricia C. Blan

Address:

103 SHERIDAN DR

Phone:

CARY, NC 27519

Facsimile:

(W) 919-483-5324 ; (H) 919-384-1770

E-mail:

919-315-5252TBLAN @ hotmail. comDate: 5.25.05

SELLER:

LONG GROVE VISTA, LLC,
a Georgia limited liability company

By:

Name:

Title:

Address:

Phone:

Facsimile:

E-mail:

LISTING BROKER: THE BEACH COMPANY

By:

Broker or Affiliated Licensee

Print or Type Name:

Phone:

Facsimile:

E-mail:

Broker Code:

SELLING BROKER:

By:

Broker or Affiliated Licensee

Print or Type Name:

Phone:

Facsimile:

E-mail:

Broker Code:

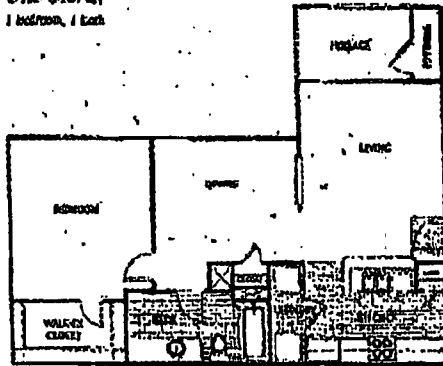
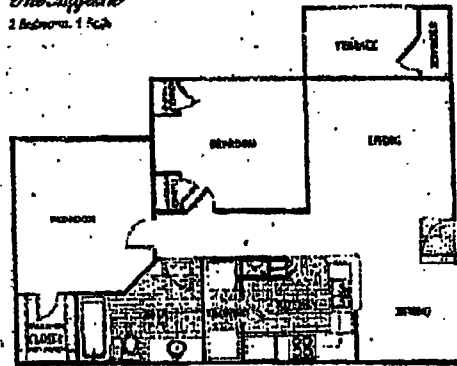
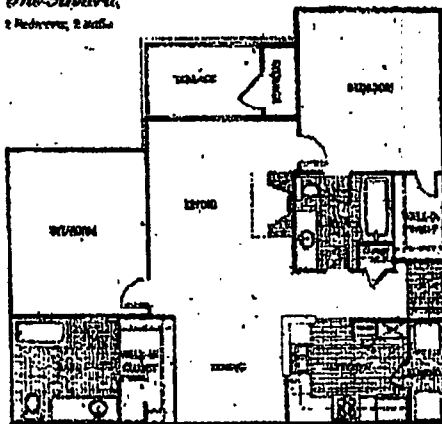
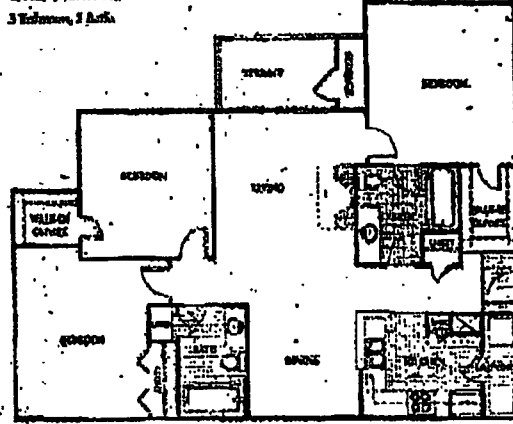
Purchase Agreement

- 15 -

VISTA_00033

EXHIBIT "A"**REGIME LEGAL DESCRIPTION**

All that piece, parcel or tract of land, with the buildings and improvements thereon, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as "PARCEL G" on a plat entitled "PLAT OF PROPERTY LINE ADJUSTMENT BETWEEN PARCEL G ABOUT TO BE CONVEYED TO LONG GROVE AT SEASIDE FARMS, L.L.C. AND TRACT A-1 OWNED BY THE BRACH COMPANY SEASIDE FARMS" prepared by Thomas & Hinton Engineering Co., dated May 8, 2000, and recorded June 1, 2000, in Plat Book EL, Page 49 in the RMC Office for Charleston County, reference to said plat being craved for a more complete description.

EXHIBIT "B"**UNIT FLOOR PLAN***The Florida*
1 Bedroom, 1 Bath
 Buyer Acknowledgement: _____
 Date: _____
The Allegro
2 Bedrooms, 1 Bath
 Buyer Acknowledgement: TB PCB
 Date: 5/12/05
The Riviera
2 Bedrooms, 2 Baths
 Buyer Acknowledgement: _____
 Date: _____
The Victoria
3 Bedrooms, 2 Baths
 Buyer Acknowledgement: _____
 Date: _____

All information is subject to change without prior notice. Renderings, floor plans, fixtures, elevations, square footage, and any other information depicted, including, but not limited to availability and pricing are all subject to change without notice. Square footage, measurements and renderings are approximate and should be verified by Buyer.

 Purchase Agreement
 11521-003

VISTA_00035

EXHIBIT "C"**NO FINANCING REQUIRED**

The following shall control over any inconsistent provision contained in the Purchase Agreement:

Purchaser represents to Seller that no mortgage financing is necessary or desirable for Purchaser to complete this transaction and that Purchaser does not desire for this Agreement to be contingent upon his ability to obtain financing. Purchaser agrees to provide Seller with a letter from a bank or financial institution on or before ten (10) business days from the date of Seller's acceptance of this Agreement verifying that Purchaser has sufficient funds to close the sale of the Unit. In the event Purchaser elects to obtain mortgage financing for the purchase of the Unit, this Agreement shall not be contingent on financing and the financing shall not delay the closing of the sale of the Unit.

PURCHASER(S):

Print Name: _____

Print Name: _____

EXHIBIT "C"**FINANCING CONTINGENCY**

The following financing contingency shall control over any inconsistent provision contained in the Purchase Agreement:

This Agreement is made conditioned upon Purchaser's ability to obtain a loan in the principal amount of not less than \$ 179,100 for a term of not less than 30 () years, with an interest rate of not more than the "Market Rate" on the unpaid balance. As used herein, "Market Rate" shall mean the publicly announced rate by Wachovia Bank, N.A., during the financing contingency period, as set forth below, for purchase money mortgages for a thirty (30) year fixed rate mortgage, for the intended use set forth in Paragraph 8 above, which rate may not be the lowest or best lending rate made available by Wachovia Bank, N.A. Such loan is to be secured by a first lien on the Unit. Purchaser covenants to apply for such loan on or before seven (7) days from the date of Seller's acceptance of this Agreement to notify Seller and/or Seller's agent of such application, and to pursue such application diligently. In the event Purchaser fails to apply for such loan within such period, or does not diligently furnish requested loan information within Purchaser's control within two (2) days of the request therefor, Purchaser shall be in default hereunder and Seller, at its option, may terminate this Agreement and Holder shall disburse to Seller the Earnest Money as fixed and full liquidated damages and not as a penalty. Purchaser agrees to cooperate fully with Seller and the lender in processing the loan application. Seller or its designated agent is authorized to contact such lender from time to time regarding the status of said loan. "Ability to obtain" as used herein means that Purchaser is qualified to receive the loan described herein based upon lender's customary and standard underwriting criteria. If Purchaser has the ability to obtain the loan referenced herein, Purchaser warrants that, at closing, Purchaser will have sufficient cash to complete the purchase of the Unit. Purchaser further warrants that unless otherwise specified herein, Purchaser does not need to sell or lease other real property in order to complete the purchase of the Unit.

Purchaser shall provide Seller with written evidence of approval for a loan for purchase of the Unit under the terms and conditions set forth in this Agreement on or before fourteen (14) days from the date of Seller's acceptance of this Agreement. Upon receipt of evidence of loan approval by Seller, this financing contingency shall no longer apply. In the event the loan is disapproved and evidence of such disapproval is provided to Seller within said fourteen (14) day period, then Purchaser may terminate the Agreement, Holder shall return the Earnest Money, to Purchaser, and Seller shall return the Total Upgrade Deposit, if any, to Purchaser, and all further rights, obligations and liabilities created hereunder shall be deemed terminated and of no further force and effect. Should Purchaser not provide evidence of approval or disapproval of loan within said fourteen (14) day period, this financing contingency shall not apply, this transaction shall be considered an all cash transaction, Seller shall not pay any closing costs, and if the Purchaser is unable to obtain financing by the closing date, the Earnest Money shall be disbursed by Holder to Seller and the Total Upgrade Deposit, if any, shall be retained by Seller. Purchaser agrees that a loan with terms consistent with those set forth herein shall satisfy this financing contingency.

Purchaser may also apply for a loan with terms and conditions that are different from those set forth herein and close the transaction provided that: (a) all other terms and conditions of this Agreement are fulfilled; and (b) the new loan does not increase the costs charged to the Seller. In the event that Purchaser provides Seller with evidence of approval for a loan for the purchase of the Unit that is not consistent with the terms and conditions set forth herein, Purchaser shall be deemed to have waived this financing contingency. Purchaser shall be obligated to close this transaction if Purchaser has the ability to obtain a loan with terms and conditions set forth herein and/or any other loan for which Purchaser has applied and been approved.

In the event Purchaser applies for financing from a lender that is not a lender preapproved by Seller, this financing contingency shall not apply, this transaction shall be considered an all cash transaction, Seller shall not pay any closing costs, and if the Purchaser is unable to obtain financing by the closing date, the Earnest Money shall be disbursed by Holder to Seller and the Total Upgrade Deposit, if any, shall be retained by Seller as provided in Paragraph 12(b) of this Agreement.

PURCHASER(S):

Print Name:

THOMAS BLAU

Print Name:

Patricia C. Blau

EXHIBIT "D"
SELLING BROKER RELATIONSHIP
[TO BE ATTACHED BY LISTING BROKER]

403749-1

VISTA_00038

EXHIBIT "E"**STANDARD SPECIFICATIONS FOR UNIT COMPLETION****Builder Standard Package:**

- Tile to be installed in Kitchen, all Bathrooms and Poyer Area
- New Carpet in Living Room, Dining Room, Hallway(s) and Bedroom(s) (if applicable)
- Freshly Painted Interior

NOTE: WE DO NOT WISH TO PURCHASE ANY UPGRADE
OPTIONS AT THIS TIME. WE RESERVE THE
RIGHT TO INSTALL HARDWOOD FLOORING AND
CERAMIC TILE AT A LATER DATE.

TPB / PCB

ISAMPLE-SELLER ENCOURAGED TO INCORPORATE CUSTOMIZED EXHIBIT
EXHIBIT "T"

UPGRADE FINISH ITEMS AND OPTIONS

	<u>Description of Upgrade</u>	<u>Cost of Upgrade</u>
1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
5.	_____	\$ _____
6.	_____	\$ _____
7.	_____	\$ _____
8.	_____	\$ _____
9.	_____	\$ _____
10.	_____	\$ _____

Seller and Purchaser each intending to be legally bound, do hereby covenant and agree that the Total Purchase Price set forth in Paragraph 2 of this Agreement shall include the Total Upgrade Amount set forth in this Exhibit "T."

TOTAL UPGRADE AMOUNT: \$ _____

TOTAL UPGRADE DEPOSIT: (\$ _____)

BALANCE OWED ON TOTAL
UPGRADE AMOUNT BY _____: \$ _____

Date: _____

Purchaser Signature: _____

Date: _____

Purchaser Signature: _____

Date: _____

Seller Signature: _____

[OPTIONAL: IF UNIT OCCUPIED BY A TENANT]**ADDENDUM TO THE LONG GROVE HORIZONTAL PROPERTY REGIME
PURCHASE AGREEMENT
WHEN UNIT OCCUPIED BY TENANT**

This is an Addendum (hereinafter referred to as the "Addendum") to the LONG GROVE HORIZONTAL PROPERTY REGIME PURCHASE AGREEMENT for the purchase and sale of Unit _____ of the Long Grove Horizontal Property Regime (hereinafter referred to as the "Purchase Agreement") by and between LONG GROVE VISTA, LLC, a Georgia limited liability company (hereinafter referred to as the "Seller") and _____ (hereinafter referred to as the "Purchaser/s").

Seller and Purchaser, each intending to be legally bound, do hereby covenant and agree as follows:

1. Terms used in this Addendum shall have the same meaning given to such terms in the Purchase Agreement.
2. This Addendum is an integral part of the Purchase Agreement and shall form a part thereof.
3. In the event of a conflict between the terms and provisions of this Addendum and the terms and conditions of the Purchase Agreement, the terms and provisions of this Addendum shall prevail and survive the closing.
4. The Purchase Agreement is hereby amended to add the following:

Purchaser acknowledges and understands that there is currently a tenant residing in the Unit to be purchased. Under provisions § 27-31-10 *et seq.* of the Code of Laws of South Carolina (hereinafter referred to as the "South Carolina Horizontal Property Act"), the tenant has the right to at least ninety (90) days notice (or at least one hundred twenty (120) days if the tenant is over the age of fifty-nine (59)), if the term of the lease is longer, prior to being required to vacate the Unit. The tenant also has the right to purchase the Unit for a period of sixty (60) days after delivery of an initial offer from Seller. Thereafter, during the fifteen (15) days following such sixty (60) day period (or fifty (50) days if the tenant is over the age of fifty-nine (59)), Seller may not sell the Unit to any other person at a price or on terms more favorable than the price or terms initially offered to the tenant, without first delivering the same offer to the tenant. In that event, the tenant will have ten (10) days to deliver acceptance of any such offer before the Unit is sold to Purchaser. Because of the tenant's rights set forth above, Purchaser acknowledges that this Purchase Agreement will be effective only if the tenant does not exercise tenant's right to purchase the Unit as set forth above. If tenant exercises the right to purchase the Unit, this Purchase Agreement shall be null and void and of no further force and effect, all Earnest Money shall be returned to Purchaser and all parties shall be relieved of their respective obligations. If tenant does not exercise the right to purchase, then this Purchase Agreement shall remain in full force and effect, and Purchaser shall purchase the Unit subject to tenant's rights of occupancy. Purchaser shall assume all of landlord's rights and obligations under tenant's lease and South Carolina statutes. Notwithstanding the foregoing, Purchaser acknowledges that Seller does not guarantee the tenancy of the Unit by tenant for the entire period of tenant's lease. Purchaser hereby acknowledges receipt of a copy of the lease and all documents pertaining to the Unit.

Purchaser agrees to apply for financing prior to the date on which the tenant's right to purchase the Unit expires. In consideration, the Seller agrees to reimburse Purchaser for application fees incurred only if the tenant then exercises its right to purchase the Unit. In the event the Purchase Agreement herein is exercised, Purchaser will then pay all mortgage and closing costs as per the Purchase Agreement.

5. Except as provided above, the Purchase Agreement is not altered or amended hereby and remains in full force and effect according to the terms hereof.

IN WITNESS WHEREOF, the parties have hereunto affixed their respective hands and seals on the day and year set forth under the respective names.

WITNESSES:

PURCHASER

Date: _____

PURCHASER

Date: _____

SELLER

Date: _____

NOTE: WE DO NOT PLAN TO LEASE/RENT THE UNIT
AT THIS TIME. THAT DECISION COULD CHANGE AFTER
12 MONTHS.

TB/PLB

**ADDENDUM TO THE LONG GROVE HORIZONTAL PROPERTY REGIME
PURCHASE AGREEMENT**

This is an Addendum ("Addendum") to the LONG GROVE HORIZONTAL PROPERTY REGIME PURCHASE AGREEMENT for the purchase and sale of Unit 1326 of the LONG GROVE HORIZONTAL PROPERTY REGIME ("Purchase Agreement") by and between LONG GROVE VISTA, LLC, a Georgia limited liability company ("Seller") and Thomas S. Blau III & Patricia C. Blau ("Purchaser/s").

Seller and Purchaser, each intending to be legally bound, do hereby covenant and agree as follows:

1. Terms used in this Addendum shall have the same meaning given to such terms in the Purchase Agreement.

2. This Addendum is an integral part of the Purchase Agreement and shall form a part thereof.

3. In the event of a conflict between the terms and provisions of this Addendum and the terms and conditions of the Purchase Agreement, the terms and provisions of this Addendum shall prevail and survive the closing.

4. The Purchase Agreement is hereby amended by deleting Paragraph 10(3) and replacing it with the following:

(c) **Disclosure Package.** Purchaser hereby acknowledges that he/she has not received a copy of the property condition report required under Section 27-31-430 of the South Carolina Horizontal Property Act, the Master Deed, Bylaws of the Association, Articles of Incorporation of the Association, and the estimated budget of the Association (the "Disclosure Package"). At such time as Purchaser receives the Disclosure Package, Purchaser shall sign an acknowledgment of receipt of the Disclosure Package, and Purchaser shall have the right to cancel the Purchase Agreement by providing written notice to Seller of such cancellation on or before 12:00 midnight Eastern Time two (2) days after the execution of the acknowledgment.

Except as provided above, the Purchase Agreement is not altered or amended hereby and remains in full force and effect according to the terms hereof.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have hereunto affixed their respective hands and seals on the day and year set forth under the respective names.

WITNESSES:

Thomas T. Ben
PURCHASER
Date: 5/12/05

Patricia C. Blum
PURCHASER
Date: 5/12/05

SELLER: Long Grove Vista, LLC

By: [Signature]
Name: Richard B. Bell
Title: _____
Date: _____

VISTA_00044

LONG GROVE CONDOMINIUMS
1600 LONG GROVE DRIVE
MT. PLEASANT, SOUTH CAROLINA 29464
Phone: 843-971-3849

NOTICE TO CLOSE

June 14, 2005

Thomas & Patricia Blau
101 Sheptin Drive
Cary, NC 27519

RE: Purchase of 1600 Long Grove Drive #1326

Dear: Thomas & Patricia Blau

Please be advised this letter is an official notice to close. The purchase of the above captioned unit has been scheduled for June 30, 2005 at 1:00 p.m. to take place in the sales office of BUIST, BYARS, PEARCE & TAYLOR, LLC 1051 CHUCK DAWLEY BLVD. MT. PLEASANT, SC 29464. Phone (843) 856-4488 Fax (843) 856-0613 (Or such other mutually agreeable location).

Please see the enclosed New Home Closing Checklist advising you of the matters that are pertinent to closing. Also, please forward a copy of this notice to your lender to insure that closing matters that are pertinent to your lender and you are fully addressed. If you have any questions regarding your closing, please contact Kelley Suhr (843) 856-4488 ext 1411 or Christina Lindsay (843) 856-4488 ext 1416. If you are unable to attend the closing, please contact either Kelley or Christina and they will prepare a Power of Attorney so that you will not have to attend.

Approximately one day before closing you will be notified of the exact amount of money you will need to bring to closing. The closing agent will make every attempt to get your closing figures to you as soon as possible prior to closing in order to allow sufficient time to secure your cash to close (cashier's check or wire transfer). As figures come to them from various sources, they will attempt to get your figures out as early as they can.

Thank you in advance for your cooperation and attention to the foregoing. If you have any questions, please feel free to call our office.

Nikkie Lenox
Closing Coordinator
Long Grove Condominiums

VISTA_00046

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

IN THE COURT
OF COMMON PLEAS

THE BEACH COMPANY; LONG
GROVE AT SEASIDE FARMS,
LLC; GULF STREAM
CONSTRUCTION, INC.;

NINTH JUDICIAL CIRCUIT
2009-CP-10-6746

Plaintiffs,

vs.

LONG GROVE PROPERTY
OWNERS' ASSOCIATION,
INC.; VISTA REALTY
PARTNERS, LLC; LONG GROVE
VISTA, LLC;

Defendants.

LONG GROVE PROPERTY
OWNERS' ASSOCIATION, INC.

Third-Party
Plaintiffs,

vs.

JAMES, HARWICK &
PARTNERS, INC., n/k/a JHP
ARCHITECTURE/URBAN
DESIGN, P.C.; SAM MAYO,
d/b/a SCM CONSTRUCTION,
INC.; ESSEX ENGINEERING
CORPORATION,

Third-Party
Defendants.

DEPOSITION OF RICHARD BLATT
MAY 6, 2011
8:16 A.M.

1 **recollection --**

2 Q. Okay.

3 A. -- as it relates to the preparation of
4 **these.**

5 Q. All right. So at some point -- oh, this
6 is Exhibit 28. Don't be confused by that date. I
7 think that what happened is when it got printed --

8 A. **Printed, it picked up --**

9 Q. -- it picked up a new -- a new date,
10 yeah.

11 In Mr. De Guardiola's deposition, we
12 went through these documents and pinpointed
13 approximately when it was that the indemnification
14 and then release first got placed into the
15 documents.

16 Do you remember anything about either
17 one of those terms?

18 A. **Not in great specificity. I recall the**
19 **general issue and that it spent some time being a**
20 **contentious issue, but how it -- when it first came**
21 **off, I just don't recall.**

22 Q. Okay. And do you recall any of the
23 specifics about the discussions between
24 Mr. De Guardiola and The Beach Company or within
25 the Vista group about those -- either of those

1 statute requirements are in South Carolina?

2 A. I don't recall what they are, but I do
3 recall having to do some research on that and
4 awareness. That was our -- the first conversion
5 that I had been involved in in South Carolina.

6 Q. Okay. And as I understand it, you also
7 had an attorney working with you, helping you get
8 the conversion documents together and get the
9 filings with the RMC; is that fair?

10 Is that a fair assessment; did you have
11 some legal guidance?

12 A. Yes.

13 Q. Were you satisfied that Essex did what
14 you asked them to do and obtained a conversion
15 report that met what you had asked them to do and
16 met the requirements as you understood them in
17 South Carolina?

18 MR. GRIMBALL: Object to the form.

19 BY THE WITNESS:

20 A. I believe so.

21 BY MS. JOWERS:

22 Q. Okay. As you sit here today, you
23 don't -- do you recall any problems with any of the
24 work that Essex provided?

25 MR. GRIMBALL: Object to the form.

1 that was done?

2 A. I just don't recall.

3 Q. Okay. Other than the balconies, you
4 mentioned that there was other work going on by
5 other contractors. What types of -- what type of
6 work was going on out there?

7 A. Painting of the building exteriors,
8 installing tile in unit interiors, replacing
9 carpets in unit interiors, some countertop
10 replacements in unit interiors, some improvements
11 to the property amenities that I don't really
12 recall the details on.

13 MR. GRIMBALL: Lipstick and rouge.

14 BY THE WITNESS:

15 A. And that would have been performed by a
16 variety of different contractors.

17 BY MS. JOWERS:

18 Q. Okay. Did you have any -- other than in
19 balconies, did you have anybody out there replacing
20 rotten wood, shingles, flashing, windows, anything
21 like that?

22 A. I don't recall who did that work in the
23 early stages.

24 Q. Do you recall if that type of work was
25 done in the early stages?

**REPORT OF
PROPERTY CONDITION ASSESSMENT**

LONG GROVE APARTMENTS

1600 Long Grove Drive
Mt. Pleasant, SC 29464

Prepared For:

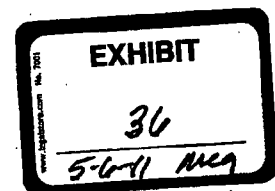
VISTA REALTY PARTNERS

Atlanta, Georgia

January 25, 2005

Essex Engineering Corp.
2572 Apple Valley Road, Suite 200
Atlanta, Georgia 30319-3527
404.365.9482

Essex Project Number 05715



Essex 0134

January 25, 2005

Mr. Hudson Hooks
Vista Realty Partners
1360 Peachtree Street, NE
Suite 1000
Atlanta, Georgia 30309

SUBJECT: Draft Report of Property Condition Assessment
Long Grove Apartments
Mt. Pleasant, SC
Essex Project No. 05715

Dear Mr. Hooks:

Essex Engineering Corp. (Essex) is pleased to present this report of our services on the subject project. These services were performed in substantial compliance with our proposal number P05518 dated January 13, 2005 to Vista Realty Partners (Vista).

The report consists of an executive summary, property profile, property condition survey summary, budget estimates and capital reserves estimates, site plan, unit plans, photographs, and appendices.

We appreciate the opportunity to be of service to you for this project and look forward to a continuing relationship. If you have any questions concerning the report please contact us.

Sincerely,

ESSEX ENGINEERING CORPORATION

Lance S. Barron
Building Survey Specialist

Kenneth B. Green, Jr., P.E.
Principal

Attachments

Essex 0135

TABLE OF CONTENTS

i. Cover Letter

ii. Title Page

iii. Table of Contents

1.0 - Executive Summary.....	1.1
1.1. General Property Description.....	1.1
1.2. General Property Condition	1.2
1.3. Capital Improvement, Maintenance and Repairs.....	1.3
1.4. Condition Summary and Capital Reserve Replacement Analysis Project at a Glance..	1.3
 2.0 - Purpose	2.1
 3.0 - Property Profile.....	3.1
3.1. Site Data.....	3.1
3.2. Building Data	3.1
3.3. Construction Systems.....	3.2
3.4. Utility Services.....	3.2
3.5. Site History	3.3
3.6 Regulatory Review.....	3.3
3.7 ADA and Local Disabled Code Compliance Summary.....	3.3
 4.0 - Property Condition Survey.....	4.1
4.1 Sitework.....	4.1
4.2 Pavements	4.3
4.3 Structure	4.4
4.4 Roofing.....	4.6
4.5 Interior	4.7
4.6 Elevators/Escalators	4.8
4.7 Mechanical, Electrical and Plumbing	4.9
4.8 Fire Protection and Life Safety	4.11
4.9 ADA Review.....	4.12
 5.0 - Budget Estimates and Capital Reserves Analysis	
 6.0 - Report Qualifications	
6.1 Special Interest of Client.....	6.1
6.2 Basis of Recommendations.....	6.1
6.3 Project Directory and Reference List.....	6.2
 7.0 - Photographs	

8.0 - Appendices

Site Location Map

Flood Map

Floor Plans

Apartment Survey Form

Certificates of Occupancy

Termite Agreement

Pool Certificate and Report

Essex 0137

1.0 EXECUTIVE SUMMARY

1.1 GENERAL PROPERTY DESCRIPTION

1.2 GENERAL PROPERTY CONDITION

1.3 RECENT CAPITAL IMPROVEMENTS, MAINTENANCE, AND REPAIRS

**1.4 CONDITION SUMMARY AND CAPITAL RESERVE REPLACEMENT
ANALYSIS PROJECT AT A GLANCE**

Essex 0138

1.0 EXECUTIVE SUMMARY

1.0 General Property Description

Essex Engineering Corp. (Essex) was contracted by Vista Realty Partners (Vista) to conduct a Property Condition Survey of the Long Grove Apartments located at 1600 Long Grove Drive, Mt. Pleasant, South Carolina. These services were performed in substantial compliance with Essex' proposal P05518, dated January 13, 2005 and your verbal authorization on the same date.

The apartment community consists of 17 two-story apartment building constructed and occupied in late 1999 through the first quarter of 2000, comprising 272 dwelling units (DU). It includes a leasing office/clubhouse containing a fitness center, laundry, business center, and a conference room/video center. The swimming pool/sundeck was located behind the leasing office. The community is located in the Seaside Farms planned development on the Isle of Palms Connector. The property size was reported by tax documents available on the Mt. Pleasant internet web site as 19.44 acres. There were 473 surface parking spaces (count) including 9 accessible handicap spaces. In addition, there were 20 spaces marked and used for boats or recreational vehicles. There were five parking garage buildings that provided a total of 30 parking spaces. Therefore, the community had a total of 523 parking spaces. Two of the accessible spaces were marked as van accessible, but did not have an 8-foot side aisle. The one accessible parking space at the leasing office had an eight-foot side aisle, but was not marked as van accessible.

Construction drawings were available from Vista Realty Partners. Based on a limited review of the available drawings, a walk-through of the property, and observations in crawlspaces, the dwelling unit buildings were supported approximately six feet above grade on cast-in-place reinforced concrete piers on reinforced concrete continuous footings. Dimensional lumber and glued/laminated beams supported dimensional lumber joists attached with galvanized steel joist hangers. Exterior walls were load-bearing wood framed. Brick masonry veneer was installed in limited applications on columns and building fronts. Interior wood-framed load-bearing and non-load-bearing walls were finished with painted gypsum board. Limited concrete masonry unit (CMU) construction was used at the fronts of buildings and was faced with brick masonry veneer. The exterior window/wall system consists of painted HardiPlank siding with painted dimensional lumber trim and double-pane, insulated single hung, white-factory-finish aluminum-framed windows.

The mechanical systems consisted of split heat pump systems with exterior units located on HVAC platforms on each end and in the center of the rear side of each dwelling unit building. The exterior units appeared to be mostly original units with approximately five to ten replaced. Wall-mounted fan/coil units were installed in the halls of each dwelling unit. Fan/coil units had supplemental electric heat at approximately 10 kilowatts each.

The electrical system consisted of underground aluminum conductors from pad-mounted power company transformers located at grade adjacent to the dwelling unit buildings to two clusters of meter panels on either side of the breezeways of each building. Distribution wiring within the building was reported to be copper. The service to all dwelling units was observed to be 125 amps.

The plumbing systems consisted of PVC sanitary piping and CPVC for domestic hot water piping and PVC domestic water piping throughout the buildings. Supply and sanitary piping was located in the crawlspaces beneath each building with the supply pipes insulated with gray, closed-cell foam insulation. Hot water was provided by electric 40-gallon water heaters located in the washer/dryer closet of each dwelling unit. Individual dwelling units were metered for water usage through sub-grade meter boxes at the ends of buildings. Metering was supplied by the town of Mt. Pleasant. Individual dwelling units were provided with hookups for washers and dryers in closets adjacent to the kitchens. A central coin-operated laundry room was located adjacent to the fitness center in leasing office/clubhouse. The laundry room contained six washers and six dryers that were serviced by Alliance Laundry Systems.

A limited Americans with Disabilities Act (ADA) review of the property indicated general compliance with ADA, the South Carolina Barrier Free Building Design Standard, and the accessibility requirements of the 1997 Standard Building Code. According to the architectural drawings (Sheet A204), the site was exempt from the Fair Housing Act Amendments because of the requirement for construction of the finished level to be above base flood level. The review included common area amenities such as the leasing office and clubhouse. The ADA deficiencies observed at the property included the lack of a marked van accessible space at the leasing office, the existing, marked van-accessible spaces did not have an 8-foot side aisle. The leasing office was located on a barrier-free path. Public restrooms located in the leasing office were accessible. The community included 16 dwelling units comprising three floor plans in Buildings 1500 and 1700 that appeared to meet the requirements of the Fair Housing Act Amendments with the exceptions of the height of electrical outlets and switches above finished floor.

Fiber does not apply since outlets prior to March 13, 1991.

1.2 General Property Condition

The property appeared to generally be in good condition. The following items were noted as immediate work during our site survey:

- ✓ ■ Seal-coat and restripe asphaltic concrete parking spaces and drive lanes.
- ✓ ■ Repair area that was ponding water in front of Building 1400 and a damaged pavement edge in front of Building 1000.
- ✓ ■ Repair cracked portland cement concrete breezeway sidewalks at limited locations.
- ✓ ■ Replace damaged windows in dwelling units.
- ✓ ■ Replace damaged entry doors.
- ✓ ■ Replace damaged sliding screen doors.
- ✓ ■ Pressure wash, repair failed sealant joints, and re-paint exterior walls, breezeway walls, metal stair stringers and guardrails and pool fence.
- ✓ ■ Repair damaged areas of oriented strand board (OSB) subflooring and columns on all balconies.
- ✓ ■ Install and paint 1x4 wood battens over damaged gypsum board joints in all breezeways.

- ✓ ■ Inspect all roofs for minor damage and remove loose nails and other materials.
- ✓ ■ Provide eight-foot side aisle for van accessible parking spaces at Building 1700.
- ✓ ■ Provide existing van accessible parking space at leasing office with van accessible sign.
- ✓ ■ Trim trees off buildings at two locations.
- Modify restrooms in clubhouse to be accessible. *not accessible?*

1.3 Capital Improvements, Maintenance and Repairs

There are immediate and reserve repairs/replacements that should be accomplished during the 10-year evaluation period as part of a preventive maintenance program and to correct construction deficiencies. Any opinions of costs provided beyond the immediate term of approximately one year should be verified by annual re-inspection as conditions of usage and maintenance may affect building component service lives. These needs are identified in the various sections of this report and are summarized in the Capital Reserve Analysis presented in Section 5.0.

1.4 Condition Summary and Capital Reserve Replacement Analysis Project at a Glance

The following table presents a summary of the condition of the property and the estimated immediate and reserve repair costs.

- Replace damaged insulation or supply water pipes in crawl spaces
- Correct discharge drain piping for water heater temperature/pressure relief valves and drip pan drains
- Maintain year-to-year routine contract

10. Cost table?

2.0

PURPOSE

Essex 0142

2.0 PURPOSE

The purpose of our assessment and this report is to assist Vista in evaluation of the physical aspects of this property and how its condition may affect the soundness of their financial decisions over time. For this assessment, representative samples of the major independent building components were observed and their physical conditions evaluated. The exterior of the property, interior common areas and representative samples of interiors were visited. The property management, maintenance staff and code enforcement agencies were interviewed for specific information relating to the physical property, code compliance, available maintenance procedures, available drawings and other documentation. The Remaining Useful Life (RUL) of the property systems and components were assessed, and the estimated cost for repairs or replacements is included in the cost estimates. Findings are included in Section 4.0 of this report.

The physical condition of building components are typically defined as being in one of three categories: Good, Fair, and Poor. For the purposes of this report, the following definitions are used:

Good	=	Satisfactory as is, requiring routine maintenance.
Fair	=	Satisfactory as is for the most part, but some aspects demand attention in the future to retain an effective service life.
Poor	=	Requires immediate repair, replacement or significant maintenance.

3.0 PROPERTY PROFILE

3.1 SITE DATA

3.2 BUILDING DATA

3.3 CONSTRUCTION SYSTEMS

3.4 UTILITY SERVICES

3.5 SITE HISTORY

3.6 REGULATORY REVIEW

3.7 ADA AND LOCAL DISABILITY CODE COMPLIANCE SUMMARY

Essex 0144

3.0 PROPERTY PROFILE

3.1 Site Data

The community contained 17 two-story dwelling unit buildings constructed and occupied from late 1999 through early 2000 based on a review of the certificates of occupancy in containing 272 dwelling units (DU), a leasing office/clubhouse building that included a fitness center, laundry, business center, and conference room/video center, and a combination maintenance shop and one-bay car-wash facility. The community was located in the Seaside Farms planned development. The property size was reported to be 19.44 acres on the Mt. Pleasant, SC tax report. There were 473 surface parking spaces (count), which included nine accessible handicap spaces. In addition, there were 20 surface spaces marked and used for boats or recreational vehicles. There were five garage buildings with a total of 30 parking spaces. The accessible space at the leasing office had an 8-foot side aisle, but was not marked as van accessible. The two accessible parking spaces at Building 1700 that were marked as van accessible did not have 8-foot side aisles.

The pavement was asphaltic concrete at the surface parking spaces around the buildings. Sidewalks and curbs were portland cement concrete as were the garage floors. Surface drainage was by surface flow to drop inlets located in paved and some turf areas. Surface flow over some turf areas went to surface drainage ditches to offsite locations. Ponding was observed in front of Building 1400.

3.2 Building Data

There were four floor plans comprising 272 dwelling units with a reported total of 287,532 square feet of leaseable space as described in the table below.

