THE STATE OF SOUTH CAROLINA
IN THE SUPREME COURT

RECEIVED
JUN 19 2015
S.C. Supreme Court

Appeal from Beaufort County
Court of Common Pleas
Honorable Edward W. Miller, Circuit Court Judge

Appellate Case No. 2013-001812

The Callawassie Island Members Club, Inc., Respondents

v.

Arthur H. Applegate, Petitioner

APPENDIX

Minor, Haight & Arundell, P.C.
Ehrick K. Haight, Jr., Esquire
P.O. Drawer 6067
Hilton Head Island, SC 29938
Attorney for the Respondent

Howell, Gibson & Hughes, P.A.
Stephen P. Hughes, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Respondent

Howell, Gibson & Hughes, P.A.
William T. Young, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Respondent

Jennifer I. Campbell, Esquire
2008 Spectable Street
Beaufort, South Carolina 29902
Attorney for the Defendant

Brian D. McDaniel
Law Office Of Brian McDaniel, LLC
Post Office Box 2085
Beaufort, South Carolina 29901
SC Bar # 68618
(843) 379-5117

Attorney for the Petitioner

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THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BEAUFORT COUNTY
Court of Common Pleas

Edward W. Miller, Circuit Court Judge

Appellate Case No. 2013-001812

Callawassie Island Members Club, Inc.,..... Respondent

v.

Arthur H. Applegate, ...Appellant

RECORD ON APPEAL

Brian D. McDaniel
Law Office of Brian McDaniel, LLC
Post Office Box 2085
Beaufort, South Carolina 29901
SC Bar # 68618
(843) 379-5117
Attorney for the Appellant

Other Counsel of Record:

Minor, Haight & Arundell, P.C.
Ehrick K. Haight, Jr., Esquire
P.O. Drawer 6067
Hilton Head Island, SC 29938
Attorney for the Plaintiff / Respondent

Howell, Gibson & Hughes, P.A.
Stephen P. Hughes, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Plaintiff/ Respondent

Howell, Gibson & Hughes, P.A.
William T. Young, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Plaintiff/ Respondent

Jennifer I. Campbell, Esquire
2008 Spectable Street
Beaufort, South Carolina 29902
Attorney for the Defendant

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BEAUFORT COUNTY
Court of Common Pleas

Edward W. Miller, Circuit Court Judge

Appellate Case No. 2013-001812

Callawassie Island Members Club, Inc.,..... Respondents

v.

Arthur Applegate, ...Appellant

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FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2009CP0705410

2013 MAY 15 AM 10:54

BEAUFORT COUNTY, S.C.
CLERK OF COURT

Callawassie Island Members Club Inc	Arthur H Applegate Harman Switzer Philip Kilian John H Krumpe Robert Deluca James Staulcup Richard Courreges William F Julavits
PLAINTIFF(S)	DEFENDANT(S)

Submitted by: Attorney for: ☐ Plaintiff ☐ Defendant ☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☒ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ ACTION DISMISSED (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____

☐ ACTION STRICKEN (*CHECK REASON*): ☐ Rule 40(j) SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____

☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX): ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

This case is referred to the Master in Equity.

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

Additional Information for the Clerk:

_____

_____

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
N/A		

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Edward W. Miller — 2130 — 5/14/13

Circuit Court Judge-Edward W. Miller — Judge Code — Date

For Clerk of Court Office Use Only

This judgment was entered on 29 May, 2013, and a copy mailed first class or placed in the appropriate attorney's box on 29 May, 2013, to attorneys of record or to parties (when appearing pro se) as follows:

Ehrick K. Haight Jr. PO Drawer 6067 Hilton Head Island, SC 29938
William Thomas Young III PO Box 40 Beaufort, SC 299010040

ATTORNEY(S) FOR THE PLAINTIFF(S)

Brian D. McDaniel PO Box 2085 Beaufort, SC 29901
Ernest Mitchell Griffith PO Drawer 570 Beaufort, SC 29901
Otto Edworth Lilpfert III PO Drawer 570 Beaufort, SC 29901
Jennifer Inez Campbell 2008 Spectable Street Beaufort, SC 29902

ATTORNEY(S) FOR THE DEFENDANT(S)

Jamie Thompson

Jerri Ann Roseneau - Clerk of Court

Court Reporter-N/A

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF BEAUFORT	)	CIVIL ACTION NO: 2009-CP-07-05410

2013 JUL 23 PM 2:46
BEAUFORT COUNTY, S.C.
CLERK OF COURT

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.,	)	
Plaintiff,	)	
vs.	)	ORDER DENYING DEFENDANT'S MOTION TO ALTER OR AMEND
ARTHUR H. APPLEGATE,	)	
Defendant.	)	

This matter comes before the Court upon motion of the Defendant, Arthur Applegate, requesting this Court alter or amend its Order, filed May 15, 2013, transferring the instant action to the Beaufort County Master in Equity. That Order was entered upon motion of the Plaintiff who sought to transfer the matter to the non-jury roster upon the grounds that no triable issue of fact exists.

Generally, a party requesting a jury trial is entitled to the same. However, Rule 39(a), SCRCP, provides two exceptions to this general rule, one of which is if "the court upon motion or its own initiative finds that a right of trial by jury of some or all of those issues does not exist." Moreover, Rule 39(b), SCRCP, requires "Issues of law...shall be tried by the court or may be referred to a master as provided in Rule 53."

The Defendant contends that the instant action, involving allegations of a breach of contract, is an action at law, and therefore must be tried before a jury. While the Defendant is correct that a breach of contract claim is an action at law, the analysis does not conclude at that statement. Whether a contract is

ambiguous is a question of law for the court. Middleton v. Eubank, 388 S.C. 8, 14, 694 S.E.2d 31, 34 (Ct. App. 2010). Only when the contract is deemed ambiguous does a question of fact exist for a jury to consider. Id. Accordingly, there must be some question of fact posed to the Court in order for this matter to remain a jury trial. The Defendant only raised legal issues—the interpretation of various statutes—in contesting the Plaintiff's motion to transfer to the non-jury trial roster. *See* Regions Bank v. Strawn, 399 S.C. 530, 732 S.E.2d 230 (Ct. App. 2012) ("Determining the proper interpretation of a statute is a question of law...") (Quoting Town of Summerville v. City of N. Charleston, 378 S.C. 107, 110, 662 S.E.2d 40, 41 (2008). The Defendant has not raised any factual issues in opposing the Plaintiff's motion. Moreover, because this Court finds the documents at issue to be unambiguous, there is no question of fact for a jury to consider. Consequently, transferring this matter to the non-jury roster is appropriate, and the Defendant's motion is DENIED.

IT IS SO ORDERED.

By: Edward W. Miller
Edward W. Miller
Presiding Judge

Greenville, South Carolina

July 17, 2013.

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT
IN THE COURT OF COMMON PLEAS

13 MAY -9 AM 11:12

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2009CP0705410

BEAUFORT COUNTY, SC
CLERK OF COURT

Callawassie Island Members Club Inc	Arthur H Applegate Pat Ano Harman Switzer Phillip Kilian John H Krumpe Robert Deluca James Staulcup Richard Courreges William F Julavits
PLAINTIFF(S)	DEFENDANT(S)

Submitted by: | Attorney for: ☐ Plaintiff ☐ Defendant ☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☐ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ ACTION DISMISSED (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____

☐ ACTION STRICKEN (*CHECK REASON*): ☐ Rule 40(j) SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____

☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX): ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

ALL SJ MOTIONS DENIED. TRIAL SET for Next week. INSUFFICIENT TIME TO CONSIDER VOLUMINOUS BRIEFS TODAY. OBVIOUSLY, FACTS ARE DISPUTED.

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

Additional Information for the Clerk:

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If this is an enrollment direction, list as "N/A" in one of the boxes below.

Judgment In Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. **Note: Title abstractors and researchers should refer to the official court order for judgment details.**

Circuit Court Judge

2017
Judge Code

5/9/13
Date

For Clerk of Court Office Use Only

This judgment was entered on 29 May, 2013, and a copy emailed to all Counsel mailed first class or placed in the appropriate attorney's box on 29 May, 2013, to attorneys of record or to parties (when appearing pro se) as follows:

Ehrick K. Haight Jr. PO Drawer 6067 Hilton Head Island, SC 29938
William Thomas Young III PO Box 40 Beaufort, SC 299010040

ATTORNEY(S) FOR THE PLAINTIFF(S)

Brian D. McDaniel PO Box 2085 Beaufort, SC 29901
Ernest Mitchell Griffith PO Drawer 570 Beaufort, SC 29901
Otto Edworth Lilpfert III PO Drawer 570 Beaufort, SC 29901
Jennifer Inez Campbell 2008 Spectable Street Beaufort, SC 29902

ATTORNEY(S) FOR THE DEFENDANT(S)

Jerri Ann Roseneau - Clerk of Court

Court Reporter

STATE OF SOUTH CAROLINA	)	
	)	IN THE COURT OF COMMON PLEAS
COUNTY OF BEAUFORT	)	FOURTEENTH JUDICIAL CIRCUIT
	)	
THE CALLAWASSIE ISLAND, MEMBERS CLUB, INC.	)	C.A. No.: 2009-CP-07-5410
	)	
Plaintiff,	)	
	)	ORDER DENYING
vs.	)	MOTIONS TO RECONSIDER
	)	
ARTHUR APPLEGATE	)	
	)	
Defendant.	)	
	)	

13 JUL -1 PM 4:59
JERRI ANN ROSENEAU
BEAUFORT COUNTY, S.C.
CLERK OF COURT

DATE OF HEARING	:	May 31, 2013
PRESIDING JUDGE	:	J. Ernest Kinard, Jr.
PLAINTIFFS' ATTORNEY	:	Stephen Hughes William T. Young Ehrick Haight
DEFENDANT'S ATTORNEY	:	Brian McDaniel Jennifer Campbell

THIS MATTER came before this Court for a motions hearing on the 31st day of May 2013, in Beaufort County, South Carolina. In attendance at the hearing were the attorneys for the parties, William Young, III, Stephen Hughes and Ehrick K. Haight, Jr., for the Plaintiff Callawassie Island Members Club, Inc. (CIMC), and Brian McDaniel and Jennifer Campbell for the Defendant, Arthur Applegate. The Hearing was held based on the motions of the Plaintiff and Defendant to reconsider the previous Order of May 9, 2013, in which this Court denied the Summary Judgment Motions filed by the parties.

It is noted that this case was set for a jury trial the week of May 13, 2013 and upon the motion of the Plaintiff to have the matter heard non-jury, and over the objection of the Defendant, the matter has been transferred by Order of the trial judge to be heard by the Master in Equity. However, this court retains jurisdiction for the purpose of hearing these Motions to Reconsider.

The Plaintiff and Defendant have submitted memorandum supporting their respective positions and opposing the other party's position. The Court reviewed all Memorandum submitted and allowed both parties to present their arguments fully to the Court at the hearing.

Upon full review and consideration, the Order of the Court of May 9, 2013 stands and the motions to reconsider are denied. It is noted (1) that Judge Carmen T. Mullen had earlier issued an Order Denying Summary Judgment to CIMC after a hearing on 6/3/10 on most of the grounds argued before the Court; (2) that the scintilla rule as defined in Hancock makes summary judgment exceedingly difficult to grant; and (3) as previously mentioned, all issues have been referred to Judge Dukes with finality so a full record can be developed on all issues raised by the litigants.

THEREFORE, it is hereby **ORDERED** that:

Both the Plaintiff's motion to reconsider the Order of May 9, 2013 denying CIMC's motion for summary judgment and the Defendant's motion to reconsider the Order of May 9, 2013 denying his motions for summary judgment are each denied, and

IT IS SO ORDERED.

J. Ernest Kinard, Jr.
Presiding Judge
Fourteenth Judicial Circuit

Beaufort, South Carolina
June 28, 2013

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)
)
THE CALLAWASSIE ISLAND,)
MEMBERS CLUB, INC.)
)
Plaintiff,)
)
vs.)
)
)
ARTHUR APPLEGATE)
)
Defendant.)

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

C.A. No.: 2009-CP-07-5410

ORDER DENYING SUMMARY JUDGMENT

2011 JUN 10 PM 3:34
BEAUFORT COUNTY, S.C.
CLERK OF COURT

Hearing Date: **June 7, 2011**
Judge: **The Honorable Carmen T. Mullen**
Motion: **Plaintiff's Motion for Summary Judgment**
Attorney for the Plaintiff: **Ehrick K. Haight, Jr.**
Attorney for the Defendant: **Brian McDaniel**

This matter comes before the Court by way of Plaintiff's Motion for Summary Judgment filed June 3, 2010. A hearing was convened at the Beaufort County courthouse on June 7, 2011, at which time the Plaintiff was represented in court by Ehrick K. Haight, Jr., Esquire. Brian D. McDaniel, Esquire, represented the Defendant.

Upon review of the documents and memorandum submitted and upon hearing the arguments presented by counsel, the Court finds that amongst the governing documents under which the Plaintiff is seeking Summary Judgment in this case, there exists ~~enough~~ questions of fact in dispute ambiguity to warrant denying the current motion for Summary Judgment.

IT IS THEREFORE ORDERED:

1. The Plaintiff's motion for Summary Judgment is denied.

AND IT IS SO ORDERED this 10th day of June, 2011.

Carmen T. Mullen
Presiding Judge
Fourteenth Judicial Circuit

Beaufort, South Carolina

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF BEAUFORT	)	CIVIL ACTION NO: 2009-CP-07-5410
THE CALLAWASSIE ISLAND, MEMBERS CLUB, INC.	)	
Plaintiff,	)	
vs.	)	**STIPULATION OF DISMISSAL OF COUNTERCLAIMS**
ARTHUR H. APPLEGATE	)	
Defendant.	)	

2013 MAY -9 AM 11:00

The above entitled action was instituted by the Plaintiff, The Callawassie Island Members Club, Inc. (CIMC) against the Defendant, Arthur H. Applegate, for recovery of unpaid dues, fees, assessments and other charges. Applegate asserted counterclaims against CIMC, based upon various theories of relief.

The parties, by and through the undersigned attorneys, having resolved the counterclaims asserted by Applegate, do hereby stipulate that Applegate's counterclaims be dismissed with prejudice, and forever ended, with each party bearing its own costs associated therewith. The action brought by CIMC and all defenses and affirmative defenses asserted by Applegate remain.

WE MOVE:

HOWELL, GIBSON & HUGHES, P.A.

William T. Young, III
Attorney for the Plaintiff
The Callawassie Island Members Club Inc.

Beaufort, South Carolina

May 9, 2013

Consent to Stipulation of Dismissal as to Applegate's Counterclaims:
CA: 2009-CP-07-5410
Callawassie Island Members Club vs. Arthur Applegate

WE CONSENT:

Minor, Haight & Arundell, P.C.

Ehrick K. Haight, Jr. Esquire
Attorney for the Plaintiff
Callawassie Island Members Club Inc

Law Office of Brian McDaniel, LLC

Brian McDaniel
Attorney for the Defendant
Arthur Applegate

Jennifer I. Campbell
Attorney for the Defendant
Arthur Applegate

STATE OF SOUTH CAROLINA)
) IN THE COURT OF COMMON PLEAS
COUNTY OF BEAUFORT)

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.,)
Plaintiff(s))

vs.)

ARTHUR H. APPLEGATE,)
Defendant(s))

CIVIL ACTION COVERSHEET

2009-CP - 07- 510

2009 NOV 17 AM 9:07
JEAN LAWRENCE BEAUFORT COUNTY, S.C.
CLERK OF COURT

(Please Print)
Submitted By: Ehrick K. Haight, Jr.
Address: Minor, Haight & Arundell, P.C
P.O. Drawer 6067
Hilton Head Island, SC 29938

SC Bar #: 2446
Telephone #: (843) 785-8040
Fax #: (843) 785-3506
Other:
E-mail: rick@mhalawfirm.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for the use of the Clerk of Court for the purpose of docketing. It must be filled out completely, signed, and dated. A copy of this cover sheet must be served on the defendant(s) along with the Summons and Complaint.

DOCKETING INFORMATION (*Check all that apply*)

**If Action is Judgment/Settlement do not complete*

☐ JURY TRIAL demanded in complaint. X NON-JURY TRIAL demanded in complaint.
☐ This case is subject to ARBITRATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
X This case is subject to MEDIATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
☐ This case is exempt from ADR. (Proof of ADR/Exemption Attached)

NATURE OF ACTION (*Check One Box Below*)

Contracts
☐ Constructions (100)
☐ Debt Collection (110)
☐ Employment (120)
☐ General (130)
X Breach of Contract (140)
☐ Other (199)

Torts - Professional Malpractice
☐ Dental Malpractice (200)
☐ Legal Malpractice (210)
☐ Medical Malpractice (220)
☐ Notice/ File Med Mal (230)
☐ Other (299)

Torts – Personal Injury
☐ Assault/Slander/Libel (300)
☐ Conversion (310)
☐ Motor Vehicle Accident (320)
☐ Premises Liability (330)
☐ Products Liability (340)
☐ Personal Injury (350)
☐ Wrongful Death (360)
☐ Other (399)

Real Property
☐ Claim & Delivery (400)
☐ Condemnation (410)
☐ Foreclosure (420)
☐ Mechanic's Lien (430)
☐ Partition (440)
☐ Possession (450)
☐ Building Code Violation (460)
☐ Other (499)

Inmate Petitions
☐ PCR (500)
☐ Mandamus (520)
☐ Habeas Corpus (530)
☐ Other (599)

Judgments/Settlements
☐ Death Settlement (700)
☐ Foreign Judgment (710)
☐ Magistrate's Judgment (720)
☐ Minor Settlement (730)
☐ Transcript Judgment (740)
☐ Lis Pendens (750)
☐ Other (799)

Administrative Law/Relief
☐ Reinstate Driver's License (800)
☐ Judicial Review (810)
☐ Relief (820)
☐ Permanent Injunction (830)
☐ Forfeiture-Petition (840)
☐ Forfeiture—Consent Order (850)
☐ Other (899)

Appeals
☐ Arbitration (900)
☐ Magistrate-Civil (910)
☐ Magistrate-Criminal (920)
☐ Municipal (930)
☐ Probate Court (940)
☐ SCDOT (950)
☐ Worker's Comp (960)
☐ Zoning Board (970)
☐ Administrative Law Judge (980)
☐ Public Service Commission (990)
☐ Employment Security Comm (991)
☐ Other (999)

Special/Complex /Other
☐ Environmental (600)
☐ Automobile Arb. (610)
☐ Medical (620)
☐ Other (699)

☐ Pharmaceuticals (630)
☐ Unfair Trade Practices (640)
☐ Out-of State Depositions (650)
☐ Sexual Predator (510)

Submitting Party Signature: _____ Date: 11/13/09

Note: Frivolous civil proceedings may be subject to sanctions pursuant to SCRCP, Rule 11, and the South Carolina Frivolous Civil Proceedings Sanctions Act, S.C. Code Ann. §15-36-10 et. seq.

FOR MANDATED ADR COUNTIES ONLY

Allendale, Anderson, Beaufort, Colleton, Florence, Greenville, Hampton, Horry, Jasper, Lexington, Pickens (Family Court Only), and Richland

SUPREME COURT RULES REQUIRE THE SUBMISSION OF ALL CIVIL CASES TO AN ALTERNATIVE DISPUTE RESOLUTION PROCESS, UNLESS OTHERWISE EXEMPT.

You are required to take the following action(s):

1. The parties shall select a neutral and file a "Proof of ADR" form on or by the 210th day of the filing of this action. If the parties have not selected a neutral within 210 days, the Clerk of Court shall then appoint a primary and secondary mediator from the current roster on a rotating basis from among those mediators agreeing to accept cases in the county in which the action has been filed.