Description	Quantity	Reported Sq. Ft.	Total Sq. Ft.
1 bedroom/1 bath	68	850	57,800
2 bedroom/1 bath	40	924	36,960
2 bedroom/2 bath	96	1,112	106,752
3 bedroom/2bath	68	1,265	86,020
TOTALS	272		287,532

The property is zoned PD (Planned Development). The size of the property was reported on the Mt. Pleasant, South Carolina, on-line tax report as 19.44 acres of "high acres" and no area classified as "marsh acres" or "swamp acres".

3.3 Construction Systems

2. about? crawlspace Construction drawings were made available by Vista Realty Partners, by James Harwick + Partners, Inc. of Dallas, Texas. The drawings were stamped on 5/19/99. Based on a limited review of the available drawings, a walk-through of the property, and observations in crawlspace, the dwelling unit buildings appeared to be supported by cast-in-place reinforced concrete piers on reinforced concrete spread footings. Piers appeared to be on approximately 9-by-12-foot spacing under the dwelling unit portions of the buildings. Finished floor level was approximately six feet above grade for dwelling unit buildings. The at-grade breezeway landings consisted of 4-inch reinforced concrete slabs on grade with strip footings. Dimensional lumber 2x12s or glued/laminated beams supported 2x10 dimensional lumber joists installed 16-inches on center attached with galvanized steel joist hangers. First floor decks were specified as tongue-and-groove 3/4-inch APA rated oriented strand board (OSB). Second floor decks were specified as 3/4-inch layer of gypcrete over 3/4-inch APA-rated OSB supported by engineered wood joists. The exterior load-bearing walls were wood framed. The exterior window/wall system consisted of painted HardiPlank siding and painted dimensional lumber trim with double-pane (insulated), single-hung white-factory-finish aluminum-framed windows. Brick masonry veneer was used in limited areas on columns and fronts of certain buildings. The roof structure consisted of metal-plate-joined wood roof trusses installed 24-inches on center supporting a specified 5/8" APA rated OSB sheathing with "H" clips at panel joints between trusses. Composition or laminated shingles were installed over specified felt underlayment with coated rake and drip edge. Metal step flashing was installed along roof/wall intersections.

The mechanical systems consisted of split DX air conditioning systems with exterior condensers located on above-grade HVAC platforms at each end and in the center of the rear of each dwelling unit building. The exterior units were of original construction with the exception of five to ten units that had been replaced by various other manufacturers. Wall-mounted fan-coil units (Goodman units in one- and two-bedroom dwelling units and AllStyle Coil Co. A-frame coil units in three-bedroom dwelling units) were mounted in dwelling unit halls. The condensate pans of the Goodman fan/coil units had float-activated overflow switches. The pans in the A-frame coils had redundant condensate drain pipes that discharged to the crawlspace. Main ducts were constructed of aluminum-foil wrapped duct board with flex-duct lateral ducts to diffusers.

was moisture problem? drainage?

The electrical system consisted of underground aluminum conductors from power company (South Carolina E & G) transformer located on concrete pads at grade adjacent to dwelling unit buildings to clusters of meter panels at crawlspace elevation on opposite sides of breezeways of dwelling unit buildings. Each dwelling unit had a Thomas & Betts electrical panel located on a bedroom wall with 125-amp capacity. Distribution wiring within the building was reported to be copper.

The plumbing systems consisted of PVC sanitary piping that drained to the crawlspace where the drains converged on an 8-inch main drain that entered below grade before passing beyond the building footprint. Domestic water piping throughout the building consisted of PVC piping that was insulated with gray, closed-cell foam plastic installed in split tubes on pipes in the crawlspace. CPVC piping was observed for domestic hot water supply. An emergency water supply cutoff valve was located in the washer/dryer closet of each dwelling unit.

Domestic hot water was provided by an electric 40-gallon water heater located in the washer/dryer closet of each dwelling unit. Each water heater was equipped with an expansion tank. The temperature and pressure relief valve drain piping was not properly installed. The

1997 Standard Plumbing Code and the manufacturer's installation instructions require the drain pipe from the relief valves to drain downward from the valve and have at least a six-inch air gap from the end of the pipe to the final drain. Manufacturer's installation instructions limit the number of elbows in the drain pipe to four. In some installations, seven elbows were in the drain path before the pipe turned down to drain to the crawlspace. In addition, the drip pans were not equipped with drains. Total water usage was sub-metered through subgrade meter boxes installed by the Mt. Pleasant Water Department.

A central laundry room was located adjacent to the fitness center in the leasing office/clubhouse. The laundry contained six coin-operated washers and six coin-operated dryers which were serviced and owned by Alliance Laundry Systems.

3.4 Utility Services

The following is a table of utilities supplied to the site, and the names of the suppliers:

Site Utilities	
Utility	Supplier
Sanitary sewer	City of Mt. Pleasant
Storm sewer	City of Mt. Pleasant
Domestic water	City of Mt. Pleasant
Electric service	South Carolina E & G
Natural gas service	None on site
CATV	Comcast
Dial tone Phone Service	Bell South
Trash Removal	Carolina Waste

Fire hydrants are located throughout the property.

3.5 Site History

Based on a review of the certificates of occupancy, the buildings were constructed from 1999 through 2000, with occupancy ranging from 9-29-99 for the leasing office/clubhouse through 4-13-2000 for Building 1500. The site is located within the 100-year flood plain, and the finished floor levels were approximately six feet above grade (reported to be 13 to 14 feet above mean sea level) in order to meet the requirement to be above base flood level. Certificates of Occupancy had restrictions that no new construction may be below base flood elevation. A copy of the Flood Map is contained in the Appendix.

Long Grove Apartments is located in the Charleston, South Carolina, area where ^{the seismic} effective peak velocity-related acceleration coefficients range between 0.10 and 0.15. Based on Table 1607.1.8 of the 1997 Standard Building Code, these buildings would be placed in Seismic Performance Category C, which would require shear panels in light framed walls. Structural drawings were made available for the buildings of Long Grove appeared to indicate that the seismic loads were considered in the building design. Shear panels were specified in interior and exterior walls.

3.6 Regulatory Review

Permits for construction were issued by the Charleston County Building Department. Inspections were made during construction to verify that building codes were met and

*Lakeshore Plaza Apartments
Property Profile*

Certificates of Occupancies (COs) issued after acceptance of construction. The building inspection by the County, however, may not have necessarily been a thorough inspection, and code deficiencies may exist. Copies of COs are included in the appendix of this report. There were no outstanding building code violations on file at the time of our review.

The Mount Pleasant, South Carolina on-line zoning map showed that Long Grove Apartments was zoned PD (Planned Development), and it was included in the Seaside Farms development, which included multi-family, single-family, retail, and hospitality occupancies. The current use complies with this zoning.

[REDACTED]

[REDACTED]

As discussed above, as shown on Federal Emergency Management Agency (FEMA) flood maps, the property is within the 100-year flood plain. A copy of the Flood Map is contained in the Appendix.

3.7 ADA and Local Disabled Code Compliance Summary

Multi-family housing projects are regulated by both the Americans with Disabilities Act (ADA) and the Fair Housing Amendments Act (FHAA), and in South Carolina, the South Carolina Barrier Free Building Design Standard. In addition, the design drawings for the project cited Chapter 11 of the 1997 Standard Building Code. ADA applies for persons inquiring at the leasing office about leasing apartments and for meeting rooms or other facilities if they are available for use or rent by the general public. Accessible parking and barrier-free access into the leasing office is required by ADA. The leasing office restrooms are required to be accessible if they are available for use by the public.

Generally, Title III of the ADA prohibits discrimination by entities to access and use of "areas of public accommodations" and "commercial facilities" on the basis of disability. Regardless of their age, these areas and facilities must be maintained and operated to comply with the Americans with Disabilities Act Accessibility Guidelines (ADAAG).

Buildings completed and occupied after January 26, 1992 are required to fully comply with ADAAG. Existing facilities constructed prior to this date are held to the lesser standard of complying to the extent allowed by structural feasibility and the financial resources available, or a reasonable accommodation must be made. The items noted as being non-compliant are provided for information only. The financial resources available to provide for these items cannot be assessed as it is beyond Essex's scope of services.

The FHAA applies to multi-family (4 units and greater) units and the apartment units and amenities for use by the tenants and their guests only. FHAA applies to units that were occupied after March 13, 1991. The FHAA requirements would apply to this complex since they were constructed and occupied prior to this date. There are exemptions available under the FHAA regarding topography. The design/drawings (Sheet A204) (cite) the exemption where finished floor elevation is required to be 30 inches or more above grade and a slope of greater than 10 % would be required between entrances and vehicular and pedestrian arrival points within 50 feet of the entrance. The drawings (cite) that this condition exempts Long Grove Apartments from FHAA requirements, but (cite) that the South Carolina Barrier Free Building Design Standard requires 14 accessible apartments. In the first floor dwelling units of Buildings 1500 and 1700, there are 16 accessible apartments that appear to meet the requirements of FHAA, with exception of height above finished floor elevation of electrical switches and outlets.

During the Property Condition Survey, limited visual observations for ADA South Carolina Barrier Free Building Design Standard compliance were conducted. It is understood by the Client that the limited observations described herein do not comprise a full ADA Compliance Survey, and that such surveys are beyond the scope of Essex' undertaking. Only a representative sample of areas was observed and, other than as shown on the compliance checklists, actual measurements were not taken to verify compliance.

ADA Considerations at Leasing Office:

49 (The) one space is "van accessible" with an 8-foot side aisle width, but is not marked with a sign indicating that it is "van accessible." A sign should be provided.

Parking to Sidewalk: Acceptable-at grade with no curbs.

Sidewalk to Entrance Door: Acceptable-no steps. Entrance door threshold is acceptable, with lever hardware on door and proper clearance of free opening of the door.

Leasing office: Accessible.

Restrooms: The restrooms available to the public are in the clubhouse, and they are accessible, with exception of the height of the towel dispenser. The dispenser should be lowered as a maintenance item.

Accessible Parking at Dwelling Unit Buildings: Eight accessible parking spaces were provided between Buildings 1500 and 1700. Two of these spaces were marked as "van accessible", but neither of these spaces had an eight foot side aisle. The spaces should be re-stripped and part of the landscaping area on the drive-lane end of the spaces should be incorporated to provide one eight-foot side aisle than can be shared by the two van-accessible parking spaces.

4.0 PROPERTY CONDITION SURVEY

4.1 SITEWORK

- 4.1.1 TOPOGRAPHY**
- 4.1.2 SITE DRAINAGE**
- 4.1.3 ACCESS/EGRESS**
- 4.1.4 LANDSCAPING/IRRIGATION**
- 4.1.5 SITE AMENITIES**
- 4.1.6 RECREATION FACILITIES**
- 4.1.7 POOL**

4.2 PAVEMENTS

- 4.2.1 GENERAL**
- 4.2.2 ASPHALT DRIVE LANES/PARKING AREAS**
- 4.2.3 CONCRETE PAVEMENTS/SIDEWALKS**

4.3 STRUCTURE

- 4.3.1 GENERAL**
- 4.3.2 EXTERIOR WALLS**
- 4.3.3 EXTERIOR WINDOWS AND DOORS**
- 4.3.4 STAIRS**
- 4.3.5 BALCONIES AND BREEZEWAYS**
- 4.3.6 TERMITE/INSECT INFESTATION**

4.4 ROOFING

- 4.4.1 GENERAL**

4.5 INTERIOR

4.6 ELEVATORS/ESCALATORS

4.7 MEP

- 4.7.1 MECHANICAL HEATING & COOLING SYSTEMS**
- 4.7.2 ELECTRICAL SYSTEMS**
- 4.7.3 PLUMBING**

4.8 FIRE PROTECTION AND LIFE SAFETY

4.9 ADA REVIEW

4.0

PROPERTY CONDITION SURVEY

4.1 SITE

TOPOGRAPHY		
Component	Condition	Comments/Type of Construction
Grades	Level site.	
Fill Settlement	No settlement observed.	
ADA - Barrier Free path of travel		Leasing office room required sign for "van accessible". ?
SITE DRAINAGE		
Component	Condition	Comments/Type of Construction
Surface Conditions	Good	No ponding of water observed.
Route	Good	Surface flow to drop inlets in parking areas and some turf areas.
Ponding Areas	Good	Ponding was not observed around building.
Drainage Structures	Good	Drop inlet drains in paved areas and some turf areas.
ACCESS/EGRESS		
Component	Present	Comments/Type of Construction
Signalization	No	No signals.
Access Gates	No	No access gate.
Turn Lanes	No	No turn lanes provided.
LANDSCAPE/PLANTING		
Component	Condition	Comments/Type of Construction
Turf	Good	Moderately well maintained. Observed during winter.
Shrubs/Trees	Good	Well maintained. Consisted of live oak, palmetto, crepe myrtle, magnolia, and pine trees with azalea, legustrum, holly, oleander, Spanish bayonet, yew shrubs.
Planters/Beds	Good	Well maintained. Located at entrance and front of leasing office/clubhouse. Cold weather had damaged some plants.
Irrigation System	N/A	None observed.
Site/Building Signage	Good.	Entrance sign on Long Grove Drive was painted wood with ground-mounted lighting. DUs have signs at entrances to breezeways that indicate building number and dwelling units accessible through the breezeway.
Retaining Walls	N/A	No retaining walls on site.

System	Condition	Comments
Fences	Good	Chain link fence behind dwelling units buildings 100, 300, and 500, and then from Building 500 behind Building 700.
Site Appearance	Good	Well maintained.
Problems Observed	None	Comments On Site Conditions
Fill Settlement	None Observed	None Observed
Trip Hazards	None Observed	None observed.
Erosion at Downspouts	None observed	Splash blocks were present, no erosion observed.
Erosion at Roof Line	None Observed	None Observed
Erosion at Other Locations	None Observed	None Observed
RECREATION AMENITIES		
System	Condition	Comments
Water Features	N/A	None present.
Lake Structures	N/A	Water bodies were located across Long Grove Drive, but were not part of the property.
Fountains	N/A	None present.
Vegetative Maintenance	Good	Observed during winter. Growth slowed due to weather.
Car Wash	Good	One covered bay located as part of the maintenance building. Provided with a garden hose.
Fitness Center	Good	Located in the wing of the leasing office/clubhouse. Equipment included universal, 2 treadmills, 2 each of 2 types stationary cycle, 2 stair-master types, and free weights with a bench.
Business Center	Good	Two computers, fax, and printer were present at two desks.
Conference Room	Good	Separate conference room with TV/VCR and video collection available to residents.
Laundry	Good	In wing of clubhouse adjacent to fitness center. Equipped with six coin-operated top-loading washers and 6 coin-operated front-loading dryers.
Clubhouse	Good	Fireplace, and club area. Kitchen had cookie oven, refrigerator, dishwasher, and microwave oven and appeared to be in good condition.
EQUIPMENT - NON-CLUBHOUSE		
System	Condition	Comments/Type Equipment
None Present	N/A	
POOL		
System	Condition	Comments/Type Equipment
Surface	Good	Surface of pool should be replastered during evaluation period. Cool deck surface appeared to be in good condition, with cracks in two locations to be repaired as maintenance items.
Equipment	Good	Two pumps, two Purex Triton II commercial sand filters. Equipment should be replaced during evaluation period.
Furniture	Good	44 lounges, 4 umbrella table and chair sets, and four small round tables appeared to be in good condition, but should be replaced during the analysis period.

4.2 PAVEMENTS

System	Condition	Comments
Parking Locations	Good	Surface parking throughout the community adjacent to leasing office/clubhouse and dwelling unit buildings.
Parking Spaces	Good	473 surface parking spaces counted including 8 handicap accessible spaces. 20 spaces were striped and used for boats or recreational vehicles. Five parking garages provided a total of 30 parking spaces.
Drive Lanes	Good	One damaged area in front of Building 1400 and one in front of Building 1000.
Parking Areas	Good	No distress observed.
Trash Compactor	Good	Located across street from leasing office. Recycling bins for glass and aluminum, plus a dumpster for cardboard recycling.
Curbs	Good	Limited presence.
Curb Ramps	N/A	At grade.
Parking Striping	Poor	Striping appeared to have been green originally, but was barely visible. Asphalt will need to be sealcoated and spaces restriped immediately and during evaluation period.
Fire Lane Striping	None	None observed.
Drainage Route	Good	Center of drive lane in front of Building 1400 ponded water.
Drainage Structures	Good	No distress observed.
System	Condition	Comments
Longitudinal Cracking	Good	No distress observed.
Alligator and Block Cracking	Good	No distress observed.
Potholes	Good	None observed. Damaged edge of pavement observed in front of Building 1000 close to the end of 1100. <i>space?</i>
System	Condition	Comments
Vertical Movement/ Faulting	Good	None observed.
Corner/Edge Cracking	Fair to Good	Ends of concrete sidewalks from breezeways were cracked at several building and should be repaired.
Crazing/Map Cracking	Good	None observed.
Sealing/Spalling	Good	None observed.
Exposed Reinforcing	Good	No distress observed.

4.3 STRUCTURE

Category	Condition	Comments (Type Construction)
Structural Framing System	Good	Wood-framed exterior and interior load-bearing walls, and non-load-bearing walls of framed construction.
Foundations	Good	Appeared to be reinforced concrete piers on reinforced concrete continuous footings. Piers were approximately 34 inches above grade and on 9-foot by 12-foot spacing.
Basement/Subgrade Areas	N/A	None present. <i>Canal spaces?</i>
Ground Floor Slab	Good	4-inch concrete slab on grade with strip footings under breezeway stair landings.
Elevated Floors	Good	1 st Floor deck was specified as 3/4-inch tongue-and-groove OSB supported by sawn lumber joists attached with galvanized metal joist hangers to either doubled sawn lumber or glue-laminated beams. 2 nd Floor deck was specified as 3/4-inch OSB supported by engineered wood trusses with 3/4-inch application of gypcrete.
Roof Framing	Good	Metal-plate joined wood roof trusses installed 24-inches on center, and cross bracing.
Roof Decking	Good	Specified as 5/8-inch APA-rated sheathing, composition shingles over felt underlayment. Observed laminated or architectural shingles. "H" clips at sheathing panel joints between trusses were observed.
Wall Framing	Good	No problems observed.
Draft Stopping	Fair to Good	3/4-inch or 5/8-inch gypsum board on 2x4 framing observed as draft stops. Doors in draft stops were in need of repair and should be kept closed when maintenance in attic is not underway.
EXTERIOR WALLS AND ROOFING		
Wall System	Good	HardiPlank over sheathing, which was not determined. Sawn lumber 2x4 and 2x6 trim.
Wall Sealants	Good	Limited problems observed, where sealant was left out of some butt joints between pieces of HardiPlank and along two windows on the rear of one building. Clear silicone sealant had been used at the windows. Will need to be repaired during re-paint of building.
Architectural Finishes	Good	Will need to be painted immediately and during evaluation period. Paint was peeling from rake edge fascia boards.
Signage	Good	No problems observed.
EXTERIOR DOORS, WINDOWS AND FLOORS		
Category	Condition	Comments (Type Construction)
Window System	Good	Double pane (insulated), single-hung windows with white factory finish.
Window Frames	Good	Painted aluminum. One had been damaged on the interior and should be replaced. One was heavily corroded indicating possible lack of sealant and should be replaced.
Glazing	Good	No fogged windows observed.
Window Sealants	Good	One window frame was corroded at top and appeared to lack proper sealant.
Entrance Doors	Fair to good	Steel faced on wood frame set in wood framing. Several doors had contact damage and should be replaced.
Secondary Doors	Good	8-foot by 8-foot sliding glass at balconies; hi-fold wood closets in bedrooms of 3-bedroom dwelling units, 6-panel fiberglass at all other interior locations. Sliding screen doors at patio balconies were damaged and should be replaced at some locations.
Paint	Fair to Good	Exterior doors will need to be refinished during evaluation period.

4.3 STRUCTURE (continued)

Category	Condition	Comments
Stringers	Good	Painted steel stringers.
Treads	Good	Pre-cast concrete bolted to welded angles on stringers.
Guardrails / Handrails	Good	Painted metal in good condition. 1.5-inch steel tubes mounted on walls extended one foot beyond top and bottom of stairs and located 34 inches above nose of stairs. Guardrail along center was 1/4-inch painted steel pickets supporting rail at 42 inches above nose of tread. No handrail was in place at 33 to 34 inches.
Rigidity	Good	Appeared to be in good condition.
Finish/Paint	Good	Appeared to be in good condition. Will need to be re-painted when buildings are painted.
Surface	Good	Appeared to be in good condition.
SECOND FLOOR BALCONIES AND BREEZEWAYS		
Supports	Fair	Corner balcony columns on load-bearing structural members. Water damaged. Repairs required.
Balcony Surface	Fair to Poor	OSB deck water damaged under corner columns. Repairs required.
Breezeway Surface	Good	Sealed concrete with control joints. Minor cracking observed.
Guardrails	Good	Painted steel with 1/4-inch steel pickets in good condition at ends of breezeways and landings. On balconies painted sawn lumber consisting of 2x6 horizontal top supported by 2x2 pickets trimmed with 2 1x4s under 2x6 forming bottom rail. Dimensions meet code requirements.
Soffits	Good	3/8-inch perforated vinyl continuous soffits.
Lighting	Good	Breezeways with two or more surface-mounted compact fluorescent fixtures on photo cell controls. Balconies with wall-mounted brass fixture that could use compact fluorescents or incandescent bulbs at resident's choice.
PROBLEMS OBSERVED IN GENERAL		
Wood to Ground Contact	Good	Painted wood lattices screening the <u>canvspace</u> were in direct contact with the ground and in contact with wood structure. No damage was observed. Air conditioner decks were supported in part by wood 4x4s in direct contact with wood.
Tunnels Present	Limited	Two inactive mud tubes were observed on concrete piers.

4.4 ROOFING

Item	Condition	Comments
Roof Type	Good	Laminated or architectural shingle on pitched roofs, with metal rake edge and drip edge. Loose nails and some contact damage were observed.
Supporting Structure	Good	Engineered wood trusses installed 24-inches on center.
Roof Slope	Good	8:12
Roof Drains	Good	Pitched roofs drain to gutters on all buildings.
Gutters	Good	Factory finish aluminum
Downspouts	Good	Factory finish aluminum
Downspout Size and Adequacy	Good	Appeared to be adequate.
Splashblocks	Good	Observed at downspouts.
Roof Warranty	Good	Not available at site, but reported to be at head office.
Roof Leaks/Past Repairs	Good	None reported.

4.5 INTERIOR

System	Condition	Description
Floors	Good	Sheet vinyl in kitchens, bathrooms and washer/dryer closets. Remainder of dwelling units carpeted. Leasing office had carpet. 12-inch ceramic tile, and 12-inch vinyl composition tile (laundry only) depending of space function. <u>ceramic tiles were used</u> ? 12" or 8" ?
Walls	Good	Painted gypsum board.
Ceilings	Good	Painted gypsum board.
Bathrooms	Good	Ceramic tile surround for tub/shower.
Doors	Good	Six-panel fiberglass with passage knob sets except for third bedroom in 2-bedroom dwelling units, which had wood-louvered bifold doors.
Cabinets/Countertops	Good	Wood cabinets with plastic-covered particle board doors. Plastic laminate on particle board counter tops.

* Essex surveyed 11% of unit interiors.

4.6 ELEVATORS/ESCALATORS

4.6 ELEVATORS/ESCALATORS				
CATEGORY	ITEM	PASSENGER	FREIGHT	PARKING
GENERAL INFORMATION	NUMBER	None	0	0
	CAPACITY	N/A	N/A	N/A
	MANUFACTURER	N/A	N/A	N/A
	TYPE	N/A	N/A	N/A
	SPEED (FPM)	N/A	N/A	N/A
	SPECIAL EQUIPMENT	N/A	N/A	N/A
MAINTENANCE	ITEM	COMMENTS		
	MAINTENANCE CONTRACTOR	N/A		
	FREQUENCY OF INSPECTIONS	N/A		
	DURATION AND TYPE OF CONTRACT	N/A		
	MAINTENANCE PROBLEMS	N/A		
	ELEVATOR CERTIFICATION	N/A		
	COMMENTS	N/A		

4.7 MECHANICAL, ELECTRICAL AND PLUMBING

MECHANICAL/HEATING/COOLING SYSTEMS		
System	Condition	Comments/Type/Environment
Description of System	Good	Split system DX air conditioning units with condenser units on elevated decks at each end and center of rear of each dwelling unit building. Approximately five to ten exterior units had been replaced. 2 tons for 1 BR, 2.5 tons for 2 BR, and 3 tons for 3 BR dwelling units. Specified a number of units totaling approximately 22 tons for the leasing office/clubhouse.
Refrigerant Used	Good	R-22
Air Handling/Furnace Units	Good	Interior fan/coil units with electric resistance heat units mounted in hall walls of dwelling units. A-frame coils were observed in 3-bedroom units, single slant-coil in others.
Mounting	Good	No problems observed.
Condensate Overflow Piping	Good	Condensate pans for single-slant coils equipped with float-activated cut-off switch. A-frame coil condensate pans equipped with redundant drain pipes.
Exhaust Fans	Good	No problems observed. Exhausted outside the building.
Maintenance Program	Serviced by on-site maintenance as needed.	
Tenant Interviews	None conducted.	
Code Problems	There appeared to be no code problems.	
Reported Problems	None reported.	
ELECTRICAL SYSTEMS		
System	Condition	Comments/Type/Environment
Service Size, Entrance and Meter	Good	125-amp to all DUs.
Transformers	Good	Located on concrete pads around dwelling unit buildings. Owned by power company.
Power Distribution	Good	Aluminum conductors from pad transformers to meter panel clusters (two per building) at edge of crawlspaces. Aluminum conductors from meter panels to individual Thomas Betts distribution panels in each dwelling unit. Copper conductors inside dwelling units.
Site Lighting	Good	Was not observed at night. Pole-mounted high-intensity discharge lamps for parking areas. Surface-mounted high-intensity discharge lamps for rear of buildings.
Telephone Room	Good	Panel located in crawlspaces.
Conductor Type	Good	Reported to be aluminum conductors to panels in DUs, copper distribution throughout DU.
GFCI Outlets	Good	Two specific GFCI outlets in kitchen with one outlet wired in parallel for a total of 3 in the kitchen and one in each bathroom. Functioned properly where tested.
Incandescent Lighting	Good	Appeared to be adequate. Entry, hall, washer-dryer closet, and kitchen.
Fluorescent Lighting	Good	Bathrooms, wall-mounted.
Balcony/Entrance Lighting	Good	Appeared to be adequate.
Code Problems	None observed.	
Reported Problems	None reported.	

PLUMBING		
	Condition	Comments
Supply Water Piping	Good	PVC for domestic water and CPVC for hot water observed.
Sanitary Piping	Good	PVC observed.
Water Flow & Pressure	Good	Appeared good where observed.
Hot Water Source	Good	40-gallon electric water heaters in each dwelling unit. Temperature and pressure relief valve discharge piping was incorrectly installed and did not comply with Standard Mechanical Code or manufacturer's installation guide. Drip pans were not drained.
Hot Water Response Time	Good	Appeared good where observed.
Submetered Service	Good	Mount Pleasant Water Department provided sub-grade meter boxes with individual meters for each dwelling unit.
Plumbing Fixtures	Good	Plastic sinks in plastic laminate on particle board vanity. Vitreous china 1.6 gallon/flush toilets, enameled steel tubs.
Reported/Observed Problems	No leaks observed or reported. Problem as discussed above with temperature/pressure relief valve discharge piping and drip pan drains.	

4.8 FIRE PROTECTION AND LIFE SAFETY

System	Condition	Comments
Sprinkler System	No	None provided or required.
Fire Fighting Devices	Yes	Fire hydrants located throughout property. Fire extinguishers located in all breezeways.
Smoke Detectors	Yes	Hardwired with battery backup in all DUs. Smoke detectors were located in each bedroom and in the hall outside the bedrooms.
Alarm System	No	None provided.
Horns, Strobes, Bells	No	None provided.
Emergency Lighting	Yes	In all breezeways; two lamp fixtures.
Exit Signs	No	None provided.
Emergency Power	No	None provided.
Fire Hydrants	Yes	Fire hydrants located throughout property. No testing was conducted.
Fire Inspection Reports	NR	NR
Code Official Reports	NR	NR

4.9 ADA REVIEW

ADA REVIEW		YES	NO	IN/A	Comments
Building History					
1.	Has the management previously completed an ADA review?		X		
2.	Does an ADA compliance plan exist for the property?		X		
3.	Has the plan been reviewed/approved by outside agencies (engineering firms, building department, other agencies)?			X	
4.	Have any ADA related complaints been received in the past?		X		
Building Exterior					
1.	Are there an adequate number (per regulation) of wheelchair accessible parking spaces available (96" wide/ 60" aisle)	X			9 provided.
2.	Is there at least one wheelchair accessible van parking space (96" wide/ 96" aisle) for every 8 standard accessible spaces?	X			Space at leasing office should be marked as "van accessible". Two spaces marked as "van accessible" should be provided with an 8-foot access aisle.
3.	Are accessible parking spaces located on the shortest accessible route of travel from an accessible building entrance?	X			
4.	Does signage exist directing you to wheelchair accessible parking and an accessible building entrance?		X		Not required.
5.	Is there a ramp from the parking to an accessible building entrance (1:12 slope or less)	X	X		No curb at leasing office. Ramps to Buildings 1500 and 1700 were compliant.
6.	If the main entrance is inaccessible, are there alternate accessible entrances?			X	Leasing office on barrier free path as are first floor dwelling units in Buildings 1500 and 1700.
7.	Is the accessible entrance doorway at least 32" wide?	X			
8.	Is the door handle easy to open? (levers/push type knob, no twisting required, no higher than 48" above floor)	X			
9.	Are entry doors other than revolving doors available?	X			No revolving doors.
Building Corridors and Elevators					
1.	Is the path of travel free of obstructions and wide enough for a wheelchair (at least 60" wide)?	X			Based on photos
2.	Are floor surfaces firm, stable and slip resistant (carpets wheelchair friendly)?	X			In clubhouse
3.	Do obstacles (phones, fountains, etc.) protrude no more than 4" into walkways or corridor?	X	X		In clubhouse
4.	Are elevator controls low enough to be reached from a wheelchair (48" front approach/54" side approach)?			X	No elevators
5.	Are there raised elevator markings in Braille and Standard Alphabet for the blind?			X	
6.	Are there audible signals inside cars indicating floor changes?			X	
7.	Do elevator lobbies have visual and audible indicators of the cars arrival?			X	
8.	Does the elevator interior provide sufficient wheelchair turning area (51" X 68" minimum)?			X	
9.	Is at least one wheelchair accessible public phone available?		X		No public phones provided
10.	Are wheelchair accessible facilities (restrooms, exits, etc.) identified with signage?	X			
Restrooms					
1.	Are common area public restrooms located on an accessible route?	X			
2.	Are pull handles push/pull or lever type?	X			
3.	Are access doors wheelchair accessible (at least 32" wide)?	X			
4.	Are public restrooms large enough for wheelchair turnaround (60" turning diameter)?	X			
5.	Are stall doors wheelchair accessible (at least 32" wide)?	X			
6.	Are grab bars provided in toilet stalls (33"-36" above floor)?	X			
7.	Are the water closet flush valves on the "wide side" of the stall?	X			
8.	Do sinks provide clearance for a wheelchair to roll under (29" clearance)?	X			
9.	Are sink handles operable with one hand without grasping, pinching or twisting?	X			
10.	Are exposed pipes under sink sufficiently insulated against contact?	X			
11.	Are soap dispensers, towel, etc. reachable (48" from floor for frontal approach, 54" for side approach)?	X	X		Towel dispensers in leasing office/clubhouse restrooms too high
12.	Is the base of the mirror no more than 40" off floor?	X			

NOT
ADA
REQ

**5.0 BUDGET ESTIMATES AND
CAPITAL RESERVES ANALYSIS**

Essex 0163

6.0 REPORT QUALIFICATIONS

Essex 0164

6.0 REPORT QUALIFICATIONS

6.1 SPECIAL INTEREST OF CLIENT

Vista (Client) requested this survey in connection with the possible acquisition of the facility. We understand the primary interest of the Client was to locate and evaluate materials and/or building component defects, which might significantly affect the value of the facility, and to determine if the present facility has conditions, which will have a significant effect on the continued operations of the facility.

6.2 BASIS OF RECOMMENDATIONS

Essex was retained to perform a Property Condition Survey of the subject apartment complex. The conclusions and recommendations presented in this report are based on our field observations and our experience with similar projects. No calculations have been performed to determine the adequacy of the facility's original design. It was not the intent of this survey to be an exhaustive study to locate every existing defect. Trained professionals, who used that degree of care and skill ordinarily exercised under similar conditions by reputable members of our profession in this locality, were used for this survey. Although walk-through observations were performed, there may be defects in the buildings which were not readily accessible, were not visible, or which were inadvertently overlooked. Over time, problems may develop which were not evident at the time of this survey.

This report has been prepared on behalf of and exclusively for Vista to assist in making decisions concerning the acquisition of this facility. The report, or individual sections of the report, should not be used by other parties or for other reasons without prior written contact with Essex Engineering Corp. to determine the applicability of the report for other uses.

The conclusions and recommendations stated in this report should not be construed in any way to constitute a warranty or guarantee regarding the current or future performance of any system observed. All budgets that have been provided are opinions of probable cost and are approximations only; they should not be interpreted as being neither a bid nor an offer to perform the work.

Projections of remaining economic service life are based on continued use similar to reported past use. Significant changes in tenants and/or usage may affect the service life of some systems.