2. The initial ADR conference must be held within 300 days after the filing of the action.

3. Pre-suit medical malpractice mediations required by S.C. Code §15-79-125 shall be held not later than 120 days after all defendants are served with the "Notice of Intent to File Suit" or as the court directs. (Medical malpractice mediation is mandatory statewide.)

4. Cases are exempt from ADR only upon the following grounds:

   a. Special proceeding, or actions seeking extraordinary relief such as mandamus, habeas corpus, or prohibition;

   b. Requests for temporary relief;

   c. Appeals

   d. Post Conviction relief matters;

   e. Contempt of Court proceedings;

   f. Forfeiture proceedings brought by governmental entities;

   g. Mortgage foreclosures; and

   h. Cases that have been previously subjected to an ADR conference, unless otherwise required by Rule 3 or by statute.

5. In cases not subject to ADR, the Chief Judge for Administrative Purposes, upon the motion of the court or of any party, may order a case to mediation.

6. Motion of a party to be exempt from payment of neutral fees due to indigency should be filed with the Court within ten (10) days after the ADR conference has been concluded.

Please Note: **You must comply with the Supreme Court Rules regarding ADR. Failure to do so may affect your case or may result in sanctions.**

STATE OF SOUTH CAROLINA)
) IN THE COURT OF COMMON PLEAS
COUNTY OF BEAUFORT) FOR THE FOURTEENTH JUDICIAL CIRCUIT
) CIVIL ACTION NO. 2009-CP-07- 5410
THE CALLAWASSIE ISLAND)
MEMBERS CLUB, INC.,)
)
Plaintiff,)
)
v.)
)
ARTHUR H. APPLEGATE,)
)
Defendant.)

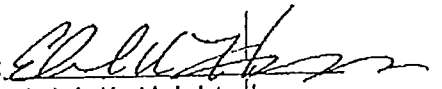
SUMMONS
(Non-Jury)

2009 NOV 17 AM 9:07
BEAUFORT COUNTY, S.C.
CLERK OF COURT

TO: THE DEFENDANT ABOVE-NAMED:

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer to the said Complaint on the subscriber at his office, The Clarendon Building, Suite 203, Village at Wexford, Post Office Drawer 6067, Hilton Head Island, South Carolina 29938, within thirty (30) days after the service hereof, exclusive of the day of such service, AND IF YOU FAIL TO APPEAR AND DEFEND THE ACTION AS REQUIRED BY LAW, JUDGMENT BY DEFAULT WILL BE RENDERED AGAINST YOU FOR THE RELIEF DEMANDED IN THE COMPLAINT.

MINOR, HAIGHT & ARUNDELL, P.C.

By: 

Ehrick K. Haight, Jr.
Philip J. Rios
P. O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for Plaintiff

Hilton Head Island, South Carolina
This 13th day of November, 2009

STATE OF SOUTH CAROLINA COUNTY OF BEAUFORT THE CALLAWASSIE ISLAND MEMBERS CLUB, INC., Plaintiff, v. ARTHUR H. APPLEGATE, Defendant.	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT CIVIL ACTION NO. 2009-CP-07-540

COMPLAINT
(Non-Jury)

FILED AND RECORDED
BEAUFORT COUNTY, S.C.
CLERK OF COURT
2009 NOV 17 AM 9:07

TO: THE DEFENDANT ABOVE-NAMED:

The Plaintiff, The Callawassie Island Members Club, Inc., complaining of the Defendant, Arthur H. Applegate, would respectfully show this Court as follows:

1. That the Plaintiff, The Callawassie Island Members Club, Inc., is a non-profit corporation organized and existing under the laws of the State of South Carolina which owns and operates the golf, tennis, swimming and social facilities on Callawassie Island, South Carolina, for the use, recreation and enjoyment of its members and is subject to the jurisdiction of this Court.

2. That, upon information and belief, the Defendant is a citizen and resident of North Charleston, South Carolina, who entered into a contract to be performed in whole or in part in Beaufort County, South Carolina, who owns real property in Beaufort County, South Carolina, and who is subject to the jurisdiction of this Court.

3. That on or about November 15, 2003, for good and valuable consideration, the Defendant entered into five (5) separate contracts with the Plaintiff for the purchase of properties known as Lot 2, Phase 9C; Lot 7, Phase 9C; Lot 8, Phase 9C; Lot 25, Phase 9B and Lot 6, Phase 6B (collectively referred to as the "Purchase Agreements").

4. Pursuant to Paragraph 44 of each of the Purchase Agreements, the Defendant agreed to purchase memberships and remain a member in good standing. Paragraph 44 of each respective contract states as follows:

> *44. CALLAWASSIE ISLAND MEMBERS CLUB: Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included in the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.*

5. Subsequent to the execution of the Purchase Agreements, the Defendant purchased the five (5) lots, along with other lots which are not the subject of this Complaint.

6. The Defendant, by deed recorded in Book 1887 at Page 236, Beaufort County records, is the record owner of Lot 2, Phase 9C; Lot 7, Phase 9C; Lot 8, Phase 9C; and Lot 25, Phase 9B, the memberships associated with said lots are the subject of this Complaint.

7. The Defendant, by the same deed recorded in Book 1887 at Page 236, Beaufort County records, was previously the owner of Lot 6, Phase 6 B, which was sold by the Defendant; however, the membership previously associated with that lot remains subject to this action by virtue of the fact that the Defendant agreed to maintain the membership when he sold the lot.

8. In addition to agreeing to purchase the memberships, the Defendant, by virtue of the purchase of the five (5) lots, also agreed to be bound by the terms and conditions the Amended and Restated General Declaration For Callawassie Island and Provisions for the Callawassie Island Property Owners Associations, Inc. of December 1,

2001 (the "Declaration") recorded in the Beaufort County Register of Deeds Office in Book 1805 at Page 850.

9. Pursuant to Article VII, Section 2 of the Declaration the Defendant were required to purchase memberships and remain a member in good standing. Article VII, Section 2 states, in part, as follows:

> Section 2. Callawassie Island Members Club Membership. Every Person or entity who purchases property on Callawassie Island after December 1, 2001, shall thereupon be required to purchase an Equity Membership ("Membership") in the Callawassie Island Members Club, Inc. ("Club") and remain an Equity Member in good standing in such Club for each property purchased or transferred after the approval date of this amendment for so long as such person or entity owns the subject property. Such Member shall thereafter be vested with all of the rights, privileges and obligations of Membership in the Club as set forth in the Plan for the Offering of Membership and Bylaws of the Club and Amendments thereto. The applicable Membership Contribution Fee shall be paid as of the date of such conveyance. The payment of such Membership Contribution Fee shall be a condition precedent to the delivery of a deed or any other form of conveyance.
>
> • • •
>
> The provisions of this Section shall run with the title of and be appurtenant to all Lots and Dwellings transferred or otherwise conveyed after December 1, 2001 and shall be binding upon and inure to the benefit of all Owners of such Lots and Dwellings and their respective heirs, executors, legal representatives, successors and assigns. Each Owner, by acceptance of a deed or other conveyance pursuant to purchase of a Lot or Dwelling after the approval date of this amendment consents and agrees to the obligations of an Equity Member of the Club.
>
> • • •

10. In accordance with the Paragraph 44 of the Purchase Agreements and in accordance with Article VII, Section 2 of the Declaration, the Defendant agreed to be

bound by the terms and conditions of the Plan for Offering of Memberships (the "Plan") and became obligated for the payment of dues, fees, assessments and other charges and the costs of collection, including reasonable attorney's fees.

FOR A FIRST CAUSE OF ACTION
(Breach of Contract on Membership #7017A for Lot 2, Phase 9C)

11. That the Plaintiff incorporates herein the allegations contained in Paragraphs 1 through 10 of the Complaint above as if repeated verbatim.

12. That pursuant to the Plan, the Plaintiff has levied dues, fees, assessments, and other charges, including interest, for which the Defendant is responsible in the sum of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars, which represents accumulated unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, up to and including October 31, 2009. A copy of the 'Member History' for Membership #7017A (Lot 2, Phase 9C) is attached hereto as Exhibit "A", the terms of which are incorporated herein by reference.

13. That the Plaintiff has performed all of its obligations to the Defendant in accordance with the Plan.

14. That the Plaintiff has demanded payment of the amount due, but the Defendant has failed and refused to pay said delinquent amounts, and the Defendant is in breach and default of the agreements and covenants under the applicable documents, including the Agreement and the Plan.

15. That upon information and belief, the dues, fees, assessments and other

charges are in the nature of continuing contractual obligations and unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, accruing to and past due as of the time of trial should be added to the Plaintiff's damages sought herein.

16. That the Plaintiff is entitled to judgment against the Defendant in the amount of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars which represents accumulated unpaid dues, fees, assessments and other charges up to and including October 31, 2009, along with interest thereafter at the rate of one and one-half (1.5%) percent per month, plus the costs and disbursements of this action, including reasonable attorneys' fees.

FOR A SECOND CAUSE OF ACTION
(Breach of Contract on Membership #7017 for Lot 7, Phase 9C)

17. That the Plaintiff incorporates herein the allegations contained in Paragraphs 1 through 16 of the Complaint above as if repeated verbatim.

18. That pursuant to the Plan, the Plaintiff has levied dues, fees, assessments, and other charges, including interest, for which the Defendant is responsible in the sum of Thirty Two Thousand Seven Hundred Fourteen and 46/100 ($32,714.46) Dollars, which represents accumulated unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, up to and including October 31, 2009. A copy of the 'Member History' for Membership #7017 (Lot 7, Phase 9C) is attached hereto as Exhibit "B", the terms of which are incorporated herein by reference

19. That the Plaintiff has performed all of its obligations to the

Defendant in accordance with the Plan.

20. That the Plaintiff has demanded payment of the amount due, but the Defendant has failed and refused to pay said delinquent amounts, and the Defendant is in breach and default of the agreements and covenants under the applicable documents, including the Agreement and the Plan.

21. That upon information and belief, the dues, fees, assessments and other charges are in the nature of continuing contractual obligations and unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, accruing to and past due as of the time of trial should be added to the to the Plaintiff's damages sought herein.

22. That the Plaintiff is entitled to judgment against the Defendant in the amount of Thirty Two Thousand Seven Hundred Fourteen and 46/100 ($32,714.46) Dollars which represents accumulated unpaid dues, fees, assessments and other charges up to and including October 31, 2009, along with interest thereafter at the rate of one and one-half (1.5%) percent per month, plus the costs and disbursements of this action, including reasonable attorneys' fees.

FOR A THIRD CAUSE OF ACTION
(Breach of Contract on Membership #7017C for Lot 8, Phase 9C)

23. That the Plaintiff incorporates herein the allegations contained in Paragraphs 1 through 22 of the Complaint above as if repeated verbatim.

24. That pursuant to the Plan, the Plaintiff has levied dues, fees, assessments, and other charges, including interest, for which the Defendant is responsible in the sum of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars,

which represents accumulated unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, up to and including October 31, 2009. A copy of the 'Member History' for Membership #7017C (Lot 8, Phase 9C) is attached hereto as Exhibit "C", the terms of which are incorporated herein by reference

25. That the Plaintiff has performed all of its obligations to the Defendant in accordance with the Plan.

26. That the Plaintiff has demanded payment of the amount due, but the Defendant has failed and refused to pay said delinquent amounts, and the Defendant is in breach and default of the agreements and covenants under the applicable documents, including the Agreement and the Plan.

27. That upon information and belief, the dues, fees, assessments and other charges are in the nature of continuing contractual obligations and unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, accruing to and past due as of the time of trial should be added to the to the Plaintiff's damages sought herein.

28. That the Plaintiff is entitled to judgment against the Defendant in the amount of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars which represents accumulated unpaid dues, fees, assessments and other charges up to and including October 31, 2009, along with interest thereafter at the rate of one and one-half (1.5%) percent per month, plus the costs and disbursements of this action, including reasonable attorneys' fees.

FOR A FOURTH CAUSE OF ACTION
(Breach of Contract on Membership #7017B for Lot 25, Phase 9B)

29. That the Plaintiff incorporates herein the allegations contained in Paragraphs 1 through 28 of the Complaint above as if repeated verbatim.

30. That pursuant to the Plan, the Plaintiff has levied dues, fees, assessments, and other charges, including interest, for which the Defendant is responsible in the sum of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars, which represents accumulated unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, up to and including October 31, 2009. A copy of the 'Member History' for Membership ###7017B (Lot 25, Phase 9B) is attached hereto as Exhibit "D", the terms of which are incorporated herein by reference

31. That the Plaintiff has performed all of its obligations to the Defendant in accordance with the Plan.

32. That the Plaintiff has demanded payment of the amount due, but the Defendant has failed and refused to pay said delinquent amounts, and the Defendant is in breach and default of the agreements and covenants under the applicable documents, including the Agreement and the Plan.

33. That upon information and belief, the dues, fees, assessments and other charges are in the nature of continuing contractual obligations and unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, accruing to and past due as of the time of trial should be added to the to the Plaintiff's damages sought herein.

34. That the Plaintiff is entitled to judgment against the Defendant in the

amount of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars which represents accumulated unpaid dues, fees, assessments and other charges up to and including October 31, 2009, along with interest thereafter at the rate of one and one-half (1.5%) percent per month, plus the costs and disbursements of this action, including reasonable attorneys' fees.

FOR A FIFTH CAUSE OF ACTION
(Breach of Contract on Membership #3690 for Lot 6, Phase 6B)

35. That the Plaintiff incorporates herein the allegations contained in Paragraphs 1 through 34 of the Complaint above as if repeated verbatim.

36. That pursuant to the Plan, the Plaintiff has levied dues, fees, assessments, and other charges, including interest, for which the Defendant is responsible in the sum of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars which represents accumulated unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, up to and including October 31, 2009. A copy of the 'Member History' is attached hereto as Exhibit "E", the terms of which are incorporated herein by reference

38. That the Plaintiff has performed all of its obligations to the Defendant in accordance with the Plan.

38. That the Plaintiff has demanded payment of the amount due, but the Defendant has failed and refused to pay said delinquent amounts, and the Defendant is in breach and default of the agreements and covenants under the applicable documents, including the Agreement and the Plan.

39. That upon information and belief, the dues, fees, assessments and other

charges are in the nature of continuing contractual obligations and unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, accruing to and past due as of the time of trial should be added to the to the Plaintiff's damages sought herein.

40. That the Plaintiff is entitled to judgment against the Defendant in the amount of Thirty One Thousand Eight Hundred Seventy and 23/100 ($31,870.23) Dollars which represents accumulated unpaid dues, fees, assessments and other charges up to and including October 31, 2009, along with interest thereafter at the rate of one and one-half (1.5%) percent per month, plus the costs and disbursements of this action, including reasonable attorneys' fees.

WHEREFORE, having fully set forth its Complaint, the Plaintiff prays that this Honorable Court inquire into the matters set forth herein and award judgment on each cause of action against the Defendant and in favor of the Plaintiff for unpaid dues, fees, assessments and other charges, including interest, plus the costs and disbursements of this action, including reasonable attorneys' fees, and for such other and further relief as may be just and proper.

MINOR, HAIGHT & ARUNDELL, P.C.

By: _____
Ehrick K. Haight, Jr.
P. O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for Plaintiff

Hilton Head Island, South Carolina
This 13th day of November, 2009.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

VERIFICATION

PERSONALLY appeared before me Brian Lasota who, being duly sworn, deposes and says: that he is the General Manager of Callawassie Island Members Club, Inc. and that the foregoing Complaint has been read by him and that the allegations contained therein are true to his knowledge or based upon the corporate records, except those stated upon information and belief and as to those, he believes them to be true.

THE CALLAWASSIE ISLAND
MEMBERS CLUB, INC.

By: B. Lasota
BRIAN LASOTA

ITS: GENERAL MANAGER

SWORN TO AND SUBSCRIBED before me
this 13th day of November, 2009

(L.S.)
Notary Public for South Carolina
My Commission Expires: 7/20/2017

01 - Callawassie Island Club
Member History Sep 01/09 - Oct 31/09

03687 - Mr. Arthur Applegate
4130 Faber Place Drive
Suite 201
North Charleston SC 29405

Main Phone : 843-577-3900
Alt. Phone : 843-577-3903
Status : S
Unspent Min: $500.00

Date	Ty	Chit/Inv	Description	Charges	Tax/Grat	Amount	DueDate	BusArea
	BF		Balance Fwd			29,978.68		
Sep30/09	DU	SJ7793/93	Monthly Dues	382.00	0.00	382.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Club Amenities	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Course Re	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Deficit A	7.00	0.00	7.00	Sep30/09	
Sep30/09	LP	SJ7790/98	Finance Charge	449.73	0.00	449.73	Sep30/09	
Oct31/09	DU	SJ7802/02	Monthly Dues	382.00	0.00	382.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Club Amenities	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Course Re	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Deficit A	7.00	0.00	7.00	Oct31/09	
Oct31/09	LP	SJ7817/17	Finance Charge	463.82	0.00	463.82	Oct31/09	
					Total:	31,870.23		

Current	1 Mths	2 Mths	3 Mths	Over 4 Mths
952.82	938.73	924.85	911.18	28,142.65

November 11,2009 11:38am

User: JOY Term: A3

EXHIBIT A

01 - Callawassie Island Club
Member History Sep 01/09 - Oct 31/09

J3683 - Mr. Arthur Applegate
4130 Faber Place Drive
Suite 201
North Charleston SC 29405

Main Phone : 843-577-3900
Alt. Phone : 843-577-3903
Status : S
Unspent Min: $500.00

Date	Ty	Chit/Inv	Description	Charges	Tax/Grat	Amount	DueDate	BusArea
	BF		Balance Fwd			29,513.96		
Sep30/09	DU	SJ7793/93	Monthly Dues	382.00	0.00	382.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Club Amenities	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Course Re	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Deficit A	7.00	0.00	7.00	Sep30/09	
Sep30/09	LP	SJ7798/98	Finance Charge	442.76	0.00	442.76	Sep30/09	
Oct31/09	DU	SJ7802/02	Monthly Dues	382.00	0.00	382.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Club Amenities	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Course Re	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Deficit A	7.00	0.00	7.00	Oct31/09	
Oct31/09	CH	007219/06	Legal Fees	600.00	0.00	600.00	Oct31/09	
Oct31/09	CH	007228/06	Legal Fees II	723.00	0.00	723.00	Oct31/09	
Oct31/09	LP	SJ7817/17	Finance Charge	456.74	0.00	456.74	Oct31/09	
					Total:	32,714.46		

Current	1 Mths	2 Mths	3 Mths	Over 4 Mths
2,268.74	931.76	917.99	904.42	27,691.55

EXHIBIT B

03689 - Mr. Arthur Applegate
4130 Faber Place Drive
Suite 201
North Charleston SC 29405

Main Phone : 843-577-3900
Alt. Phone : 843-577-3903
Status : S
Unspent Min: $500.00

Date	Ty	Chit/Inv	Description	Charges	Tax/Grat	Amount	DueDate	BusArea
	BF		Balance Fwd			29,978.68		
Sep30/09	DU	SJ7793/93	Monthly Dues	382.00	0.00	382.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Club Amenities	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Course Re	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Deficit A	7.00	0.00	7.00	Sep30/09	
Sep30/09	LP	SJ7798/98	Finance Charge	449.73	0.00	449.73	Sep30/09	
Oct31/09	DU	SJ7802/02	Monthly Dues	382.00	0.00	382.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Club Amenities	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Course Re	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Deficit A	7.00	0.00	7.00	Oct31/09	
Oct31/09	LP	SJ7817/17	Finance Charge	463.82	0.00	463.82	Oct31/09	
					Total:	31,870.23		

Current	1 Mths	2 Mths	3 Mths	Over 4 Mths
952.82	938.73	924.85	911.18	28,142.65

EXHIBIT C

03688 - Mr. Arthur Applegate
4130 Faber Place Drive
Suite 201
North Charleston SC 29405

Main Phone : 843-577-3900
Alt. Phone : 843-577-3903
Status : S
Unspent Min: $500.00

Date	Ty	Chit/Inv	Description	Charges	Tax/Grat	Amount	DueDate	BusArea
	BF		Balance Fwd			29,978.68		
Sep30/09	DU	SJ7793/93	Monthly Dues	382.00	0.00	382.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Club Amenities	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Course Re	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Deficit A	7.00	0.00	7.00	Sep30/09	
Sep30/09	LP	SJ7798/98	Finance Charge	449.73	0.00	449.73	Sep30/09	
Oct31/09	DU	SJ7802/02	Monthly Dues	382.00	0.00	382.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Club Amenities	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Course Re	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Deficit A	7.00	0.00	7.00	Oct31/09	
Oct31/09	LP	SJ7817/17	Finance Charge	463.82	0.00	463.82	Oct31/09	
					Total:	31,870.23		

Current	1 Mths	2 Mths	3 Mths	Over 4 Mths
952.82	938.73	924.85	911.18	28,142.65

EXHIBIT D

03690 - Mr. Arthur Applegate
4130 Faber Place Drive
Suite 201
North Charleston SC 29405

Main Phone : 843-577-3900
Alt. Phone : 843-577-3903
Status : S
Unspent Min: $500.00

Date	Ty	Chit/Inv	Description	Charges	Tax/Grat	Amount	DueDate	BusArea
	BF		Balance Fwd			29,978.68		
Sep30/09	DU	SJ7793/93	Monthly Dues	382.00	0.00	382.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Club Amenities	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Course Re	50.00	0.00	50.00	Sep30/09	
Sep30/09	DU	SJ7793/93	Golf Deficit A	7.00	0.00	7.00	Sep30/09	
Sep30/09	LP	SJ7798/98	Finance Charge	449.73	0.00	449.73	Sep30/09	
Oct31/09	DU	SJ7802/02	Monthly Dues	382.00	0.00	382.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Club Amenities	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Course Re	50.00	0.00	50.00	Oct31/09	
Oct31/09	DU	SJ7802/02	Golf Deficit A	7.00	0.00	7.00	Oct31/09	
Oct31/09	LP	SJ7817/17	Finance Charge	463.82	0.00	463.82	Oct31/09	
					Total:	31,870.23		

Current	1 Mths	2 Mths	3 Mths	Over 4 Mths
952.82	938.73	924.85	911.18	28,142.65

===== End of Report =====

EXHIBIT E

STATE OF SOUTH CAROLINA COUNTY OF BEAUFORT THE CALLAWASSIE ISLAND, MEMBERS CLUB, INC. Plaintiff, vs. ARTHUR H. APPLEGATE Defendant and Third Party Plaintiff vs. ROBERT L. DELUCA, PAT ANO, JAMES STAULCUP, HARMAN SWITZER, RICHARD COURREGES, PHILIP KILIAN, WILLIAM F. JULAVITS, JOHN H. KRUMPE and PETER G. LYNCH, in their capacity as Board Members of the Callawassie Islands Members Club, Inc. Third Party Defendants	IN THE COURT OF COMMON PLEAS FOURTEENTH JUDICIAL CIRCUIT C.A. No.: 2009-CP-07-5410 AMENDED ANSWER COUNTERCLAIMS AND THIRD PARTY COMPLAINT (JURY TRIAL REQUESTED)

COMES NOW DEFENDANT ARTHUR H. APPLEGATE, (hereinafter referred to as "Applegate"), and amending his answer to the Complaint of the Plaintiff (hereinafter "CIMC" or "the Club") and alleging counterclaims against the Plaintiff and claims against third party Defendants, Robert L. Deluca, Pat Ano, James Staulcup, Harman Switzer, Richard Courreges, Philip Kilian, William F. Julavits, John H. Krumpe and Peter G. Lynch, (hereinafter "the CIMC Board" or "Board of Directors") by and through its attorneys states as follows:

1. The Defendant admits the allegations in paragraphs 1 and 2.

2. That as to paragraphs 3 through 6, the Defendant admits their purchase of the 5 properties identified in paragraph 3 but believes the documents identified speak for themselves.

3. The allegations in Paragraph 7 and 8 are denied, but the Defendant believes the document referenced speaks for itself.

4. That as to paragraphs 9 through 10, the Defendant believes the documents identified speak for themselves but denies he is obligated as alleged by the Plaintiff.

5. Paragraphs 11, 17 and 23, 29, 35 require no answer, but inasmuch as they do, they are denied.

6. That paragraph 12 through 16, 18 through 22, 24 through 28, 30 through 34, 36 through 40 are denied

7. The Defendant denies the allegations in all other paragraphs not specifically or previously identified herein.

Factual Allegations

8. That each of the Third Party Defendants is a citizen and resident of Beaufort County, South Carolina believed to be serving on the Board of Directors ("the Board") of the Plaintiff club, and are subject to the jurisdiction of this Court.

9. That upon information and belief, in 2010 the Plaintiff allowed an entity (believed to be Callawassie Island Company "CIC") owning more than one hundred eighty memberships, to resign all those memberships without ongoing obligation and not in conformity with the policies being pursued herein by the Plaintiff and that they did so in a manner of secrecy and concealment as to the Defendant and other members of the Club.

10. That upon information and belief the unexplained release of the largest known membership holder has cost the members of CIMC substantial yearly revenue, and

according to CIMC letters, payments of over $1 million dollars were received based on CIC dues for a period from 2007 to 2009.

11. That upon information and belief the governing documents as well as the Plaintiff and Board of CIMC have stated and agreed that delinquent members would be suspended then expelled from membership in a period of 4 months.

12. That the Plaintiff has not made the claims they are making against this Defendant against other similarly situated persons but in fact have allowed numerous Club members to resign and/or terminate their memberships without penalty charge or claim of ongoing dues, fees and obligations (as are being claimed against the Defendant).

13. That the Club has suspended, or purported to "suspend" the Defendant's memberships for a period greater than four months.

14. The Callawassie Island Members Club Plan For the Offering of Memberships of 8/8/01 indicates that resigned members are no longer equity members (See § 3.5).

15. The Callawassie Island Members Club, Inc General Club Rules of 8/8/01 specify that member not paying dues will be "suspended" for a four month period and accounts "not settled within the four (4) month period following suspension shall be expelled from the Club. (§3.3.1)

16. "Suspension" and "Expulsion" are defined more fully in § 14.1.3 and 14.1.5 respectively, the pertinent difference being that dues and fees accumulate during a period of suspension but not as a result of "Termination" (§ 14.1.4) nor "Expulsion" (§14.1.5).

FOR A DEFENSE AND FIRST COUNTERCLAIM

17. That the allegations contained herein above are realleged herein as if set forth verbatim.

18. That the Plaintiff has breached its agreement with the Defendant and has charged

the Defendant in an amount greatly exceeding the amounts actually, or rightly, due and has misapplied payments previously made by the Defendant.

19. That the Plaintiff as failed to abide by the governing documents of the Club in breach of its agreement with the Defendant to do so.

20. That the Defendant requests an accounting and seeks all damages from the breach of contract including as damages all amounts found to be overpayments, or not rightly owed, which were made to the Plaintiff by the Defendant as well as the costs and attorneys fees associated with this litigation.

FOR A SECOND DEFENSE
(Violation of South Carolina Code §§33-31-, 620,621 et seq.)

21. That the allegations contained herein above are realleged herein as if set forth verbatim.

22. That the Defendant herein has either resigned and/or should be found by the court to no longer be a member of CIMC or has been unfairly prohibited from resigning or terminating his membership with the Plaintiff in violation of South Carolina Code of Laws, including but not limited to § 33-31-620 and SC Code § 33-31-621.

23. That the Plaintiff has not maintained a fair and reasonable process for the termination of the memberships of its members, more specifically as to the Defendant herein, including but not limited to in, the Plan of Membership, By-Laws or other operational, governing or organizational documents.

24. Upon information and belief, the actions or inaction of the Plaintiff with regard to the Defendant, including failing and refusing to expel or terminate the Defendant as a member, has not been conducted in good faith and that the Plaintiff continues to pursue practices and policies in violation of §33-31-620 & 621, et seq..

25. That the Plaintiff has failed to give notice to the Defendant as required for the suspension, expulsion or termination of a member.

26. And that the Defendant seeks an order dismissing the claims of the Plaintiff herein seeking any payment beyond that time which the Court finds that the Defendant resigned or should have been terminated or expelled from membership.

FOR A THIRD DEFENSE
(Failure to allow Members to approve fundamental changes)

27. Defendants repeats and realleges the foregoing paragraphs as though fully restated and realleged herein verbatim.

28. That upon information and belief, the Plaintiff did not afford the proper notice and/or did not meet the voting requirements to change fundamental obligations and rights of the members, including the charges now assessed against the Defendant, the inability to resign or terminate a membership and requiring specific membership types, and the selective enforcement of membership requirements.

29. That as a result of these failures the changes made (and upon which the Plaintiff's current action relies) should be declared null and void and the Plaintiff's claims should be dismissed accordingly.

FOR A FOURTH DEFENSE
(Unclean Hands/Waiver)

30. Defendant repeats and realleges the foregoing paragraphs as though fully restated and realleged herein verbatim.

31. That the Plaintiff has failed to act in good faith with the Defendant herein.

32. Upon information and belief, the Plaintiff herein has treated other members of the Club similarly situated as the Defendant herein, differently to the detriment of the Defendant herein.

33. That the Plaintiff has not acted in the best interest of the members of the club but has purposefully hidden and concealed membership requirements, allowing some members to avoid charges, dues, assessments and fees while selecting others, the Defendant included, to pursue and not release or negotiate and has taken other actions to the substantial detriment of members.

34. The Plaintiff has taken other actions which evidence unclean hands or which should be considered a waiver of the claims made against the Defendant herein, to include not pursuing numerous delinquent or resigned members for unpaid club dues and allowing them to terminate their memberships.

35. That the decisions and actions as described herein by the Plaintiff were done in bad faith, were negligent and/or malicious, breached the Plaintiff's duty of good faith and fair dealing, as well as breaching the duty of care and loyalty owed to the Defendant and that the Plaintiffs claim for relief in this action should therefore be denied.

36. That by their actions and omissions the Plaintiff has acted with unclean hands and should be denied the relief sought and/or has waived its claim(s), if any, against the Defendant herein.

FOR A FIFTH DEFENSE
(Equitable Relief)

37. Defendant repeats and realleges the foregoing paragraphs as though fully restated and realleged herein verbatim.

38. That the Plaintiff, through the governing documents and/or its Board and/or management and conduct did promise to terminate his membership(s) as set forth in the governing documents in a 4 month period from his ceasing to make payments.

39. That the Plaintiff has failed to take reasonable measures to market or resale the memberships of the Defendant and have constructed a system for resale which greatly reduces the opportunity and likelihood of resale all to the detriment of the Defendant.

40. Based upon these and other representations regarding the amounts to be charged pursuant to such memberships as well as other representations, the Defendant in fact did purchase land in Callawassie and take on other obligations.

41. That the Defendant reasonably relied upon these representations and the Plaintiff should be required to abide by the same.

42. That at some time thereafter, and pursuant to the current litigation, the Plaintiff herein has failed to abide by that promise and should be equitably estopped from pursuing all, or some of the amounts being currently claimed, and/or should estopped from denying the existence of such agreement.

43. That the allegations and enforcement of governing provisions being sought by the Plaintiff in the current action are unconscionable and against public policy for several reasons including that, such provisions create an unreasonable restraint on the alienation of property, that it fundamentally undermines and changes the scheme and understanding of the "membership" owned by the Defendant herein, and/or it provides the Defendant with no alternative action to avoid such changes, and because it is fundamentally unfair and coercive to its own membership and/or that the Defendant and some, or all, multiple membership holders incur certain expenses and liabilities without receiving benefits or consideration for the same.

44. The Defendant request that the Plaintiff's claim be dismissed or denied in whole or in part based upon equity, fairness, promissory estoppel and/or equitable estoppel principles.

FOR AN AFFIRMATIVE DEFENSE and SECOND COUNTERCLAIM AND THIRD PARTY CAUSE OF ACTION
(Misrepresentation)

45. Defendant repeats and realleges the foregoing paragraphs as though fully restated and realleged herein verbatim.

46. That the Plaintiff, by and through it employees, agents, Board of Directors or other officers, did make material misrepresentations to the Defendant herein including the following, one or more of which is believed to be false:

a) That members of the club were being treated uniformly and that dues, fees and charges are being charged and pursued in a consistent and fair manner

b) That members are not allowed to resign or terminate their memberships in any meaningful manner;

c) That the Plaintiff would not act in a manner to harm or devalue the property or membership of the Defendant

d) That Golf and/or Social Club memberships were an asset that would be beneficial to the member and with regard to sale of land to perspective buyers;

e) That the Defendant's membership(s) would be terminated upon being 4 months past due and that no additional obligations would accrue beyond that point;

f) and other material misrepresentations to be determined during discovery in this matter;

47. That the Defendant herein did not know the falsity of the misrepresentations and did rely upon the above misrepresentations to his substantial detriment.

48. That upon information and belief, there exists no meaningful market for the membership interests owned by the Defendant herein and said memberships are effectively inalienable.

49. That the Defendant has paid numerous dues, fees and charges over the years based upon these misrepresentations, and that the Plaintiff and/or Third Party Defendants should be required to return said payments to the Defendant herein.

50. That the misrepresentations of the Plaintiff and/or Third Party Defendants were grossly negligent and/or recklessly made.

51. That the Defendant requests the award of compensatory as well as punitive damages against the Plaintiff, attorneys fees and court costs and further damages and relief as the court deems just and proper.

FOR A DEFENSE AND THIRD COUNTERCLAIM and THIRD PARTY CAUSE OF ACTION
(Breach of Fiduciary Duty)

52. Defendant repeats and realleges the foregoing paragraphs as though fully restated and realleged herein verbatim.

53. Pursuant to the By-Laws and other governing documents, the relationship of Board and Member was established between the Defendants(Member) and Third Party Defendants (Board) which results in a special relationship of trust and confidence existing between the same.

54. The Third Party Defendants, as a result of this relationship, owed the Defendant fiduciary duties, including the duties of care, loyalty, and good faith, with regard to the interests of the Defendant and could not therefore act in their own best interest without regard for their duties to the Defendant.

55. That the Plaintiff (as an Equity Club in which the Defendant is a member) and Third Party Defendants (In their capacity as Board members of the Club in which the Defendant is a member) are in a fiduciary relationship with the Defendant, and by and

through the Club's employees, agents, the Board of Directors or other officers, did breach its fiduciary duty to the Defendant herein in the following manner:

I. AS TO THE PLAINTIFF, CIMC as Follows

a. As described herein in this Complaint in all other paragraphs;

b. In failing to terminate, or allow the Defendant to terminate or resign, his memberships pursuant to state law and/or in a reasonable manner and/or in the manner as represented to the Defendant;

c. In failing to treat similarly situated members uniformly, including but not limited to, in the termination or release from obligations of membership, and in concealing and misrepresenting such actions to the detriment of the Defendant and/or other members herein;

d. In taking actions for the benefit of specific members which were detrimental to the Club and/or members (such as the Defendant herein);

e. In failing to pursue the best interest of the entire membership of the Club;

f. In failing providing additional value for additional memberships for the Defendant herein;

g. In failing to properly maintain accounts and accounting practices to keep an accurate record of the amounts, if any, owed by the Defendant;

h. In failing to make efforts to market or otherwise sale membership(s) on the "resale List" of the Club, including the Defendant's;

i. By causing the value of the Defendant's membership(s) to be greatly or significantly diminished by its actions and inactions, including but not limited to by attempting to fundamentally altering the purpose and terms of membership in CIMC;

j. In inconsistently attempting to enforce mandatory perpetual obligations against select members and in releasing or failing to adhere to the same policy with other members and in other ways as described herein in this pleading;

k. In filing the current action against the Defendant;

l. And in other ways to be discovered or proved at trial in this matter.

II. AS TO THE THIRD PARTY DEFENDANTS, The Board, as Follows

a. In creating, or attempting to create, overly burdensome and coercive policies and practices that unreasonably targeted the Defendant herein;

b. In failing to properly maintain accounts and accounting practices to keep an accurate record of the amounts owed by the Defendant;

c. In breaching its duty of loyalty and/or care to the Club and to the Defendant herein;

d. In failing to terminate, or allow the Defendant to terminate or resign, his memberships pursuant to state law and/or in a reasonable and/or consistent manner;

e. In failing to treat similarly situated members uniformly with regard to termination or release from obligations of membership, and in concealing and misrepresenting such actions to the detriment of the Defendant herein;

f. In failing to pursue the best interest of the entire membership of the Club and by failing to abide by the governing documents of the Club;

g. In failing to provide additional value for additional memberships for the Defendant herein;

h. In failing to market Club memberships, including the Defendant's, but instead taking actions, such as the current action, against its own membership which attempt to misrepresent and misapply the governing documents and which further cause damage and injury to the membership, such as the Defendant herein.

i. By causing the value of the Defendant's membership(s) to be greatly or significantly diminished by its actions and inactions, including but not limited to by attempting to fundamentally altering the purpose and terms of membership in CIMC;

j. As described herein in this pleading in all other paragraphs;

k. In filing litigation against selected members without regard to the best interest of the Club while releasing other members from the same, or similar claimed obligations;

l. Creating ambiguous governing documents and in creating (or attempting to create) and alleging a perpetual debt obligation with no method to terminate or conclude such obligation;

m. Creating additional obligations and costs for the Defendant without adding any additional consideration or benefit to the Defendant

n. In allowing Board members to act in an abusive and unfair manner between and amongst Club members;

o. In failing to hold Board members properly accountable to the membership of the Club;

p. And in other ways to be discovered or as proven at trial in this matter.

56. That as a direct and proximate result of the breaches of fiduciary duty described above, the Defendant herein has been injured in numerous ways including but not limited, the value and potential resale of both the Defendant's real property in Callawassie and his Club membership(s) have been significantly damaged and continue to lose value while the Club continues to claim to accumulate costs, fees and obligations against the Defendant (all of which are denied) as well as that the Defendant is required to defend the current action brought against him.

57. That the Defendant and Third Party Plaintiff, requests that the court award him damages for amounts over paid to CIMC and all other reasonable and compensatory damages. The Defendant requests an Order of this Court that the board members be removed, sanctioned and/or otherwise be ordered to allow the Defendant, to resign from the Club. The Defendant requests that the Court Order the Defendant return monies previously paid beyond that which it determines was owed by the Defendant and make reasonable measures to allow or declare that the memberships of the Defendant are terminated, that CIMC be required to repurchase the memberships of the Defendant and that an award of attorneys' fees and costs of this litigation be granted to the Defendant. The Defendant seeks an Order of the Court to amend, void or revise the governing documents of the Club to allow the Defendant to resign and terminate his membership(s) obligations in a reasonable manner consistent with South Carolina law.