6.3 PROJECT DIRECTORY AND REFERENCE LIST

Persons whom we contacted during our survey include the following:

Contact Name	Association	Telephone Number
David Pate	Property Manager	843-971-3849
Lawrence	Maintenance Engineer	843-971-3849
	Mount Pleasant Beach Fire Dept.	561-835-2960
	Mount Pleasant Zoning Dept	561-822-1435
	Charleston County Building Dept.	843-202-6930

7.0 PHOTOGRAPHS

Essex 0167

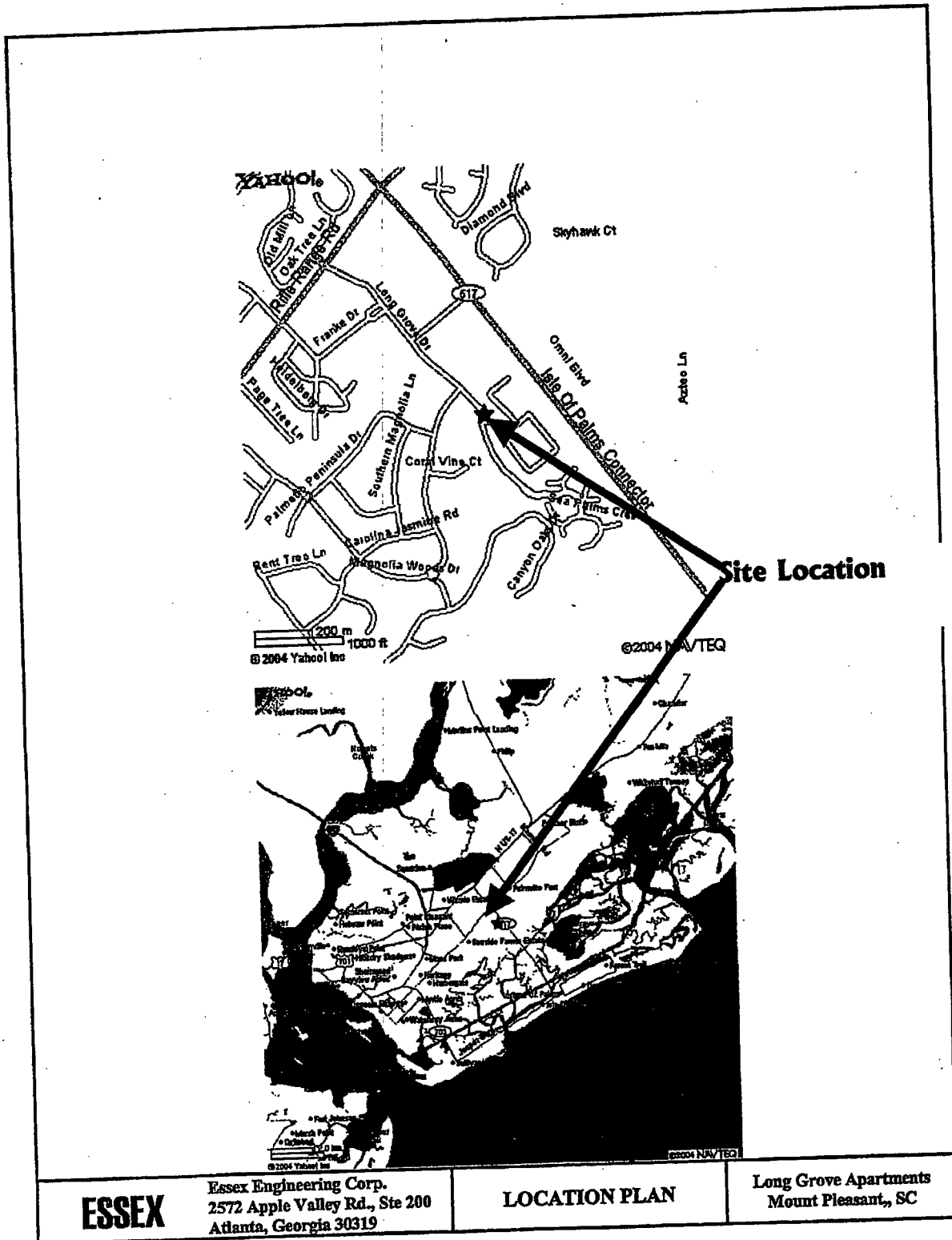
8.0

APPENDICES

Essex 0168

SITE LOCATION MAP

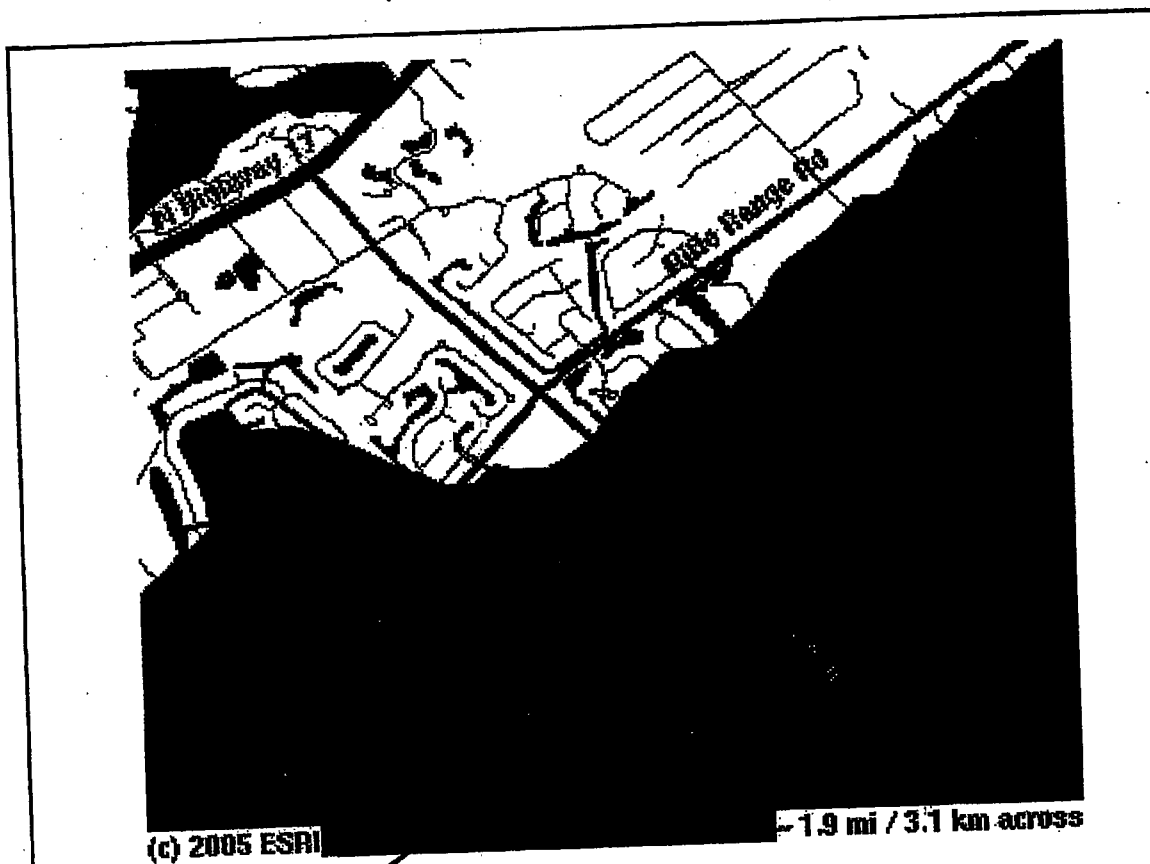
Essex 0169



Essex 0170

FLOOD MAP

Essex 0171



(c) 2005 ESRI

- 1.9 mi / 3.1 km across



Project Location

**US FLOOD
HAZARD AREAS**

Flood Data

- 100 - Year Flood
- ▨ 500 - Year Flood
- Water Bodies
- No Data

ESSEX

Essex Engineering Corp.
2572 Apple Valley Rd., Ste 200
Atlanta, Georgia 30319

**ESRI/FEMA 100-year Flood
Plain Map**

**Long Grove Apartments
Mount Pleasant, SC**

Essex 0172

APARTMENT SURVEY FORM

Essex 0173

APARTMENT INTERIOR SURVEY SUMMARY

Property Name: Long Grove Apartments

Apartment Unit No./Apt. Size	Condition Survey Ratings						Appliances-Variou Manufacturers							
	Rating 1 to 5						N or O				Yes or No			
	Vacant (yes or no)	Carpet Condition	Sheet Vinyl Flooring Condition	Cabinets/Counter Top Condition	Curtain/Blinds Condition	Walls/Ceilings Condition	Range/ Oven	Refrig- erator	Dish- washer	Garbage Disposal	Water Heater	Wash/Dry Provided	Air Handling Unit	Smoke Detec.
216							N	N	N	N	N	No	N	4
321	Yes	5	5	5	5	5								
322							N	N	N	N	N	No	N	3
325	Yes	5	5	5	5	5								
811	Yes	5	5	5	5	4	N	N	N	N	N	No	N	4
822	Yes	5	5	5	5	4	N	N	N	N	N	No	N	2
927	Yes	1	5	5	5	5	N	N	N	N	N	No	N	4
1022							N	N	N	N	N	No	N	3
1116	Yes	5	5	5	5	5								
1421	Yes	5	5	5	5	5	N	N	N	N	N	No	N	4
1622	Yes	5	5	5	5	5	N	N	N	N	N	No	N	2
1717	Yes	5	5	5	5	5	N	N	N	N	N	No	N	3

Condition Ratings for Finishes

- 1 - Appears New (Very Good)
- 2 - First 1/3 of service life (Good)
- 3 - Middle 1/3 of service life (Good to Fair)
- 4 - Final 1/3 of service life (Fair)
- 5 - Needs replacing (Poor)

Reference Key for Appliances

- N - newer (replacement of original)
- O - older (assumed original)
- No - Not included in unit
- Yes - Included in unit

1140

ESSEX 0174

LINES

ZONING MAP

Essex 0175

DWELLING UNIT FLOOR PLANS

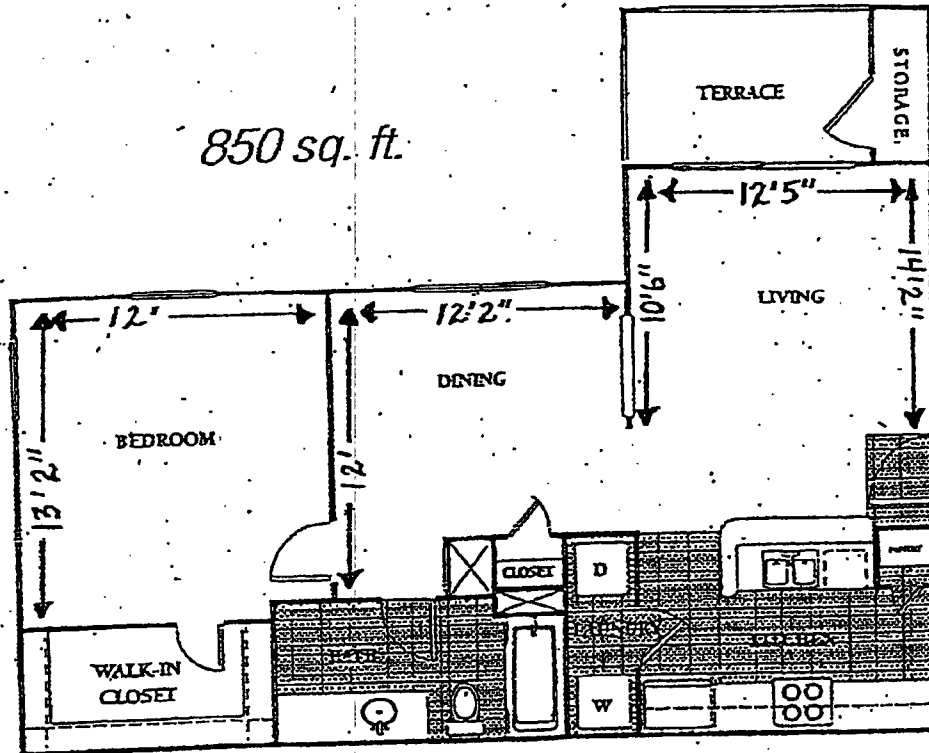
Essex 0177



Long Grove

AT SEASIDE FARMS
Luxury Apartment Homes

850 sq. ft.



The Gloria

one bedroom

one bath

Professionally Developed and Managed by

The Beach Company

1600 Long Grove Drive • Mt. Pleasant, SC 29464
(843) 971-5849 • Fax: (843) 971-3359
www.thebeachcompany.com



Essex 0178

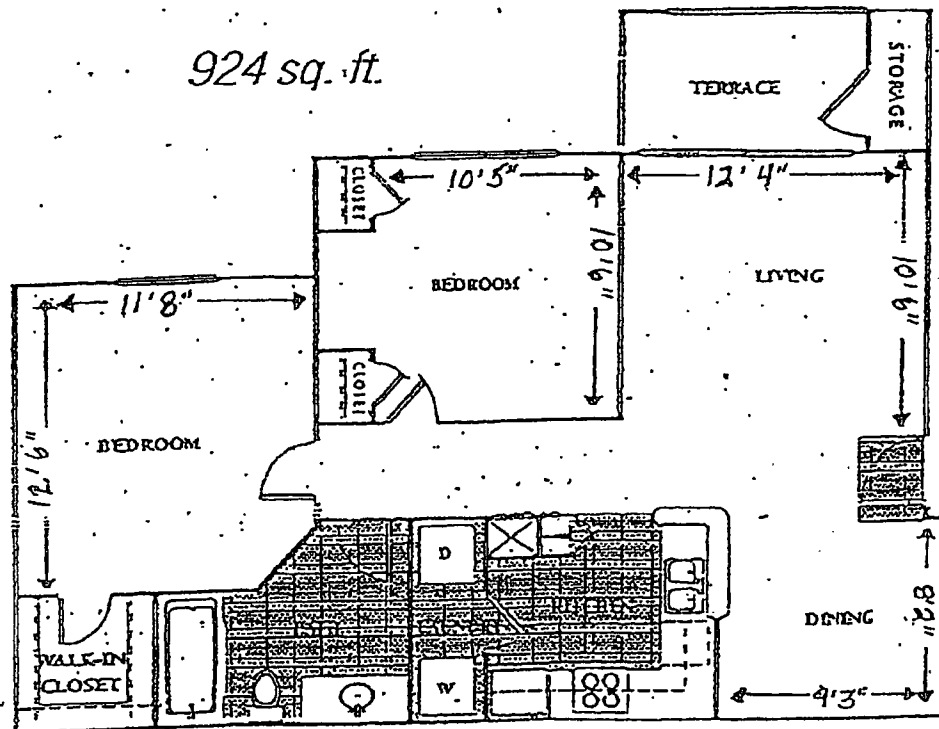


Long Grove

AT SEASIDE FARMS

Luxury Apartment Homes

924 sq. ft.



The Majestic

two bedroom

one bath

Professionally Developed and Managed by

The Beach Company

1600 Long Grove Drive • Mt. Pleasant, SC 29464

(843) 971-3049 • Fax (843) 971-3359

www.thebeachcompany.com

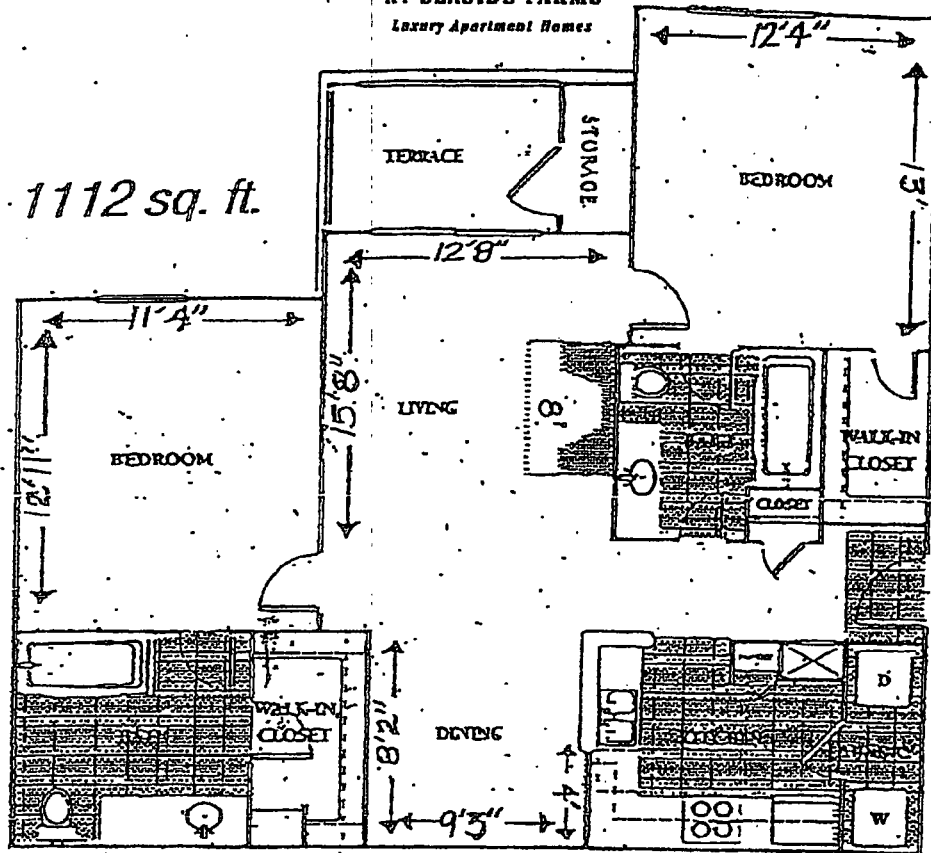
Essex 0179



Long Grove

AT SEASIDE FARMS
Luxury Apartment Homes

1112 sq. ft.



The Riviera

two bedroom

two bath.

Professionally Developed and Managed by

The Beach Company

1600 Long Grove Drive • Mt. Pleasant, SC 29464
(843) 971-3849 • Fax: (843) 971-3359
www.thebeachcompany.com



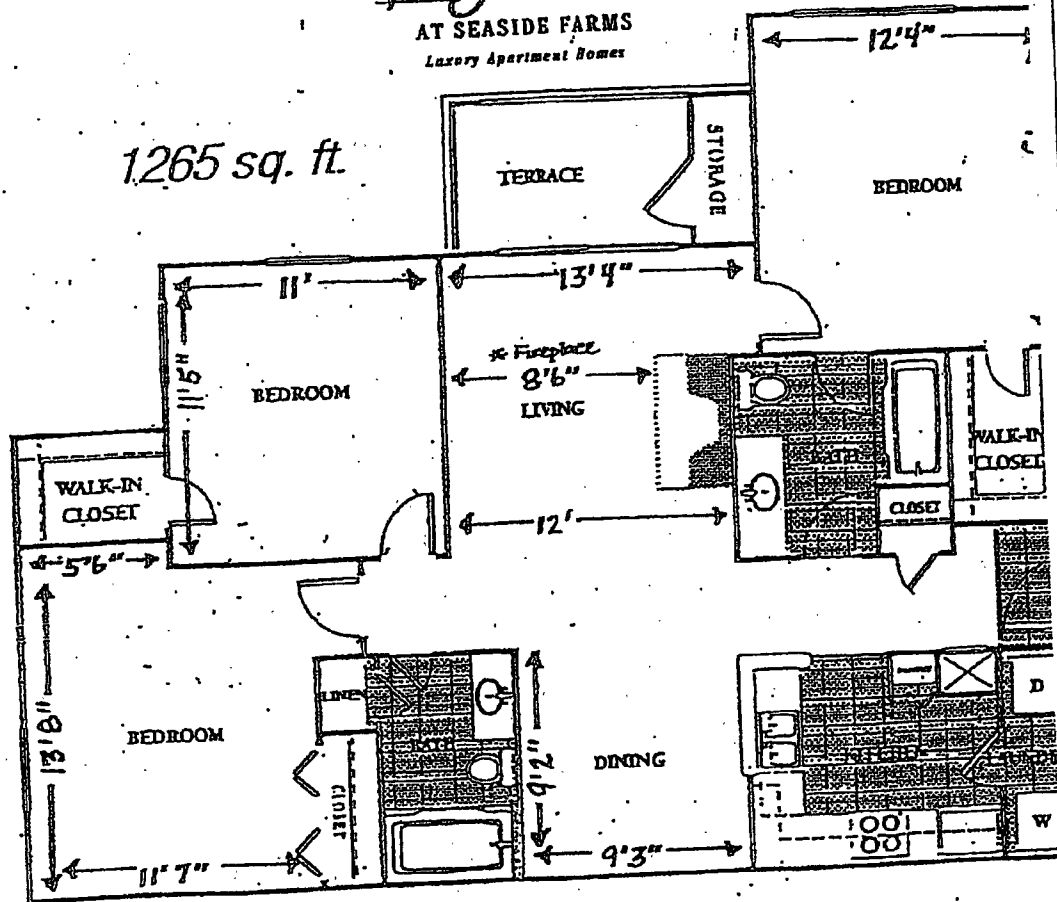
Essex 0180



Long Grove

AT SEASIDE FARMS
Luxury Apartment Homes

1265 sq. ft.



The Victoria

three bedroom

two bath

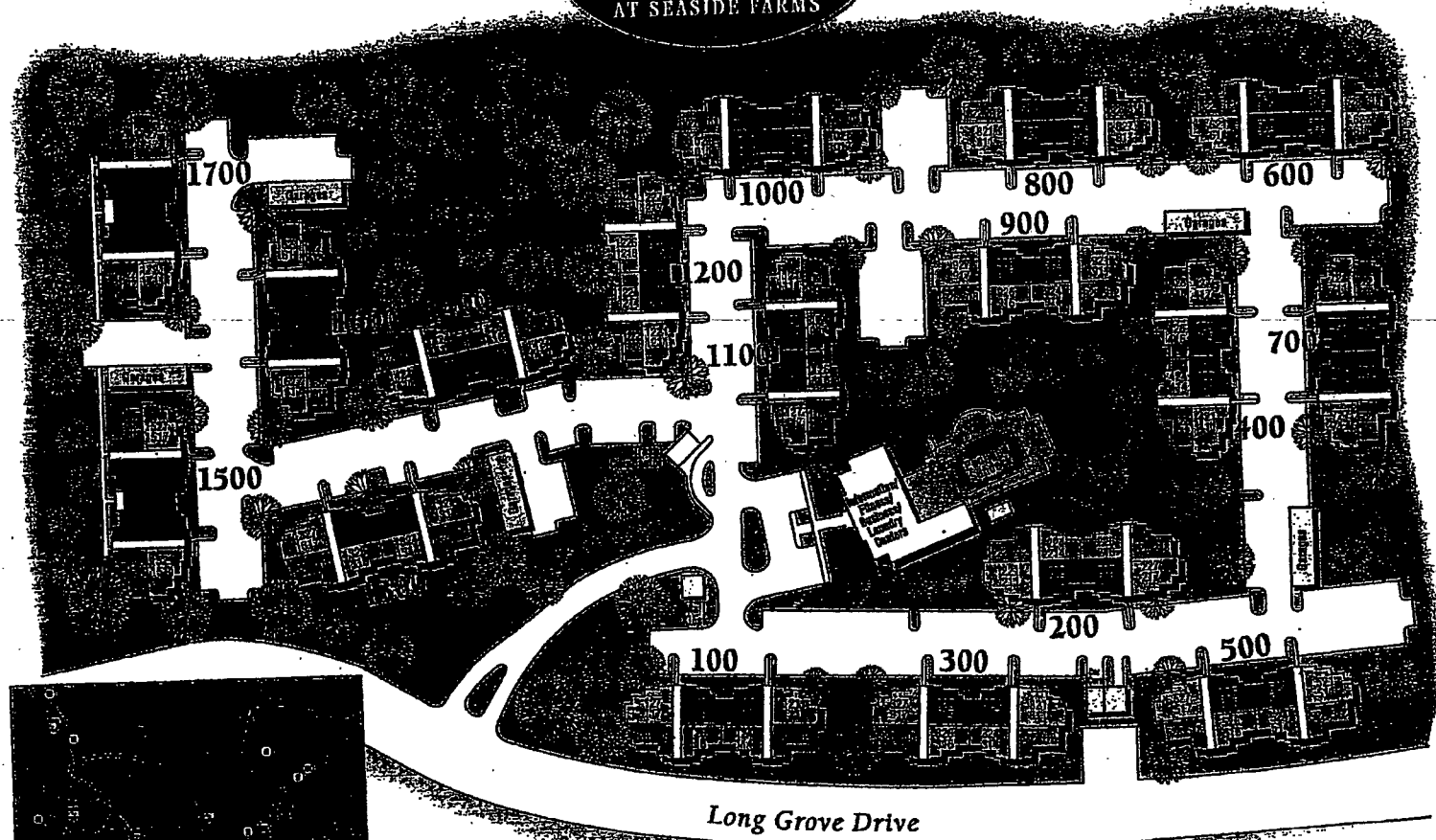
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www.thebeachcompany.com

Essex 0181

Long Grove
AT SEASIDE FARMS



The Gloria
1 Bedroom, 1 Bath

The Majestic
2 Bedrooms, 1 Bath

The Riviera
2 Bedrooms, 2 Baths

The Victoria
3 Bedrooms, 2 Baths

CERTIFICATES OF OCCUPANCY

Essex 0183

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. : 561-00-00-147

Flood Zone : A8

Elevation : 13

Date : 09-29-1999

**CERTIFICATE OF
OCCUPANCY**

The building located at

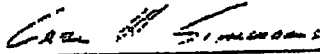
1600 LONG GROVE DR. S.W. ATLANTA, GA 30329

having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as COMMERCIAL BUILDING - LEASING OFFICE

Built under Permit No. B-117813

Taken out by: GULF STREAM CONST. CO. INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"


BUILDING OFFICIAL

Essex 0184

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. 561-00-00-147

Flood Zone A8

Elevation 14

Date 10-12-1999

**CERTIFICATE OF
OCCUPANCY**

The building located at 350 LONG GROVE DRIVE - MT. PLEASANT

having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as COMMERCIAL BUILDING - CAR WASH

Built under Permit No. B-118026

Taken out by: GULF STREAM CONST. CO., INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

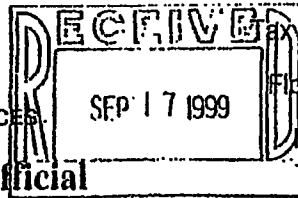
CARL M. SIMMONS

BUILDING OFFICIAL

Essex 0185

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina



Map N : 561-00-00-147

Flood Zone : A8

Elevation : 13

Date : 09-10-1999

CERTIFICATE OF OCCUPANCY

The building located at 100 LONG GROVE DRIVE - Mt.PLEASANT; LONG GROVE APARTMENTS

having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as APARTMENT BUILDING - COMMERCIAL

(BUILDING 1 - BUILDING 100 UNITS A - P = 111 - 128 LONG GROVE DRIVE)

Built under Permit No. B-118005

Taken out by: GULF STREAM CONST.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl A. Simmons

BUILDING OFFICIAL

C/O

UCT-22-1999 11:22

Tax Map No. _____

Flood Zone _____

Elevation _____

Date _____

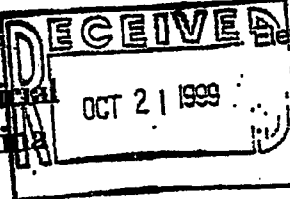
AB

14

10-18-1999

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina



CERTIFICATE OF OCCUPANCY

The building located at 200 LONG GROVE DRIVE - MT. PLEASANT; LONG GROVE APARTMENTS
having been inspected and found in accordance with the Charleston County Building Code

and other County regulations, may be occupied as COMMERCIAL APARTMENT BUILDING
(BUILDING 3 = BUILDING 200, UNITS A - P = 711-728 LONG GROVE DRIVE)

Built under Permit No. B-118017

Taken out by: GULF STREAM CONST. CO. INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl A. Simmons
BUILDING OFFICIAL

TOTAL P.03

Essex 0187

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. : 561-00-00-147

7 Flood Zone : A8

Elevation : 14

Date : 10-05-1999

CERTIFICATE OF
OCCUPANCY

The building located at: 300 Long Grove Drive, Unit A - Pleasant Long Grove Apartments

having been inspected and found in accord with the Charleston County Building Code

and other County regulations, may be occupied as: COMMERCIAL - APARTMENT BUILDING

(BUILDING 2 = BUILDING 300 UNITS A - P. 311 - 328 LONG GROVE DRIVE)

Built under Permit No. B-118016

Taken out by: GULF STREAM CONST. CO., INC.

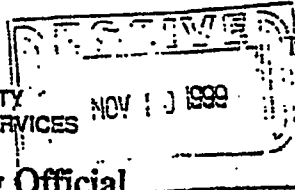
"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl H. Simmons

BUILDING OFFICIAL

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina



Tax Map No. : 561-00-00-147

Flood Zone : A8

Elevation : 14

Date : November 05, 1999

CERTIFICATE OF OCCUPANCY

The building located at: 400 Long Grove Dr., Mt. Pleasant; Long Grove Apartments

having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as : Commercial Apartment Building
(Building #5 - Building 400 units A - P = 411 - 428 Long Grove Dr.)

Built under Permit No. B-118019

Gulf Stream Const.

Taken out by: _____

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl H. Simmons

BUILDING OFFICIAL

7
CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

NOV - 1 1999

Map No. : 301-00-00-147

Flood Zone : A8

Elevation : 14

Date : 10-27-1999

Office of the Building Official
Charleston, South Carolina

CERTIFICATE OF OCCUPANCY

The building located at 500 LONG GROVE DRIVE - MT. PLEASANT; LONG GROVE APARTMENTS

having been inspected and found in accord with the Charleston County Building Code

and other County regulations, may be occupied as COMMERCIAL APARTMENT BUILDING

(BUILDING #4 - BUILDING 500 UNITS A - P-511 - 528 LONG GROVE DR.)

Built under Permit No. R-118018

Taken out by: GULF STREAM

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

CARL H. SIMMONS

BUILDING OFFICIAL

Essex 0190

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. : 561-00-0014/

RECEIVED

Flood Zone :

A8

DEC 21 1999

Elevation :

14

BY:

Date : DECEMBER 17, 1999

CERTIFICATE OF
OCCUPANCY

The building located at 600 LONG GROVE DRIVE - MT. PLEASANT; LONG GROVE APARTMENTS
having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as COMMERCIAL APARTMENT BUILDING
(BUILDING #7 = BUILDING 600 UNITS A - P = 611 - 628 LONG GROVE DR.)

Built under Permit No. B-118021

Taken out by: GULF STREAM CONST.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

[Signature]
BUILDING OFFICIAL

Essex 0191

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. : 561-00-00-147

Flood Zone : A8

Elevation : 14

Date : NOVEMBER 17, 1999

CERTIFICATE OF OCCUPANCY

The building located at 700 LONG GROVE DRIVE - MT. PLEASANT; LONG GROVE APARTMENTS
having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as COMMERCIAL APARTMENT BUILDING
(BUILDING # 6 = BUILDING 700 UNITS A - P = 711 - 728 LONG GROVE DRIVE)

Built under Permit No. B-118020

Taken out by: GULF STREAM CONST.

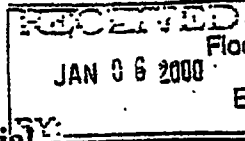
"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

John M. Simmons
BUILDING OFFICIAL

Essex 0192

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina



Tax Map No. 561-00-00-147

Flood Zone A8

Elevation 14

Date DECEMBER 22, 1999

CERTIFICATE OF OCCUPANCY

The building located at 800 Long Grove Drive, Pleasant Long Grove Apartments

having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as - COMMERCIAL APARTMENT BUILDING -

(BUILDING 9 = BUILDING 800 UNITS A - P = 811-828 LONG GROVE DR.)

Built under Permit No. B-118023

Taken out by: GULF STREAM CONST.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl M. Simmons

BUILDING OFFICIAL

Essex 0193

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. 561-00-00-147

Flood Zone A8

Elevation 14

Date DECEMBER 9, 1999

RECEIVED

DEC 13 1999

BY:

CERTIFICATE OF
OCCUPANCY

The building located at 900 LONG GROVE DRIVE, MT. PLEASANT, LONG GROVE APARTMENTS

having been inspected and found in accord with the Charleston County Building Code

and other County regulations, may be occupied as COMMERCIAL APARTMENT BUILDING

(BUILDING #8 = BUILDING 900 UNITS A - P = 911 - 928 LONG GROVE DRIVE)

Built under Permit No. B-118022

Taken out by: GULF STREAM CONST.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl A. Simon

BUILDING OFFICIAL

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

RECEIVED

FEB 01 2000

BY:

Tax Map No. 561-00-00-147

Flood Zone: A8

Elevation: 13

Date: JANUARY 27, 2000

CERTIFICATE OF OCCUPANCY

The building located at 1000 LONG GROVE DRIVE - MT. PLEASANT

having been inspected and found in accord with the Charleston County Building Code

and other County regulations, may be occupied as

COMMERCIAL BUILDING - BUILDING 10 - BLDG. 1000 - UNITS A-P 1011-1028

Built under Permit No. B-118006

Taken out by: GULF STREAM CONSTRUCTION CO., INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Car. W. Simmons
BUILDING OFFICIAL

Essex 0195

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. 561-00-00-147

Flood Zone A8

Elevation 13

Date JANUARY 13, 2000

RECEIVED
JAN 20 2000
BY: GSCC

CERTIFICATE OF OCCUPANCY

The building located at 1100 LONG GROVE ROAD - MT. PLEASANT
having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as COMMERCIAL APARTMENT BUILDING
BUILDING 11 = BUILDING 1100 UNITS A-P = 1111 - 1128

Built under Permit No. B-118007

Taken out by: GOLF STREAM CONST. CO. INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl H. Simmons
BUILDING OFFICIAL

FYI

Essex 0196

RECEIVED

FEB 10 2000

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. 561-00-00-147

Flood Zone A8

Elevation 13

Date FEBRUARY 4, 2000

CERTIFICATE OF OCCUPANCY

The building located at 1209 LONG GROVE DRIVE, UNIT 1209, PLEASANT
having been inspected and found in accord with the Charleston County Building Code

and other County regulations, may be occupied as
COMMERCIAL APARTMENT BUILDING - BLDG. 1209 UNITS A-P OR 1211-1228

Built under Permit No. B-118008

Taken out by: GULF STREAM CONST.

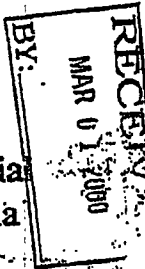
"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carl A. Simonson

BUILDING OFFICIAL

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina



Tax Map No. : 561-00-00-147

Flood Zone : A8

Elevation : 13

Date : FEBRUARY 28, 2000

CERTIFICATE OF
OCCUPANCY

The building located at 1300 LONG GROVE ROAD - MT. PLEASANT

having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as

COMMERICAL BUILDING

BUILDING 14 UNITS A-P = 1311-1328

Built under Permit No. B-118010

Taken out by: GULF STREAM CONST. CO. INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

BUILDING OFFICIAL

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. 561-00-00-147

Flood Zone A8

Elevation 13

Date FEBRUARY 18, 2009

CERTIFICATE OF OCCUPANCY

The building located at 1400 LONG GROVE ROAD - MT. PLEASANT

having been inspected and found in accord with the Charleston County Building Code

and other County regulations, may be occupied as

COMMERICAL BUILDING - BLDG 13 = BLDG. 1400 UNITS 1411 - 1428 (UNITS A-P)

Built under Permit No. B-118009

Taken out by: GULF STREAM CONST. Co., INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"


BUILDING OFFICIAL

Essex 0199

**CHARLESTON COUNTY
BUILDING INSPECTION SERVICES**

**Office of the Building Official
Charleston, South Carolina**

Tax Map No. : 501-00-00-147

Flood Zone : A8

Elevation : 13

Date : APRIL 13, 2000

**CERTIFICATE OF
OCCUPANCY**

The building located at 1500 LONG GROVE DRIVE - MT. PLEASANT
having been inspected and found in accordance with the Charleston County Building Code
and other County regulations, may be occupied as COMMERCIAL BUILDING - BUILDING #17/BUILDING #1500 - UNITS A-P 1511-1528

Built under Permit No. B-118013
Taken out by: GULF STREAM CONSTRUCTION CO., INC.

**"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"**

Carl H. Simon

BUILDING OFFICIAL

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

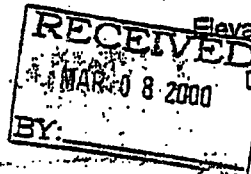
Office of the Building Official
Charleston, South Carolina

Tax Map No. : 561-00-00-147

Flood Zone : A8

Elevation : 13

Date : MARCH 2, 2000



CERTIFICATE OF
OCCUPANCY

The building located at 1601 LONG GROVE DRIVE - MT. PLEASANT

having been inspected and found in accord with the Charleston County Building Code
and other County regulations, may be occupied as COMMERCIAL BUILDING

BUILDING 15 - BUILDING 1601 UNITS A-P - 1611-1628

Built under Permit No. B-118011

Taken out by: GULF STREAM CONSTRUCTION

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

A handwritten signature in dark ink, appearing to read "Case H. S.", written over a horizontal line.

BUILDING OFFICIAL

CHARLESTON COUNTY
BUILDING INSPECTION SERVICES

Office of the Building Official
Charleston, South Carolina

Tax Map No. : 561-00-00-147

Flood Zone : A8

Elevation : 13

Date : MARCH 31, 2000

**CERTIFICATE OF
OCCUPANCY**

The building located at 1700 LONG GROVE DRIVE - MT. PLEASANT

having been inspected and found in accord with the Charleston County Building Code

and other County regulations, may be occupied as

COMMERCIAL BUILDING - BUILDING 16-BLDG. 1700 - UNITS A-P 1711-1728

Built under Permit No. B-118012

Taken out by: GULF STREAM CONSTRUCTION COMPANY, INC.

"NO NEW CONSTRUCTION BELOW BASE
FLOOD ELEVATION IS ALLOWED"

Carol M. Simmons

BUILDING OFFICIAL

POOL CERTIFICATE AND INSPECTION FORM

Essex 0203



**Bureau of Water
Recreational Waters Permitting**

LONG GROVE APTS
1600 LONG GROVE DR
MOUNT PLEASANT SC 29464

Annual Operating Permit Fee Receipt

For Year April 1, 2004 thru March 31, 2005

The below listed **PUBLIC SWIMMING FACILITY** is hereby Authorized to Operate while in accordance with all State Laws and Rules, and Rules and Regulations of the **SOUTH CAROLINA DEPARTMENT OF HEALTH and ENVIRONMENTAL CONTROL**.

Facility Name: LONG GROVE APARTMENTS

Facility Type: TYPE-B POOL

Located at: 1800 LONG GROVE RD
MT PLEASANT SC

Permit Number: 10-580-1

Sticker Number: 1170

Sticker Issued: 03/04/2004

This **STICKER** and **CERTIFICATE** are the **PROPERTY** of the **DEPARTMENT OF HEALTH and ENVIRONMENTAL CONTROL** and must be surrendered on demand.

KEEP STICKER POSTED AT ALL TIMES IN A CONSPICUOUS PLACE ON THE PREMISES SUCH AS THE POOL RULES SIGN, EQUIPMENT ROOM DOOR OR OFFICE DOOR.

Essex 0204

 D H E C PROMOTE PROTECT PROSPER	Swimming Pool Inspection Report Bureau of Water	Facility: <u>Long Grove Apts</u> Permit #: <u>10580-1</u> District: <u>Trident</u> Date: <u>6, 8, 04</u> Time: <u>4:21</u>

Pool Type:	A	B	C	D	E	F	Indoor	Outdoor	Inspection Type:	Routine	Preseason	Follow-up	TAV
Number of Swimmers In Pool									YES	NO	N/A	Comments	
01. Pool Open for Public Use									✓				* = Immediate Closure Item All other deficiencies must be corrected within _____ days or closure may result.
02. First Aid Kit Available During Hours of Operation									✓				
03. Lifezone w/Floats in Place												✓	
04. Depth Markers on Deck and Walls & Marked in "Feet" or "Ft"									✓				
05. Ladders and Handrails Tight and Secure									✓				
06. Pool Wall and Floor Clean; Pool Free of Algae									✓				
07. Deck Clean and Clear of Hazards									✓				
08. Skimmers or Gutter Operating Properly									✓				
09. Water Level at Middle of Skimmer or Lip of Gutter									✓				
10. Diving Board Maintained in Safe Condition												✓	
11. Back-Flow Prevention Device on Hose Bibbs												✓	
12. Bathroom: Soap, Paper, Handtowel/Dryer, Shatter-Resistant Mirrors									✓				
13. Chlorine 1.0-5.0 ppm (<u>3.0</u>), Bromine 2.3-11 ppm (_____)*									✓				
14. pH Level 7.2-7.8 (<u>7.4</u>)*									✓				
15. Main Drain Grates Visible *									✓				
16. Main Drain Grates in Place and Unbroken *									✓				
17. 20" USCG Approved Life Ring w/Rope Attached (Type B) *									✓				
18. Shepherd's Crook w/12" Handle Permanently Attached (Type B) *									✓				
19. Lifeguard(s) on Duty (Type A&E) *												✓	
20. Rescue Tube (Type A&E) (Required for Each Lifeguard) *												✓	
21. Blankets, Backboard, Collar or Immobilizer Present (Type A&E) *												✓	
22. Telephone/Emergency Notification Device w/in 200' of Pool and Operational *									✓				
23. Spa Temp. Max 104°F (_____) & Temp. Monitored *												✓	
24. Current Operating Permit Posted *									✓				
25. All Required Pool/Spa Rules Posted *									✓				
26. Two "SHALLOW WATER (4') NO DIVING (6') Signs Posted *									✓				
27. Two "NO LIFEGUARD ON DUTY (6') SWIM AT YOUR OWN RISK (4') Signs Posted *									✓				
28. Certified Pool Operator Sign Posted (or Added to Pool Rules Sign) *									✓				
29. S.C. Certified Pool Operator Requirement Met *									✓				
30. Bound and Numbered Pool Log Available and Maintained Daily *									✓				
31. Disinfection Equipment Operating *									✓				
32. Recirculation and Filtration System Operating *									✓				
33. Automatic Controller Operating *												✓	
Pool Closed Due to Unsatisfactory Inspection ☐ Call _____ For Retrospection Prior to Reopening ☐ Reopen When Corrections are Made													
☐ IF THIS BOX IS MARKED, THIS CONSTITUTES A VIOLATION OF THE STATE RECREATIONAL WATERS ACT, CODE SECTION 44-55-2310, et. seq.													
The Number of Violations Issued to this Facility During the Current Swimming Season: _____ Accrual of Violations May Lead to Enforcement Action.													
I certify that the Inspector has supplied me with a copy of this report and has explained any deficiencies noted.													
DHEC Inspector: <u>[Signature]</u> Facility Representative: <u>[Signature]</u>													

cc: White-Central Office; Canary-Facility; Pink-EQC District Office

DHEC 1928 (08/2002)

Essex 0205

TERMITE CERTIFICATE

Essex 0206

PRO EXTERMINATING CONTRACTORS, INC.

P. O. Box 13348 • Charleston, SC 29422

(843) 762-2014 • Fax (843) 762-2015

S.C. LICENSE
09000 2058**SUBTERRANEAN TERMITE
SERVICE AGREEMENT**S.C. CERTIFIED
#CA001275Date Treated: 3/22/99Bond # 1294

Property Location:

LONG GROVE APARTMENTS @ SEASIDE FARMS PHASE I1600 LONG GROVE ROAD/MT PLEASANT, SOUTH CAROLINA 29464

Owner:

BEACH LONG GROVE I, LLC - LONG GROVE AT SEASIDE FARMS

Mailing Address:

211 KING STREET STE 300CHARLESTON, SOUTH CAROLINA 29401

TYPE OF CONSTRUCTION:

☒ Crawl☒ Slab☐ Crawl & Slab

TYPE OF TREATMENT:

☒ Preconstruction Subterranean Termite Soil Treat☐ Post Construction Subterranean Termite Treatment☐ Residential ☒ Commercial ☐ Industrial

TYPE OF GUARANTEE:

☒ Retreatment of structure if infestation of subterranean termites are found while under this service agreement.

1. This initial SERVICE AGREEMENT shall be for a period of one (1) year from date treated.
2. SERVICE AGREEMENT shall be renewable starting 3/22/01 on an annual basis for the sum of \$ 3,800.00 due and payable within 30 days of the anniversary date of this treatment for an additional four (4) years. Any additional service agreement would be renegotiated at the end of the (5) year period between Pro Exterminating Contractors, Inc and the owner.
3. SERVICE AGREEMENT shall be for the control of subterranean termites in areas where treatment was applied, and shall not include control of any other wood destroying organisms.
4. This SERVICE AGREEMENT shall not extend to: a. Violations of the Standard Builders Code by the owner/builder which occur after the completion of the subterranean termite treatment or pretreatment (stucco or Styrofoam sheathing, or similar material which extends below grade, inadequate ground clearance, etc.) b. Additions not treated by Pro Exterminating Contractors, Inc. c. Remodeling/landscaping which occurs after subterranean termite treatment or pretreatment is complete and which entails considerable disturbance of the treated soil area. d. Conditions for which a waiver has been approved prior to the commencement of the pretreatment or treatment. e. Moisture content above 20% or rot damage to any area. f. Standing water under or near foundation of structure. g. Wood debris under or near foundation. h. Wood in contact with the ground. i. Hidden areas where visible inspection cannot be made. j. All treated areas are covered for retreatment as needed.
5. SERVICE AGREEMENT shall include only such agreements as are clearly specified above.

Respect For Disputes:**MEDIATION AND ARBITRATION**

MEDIATION: Any claim arising out of or related to this service agreement shall be subject to mediation as a condition precedent to arbitration or the institution of legal or equitable proceedings by either party. The parties shall endeavor to resolve their claims by mediation which, unless the parties mutually agree otherwise, shall be in accordance with the Better Business Bureau rules of mediation currently in effect.

ARBITRATION: If the complaint is not otherwise resolved the customer agrees to arbitrate disputes involving this service agreement in accordance with the Better Business Bureau rules of arbitration.

Issued this 14TH day of MAY, 20 01 By:S. H. Forayth, Jr., PresidentOWNER SIGNATURE Theresa R. Miller signed DATE 5-21-01

COPY

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

IN THE COURT OF COMMON PLEAS
NINTH JUDICIAL CIRCUIT
Case No.: 09-CP-10-6746

THE BEACH COMPANY; LONG)
GROVE at SEASIDE FARMS,)
LLC; GULF STREAM)
CONSTRUCTION COMPANY,)
INC.,)

Plaintiffs,)

-vs-)

LONG GROVE PROPERTY)
OWNERS' ASSOCIATION,)
INC., VISTA REALTY)
PARTNERS, LLC; LONG GROVE)
VISTA, LLC,)

Defendants.)

LONG GROVE PROPERTY)
OWNERS' ASSOCIATION,)
INC.,)

Third-Party Plaintiff,)

-vs-)

JAMES, HARWICK &)
PARTNERS, INC., k/n/a JHP)
ARCHITECTURE/URBAN)
DESIGN, P.C.; SAM MAYO)
d/b/a SCM CONSTRUCTION,)
INC.; ESSEX ENGINEERING)
CORPORATION,)

Third-Party Defendants.)

THE 30(b)6 DEPOSITION OF:

Mr. Kent A. Johnson

Date: Thursday, June 17, 2010

Time: 9:50 a.m.

Location: Mullen Wylie, LLC
171 Church Street
Suite 370
Charleston, SC 29401

Reporter: Kimberli S. Hogle
Court Reporter &
Notary Public
(843) 849-3007

KIMBERLI S. HOGLE
Independent Court Reporter
Tele: (843) 849-3007 Fax: (843) 849-7127

1 their own side; right?

2 A. Walk through your three activities again at the
3 end of your sentence.

4 Q. Why don't I break them down?

5 A. Good.

6 Q. Number one, they were going to handle the
7 management of the apartments as apartments; correct?

8 A. Yes. We were currently operating those
9 apartments and had the staff in place, and we negotiated for
10 the new owners to continue that same scope of services as
11 they converted units from apartments into condominiums.

12 Q. And the second contract that was negotiated
13 between Vista and The Beach Company without any involvement
14 of Long Grove at Seaside Farms was the listing agreement,
15 sales agreement for the sale of the units as condominiums to
16 purchasers; correct?

17 A. Yes. That was a separate scope of work that was
18 negotiated directly with Vista for them to provide the
19 listing and marketing services under Vista's direction to
20 sell the condominium units.

21 Q. And then the third agreement that was negotiated
22 by The Beach Company in its own right, on its own behalf,
23 was the agreement to manage the condominiums; is that
24 correct?

25 A. That is not correct. There were discussions

KIMBERLI S. HOGLE
Independent Court Reporter
Tele: (843) 849-3007 Fax: (843) 849-7127

1 towards offering that scope of services to Vista but there
2 was never a contract executed, and The Beach Company never
3 operated the POA as the manager of the POA in any form or
4 fashion.

5 Q. That explains why I can't find a signed document
6 along those lines.

7 A. There you go.

8 Q. There were those negotiations, but there was
9 never a meeting of the minds?

10 A. There was not. In general, when The Beach
11 Company negotiates with any third party, we offer our
12 complete scope of services and they are free to pick and
13 choose which ones they would like to use.

14 Q. Do you know why y'all could not reach an
15 agreement on the management by The Beach Company of the
16 association as condominiums rather than as apartments?

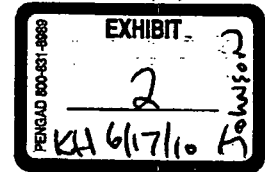
17 A. I do not know the specifics.

18 Q. One of the first documents we looked at was a
19 letter that terminated an agreement, it's Exhibit 2. Is
20 that a termination of the management agreement for the
21 operation of Long Grove as apartments?

22 A. Yes, it is. And it is a follow-up piece of
23 correspondence from a letter dated approximately 30 days
24 earlier outlining the areas of discomfort and requesting for
25 certain changes to be made, and this is the result of those

KIMBERLI S. HOGLE
Independent Court Reporter
Tele: (843) 849-3007 Fax: (843) 849-7127

BEACH
MANAGEMENT



September 12, 2005

Mr. Hudson Hooks
Vista Realty
1360 Peachtree Street NE Suite 1000
Atlanta, GA 30309

RE: Long Grove at Seaside Farms
Management Agreement Termination and Transition Plan
Via FedEx

Dear Hudson:

This letter serves as the required thirty (30) day notice for termination of the management agreement for Long Grove at Seaside Farms. In addition, we intend to implement phasing out of the site employees as we discussed.

With regard to this staffing plan, the office personnel will no longer be on-site after Friday September 16, 2005. The remaining maintenance personnel will end their duties at the property on Friday, September 30, 2005. This plan coincides with our phone conversation from this morning.

In addition to this staffing issue, we need your assistance in communicating this information to Hal Ravenel, so that we can make a smooth transition.

If you need additional information please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Timothy P. Walter".

Timothy P. Walter
Vice President
Property Management
The Beach Company

cc: Naomi G. Simpson
David Pate

A Division of
THE BEACH COMPANY
Building Traditions Since 1945

Beach Management • 211 King St., Suite 300 Charleston, SC 29401 • Phone: 843.722.2615 Fax: 843.722.6449

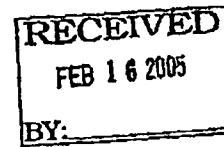
BeachCo 002082



FEB. 17. 2005 10:51AM RUSSE GULFSTREAM CONSTRUCTION

943 881-4450

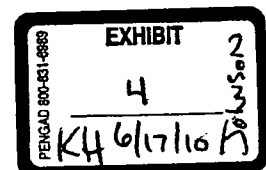
NO. 8263 P. 2



LONG GROVE APARTMENTS
1600 Long Grove Drive
Mt. Pleasant, S.C.

PROPOSED DECK REPAIRS

Russell T. Wallace, P.R.
976 Houston Northcutt Blvd.
Suite 3, Box 142
Mount Pleasant, S.C. 29464



BeachCo 000002

PURPOSE

This report concerns the evaluation and proposed repair, where required, of any water damaged OSB sub-flooring beneath the lightweight concrete balcony decks located in the Long Grove Apartments at 1600 Long Grove Drive, Mount Pleasant, S.C. This condition appears to occur only at the exterior balcony corner columns of the units.

SITE INSPECTION

A site inspection and evaluation of the above noted condition was conducted on February 9, 2005. At that time, any water damaged areas were inspected under the exterior first floor balconies of Building 100 and Building 300. All locations noted were similar and varied only in degree of potentially damaged area of OSB sub-flooring. In all cases where evidence of water damage was noted the pattern appeared to be the same.

The darkened or discolored area of sub-flooring comprised an area extending inwardly from the corner column location in a roughly triangular pattern. The affected area extended approximately 16" to 24" from beneath the corner column. In all but one location, the existing OSB sub-flooring appeared to still be in relatively good structural condition. According to personnel on site, moisture readings previously taken indicated moisture levels of between 16% - 19% at the noted locations. This moisture level would not generally be considered excessive. For future reference, this condition will be noted in this report as the "General Case". (See photos #1 & #2)

At one specific location the moisture infiltration of the sub-flooring appeared to be severe and active. Conditions, such as this, will be referred to as the "Severe Case". (See photos #3 & #4)

PROPOSED REPAIRS

The repair method proposed in the "General Case" would be to install new pressure treated OSB or plywood beneath the affected areas. It should be determined, through moisture readings and visual inspection that the existing OSB is not significantly structurally damaged and that there is no active moisture infiltration. Blocking should be installed beneath the new treated material. A repair sketch for this "General Condition" is shown in the appendix of this report.

The repair method proposed for the "Severe Case" is similar, but would require that the damaged sub-flooring be removed and replaced with new pressure treated OSB or plywood. The floor joists supporting the existing sub-flooring and concrete deck were installed using Simpson joist hangers. The removal of these joist hangers will allow access for this repair. The new sub-flooring material should be cut and installed so that the cut-line is located beneath the re-installed floor joist. Blocking should be installed beneath the cut-line perpendicular to the floor joists as well as at 16" o.c. (max.) between the existing joists.

In both cases consideration should be given to drilling several "weep holes" through the deck and sub-flooring at the base of the existing column. This may reduce the possibility of the recurrence of these conditions.

CONCLUSION

The proposed repair methods noted in this report, and illustrated in the appendix, are considered a reasonable method for addressing the conditions at the locations that were evaluated. There may be other methods or modifications to this method which would also adequately remediate the situation. However, the protocol, proposed in this report is considered to be straightforward and could be used to repair any similar locations noted in the future.

chart is
cont of this

Submitted by;

Russell Wallace, P.E.

Russell Wallace, P.E.

South Carolina Registration #14275

BeachCo 000004

APPENDIX

- 1) SITE PHOTOS
- 2) EXISTING CONDITIONS
- 3) GENERAL CONDITION REPAIR
- 4) SEVERE CONDITION REPAIR

BeachCo 000005

PHOTO #1

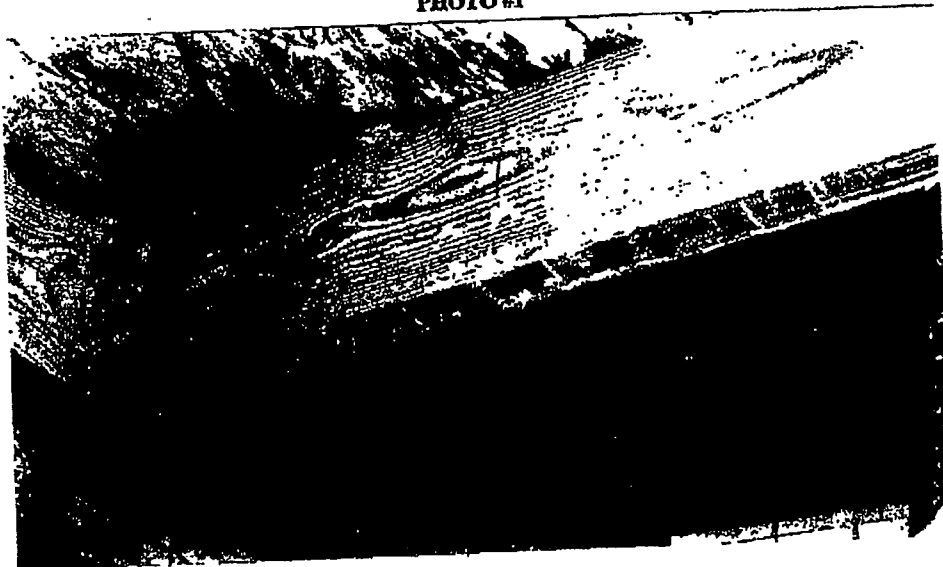


PHOTO #2



BeachCo 000006

PHOTO #3

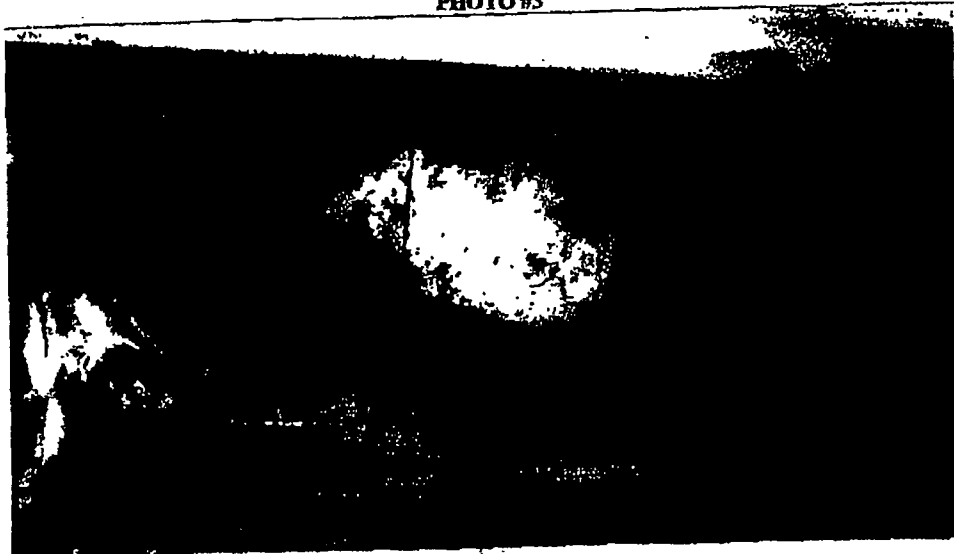
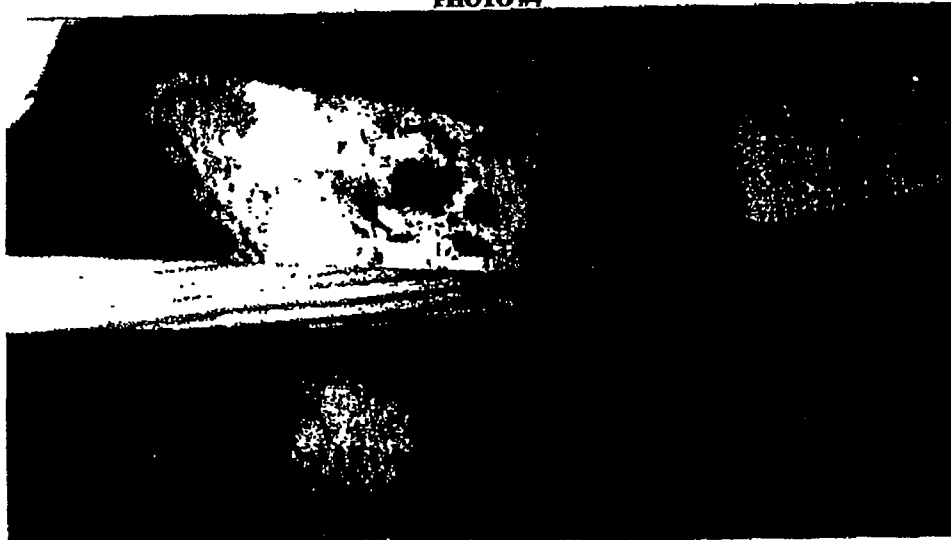
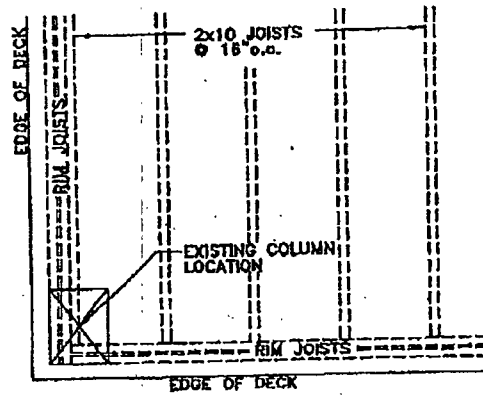


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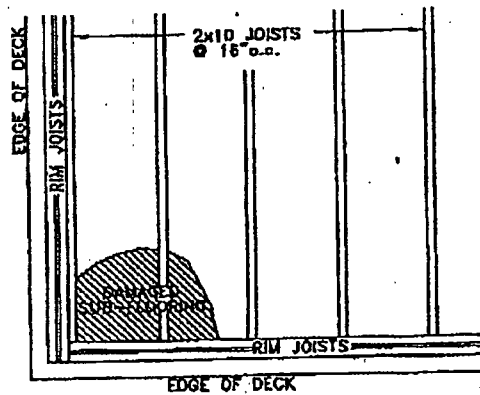
BeachCo 000007

EXISTING CONDITION



EXISTING FRAMING

PLAN VIEW:
(ABOVE)

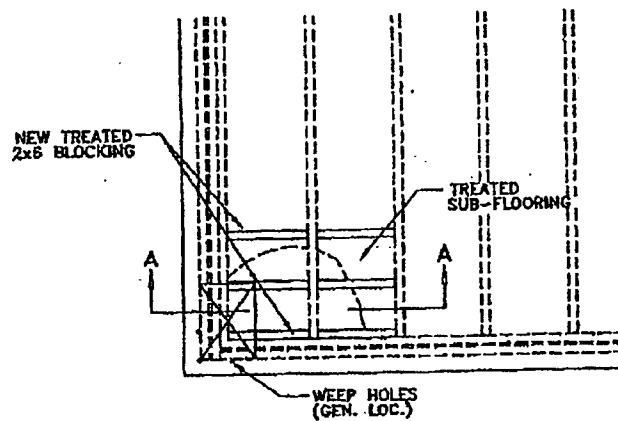


LOCATION OF DAMAGE

PLAN VIEW:
(BELOW)

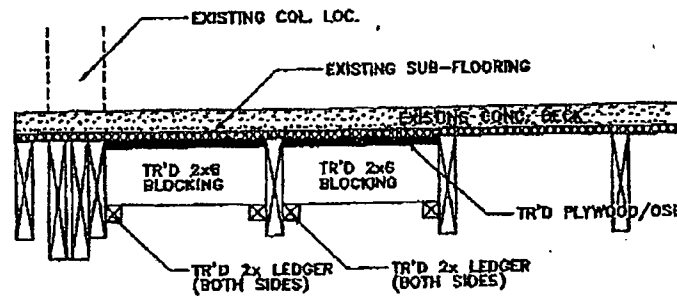
BeachCo 000008

GENERAL CASE



PROPOSED REPAIR

PLAN VIEW:
(BELOW)

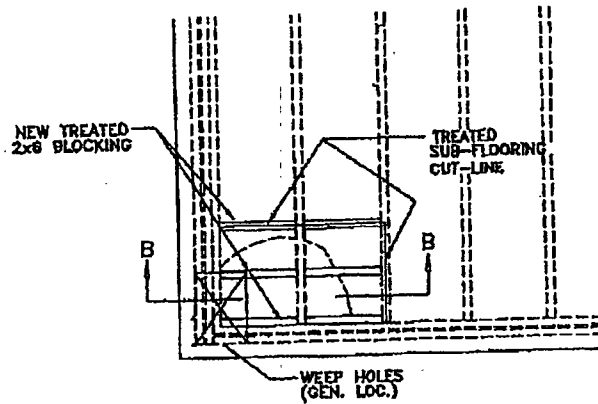


PROPOSED REPAIR

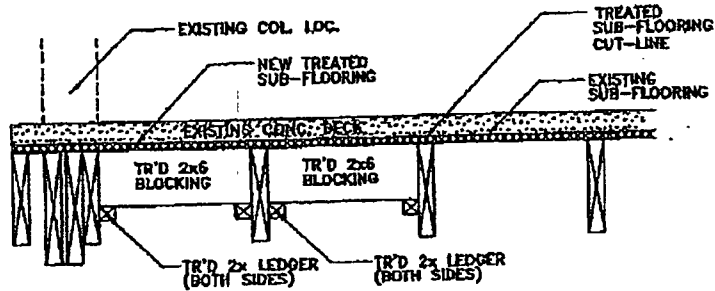
SECTION A-A

BeachCo 000009

SEVERE CASE

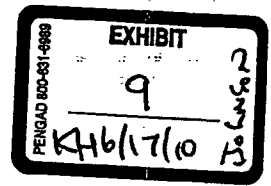


PROPOSED REPAIR
PLAN VIEW:
(BELOW)



PROPOSED REPAIR
SECTION B-B

BeachCo 000010



ESCROW AGREEMENT

This Escrow Agreement ("Escrow Agreement") is made and entered as of the date set forth below by and between Long Grove at Seaside Farms, LLC, a Delaware limited liability company ("Seller"), Long Grove Vista, LLC, a Georgia limited liability company ("Purchaser"), Fremont Investment & Loan, a California industrial bank ("Lender") and Lawyers Title Insurance Corporation, as escrow agent ("Agent");

WITNESSETH:

WHEREAS, Purchaser has this date purchased from Seller and Seller has this date sold and conveyed to Purchaser the property described in Exhibit "A" attached hereto and made a part hereof ("Property"); and

WHEREAS, the aforesaid purchase and sale transaction was consummated pursuant to that certain Long Grove Apartment Community Sales Contract dated January 18, 2005, as amended ("Contract"); and

WHEREAS, pursuant to a letter agreement between Seller and Purchaser dated January 26, 2005 ("Letter Agreement"), Seller and Purchaser agreed to have an independent inspector inspect the support columns on the Property and that the Seller would pay up to Two Hundred Thousand Dollars (\$200,000) to correct defects in the columns, with Purchaser paying any amounts over Two Hundred Thousand Dollars (\$200,000);

WHEREAS, an inspection has not taken place and repairs to the columns have not been made;

WHEREAS, the Seller and Purchaser wish to agree on a procedure and escrow money for repair of the columns as agreed to in the Letter Agreement;

WHEREAS, Purchaser and Seller desire to set forth the terms and conditions of said escrow pursuant to the terms of the Contract as contained herein.

NOW, THEREFORE, for and in consideration of the consummation of the purchase and sale as aforesaid and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Seller has this date deposited with Agent the sum of Two Hundred Thousand Dollars (\$200,000) (the "Escrow Deposit"), which amount was determined in accordance with the terms of the Letter Agreement.
2. Agent accepts the Escrow Deposit and the Agent agrees to, and shall, deposit the Escrow Deposit in an interest-bearing account at a national bank in the South Carolina area selected by Seller and approved by Purchaser.
3. Purchaser shall have an engineer licensed in the State of South Carolina inspect the support columns and the Property (the "Columns") and prepare a written certified report to be sent to

Purchaser, Seller and Fremont reporting on the condition of the Columns and any repairs needed to correct any defects to the Columns (the "Column Repairs").

4. After receiving the inspection report from the engineer, Purchaser shall engage a contractor (the "Contractor") to effectuate the Column Repairs on or before September 7, 2005 (the "Completion Date").

5. Agent shall disburse to Purchaser from time to time during the term of this Escrow Agreement, but not more frequently than monthly, the amount required to pay for Column Repairs pursuant to applications for payment submitted by the Contractor and authorized in writing by Purchaser.

6. Upon completion of the Column Repairs, which completion shall be conclusively established by Purchaser acknowledging in writing to Agent that the Column Repairs have been completed, Agent shall pay over to Seller the sum remaining in the Escrow Deposit and any accrued interest thereon, to the extent not theretofore disbursed in accordance with the terms of this Escrow Agreement.

7. In the event Purchaser has not provided Agent with a certification from Purchaser that the Column Repairs have been completed on or before the Completion Date, Agent, upon direction in writing of Seller (with a copy of such directions being sent simultaneously to Purchaser and Fremont) subsequent to the Completion Date, Agent shall pay over to Seller any remaining balance of the Escrow Deposit together with accrued interest thereof, if any.

8. Any directions or releases as required herein shall not be unreasonably withheld or delayed by any party hereto.

9. In performing any of its duties hereunder, Agent shall not incur any liability to anyone for any damages, losses or expenses, except for willful default or breach of trust, and it shall accordingly not incur any such liability with respect (i) to any action taken or omitted in good faith upon advice of its counsel or (ii) to any action taken or omitted in reliance upon any instrument, including any written notice or instruction provided for in this Escrow Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and accuracy of any information contained therein, which Agent shall in good faith believe to be genuine, to have been signed or presented by a proper person or persons and to conform with the provisions of this Escrow Agreement.

10. Seller and Purchaser, jointly and severally, agree to indemnify and hold Agent harmless against any and all costs, losses, claims, damages, liabilities, expenses, including reasonable attorneys' fees which may be imposed upon Agent in connection with its appointment as Agent hereunder, including any other litigation arising from this Escrow Agreement or from the Contract or involving the subject matter hereof and all such costs, expenses and disbursements shall be for the account of and shall be borne and paid by Seller and Purchaser, equally as a condition to termination of this Escrow Agreement.

11. In the event of a dispute between Seller and Purchaser sufficient in the discretion of Agent to justify its doing so, Agent shall be entitled to tender into the registry or custody of any court or competent jurisdiction all money or property in its hands under this Escrow Agreement, together with such legal pleading as it deems appropriate, and thereupon be discharged from all further duties

and liabilities under this Escrow Agreement. Any such legal action may be brought in such court as Agent shall determine to have jurisdiction thereof. Seller and Purchaser shall bear all costs and expenses of any such legal proceedings.

12. This Escrow Agreement shall terminate upon the disbursement by the Agent of the full amount of the Escrow Deposit in accordance with the terms of this Escrow Agreement.

13. Any notice to be given by Agent to Purchaser or Seller shall be given in writing and forwarded to Purchaser or Seller, as the case may be, by Federal Express, courier service or other reputable courier service, for overnight or same day delivery. In addition, Agent shall endeavor to advise Purchaser and Seller of the substance of such notice by telephonic communication as soon as circumstances giving rise to such notice are known to Agent. Except as otherwise provided in this Paragraph, any notices or requests or other communications required or permitted to be given under this Escrow Agreement shall be in writing and shall be delivered by hand or courier (including Federal Express and other such services) addressed to each part at its address as set forth below. Any such notice, request or other communication shall be considered given on the date of such hand or courier delivery. The addresses of the parties are as follows:

SELLER: Long Grove at Seaside Farms, LLC
c/o The Beach Company
211 King Street, Suite 300
Charleston, South Carolina 29401
ATTN: J. Darryl Reyna

with a copy to: Nexsen Pruet, LLC
205 King Street, Suite 400
Charleston, South Carolina 29401
ATTN: M. Jeffrey Vinzani, Esq.

PURCHASER: Long Grove Vista, LLC
1360 West Peachtree, Suite 1000
Atlanta, Georgia 30309
ATTN: Eduard de Guardiola

with a copy to: Weissman, Nowack, Curry & Wilco, P.C.
One Alliance Center, 4th floor
3500 Lenox Road
Atlanta, Georgia 30326
ATTN: Linda B. Curry

AGENT: Lawyers Title Insurance Corporation

14. Time is of the essence of this Escrow Agreement.

15. This Escrow Agreement shall be construed, interpreted, enforced and governed by the laws of the State of South Carolina.

16. This Escrow Agreement may be signed by the parties in counterparts.

17. Notwithstanding anything in this Escrow Agreement to the contrary, Seller shall have the right to review and approve any inspection report and the scope of repair of the Columns. In that regard, such repairs to the Columns are to address defective columns and not preventive maintenance items or ordinary wear and tear of such Columns. Seller shall also review and approve the budget received from the Contractor for the Column Repairs. Seller's approvals will not be unreasonably withheld or delayed. Upon receipt of a written request of such an approval, Seller must approve or disapprove within five (5) business days or such approval shall be deemed given.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed and sealed this Escrow Agreement as of the 17th day of March, 2005

SELLER: LONG GROVE AT SEASIDE FARMS, LLC,
a Delaware limited liability company

By: Beach Long Grove I, LLC, its Manager

By: The Beach Co., its Manager

By: [Signature]
Name: John J. Kelly
Title: President

By: [Signature]
Name: J. Donald Palmer
Title: Executive Vice President

PURCHASER: LONG GROVE VISTA, LLC,
a Georgia limited liability company

By: Long Grove Development, LLC,
Georgia limited liability company

By: [Signature]
Eduard de Guardiola, its Manager

AGENT: LAWYERS TITLE INSURANCE CORPORATION

By: [Signature]
Name: J. L. Winston
Title: Sec. Sec.