[Signature on next page]

Law Office of Brian McDaniel, LLC

BY: _____

BRIAN D. MCDANIEL
Post Office Box 2085
2015 Boundary St. Suite 216
Beaufort, South Carolina 29901
PHONE (803) 379-5117
FAX (803) 379-5118

ATTORNEY FOR THE DEFENDANTS
Arthur Applegate

Beaufort, South Carolina
October 29, 2011

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)
)
THE CALLAWASSIE ISLAND)
MEMBERS CLUB, INC.)
Plaintiff,)
)
vs.)
)
ARTHUR H. APPLEGATE)
Defendant,)

IN THE COURT OF COMMON PLEAS

CASE NUMBER: 2009-CP-07-5410

ANSWER

2009 DEC 28 AM 11:34
JERRI ANN ROSENEAU
BEAUFORT COUNTY, S.C.
CLERK OF COURT

THE DEFENDANT ANSWERS the Complaint as follows:

FOR A FIRST DEFENSE

1. The Defendant enters a general denial and requires proof of all allegations.

FOR A SECOND DEFENSE

2. That Defendant has made certain payments and also may have been improperly charged. Specifically, the rules and regulations call for a suspension of membership in the Club after a short time and Defendant has been charged even after such.

WHEREFORE, Defendant prays the Court inquire and require a proper and full accounting of all matters.

George H. O'Kelley, Jr.
Attorney for Defendant
PO Box 1072
Beaufort, SC 29901
843-524-3233
golaw@hargray.com

December 28, 2009

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF BEAUFORT	)	CIVIL ACTION NO: 2009-CP-07-05410

CALLAWASSIE ISLAND MEMBERS CLUB, INC.,	)	
Plaintiff,	)	MOTION FOR NON-JURY TRIAL
vs.	)	
ARTHUR H. APPLEGATE,	)	
Defendant.	)	

TO: BRIAN D. MCDANIEL, ESQUIRE, AND JENNIFER I. CAMPBELL, ESQUIRE, ATTORNEYS FOR THE DEFENDANT:

YOU WILL PLEASE TAKE NOTICE THAT the Plaintiff, The Callawassie Island Members Club, Inc. (CIMC), by and through its undersigned counsel, will move before the Presiding Judge in the Beaufort County Court of Common Pleas, on Monday, May 13, 2013, and then and there move for an Order granting a non-jury trial of the above-referenced matter. The within motion is premised upon the following considerations:

The instant litigation involves CIMC's attempt to collect unpaid dues, fees, assessments, and other charges from Applegate, a real estate investor holding five memberships to CIMC and four lots on Callawassie Island, which Applegate purchased from Callawassie Island Company, L.P.[1] (CIC), in 2003. Therefore, this matter involves a dispute over Applegate's contractual obligations, and CIMC requested a non-jury trial in its Complaint.

[1] Callawassie Island Company, L.P., is the entity from which CIMC purchased the Club assets in 2001. The two entities are not related.

By way of an Amended Answer, Applegate asserted counterclaims and third party claims against CIMC and the individual Board Members, and sought a jury trial. However, the Third Party Claims were dismissed by Order of the Honorable J. Ernest Kinard, Jr., which has not been appealed, and is therefore the law of the case. More recently, by way of a stipulation of dismissal filed with the Beaufort County Clerk of Court on May 9, 2013, Applegate has abandoned his counterclaims against CIMC, leaving the only action one based upon a breach of contract theory of recovery.

The cardinal rule of contract interpretation is to ascertain and give legal effect to the parties' intentions as determined by the contract language. Middleton v. Eubank, 388 S.C. 8, 14, 694 S.E.2d 31, 34 (Ct. App. 2010). Where a contract's language is plain and capable of a legal construction, that language alone determines the force and effect of the contract. Jordan v. Security Group, Inc., 311 S.C. 227, 230, 428 S.E.2d 705, 707 (1993). A contract must be read as a whole document so that ambiguity is not created by a single sentence or clause. McGill v. Moore, 381 S.C. 179, 185, 672 S.E.2d 571, 574 (2009).

However, if a contract is deemed ambiguous, the fact finder must ascertain the parties' intentions from the evidence presented. Middleton, 388 S.C. at 14, 694 S.E.2d at 34. An ambiguity exists only when a contract is inconsistent on its face or is susceptible to more than one interpretation. Abu-Shawareb v. S.C. State Univ., 613 S.E.2d 757, 760, 364 S.C. 358, 363 (Ct. App. 2005). It is a question of law for the court whether the language of a contract is ambiguous. Middleton at 14, 694 S.E.2d at 34. In an action at law, tried without a jury, the trial court's findings of fact will not be disturbed unless there is no

evidence that reasonably supports the court's findings. Id.

Based upon the well-settled law recited above, the instant litigation raises issues solely for the Court's determination. Applegate entered into multiple binding, unambiguous, and enforceable contracts, and it is this Court's obligation to enforce those contracts as written.

With each subject property purchase, Applegate entered into no fewer than three agreements, relating to the property and CIMC memberships. Each of the agreements, in one form or another, spell out his ongoing obligations to CIMC:

1. The sales contracts with CIC include the following provisions (in relevant part):

> 43. PURCHASER'S ACKNOWLEDGMENT: Purchaser acknowledges that Purchaser has received a copy of the Covenants...It is expressly understood and agreed by the Purchaser that the Property shall be conveyed subject to the recorded Plat and all easements as shown thereon and subject to the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges and the covenants and restrictions relating to Callawassie Island, all as specified in the Covenants, as amended from time to time, a copy of which has been provided to Purchaser simultaneously with the execution of this Agreement, the receipt of which is hereby acknowledged [Applegate's initials are entered here]. Seller urges Purchaser to read said Covenants...
> 44. CALLAWASSIE ISLAND MEMBERS CLUB: Purchaser acknowledges that the Callawassie Island Members Club ("the Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan ("the Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included in the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

2. The Amended and Restated General Declaration for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc., of December 1, 2001 (The "Declaration"). The Declaration, also known as the Covenants, runs with, and is appurtenant to, the property. The Declaration contains the following provision:

> Section 2. Callawassie Island Members Club Membership. Every Person or entity who purchases property on Callawassie Island after December 1, 2001 shall thereupon be required to purchase an Equity Membership ("Membership" in the Callawassie Island Members Club, Inc. ("Club") and remain an Equity Member in good standing in such Club for each property purchased or transferred after the approval date of this amendment for so long as such person or entity owns the subject property.

3. The Plan for Offering of Membership, to which Applegate also agreed to be bound, contains the following language (all caps and bold print are included in original):

> 1.7 CAREFULLY REVIEW ALL DOCUMENTS
> This plan is a summary of the membership opportunities offered by the Club and is qualified by the definitive information set forth in the attached exhibits. Every person who desires to purchase a membership in the Club should carefully read the Plan and all of the attached documents and should consider seeking professional advice to evaluate these documents.
> 1.8 RELY ONLY ON INFORMATION IN THIS MEMBERSHIP PLAN
> No person has been authorized to give any information or make any representation not contained in the Plan and, if given or made, such information or representation must not be relied upon as having been authorized by the Club.
> 1.9 MEMBERSHIPS OFFERED ONLY FOR RECREATIONAL PURPOSES
> MEMBERSHIPS ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING PERSONS ACQUIRING MEMBERSHIPS TO OBTAIN RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED OR ACQUIRED AS AN INVESTMENT AND NO PERSON PURCHASING A CLUB MEMBERSHIP SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP IN THE CLUB. NO FEDERAL OR STATE AUTHORITY HAS PASSED

UPON OR ENDORSED THE MERITS OF THIS MEMBERSHIP PLAN.

The Plan further provides, in pertinent part:

> 2.2.4 PURCHASERS OF A RESIDENTIAL UNIT OR LOT IN CALLAWASSIE[2]
> Every person of entity which purchases or takes legal title to a Lot or Dwelling on Callawassie Island shall be required to purchase an Equity Membership in the Club and remain an Equity Member in good standing for so long as such person or entity owns a Lot or Dwelling on Callawassie Island...
>
> 2.4.9 PAYMENT OF DUES BY RESIGNED EQUITY MEMBERS
> An equity member who is on the waiting list to sell their Club membership will be obligated to continue to pay all Charges to the Club until his or her equity membership is reissued by the Club...A resigned member will be entitled to use the Club Facilities so long as the resigned member is obligated and continues to pay all Charges on the resigned membership.
>
> ***
>
> 3.4 MEMBERS' RIGHTS TO USE THE CLUB FACILITIES GOVERNED ONLY BY THE PLAN
> If approved for membership in the Club, the candidate agrees to be bound by the terms and conditions of the Plan and irrevocably agrees to fully substitute the membership privileges acquired pursuant to the Plan for any present or prior rights in or to use the Club Facilities...

The CIMC General Club Rules, adopted August 8, 2001, also address a member's rights and responsibilities in connection with his ongoing obligation:

> 14.2.1 Any member may terminate membership in the Club by delivering to the Membership Director written notice of termination in accordance with the Plan for Offering of Club Memberships. Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums).

---

[2] This provision is found in "Attachment B 6/21/01" to the Plan, and is identified as a "Conditional Addendum to Membership Plan." In accordance with Attachment B, Paragraph 2.2.4 became effective upon enactment of a similar provision within the Declaration. The Declaration was enacted in December 2001, and therefore section 2.2.4 was effective when Applegate purchased his properties and obtained his memberships.

***

14.2.3 Notwithstanding any termination or suspension of membership, the member shall remain liable for any unpaid club account or membership dues, fees, charges, and assessments and such member shall not be entitled to a refund of any part thereof paid by a member to the Club.

CIMC instituted this action against Applegate in 2009, and voluminous discovery has been conducted. However, throughout it all, Applegate has never contested the validity or applicability of the provisions of the sales contract or of the Declaration; he has only contested provisions of the Plan for Offering of Membership and the General Club Rules. Importantly, Applegate himself has acknowledged that the requirement of membership contained within the sales contract is clear to him. (Deposition of Arthur Applegate, pp. 33-34). Additionally, unless restrictive covenants are indefinite or contravene against public policy, courts will enforce them. Queen's Grant II Horizontal Property Regime v. Greenwood Development Corp., 368 S.C. 342, 362, 628 S.E.2d 902, 913 (Ct. App. 2006). There has been no evidence, testimony, or other indication that Applegate considers the Declaration ineffective; therefore, it too must be enforced as written, and Applegate is obligated to CIMC for the full amount owed.

Therefore, while CIMC contends that the Plan and General Club Rules are also unambiguous when read as a whole, Applegate is nevertheless bound by the sales contract and the Declaration, both of which require him to continue to remain a member in good standing of CIMC until the properties are sold and the memberships reissued. Further, Applegate cannot escape enforcement of those contractual obligations by attacking the language of the Plan and General Club Rules, as such an attack amounts to inadmissible parol evidence.

Consequently, the sole issue before this Court is to interpret the contracts Applegate entered into and give legal effect to the parties' intentions as determined by the contract language. McGill at 185, 672 S.E.2d at 574. This is a question of law for the Court. Id. Accordingly, this matter should be tried non-jury, and judgment rendered in favor of CIMC for the full amount owed by Applegate.

The undersigned certifies pursuant to Rule 11, SCRCP, that consultation with opposing counsel could not be timely had prior to the filing of the within motion.

HOWELL, GIBSON & HUGHES, P.A.

By: _____

Stephen P. Hughes
William T. Young III
Post Office Box 40
Beaufort, SC 29901
(843) 522-2400

And:

Ehrick K. Haight, Jr.
MINOR, HAIGHT & ARUNDELL, P.C.
P.O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for the Callawassie Island Members Club, Inc.

Beaufort, South Carolina

May 10, 2013

CERTIFICATE OF SERVICE

I certify that I served the foregoing Motion for Non-Jury Trial upon all counsel of record by affixing same with proper postage placing same with the United States Postal Service addressed to counsels' last known address on 10th day of May, 2013.

By: William T. Young III

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	FOR THE FOURTEENTH JUDICIAL CIRCUIT
COUNTY OF BEAUFORT)	CIVIL ACTION NO: 09-CP-07-5410
THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.)	
Plaintiff,)	**DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTIONS TO CONVERT TO NONJURY TRIAL**
vs.)	
ARTHUR APPLEGATE,)	
Defendant)	

BEAUFORT COUNTY, S.C.
2013 MAY 13 AM 8:

TO: STEPHEN P. HUGHES, WILLIAM T. YOUNG, III, AND EHRICK K. HAIGHT, JR., ATTORNEYS FOR THE PLAINTIFF

The Defendant, ARTHUR APPLEGATE, by and through his undersigned counsel, makes the following response in opposition to the Plaintiff's Motion to convert the instant action to be heard nonjury.

Defendant is entitled to a jury trial in this matter and requested the same. State law is clear on this matter. South Carolina Rule of Civil Procedure 38 sets out in relevant part "The right of trial by jury as declared by the Constitution or as given by a statute of South Carolina shall be preserved inviolate. Issues of fact in an action for the recovery of money only or of specific real or personal property must be tried by a jury, unless a jury trial be waived."... "A demand for trial by jury made as herein provided may not be withdraw without the consent of the parties..."

Generally, the relevant question in determining the right to trial by jury is whether an action is legal or equitable; there is no right to trial by jury for equitable actions. Bateman v. Rouse, 358 S.C. 667, 596 S.E.2d 386, 389 (S.C.App. 2004). An action for breach of contract seeking money damages is an action at law. South Carolina Federal Saving Bank v. Thornton-

Crosby Development Company, Inc., 310 S.C. 232, 423 S.E.2d 114 (S.C. 1992) (citing Moore v. Crowley & Associates, Inc., 254 S.C. 170, 174 S.E.2d 340 (1970)). See also R.G. Construction, Inc., v. Lowcountry Regional Transportation Authority, 343 S.C. 424, 540 S.E.2d 113 (S.C.App 2000). ("an action for the recovery of attorneys' fees is an action in law rather than equity."..."The proper form of action by which to enforce payment, generally, is by an action at law on the contract...") Lester v. Dawson, 327 S.C. 263, 491 S.E.2d 240 (S.C. 1997).

The Complaint in this action is based solely upon the Plaintiff's causes of action for breach of contract seeking monetary damages. The Defendant has a right to a jury trial, and the Defendant has demanded a jury trial, which the Plaintiff acknowledges in his Motion.

The Plaintiff supports its motion by again arguing that the contracts are not ambiguous and that the matter is essentially ripe for summary judgment. This has been raised on two previous summary judgment motions by the Plaintiff in this action and in both cases the Court has denied their motions finding that there are factual disputes.

In addition, the Plaintiff has waited until the day of trial and such conversion would be improper due to the unreasonable delay of the Plaintiff in asserting the current motion.

For these reasons and as further argued and presented at the hearing of this motion, the Plaintiff's motion must be denied.

Law Office of Brian McDaniel, LLC

BY: _____

BRIAN D. MCDANIEL
Post Office Box 2085
2015 Boundary St., Suite 216
Beaufort, South Carolina 29901
bmcdaniel@attorneymcdaniel.com
PHONE (803) 379-5117
FAX (803) 379-5118

BY: _____

JENNIFER I. CAMPBELL, ESQ
2008 Spectable Street
Beaufort, South Carolina 29902
bftjicampbell@ymail.com

ATTORNEYS FOR THE DEFENDANT ARTHUR APPLEGATE

Beaufort, South Carolina
May 10, 2013

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

IN THE COURT OF COMMON PLEAS

The Callawassie Island, Members Club Inc.
☒ Plaintiff

v.

Arthur Applegate
☒ Defendant.

CASE NO.
09-CP-07-5410

MOTION AND ORDER INFORMATION FORM AND COVER SHEET

2013 JUN -7 PM 1:20
BEAUFORT COUNTY, SC
CLERK OF COURT

Plaintiff's Attorney:	Defendant's Attorney:
William Young, Bar No.	Brian Mcdaniel, Bar No. 68618
Address:	Address:
PO Drawer 40	PO Box 2085
Beaufort, SC 29901	Beaufort, South Carolina 29901
phone: (843) 522-2400 fax:	phone: 803-379-5117 fax: 803-379-5118
e-mail: other:	e-mail: bmcdaniel@attorneymcdaniel.com other:

☒ MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III)
☐ FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III)
☐ PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)

SECTION I: Hearing Information

Nature of Motion: Motion to Alter or Amend
Estimated Time Needed: n/a Court Reporter Needed: ☒ YES / ☐ NO

SECTION II: Motion/Order Type

☒ Written motion attached
☐ Form Motion/Order
I hereby move for relief or action by the court as set forth in the attached proposed order.

Signature of Attorney for ☐ Plaintiff / ☒ Defendant — June 6, 2013 Date submitted

SECTION III: Motion Fee

☒ PAID – AMOUNT: 25.00
☐ EXEMPT: (check reason)
☐ Rule to Show Cause in Child or Spousal Support
☐ Domestic Abuse or Abuse and Neglect
☐ Indigent Status ☐ State Agency v. Indigent Party
☐ Sexually Violent Predator Act ☐ Post-Conviction Relief
☐ Motion for Stay in Bankruptcy
☐ Motion for Publication ☐ Motion for Execution (Rule 69, SCRCP)
☐ Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions
Name of Court Reporter:
☐ Other:

JUDGE'S SECTION	
☐ Motion Fee to be paid upon filing of the attached order.	_____ JUDGE
☐ Other:	CODE: _____ Date: _____

CLERK'S VERIFICATION

Date Filed:

Collected by: _____

☐ MOTION FEE COLLECTED: _____
☐ CONTESTED – AMOUNT DUE: _____

SCCA/233 (11-03)

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	FOR THE FOURTEENTH JUDICIAL CIRCUIT
COUNTY OF BEAUFORT	)	CIVIL ACTION NO: 09 -CP-07-5410
THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.	)	
Plaintiff,	)	MOTION TO ALTER OR AMEND ORDER DATED MAY 14, 2013
vs.	)	
ARTHUR APPLEGATE,	)	
Defendant	)	

2013 JUN -7 PM 1:25
CLERK OF COURT
BEAUFORT COUNTY, SC

TO: EHRICK K. HAIGHT JR., ESQUIRE, WILLIAM T. YOUNG, III, ESQUIRE, STEPHEN P. HUGHES, ATTORNEYS FOR THE PLAINTIFF THE CALLAWASSIE ISLAND MEMBERS CLUB, INC:

PLEASE TAKE NOTICE that the Defendant, ARTHUR APPLEGATE, by and through his undersigned counsel, will appear before the Honorable Edward W. Miller, on the tenth (10th) day after service hereof, or at such time and place as is convenient to the Court and counsel, for reconsideration of the Court's Order of May 14, 2013, (filing date of May 15, 2013) referring the case to the Master in Equity, which is believed to have been based upon granting of the motion of the Plaintiff to have the matter tried non-jury. The Defendant's counsel received notice of the Order, which is the subject of this motion, on May 30, 2013.

This motion is made pursuant to South Carolina Rules of Civil Procedure 52 and 59 and other South Carolina law and is based upon the following:

Based upon the Defendant's request for a jury trial in this case, it was set for a jury trial the week of May 13, 2013 in Beaufort County. On May 13, 2013 the Honorable Edward W. Miller held a pretrial conference for the case in his chambers in which he heard arguments on the Plaintiff's motion to have the matter tried non-jury, which they

served May 10, 2013. Judge Miller was also provided Defendant's memorandum in opposition to the Plaintiff's motion. Over the objection of the Defendant, Judge Miller granted Plaintiff's motion and ordered that the case be referred to the Honorable Marvin Dukes, Master in Equity for Beaufort County (order attached as Exhibit). The Order is a Form 4 Order which states "This case is referred to the Master in Equity." but does not specifically indicate whether this is granting a motion of the Plaintiff or upon what basis the Order is made.