[CORPORATE SEAL]

LENDER: FREMONT INVESTMENT & LOAN,
a California industrial bank

By: [Signature]
Name: Gerry Robbins
Title: VP

EXHIBIT "A"

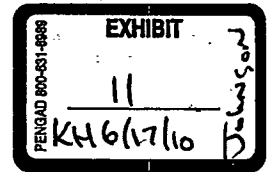
Legal Description of Property

All that piece, parcel or tract of land, with the buildings and improvements thereon, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as "PARCEL G" on a plat entitled "PLAT OF PROPERTY LINE ADJUSTMENT BETWEEN PARCEL G ABOUT TO BE CONVEYED TO LONG GROVE AT SEASIDE FARMS, L.L.C. AND TRACT A-1 OWNED BY THE BEACH COMPANY SEASIDE FARMS" prepared by Thomas & Hutton Engineering Co., dated May 8, 2000, and recorded June 1, 2000, in Plat Book EE, Page 49 in the RMC Office for Charleston County, reference to said plat being craved for a more complete description.

NPCHAR1271134.1-RD-(MJV) 016019-00210

271134_1.DOC / 11523-004

BeachCo 000691



LONG GROVE APARTMENT COMMUNITY

SEASIDE FARMS PLANTATION

Mount Pleasant, South Carolina

MANAGEMENT AGREEMENT

OWNER: LONG GROVE VISTA, LLC

MANAGER: THE BEACH COMPANY

MARCH 7, 2005

NPCHAR1:268538.2-RD-(MJV) 016019-00210

BeachCo 000866

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement") is entered into as of this 7th day of March, 2005 between Long Grove Vista, LLC (the "Owner") and The Beach Company (the "Manager").

WITNESSETH:

WHEREAS, the Owner is owner of that certain parcel of land located in the City of Mount Pleasant, County of Charleston State of South Carolina, as more particularly described as Long Grove at Seaside Farms located at 1600 Long Grove Drive and hereby incorporated by reference (the "Property");

WHEREAS, the Owner has selected the Manager as the entity to be engaged as the exclusive manager for the Project;

WHEREAS, Owner intends to submit the Property to a horizontal property regime by recording a Master Deed in the Office of the Register of Mesne Conveyances ("RMC") for Charleston County, South Carolina; and

WHEREAS, the parties hereto desire to execute and enter into this Agreement for the purpose of setting forth their agreement with regard to the foregoing.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the compensation to be paid to Manager hereunder, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The following terms used in this Agreement shall, unless otherwise expressly provided herein or unless the context otherwise requires, have the following respective meanings:

"Manager" shall refer to The Beach Company.

"Management Fee" shall mean the compensation to be paid by Owner to Manager as provided in Sections 4.1 and 4.2 hereof.

"Property" means, collectively, the Land and the Improvements, together with all site work and landscaping required in connection therewith, being more specifically a 272 unit multifamily apartment community located within the Seaside Farms Development.

"Project Costs" means all amounts to be paid under agreements approved by Owner and entered into by Manager or Owner with third parties pursuant to this Agreement.

"Property Management Account" means the bank account to be established by Manager in a bank approved by Owner and into which Owner shall from time to time deposit (or cause to be deposited) funds for the payment of Project Costs by Manager and for the payment of Management Fees to Manager, as provided for herein.

"Tenant" means a tenant under a lease with Manager and/or Owner for residential apartment unit within the Property.

ARTICLE II

MANAGER'S RIGHTS, DUTIES AND OBLIGATIONS

2.1 Management Term. The Property shall be managed exclusively by the Manager. Subject to the terms, restrictions and limitations of this Agreement, the Manager shall reasonably attempt to manage and control the affairs of the Property, shall have the power to enter into contracts for the Property and shall make decisions affecting the affairs of the Property consistent with the terms of this Agreement. The term of this Agreement shall be for one year from the date hereof and shall renew annually unless otherwise terminated as detailed in this Agreement; provided, however, in the event Owner submits the Property to a horizontal property regime by recording a Master Deed in the Office of the RMC for Charleston County, South Carolina, this Agreement shall terminate automatically upon the closing of the sale of the last unit owned by Owner.

2.2 Standard of Care. The Manager shall conduct the Property's business and affairs with the same care and attention as a reasonable man would use in the prudent conduct of his business and shall devote such time to the Property as shall be reasonably required, for its welfare and success. Nothing herein contained, however, shall be deemed to restrict the Manager from engaging in any other business ventures for its own account or through other partnerships.

2.3 Powers and Duties. Subject to the terms of this Agreement, the Manager shall have the power and authority to manage and control the affairs of the Property and shall do so to the best of its ability. The Manager shall have primary and day-to-day responsibility for the management, leasing, and maintenance of the Property and will be generally available at the Manager's office or at the Property between 9:00 a.m. to 6:00 p.m. or such other times designated by Owner, Monday through Friday (except national holidays). The Manager shall provide residents with the contact information for 24-hours per day and 7 days per week availability to contact in the event of any emergency. Each week, Manager shall provide Owner with a written report detailing the present occupancy rate, delinquency status, and other information relating to the financial status and condition of the property requested by Owner. On or before the fifteenth (15th) day of each month, Manager shall provide Owner with a monthly financial report, the inspection status reports, and copies of any appropriate correspondence, bids, or similar materials to be reviewed by Owner in a format requested by Owner. The Manager shall maintain or cause to be maintained, at the Owner's expense, the equipment, buildings and grounds of the Property not otherwise covered in detail in this Agreement, in a manner reasonably acceptable to Owner.

2.4 Limitations on Powers of the Manager.

(a) Notwithstanding any provisions of this Agreement to the contrary, the Manager shall not take any of the following actions without the prior written consent of the Owner:

(i) Do any act in contravention of this Agreement;

(ii) Confess a judgment against the Owner.

(iii) Approval of any refinancing of the Property, make any major decisions without prior approval of Owner, approval of Owner shall include authorized representatives from Long Grove Vista, LLC.

2.5 Management Functions. The Owner agrees to give Manager, subject to such limitations as may be set forth in this Agreement, the following additional authority and powers (all of which may be exercised in the name of the Owner):

(a) To collect rents, payments and/or assessments and other items due or to become due on or after the execution of this Agreement, and give receipts therefor, and to deposit all funds collected hereunder in a Property Management Account.

(b) To refund any tenant's security deposit at the expiration of the lease, less any charges assessed by Owner against the security deposit.

(c) Take such action as in Manager's opinion is proper or expedient to enforce payment of any rent, payment and/or assessment due and owing by any tenant and/or to recover possession of any portion of the Property and upon written instructions from the Owner, institute, prosecute, and/or settle such judicial proceedings as Manager may deem proper for the tenant or purchaser and/or the recovery of possession of any portion of the Property. All expenses in connection with any such proceedings shall be charged to Owner and if the services of any attorney are necessary to carry out such proceedings, the attorney performing the services shall be selected by the Owner.

(d) To make disbursements as directed by Owner provided the funds thereof are first furnished to Manager by Owner.

(e) Hire, promote, discharge and supervise employees designated for daily management on a full-time basis of the Property as Manager may determine advisable to be employed in the care, management or operation of the Property, provided the aforesaid shall be with Owner's approval. It is understood and agreed that all such employees are in the employ of Manager and all employee expenses, including compensation and benefits shall be an expense of the Owner.

(f) To make such repairs and alterations to the Property and any part thereof as may in the Manager's judgement be required to keep said Property in safe, sound and attractive condition comparable to that of other properly maintained properties of similar type and location to that of the Property, the cost thereof being charged to the Property. Except in the case of emergency, any single repair or alteration job in excess of \$2,000.00 shall be submitted to the Owner for prior approval. Owner agrees to promptly respond to all such submits or inquiries

made by Manager. However, if Manager is unable to contact Owner in an emergency, Manager is hereby authorized to use its judgment in obtaining the necessary repairs. Notwithstanding the foregoing to the contrary, Manager's duties shall not include the supervision and management of repairs to the Property, in excess of Ten Thousand and No/100 Dollars (\$10,000), needed because of casualty or other Act of God unless Owner and Manager agree to proper additional compensation for such duties.

(g) With the approval of the Owner, enter into such service and maintenance contracts as Manager shall deem necessary and appropriate for the operation and maintenance of the Property, including contracts for equipment and systems located in or servicing the Property, utilities, elevator maintenance, electricity, gas, fuel, water, telephone service, office cleaning, landscape maintenance, security, food vending, window cleaning, rubbish removal, exterminating, and other services, or such of them as Manager shall deem advisable. Unless Owner agrees otherwise, all such contracts shall be cancelable upon thirty (30) days written notice from Owner.

(h) Purchase in reasonable quantities and at reasonable prices all supplies, materials, tools and equipment as Manager shall deem necessary or appropriate for the proper operation and maintenance of the Property. Except in the case of emergency, any single order in excess of \$2,000.00 shall be submitted to the Owner for prior approval. Owner agrees to promptly respond to all such submits or inquiries made by Manager. However, if Manager is unable to contact Owner in an emergency, Manager is hereby authorized to use its judgment in obtaining the necessary items.

(i) Manager shall plan and coordinate the moving in and moving out of tenants and all construction, alteration and decoration work Owner is required under leases to perform for tenants in order to insure minimum disturbance to the operation of the Property and to other tenants then occupying or preparing to occupy space in the Property.

(j) Manager shall receive and use its best efforts to attend to and resolve all complaints of tenants and shall attempt to resolve any complaints, disputes or disagreements by or among tenant but shall not expend more than \$500 to settle disputes with a tenant without the prior written consent of Owner.

2.6 Expenses. The Owner shall reimburse the Manager or pay for all expenses which are specified in the management budget, or which are approved as provided herein and incurred in connection with the Management of the Property.

2.7 Insurance. The Owner shall obtain and keep in force during the term hereof builders risk, hazard, public liability and all such other insurance as it shall determine to be appropriate and as may be required by leases of the Property, in favor of the Owner with such insurers and in such amounts not less than, and with deductible amounts not greater than, those customarily maintained with respect to properties comparable to the Property.

2.8 Fiduciary Duty. The Manager shall be under a fiduciary duty to conduct the affairs of the Property in the best interests of the Owner and the Partners of the Owner.

2.9 Management Services. Manager shall (a) supply all services pertaining to

management and operation of the Property including all billing, collections and accounting incidental thereto, and (b) provide adequate and suitable personnel, facilities and equipment for the performance of such functions.

2.10 Security Deposits. Manager shall deposit and maintain in separate accounts by Owner in accordance with applicable laws and leases all security deposits of tenants.

2.11 Horizontal Property Regime. The parties agree and acknowledge that Owner intends to convert the Property to a horizontal property regime by recording a Master Deed in the Office of the RMC for Charleston County, South Carolina (the "Conversion"). On or before the date of the closing of the sale of the first unit, such date to be determined by Owner, the condominium association for said horizontal property regime may assume responsibility for certain maintenance, management and repair of portions of the Property deemed "Common Elements" and at Owner's discretion and direction Manager shall may be released from the perform of such responsibilities under this Agreement. Unless the condominium association and Manager agree otherwise, Manager shall not receive any compensation for the management of the condominium association.

ARTICLE III

OWNER'S OBLIGATIONS

3.1 Owner's Funds; Property Management Account. Owner shall deposit (or cause to be deposited) in the Property Management Account such funds as Manager shall from time to time request for expenses related to the operation of Property. Owner shall maintain a balance of at least \$10,000.00 in the Property Management Account as a reserve. Owner and Manager acknowledge that the funds required to be deposited in the said Account may be advanced under a loan obtained by Owner. Manager shall not be required to advance any of its own funds for the payment of any costs and expenses incurred by or on behalf of Owner in connection with the Property unless, Owner requests Manager to do so, and Owner agrees thereafter to promptly reimburse Manager therefor, with reasonable interest thereon.

3.2 Owner's Cooperation. In performing its functions hereunder, Owner shall act diligently and in good faith and shall cooperate fully with Manager in all matters relating to the Property. Owner shall act as expeditiously as reasonably possible on all requests by Manager for approval of any contract, lease or agreement prepared or negotiated by Manager on Owner's behalf. In exercising its right of approval, Owner agrees to act reasonably and in good faith.

3.3 Indemnity. So long as Manager acts with ordinary and due care, responsibly and in good faith, Owner shall indemnify and hold and save Manager free and harmless from any and all damages or injuries to property or person, or claims, actions, obligations, liabilities, costs, expenses and fees, including reasonable attorney's fees, for any reason whatsoever asserted against Manager and arising out of or in any way connected with the willful misconduct or malfeasance of Owner. Notwithstanding anything hereinabove to the contrary, Owner shall not be required to indemnify Manager for any loss or damage which Manager may suffer to the extent Manager may have collected funds from any liability insurance which may be applied against such loss.

So long as Owner acts with ordinary and due care, responsibly and in good faith, Manager shall indemnify and hold and save Owner free and harmless from any and all damages or injuries to property or person, or claims, actions, obligations, liabilities, costs, expenses and fees, including reasonable attorney's fees, asserted against Owner and arising out of or in any way connected with the willful misconduct or malfeasance of Manager. Notwithstanding anything hereinabove to the contrary, Manager shall not be required to indemnify Owner for any loss or damage which Owner may suffer to the extent Owner may have collected funds from any liability insurance which may be applied against such loss.

3.4 Environmental Indemnity. Except as to conditions caused by Manager, Owner shall indemnify, hold harmless and defend Manager from and against any and all claims, losses, liability, judgments or damages arising out of or resulting from any environmental condition of, on, in, under or over the Property; provided, however, that the foregoing indemnity shall be ineffective to the extent that Manager has collected funds and been indemnified by liability coverage of Manager, if any, and Owner shall reimburse Manager for any resulting increase in its insurance premiums.

3.5 Insurance. Manager shall maintain workers' compensation insurance covering Manager's employees and agents servicing the Property; the cost of such workers' compensation insurance will be paid by Owner. Manager shall also maintain, at Manager's expense, public liability, employer's liability, fidelity bond and other insurance pursuant to Manager's blanket insurance policy as may be necessary for the protection of the interests of Owner and Manager. Manager shall name Owner as an additional insured on said policies and provide a certificate of insurance to Owner upon Owner's reasonable request.

ARTICLE IV

COMPENSATION

4.1 For Management Services. Owner agrees to pay a fixed fee of \$10,000 per month to the Manager for services related to the rental management of the Property, payable on or about the 25th day of each month for the duration of this Agreement. Payments due Manager for periods of less than a calendar month shall be prorated over the number of days for which compensation is due.

The monthly fee will be adjusted, by agreement of the parties, if following the Conversion and subsequent sales, the total of the condominium units sold by Owner and the total of the units owned by Owner and not occupied by lessees exceeds 50% of the total units at the Property. At that time, the management fee for rental management of the Property will be calculated based on 4% of the gross rental income collected or a minimum fee of \$3,000 per month, whichever is greater.

4.2 Payment of Management Fee. The Management Fee due to Manager, hereunder, may be disbursed by Manager to itself from the Property Management Account.

ARTICLE V

TERMINATION

5.1 Cure Period. In the event either Manager or Owner determines that the other has defaulted in the performance of any obligation under the terms of this Agreement, such party shall provide the other with written notice of default. Upon receipt of such written notice, the defaulting party shall have thirty (30) days in which to cure such default; provided, however, that in the event the defaulting party determines that the default in question cannot be reasonably cured within thirty (30) days, said defaulting party shall promptly so notify the non-defaulting party and the non-defaulting party may, at its option, extend the period for cure for such period of time as it deems reasonable to permit the defaulting party to cure said default in a diligent manner.

5.2 Default. If, after the grace period specified hereinabove, the defaulting party has not substantially cured the default specified in the notice, the other party shall be permitted to declare a default under the terms of this Agreement and be entitled to terminate this Agreement. Except for default arising out of the gross negligence or willful and wanton act of the defaulting party, termination of this Agreement shall be the sole remedy by either party hereunder for any reason. Upon termination by either party, Seller agrees to pay to Manager all Management Fees and all other fees and expenses due and owing to Manager.

ARTICLE VI

LIABILITY

6.1 Services of Others. A default by the developer, contractor, architect, engineer or any other third party under the terms of their respective agreements shall not be considered a default by Manager under the terms of this Agreement. The Manager shall not be liable for defaults under any agreements with developer, architects, contractor, engineers or third parties or errors or omissions by the architect, the contractor, engineer or any third party or any party employed by any of them, or any defects in the design or construction of the Project.

ARTICLE VII

MISCELLANEOUS

7.1 Relationship Between Parties. The relationship of the parties with respect hereto shall be limited to the management of the Property.

7.2 Entire Agreement. The parties acknowledge that this Agreement constitutes the final memorialization of their negotiations regarding the Property and represents their entire understanding and agreement with respect to the subject matter hereof. Prior drafts of this Agreement or of other proposed agreements or documents concerning the Property or any aspect of this Agreement shall not be relied upon for any purpose by any party in construction of this Agreement or of the terms hereof, except for the provisions and terms of the Partnership Agreement which governs this Agreement. If any provision in this Agreement contradicts any provision in the Partnership Agreement, the provision in the Partnership Agreement shall be

controlling.

7.3 Gender and Grammar. The singular whenever used in this Agreement shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions apply to either corporations, individuals, men or women or other entities shall in all cases be assumed as though in each case fully expressed.

7.4 Headings and Captions. The article and section headings and captions in this Agreement are for convenience and reference purposes only and shall in no way define or limit the scope and content of this Agreement or in any way affect the provisions hereof.

7.5 Severability Clause. Whenever possible, each covenant, condition, restriction, provision, sentence, clause, phrase or word of this Agreement shall be interpreted in such a manner as to be effective and valid. Invalidity of any covenant, condition, restriction, provision, sentence, clause, phrase or word of this Agreement, or the application thereof in any circumstances, shall not affect the validity of the remaining portions thereof and of the application thereof, and such remaining portions shall remain in full force and effect where applicable.

7.6 Modifications. No provision hereof shall be modified or limited except by a written agreement expressly referring hereto and to the provision so modified or limited and signed by both parties to this Agreement, and may not be modified or limited orally, nor by course of conduct or usage of trade.

7.7 Force Majeure. The time which either of the parties hereto shall be required to perform any act or acts under this Agreement shall be extended to the extent that their performance of such act or acts shall be delayed unavoidably by acts of God, weather of unusual severity and/or duration, fire, earthquake, windstorm, flood, explosion, collapse of structures, action of the elements, war (declared or undeclared), invasion, insurrection, mob violence, riots, strikes, lockouts, labor disputes, delays or restriction by governmental bodies, sabotage, malicious mischief, inability to obtain or use or a shortage of labor, materials, equipment, facilities or supplies in the open market, failure of transportation, condemnation, public requisition, or any cause beyond the reasonable control of such party (together the "Force Majeure Conditions"), provided that the party entitled to such extension shall give written notice to the other party hereto of its claim of right to such extension within thirty (30) days after such right thereto shall have accrued, or such right shall be deemed to have been waived.

7.8 Waivers. No delays or omission by either of the parties hereto to exercise any right or power accruing upon any noncompliance or failure of performance by either of the parties hereto under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either of the parties hereto of any of the covenants, conditions or agreements hereof to be performed by the other party hereto shall not be construed to be a waiver of any subsequent breach thereof or of any other covenant, condition or agreement herein contained.

7.9 Notices. Each notice, demand or other document or instrument required or permitted to be served upon either of the parties hereto shall be in writing and shall be deemed to

have been duly served if mailed by certified or registered United States mail, postage prepaid, addressed to the respective parties at the addresses stated below:

To Owner:

Long Grove Vista, LLC

1360 Peachtree Street, Suite 1000

Atlanta, Georgia 30309

To Manager:

The Beach Company

P.O. Box 607

Charleston, South Carolina 29402

Attn: Timothy P. Walter

but either party may change the place for serving of notices upon it, by ten (10) days prior written notice informing the other party of the change in the address to which notices shall be sent. Notices may also be served by overnight commercial delivery service or by telegram.

7.10 Applicable Law. This Agreement shall be governed by and construed in accordance with the applicable laws of the State of South Carolina.

7.11 Assignment. Upon written notice to Manager and the payment of any outstanding management fees or expenses, Owner shall have the right to assign this Agreement to any successor-in-title to the Property or any successor-in-title to Owner of all Units owned by Owner following the Conversion. Upon such assignment, Owner shall have no further obligations or liabilities with respect to any monetary obligation, event, or act arising after the date of such assignment. Upon written notice to Owner, Manager shall have the right to assign this Agreement to an assignee or successor company that shall act as manager if a majority of the interest in such assignee or successor are owned by Manager or its affiliates. Upon such assignment, Manager shall have no further obligations or liabilities with respect to any monetary obligation, event, or act arising after the date of such assignment.

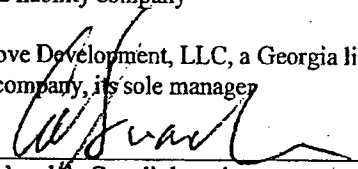
[SIGNATURE PAGE IS ATTACHED]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

OWNER:

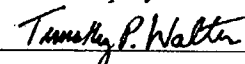
Long Grove Vista, LLC
a Georgia limited liability company

By: Long Grove Development, LLC, a Georgia limited liability company, its sole manager

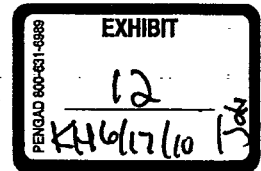
By: 
Eduard de Guardiola, sole manager

MANAGER:

The Beach Company

By: 
Timothy P. Walter

Its: Vice President - Property Management



BEACH MANAGEMENT

August 5, 2005

Mr. Hudson Hooks
Vista Realty Partners
1360 Peachtree Street NE
Suite 1000
Atlanta, Georgia 30309

RE: Long Grove at Seaside Farms
1600 Long Grove Drive
Mt. Pleasant, SC 29464

Dear Mr. Hooks:

Vista Realty Partners (Vista) recently purchased the Long Grove apartments at Seaside Farms and is in the process of converting them to condominiums. Vista Realty Partners has entered into a management agreement with The Beach Company in which the Beach Company provides services associated with the management of rental operations of the apartments and subsequent condominium units.

During the last few months, Vista Realty Partners has requested that the Beach Company assist it in activities related to the construction, repairs, and remodeling work associated with the conversion of Long Grove from apartments to condominiums. For example, Vista has requested that the Beach Company's managers and staff handle apartment-to-condominium renovations, such as vinyl and carpet replacement and painting. Such work might be included in a standard "turn" of rental units in a completed apartment. However, at this stage of the project, this type of work is related to the construction, repairs, and remodeling work involved in the conversion of the project to condominiums, and the requested work exceeds the scope of The Beach Company's management agreement.

Accordingly, the purpose of this letter is to confirm and document that The Beach Company is acting only as the leasing/rental manager. The Beach Company is not responsible for managing or handling any of the construction and remodeling work associated with Vista Realty Partners' conversion of the project from apartments to condominiums.

A Division of

THE BEACH COMPANY
Building Traditions Since 1945

Beach Management • 211 King St., Suite 300 Charleston, SC 29401 • Phone: 843.722.2615 Fax: 843.722.6449

NPCHAR1:283369 1-LT-(DJP) 016019-00000

BeachCo 002079

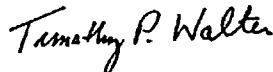
Vista Realty Partners agrees that it is solely responsible for the coordination and supervision of all design, development, construction, and remodeling activities related to conversion of the project from apartments to condominiums. This coordination and supervision includes a turn-key process that follows through with the completion of any and all punch list items. The Beach Company shall have no requirement or responsibility for such improvements under its management agreement.

To the fullest extent permitted by law, Vista Realty Partners, on behalf of itself and its successors and assigns, agrees to hold release, harmless, defend, and indemnify The Beach Company, and its owners, shareholders, partners, members, agents, managers, directors, officers, employees, contractors, servants, maintenance personnel, affiliates, franchisees, lessors, insurers, heirs, representatives, successors and assigns (all of whom are hereinafter individually and collectively referred to as "The Beach Company"), of and from any and all claims, lawsuits, demands, losses, damages, and all other expenses of any kind whatsoever (including without limitation attorney's fees and costs) arising out of or in any way related to Vista Realty Partners' development, design, construction, repairs, and remodeling work associated with the conversion of Long Grove from apartments to condominiums; regardless of whether such claims, lawsuits, demands, losses, damages, or expenses are caused in whole or in part by The Beach Company.

Please acknowledge Vista Realty Partners' receipt, understanding, acceptance, and acknowledgment of this notice and agreement by signing and returning a copy of this letter to my attention no later than August 11, 2005.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Timothy P. Walter, CPM
Vice President
Property Management

cc: John C. L. Darby
J. Darryl Reyna
David Nelson
Naomi G. Simpson
David M. Pate
Jeff Vinzani
Richard Blatt

NPCHAR1:283369 1-LT-(DJP) 016019-00000

BeachCo 002080

HEREBY ACKNOWLEDGED, AGREED, AND ACCEPTED BY VISTA REALTY
PARTNERS:

Vista Realty Partners:

By: _____

Its: _____

Date: _____

NPCHAR1:283369 1-LT-(DJP) 016019-00000

BeachCo 002081



State of South Carolina
The Circuit Court of the Fourth Judicial Circuit

J. MICHAEL
 BAXLEY
 JUDGE

531 EAST CAROLINA AVENUE
 HARTSVILLE, SOUTH CAROLINA 29550
 TELEPHONE (843) 383-4114
 FAX (843) 383-4116
 E-MAIL baxley@sccourts.org

October 14, 2011

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 Mullen Wylie, LLC
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 Beth Jowers
 J. Patrick Norris
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 Yelverton, P.A.
 15 Middle Atlantic Wharf, Suite 101
 Charleston, SC 29401

Re: Long Grove at Seaside Farms, LLC, the Beach Company, and Gulfstream Construction v.
 Long Grove POA, Vista Realty Partners, LLC, and Long Grove Vista, LLC
 Case No.: 2009-CP-10-6746

Counsel:

Thank you for your patience while the several motions to dismiss and/or for judgment on the pleadings have been under advisement in this case. I have now had the opportunity to further review this matter, applicable statutes, prevailing case law, the extensive memoranda and exhibits, and further consider the arguments of counsel. Please accept this letter as notice of the Court's decision.

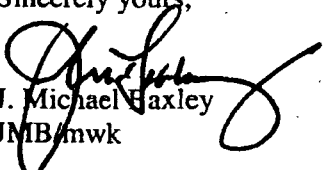
The Plaintiffs' motion to dismiss and for judgment on the pleadings, which the Court treated as a motion for summary judgment, is granted. The basis for this decision is that the Court finds, as a matter of law and fact, that Plaintiffs did not extend any warranties to Defendants, nor do Plaintiffs owe a duty of care to Defendants. The assumption of liability, releases, and disclaimers that Plaintiffs bargained for as part of the underlying sales transaction, when the apartment complex was being purchased with the intention of conversion to condominiums, all operated to sever any potential claims for breach of warranty or negligence. Moreover, it would be inappropriate to allow the purchaser of Long Grove (Vista) to waive all warranties and rights of action as part of the purchase bargain, but then create an entity (Long Grove POA) that would somehow revive these rights and warranties. For these same reasons, the motion of third-party defendant James, Harwick & Partners, who was protected by the disclaimers bargained for in the purchase transaction, to dismiss the third-party complaint and for judgment on the pleadings, which the Court also treated as a motion for summary judgment, is likewise granted.

However, Essex Engineering Corporation's motion to dismiss the third-party complaint is denied. The Court finds that the affidavit filed by the POA is in sufficient compliance with S.C. Code Ann. § 15-36-100. Defendant Long Grove POA filed the Affidavit of Peter Sherratt, and this Affidavit specifies at least one negligent act or omission committed by Essex: that Essex "failed to identify deficiencies in the construction of Long Grove." Furthermore, as a licensed architect and design professional, Mr. Sherratt is qualified to render an opinion as to the standard of care for a property condition assessment and report. Therefore, the Court finds the Affidavit of Peter Sherratt fulfills the statutory requirements outlined in S.C. Code Ann. § 15-36-100. Because this motion is being denied, the Court will issue a Form 4 Order stating the reasons therefor, and the Clerk will be asked to serve this Order on all parties.

Attorney Parrish is requested to prepare an Order within ten (10) days of the date of this letter detailing the decision stated herein relating to Plaintiffs' motion and forward the same to opposing counsel. Additionally, Attorney Figueroa is requested to prepare an Order within ten (10) days of the date of this letter detailing the decision stated herein relating to James, Harwick & Partners, Inc.'s motion. Attorney Grimball is not asked to agree or consent to these Orders, but is requested to review them for mistake of fact or misstatement of his party's position. Thereafter, Attorneys Parrish and Figueroa are asked to forward the finalized Orders via e-mail (jbaxley@sccourts.org) in Word format to my office for signature, which will then be finalized, signed, and returned to them for filing and formal service on the parties.

I have enjoyed working with you thus far in this matter, and look forward to continuing to work with you in this case.

Sincerely yours,


J. Michael Haxley
JMB/mwk

cc: Honorable Julie Armstrong (for filing) ✓
Charleston County Clerk of Court
100 Broad Street
Charleston, South Carolina 29401



State of South Carolina
The Circuit Court of the Fourth Judicial Circuit

J. MICHAEL
BAXLEY
JUDGE

2009-CP-10-6746

531 EAST CAROLINA AVENUE
HARTSVILLE, SOUTH CAROLINA 29550
TELEPHONE (843) 383-4114
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March 26, 2012

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Thurmond, Kirchner Timbes &
Yelverton, P.A.
15 Middle Atlantic Wharf, Suite 101
Charleston, SC 29401

2012 MAR 28 PM 4:24
JULIE J. ARMSTRONG
CLERK OF COURT
FILE

Re: Long Grove at Seaside Farms, LLC, the Beach Company, and Gulfstream Construction v.
Long Grove POA, Vista Realty Partners, LLC, and Long Grove Vista, LLC
Case No.: 2009-CP-10-6746

Ladies and Gentlemen:

As you are aware, there has been considerable disagreement between counsel in the wake of the Court's October 14, 2011 letter that outlined the favorable decision on Plaintiffs' motions for summary judgment in this declaratory action. The arguments between counsel have ranged from

the general decisions outlined in the letter to the specific holdings necessary to formulate the written Order. In his most recent letter to the Court dated February 10, 2012, Attorney Mullen suggests it would be beneficial to conduct a rehearing on the motions before the Court issues its Order, rather than in a subsequent Motion to Reconsider. Presumably without waiving any appellate rights, Attorney Mullen offered to forego any further arguments in the event his party was unsuccessful at rehearing. This suggestion is strongly opposed by Attorney Parrish on behalf of all parties aligned with the Plaintiffs in the declaratory judgment claim.

You may recall that Attorney Mullen became ill on the day of the hearings and was unable to participate, although his side of the case was well represented by Attorney Grimball. However, due to the complexity and novelty of the issues presented; the fact that our review over the ensuing months since the hearing has fully elucidated the difficulty of those issues; the continuing written arguments of counsel have served to refine and focus the legal issues in controversy; and, the proposal for conducting a rehearing seems the most fair and efficient method by which to proceed at this juncture, the Court has determined to rescind its previous decision letter of October 14, 2011, and set the matter for further argument.

In order to facilitate the rehearing on the outstanding motions, the Court would like the parties to focus their analyses primarily on the following issues:

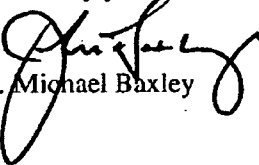
1. The POA's contention that the sales contract between Long Grove and Vista is "exculpatory" and violative of public policy in that it negates responsibility for non-delegable duties with regard to design and construction versus Plaintiffs' contention that there is no contract between Plaintiffs and the POA, and that the release and disclaimer referred to in the Master deed is a notice only;
2. Plaintiff's contention that warranties typically associated with construction and sale of improved real property do not apply to the sale of used commercial realty, or in the alternative, were appropriately disclaimed as to the subsequent members of the POA;
3. For purposes of the declaratory judgment action, the existence of "construction defects" is assumed, and thus discovery to date has been limited, but is it necessary to the present decision to determine which of those defects, if any, derived from original design and construction as opposed to conversion alterations? More specifically, is this determination necessary to resolve the claims against JHP Architects and Gulfstream?;
4. Can the release and disclaimer in the sales contract operate to "gratuitously" protect JHP Architects, who was not a party to the transaction?;
5. The applicability of SC Code Ann 32-2-10 to this case based upon the language of the statute purporting to restrict its application to indemnification clauses in construction contracts; and
6. Whether Plaintiffs' estoppel arguments apply to all parties.

It is anticipated that the rehearing will require at least one-half day. Given the number of attorneys involved, two hearing dates are proposed, and you are requested to respond to Jamie by phone or email as to which best suits your schedule. Because Plaintiffs' motions have now been pending for almost two years, both potential dates are within the next thirty days. The majority's choice will be adopted, and each firm is accorded one vote. The following two dates are

available: Wednesday, April 25 at 1:30 p.m. at the Dillon County Courthouse or Monday, April 30 at 1:30 p.m. at either the Hartsville Magistrate's Office or the Darlington County Courthouse, the location to be decided at a later date.

I look forward to continuing to work with you in this case.

Sincerely yours


J. Michael Baxley

cc: Honorable Julie Armstrong (for filing) ✓
Charleston County Clerk of Court
100 Broad Street
Charleston, South Carolina 29401

**INDEX SHEET
FOR
LONG GROVE HORIZONTAL PROPERTY REGIME**

Declaration and Bylaws

Section 1

Articles of Incorporation

Section 2

Estimated Budget for Association

Section 3

Statement of Condition of Property

Section 4

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BeachResidential000001

SECTION 1

Master Deed and Bylaws

BeachResidential000002

Return to:

**MASTER DEED FOR LONG GROVE
HORIZONTAL PROPERTY REGIME**

COPYRIGHT © 2005.

All rights reserved. This Master Deed may be used only in connection with the property at Long Grove Horizontal Property Regime and the operation of the Long Grove Property Owners Association, Inc.

BeachResidential000003

SOUTH CAROLINA

CHARLESTON COUNTY

MASTER DEED FOR LONG GROVE

HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is made on the date set forth below by Long Grove Vista, LLC, a Georgia limited liability company (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;

WHEREAS, Declarant desires to subject the real property described in Exhibit "A" hereto, including the improvements thereof, to the provisions of this Master Deed and to the South Carolina Horizontal Property Act; and

NOW, THEREFORE, Declarant hereby declares that the real property described in Exhibit "A" of this Master Deed, including the improvements located thereon, is hereby submitted and made subject to the form of ownership set forth in the South Carolina Horizontal Property Act, and is hereby subjected to the provisions of this Master Deed. By virtue of the recording of this Master Deed, said property shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to provisions of the South Carolina Horizontal Property 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 real 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.