As set forth in the previously filed memorandum, state law is clear that the Defendant is entitled to a jury trial in this matter and requested the same in its responsive pleadings. South Carolina Rule of Civil Procedure 38 sets out in relevant part "The right of trial by jury as declared by the Constitution or as given by a statute of South Carolina shall be preserved inviolate. Issues of fact in an action for the recovery of money only or of specific real or personal property must be tried by a jury, unless a jury trial be waived."... "A demand for trial by jury made as herein provided may not be withdraw without the consent of the parties..."

Generally, the relevant question in determining the right to trial by jury is whether an action is legal or equitable; there is no right to trial by jury for equitable actions. Bateman v. Rouse, 358 S.C. 667, 596 S.E.2d 386, 389 (S.C.App. 2004). An action for breach of contract seeking money damages is an action at law. South Carolina Federal Saving Bank v. Thornton-Crosby Development Company, Inc., 310 S.C. 232, 423 S.E.2d 114 (S.C. 1992) (citing Moore v. Crowley & Associates, Inc., 254 S.C. 170, 174 S.E.2d 340 (1970)). See also R.G. Construction, Inc., v. Lowcountry Regional Transportation Authority, 343 S.C. 424, 540 S.E.2d 113 (S.C.App 2000). ("an action for the recovery of attorneys' fees is an action in law rather than equity."..."The proper form of action by

which to enforce payment, generally, is by an action at law on the contract...") Lester v. Dawson, 327 S.C. 263, 491 S.E.2d 240 (S.C. 1997).

The Complaint in this action is based solely upon the Plaintiff's causes of action for breach of contract seeking monetary damages. The Defendant has a right to a jury trial, and the Defendant has demanded a jury trial, which the Plaintiff acknowledges in his Motion.

Therefore, the Defendant first seeks that the Court alter the May 14, 2013 Order to deny the Plaintiff's motion for the case to be heard non-jury and instead to order that the case be returned to the jury trial roster. In the alternative, if the Court does not alter or amend the Order to restore the case to the jury roster, the Defendant requests that the Order be altered or amended to reflect that the Court granted the Plaintiff's motion seeking to have the case tried non-jury over the objection of the Defendant, and that the matter was referred to the Master in Equity in granting the Plaintiff's motion.

The Defendant reserves the right to present Memoranda in support of this Motion and arguments at a hearing, if any, on this motion.

LAW OFFICE OF BRIAN McDANIEL, LLC

BY: /s/ Brian McDaniel

BRIAN D. MCDANIEL
2015 Boundary Street, Suite 216
Post Office Box 2085
Beaufort, South Carolina 29901
PHONE: (803) 379-5117
FAX: (803) 379-5118

ATTORNEY FOR THE DEFENDANT
ARTHUR APPLEGATE

Beaufort, South Carolina
June 6, 2013

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2009CP0705410

2013 MAY 15 AM 10: 54

PLAINTIFF(S)	DEFENDANT(S)
Callawassie Island Members Club Inc	Arthur H Applegate Robert Deluca Paul August James Staulcup Harman Switzer Richard Courreges Philip Kilian William F Julavits John H Krumpe

Submitted by: _____

Attorney for: ☐ Plaintiff ☐ Defendant
☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☒ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ ACTION DISMISSED (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____

☐ ACTION STRICKEN (*CHECK REASON*): ☐ Rule 40(j) SCRCP; ☐ Bankruptcy; ☐ Other: _____
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;

☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court

This case is referred to the Master in Equity.

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

Additional Information for the Clerk:

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

EXHIBIT

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
N/A		

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Edward W. Miller — 2130 — 5/14/13

Circuit Court Judge-Edward W. Miller | Judge Code | Date

For Clerk of Court Office Use Only

This judgment was entered on 29 May, 2013, and a copy mailed first class or placed in the appropriate attorney's box on 29 May, 2013, to attorneys of record or to parties (when appearing pro se) as follows:

Thrick K. Haight Jr. PO Drawer 6067 Hilton Head Island, SC 29938
William Thomas Young III PO Box 40 Beaufort, SC 299010040

ATTORNEY(S) FOR THE PLAINTIFF(S)

Brian D. McDaniel PO Box 2085 Beaufort, SC 29901
Ernest Mitchell Griffith PO Drawer 570 Beaufort, SC 29901
Otto Edworth Lilpfert III PO Drawer 570 Beaufort, SC 29901
Jennifer Inez Campbell 2008 Spectable Street Beaufort, SC 29902

ATTORNEY(S) FOR THE DEFENDANT(S)

Jamie Thompson

Jerri Ann Roseneau - Clerk of Court

Court Reporter-N/A

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF BEAUFORT	)	CIVIL ACTION NO: 2009-CP-07-05410

CALLAWASSIE ISLAND MEMBERS CLUB, INC.,	)	
Plaintiff,	)	THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.'S MOTION FOR SUMMARY JUDGMENT
vs.	)	
ARTHUR H. APPLEGATE,	)	
Defendant.	)	

2013 APR 26 PM 1:47
BEAUFORT COUNTY, S.C.

TO: BRIAN D. MCDANIEL, ESQUIRE, AND JENNIFER I. CAMPBELL, ESQUIRE, ATTORNEYS FOR THE DEFEDNANT/COUNTERCLAIM PLAINTIFF:

YOU WILL PLEASE TAKE NOTICE THAT the Plaintiff/Counterclaim Defendant, Callawassie Island Members Club, Inc. (CIMC), will move on the tenth day after service hereof, or as soon thereafter as counsel may be heard, for an Order of this Court granting Summary Judgment upon all claims raised by the Defendant/Counterclaim Plaintiff, Arthur Applegate.

This motion is made pursuant to Rule 56 of the Rules of Civil Procedure, and upon the following grounds (in addition to the grounds asserted in the prior motion for summary judgment filed with this Court):

a. That Applegate has failed to follow conditions precedent to seeking recovery upon a theory of breach of fiduciary duty, and is otherwise not entitled to assert a claim for breach of fiduciary duty;

b. That Applegate is not entitled to equitable relief; and

c. That Applegate is barred by the doctrine of collateral estoppel from challenging the efficacy, legitimacy, or enforcement of the governing documents of Callawassie Island (including the Articles of Incorporation, Plan for Offering of Membership, Bylaws, General Club Rules, General Declarations of Callawassie Island, and any other documents governing Callawassie Island, CIMC, or Callawassie Island Property Owners Association, and all amendments thereto).

This motion shall be based upon the statutory and common laws of the State of South Carolina, the Rules of Civil Procedure, the pleadings, affidavits and discovery documents exchanged herein.

HOWELL, GIBSON & HUGHES, P.A.

By: _____
Stephen P. Hughes
William T. Young III
Post Office Box 40
Beaufort, SC 29901
(843) 522-2400

And:

Ehrick K. Haight, Jr.
MINOR, HAIGHT & ARUNDELL, P.C.
P.O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for the Callawassie Island Members Club, Inc.

Beaufort, South Carolina
April 26, 2013

STATE OF SOUTH CAROLINA COUNTY OF BEAUFORT THE CALLAWASSIE ISLAND MEMBERS CLUB, INC., Plaintiff, v. ARTHUR H. APPLEGATE, Defendant.	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT CIVIL ACTION NO. 2009-CP-07-5410 PLAINTIFF'S MEMORANDUM IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT AND IN OPPOSITION TO DEFENDANT'S MOTIONS FOR SAME

The Plaintiff, The Callawassie Island Members Club, Inc. (hereinafter, "CIMC"), by and through its undersigned attorneys, hereby submits this Memorandum in Support of Motion for Summary Judgment and in Opposition to Defendant's Motions for Same.

I. BACKGROUND

Life on a private island, surrounded by nature, with access to incredible golf, tennis and country club amenities may sound idyllic, especially if it were free. But the management and maintenance of such amenities is a major undertaking with considerable associated expense. That is why the developer of Callawassie Island, The Callawassie Island Company, L.P. (hereinafter, "CIC") chose to transfer a large portion of the amenities to CIMC, a domestic 501(c)(7) mutual benefit non-profit corporation. To ensure that everyone owning property on Callawassie Island shared in the costs of preserving and operating these amenities, The Callawassie Island Property Owners Association, Inc. (hereinafter, "CIPOA"), duly adopted the Amended and Restated General Declaration For Callawassie Island and Provisions for the Callawassie Island Property Owners Associations, Inc. of December 1, 2001 (the "Declaration"),[1] which established, as a condition

[1] The Declaration is filed of record with the Register of Deeds for Beaufort County, in Book 1505 at Page 850, and is incorporated herein by reference.

precedent to acquiring real property on the Island, that a buyer purchase a membership in CIMC.[2] They further saw fit to require owners to remain members in good standing with CIMC until their property sold and their membership reissued.

II. STATEMENT OF FACTS

In 2003, the developer, CIC, conducted an auction of much of its remaining inventory on Callawassie Island. At that auction, Defendant, a Charleston based real estate developer, who owns and operates a multi-state investment firm (See Exhibit "A" - Dep. Applegate, Pgs. 6-8), contracted with CIC for the acquisition of eight lots (collectively, the "Contracts")[3]. As part of those Contracts, Defendant agreed to buy memberships in CIMC for each parcel and to remain a member in good standing for so long as he owned the properties. Paragraph 44 of the Contracts states as follows:

> 44. CALLAWASSIE ISLAND MEMBERS CLUB:
>
> Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included int the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property. (See Exhibit "B").

Defendant purchased the lots along with eight golf memberships as required by the Contracts and the Declaration. He flipped three of his lots, together with their associated

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2 The requirement of a mandatory fee payable upon transfer of a property in this instance is allowable under S.C. Code Section 27-1-70 (4)(d) which permits "a provision of a document requiring payment of a fee or charge to an organization described in...Section 501(c)(7) of the Internal Revenue Code, to be used exclusively to support...recreational...social, or other similar activities benefitting the real property affected by the provision or the community of which the property is a part."

3 A true and correct copy of one of the Contracts is attached hereto as Exhibit "B". All Contracts referenced herein contained the same provisions and differed only in the described property to be conveyed.

memberships. A fourth lot was conveyed without a membership. Defendant retains ownership of four lots on Callawassie Island and holds five golf memberships.[4]

Both the Contracts and the Declaration evidence Defendant's agreement to be bound by the Callawassie Island Members Club, Inc. Plan for the Offering of Memberships (the "Plan") and the Plan documents such as the By-Laws and the General Club Rules (hereinafter, when referred to collectively, the "Plan Documents"),[5] copies of which are attached hereto as Exhibit "C". These Plan Documents clearly and unambiguously require Defendant to pay dues, fees, assessments and other charges, including the costs of collection and reasonable attorneys' fees, until such time as his membership is reissued and his property is sold or otherwise transferred.

Defendant's Contracts provided that the first two years' dues to CIMC were to be paid by the developer, CIC. After the two year period expired, however, that obligation became Defendant's alone. He has not paid a single dime to CIMC in dues, fees, assessments or other charges associated with his existing memberships since CIC's obligations ceased, although demand has been made in the form of regular invoices.[6] Despite initially arguing that the amounts owed were incorrect, Defendant has produced no evidence that the statement of account, as represented by CIMC, is inaccurate.

4

The Defendant, by deed recorded in Book 1887 at Page 236, Beaufort County records, is the record owner of Lot 2, Phase 9C; Lot 7, Phase 9C; Lot 8, Phase 9C; and Lot 25, Phase 9B. Defendant sold Lot 6, Phase 6B without its associated membership.

5

The Plan Documents have been duly amended from time to time pursuant to the provisions of the Plan and the By-Laws. A copy of the current Plan (2012), the By-Laws (2009), and the General Club Rules (2009) are attached to this Memorandum as Exhibit "C", and their terms are incorporated herein verbatim. To the extent earlier versions may apply, the provisions cited herein are substantially similar and do not alter the analysis provided herein unless otherwise noted.

6

See Affidavit of Jeff Spencer attached to CIMC's Motion for Summary Judgment for the total amount now due CIMC.

CIMC commenced this action in 2009, and Defendant counterclaimed against CIMC and asserted third party claims against the individual directors.[7] Defendant recently dismissed his counterclaims, leaving only those allegations set forth in CIMC's Complaint at issue in this case.

III. LEGAL STANDARD

Summary judgment is appropriate when there is no genuine issue of material fact such that the moving party is entitled to prevail as a matter of law. Rule 56(c), SCRCP. "The purpose of summary judgment is to expedite disposition of cases which do not require the services of a fact finder. George v. Fabri, 345 S.C. 440, 452, 548 S.E.2d 868, 874 (2001).

In determining whether any triable issue of fact exists, the evidence and all inferences which can reasonably be drawn therefrom must be viewed in the light most favorable to the non-moving party. Wiedemann v. Town of Hilton Head Island, 330 S.C. 532, 500 S.E.2d 783, 785-86 (1998). Under Rule 56, SCRCP, when a party moves for a summary judgment and supports it by affidavits, the adverse party may not rest on the allegations of his pleadings but must respond by affidavit or other evidence demonstrating a genuine issue of material fact. Klippel v. Mid-Carolina Oil, Inc., 303 S.C. 127, 399 S.E.2d 163 (Ct. App. 1990).

"Where a motion for summary judgment presents a question as to the construction of a written contract, the question is one of law if the language employed by the agreement is plain and unambiguous." MGC Management of Charleston, Inc. v. Kinghorn Ins. Co., 336 S.C. 542, 546, 520 S.E.2d 820, 822 (Ct. App. 1999).

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[7] By Order of the Honorable J. Ernest Kinard, Jr., filed March 9, 2012, the Third Party Defendants were dismissed. That ruling was not appealed, and is the law of the case.

IV. ARGUMENT IN SUPPORT OF CIMC'S SUMMARY JUDGMENT MOTION

A. The Declaration, the Plan Documents, and all other governing community documents relevant to this matter, consistently manifest that the Defendant is obligated for the payment of dues, fees, assessments and other charges and that those obligations continue until Defendant's property is sold and his memberships reissued.

The documents governing Defendant's memberships in CIMC are unambiguous and clearly obligate Defendant to pay dues, fees, assessments, and other charges associated with the memberships for so long as he holds them. The Contracts, Declaration and Plan Documents, work in tandem to establish the financial means whereby Callawassie Island's many recreational amenities are supported and maintained. When read as a whole and given their plain meaning, the Court must conclude such charges are justly owed and grant CIMC summary judgment for the full amount of debt alleged due.

First, the Court should look to the Declaration, which was properly amended and recorded prior to the time Defendant acquired property on Callawassie Island and which created covenants and restrictions running with the land. See, e.g., Harbison Community Ass'n, Inc. v. Mueller, 319 S.C.99, 102, 459 S.E.2d 860, 862 (1996) (Covenants requiring property owners to pay fees for improvements, maintenance or other services...run with the land). It is well established that restrictive covenants may be created by recording a declaration of restrictive covenants, Flinkingshelt v. Johnson, 258 S.C. 77, 187 S.E.2d 233 (1972), and that an owner is charged with constructive notice of any restriction properly recorded within the chain of title. Harbison, 103, 863. See also Carolina Land Co. v. Bland, 265 S.C. 98, 217 S.E.2d 16 (1975). Such covenants are by nature contractual and bind parties to the covenants in the same way as other contracts. First Federal Savings and Loan Ass'n of Charleston v. Bailey, 316 S.C. 350, 450 S.E.2d 77 (S.C. App. 1994).

Part Five, Article VII, Section 2 of the Declaration states as follows:

> Section 2. Callawassie Island Members Club Membership. (First Paragraph) Every Person or entity who purchases property on Callawassie Island after December 1, 2001, shall thereupon be required to purchase an Equity Membership ("Membership") in the Callawassie Island Members Club, Inc. ("Club") and remain an Equity Member in good standing in such Club for each property purchased or transferred after the approval date of this amendment for so long as such person or entity owns the subject property. Such Member shall thereafter be vested with all of the rights, privileges and obligations of Membership in the Club as set forth in the Plan for the Offering of Membership and Bylaws of the Club and Amendments thereto. The applicable Membership Contribution Fee shall be paid as of the date of such conveyance. The payment of such Membership Contribution Fee shall be a condition precedent to the delivery of a deed or any other form of conveyance.
>
> (Fourth Paragraph) The provisions of this Section shall run with the title of and be appurtenant to all Lots and Dwellings transferred or otherwise conveyed after December 1, 2001 and shall be binding upon and inure to the benefit of all Owners of such Lots and Dwellings and their respective heirs, executors, legal representatives, successors and assigns. Each Owner, by acceptance of a deed or other conveyance pursuant to purchase of a Lot or Dwelling after the approval date of this amendment consents and agrees to the obligations of an Equity Member of the Club.
>
> (Fifth Paragraph) All other sections of this Declaration not herein specifically amended shall be automatically amended to conform with the spirit and intent of this Amendment to this Declaration.

Although CIMC is a separate entity from CIPOA and the amenities it manages are not CIPOA common property, the Declaration was intended to provide for the maintenance and support of amenities that - like those in Harbison - benefitted the property of all Callawassie Island owners.[8]

The Declaration clearly requires that Defendant purchase a membership and remain in good standing and such provisions are contractual in nature, Defendant, by taking title to his lots, became contractually obligated for the debt CIMC claims due. Further, these contractual provisions obligate him to adhere to the Plan (See Exhibit "C"), the material provisions of which state as follows:

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[8] Pursuant to Rule 3.3, SCRPC, counsel advises the court pending litigation in the matter of Davenport v. Dataw Island Owner's Association, Inc., Civil Action No. 2010-CP-07-5944 is currently pending in this jurisdiction. An Order Regarding Defendants' Motions to Dismiss and All Parties' Motions for Partial Summary Judgment was entered by the Hon. Carmen T. Mullen and filed on April 3, 2012, upholding similar covenants, restrictions and mandatory membership provisions. A Motion to Alter And/Or Amend the Judgment is pending.

Section 1.4

The owner of a residential unit or lot on Callawassie Island must obtain an Equity Membership and pay required membership contribution and all applicable dues, fees and other Charges (as defined herein) associated with his/her membership until the closing of the sale or other transfer of his/her residential unit or lot to another owner as further described herein.

Section 2.2.3 (second and third sentence)

Such owner shall be required to maintain an Equity Membership at the Club in good standing for each residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Any such owner of a residential unit or lot on Callawassie Island shall not be exempt from the obligation to obtain an Equity Membership by non-use of the facilities.[9]

Section 5.3

In accordance with the Declaration, an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after December 1, 2001 is not permitted to resign the Equity Membership and is required to maintain an Equity membership in good standing for each such residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Therefore, such owner of a residential unit or lot on Callawassie Island must maintain an equity Membership in good standing and pay the required dues, fees and other Charges to the Club for such equity Membership until such member ceases to be an owner of the residential unit or lot on Callawassie Island.[10]

These Plan provisions are repeated and elaborated upon in the General Club Rules (See Exhibit "C"), which unequivocally establish that even members who have had their memberships suspended or terminated owing to delinquencies have a continuing liability for dues and assessments. Section 14.2.1 of the General Club Rules states, in part, that " *[n]otwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums) until the membership is sold.*" Also, Section

---

9

Sections 1.4 and 2.2.3 of the 2001 Version of the Plan for Offering Memberships, differ from those cited here due to subsequent renumbering. Section 2.4.9 of that Version, however, states: "An equity member who is on the waiting list to sell their Club membership will be obligated to continue to pay all Charges to the Club until his or her equity membership is reissued by the Club. A resigned member will be entitled to use the Club Facilities so long as the resigned member is obligated and continues to pay all Charges on the resigned membership." (See Exhibit "D").

10

Section 5.3 of the 2001 Version of the Plan for Offering Memberships, differs from that cited here due to subsequent renumbering.

14.1.3 states, in part, that "[*d*]*ues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement to full privileges.*"

"The cardinal rule of contract interpretation is to ascertain and give legal effect to the parties' intentions as determined by the contract language." McGill v. Moore, 381 S.C. 179, 185, 672 S.E.2d 571, 574 (2009), (quoting Schulmeyer v. State Farm Fire & Cas. Co., 353 S.C. 491, 495, 579 S.E.2d 132, 134 (2003)). "Where the contract's language is clear and unambiguous, the language alone determines the contract's force and effect." Id. "A contract is read as a whole document so that one may not create an ambiguity by pointing out a single sentence or clause." Id. In this case, it is the courts' duty to enforce, not make, contracts. Midway Properties, Inc. v. Pfister, 292 S.C. 104, 354 S.E. 2d 926 (Ct. App. 1987).

Defendant refuses to make any payments whatsoever on his five existing memberships, though CIMC has dutifully performed its obligations by maintaining the amenities for the use and the benefit of its members and their properties. Defendant has failed to present any evidence contradicting the amount of the debt owed as justification for his non-payment. As a result of his bad faith, Defendant's equitable defenses are without merit. The doctrine of unclean hands precludes Defendant from pursuing an equitable defense if he acted unfairly in a matter that is the subject of the litigation to the prejudice of the other party. See: Straight v. Goss, 383 S.C. 180, 206, 678 S.E.2d 443, 457 (2009).

There is simply no triable issue of fact in this matter. The Contracts between Defendant and CIC are crystal clear in their requirement that Defendant purchase a membership with each property and remain a member in good standing. Defendant does not contest the Contracts, their provisions, or their efficacy. He is bound by their plain and unambiguous language. These uncontested contractual provisions, by which Defendant is bound, are mirrored in the Declaration, which Defendant likewise does not contest. Further, the provisions are consistently and

pervasively reiterated and reinforced throughout the Plan Documents, to which Defendant is contractually obligated. Each and every one of these documents evidence Defendant's liability for the debt. Even giving Defendant every benefit of the doubt, it can only be concluded that he knowingly and willingly contracted for the payment of the debt, both by written agreement and by restrictive covenants running with the land. Defendant legitimately owes the sums claimed due by CIMC and therefore, the Plaintiff's Motion for Summary Judgment should be granted.

V. LEGAL ARGUMENT IN REPLY TO DEFENDANT'S MOTIONS FOR SUMMARY JUDGMENT

Defendant posits four reasons why he believes he should not be held accountable for years of unpaid dues, fees, and assessments, or the ongoing obligations for those costs related to his five memberships in CIMC.[11] To summarize, Defendant asserts:

a. He should have been expelled in 2007, without further obligation;

b. CIMC does not allow members to resign, and therefore the agreement between CIMC and Applegate is unenforceable;

c. CIMC has treated members differently with regard to concessions of memberships; and

d. CIMC has treated members differently with regard to expulsion of members.

A. Whether or not Defendant should have been expelled is irrelevant in determining his liability for the debt as the Plan Documents dictate that termination of membership does not relieve Defendant from his continuing obligations until such time as his membership is reissued.

Taking the foregoing arguments in order, CIMC first addresses Defendant's assertion that he should have been expelled or allowed to resign in 2007. In a leap of logic, wholly unsupported by the Plan Documents, he contends expulsion would have exonerated him from all liability for his delinquent account and any further responsibilities of membership. Defendant cites Section 14.1.5 of General Club Rules (hereinafter, "Rules") as the basis for this conclusion.

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[11] Defendant filed four separate Motions for Summary Judgment supported by four Memoranda, one for each argument. CIMC addresses each of these arguments herein.

Section 14.1.5 (entitled "Expulsion") states;

> Any Member of the Club who has been expelled shall not again be eligible for membership nor admitted to Club Facilities under any circumstances. An expelled member shall be so notified by registered mail and shall have the obligation to surrender his or her membership certificate for reissuance by the Club to a new member.[12]

Even read in isolation, this section does not support Defendant's position. On the contrary, it indicates that the surrendered membership would be made available for reissuance. A point that is made abundantly clear in the next section of Rules which Defendant conveniently ignores. Reprimands, suspensions, expulsions and termination of membership are addressed in Section 14.2, where the Rules leave no doubt that notwithstanding such events, "the member shall remain liable for any unpaid club account or membership dues, fees, charges and assessments."[13] These sections, when read in conjunction with the numerous other provisions referenced herein, clearly and unambiguously require that Defendant remain liable for all obligations of membership until his property is sold and his membership reissued.

Because Defendant still owns four lots, he is obligated under the Contract, Declaration and Plan Documents to maintain his memberships associated therewith, even if expelled; therefore Defendant's argument is without merit. While Defendant did place his unaffiliated membership on CIMC's resale list on or about November 20, 2008, it has not been reissued and remains on the list. Accordingly, Defendant's Motion for Summary Judgment Based on Plaintiff's Failure to Follow Expulsion Rules must be denied.

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[12] For clarity, it should be noted that CIC, prior to the transfer to CIMC, may have issued certain memberships unassociated with real property, similarly, memberships may have become unassociated with property via sales transactions either prior to the filing of the Declaration or to persons already holding memberships, and in those cases, a membership placed on the resale list and subsequently reissued would terminate future liability for dues, fees and assessments. When a membership is associated with real property, the property must be sold before the membership may be re-issued and the obligations terminated.

[13] General Club Rules, Sections 14.2.1 and 14.2.3. (See Exhibit "C").

B. Defendant's argument regarding resignation fails to raise any issue of material fact because Defendant never formally tendered any resignation, despite the fact resignation, albeit with restrictions, is permissible, and even if Defendant had resigned, S.C. Code Ann. §33-31-620 does not relieve him from his obligations.

Defendant contends that because §33-31-620 requires that a member be allowed to resign at any time, he should be allowed to walk away from his obligations. Initially, it should be noted that Defendant has never notified CIMC of his resignation, other than to place two memberships on CIMC's resale list. Defendant's assertion that he should be entitled to resign from CIMC, and no longer be liable for unpaid dues, fees, or assessments conveniently ignores the statute's very plain language, which states:

> The resignation of a member does not relieve the member from any obligations the member may have to the corporation as a result of obligations incurred or commitments made before resignation. S.C. Code Ann. §33-31-620(b).

To emphasize the legislative intent, the Official Comment to this section goes on to state:

> Under section 6.20(b) a person may be liable for obligations incurred or commitments made prior to the resignation. These commitments may extend beyond the time the member resigns. Resignation from membership will not allow a person to avoid liability for goods or service already provided or for ongoing obligations to which the member agreed prior to resignation.

Defendant neither acknowledges this subsection or the Official Comment, nor attempts to explain how they do not apply to the facts of the within case in his memorandum to this Court. At base, Defendant's grounds for summary judgment are predicated on an erroneous presumption: that a member who resigns or is expelled is no longer obligated to pay dues, fees, and assessments. This contention is wholly unsupported by S.C. Code Ann. §33-31-620.

Defendant likewise fails to acknowledge the applicability of S.C. Code Ann. §33-31-621(e) which includes a substantially similar provision. It reads: "A member who has been expelled or suspended may be liable to the corporation for dues, assessments, or fees as a result of obligations incurred or commitments made before expulsion or suspension." The statute does not

limit liability to those charges actually incurred prior to expulsion. Rather, it looks to the contractual commitments between the corporation and its members. Defendant's misconstructions and omissions are even more obvious upon reading the Official Comment:

> A person who has been expelled or suspended is liable for dues, assessments and fees based on commitments made or obligations incurred prior to the expulsion or suspension. If the person has contracted or agreed to make payments to the corporation regardless of his or her status as a member, that obligation continues even though the person is suspended or is no longer a member.

It is clear the legislature intended for a member to remain liable for any ongoing obligations undertaken, irrespective of a later resignation, suspension, termination, or expulsion. A member who resigns or is terminated, expelled, or suspended still has to honor contracts that may require the ongoing payment of dues, fees, etc.

Therefore, whether Defendant should have been expelled or allowed to resign is irrelevant, as he remains liable for payment to CIMC until his memberships are reissued. As previously argued, the Contracts, Declaration and Plan Documents are replete with the requirement that Defendant continue to maintain his memberships in good standing with CIMC until each membership is reissued. There can be no debate that under the plain language of S.C. Code Ann. §§33-31-620 and -621, he is bound to satisfy these obligations until his memberships are reissued.

Additionally, any notion that the contractual obligations contained in the Plan Documents are illegal because they do not allow a member to resign is without merit. The testimony of Harman Switzer, as representative of CIMC, reveals that a member is allowed to tender his resignation, either by selling his or her property or, when permitted, by placing the membership on the resale list, but in either event the resignation is not effective until the membership is reissued. This process not only complies with §33-31-620, but allows for no confusion among the membership as to their ongoing obligation, in accordance with their contract with CIMC. It should be noted that

the United States Supreme Court, in Nat'l Labor Relations Board v. Granite State Joint Board, 409 U.S. 213, 216, 93 S.Ct. 385, 387 (1972), acknowledges that provisions defining or limiting the circumstances under which a member may resign may exist. Citing Communications Workers of America, C.I.O. v. NLRB, 215 F.2d 835, 838 (CA 2), the Supreme Court goes on to state that any resignation is "'subject of course to any financial obligations due and owing the group...'" Id.

Any conclusion to the contrary would essentially eviscerate the obvious intent of the Plan Documents, deny the legislative intent expressed in §33-31-620 and §33-31-621, and undermine the enforcability of restrictive covenants. It would further call into question the provisions of S.C. Code §27-1-70 (4)(d)[14] which expressly acknowledge an eleemosynary corporation's ability to contractually provide for such fees.

Even if the means specified for resignation in the Plan Documents are deemed insufficient to meet the requirements of §33-31-620(a), the Declaration, which as a covenant running with the land, also requires Defendant to maintain memberships in good standing until the memberships are reissued. Since the Defendant has not challenged the Declaration in this proceeding, it must be enforced. For the various reasons argued above, Defendant's Motion for Summary Judgment based on CIMC's alleged violation of §33-31-620(a) should be denied and CIMC's motion affirmed.

C. CIMC was wholly within its discretion, under the Plan Documents and the "Business Judgment Rule" to allow members to concede their memberships and to expel members for non-payment and nothing in §33-31-610 abrogates this authority.[15]

Lastly, Defendant's argument that a violation by CIMC of S.C. Code Ann. §33-31-610 allows him to be relieved of his contractual obligations is simply without merit. Conspicuously absent from

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[14] See Footnote 2 Supra.

[15] Defendant argues in two distinct motions, that CIMC's allowance of concessions and application of its expulsion rules have been applied disparately in violation of §33-31-610. Because CIMC's defense to both arguments is essentially the same, they are treated together for purposes of this Memorandum.

§33-31-610 is the notion that differing treatment of members entitles other members simply to stop complying with their contractual obligations. The jump Defendant has made—that §33-31-610 allows him to be relieved of his obligations because CIMC treated other members differently—is unsupported by the plain language of the statute, which cannot reasonably be interpreted as allowing members to escape payment.

Moreover, each of the concessions or expulsions mentioned by Defendant (which are distinguishable from the facts in this case) relate to the resolution of debt in contested cases. In his deposition dated March 28, 2013, George Harman Switzer, 3rd, CIMC's President, described the circumstances surrounding the concessions and expulsions referenced by Defendant. In 2001, certain members on the resale list, almost all of whom had memberships without associated property, were allowed to settle their debts and concede their memberships. (See Exhibit "E" - Dep. Switzer, Pgs.50-51). He describes another such negotiated settlement in 2009, again with memberships unassociated with real property, upon the payment of one year's dues and concession of their membership. (See Exhibit "E" - Dep. Switzer, Pgs. 52-53). In conceding their memberships, those members forfeited their equitable refund valued at eighty (80%) of their original purchase price, which in the case of a golf membership amounted to Thirty-six Thousand ($36,000.00) Dollars.

S.C. Code Ann. §33-31-302 grants wide-ranging authority to associations, such as CIMC, for the handling of their business affairs. The Official Comment declares that "section 3.02 provides a broad grant of powers and sets forth a nonexclusive list of specific powers. As a result of section 3.02, it is not necessary for a corporation to provide in its articles and bylaws that it has any particular powers. If nothing is said, a corporation automatically has the powers set forth in section 3.02." This expansive authority is reaffirmed with the CIMC Bylaws. The Bylaws authorize the Board of Directors to "exercise all powers of the Club and do all acts and things necessary to carry out the purpose of the Club." (Callawassie Island Members Club Bylaws, Article VI (1)).

Finally, this wide-ranging discretion is not for the review of a court as Defendant's allegations against the directors of CIMC were summarily dismissed by prior order of this Court.[16] Even construing the facts most favorably to the Defendant, the conduct of the directors should be judged by the "business judgment rule" and absent a showing of bad faith, dishonesty, or incompetence, the judgment of the directors will not be set aside by judicial action. See: Goddard v. Fairways Development General Partnership, 310 S.C. 408, 414, 426 S.E.2d 828, 832, citing 4 S.C.Juris. Condominiums §42 (1991); and also, Dockside Ass'n, Inc. v. Detyens, 291 S.C. 214, 352 S.E.2d 714 (Ct.App. 1987), aff'd, 294 S.C. 86, 362 S.E.2d 874 (1987). "A court should be reluctant to question action taken *intra vires* by the governing board of a non-profit corporation." Dockside, at 716 (S.E.2d). "If the corporate directors' conduct is authorized, a showing must be made of fraud, self-dealing or unconscionable conduct to justify judicial review." Id. citing, Papalexiou v. Tower West Condominium, 167 N.J.Super. 516, 401 A.2d 280, 286 (Chanc.Div. 1979).

Defendant has offered no evidence of fraud or self-dealing by the directors of CIMC, and has no expert testimony to show that the acts undertaken by the directors resulted in harm to CIMC. Indeed, in his deposition, he admits that he has no direct evidence supporting his allegations regarding secrecy, concealment, inconsistencies or any other specific wrongdoing by CIMC or its board members. (Dep. Applegate, Pgs. 112-113). Rather, it is clear that CIMC, through its Board of Directors, was operating within the powers granted to it by the S.C. Code of Laws and the Plan Documents when it allowed certain members to concede their membership or expelled others for delinquent accounts. As a result, Defendant's Motions for Summary Judgment based on disparate treatment of members should be denied and CIMC's motion granted.

CONCLUSION

Ultimately, all of Defendant's enumerated defenses are wholly undermined by the valid and enforceable contracts he willingly entered into. He is legally obligated to pay the entire sum owed to CIMC. Based on the foregoing, there is no genuine issue as to any material fact and, therefore,

[16]See Footnote 7 Supra.

the Plaintiff's Motion for Summary Judgment should be granted and it is entitled to a judgment against the Defendant for the unpaid dues, fees, assessments and other charges, plus any accrued balance, the cost of this action and reasonable attorneys' fees.

MINOR, HAIGHT & ARUNDELL, P.C.

By: _____

Ehrick K. Haight, Jr.
Stacey S. Collins
P.O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040

And:

Stephen P. Hughes and William T. Young, III
HOWELL, GIBSON & HUGHES, P.A.
P.O. Box 40
Beaufort, SC 29901
(843) 522-2400
Attorneys for Plaintiff, The Callawassie Island Members Club, Inc.

Hilton Head Island, South Carolina.
This 7th day of May, 2013.

CERTIFICATE OF SERVICE

I certify that I served the foregoing Plaintiff's Memoranda in Support of Summary Judgment and In Opposition to Defendant's Motions for Same upon all counsel of record by affixing same with proper postage placing same with the United States Postal Service addressed to counsels' last known address on 7th day of May, 2013.

By: _____
Ehrick K. Haight, Jr.

TABLE OF AUTHORITY

STATUTORY AUTHORITY CITED

S.C. Code Section 27-1-70 (4)(d)
Rule 56(c), SCRCP
Rule 3.3, SCRPC
S.C. Code Ann. §33-31-302
S.C. Code Ann. §33-31-610
S.C. Code Ann. §33-31-620
S.C. Code Ann. §33-31-621

U.S. SUPREME COURT CASES CITED

Nat'l Labor Relations Board v. Granite State Joint Board
409 U.S. 213, 216, 93 S.Ct. 385, 387 (1972)

SOUTH CAROLINA CASES CITED

George v. Fabri, 345 S.C. 440, 548 S.E.2d 868 (2001)
Wiedemann v. Town of Hilton Head Island, 330 S.C. 532, 500 S.E.2d 783 (1998)
Klippel v. Mid-Carolina Oil, Inc., 303 S.C. 127, 399 S.E.2d 163 (Ct. App. 1990)
MGC Management of Charleston, Inc. v. Kinghorn Ins. Co.,
336 S.C. 542, 520 S.E.2d 820 (Ct. App. 1999)
Harbison Community Ass'n, Inc. v. Mueller, 319 S.C.99, 459 S.E.2d 860 (1996)
Flinkingshelt v. Johnson, 258 S.C. 77, 187 S.E.2d 233 (1972)
Carolina Land Co. v. Bland, 265 S.C. 98, 217 S.E.2d 16 (1975)
First Federal Savings and Loan Ass'n of Charleston v. Bailey,
316 S.C. 350, 450 S.E.2d 77 (S.C. App. 1994)
McGill v. Moore, 381 S.C. 179, 672 S.E.2d 571
Schulmeyer v. State Farm Fire & Cas. Co., 353 S.C. 491, 579 S.E.2d 132 (2003)
Midway Properties, Inc. v. Pfister, 292 S.C. 104, 354 S.E. 2d 926 (Ct.App. 1987).
Straight v. Goss, 383 S.C. 180, 206, 678 S.E.2d 443, 457 (2009)
Goddard v. Fairways Development General Partnership, 310 S.C. 408, 426 S.E.2d 828
Dockside Ass'n, Inc. V. Detyens, 291 S.C. 214, 352 S.E.2d 714 (Ct.App. 1987),
aff'd, 294 S.C. 86, 362 S.E.2d 874 (1987).

OTHER CASES & AUTHORITY CITED

Papalexiou v. Tower West Condominium
167 N.J.Super. 516, 401 A.2d 280, 286 (Chanc.Div. 1979).
Communications Workers of America, C.I.O. v. NLRB, 215 F.2d 835, 838 (CA 2)
4 S.C.Juris. Condominiums §42 (1991)

Exhibit "A"

Excerpt from Deposition of Arthur Applegate
Dated January 24, 2013

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Sheet 2 Page 5

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the club. If any of my questions aren't clear, please ask me to readdress the question so we can assure ourselves that our communications are going relatively clearly, okay. In the event that you don't tell me otherwise, I'll assume you understood the question. I will tell that you frequently witnesses will nod their heads or grunt as opposed to expressing yes or no or something to that affect. If I continue to say is that a yes or a no, it's not meant as an affront to you. It's simply for the purposes of clarity. So if you mean a positive or a negative response, please verbally make that point. Okay. Having said all that, let's go ahead and get started here. Would you state your complete name for the record, please?

A Arthur Hunt Applegate.

Q Mr. Applegate, where do you currently live?

A 945 White Point Court, Charleston, South Carolina, 29412.

Q How long have you lived there?

A I think I've been there about five years, approximately.

Q And prior to living at White Point Court, where did you reside?

A My principle point of -- place of reference before that, I guess, would be 12 Country Club Drive in

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Charleston, South Carolina. I went through a divorce so I was between those two places and a number of locations.

Q For how long did live in Charleston County?

A I guess I've been there about -- probably 20 plus years, 25 years, something like that.

Q What is your date of birth?

A 10/18/53.

Q Would you mind telling for me the extent of your education commencing with high school?

A I graduated from high school in 1971 and I graduated from college in 1976, University of South Carolina, with a BA in History.

Q Do you have any formal education beyond the degree from the university?