TABLE OF CONTENTS

1.	NAME	1
2.	DEFINITIONS	1
3.	LOCATION, PROPERTY DESCRIPTION, PLATS AND PLANS	3
4.	UNITS AND BOUNDARIES	4
5.	COMMON ELEMENTS	5
6.	LIMITED COMMON ELEMENTS	6
7.	ASSOCIATION MEMBERSHIP AND ALLOCATION OF VOTES	7
8.	ALLOCATION OF LIABILITY FOR COMMON EXPENSES	7
9.	ASSOCIATION RIGHTS AND RESTRICTIONS	8
10.	ASSESSMENTS	9
11.	INSURANCE	12
12.	REPAIR AND RECONSTRUCTION	15
13.	ARCHITECTURAL CONTROLS	16
14.	USE RESTRICTIONS	20
15.	LEASING	27
16.	TRANSFER OR SALE OF UNITS	30
17.	MAINTENANCE RESPONSIBILITY	31
18.	MORTGAGEE'S RIGHTS	34
19.	GENERAL PROVISIONS	36
20.	EMINENT DOMAIN	39
21.	EASEMENTS	40
22.	AMENDMENTS	42
23.	SEVERABILITY	43
24.	RELEASE	43
25.	DECLARANT RIGHTS	44

Exhibits

DESCRIPTION OF SUBMITTED PROPERTY.....	"A"
UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS AND LIABILITIES FOR COMMON EXPENSES.....	"B"
SURVEY	"C"
PLANS.....	"D"
BYLAWS	"E"

MASTER DEED FOR LONG GROVE
HORIZONTAL PROPERTY REGIME

1. NAME

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

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 provisions §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 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 Long Grove Property Owners Association, Inc., which have been filed with the Secretary of State of the State of South Carolina.

(e) Association shall mean Long Grove 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 Long Grove 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 Declaration.

(j) Declarant shall mean Long Grove Vista, LLC, a Georgia limited liability company, 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) Master Declaration shall mean and refer to that certain Declaration of Covenants, Conditions, and Restrictions for All Properties in Seaside Farms Plantation, dated September 20, 1994, and recorded in Book C-248, Page 229, in the RMC Office for Charleston County, South Carolina, as amended by that certain First Supplemental Declaration of Covenants, Conditions and Restrictions for All Properties in Seaside Farms Plantation, dated April 23, 1998, and recorded in Book M-301, Page 571, aforesaid records, and as may be amended.

(t) 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.

- (u) Mortgagee or Mortgage Holder shall mean the holder of any Mortgage.
- (v) 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.
- (w) Owner shall mean the record titleholder of a Unit within the Regime, but shall not include a Person who is only a Mortgage Holder.
- (x) Person shall mean any individual, corporation, firm, association, partnership, trust, or other legal entity.
- (y) 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 Long Grove Horizontal Property Regime, attached hereto as Exhibit "D".
- (z) 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.
- (aa) 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.
- (bb) 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.
- (cc) Survey shall mean the survey for Long Grove 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.
- (dd) 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.
- (ee) 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 seventeen (17) existing two-story buildings containing a total of two hundred seventy-two (272) separate Units, and Common Elements, some of which will be assigned as Limited Common Elements. Each Unit consists of a dwelling 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, clubhouse with fitness facility, business center, laundry room, and clubroom, 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.

(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 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 Long Grove 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 benefiting less than all of the Units or significantly disproportionately benefiting all Units may be specially assessed equitably among all of the Units that are benefited 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.

9. ASSOCIATION RIGHTS AND RESTRICTIONS.

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 to

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 non-refundable 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 former spouse 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) In addition to the insurance required hereinabove, the Board shall obtain as a Common Expense:

(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 require 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 Unit(s) 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 10(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:

(i) 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 ACC. 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 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.

(l) Approval Under the Master Declaration. The provisions for architectural control contained in this Declaration shall be in addition to, and not in lieu of the architectural control provisions contained in the Master Declaration. Whenever approval of the Board of Directors or the ACC is required under this Master Deed, the granting of such approval shall not dispense with the need also to comply with the approval procedures set forth in the Master Declaration. All proposed construction, modifications, alterations, and improvements shall be approved pursuant to this Master Deed before being submitted for approval pursuant to the Master Declaration. The Owner shall be responsible for any fees and costs associated with making such application pursuant to the Master Declaration, and any unpaid fees and costs shall constitute a lien against the Owner's Unit, and may be collected as an assessment pursuant to this Master Deed.

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 Unit shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from a 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) the business activity is legal and conforms to all zoning requirements for the Regime;

(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.

(b) Number of Occupants. The maximum number of Occupants in a 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.

(c) 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.

(i) 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.

(f) 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; provided, however, each such pet shall not weigh more than fifty pounds (50 lbs.). 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.

For so long as Declarant owns a Unit primarily for the purpose of sale, Declarant may sell 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 sold) 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, 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 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.

(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) Unightly or Unkempt 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 assigned as a Limited Common Element, exclusively serving a particular Unit. Such assigned garages 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.

(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 buildings, including, without limitation, a balcony shall be governed by applicable state laws and local ordinances having jurisdiction over the Regime.

(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 twenty-five percent (25%) 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 twenty-five percent (25%) 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 twenty-five percent (25%) 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 twenty-five percent (25%) 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. All leases must be for an initial term of not less than one (1) year, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. 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 lease a Unit without first obtaining a permit in accordance with this Paragraph, and such Units shall not be 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 (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;

(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)(i);

(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)(i).

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)(i).

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. In 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.

(c) 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 further agrees not to block or cover any of the heating, ventilation or air-conditioning ducts located in the 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 that 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 HIM 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 or 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.

(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.

(h) Master Declaration. Every Owner, by acceptance of a deed to a Unit, acknowledges that, in addition to being subject to and bound by the Regime Instruments, he or she is subject to the Master Declaration.

(i) Supremacy of Master Declaration. In addition to all of the rights and obligations which have been conferred or imposed upon the Association pursuant to this Master Deed, the Bylaws, or the Articles of Incorporation, the Association shall be entitled to exercise any of the rights conferred upon it and shall be subject to all of the obligations imposed upon it pursuant to the Master Declaration. The Association and all committees of the Association shall also be subject to all superior rights and powers, which have been conferred pursuant to the Master Declaration. The Association shall take no action in derogation of the rights of or contrary to the interest of the Master Declaration. In the event of conflict between the provisions of the Master Declaration and this Master Deed, the Master Declaration shall control.

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 Survey or 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 benefited 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. In such circumstance, the benefited 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 appliqué, and any other similar types of finishes, will not be the responsibility of the benefited 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. In 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, non-exclusive 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 Deeds 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 Deeds 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 or 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 scrivener's 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 any one 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. RELEASE.

Declarant purchased the property comprising the Regime from Long Grove at Seaside Farms, LLC ("Long Grove") on March 7, 2005. In the Sales Contract between Long Grove and Declarant, dated January 18, 2005, to convey the property comprising the Regime to Declarant, Declarant agreed to include the following provision regarding release in this Master Deed:

Save and excepting only the limited warranty of title hereinafter set forth and herein contained, the property comprising the Regime was conveyed to Declarant in the sale on March 7, 2005 noted above strictly on an "as is", "where is" and "with all defects" basis, without representation, warranty or covenant, express, implied or statutory, of any kind whatsoever, including, without limitation, representation, warranty or covenant as to condition (structural, environmental, mechanical or otherwise), past or present use, construction, development, lease performance, investment potential, tax ramifications or consequences, income, compliance with law, habitability, tenancies, merchantability or fitness or suitability for any purpose, all of which are hereby expressly disclaimed. Without limiting the generality of the foregoing, the Owners acknowledge that Declarant's predecessor in title, Long Grove and its Affiliates (as herein defined) have made no representations, warranties or covenants as to the compliance of the property comprising the Regime with any federal, state, municipal or local statutes, laws, rules, regulations or

ordinances, including, without limitation, those pertaining to construction, rent control, building and health codes, land use (or permits issued in connection therewith), zoning, lead paint, urea formaldehyde foam insulation, asbestos, hazardous or toxic wastes or substances, pollutants, contaminants or other environmental matters.

The Owners acknowledge that the property comprising the Regime was originally developed and constructed by Long Grove and its Affiliates (as herein defined). Declarant purchased the property comprising the Regime for the purpose of converting such property into condominiums which it is or will be selling to the public. Declarant assumed all responsibility for identifying and correcting all defects or problems, if any, that existed, to ensure that the property comprising the Regime is properly constructed and suitable for use as condominiums in accordance with all applicable building regulations, codes, standards, and other applicable laws and requirements.

Accordingly, as part of the valuable consideration exchanged in the sale transaction on March 7, 2005 noted above, the receipt and sufficiency of which are hereby acknowledged, Declarant on behalf of itself and its heirs, representatives, successors, and assigns (including the Owners and all other successors-in-title to all or a portion of the property comprising the Regime), agreed to never sue and completely released Long Grove, The Beach Co., Gulfstream Construction Company, its affiliates, agents, officers, directors, employees, insurers, representatives, successors, assigns, and all other companies, partnerships, entities, or Persons (collectively, the "Affiliates") involved in the design, development and/or construction of the apartment buildings and apartments therein and all other improvements prior to March 7, 2005, for and from any and all claims of every kind whatsoever arising from or related to the development, design, construction, maintenance, alteration, or repair of the property comprising the Regime, including unknown and unforeseen claims that may now exist or that may arise in the future.

Declarant and the Owners acknowledge and agree that the assumption of liability and release of claims above is intended to be binding on all subsequent grantees of the property comprising the Regime, the grantees of any condominiums or other subdivisions of the property comprising the Regime, and the Owners. In order to give effect to this intention, these provisions are included in this Master Deed, and will also be included in any other conveyances outside the coverage of this Master Deed.

25. 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 least 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.

[SIGNATURES ON FOLLOWING PAGE]

- 44 -

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IN WITNESS WHEREOF, Declarant has executed this Master Deed under seal this ____ day of _____, 200__

DECLARANT: LONG GROVE VISTA, LLC,
a Georgia limited liability company

By: LONG GROVE DEVELOPMENT, LLC,
a Georgia limited liability company, its Sole Manager

By: Eduard de Guardiola
Eduard de Guardiola, sole manager

Signed, sealed, and delivered
this 13 day of April, 2005
in the presence of:

[Signature]
Witness #1

[Signature]
Witness #2

STATE OF Georgia)
COUNTY OF Fulton)

ACKNOWLEDGMENT

I, a Notary Public in and for the County and State aforesaid, certify that Eduard de Guardiola, sole manager of Long Grove Development, LLC, Sole Manager of Long Grove Vista, LLC, personally appeared before me this day and acknowledged the execution of the foregoing Master Deed on behalf of Long Grove Vista, LLC.

WITNESS my hand and official stamp or seal this 13 day of April, 2005.

[Signature]
NOTARY PUBLIC for _____
My commission Expires: _____

Notary Public, Rockdale County, Georgia
My Commission Expires July 21, 2008

EXHIBIT "A"

Description of Submitted Property

All that piece, parcel or tract of land, with the buildings and improvements thereon, situate, lying and being in the Town of Mt. Pleasant, County of Charleston, State of South Carolina, shown and designated as "PARCEL G" on a plat entitled "PLAT OF PROPERTY LINE ADJUSTMENT BETWEEN PARCEL G ABOUT TO BE CONVEYED TO LONG GROVE AT SEASIDE FARMS, L.L.C. AND TRACT A-1 OWNED BY THE BEACH COMPANY SEASIDE FARMS" prepared by Thomas & Hutton Engineering Co., dated May 8, 2000, and recorded June 1, 2000, in Plat Book EE, Page 49 in the RMC Office for Charleston County, reference to said plat being craved for a more complete description.

EXHIBIT "B"

**Undivided Percentage Interest in the Common Elements
and Liabilities for Common Expenses**

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit	Ownership Percentage
111	3 BR/2BA	\$229,900	0.447%
112	1 BR/1BA	\$159,900	0.290%
113	2 BR/2BA	\$199,900	0.387%
114	2 BR/1BA	\$179,900	0.318%
115	2 BR/2BA	\$199,900	0.387%
116	2 BR/1BA	\$179,900	0.318%
117	3 BR/2BA	\$229,900	0.447%
118	1 BR/1BA	\$159,900	0.290%
121	3 BR/2BA	\$229,900	0.447%
122	1 BR/1BA	\$159,900	0.290%
123	2 BR/2BA	\$199,900	0.387%
124	2 BR/1BA	\$179,900	0.318%
125	2 BR/2BA	\$199,900	0.387%
126	2 BR/1BA	\$179,900	0.318%
127	3 BR/2BA	\$229,900	0.447%
128	1 BR/1BA	\$159,900	0.290%
211	3 BR/2BA	\$229,900	0.447%
212	1 BR/1BA	\$159,900	0.290%
213	2 BR/2BA	\$199,900	0.387%
214	2 BR/1BA	\$179,900	0.318%
215	2 BR/2BA	\$199,900	0.387%
216	2 BR/1BA	\$179,900	0.318%
217	3 BR/2BA	\$229,900	0.447%
218	1 BR/1BA	\$159,900	0.290%
221	3 BR/2BA	\$229,900	0.447%
222	1 BR/1BA	\$159,900	0.290%
223	2 BR/2BA	\$199,900	0.387%
224	2 BR/1BA	\$179,900	0.318%
225	2 BR/2BA	\$199,900	0.387%
226	2 BR/1BA	\$179,900	0.318%
227	3 BR/2BA	\$229,900	0.447%
228	1 BR/1BA	\$159,900	0.290%
311	3 BR/2BA	\$229,900	0.447%
312	1 BR/1BA	\$159,900	0.290%
313	2 BR/2BA	\$199,900	0.387%
314	2 BR/1BA	\$179,900	0.318%
315	2 BR/2BA	\$199,900	0.387%
316	2 BR/1BA	\$179,900	0.318%
317	3 BR/2BA	\$229,900	0.447%
318	1 BR/1BA	\$159,900	0.290%
321	3 BR/2BA	\$229,900	0.447%
322	1 BR/1BA	\$159,900	0.290%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit	Ownership Percentage
323	2 BR/2BA	\$199,900	0.387%
324	2 BR/1BA	\$179,900	0.318%
325	2 BR/2BA	\$199,900	0.387%
326	2 BR/1BA	\$179,900	0.318%
327	3 BR/2BA	\$229,900	0.447%
328	1 BR/1BA	\$159,900	0.290%
411	3 BR/2BA	\$229,900	0.447%
412	1 BR/1BA	\$159,900	0.290%
413	2 BR/2BA	\$199,900	0.387%
414	2 BR/1BA	\$179,900	0.318%
415	2 BR/2BA	\$199,900	0.387%
416	2 BR/1BA	\$179,900	0.318%
417	3 BR/2BA	\$229,900	0.447%
418	1 BR/1BA	\$159,900	0.290%
421	3 BR/2BA	\$229,900	0.447%
422	1 BR/1BA	\$159,900	0.290%
423	2 BR/2BA	\$199,900	0.387%
424	2 BR/1BA	\$179,900	0.318%
425	2 BR/2BA	\$199,900	0.387%
426	2 BR/1BA	\$179,900	0.318%
427	3 BR/2BA	\$229,900	0.447%
428	1 BR/1BA	\$159,900	0.290%
511	3 BR/2BA	\$229,900	0.447%
512	1 BR/1BA	\$159,900	0.290%
513	2 BR/2BA	\$199,900	0.387%
514	2 BR/1BA	\$179,900	0.318%
515	2 BR/2BA	\$199,900	0.387%
516	2 BR/1BA	\$179,900	0.318%
517	3 BR/2BA	\$229,900	0.447%
518	1 BR/1BA	\$159,900	0.290%
521	3 BR/2BA	\$229,900	0.447%
522	1 BR/1BA	\$159,900	0.290%
523	2 BR/2BA	\$199,900	0.387%
524	2 BR/1BA	\$179,900	0.318%
525	2 BR/2BA	\$199,900	0.387%
526	2 BR/1BA	\$179,900	0.318%
527	3 BR/2BA	\$229,900	0.447%
528	1 BR/1BA	\$159,900	0.290%
611	3 BR/2BA	\$229,900	0.447%
612	1 BR/1BA	\$159,900	0.290%
613	2 BR/2BA	\$199,900	0.387%
614	2 BR/2BA	\$199,900	0.387%
615	2 BR/2BA	\$199,900	0.387%
616	2 BR/2BA	\$199,900	0.387%
617	3 BR/2BA	\$229,900	0.447%
618	1 BR/1BA	\$159,900	0.290%
621	3 BR/2BA	\$229,900	0.447%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit	Ownership Percentage
622	1 BR/1BA	\$159,900	0.290%
623	2 BR/2BA	\$199,900	0.387%
624	2 BR/2BA	\$199,900	0.387%
625	2 BR/2BA	\$199,900	0.387%
626	2 BR/2BA	\$199,900	0.387%
627	3 BR/2BA	\$229,900	0.447%
628	1 BR/1BA	\$159,900	0.290%
711	3 BR/2BA	\$229,900	0.447%
712	1 BR/1BA	\$159,900	0.290%
713	2 BR/2BA	\$199,900	0.387%
714	2 BR/2BA	\$199,900	0.387%
715	2 BR/2BA	\$199,900	0.387%
716	2 BR/2BA	\$199,900	0.387%
717	3 BR/2BA	\$229,900	0.447%
718	1 BR/1BA	\$159,900	0.290%
721	3 BR/2BA	\$229,900	0.447%
722	1 BR/1BA	\$159,900	0.290%
723	2 BR/2BA	\$199,900	0.387%
724	2 BR/2BA	\$199,900	0.387%
725	2 BR/2BA	\$199,900	0.387%
726	2 BR/2BA	\$199,900	0.387%
727	3 BR/2BA	\$229,900	0.447%
728	1 BR/1BA	\$159,900	0.290%
811	3 BR/2BA	\$229,900	0.447%
812	1 BR/1BA	\$159,900	0.290%
813	2 BR/2BA	\$199,900	0.387%
814	2 BR/2BA	\$199,900	0.387%
815	2 BR/2BA	\$199,900	0.387%
816	2 BR/2BA	\$199,900	0.387%
817	3 BR/2BA	\$229,900	0.447%
818	1 BR/1BA	\$159,900	0.290%
821	3 BR/2BA	\$229,900	0.447%
822	1 BR/1BA	\$159,900	0.290%
823	2 BR/2BA	\$199,900	0.387%
824	2 BR/2BA	\$199,900	0.387%
825	2 BR/2BA	\$199,900	0.387%
826	2 BR/2BA	\$199,900	0.387%
827	3 BR/2BA	\$229,900	0.447%
828	1 BR/1BA	\$159,900	0.290%
911	3 BR/2BA	\$229,900	0.447%
912	1 BR/1BA	\$159,900	0.290%
913	2 BR/2BA	\$199,900	0.387%
914	2 BR/1BA	\$179,900	0.318%
915	2 BR/2BA	\$199,900	0.387%
916	2 BR/1BA	\$179,900	0.318%
917	3 BR/2BA	\$229,900	0.447%
918	1 BR/1BA	\$159,900	0.290%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit	Ownership Percentage
921	3 BR/2BA	\$229,900	0.447%
922	1BR/1BA	\$159,900	0.290%
923	2 BR/2BA	\$199,900	0.387%
924	2 BR/1BA	\$179,900	0.318%
925	2 BR/2BA	\$199,900	0.387%
926	2 BR/1BA	\$179,900	0.318%
927	3 BR/2BA	\$229,900	0.447%
928	1 BR/1BA	\$159,900	0.290%
1011	3 BR/2BA	\$229,900	0.447%
1012	1 BR/1BA	\$159,900	0.290%
1013	2 BR/2BA	\$199,900	0.387%
1014	2 BR/2BA	\$199,900	0.387%
1015	2 BR/2BA	\$199,900	0.387%
1016	2 BR/2BA	\$199,900	0.387%
1017	3 BR/2BA	\$229,900	0.447%
1018	1 BR/1BA	\$159,900	0.290%
1021	3 BR/2BA	\$229,900	0.447%
1022	1 BR/1BA	\$159,900	0.290%
1023	2 BR/2BA	\$199,900	0.387%
1024	2 BR/2BA	\$199,900	0.387%
1025	2 BR/2BA	\$199,900	0.387%
1026	2 BR/2BA	\$199,900	0.387%
1027	3 BR/2BA	\$229,900	0.447%
1028	1 BR/1BA	\$159,900	0.290%
1111	3 BR/2BA	\$229,900	0.447%
1112	1 BR/1BA	\$159,900	0.290%
1113	2 BR/2BA	\$199,900	0.387%
1114	2 BR/1BA	\$179,900	0.318%
1115	2 BR/2BA	\$199,900	0.387%
1116	2 BR/1BA	\$179,900	0.318%
1117	3 BR/2BA	\$229,900	0.447%
1118	1 BR/1BA	\$159,900	0.290%
1121	3 BR/2BA	\$229,900	0.447%
1122	1 BR/1BA	\$159,900	0.290%
1123	2 BR/2BA	\$199,900	0.387%
1124	2 BR/1BA	\$179,900	0.318%
1125	2 BR/2BA	\$199,900	0.387%
1126	2 BR/1BA	\$179,900	0.318%
1127	3 BR/2BA	\$229,900	0.447%
1128	1 BR/1BA	\$159,900	0.290%
1211	3 BR/2BA	\$229,900	0.447%
1212	1 BR/1BA	\$159,900	0.290%
1213	2 BR/2BA	\$199,900	0.387%
1214	2 BR/1BA	\$179,900	0.318%
1215	2 BR/2BA	\$199,900	0.387%
1216	2 BR/1BA	\$179,900	0.318%
1217	3 BR/2BA	\$229,900	0.447%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit	Ownership Percentage
1218	1 BR/1BA	\$159,900	0.290%
1221	3 BR/2BA	\$229,900	0.447%
1222	1 BR/1BA	\$159,900	0.290%
1223	2 BR/2BA	\$199,900	0.387%
1224	2 BR/1BA	\$179,900	0.318%
1225	2 BR/2BA	\$199,900	0.387%
1226	2 BR/1BA	\$179,900	0.318%
1227	3 BR/2BA	\$229,900	0.447%
1228	1 BR/1BA	\$159,900	0.290%
1311	3 BR/2BA	\$229,900	0.447%
1312	1 BR/1BA	\$159,900	0.290%
1313	2 BR/2BA	\$199,900	0.387%
1314	2 BR/1BA	\$179,900	0.318%
1315	2 BR/2BA	\$199,900	0.387%
1316	2 BR/1BA	\$179,900	0.318%
1317	3 BR/2BA	\$229,900	0.447%
1318	1 BR/1BA	\$159,900	0.290%
1321	3 BR/2BA	\$229,900	0.447%
1322	1 BR/1BA	\$159,900	0.290%
1323	2 BR/2BA	\$199,900	0.387%
1324	2 BR/1BA	\$179,900	0.318%
1325	2 BR/2BA	\$199,900	0.387%
1326	2 BR/1BA	\$179,900	0.318%
1327	3 BR/2BA	\$229,900	0.447%
1328	1 BR/1BA	\$159,900	0.290%
1411	3 BR/2BA	\$229,900	0.447%
1412	1 BR/1BA	\$159,900	0.290%
1413	2 BR/2BA	\$199,900	0.387%
1414	2 BR/1BA	\$179,900	0.318%
1415	2 BR/2BA	\$199,900	0.387%
1416	2 BR/1BA	\$179,900	0.318%
1417	3 BR/2BA	\$229,900	0.447%
1418	1 BR/1BA	\$159,900	0.290%
1421	3 BR/2BA	\$229,900	0.447%
1422	1 BR/1BA	\$159,900	0.290%
1423	2 BR/2BA	\$199,900	0.387%
1424	2 BR/1BA	\$179,900	0.318%
1425	2 BR/2BA	\$199,900	0.387%
1426	2 BR/1BA	\$179,900	0.318%
1427	3 BR/2BA	\$229,900	0.447%
1428	1 BR/1BA	\$159,900	0.290%
1511	3 BR/2BA	\$229,900	0.448%
1512	1 BR/1BA	\$159,900	0.290%
1513	2 BR/2BA	\$199,900	0.387%
1514	2 BR/2BA	\$199,900	0.387%
1515	2 BR/2BA	\$199,900	0.387%
1516	2 BR/2BA	\$199,900	0.387%

Unit Number	Number of Bedrooms and Bathrooms	Value of Unit	Other Unit Percentage
1517	3 BR/2BA	\$229,900	0.448%
1518	1 BR/1BA	\$159,900	0.290%
1521	3 BR/2BA	\$229,900	0.448%
1522	1 BR/1BA	\$159,900	0.290%
1523	2 BR/2BA	\$199,900	0.387%
1524	2 BR/2BA	\$199,900	0.387%
1525	2 BR/2BA	\$199,900	0.387%
1526	2 BR/2BA	\$199,900	0.387%
1527	3 BR/2BA	\$229,900	0.448%
1528	1 BR/1BA	\$159,900	0.290%
1611	3 BR/2BA	\$229,900	0.448%
1612	1 BR/1BA	\$159,900	0.290%
1613	2 BR/2BA	\$199,900	0.387%
1614	2 BR/2BA	\$199,900	0.387%
1615	2 BR/2BA	\$199,900	0.387%
1616	2 BR/2BA	\$199,900	0.387%
1617	3 BR/2BA	\$229,900	0.448%
1618	1 BR/1BA	\$159,900	0.290%
1621	3 BR/2BA	\$229,900	0.448%
1622	1 BR/1BA	\$159,900	0.290%
1623	2 BR/2BA	\$199,900	0.387%
1624	2 BR/2BA	\$199,900	0.387%
1625	2 BR/2BA	\$199,900	0.387%
1626	2 BR/2BA	\$199,900	0.387%
1627	3 BR/2BA	\$229,900	0.448%
1628	1 BR/1BA	\$159,900	0.290%
1711	3 BR/2BA	\$229,900	0.448%
1712	1 BR/1BA	\$159,900	0.290%
1713	2 BR/2BA	\$199,900	0.387%
1714	2 BR/2BA	\$199,900	0.387%
1715	2 BR/2BA	\$199,900	0.387%
1716	2 BR/2BA	\$199,900	0.387%
1717	3 BR/2BA	\$229,900	0.448%
1718	1 BR/1BA	\$159,900	0.290%
1721	3 BR/2BA	\$229,900	0.448%
1722	1 BR/1BA	\$159,900	0.290%
1723	2 BR/2BA	\$199,900	0.387%
1724	2 BR/2BA	\$199,900	0.387%
1725	2 BR/2BA	\$199,900	0.387%
1726	2 BR/2BA	\$199,900	0.387%
1727	3 BR/2BA	\$229,900	0.448%
1728	1 BR/1BA	\$159,900	0.290%
TOTAL			100.000%

*THESE VALUATIONS ARE FOR PURPOSES OF THE SOUTH CAROLINA HORIZONTAL PROPERTY ACT, AND ARE NOT A GUARANTEE OF THE VALUE OF YOUR UNIT NOR ARE THEY INTENDED TO BE A GUARANTEE OF THE PURCHASE PRICE OF THE UNIT.

EXHIBIT "C"

Survey

BeachResidential000059

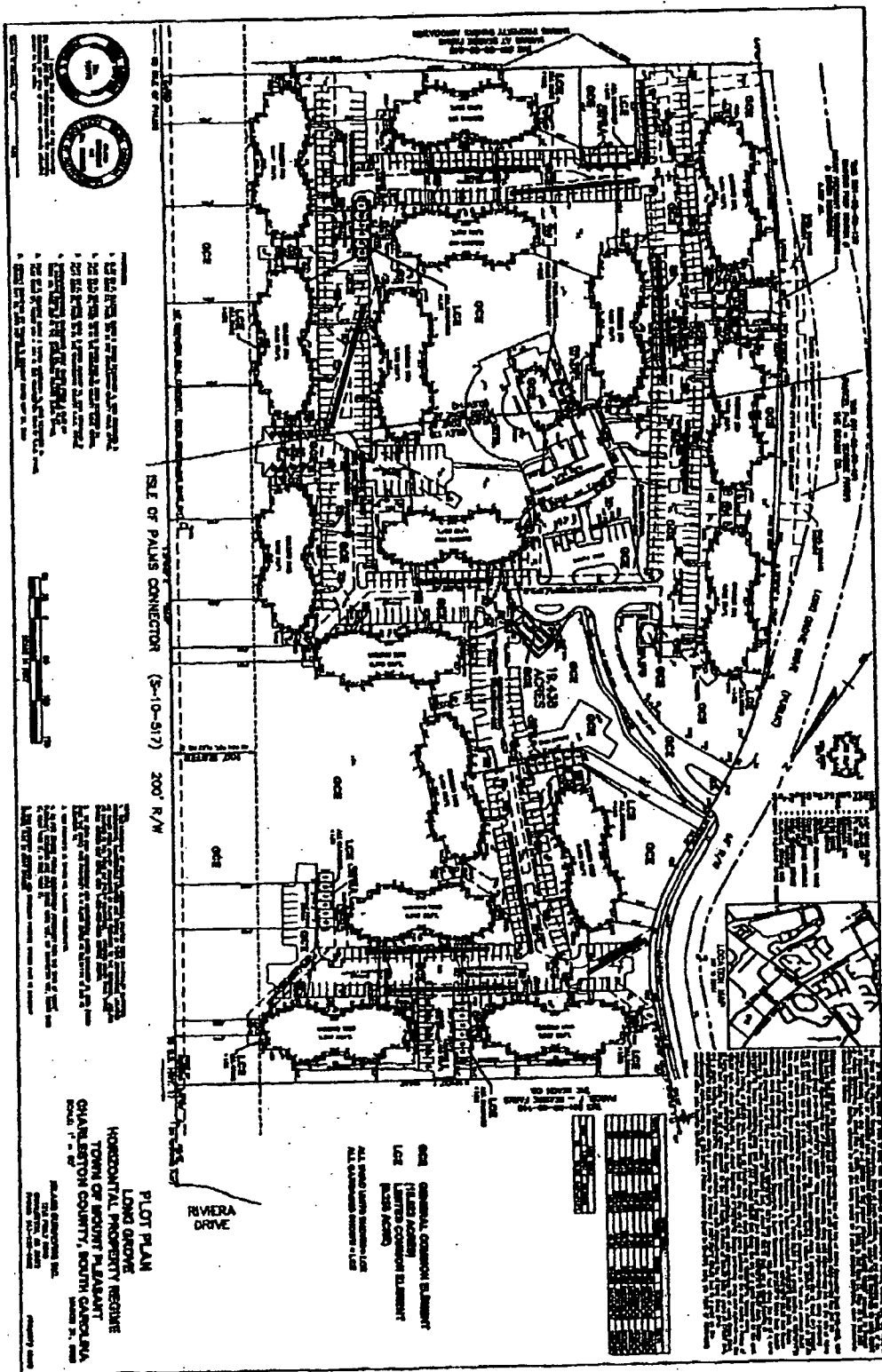
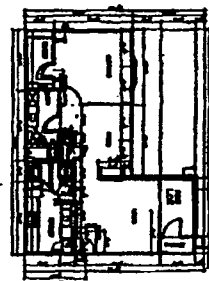


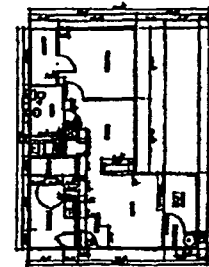
EXHIBIT "D"

Plans

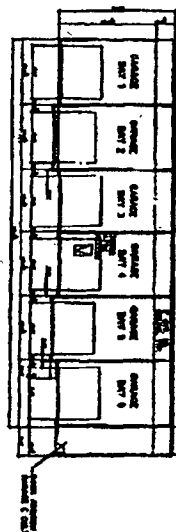
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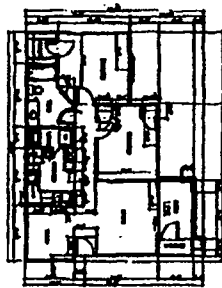
Floor Plan - Unit A2
SCALE 1/8" = 1'-0"



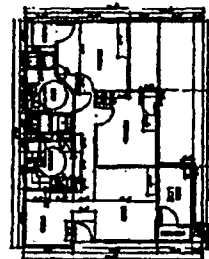
Floor Plan - Unit A2 - Handicap
SCALE 1/8" = 1'-0"



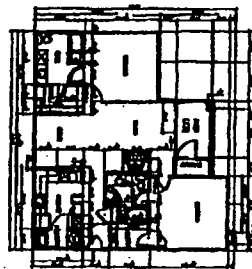
Floor Plan - Garage
SCALE 1/8" = 1'-0"
SHOWS AREA LET - LIMITED COMMON ELEMENT



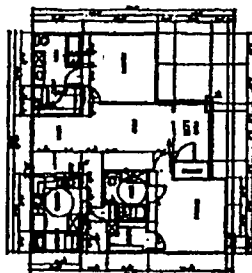
Floor Plan - Unit B1
SCALE 1/8" = 1'-0"



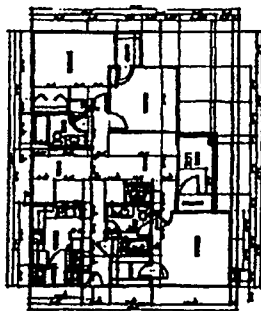
Floor Plan - Unit B1 - Handicap
SCALE 1/8" = 1'-0"



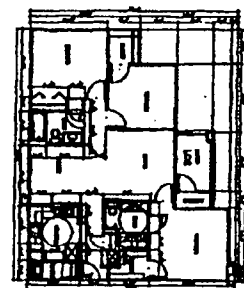
Floor Plan - Unit B2
SCALE 1/8" = 1'-0"
PRELIMINARY IN UNIT B2 & C1 ARE ONLY ON THE SECOND FLOOR OF BUILDING TYPE 1.



Floor Plan - Unit B2 - Handicap
SCALE 1/8" = 1'-0"



Floor Plan - Unit C1
SCALE 1/8" = 1'-0"
PRELIMINARY IN UNIT C1 & C2 ARE ONLY ON THE SECOND FLOOR OF BUILDING TYPE 1.