A No.

Q Are you currently employed?

A Yes.

Q In what capacity and where?

A I am the president of Applegate and Company and we're located in Charleston, South Carolina.

Q What is the nature of the business of Applegate and Company?

A Real estate investments and development.

Q In what areas does Applegate and Company engage in real

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estate investment and development?

A We're involved in the development and purchase of apartments, office properties, hotel properties and land development.

Q What's the geographic area spanned by those interests?

A It's primarily in Charleston area. I have owned apartments in Columbia and we have transactions that we're working on in -- we've worked on transactions in other cities: Jacksonville, Charlotte, Nashville.

Q I'm assuming that Applegate and Company is an incorporated entity?

A It is.

Q Is it incorporated in South Carolina?

A It is.

Q For how long has it been an incorporated entity in South Carolina?

A Twenty-five -- I mean -- the reason I'm hesitating is we did some kind of thing where it was originally incorporated in the State of Texas and then we went through at some point in time some deal where we became reincorporated in South Carolina. I don't know the dates.

Q Are you the principle shareholder in that company?

A I am.

Q You have any co-shareholders?

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A I do not.

Q Do you engage in any real estate investment outside of the investments undertaken by Applegate and Company?

A I do not.

Q Do you personally invest in any real estate?

A Yes. I mean, you know, I have a number of LLCs that are technically not investments under Applegate and Company, and I have individual investments, I guess, outside of Applegate and Company.

Q For how long a period have you been engaging individually as Arthur Applegate in real estate investment?

A Twenty-five plus years.

Q Does that personal investment involve purchases of vacant lots?

A It has. I'm trying to think whether I have purchased any vacant lots other than the lots at Callawassie and I do not believe I have.

Q Does it entail purchases of other types of real estate whether improved or otherwise?

A Yes, it does.

Q And has that always been the case for the past 25 years?

A Yes.

Q Do you have any relatives living in Beaufort County?

EXHIBIT "B"

Contract between Arthur Applegate
and Callawassie Island Company, LP
dated November 15, 2003

CALLAWASSIE ISLAND CONTRACT FOR SALE AND PURCHASE

This Agreement made this 15th day of November, 2003 by and between
Callawassie Island Company, L.P., ("Seller")

and ARTHUR H. APPLEGATE ("Purchaser")

1. PURCHASE AND SALE: Seller agrees to sell and convey and Purchaser agrees to purchase from Seller the Property (as described in Paragraph 2 below) for the consideration and upon and subject to the terms, provisions, and conditions hereinafter set forth (constituting the "Contract").

2. PROPERTY: Being all of Lot Number 25 Phase 9B, according to the Final Plat recorded in Plat Book 45 at Page 15, Beaufort County Records, South Carolina (the "Plat") hereinafter referred to as "Property".

3. PURCHASE PRICE AND PAYMENT:

A. Sale/Bid Price: $ 51,000.—

B. Additional 10% Buyer's Premium: (+) $ 5,100.—

C. Total Purchase Price: (=) $ 56,100.—

D. Initial down payment deposit held by Bethea, Jordan & Griffin, P.A.-Trust Account: $ 5,000.—

E. Additional personal check deposit payable to Bethea, Jordan & Griffin, P.A. -Trust Account due upon execution of this contract. This deposit combined with D above shall equal a total of 10% of the purchase price in C above: $ 610.—

F. Total Down Payment Deposit of D and E above (equals 10% of C above) (the "Earnest Money") (-) $ 5,610.—

G. Balance to close in form of Cashier's Check: (=) $ 50,490.—

4. BINDING OFFER: (check one)

__X__ ABSOLUTE: Purchaser agrees this is an Absolute Sale and is a binding and irrevocable offer.

_____ RESERVE: Purchaser agrees this is a Reserve Sale and agrees to allow Seller until five o'clock (5:00) pm, November 17, 2003 to accept or reject said offer. Upon acceptance of this offer by Seller, this offer shall be a binding agreement upon Purchaser and Seller, their heirs, successors, personal representatives and assigns to purchase and sell the property in accordance with the terms and conditions hereof.

5. CLOSING. The Closing on the sale and conveyance (the "Closing") shall take place on or before December 16, 2003 (being the "Closing Date") at the offices of Bethea, Jordan & Griffin, P.A., located at 5 Belfair Village Drive, Bluffton, South Carolina 29910 Tel:843.815.2171 Fax:843.815.5991.

A. At the Closing, Seller shall deliver to Purchaser, the following:

i) A duly executed and acknowledged Limited Warranty Deed conveying good and insurable title in fee simple to all of the land and improvements comprising the Property, free and clear of all liens and encumbrances, with the exception of: (a) the lien of Beaufort County, South Carolina taxes for the current year; (b) easements for utilities serving the Property and any easements shown on the Plat; (c) the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges contained in the Amended and Restated General Declaration for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc. of December 1, 2001 and all amendments thereto as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina (the "Covenants"); (d) the standard printed exceptions contained in the usual form of Owner's Title Policy; and (e) any other applicable covenants hereinafter referred to.

ii) A mechanic's lien and possession affidavit, in standard form reasonably acceptable to the Title Company

iii) Any and all documents required by the Internal Revenue Service, including an appropriate non-foreign affidavit, and the South Carolina Department of Revenue in connection with real property transfers;

iv) A closing statement;

v) All other documents that are necessary and appropriate to close this transaction; and

vi) An Owner's Policy of Title Insurance (the "Title Policy") issued by a title insurance company chosen by Seller which shall be licensed to do business in the State of South Carolina (the "Title Company") in the full amount of the Purchase Price, dated as of Closing, insuring Purchaser's fee simple title to the Property, subject only to the Mortgage, if any, and the Permitted Title Exceptions, and the standard printed exceptions contained in the usual form of Owner's Title Policy. (At closing, Seller will deliver a binding commitment for the Title Policy, with the actual policy to be issued and delivered to Purchaser after the recording of conveyancing documents and within a reasonable time after the Closing Date);

B. At the Closing, Purchaser shall:

i) Pay the cash portion of the Purchase Price, plus or minus prorations and adjustments;

ii) Execute closing statement counterparts;

iii) If Purchaser is a corporation, deliver to Seller:

a) certified resolutions of the board of directors or governing body of Purchaser authorizing all the transactions contemplated by this contract;

b) an incumbency certificate with respect to those officers of Purchaser executing any documents or instruments in connection with the transactions contemplated herein; and

c) certificate of good standing for the entity acquiring title from the Secretary of State or other appropriate governmental office of the state in which the Purchaser is domiciled.

iv) Execute all other documents necessary and appropriate to close this transaction.

6. POSSESSION: Possession of the vacant Property shall be delivered to Purchaser upon completion of the Closing.

7. CLOSING EXPENSES:

A. At closing, Seller will pay for a title update, premium for an owner's title policy from a title company selected by Seller, the South Carolina statutory recording fee, Purchaser's attorney fees for closing services to the attorney designated by Seller (except for expenses relate to financing), and for the preparation of the deed and lien waiver.

B. At closing Purchaser will pay for document recording fees, financing costs (including attorney fees), any mortgagee title insurance, survey, and other expenses associated with this transaction. Notwithstanding the foregoing, it is expressly understood and acknowledged by Purchaser , that Purchaser does have the right to select Purchaser's own attorney and title company and, in such event, agrees to be responsible for any fees or costs relating to such selection.

8. PRORATIONS:

A. Taxes for the year of Closing shall be prorated as of the Closing Date, on the amount of such taxes, with maximum discount allowed by law. If the millage and/or assessment for the then current year cannot be ascertained as of the Closing Date, then the millage and/or assessment for the preceding calendar year shall be used.

B. If, at the time of Closing, there shall exist any certified, confirmed and ratified special assessment liens, or pending liens for which the improvements have been substantially completed, for public improvements, or any special assessment for public or subdivision services benefiting the Property, the same shall be paid by the Seller or credited to the Purchaser at Closing.

9. PROPERTY SURVEY: Purchaser may order any survey of the Property which Purchaser desires, to be prepared at Purchaser's sole cost and expense. If a survey of the Property is provided by Purchaser, certified to and in a manner acceptable to the Title Company, the standard survey exception will be removed from the Title Policy.

10. DEFAULT:

A. In the event that the Purchaser shall fail, refuse or neglect to perform its obligations hereunder, and Purchaser shall further fail to cure such default within five (5) days of Notice thereof from the Seller, the Seller, as and for its sole and exclusive remedy for such default, shall have the right to terminate this Agreement and to immediately receive disbursement from the Escrow Agent of the Earnest Money and all interest earned thereon (if any), as agreed upon liquidated damages, and in settlement of all claims which Seller could have, by virtue of Purchaser's default.

B. In the event that the Seller shall fail, refuse, or neglect to perform its obligations hereunder, and shall further fail to cure such default within five (5) days of Notice thereof from the Purchaser, the Purchaser shall at its option either:

i) be entitled to terminate this Agreement and receive from the Escrow Agent a refund of the Earnest Money together with interest earned thereon (if any), as its sole remedy for Seller's default; or

ii) be entitled to seek specific performance of Seller's obligations hereunder as to the Property, as Purchaser's sole remedy or Seller's default, but Purchaser may not pursue any separate action for money damages against Seller.

11. TITLE DEFECTS: If Seller shall be unable to convey title to the Property at Closing in accordance with the status of Title required pursuant to this Contract, such failure shall not be considered a default of Seller, and Purchaser shall then elect to either accept such title as Seller can convey, without abatement of Purchase Price, or to terminate this Contract, whereupon the sole liability of Seller shall be to allow the refund of the Earnest Money and earned interest (if any), to Purchaser. Seller shall not be required to bring any action or proceeding or to incur any expense to cure any title defect, but the foregoing shall not permit Seller to refuse to pay off existing mortgages which are not Permitted Title Exceptions.

12. ESCROW: The Escrow Agent receiving the Earnest Money is authorized and agrees to deposit funds promptly in a non-interest bearing account at a commercial banking institution, hold same in escrow and, subject to clearance, disburse them in accordance with terms and conditions of this Contract. In the event of a dispute or if in doubt as to the Escrow Agent's duties or liabilities under the provisions of this Contract, the Escrow Agent may, at the Escrow Agent's option, either (a) continue to hold the subject matter of the escrow until the parties mutually agree to its disbursement or until a judgment of a court of competent jurisdiction shall determine the rights of the parties, or, (b) the Escrow Agent may interplead the funds into the registry of the clerk of the circuit court having jurisdiction of the dispute. Upon notifying all parties concerned of such action, the Escrow Agent shall be released from any further or continuing liability with respect to the disposition of Earnest Money. In such event only, the Escrow Agent will be entitled to reimbursement to the extent of all costs and expenses reasonable incurred to obtain an order of interpleader, including reasonable attorneys' fees, which may be secured by a lien upon the funds deposited with the court. The Escrow Agent shall exercise ordinary care with respect to the custody and delivery of the Earnest Money and any other duties of the Escrow Agent under this Contract. The Escrow Agent will not be liable for any act or omission that is undertaken in good faith and with ordinary care.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER:

A. Seller hereby represents and warrants to Purchaser the following which shall also be deemed made by Seller to Purchaser as the Closing Date, but prior to the conveyance of the Property:

i) There are no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers;

ii) Seller is duly authorized and empowered to sell the Property;

iii) Seller has paid or will pay, through the Closing, all taxes, charges, debts, and other assessments due by Seller with respect to the Property which are now or were previously due and payable;

iv) All obligations of Seller arising from the ownership and operation of the Property which accrue prior to the Closing Date, have been paid as they became due or will be paid at or prior to Closing. Except for obligations for which provisions are herein made for assumption by Purchaser, proration or other adjustments at Closing, there will be no obligations of Seller with respect to the Property outstanding as of the Closing Date.

v) Seller is not aware of any unrecorded liens caused by Seller against the Property which will not be satisfied out of the cash portion of the Purchase Price.

vi) Seller has received no notice of the commencement of any legal action against Seller for the damaging, taking or acquiring of all or any part of the Property, either temporarily or permanently, by condemnation or by exercise of the right of eminent domain.

vii) The Property is not subject to any lien, legal action or legal or administrative proceeding relating to Hazardous Substances or Environmental Law, as hereinafter defined, and the Seller has received no notice and has no knowledge of any such lien, legal action or proceedings, pending or threatened. The Seller represents and warrants that, to the best of its knowledge; no Hazardous Substances are located on or have been located, stored, processed or disposed of on, or released or discharged from (including ground water contamination) the Property; no portion of the Property has been used as a landfill site or burial pit or as a depository for any waste materials which were not removed prior to the construction of any improvements which may exist thereon; and, there are no violations of any Environmental Law relating to the Property. "Hazardous Substances" means and includes hazardous and toxic substances, wastes or materials, any pollutants or contaminants, including, without limitation, asbestos and raw materials that include hazardous constituents, or any similar substances, or materials that are included under or regulated by an "Environmental Law," except those substances used lawfully in accordance with manufacturer's recommendations in the daily operation of the Property, including by way of illustration but not by limitation substances such as fertilizer for grass, shrubbery or trees. "Environmental Law" means and includes all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, contamination or cleanup, including, without limitations, "CERCLA," "RCRA," and applicable state superlien and environmental clean up statutes.

B. From the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, Seller covenants to:

i) advise Purchaser promptly of any litigation, arbitration, administrative hearing, or legislation before any governmental body or agency of which Seller is notified, concerning or affecting the Property, which is instituted after the date hereof;

ii) not take, or omit to take any action that would have the effect of violating any of the representations, warranties, covenants and agreements of Seller contained in this Contract

14. REPRESENTATION, WARRANTIES AND COVENANTS OF PURCHASER:

A. Purchaser represents, warrants and covenants to Seller as follows:

i) Purchaser is purchasing the Property in its "AS IS, WHERE IS" condition with no warranties by Seller as to merchantability, suitability or fitness for any particular use, it being understood and agreed that Purchaser is relying solely on its own inspections, engineering studies and reports, economic and feasibility studies and examinations of the Property and Purchaser's own determination of the condition of the Property and any improvements, fixtures and equipment to be purchased by Purchaser under this Contract;

ii) Purchaser has all requisite power and authority to consummate the transaction contemplated by this Contract and has by proper proceedings duly authorized the execution and delivery of this Contract and the consummation of the transaction contemplated hereby;

iii) This Contract when executed and delivered by Purchaser and Seller, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms; and

iv) To Purchaser's knowledge, neither the execution and delivery of this Contract nor the consummation of the transaction contemplated hereby will violate or be in conflict with (i) any applicable provisions of law, (ii) any order of any court or government agency having jurisdiction over the Purchaser, or (iii) any agreement or instrument to which Purchaser is a party or which Purchaser is bound.

B. From the Effective Date of this Contract, Purchaser covenants to Seller that, in addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Purchaser, the Purchaser shall perform, execute and deliver or cause to be performed, executed and delivered at, prior to, or after the Closing, any and all further reasonable acts, deeds, and assurances as Seller or the Title Company may reasonable require in order to consummate the transactions contemplated herein.

15. DISCLAIMER AND CONDITIONS:

A. Except as may otherwise be specifically stated in this Agreement, Seller hereby disclaims any warranty, guaranty, or representation, oral or written, past, present or future of, as to, or concerning the nature and condition of the property, including, without limitation, the water, soil and geology, and the suitability thereof and of the Property for any activities and uses which Purchaser may elect to conduct thereon.

B. Purchaser acknowledges that, having been given a sufficient opportunity to inspect the Property, Purchaser is relying solely on its own investigation of the Property and its own financial analysis of the revenue and expenses that may be received or incurred in arriving at its decision to purchase the Property and that Purchaser is purchasing the Property in its present condition, "AS IS, WHERE IS", and Seller has no obligation to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

C. Any factual information such as property dimensions, floor plans, square footage or sketches shown to Purchaser related to the auction or set forth herein are or may be approximate and Purchaser represents to Seller that they have inspected and verified the facts and information to Purchaser's satisfaction based upon the Plat prior to the execution of this Contract. No liability for any inaccuracies, errors or omissions is assumed by the Seller or the Broker.

D. Neither the Seller, nor the Broker and salespersons for the Broker have any expertise with respect to environmental matters. Proper inspection of the Property by qualified experts may be necessary to determine whether or not there are any current or potential environmental concerns relating to the Property. The Broker and its salespersons have not made, nor will they make, any representations, either express or implied, regarding the existence or non-existence of any such environmental concerns in or on the Property.

16. CONDEMNATION: If, prior to the Closing Date, condemnation proceedings are commenced against any portion of the Property (except for road widenings not affecting any structure or parking on the Property), either party may, at its option, terminate this Contract by Notice to the other prior to Closing, whereupon the Earnest Money along with interest earned thereon (if any), shall be refunded to Purchaser. If not so terminated, Purchaser shall proceed to consummate the purchase of the Property, without reduction in the Purchase Price, and all rights to any award in connection with condemnation of the Property shall be assigned to Purchaser at the Closing. Seller shall give Purchaser prompt Notice of the institution of any condemnation proceeding of which it is notified.

17. CASUALTY LOSS: Risk of loss by damage or destruction to the Property prior to the Closing Date shall be borne by Seller. (Any damage or destruction to the natural vegetation on the land shall not give rise to a duty of Seller to repair, or restore unless caused by the act of Seller.) If Seller elects not to repair, or if Seller elects to repair and any such damage or destruction is not fully repaired prior to the Closing Date (which Purchaser agrees to extend for a period not to exceed forty-five (45) days in order to permit such repair), Purchaser, at its option by Notice to Seller prior to the Closing Date as the same may be extended, may either (a) terminate this Contract in which event the Earnest Money and earned interest (if any), shall be refunded to Purchaser and neither party shall have any further obligations pursuant to this Contract, or, (b) Purchaser may elect to close the transaction, in which event Seller's right to all insurance proceeds resulting from such damage or destruction to the Property shall be assigned in writing by Seller to Purchaser, without affecting the Purchase Price.

18. ASSIGNMENT: Purchaser may assign this Contract and all rights hereunder with Seller's consent, which shall not be unreasonably withheld, provided such assignee shall assume in writing all of the obligations of Purchaser hereunder and further provided that Purchaser remains liable for the performance of this Contract.

19. NO RECORDING: Neither this Contract nor any type of memorandum thereof shall be recorded in the Public Records with any governmental agency, and any purported recordation or filing hereof by Purchaser shall constitute a default on the part of Purchaser.

20. ENTIRE AGREEMENT: This Contract represents the entire understanding between the Seller and the Purchaser and supersedes, incorporates and merges all prior negotiations, representations and agreements, whether oral or written. This Contract may be amended only by a written instrument signed by both the Seller and the Purchaser and dated on or subsequent to the Effective Date.

21. SUCCESSORS AND ASSIGNS: The provisions of this Contract shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

22. JOINT PURCHASERS. The term "Purchaser" shall be read as "Purchasers" if more than one person is the Purchaser of the Property, in which case their obligations shall be joint and several.

23. COOPERATION OF THE PARTIES: Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein at any time and from time to time after execution of this Contract, whether before or after the Closing, as such other party may reasonably request in order to effectuate the provisions of this Contract or the transactions contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to this transaction, provided that neither party shall be required to incur any material expense in connection therewith.

24. SEVERABILITY: If any clause or provision of this Contract is held to be invalid or unenforceable by any court of competent jurisdiction as against any person or under any circumstances, the remainder of this Contract and the applicability of any such clause or provision to other persons or circumstances shall not be affected thereby. All other clauses or provisions of this contract, not found invalid or unenforceable shall be and remain valid and enforceable.