Floor Plan - Unit C1 - Handicap
SCALE 1/8" = 1'-0"



AS SHOWN IN THE PLAN
SCALE 1/8" = 1'-0"

LEG - LIMITED COMMON ELEMENT

UNIT FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF BOUNTY PLEASANT
CHAM EDITION COUNTY, SOUTH CAROLINA
SCALE 1/8" = 1'-0"

BY: J. H. HARRIS, INC.
1011 EAST 10TH
SUITE 100, FAYETTEVILLE, NC 28404

REVISIONS



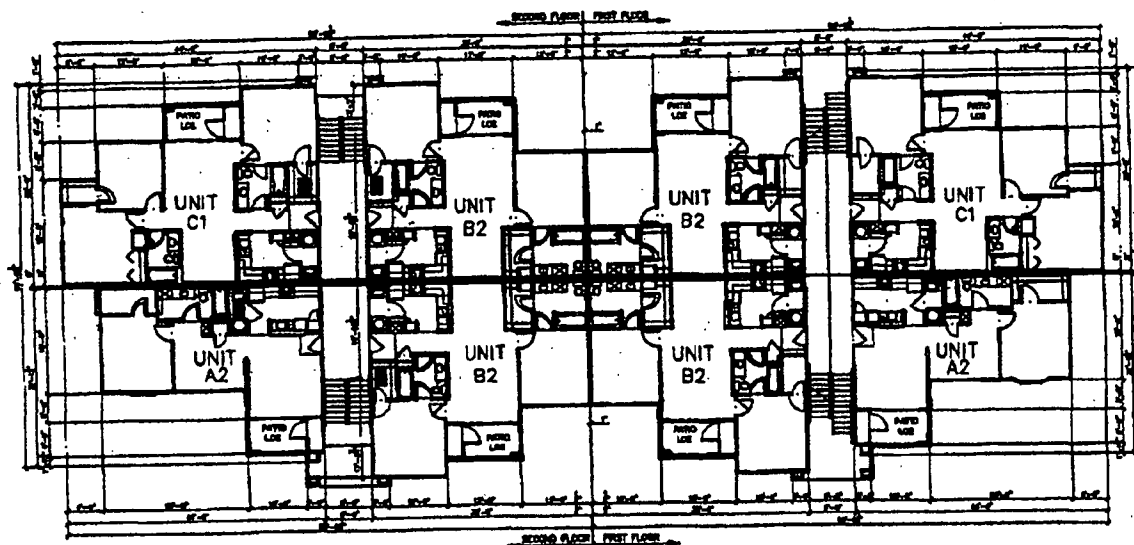
SCALE: 1" = 1'-0"
BUILDING TYPE: I BUILDING VOL. BUILDING EXCL. BUILDING VOL. BUILDING EXCL. BUILDING VOL. BUILDING EXCL.
BUILDING TYPE: II BUILDING VOL. BUILDING EXCL. BUILDING VOL. BUILDING EXCL. BUILDING VOL. BUILDING EXCL.
REPRODUCED COST \$2 = 20 UNITS. UNIT C1 = 20 UNITS. ALL PRODUCTIONS ARE ON THE SECOND FLOOR.

Let's - Liberty Community University

FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY RESITE
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SCALE AS SHOWN

【参考文献】

RESEARCH



Floor Plan Building Type II

SCALE: 1/8" = 1'-0"

SCALE: 1/8" = 1'-0"

BUILDING TYPE 1: BUILDING 600, BUILDING 700, BUILDING 800, BUILDING 1000, BUILDING 1800, BUILDING 1600, & BUILDING 1700

MAPSPACEC UNIT# 1013, UNIT 1014, UNIT 1015, UNIT 1016, UNIT 1517, UNIT 1518, UNIT 1711, UNIT 1712, UNIT 1713, UNIT 1714, UNIT 1715, UNIT 1716, UNIT 1717, & UNIT 1718

REMARKS: THERE ARE NO FREESPACES IN BUILDINGS TYPE 1.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 07-11-2001 BY 60322 UCBAW



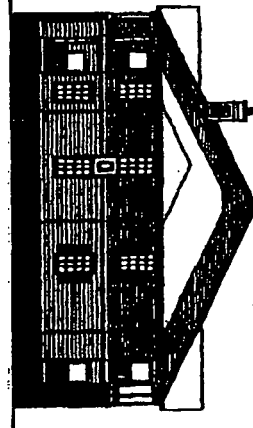
LCE = LIMITED COMMON ELEMENT

**FLOOR PLAN
LONG GROVE
HORIZONTAL PROPERTY REGIME
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
SCALE AS SHOWN MARCH 24, 2009**

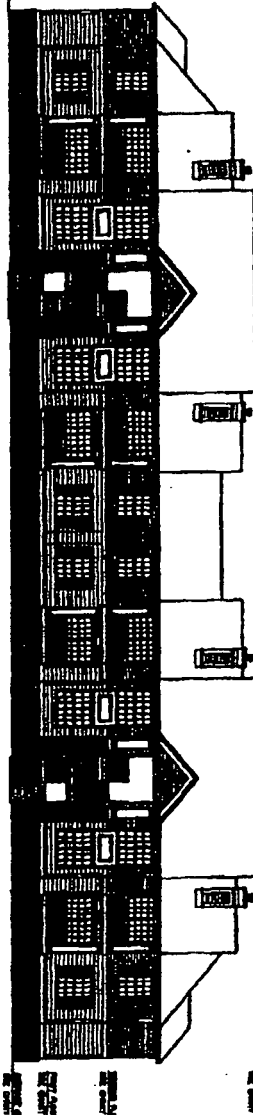
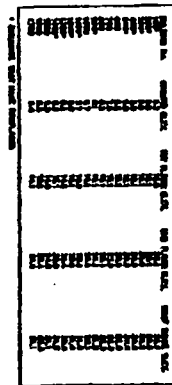
ISLAND SURVEYING CO.
132 FOLF ROAD
SUNSHINE, NJ 07461
PHONE: 943-236-6088

WEEK 28

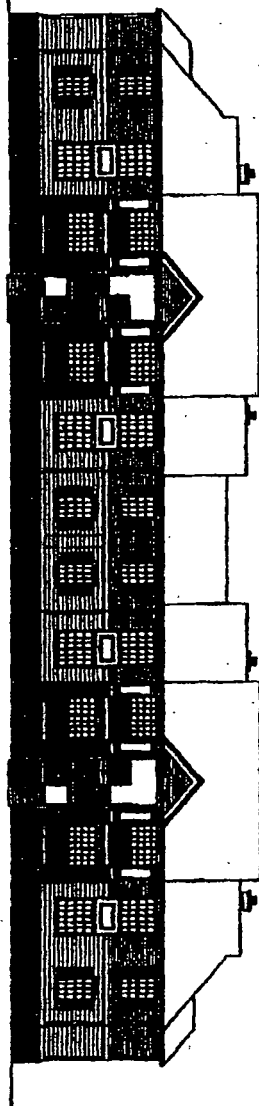
References



End Elevation - Building
1/8" = 1'-0"



Front Elevation - Building
Scale 1/8" = 1'-0"



Rear Elevation - Building
Scale 1/8" = 1'-0"

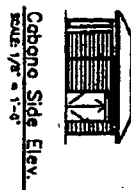
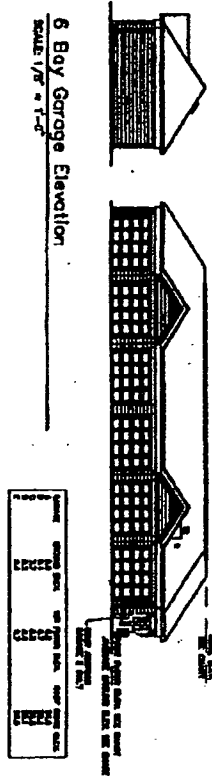
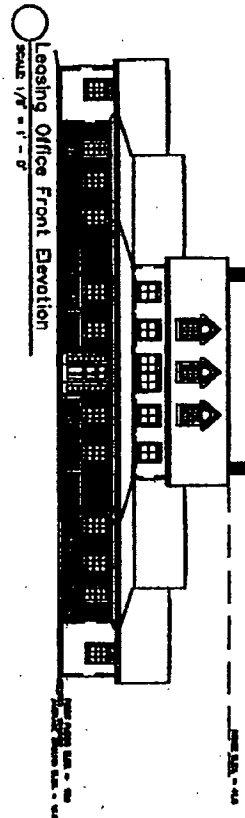


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ELEVATION PLAN
LONG GROVE
HORIZONTAL PROPERTY RESERVE
TOWN OF MOUNT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
APPROX. 10, 2008

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ELEVATION PLAN
LONG GROVE
HORIZONTAL PROPERTY RESERVE
TOWN OF ROBERT PLEASANT
CHARLESTON COUNTY, SOUTH CAROLINA
REVISION 24, 2008

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EXHIBIT "E"

BYLAWS

OF

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

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TABLE OF CONTENTS

I.	General	1
1.	Applicability	1
2.	Name	1
3.	Definitions	1
4.	Membership	1
5.	Entity Members	1
6.	Voting	1
7.	Majority	2
8.	Purpose	2
9.	Electronic Documents and Electronic Signatures	2
II.	Meetings of Members	3
1.	Annual Meetings	3
2.	Special Meetings	3
3.	Notice of Meetings	3
4.	Waiver of Notice	3
5.	Quorum	4
6.	Adjournment	4
7.	Proxy	4
8.	Members' List For Voting	4
9.	Action Taken Without a Meeting	5
10.	Order of Business	6
III.	Board of Directors	6
A.	Composition and Selection	6
1.	Composition and Eligibility	6
2.	Directors Appointed by the Declarant	6
3.	Number of Directors and Term of Office	6
4.	Removal of Members of the Board of Directors	6
5.	Vacancies	7
6.	Compensation	7
7.	Director Conflicts of Interest	7
8.	Nomination	8
9.	Elections	8
B.	Meetings	8
1.	Regular Meetings	8
2.	Special Meetings	8
3.	Waiver of Notice	8
4.	Conduct of Meetings	8
5.	Open Meetings	9
6.	Action Without a Meeting	9
C.	Powers and Duties	9
1.	Powers and Duties	9
2.	Management Agent	10
3.	Borrowing	10
4.	Liability and Indemnification of Officers, Directors and Committee Members	10
D.	Committees	11
1.	Architectural Control Committee	11

2.	Other Committees.....	12
3.	Service on Committees.....	12
IV.	Officers.....	12
1.	Designation.....	12
2.	Election of Officers.....	12
3.	Removal of Officers.....	12
4.	Vacancies.....	12
5.	President.....	12
6.	Vice President.....	12
7.	Secretary.....	12
8.	Treasurer.....	12
9.	Other Officers.....	13
10.	Agreements, Contracts, Deeds, Leases, Etc.....	13
V.	Rule Making and Enforcement.....	13
1.	Authority and Enforcement.....	13
2.	Fining and Suspension Procedure.....	13
3.	Additional Enforcement Rights.....	14
VI.	Miscellaneous.....	14
1.	Notices.....	14
2.	Severability.....	15
3.	Captions.....	15
4.	Gender and Grammar.....	15
5.	Fiscal Year.....	15
6.	Financial Audit.....	15
7.	Conflicts.....	16
8.	Amendment.....	16
9.	Books and Records.....	16

BYLAWS
OF
LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

Article I
General

Section 1. Applicability. These Bylaws provide for the self-government of Long Grove 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 Long Grove Horizontal Property Regime, recorded in the RMC Office for Charleston County, South Carolina ("Master Deed").

Section 2. Name. The name of the corporation is Long Grove 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, then 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 Association shall terminate automatically upon the termination of 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

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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 give 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 seventy-five percent (75%) 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 a director of the Association duly called, any one (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) 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(g) 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 no

direct 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 Decd; 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 of the 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 (10) 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

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(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 scrivener's 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 33-31-1620 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:

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

(vii) its Bylaws or restated Bylaws and all amendments to them currently in effect;

(viii) 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 financial 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.

SECTION 2

Articles of Incorporation

ARTICLES OF INCORPORATION
OF
LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

1. Name. The name of the Corporation is Long Grove Property Owners Association, Inc. ("Corporation" or "Association").

2. Duration. The Corporation shall have perpetual duration.

3. Applicable Statute. The Corporation is a mutual benefit corporation organized pursuant to the provisions of the South Carolina Nonprofit Corporation Act of 1994, § 33-31-101 *et seq.*, of the South Carolina Code of Laws, as amended.

4. Purposes and Powers. The Corporation does not contemplate pecuniary gain or benefit, direct or indirect, to its members.

a. In way of explanation and not of limitation, the purposes for which it is formed are:

(i) to be and constitute the Association to which reference is made in the Master Deed for Long Grove Horizontal Property Regime, as may hereinafter be amended, filed of record in the RMC Office for Charleston County, South Carolina ("Master Deed"), to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the Bylaws of the Association ("Bylaws"), and as provided by law; and

(ii) to provide an entity for the furtherance of the interests of the owners of units in the condominium development as described in the Master Deed.

b. In furtherance of its purposes, the Corporation shall have the following powers, which, unless indicated otherwise by the Master Deed or Bylaws, may be exercised by the Board of Directors of the Association:

(i) all of the powers conferred upon nonprofit corporations by common law and the statutes of the State of South Carolina in effect from time to time; and

(ii) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the Bylaws, the Master Deed, or provisions § 27-31-10 *et seq.*, of the South Carolina Code of Laws (the "South Carolina Horizontal Property Act"), including, without limitation, the following:

(A) to fix and to collect assessments or other charges to be levied against the units;

(B) to manage, control, operate, maintain, repair, and improve the common area and facilities, and property subsequently acquired by the Corporation, or any property owned by another, for which the Corporation, by rule, regulation, Master Deed, or contract, has a right or duty to provide such services;

(C) to enforce covenants, conditions, and restrictions affecting any property to the extent the Association may be authorized to do;

(D) to engage in activities which will actively foster, promote, and advance the common interests of all owners of units at the development;

(E) to buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Corporation;

(F) to borrow money for any purpose as may be limited in the Master Deed;

(G) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(H) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals;

(I) to adopt, alter, and amend or repeal such bylaws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such bylaws may not be inconsistent with or contrary to any provisions of the Master Deed or the South Carolina Horizontal Property Act, or the South Carolina Nonprofit Corporation Act of 1994;

(J) to participate in mergers and consolidations with other nonprofit corporations upon the affirmative vote of at least two-thirds (2/3) of the total eligible votes of the members; and

(K) to provide any and all supplemental municipal services as may be necessary or proper.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 4 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article 4.

5. Membership. The Corporation shall be a membership corporation without certificates or shares of stock. All unit owners, by virtue of their ownership of units in the condominium, are members of the Association. The members shall be entitled to one (1) vote for each unit in which they hold the interest required for membership, in accordance with the Master Deed.

6. Board of Directors. The affairs of the Corporation shall be governed by a Board of Directors, the number, qualification, and method of election of which shall be set in the Corporation's Bylaws. The method of election and term of office, removal and filling of vacancies shall be as set forth in the Bylaws. The board may delegate such operating authority to such companies, individuals, or committees as it, in its discretion, may determine. The initial Board of Directors of the Corporation shall

have three (3) directors, and the names and addresses of the persons who are to serve as the initial directors are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Richard Blatt	1360 Peachtree Street, NE One Midtown Plaza, Suite 1000 Atlanta, Georgia 30309
Hudson Hooks	1360 Peachtree Street, NE One Midtown Plaza, Suite 1000 Atlanta, Georgia 30309
Don Byrd	1360 Peachtree Street, NE One Midtown Plaza, Suite 1000 Atlanta, Georgia 30309

7. Liability of Directors. To the fullest extent that the South Carolina Nonprofit Corporation Act of 1994, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of the Corporation shall be personally liable to the Corporation or its members for monetary damages for breach of duty of care or other duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

8. Dissolution. The Corporation may be dissolved only pursuant to a resolution duly adopted by the Board of Directors and approved by the vote of not less than two-thirds (2/3) of the total eligible votes of the members, and shall be dissolved in accordance with Sections 33-31-1402, et seq. of the South Carolina Nonprofit Corporation Act of 1994.

9. Amendments. These Articles of Incorporation may be amended as provided by the South Carolina Nonprofit Corporation Act of 1994 pursuant to a resolution duly adopted by the Board of Directors and approved by the affirmative vote of the members of the Association entitled to cast at least two-thirds (2/3) of the votes which members present in person or by proxy cast at a meeting of the members of the Association or by members casting at least a majority of the total eligible votes of the members, whichever is less; provided that, no members shall be entitled to vote on any amendment to these Articles of Incorporation which is for the sole purpose of complying with the requirements of any governmental (including, without limitation, the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs) or government-sponsored enterprise authorized to fund, insure or guarantee Mortgages on individual units in the condominium, which amendment may be adopted by the Board of Directors acting alone.

10. Incorporator. The name and address of the incorporator is as follows:

Lydia P. Davidson
Krawcheck & Davidson
9 State Street
Charleston, South Carolina 29401

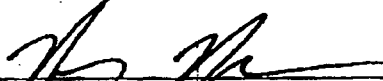
11. Registered Agent and Office. The initial registered office of the Corporation is The Beach Company, 211 King Street, Suite 300, Charleston, South Carolina 29401, and the initial registered agent at such address is Tim Walters.

12. Initial Principal Office. The mailing address of the initial principal office of the Corporation is 1600 Long Grove Drive, Mt. Pleasant, South Carolina 29464.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation.



Richard Blatt, Director



Hudson Hooks, Director



Don Byrd, Director

[SIGNATURES CONTINUED ON FOLLOWING PAGE]


Lynn P. Davidson, Esq., Incorporator

Krawcheck & Davidson
9 State Street
Charleston, South Carolina 29401

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BeachResidential000093

SECTION 3

Estimated Budget for Association

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

ESTIMATED ASSESSMENT FOR UNIT TYPES
Fiscal Year 1

<u>Unit Type</u>	<u>Designation</u>	<u>No. of Units</u>	<u>S.F.</u>	<u>Total S.F.</u>	<u>% Ownership</u>	<u>Annual Fee</u>	<u>Monthly Fee</u>
1x1	A	68	780	53,040	0.00290	\$1,871.48	\$155.98
2 x 1	B	40	855	34,200	0.00318	\$2,051.43	\$170.95
2 x 2	C	98	1,040	99,840	0.00387	\$2,495.30	\$207.94
3 x 2	D	68	1,200	81,600	0.00447	\$2,879.19	\$239.93
Total/Average:		272		268,680			
HOA Fees per Sq. Ft. w/ Reserves at 10% of Annual Budget						\$2.40	\$0.20

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC.

ESTIMATED OPERATING BUDGET

Fiscal Year 1

WITH RESERVES AT 10% OF ANNUAL BUDGET

EXPENDITURE

MANAGEMENT FEE	\$4,625.00	\$55,500.00
On-Site Supervision	\$2,080.00	\$24,960.00
LABOR		
Maintenance Staff	\$2,773.33	\$33,280.00
Janitorial Staff	\$1,733.33	\$20,800.00
Receiving	N/A	N/A
Pool Attendant	N/A	N/A
Front Desk	N/A	N/A
Concierge	N/A	N/A
Labor Extras Benefits Etc	\$2,634.75	\$31,817.00
TOTAL MANAGEMENT & LABOR	\$13,846.42	\$168,157.00
ADMINISTRATIVE EXPENSES		
Audit/Tax Preparation	\$250.00	\$3,000.00
Attorney's Fees	\$400.00	\$4,800.00
Bookkeeping	\$0.00	\$0.00
Corporate Filing Fees-Annual Report	\$50.00	\$600.00
Fees Payable to Division	\$90.83	\$1,090.00
Fees/ Permits	\$41.67	\$500.00
Office Expenses/Fax & copier	\$100.00	\$1,200.00
Office Expenses - General Admin	\$250.00	\$3,000.00
Pool Permits	\$41.67	\$500.00
Insurance Appraisal	\$83.33	\$1,000.00
TOTAL ADMINISTRATIVE EXPENSES	\$1,307.50	\$15,890.00
INSURANCE	\$15,833.33	\$190,000.00
CONTRACT SERVICES		
Access System Maintenance	N/A	N/A
Cable TV Service	\$50.00	\$600.00
Carpet Cleaning	N/A	N/A
Driveway/Paver Maintenance	N/A	N/A
Elevator Maintenance	N/A	N/A
Fertilization & Insect Control (Exterior)	\$188.67	\$2,000.00
Floor Contract Maintenance Hard Surface	\$25.00	\$300.00
Fitness Center Maintenance	\$50.00	\$600.00
HVAC System Maintenance	\$100.00	\$1,200.00
Irrigation Maintenance	N/A	N/A
Landscape Maintenance Interior	N/A	N/A

Landscape Maintenance	\$2,750.00	\$33,000.00
Annual Flower Change Out	\$450.00	\$5,400.00
Annual Mulch	\$1,291.87	\$15,500.00
Life Safety Equipment	\$183.33	\$2,200.00
Patrol Service	\$750.00	\$9,000.00
Pest Control Service (Termite Contract)	\$566.67	\$6,800.00
Pressure Washing	\$583.33	\$7,000.00
Pool Chemical Equipment Maint	\$86.67	\$800.00
Pool/Spa Fountain Maint.	\$200.00	\$2,400.00
Parking lot Maintenance	\$100.00	\$1,200.00
Trash Chute Cleaning	N/A	N/A
Trash Collection	\$918.67	\$11,000.00
Window Cleaning	N/A	N/A
TOTAL CONTRACTS	\$8,250.00	\$99,000.00
SUPPLIES & REPAIRS		
Access System Repairs	N/A	N/A
Building Maintenance	\$541.67	\$6,500.00
Recreation Supplies	\$200.00	\$2,400.00
Electrical Supplies & Repairs	\$333.33	\$4,000.00
Janitorial Supplies	\$300.00	\$3,600.00
Miscellaneous Equipment Repair	\$100.00	\$1,200.00
Painting	\$200.00	\$2,400.00
Pool Supplies	\$200.00	\$2,400.00
Plumbing Supplies	\$300.00	\$3,600.00
Signage	N/A	N/A
Site Communications	N/A	N/A
Staff Uniforms	N/A	N/A
Tree Trimming	\$300.00	\$3,600.00
TOTAL SUPPLIES & REPAIR	\$2,475.00	\$29,700.00
UTILITIES		
Electricity	\$3,416.67	\$41,000.00
Natural Gas	N/A	N/A
Telephones	\$333.33	\$4,000.00
Common Area Water/Sewer	\$916.67	\$11,000.00
Storm Water Assess Fee	\$83.33	\$1,000.00
TOTAL UTILITIES	\$4,750.00	\$57,000.00
OTHER EXPENSES		
Contingency	\$1,000.00	\$12,000.00
PUD Fees	\$1,375.00	\$16,500.00
Misc		
TOTAL EXPENSES W/OUT RESERVES	\$48,837.25	\$586,047.00
SET ASIDE FOR RESERVES AT 10% OF BUDGET	\$4,883.73	\$58,604.70
TOTAL EXPENSES WITH RESERVES	\$53,720.98	\$644,651.70

LONG GROVE PROPERTY OWNERS ASSOCIATION, INC
Capital Expenditures and Deferred Maintenance Reserve Analysis

Building Component	Actual Age	Expected Life	Remaining Useful Life	Estimated Replacement Cost	Annual Reserves
Roofing	5	50	45	\$750,000	\$16,667
Structure	5	40	35	\$1,750,000	\$50,000
Fire Protection	5	30	25	\$250,000	\$10,000
Mechanical HVAC	5	25	20	\$10,000	\$500
Plumbing	5	40	35	\$750,000	\$21,429
Electrical	5	30	25	\$800,000	\$32,000
Pool	5	40	35	\$50,000	\$1,429
Pool Surface & Equipment	5	10	5	\$19,800	\$3,960
Pavement & Parking Areas Foundation	5	25	25	\$200,000	\$8,000
Pavement & Parking Areas Surface	0	5	5	\$39,600	\$7,920
Drainage	5	40	35	\$150,000	\$4,286
Exterior Paint	0	5	5	\$115,000	\$23,000
Total Reserves				\$4,884,400	\$179,190

SECTION 4

Property Condition Report

ESSEX
REPORT OF
PROPERTY CONDITION ASSESSMENT

LONG GROVE
1600 Long Grove Drive
Mt. Pleasant, SC 29464

Prepared For:

Long Grove Horizontal Property Regime
1600 Long Grove Drive
Mt. Pleasant, SC 29464

March 1, 2005

Essex Engineering Corp.
2572 Apple Valley Road, Suite 200
Atlanta, Georgia 30319-3527
404.365.9482

Essex Project Number 05715

March 1, 2005

Long Grove Horizontal Property Regime
C/O Long Grove Apartments
1600 Long Grove Drive
Mt. Pleasant, SC 29464

SUBJECT: Report of Property Condition Assessment
Long Grove Apartments
Mt. Pleasant, SC
Essex Project No. 05715

Essex Engineering Corp. (Essex) is pleased to present this report of our services on the subject project. These services were performed in substantial compliance with our proposal number P05518 dated January 13, 2005 to Vista Realty Partners (Vista).

The report consists of an executive summary, property profile, property condition survey summary, budget estimates, and expected useful life estimates. This report was completed to meet the requirements of the South Carolina Horizontal Property Regime Statute.

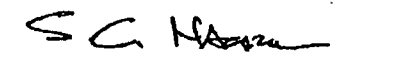
We appreciate the opportunity to be of service to you for this project and look forward to a continuing relationship. If you have any questions concerning the report please contact us.

Sincerely,

ESSEX ENGINEERING CORPORATION


Lance S. Barron
Building Survey Specialist


Kenneth B. Green, Jr., P.E. (GA)
Principal


S. Cornell Nagel,
AIA South Carolina Registration No. 5270

Attachments

Essex Engineering Corporation
2574 Appleton Way, Suite 200
Atlanta, Georgia 30318-3527
404.365.5472 (tel) 404.365.8163 (fax)
www.essex-eng.com

BeachResidential000101

1.0 EXECUTIVE SUMMARY

1.1 General Property Description

Essex Engineering Corp. (Essex) was contracted by Vista Realty Partners (Vista) to conduct a Property Condition Survey of the Long Grove community located at 1600 Long Grove Drive, Mt. Pleasant, South Carolina. These services were performed in substantial compliance with Essex' proposal P05518, dated January 13, 2005 and your verbal authorization on the same date.

The apartment community consists of 17 two-story dwelling unit (DU) building constructed and occupied in late 1999 through the first quarter of 2000, comprising 272 dwelling units. It includes a leasing office/clubhouse containing a fitness center, laundry, business center, and a conference room/video center. The swimming pool/sundeck was located behind the leasing office. The community is located in the Seaside Farms planned development on the Isle of Palms Connector. The property size was reported by tax documents available on the Mt. Pleasant internet web site as 19.44 acres. There were 474 surface parking spaces (count) including 9 accessible handicap spaces. In addition, there were 20 spaces marked and used for boats or recreational vehicles. There were five parking garage buildings that provided a total of 30 parking spaces, one of which was accessible (E-6). Therefore, the community had a total of 539 parking spaces. Requirements at the time of construction and current zoning code require 544 parking spaces with a total of 11 accessible parking spaces. Restriping of the two parking areas between Buildings 800 and 1000 from five boats or recreational vehicles each to seven regular parking spaces each would bring the total to 544 on site. Two of the eight accessible spaces at Building 1700 were marked as van accessible, but did not have an 8-foot side aisle. The one accessible parking space at the leasing office had an eight-foot side aisle, but was not marked as van accessible. An additional van accessible parking space to meet the 11 required can be achieved by posting a "van accessible" parking sign on the opposite side of the eight-foot side aisle at the leasing office/clubhouse.

Construction drawings were available from Vista Realty Partners. Based on a limited review of the available drawings, a walk-through of the property, and observations in crawlspace, the dwelling unit buildings were supported approximately six feet above grade on cast-in-place reinforced concrete piers on reinforced concrete continuous footings. Dimensional lumber and glued/laminated beams supported dimensional lumber joists attached with galvanized steel joist hangers. Exterior walls were load-bearing wood framed. Brick masonry veneer was installed in limited applications on columns and building fronts. Interior wood-framed load-bearing and non-load-bearing walls were finished with painted gypsum board. Limited concrete masonry unit (CMU) construction was used at the fronts of buildings and was faced with brick masonry veneer. The exterior window/wall system consists of painted HardiPlank siding with painted dimensional lumber trim and double-pane, insulated single hung, white-factory-finish aluminum-framed windows. Water staining and damage was observed under a number of 1st Floor balcony corner columns indicating need for repair of columns and/or OSB subflooring in an estimated 50 percent of locations. The exact extent of the damage or the exact nature of the repair was not determined.

The mechanical systems consisted of split DX systems with exterior units located on HVAC platforms on each end and in the center of the rear side of each dwelling unit building. The exterior units appeared to be mostly original units with approximately five to ten replaced. Wall-mounted fan/coil units were installed in the halls of each dwelling unit. Fan/coil units had supplemental electric heat at approximately 10 kilowatts each.

The electrical system consisted of underground aluminum conductors from pad-mounted power company transformers located at grade adjacent to the dwelling unit buildings to two clusters of meter panels on either side of the breezeways of each building. Distribution wiring within the building was reported to be copper. The service to all dwelling units was observed to be 125 amps.

The plumbing systems consisted of PVC sanitary piping and CPVC for domestic hot water piping and PVC domestic water piping throughout the buildings. Supply and sanitary piping was located in the crawlspaces beneath each building with the supply pipes insulated with gray, closed-cell foam insulation. Hot water was provided by electric 40-gallon water heaters located in the washer/dryer closet of each dwelling unit. Temperature and pressure relief valve discharge pipes were not properly installed. Drip pans for water heaters were not installed. Individual dwelling units were metered for water usage through sub-grade meter boxes at the ends of buildings. Metering was supplied by the town of Mt. Pleasant. Individual dwelling units were provided with hookups for washers and dryers in closets adjacent to the kitchens. A central coin-operated laundry room was located adjacent to the fitness center in the leasing office/clubhouse. The laundry room contained six washers and six dryers that were serviced by Alliance Laundry Systems.

Some 2nd floor dwelling units had prefabricated wood-burning fireplaces with pre-fabricated double-wall chimney flues that exhausted through chimney structures on the roof. The architectural and structural drawings specified that the chimney should be enclosed by one-hour firewalls as it passed through the attic. A chimney detail on Sheet A501 stated, "Hold 2 hr const. Around chimney flue." Chimney flues in attics were not enclosed, but appeared to be Underwriters Laboratory listed double-wall, zero-clearance chimneys that did not require enclosures.

A limited Americans with Disabilities Act (ADA) review of the property indicated general compliance with ADA, the South Carolina Barrier Free Building Design Standard, and the accessibility requirements of the 1997 Standard Building Code. According to the architectural drawings (Sheet A204), the site was exempt from the Fair Housing Act Amendments (FHAA) because of the requirement for construction of the finished level to be above base flood level. The review included common area amenities such as the leasing office and clubhouse. The ADA deficiencies observed at the property included the lack of a marked van accessible space at the leasing office, and the existing, marked van-accessible spaces did not have an 8-foot side aisle. The leasing office was located on a barrier-free path. Public restrooms located in the leasing office were accessible. The community included 14 dwelling units comprising three floor plans in Buildings 1500 and 1700 that appeared to meet the requirements of the South Carolina Barrier Free Building Design Standard.

1.2 General Property Condition

The property appeared to generally be in good condition. The following items were noted as immediate work during our site survey:

- Trim trees off buildings at two locations.
- Repair area that was ponding water in front of Building 1400 and a damaged pavement edge in front of Building 1000.
- Seal-coat and restripe asphaltic concrete parking spaces and drive lanes.
- Repair cracked portland cement concrete breezeway sidewalks at certain locations.
- Pressure wash, repair failed sealant joints, and re-paint exterior walls, breezeway walls, metal stair stringers and guardrails and pool fence.
- Replace damaged entry doors.
- Replace damaged windows in dwelling units.

- Replace damaged sliding screen doors.
- Repair damaged areas of oriented strand board (OSB) subflooring and columns on select balconies.
- Provide sealants as required at base of columns on select balconies.
- Install and paint 1x4 wood battens over damaged gypsum board joints in all breezeways.
- Maintain year-to-year termite contract.
- Maintain roofs with annual inspections and maintenance.
- Replace damaged insulation on supply water pipes in crawl spaces.
- Correct temperature and pressure relief valve discharge piping and drip pan drains in all dwelling units.
- Provide eight-foot side aisle for van accessible parking spaces at Building 1700.
- Provide existing van accessible parking space at leasing office with "van accessible" sign and add sign to other accessible parking space bringing total to two for the leasing office.

1.3 Capital Improvements, Maintenance and Repairs

There are immediate and reserve repairs/replacements that should be accomplished during the 10-year evaluation period as part of a preventive maintenance program and to correct construction deficiencies. Any opinions of costs provided beyond the immediate term of approximately one year should be verified by annual re-inspection as conditions of usage and maintenance may affect building component service lives. These needs are identified in the various sections of this report and are summarized in the Capital Reserve Analysis presented in Section 5.0.

1.4 Condition Summary and Capital Reserve Replacement Analysis Project at a Glance

The following table presents a summary of the condition of the property and the estimated immediate and reserve repair costs

CONDITION SUMMARY AND CAPITAL RESERVE REPLACEMENT ANALYSIS PROJECT AT A GLANCE

Long Grove Apartments
Mount Pleasant, South Carolina
January 18-19, 2005

Condition : Good
Total DU Sq. Ft.: 287,532
Age: 5
DU Qty: 272

Item	Building Component	Good	Fair	Poor	Immediate Repairs	Reserves	Repair / Replace / Provide
4.1 SITEWORK							
4.1.1	Topography	X			\$0	\$0	No Work
4.1.2	Site Drainage	X			\$0	\$0	No Work
4.1.3	Access / Egress	X			\$0	\$0	No Work
4.1.4	Landscape / Irrigation	X			\$1,000	\$0	Repair
4.1.5	Site Amenities	X			\$0	\$0	No Work
4.1.6	Recreational Facilities	X			\$0	\$0	No Work
4.1.7	Pool	X			\$0	\$20,800	Repair
4.2 PAVEMENTS							
4.2.1	General	X			\$0	\$0	No Work
4.2.2	Asphalt Drive Lanes/Parking Areas		X		\$20,800	\$39,600	Repair
4.2.3	Concrete Pavements/Sidewalks	X			\$500	\$0	Repair
4.3 STRUCTURE							
4.3.1	General	X			\$0	\$0	No Work
4.3.2	Exterior Walls	X			\$115,600	\$231,200	Repair
4.3.3	Exterior Windows and Doors	X			\$17,850	\$13,000	Replace
4.3.4	Stairs	X			\$0	\$0	No Work
4.3.5	Balconies and Breezeways		X		\$173,000	\$0	Repair
4.3.6	Termite / Insect Infestation	X			\$3,800	\$38,000	Maintain
4.4 ROOFING							
4.4.1	General	X			\$3,400	\$34,000	Maintain
4.5 INTERIOR							
4.5.1	General	X			\$0	\$316,300	Replace
4.6 ELEVATORS/ESCALATORS							
4.6.1	General		N/A		N/A	N/A	N/A
4.7 MECHANICAL, ELECTRICAL, PLUMBING							
4.7.1	Mechanical Htg and Clg Systems	X			\$0	\$30,000	Repair
4.7.2	Electrical	X			\$0	\$0	Repair
4.7.3	Plumbing		X		\$12,580	\$17,000	Repair
4.8 FIRE PROTECTION AND LIFE SAFETY							
4.8.1	General		X		\$0	\$24,600	Provide
4.9 ADA							
4.9.1	General	X			\$1,600	\$0	Provide
TOTALS					\$349,930	\$835,700	

2.0 PURPOSE

The purpose of our assessment and this report is to assist Long Grove Horizontal Property Regime in evaluation of the physical aspects of this property and how its condition may affect the soundness of their financial decisions over time. For this assessment, representative samples of the major independent building components were observed and their physical conditions evaluated. The exterior of the property, interior common areas and representative samples of interiors were visited. The property management, maintenance staff and code enforcement agencies were interviewed for specific information relating to the physical property, code compliance, available maintenance procedures, available drawings and other documentation. The Remaining Useful Life (RUL) of the property systems and components were assessed, and the estimated cost for repairs or replacements is included in the cost estimates. Findings are included in Section 4.0 of this report.

The physical conditions of building components are typically defined as being in one of three categories: Good, Fair, and Poor. For the purposes of this report, the following definitions are used:

- Good = Satisfactory as is, requiring routine maintenance.
- Fair = Satisfactory as is for the most part, but some aspects demand attention in the future to retain an effective service life.
- Poor = Requires immediate repair, replacement or significant maintenance.

3.0 PROPERTY PROFILE

3.1 Site Data

The community contained 17 two-story dwelling unit buildings constructed and occupied from late 1999 through early 2000 based on a review of the certificates of occupancy. The community included 272 dwelling units (DU), a leasing office/clubhouse building that included a fitness center, laundry, business center, and conference room/video center, and a combination maintenance shop and one-bay car-wash facility. The community was located in the Seaside Farms planned development. The property size was reported to be 19.44 acres on the Mt. Pleasant, SC tax report. There were 489 surface parking spaces (count), which included nine accessible handicap spaces and one accessible parking garage space (E-6). In addition, there were 20 surface spaces marked and used for boats or recreational vehicles. There were five garage buildings with a total of 30 parking spaces. The code at the time of construction and the current zoning code require a total of 544 parking spaces, 11 of which are required to be accessible. With re-striping, the two parking areas between Buildings 800 and 1000 can be converted from five boats or recreational vehicles each to seven regular parking spaces each bringing the total to 544. The two accessible parking spaces of the eight at Building 1700 that were marked as van accessible did not have 8-foot side aisles. This should be achieved through re-striping and/or adding pavement from the landscaped area at the corner with the drive lane at Building 1700.

The pavement was asphaltic concrete at the surface parking spaces around the buildings. Sidewalks and curbs were portland cement concrete as were the garage floors. Surface drainage was by surface flow to drop inlets located in paved and some turf areas. Surface flow over some turf areas went to surface drainage ditches to offsite locations. Ponding was observed in front of Building 1400.

3.2 Community Data

There were four floor plans among 272 dwelling units with a reported total of 287,532 square feet of leaseable space. The property is zoned PD (Planned Development) within the Town of Mount Pleasant, South Carolina, and complies with that zoning. The size of the property was reported on the Mt. Pleasant, South Carolina, on-line tax report as 19.44 acres of "high acres" and no area classified as "marsh acres" or "swamp acres".

3.3 Construction Systems

Construction drawings were made available by Vista Realty Partners, by James Harwick + Partners, Inc. of Dallas, Texas. The drawings were stamped on 5/19/99. Based on a limited review of the available drawings, a walk-through of the property, and observations in crawlspaces the dwelling unit buildings appeared to be supported by cast-in-place reinforced concrete piers on reinforced concrete spread footings. Piers appeared to be on approximately 9-by-12-foot spacing under the dwelling unit portions of the buildings. Finished floor level was approximately six feet above grade for dwelling unit buildings. The at-grade breezeway landings consisted of 4-inch reinforced concrete slabs on grade with strip footings. Dimensional lumber 2x12s or glued/laminated beams supported 2x10 dimensional lumber joists installed 16-inches on center attached with galvanized steel joist hangers. First floor decks were specified as tongue-and-groove ¾-inch APA rated oriented strand board (OSB). Second floor decks were specified as ¾-inch layer of gypcrete over ¾-inch APA-rated OSB supported by engineered wood joists. The exterior load-bearing walls were wood framed. The exterior window/wall system consisted of painted HardiPlank siding and painted dimensional lumber trim with double-pane (insulated), single-hung white-factory-finish aluminum-framed windows. Brick masonry veneer was used in limited areas on columns and fronts of certain buildings. The roof structure consisted of metal-plate-joined wood roof trusses installed 24-inches on center supporting a specified 5/8" APA rated OSB sheathing with "T" clips at panel joints between trusses. Composition or laminated shingles were installed over specified felt underlayment with coated rake and drip edge. Metal step flashing was installed along roof/wall intersections.

The mechanical systems consisted of split DX air conditioning systems with exterior condensers located on above-grade HVAC platforms at each end and in the center of the rear of each dwelling unit building. The exterior units were of original construction with the exception of five to ten units that had been replaced by various other manufacturers. Wall-mounted fan-coil units (Goodman units in one- and two-bedroom dwelling units and AllStyle Coil Co. A-frame coil units in three-bedroom dwelling units) were mounted in dwelling unit halls. The condensate pans of the Goodman fan/coil units had float-activated overflow switches. The pans in the A-frame coils had redundant condensate drain pipes that discharged to the crawlspaces. Main ducts were constructed of aluminum-foil wrapped duct board with flex-duct lateral ducts to diffusers.

The electrical system consisted of underground aluminum conductors from power company (South Carolina E & G) transformer located on concrete pads at grade adjacent to dwelling unit buildings to clusters of meter panels at crawlspace elevation on opposite sides of breezeways of dwelling unit buildings. Each dwelling unit had a Thomas & Betts electrical panel located on a bedroom wall with 125-amp capacity. Distribution wiring within the building was reported to be copper.

The plumbing systems consisted of PVC sanitary piping that drained to the crawlspace where the drains converged on an 8-inch main drain that entered below grade before passing beyond the building footprint. Domestic water piping throughout the building consisted of PVC piping that was insulated with gray, closed-cell foam plastic installed in split tubes on pipes in the crawlspace. CPVC piping was observed for domestic hot water supply. An emergency water supply cutoff valve was located in the washer/dryer closet of each dwelling unit.

Domestic hot water was provided by electric 40-gallon water heaters located in the washer/dryer closets of each dwelling unit. Each water heater was equipped with a thermal expansion tank. The temperature and

pressure relief valve drain piping was not properly installed. The 1997 Standard Plumbing Code and the manufacturer's installation instructions require the drain pipe from the relief valves to drain downward from the valve and have at least a six-inch air gap from the end of the pipe to the final drain. If the discharge line is subject to freezing (in the crawlspace), it must discharge through an air gap to an indirect waste receptor. Manufacturer's installation instructions limit the number of elbows in the drain pipe to four. In some installations, seven elbows were in the drain path before the pipe turned down to drain to the crawlspace. In addition, the drip pans were not equipped with drains. Total water usage was sub-metered through subgrade meter boxes installed by the Mt. Pleasant Water Department.

A central laundry room was located adjacent to the fitness center in the leasing office/clubhouse. The laundry contained six coin-operated washers and six coin-operated dryers, which were serviced and owned by Alliance Laundry Systems.

3.4 Site History

Based on a review of the certificates of occupancy issued by the Charleston County Building Inspection Services, the buildings were constructed from 1999 through 2000, with occupancy ranging from 9-29-99 for the leasing office/clubhouse through 4-13-2000 for Building 1500. The site is located within the 100-year flood plain, and the finished floor levels were approximately six feet above grade (reported to be 13 to 14 feet above mean sea level) in order to meet the requirement to be above base flood level. Certificates of Occupancy had restrictions that no new construction may be below base flood elevation.

The Long Grove community is located in the Charleston, South Carolina, area where the seismic effective peak velocity-related acceleration coefficients range between 0.10 and 0.15. Based on Table 1607.1.8 of the 1997 Standard Building Code, these buildings would be placed in Seismic Performance Category C, which would require shear panels in light framed walls. Structural drawings that were made available, and referenced above, for the buildings of Long Grove appeared to indicate that the seismic loads were considered in the building design. Shear panels were specified in interior and exterior walls.

3.6 Regulatory Review

Permits for construction were issued by the Charleston County Building Department. Inspections were made during construction to verify that building codes were met and Certificates of Occupancies (COs) issued after acceptance of construction. At the time of our site visit, the apartment community was in the jurisdiction of Mount Pleasant.

The Mount Pleasant on-line zoning map showed Long Grove community as zoned PD (Planned Development), included in the Seaside Farms development. The current use complies with this zoning.

Fire Marshall Terry Mueller, Mount Pleasant Fire Department, reported that the property was inspected over one year prior to our site visit, and that there were no outstanding violations in the file.

Ms. Kelly Cousino, Mount Pleasant, South Carolina Planning Department, reported that there were no building code violations on file for the property.

As discussed above, as shown on Federal Emergency Management Agency (FEMA) flood maps, the property is within the 100-year flood plain.

3.7 ADA and Local Disabled Code Compliance Summary

Multi-family housing projects are regulated by both the Americans with Disabilities Act (ADA) and the Fair Housing Amendments Act (FHAA), and in South Carolina, the South Carolina Barrier Free Building Design Standard. In addition, the design drawings for the project cited Chapter 11 of the 1997 Standard Building Code. The leasing office restrooms are required to be accessible if they are available for use by the public.

Buildings completed and occupied after January 26, 1992 are required to fully comply with ADAAG. Existing facilities constructed prior to this date are held to the lesser standard of complying to the extent allowed by structural feasibility and the financial resources available, or a reasonable accommodation must be made. The items noted as being non-compliant are provided for information only. The financial resources available to provide for these items cannot be assessed as it is beyond Essex's scope of services.

The FHAA applies to multi-family (4 units and greater) units and the apartment units and amenities for use by the tenants and their guests only. FHAA applies to units that were occupied after March 13, 1991. The FHAA requirements would not apply to this complex because of the exemptions for the topography and requirement to be built above the flood plain. The design drawings (Sheet A204) refer to the exemption where finished floor elevation is required to be 30-inches or more above grade and a slope of greater than 10% would be required between entrances and vehicular and pedestrian arrival points within 50 feet of the entrance. The drawings cite that this condition exempts the Long Grove community from FHAA requirements, but cites that the South Carolina Barrier Free Building Design Standard requires 14 accessible dwelling units. In the first floor dwelling units of Buildings 1500 and 1700, there are 14 accessible dwelling units that appear to meet the requirements of FHAA, with exception of height of elevation of electrical switches and outlets.

During the Property Condition Survey, limited visual observations for ADA South Carolina Barrier Free Building Design Standard compliance were conducted. It is understood by the Client that the limited observations described herein do not comprise a full ADA Compliance Survey, and that such surveys are beyond the scope of Essex' undertaking. Only a representative sample of areas was observed and, other than as shown on the compliance checklists, actual measurements were not taken to verify compliance.

Parking: Acceptable-accessible parking spaces provided for access to the leasing office. The one space is "van accessible" with an 8-foot side aisle width requires a "van" sign. An additional accessible parking space is required to meet code requirements, and this can be achieved by adding a sign to the parking space on the opposite side of the eight-foot side aisle at the leasing office.

Parking to Sidewalk: Acceptable-at grade with no curbs.

Sidewalk to Entrance Door: Acceptable-no steps. Entrance door threshold is acceptable, with lever hardware on door and proper clearance of free opening of the door.

Restrooms: The restrooms available to the public are in the clubhouse, and they are accessible, with exception of the height of the towel dispenser. The dispenser should be lowered as a maintenance item.

Accessible Parking at Dwelling Unit Buildings: Eight accessible parking spaces were provided between Buildings 1500 and 1700. Two of these spaces were marked as "van accessible", but neither of these spaces had an eight foot side aisle. The spaces should be re-striped and part of the landscaping area on the drive-lane end of the spaces should be incorporated to provide one eight-foot side aisle than can be shared by the two van-accessible parking spaces. Garage E provided one accessible parking garage (E-6).

4.0 PROPERTY CONDITION SURVEY

4.1 SITE

4.1 TOPOGRAPHY		
Component	Condition	Comments/Type Of Construction
Grades	Level site.	
Fill Settlement	No settlement observed.	
ADA - Barrier Free path of travel		Leasing office parking space required sign for "van accessible" and sign for additional accessible parking space on opposite side of 8-foot side aisle.
4.2 SITE DRAINAGE		
Component	Condition	Comments/Type Of Construction
Surface Conditions	Good	No ponding of water observed.
Route	Good	Surface flow to drop inlets in parking areas and some turf areas.
Ponding Areas	Good	Ponding was not observed around building.
Drainage Structures	Good	Drop inlet drains in paved areas and some turf areas.
4.3 ACCESS/EGRESS		
Component	Condition	Comments/Type Of Construction
Signalization	No	No signals.
Access Gates	No	No access gate.
Turn Lanes	No	No turn lanes provided.
4.4 LANDSCAPING/IRRIGATION		
Component	Condition	Comments/Type Of Application
Turf	Good	Moderately well maintained. Observed during winter.
Shrubs/Trees	Good	Well maintained. Consisted of live oak, palmetto, crepe myrtle, magnolia, and pine trees with azalea, legustrum, holly, oleander, Spanish bayonet, yew shrubs.
Planters/Beds	Good	Well maintained. Located at entrance and front of leasing office/clubhouse. Cold weather had damaged some plants.
Irrigation System	N/A	None observed.
Site/Building Signage	Good	Entrance sign on Long Grove Drive was painted wood with ground-mounted lighting. DUs have signs at entrances to breezeways that indicate building number and dwelling units accessible through the breezeway.
Retaining Walls	N/A	No retaining walls on site.

4.1 LANDSCAPING/IRRIGATION/CONCRETE		
System	Condition	Comments
Fences	Good	Chain link fence behind dwelling unit buildings 100, 300, and 500, and then from Building 500 to behind Building 700.
Site Appearance	Good	Well maintained.
4.2 SITE UTILITIES		
System	Condition	Comments
Problems Observed	None Observed	None observed.
Fill Settlement	None Observed	None observed.
Trip Hazards	None Observed	None observed.
Erosion at Downspouts	None observed	Splash blocks were present, no erosion observed.
Erosion at Roof Line	None Observed	None observed.
Erosion at Other Locations	None Observed	None observed.
4.3 SITE AMENITIES		
System	Condition	Comments
Water Features	N/A	None present.
Lake Structures	N/A	Water bodies were located across Long Grove Drive, but were not part of the property.
Fountains	N/A	None present.
Vegetative Maintenance	Good	Frost damage, observed during winter. Otherwise good.
Car Wash	Good	One covered bay located as part of the maintenance building. Provided with a garden hose.
Fitness Center	Good	Located in the wing of the leasing office/chubbouse. Equipment included universal, 2 treadmills, 2 each of 2 types stationary cycle, 2 stair-master types, and free weights with a bench.
Business Center	Good	Two computers, fax, and printer were present at two desks.
Conference Room	Good	Separate conference room with TV/VCR and video collection available to residents.
Laundry	Good	In wing of chubbouse adjacent to fitness center. Equipped with six coin-operated top-loading washers and 6 coin-operated front-loading dryers.
Clubhouse	Good	Fireplace, and club area. Kitchen had cookie oven, refrigerator, dishwasher, and microwave oven and appeared to be in good condition.
4.4 RECREATION FACILITIES		
System	Condition	Comments/Type Equipment
None Present	N/A	
4.5 POOL/SPA		
System	Condition	Comments/Type Equipment
Surface	Good	Surface of pool should be replastered during evaluation period. Cool Deck surface appeared to be in good condition, with cracks in two locations to be repaired as maintenance items.
Equipment	Good	Two pumps, two Purex Triton II commercial sand filters. Equipment should be replaced during evaluation period.
Furniture	Good	44 lounges, 4 umbrella table and chair sets, and four small round tables appeared to be in good condition, but should be replaced during the analysis period.

4.2 PAVEMENTS

4.2.1 GENERAL		
System	Condition	Comments
Parking Locations	Good	Surface parking throughout the community adjacent to leasing office/hubhouse and dwelling unit buildings.
Parking Spaces	Good	473 surface parking spaces counted including 9 handicap accessible spaces. 20 spaces were striped and used for boats or recreational vehicles. Five parking garages provided a total of 30 parking spaces.
Drive Lanes	Good	One damaged area in front of Building 1400 and one in front of Building 1000.
Parking Areas	Good	No distress observed.
Trash Compactor	Good	Located across street from leasing office. Recycling bins for glass and aluminum, plus a dumpster for cardboard recycling.
Curbs	Good	Limited presence.
Curb Ramps	N/A	At grade.
Parking Striping	Poor	Striping appeared to have been green originally, but was barely visible. Asphalt will need to be sealcoated and spaces restriped immediately and during evaluation period.
Fire Lane Striping	None	None observed.
Drainage Route	Good	Center of drive lane in front of Building 1400 ponded water.
Drainage Structures	Good	No distress observed.
4.2.2 ASPHALT DRIVE LANE SPARKING AREAS		
System	Condition	Comments
Longitudinal Cracking	Good	No distress observed.
Alligator and Block Cracking	Good	No distress observed.
Potholes	Good	None observed. Damaged edge of pavement observed in front of Building 1000 close to the end of 1100.
4.2.3 CONCRETE PAVEMENTS/SIDEWALKS		
System	Condition	Comments
Vertical Movement/Faulting	Good	None observed.
Corner/Edge Cracking	Fair to Good	Ends of concrete sidewalks from breezeways were cracked at several buildings and should be repaired.
Cracking/Map Cracking	Good	None observed.
Scaling/Spalling	Good	None observed.
Exposed Reinforcing	Good	No distress observed.

4.3 STRUCTURE

4.3.1 GENERAL		
Category	Condition	Comments/Type Construction
Structural Framing System	Good	Wood-framed exterior and interior load-bearing walls, and non-load-bearing walls of framed construction.
Foundations	Good	Appeared to be reinforced concrete piers on reinforced concrete continuous footings. Piers were approximately 54 - inches above grade and on 9-foot by 12-foot spacing.
Crawlspace Areas	Good	Dry sandy soil. No ponding observed.
Ground Floor Slab	Good	4-inch concrete slab on grade with strip footings under breezeway stair landings.
Elevated Floors	Good	1 st Floor deck was specified as 3/4-inch tongue-and-groove OSB supported by sawn lumber joists attached with galvanized metal joist hangers in either doubled sawn lumber or glue-laminated beams. 2 nd Floor deck was specified as 3/4-inch OSB supported by engineered wood trusses with 3/4-inch application of gypcrete.
Roof Framing	Good	Metal-plate joined wood roof trusses installed 24-inches on center, and cross bracing.
Roof Decking	Good	Specified as 5/8-inch APA-rated sheathing, composition shingles over felt underlayment. Observed laminated or architectural shingles. "II" clips at sheathing panel joints between trusses were observed.
Wall Framing	Good	No problems observed.
Draft Stopping	Fair to Good	3/4-inch or 5/8-inch gypsum board on 2x4 framing observed as draft stops. Doors in draft stops were in need of repair and should be kept closed when maintenance in attic is not under way.
4.3.2 EXTERIOR WALLS		
Category	Condition	Comments/Type Construction
Wall System	Good	HardiPlank over sheathing, which was not determined. Sawn lumber 2x4 and 2x6 studs.
Wall Sealants	Good	Limited problems observed, where sealant was left out of some butt joints between pieces of HardiPlank and along two windows on the rear of one building. Clear silicone sealant had been used at the windows. Will need to be repaired during re-paint of building.
Architectural Finishes	Good	Will need to be painted immediately and during evaluation period. Paint was peeling from rake edge fascia boards.
Signage	Good	No problems observed.
4.3.3 EXTERIOR WINDOWS AND DOORS		
Category	Condition	Comments/Type Construction
Window System	Good	Double pane (insulated), single-hung windows with white factory finish.
Window Frames	Good	Painted aluminum. One had been damaged on the interior and should be replaced. One was heavily corroded indicating possible lack of sealant and should be replaced.
Glazing	Good	No fogged windows observed.
Window Sealants	Good	One window frame was corroded at top and appeared to lack proper sealant.
Entrance Doors	Fair to good	Steel faced on wood frame set in wood framing. Several doors had contact damage and should be replaced.
Secondary Doors	Good	8-foot by 8-foot sliding glass at balconies; bi-fold wood closets in bedrooms of 3-bedroom dwelling units, 6-panel fiberglass at all other interior locations. Sliding screen doors at patios/balconies were damaged and should be replaced at some locations.
Paint	Fair to Good	Exterior doors will need to be refinished during evaluation period.

4.3 STRUCTURE (continued)

STAIRS		
Category	Condition	Comments/Type Construction
Stringers	Good	Painted steel stringers.
Treads	Good	Pre-cast concrete bolted to welded angles on stringers.
Guardrails / Handrails	Good	Painted metal in good condition. 1.5-inch steel tubes mounted on walls extended one foot beyond top and bottom of stairs and located 34-inches above nose of stairs. Guardrail along center was 1/2-inch painted steel pickets supporting rail at 42 inches above nose of tread. No handrail was in place at 13 to 34 inches.
Rigidity	Good	Appeared to be in good condition.
Finish/Paint	Good	Appeared to be in good condition. Will need to be re-painted when buildings are painted.
Surface	Good	Appeared to be in good condition.
BALCONIES - BREEZEWAYS		
Category	Condition	Comments/Type Construction
Supports	Fair	Corner balcony columns on load-bearing structural members. Water stained and damaged. Repairs required for an estimated 30 percent of columns. Extent of damage was not determined. Estimate of 50 percent appears to be reasonable. Caulking repairs estimated for remaining columns.
Balcony Surface	Fair	OSB deck water damaged under corner columns. Repairs required for an estimated 50 percent of balconies.
Breezeway Surface	Good	Scaled concrete with control joints. Minor cracking observed.
Guardrails	Good	Painted steel with 1/2-inch steel pickets in good condition at each of breezeways and landings. On balconies painted sawn lumber consisting of 2x6 horizontal top supported by 2x2 pickets trimmed with 2 1x4s under 2x6 framing bottom rail. Dimensions meet code requirements.
Soffits	Good	3/8-inch perforated vinyl continuous soffits.
Lighting	Good	Breezeways with two or more surface-mounted compact fluorescent fixtures on photo cell controls. Balconies with wall-mounted brass fixture that could use compact fluorescents or incandescent bulbs at resident's choice.
4.3.6 CRACKS - PEST INFESTATION		
Problems Observed	Extent	Comments
Wood to Ground Contact	Good	Painted wood lattices screening the crawlspace were in direct contact with the ground and in contact with wood structure. No damage was observed. Air conditioner docks were supported in part by wood 4x4s in direct contact with wood.
Tunnels Present	Limited	Two inactive mud tubes were observed on concrete piers.

4.4 ROOFING

System	Condition	Comments
Roof Type	Good	Laminated or architectural shingle on pitched roofs, with metal rake edge and drip edge. Loose nails and some contact damage were observed.
Supporting Structure	Good	Engineered wood trusses installed 24-inches on center.
Roof Slope	Good	8:12
Roof Drains	Good	Pitched roofs drain to gutters on all buildings.
Gutters	Good	Factory finish aluminum
Downspouts	Good	Factory finish aluminum
Downspout Size and Adequacy	Good	Appeared to be adequate.
Splashblocks	Good	Observed at downspouts.
Roof Warranty	Good	Not available at site, but reported to be at head office.
Roof Leaks/Past Repairs	Good	None reported.

4.5 INTERIOR

System	Condition	Comments
Floors	Good	Sheet vinyl in kitchens, bedrooms and washer/dryer closets. Remainder of dwelling units carpeted. Leasing office had carpet, 12-inch ceramic tile, and 12-inch vinyl composition tile (laundry only) depending on space function. Bathrooms at dwelling units had 8-inch ceramic tiles.
Walls	Good	Painted gypsum board.
Ceilings	Good	Painted gypsum board.
Bathrooms	Good	Ceramic tile surround for tub/shower.
Doors	Good	Six-panel fiberglass with passage knob sets except for third bedroom in 3-bedroom dwelling units, which had wood-louvered bifold doors.
Cabinets/Countertops	Good	Wood cabinets with plastic-covered particle board doors. Plastic laminate on particle board counter tops.

4.6 ELEVATORS/ESCALATORS

4.6 ELEVATORS/ESCALATORS	
CATEGORY	No passenger or freight elevators or escalators observed on site.

4.7 MECHANICAL, ELECTRICAL AND PLUMBING

HEATING & COOLING SYSTEMS		
Description of System	Condition	Comments/Type Equipment
Description of System	Good	Split system DX air conditioning units with condenser units on elevated decks at each end and center of rear of each dwelling unit building. Approximately five to ten exterior units had been replaced. 2 tons for 1 BR, 2.5 tons for 2 BR, and 3 tons for 3 BR dwelling units. Specified a number of units totaling approximately 22 tons for the leasing office/clubhouse.
Refrigerant Used	Good	R-22
Air Handling/Furnace Units	Good	Interior fan/coil units with electric resistance heat units mounted in hall walls of dwelling units. A-frame coils were observed in 3-bedroom units, single slant-coil in others.
Mounting	Good	No problems observed.
Condensate Overflow Piping	Good	Condensate pans for single-slant coils equipped with float activated cut-off switch. A-frame coil condensate pans equipped with redundant drain pipes.
Exhaust Fans	Good	No problems observed. Exhausted outside the building.
Maintenance Program	Serviced by on-site maintenance as needed.	
Tenant Interviews	None conducted.	
Code Problems	There appeared to be no code problems.	
Reported Problems	None reported.	

4.7 ELECTRICAL SYSTEMS		
System	Condition	Comments/Type/Equipment
Service Size, Entrance and Meter	Good	125-amp to all DUs.
Transformers	Good	Located on concrete pads around dwelling unit buildings. Owned by power company.
Power Distribution	Good	Aluminum conductors from pad transformers to meter panel clusters (two per building) at edge of crawlspaces. Aluminum conductors from meter panels to individual Thomas Betts distribution panels in each dwelling unit. Copper conductors inside dwelling units.
Site Lighting	Good	Was not observed at night. Pole-mounted high-intensity discharge lamps for parking areas. Surface-mounted high-intensity discharge lamps for rear of buildings.
Telephone Room	Good	Panel located in crawlspaces.
Conductor Type	Good	Reported to be aluminum conductors to panels in DUs, copper distribution throughout DU.
GFCI Outlets	Good	Two specific GFCI outlets in kitchen with one outlet wired in parallel for a total of 3 in the kitchen and one in each bathroom. Functioned properly where tested.
Incandescent Lighting	Good	Appeared to be adequate. Entry, hall, washer-dryer closet, and kitchen.
Fluorescent Lighting	Good	Bathrooms, wall-mounted.
Balcony/Entrance Lighting	Good	Appeared to be adequate.
Code Problems	None observed.	
Reported Problems	None reported.	

4.8 PLUMBING		
System	Condition	Comments
Supply Water Piping	Good	PVC for domestic water and CPVC for hot water observed.
Sanitary Piping	Good	PVC observed.
Water Flow & Pressure	Good	Appeared good where observed.
Hot Water Source	Good	40-gallon electric water heaters in each dwelling unit. Temperature and pressure relief valve discharge piping was incorrectly installed and did not comply with Standard Mechanical Code or manufacturer's installation guide. Drip pans were not drained.
Hot Water Response Time	Good	Appeared good where observed.
Submetered Service	Good	Mount Pleasant Water Department provided sub-grade meter boxes with individual meters for each dwelling unit.
Plumbing Fixtures	Good	Plastic sinks in plastic laminate on particle board vanity. Vitreous china 1.6 gallon/fush toilets, connected steel tubs.
Reported/Observed Problems	No leaks observed or reported. Problem as discussed above with temperature/pressure relief valve discharge piping and drip pan drains.	

4.8 FIRE PROTECTION AND LIFE SAFETY

FIRE PROTECTION AND LIFE SAFETY		
System	Provided	Comments
Sprinkler System	No	None provided or required.
Fire Fighting Devices	Yes	Fire hydrants located throughout property. Fire extinguishers located in all breezeways.
Smoke Detectors	Yes	Hardwired with battery backup in all DUs. Smoke detectors were located in each bedroom and in the hall outside the bedrooms.
Alarm System	No	None provided.
Horns, Strobes, Bells	No	None provided.
Emergency Lighting	Yes	In all breezeways; two lamp fixtures.
Exit Signs	No	None provided.
Emergency Power	No	None provided.
Fire Hydrants	Yes	Fire hydrants located throughout property. No testing was conducted.
Fireplace Chimneys	Yes	Fireplace chimneys were not enclosed in attic spaces with one-hour fire walls as required by design drawings (Sheet A.501) but appeared to be Underwriters Laboratory listed "zero clearance" double-wall chimneys and did not require enclosure according to manufacturer's literature.
Fire Inspection Reports	No	Fire Marshall Terry Mueller of the Mount Pleasant Fire Department reported that the community had not been inspected within the year prior to our site visit, but that there were no outstanding violations in the file.
Code Official Reports	No	Ms. Kelly Cousino of the Town of Mount Pleasant Planning Department reported that there were no open building permits or code violations on file for Long Grove.

4.9 ADA REVIEW

4.9 ADA REVIEW		Yes	No	N/A	Comments
Building History					
1.	Has the management previously completed an ADA review?		X		
2.	Does an ADA compliance plan exist for the property?		X		
3.	Has the plan been reviewed/approved by outside agencies (engineering firms, building department, other agencies)?			X	
4.	Have any ADA related complaints been received in the past?		X		
Building Access					
1.	Are there an adequate number (per regulation) of wheelchair accessible parking spaces available (96" wide/ 60" aisle)?	X			10 provided. One more space that existed at the leasing office should be marked with a sign.
2.	Is there at least one wheelchair accessible van parking space (96" wide/ 96" aisle) for every 8 standard accessible spaces?	X			Spaces at leasing office should be marked as "van accessible". Two spaces marked as "van accessible" should be provided with an 8-foot access aisle.
3.	Are accessible parking spaces located on the shortest accessible route of travel from an accessible building entrance?	X			
4.	Does signage exist directing you to wheelchair accessible parking and an accessible building entrance?		X		Not required.
5.	Is there a ramp from the parking to an accessible building entrance (1:12 slope or less)?	X	X		No curb at leasing office. Ramps to Buildings 1500 and 1700 were compliant.
6.	If the main entrance is inaccessible, are there alternate accessible entrances?			X	Leasing office on barrier free path as are first floor dwelling units in Buildings 1500 and 1700.
7.	Is the accessible entrance doorway at least 32" wide?	X			
8.	Is the door handle easy to open? (lever/push type knob, no twisting required, no higher than 48" above floor)	X			
9.	Are entry doors other than revolving doors available?	X			No revolving doors.
Building Entrances and Elevators					
1.	Is the path of travel free of obstructions and wide enough for a wheelchair (at least 60" wide)?	X			
2.	Are floor surfaces firm, stable and slip resistant (carpets wheelchair friendly)?	X			In clubhouse
3.	Do obstacles (phones, fountains, etc.) protrude no more than 4" into walkways or corridors?	X			In clubhouse
4.	Are elevator controls low enough to be reached from a wheelchair (48" front approach/34" side approach)?			X	No elevators
5.	Are there raised elevator markings in Braille and Standard Alphabet for the blind?			X	
6.	Are there audible signals inside cars indicating floor changes?			X	
7.	Do elevator lobbies have visual and audible indicators of the cars arrival?			X	
8.	Does the elevator interior provide sufficient wheelchair turning area (31" X 68" minimum)?			X	
9.	Is at least one wheelchair accessible public phone available?		X		No public phones provided
10.	Are wheelchair accessible facilities (restrooms, lifts, etc.) identified with signage?	X			
Restrooms					
1.	Are common area public restrooms located on an accessible route?	X			
2.	Are pull handles push/pull or lever type?	X			
3.	Are access doors wheelchair accessible (at least 32" wide)?	X			
4.	Are public restrooms large enough for wheelchair turnaround (60" turning diameter)?	X			
5.	Are stall doors wheelchair accessible (at least 32" wide)?	X			
6.	Are grab bars provided in toilet stalls (33"-36" above floor)?	X			
7.	Are the water closet flush valves on the "wide side" of the stall?	X			
8.	Do sinks provide clearance for a wheelchair to roll under (29" clearance)?	X			
9.	Are sink handles operable with one hand without grasping, pinching or twisting?	X			
10.	Are exposed pipes under sink sufficiently insulated against contact?	X			
11.	Are soap dispensers, towel, etc. reachable (48" from floor for frontal approach, 34" for side approach)?	X	X		Towel dispensers in leasing office/clubhouse restrooms too high
12.	Is the base of the mirror no more than 40" off floor?	X			

5.0 REPORT QUALIFICATIONS

5.1 SPECIAL INTEREST OF CLIENT

Vista (Client) requested this survey in connection with the possible acquisition of the facility. We understand the primary interest of the Client was to locate and evaluate materials and/or building component defects, which might significantly affect the value of the facility, and to determine if the present facility has conditions, which will have a significant effect on the continued operations of the facility.

5.2 BASIS OF RECOMMENDATIONS

Essex was retained to perform a Property Condition Survey of the subject apartment complex. The conclusions and recommendations presented in this report are based on our field observations and our experience with similar projects. No calculations have been performed to determine the adequacy of the facility's original design. It was not the intent of this survey to be an exhaustive study to locate every existing defect. Trained professionals, who used that degree of care and skill ordinarily exercised under similar conditions by reputable members of our profession in this locality, were used for this survey. Although walk-through observations were performed, there may be defects in the buildings which were not readily accessible, were not visible, or which were inadvertently overlooked. Over time, problems may develop which were not evident at the time of this survey.

This report has been prepared on behalf of and exclusively for Vista to assist in making decisions concerning the acquisition of this facility. The report, or individual sections of the report, should not be used by other parties or for other reasons without prior written contact with Essex Engineering Corp. to determine the applicability of the report for other uses.

The conclusions and recommendations stated in this report should not be construed in any way to constitute a warranty or guarantee regarding the current or future performance of any system observed. All budgets that have been provided are opinions of probable cost and are approximations only; they should not be interpreted as being neither a bid nor an offer to perform the work.

Projections of remaining economic service life are based on continued use similar to reported past use. Significant changes in tenants and/or usage may affect the service life of some systems.

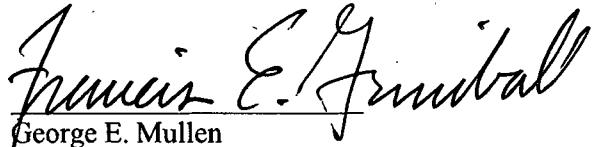
6.3 PROJECT DIRECTORY AND REFERENCE LIST

Persons whom we contacted during our survey include the following:

Contact Name	Association	Telephone Number
David Pate	Property Manager	843-971-3849
Lawrence	Maintenance Engineer	843-971-3849
Fire Marshall Terry Mueller	Mount Pleasant Fire Dept.	843-884-0623
Kelly Cousins	Mount Pleasant Planning Dept	843-994-1229

CERTIFICATE OF COUNSEL

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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December 6, 2013

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

J. Michael Baxley, Circuit Court Judge

Appellate Case No. 2012-213584

Circuit Court Case No. 2009-CP-10-6746

RECEIVED
DEC 31 2013
SC Court of Appeals

Long Grove at Seaside Farms, LLC; The Beach Company; Gulfstream Construction Company, Inc., Respondents,

v.

Long Grove Property Owners' Association, Inc.; Vista Realty Partners, LLC; and Long Grove Vista, LLC;

Of Whom Long Grove Property Owners' Association is Appellant.

Long Grove Property Owners' Association, Inc., Third-Party Plaintiffs,

v.

James, Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C; Sam Mayo d/b/a SCM Construction, Inc.; Essex Engineering Corporation, Third Party Defendants;

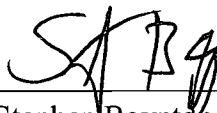
Of Whom James, Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C is Respondent.

PROOF OF SERVICE

I certify that I have served the Record On Appeal on Long Grove at Seaside Farms, LLC; The Beach Company; Gulfstream Construction Company, Inc. by hand delivery on December 30,

2013, to their attorney of record, David J. Parrish, at his office, Nexsen Pruet, LLC, located at 205 King St, Suite #400, Charleston, SC 29401 and that I have served James Harwick & Partners, Inc., n/k/a JHP Architecture/Urban Design, P.C. by hand delivery on December 30, 2013, to its attorney of record, Laura F. Locklair, at her office, Parker Poe Adams & Bernstein, LLP, located at 200 Meeting Street, Suite 301, Charleston, SC 29401

December 30, 2013



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