25. TIME. Time is of the essence of this Contract.

26. STRICT COMPLIANCE/WAIVER: Any failure by either party to insist upon strict performance by the other party of any of the provisions of this Contract shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches that may occur, and each party, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by the other of any and all of the provisions of this Contract. Any waiver by either party of any provision of this Contract must be in writing and shall constitute a waiver of that provision, on that occasion only, and shall not operate or be construed as a waiver of any other provision or subsequent breach thereof.

27. NOTICES: Notices, elections, consents and demands (collectively "Notices" or individually "Notice") required or permitted to given hereunder shall be in writing and shall be sent by: United States mail, postage prepaid, certified, return receipt requested; or, by Federal Express or other overnight delivery service; or, by facsimile, with all Notices to be addressed to the parties at the addresses set forth in the signature blocks at the end of this Contract. Copies of Notices shall be sent to attorneys for the respective parties, if identified on the signature page. Notices shall be deemed given and received on the first to occur of (i) receipt as evidenced by return receipt, delivery receipt from an overnight delivery service or transaction/activity report from a facsimile machine, (ii) three (3) days after same is sent, or (iii) refusal.

28. APPLICABLE LAW AND VENUE: This Contract shall be interpreted, construed, controlled and governed by the substantive and procedural laws of the State of South Carolina. The parties agree that proper venue under this Contract shall be in Beaufort County, South Carolina.

29. ATTORNEYS' FEES AND COSTS: In connection with any litigation between the Seller and the Purchaser, either at law or in equity, arising out of this Contract the prevailing party shall be entitled to an award of its reasonable cost, and attorneys' fees incurred in trial, appellate or post judgment proceedings.

30. GENDER: A reference in this Contract to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context requires otherwise.

31. CERTAIN REFERENCES: the term "herein", "hereof", or "hereunder" or similar terms used in this Contract refer to this entire Contract and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to paragraphs, subparagraphs or other provisions are references to paragraphs, subparagraphs or other provisions of this Contract.

32. CAPTIONS: The captions and paragraph headings in this Contract are for convenience and reference only and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

33. EXHIBITS. All Exhibits described herein and attached hereto are incorporated herein by this reference for all purposes.

34. DATE OF PERFORMANCE: If any date for performance hereunder falls on a Saturday, Sunday or other day which is a holiday under Federal law or under the State law where the Property is located, the date for such performance shall be the next succeeding business day.

35. COUNTERPARTS: This Contract may be executed in multiple counterparts all of which when taken together shall constitute one Contract.

36. COUNTERPART FACSIMILE EXECUTION: For purposes of executing this Contract, a document signed and transmitted by facsimile or telecopier machine shall be treated as an original document. The signature of any party thereon shall be considered as an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. However, for convenience, at the request of either party, any facsimile or telecopy document shall be re-executed by both parties in original form. No party hereto may raise the use of a facsimile or telecopier machine or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Contract or any amendment executed in compliance with this paragraph. This paragraph does not supersede the requirements of the "Notices" paragraph.

37. BROKERAGE: Purchaser represents that Purchaser has dealt with no other broker or other intermediary with regard to this transaction except for Christenson-Elms Auction Company, Inc. and Ron Letzkus / Brokerage / Realty (the "Broker"). Purchaser shall indemnify, defend and hold Seller harmless from and against any claims or damages to Seller occurring as the result of a breach of the foregoing representation. Purchaser acknowledges that the Broker represents the Seller.

38. BEAUFORT COUNTY IMPACT FEES: Beaufort County has ordinances which generally provide for the collection of certain fees at the time of building permit issuance for new residential construction and will be the expense of Purchaser. No fee is due at the time of closing on the lot, but rather is due at the time of issuance of the building permit.

39. WATER AND SEWER SERVICE: Purchaser acknowledges that arrangements for water and sewer service must be made by Purchaser independently with CUC, Inc. Purchaser shall be liable for the payment of periodic water availability fees to CUC, Inc., prior to connecting to the water system. Upon commencement of actual water service to the residence on the Property, Purchaser shall pay user fees to CUC, Inc. for water service. Purchaser expressly acknowledges that no wells may be drilled on said property other than those expressly permitted under the Covenants.

40. RIGHT OF FIRST REFUSAL: Purchaser hereby acknowledges and agrees that in the event Purchaser desires to sell the Property and any improvements thereon, it shall be offered for sale to Seller for the same price at which the highest bona fide offer has been made for the Property and improvements, and Seller shall have thirty (30) day from receipt of written notice of such offer within which to exercise this option to purchase the Property and improvements at this price. Should Seller fail to refuse within thirty (30) days to purchase the Property and improvements at the offered price, then Purchaser shall have the right to sell the Property, subject, however to all covenants, restrictions, limitations and affirmative obligations contained in this Contract, the Covenants and the Plat. This paragraph shall not be construed to impair the right of foreclosure of a mortgage on the Property and improvements thereon.

41. RIGHT OF ENTRY: In order to help maintain the attractiveness of the residential areas of Callawassie Island, Purchaser irrevocably waives notice as provided in the Covenants, and hereby requests the cutting of weeds and brush on the Property, and authorizes Seller, in its discretion, to mow and cut weeds and underbrush on the Property as a part of its regular maintenance program. In addition, Seller shall have the right to remove any stumps or debris and to thin or remove underbrush and thin out small trees under six (6") inches in diameter to the degree necessary to permit tractor drawn mowers to mow underbrush and weeds on the Property.

42. OILSR EXEMPTION: This transaction is exempt from the Interstate Land Sales Full Disclosure Act pursuant to the provisions of §1710.10. In that connection, Seller represents to Purchaser that:

A. The lot in question is located within Beaufort County which specifies minimum standards for the development and design of planned unit developments within its jurisdiction. Callawassie Island has been approved by Beaufort County as a single-family lot subdivision.

B. The Property is being sold subject to enforceable restrictive covenants that it be used for single family residences only.

C. The Property is or will be situated on a paved street, or bonded for, built to the standards applicable to streets and highways maintained by Beaufort County in the State of South Carolina.

D. The Association described below, pursuant to the Covenants, has accepted or is obligated to accept the responsibility for maintaining the streets in the subdivision described herein. The cost to maintain the streets in the subdivision is covered by the annual assessments collected by the Association. Seller has, prior to the execution of this Agreement, provided to the Purchaser a good faith written estimate of the cost of carrying out the maintenance responsibility over the first ten (10) years of the Association's ownership of the roads. (Exhibit "A" attached hereto).

E. Potable water and sanitary sewage disposal is or will be extended to the Property or will be bonded by the time for Closing. Purchaser expressly acknowledges that no wells may be drilled on said Property. Service will be provided by CUC, Inc., an independent utility company, which will be obligated to extend such service to the Property upon application for service and the payment of appropriate tap connection fees.

F. Electric lines have been, or will have been by Closing, extended, or bonded for, to each lot and service will be provided by South Carolina Electric & Gas Company.

G. Seller must deliver a limited warranty deed free of monetary liens and encumbrances to the Purchaser at Closing and in no event later than one hundred eighty (180) days from the date of this Agreement.

43. PURCHASER'S ACKNOWLEDGMENT: Purchaser acknowledges that Purchaser has received a copy of the Covenants. Further, Purchaser understands that the salesman who handled the sale does not have the authority to make any statements in conflict with or in addition to the information contained in this Contract and the documents and that Seller specifically disclaims any responsibility for such statements. Purchaser understands that if the salesman has made such statements that they are not binding on Seller unless incorporated in writing into this Contract. By execution of this Contract, Purchaser affirms that Purchaser has not relied upon any such statements, if any, and waives any rights that Purchaser might have as a result of such statements unless they are incorporated into this Contract. It is expressly understood and agreed by the Purchaser that the Property shall be conveyed subject to the recorded Plat and all easements as shown thereon and subject to the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges and the covenants and restrictions relating to Callawassie Island, all as specified in the Covenants, as amended from time to time, a copy of which has been provided to Purchaser simultaneously with the execution of this Agreement, the receipt of which is hereby acknowledged.

_____ (initials here). Seller urges Purchaser to read said Covenants. Purchaser does acknowledge that the Covenants do include the following provisions:

A. Architectural Requirements. The Covenants contain architectural controls wherein it is stated that no building, fence, sign or other structure will be erected, placed or altered on the Property until the proposed building plan and site plan have been approved in writing by the Seller or its Architectural Review Board ("ARB"). The actual construction of the Property will have no material variation from the plans approved unless the ARB shall have also approved these variations in writing. The ARB may grant or deny approval of Purchaser's plans on any grounds, including purely aesthetic considerations. The Covenants likewise require that the main residence constructed on the Property must contain a minimum square footage of enclosed dwelling area.

B. Assessments. In order to provide for the preservation, maintenance, security and operation of common facilities within Callawassie Island, as well as assist the Callawassie owners in the administration of said common facilities, there has been created the Callawassie Island Property Owners' Association, Inc. (the "Association"). As set forth in the Covenants, the Association is granted the right to assess property owners within its jurisdiction in order to carry out the prescribed functions. Purchaser hereby acknowledges that it is aware of the right of the Association to levy and enforce assessments against it and Purchaser hereby agrees to pay promptly all such assessments which are properly made against him by the Association. The 2003 annual assessment per lot is Eight Hundred Seventy-Five and No/100 Dollars ($875.00). This assessment shall be prorated as of Closing.

C. Phase 9 Properties. Purchaser acknowledges that if the Property is located in Phase 9 of Callawassie Island, special setback requirements and limited design options for improvements to be constructed on the Property apply. (initial here, if the Property is located in Phase 9: AHA)

44. CALLAWASSIE ISLAND MEMBERS CLUB: Purchaser acknowledges that the Callawassie Island Members Club (the "Club") or Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included in the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

45. PERSONAL ON-SITE INSPECTION: Purchaser acknowledges that he/she/they have made a personal, on-the-lot inspection of the Property purchased prior to signing this Agreement. To evidence this affirmation Purchaser shall initial this Agreement: (Initials of Purchaser here) AHA

PURCHASER:

Name 1:	ARTHUR N. APPLEGATE
SS # 1:	[redacted]
Name 2:	
SS # 2:	
Address:	171 CHURCH SUITE 160
City, State, Zip:	CHARLESTON, S.C. 29401
Telephone:	(843) 577-3900 Fax No: (843) 577-3903
By Name 1:	
By Name 2:	
Date:	NOV. 15, 2003
Email:	APPLECO@BELLSOUTH.NET

Accepted by Seller this 15th day of November, 2003 (the "Effective Date").

SELLER:

Name:	Callawassie Island Company, L.P.; By: CLL Associates, L.P., its General Partner By: Callawassie Development Corporation, its General Partner
Address:	176 Callawassie Drive
City, State, Zip:	Okatie, South Carolina 29909
Telephone:	843.987.2100
By:	
Date:	11/15/03

Initial Deposit in the amount of $ 5,000.00 received by SJK 11/15/03 as representative for Bethea, Jordon & Griffen, P.A

Contract Personnel: BS Bidder Number: 203

EXHIBIT A
CALLAWASSIE ISLAND

GOOD FAITH ESTIMATE OF COSTS FOR MAINTAINING ROADS

Callawassie Island Company, L.P. hereby provides to the Purchaser described in the Contract for Sale and Purchase, to which this Exhibit is attached, pursuant to the requirements set forth in the Interstate Land Sales Full Disclosure Act and described in Paragraph 10.4 of said Agreement, the following good faith estimate of costs for maintaining the roads.

The average annual cost of maintaining the roads over a ten-year period, including a reserve for resurfacing after fifteen years, is estimated to be $60,000, based upon information currently available. However, no assurance could be made with respect to actual costs over a ten year period. These estimates are based on current costs.

The costs of road maintenance will be paid by Callawassie Island Property Owners' Association, from the proceeds of maintenance assessments to each lot as provided in the Covenants and Restrictions as described in the Agreement.

This Exhibit was prepared by Callawassie Island Company, L.P. and is dated this 15 day of NOV, 2003. Purchaser acknowledges receipt of this Exhibit by the execution thereof.

Acknowledged:

Purchaser

11/15/03
Date

Are you a customer or client?

When you choose to work with a real estate licensee, he or she may or may not be "your" agent! An agent owes certain duties to a client but has a different obligation to a customer. You must know whether you are a customer or a client of a licensee in a real estate transaction and that relationship must be established and disclosed prior to beginning to work together.

You should discuss the following information with the real estate licensee with whom you may work in order to make informed decisions.

Who is a customer?

A customer is a person who seeks to buy or sell real estate, but who does not establish an agency relationship with a licensee and, therefore, is not represented by a licensee as his or her agent.

As a customer you cannot expect the licensee to act as your agent or to negotiate on your behalf. A real estate licensee can, however, provide valuable market information and services to assist you as a customer. A licensee is also obligated by law to treat customers honestly, to disclose known material facts about the property and to promptly present all offers and counteroffers.

When selling or buying real estate, you may decide you don't need your own agent. The licensee may be able to provide you as a customer with all the information and assistance you require to successfully complete a transaction. However, if you are a customer, the licensee's primary loyalty is not to you. It is to his or her client. The agent must convey all known information to his or her client, such as a seller's urgency to move if he or she represents a buyer/client or a buyer's willingness to increase an offer if he or she represents a seller/client.

Who is a client?

A client is a person who establishes an agency relationship with and agrees to be represented by an agent in a real estate transaction.

A seller becomes a client of a real estate company by signing a formal listing agreement with a licensee associated with a company. Prior to any transaction this agreement must be in writing and must clearly establish the terms of the agreement and the obligations of both the seller and the licensee/company who becomes the agent for the seller.

A buyer becomes a client of a real estate company by signing a formal buyer agency agreement with a licensee associated with a company. Prior to any transaction this agreement must be in writing and must clearly establish the terms of the agreement and the obligations of both the buyer and the licensee/company who becomes the agent for the buyer.

Who is an agent?

An agent is the licensee who by mutual agreement will act on your direction and represent your interest above all others in a real estate transaction. In South Carolina once an agency relationship is created, the broker-in-charge of the company is considered to be the agent of the client, and all licensees with the company become sub-agents of the broker-in-charge representing that same client.

Acting on your behalf, your agent will negotiate for you the best price and terms in a real estate transaction. Your agent owes utmost loyalty to you, the client, and must pass on to you any information he or she knows which might influence your decision to buy or sell. You can rely on your agent to preserve confidential information provided by you. You can expect to receive timely accounting of money or property related to and received during your relationship with your agent.

What is a dual agent?

In certain situations, a licensee acts as an agent for and may represent the buyer and seller in the same transaction provided each has consented in writing prior to the transaction. This is called dual agency since one agent represents both parties and both remain clients of the company. The possibility and consequences of such an occurrence must be explained to you by the licensee.

Working with a dual agent is not the same as having your own exclusive agent! For instance, when representing both a buyer and a seller, the dual agent must not disclose to one party confidential information obtained from the other party. Also, a dual agent may not be the advocate for either party and cannot negotiate for nor advise either as to price or terms.

It is important that you discuss dual agency with the licensee in order to understand the limits of representation which a dual agent can provide. If requested by licensee, you must determine whether or not you would be willing to modify your established agency relationship and give your consent, thereby agreeing to limited representation by your agent.

Do you want to be a customer or a client?

Do you want only to receive information and assistance (customer) or to be represented (client)? To understand your options, discuss this with the real estate licensee with whom you are working. It is important to you and the licensee that your working relationship with the licensee be established and acknowledged and that you are aware of the services you will be provided. At your discretion, it may be advisable for you to obtain legal or other professional advice which you feel necessary to protect your own interest.

The signing of the acknowledgment of relationship disclosure does not alone create agency obligations (See *Who is a Client?*).

CONSUMER INFORMATION

Agency Relationships in Real Estate

S.C. DEPARTMENT OF LABOR, LICENSING AND REGULATION

South Carolina Real Estate Commission

When Buying or Selling Real Estate, Are You a Customer or Client?

ROA 95

ROA 96

Consent to Dual Agency

(To be completed only upon occurrence of dual agency and after both parties have been identified and informed)

_____
(Brokerage Company)

_____
(Licensee)

_____
(Seller/Client)

_____
(Buyer/Client)

_____
(Property Location)

The undersigned Seller/Client and/or Buyer/Client voluntarily agrees to modify his or her agency agreement with Brokerage Company/Licensee and receive limited representation. Consent is hereby granted to Brokerage Company/Licensee to act as a dual agent only in the transaction in which the above-named Seller/Client and Buyer/Client are both parties thereto and which involves property at the stated location.

_____ _____
(Seller/Client) (Date)

_____ _____
(Seller/Client) (Date)

_____ _____
(Buyer/Client) (Date)

_____ _____
(Buyer/Client) (Date)

(SC Real Estate Commission Approved)

Acknowledgment of Relationship Disclosure NOT A CONTRACT

_____
(Seller or Buyer)

_____
(Licensee)

_____
(Brokerage Company)

As a potential Seller or Buyer of real estate, I understand and agree that when working with Brokerage Company/Licensee I will be:

☐ Customer

☐ Seller/Client - Brokerage Company/Licensee is agent for my property located at:

_____

☐ Buyer/Client - Brokerage Company/Licensee is my agent

Seller/Client or Buyer/Client acknowledges that after entering into our written agency agreement, agent might request a modification in order to act as a dual agent in a specific transaction. If asked:

☐ Permission to act as a dual agent will not be considered.

☐ Permission to act as a dual agent may be considered at the time I am provided with information about the other party to a transaction. If I agree, I will execute a separate written consent agreement.

This completed Acknowledgment of Relationship Disclosure is provided to Seller or Buyer for his or her record. A copy signed by Seller or Buyer indicating above stated relationship has been retained by Brokerage Company/Licensee.

_____ _____
(Licensee) (Date)

(Seller or Buyer Copy)

Agency Disclosure

SC Real Estate License Law requires that:

(A) A licensee shall provide in a timely manner to all buyers and sellers with whom the licensee works: a meaningful explanation of agency relationships in real estate transactions; and a completed agency disclosure form prescribed by the Commission indicating whom the licensee shall represent in a real estate transaction.

(B) A licensee who begins working with a potential buyer shall provide to the potential buyer a completed agency disclosure form at the first substantive contact and must establish at that time of contact whether buyer will be customer or client.

South Carolina Real Estate Commission
Post Office Box 11847
Columbia, South Carolina 29211-1847
Telephone: (803) 896-4400
Fax: (803) 896-4404
Internet: http://www.llr.state.sc.us/pol/realestatecommission/

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Acknowledgment of Relationship Disclosure NOT A CONTRACT

ARTHUR H. ARDOGATE
(Seller or Buyer)

_____
(Licensee)

_____
(Brokerage Company)

As a potential Seller or Buyer of real estate, I understand and agree that when working with Brokerage Company/Licensee I will be:

☑ Customer

☐ Seller/Client - Brokerage Company/Licensee is agent for my property located at:

_____

☐ Buyer/Client - Brokerage Company/Licensee is my agent

Seller/Client or Buyer/Client acknowledges that after entering into our written agency agreement, agent might request a modification in order to act as a dual agent in a specific transaction. If asked:

☐ Permission to act as a dual agent will not be considered.

☐ Permission to act as a dual agent may be considered at the time I am provided with information about the other party to a transaction. If I agree, I will execute a separate written consent agreement.

Brokerage Company/Licensee has provided me a meaningful explanation of agency and I have been given a completed copy of this Acknowledgment of Relationship Disclosure.

X N/A 11/15/03
(Seller or Buyer) (Date)

_____ _____
(Seller or Buyer) (Date)

(Brokerage Company/Licensee Copy)

EXHIBIT "C"

Current versions of the following "Plan Documents"

The Callawassie Island Members Club, Inc.
Plan for the Offering of Memberships (2012)

The Callawassie Island Members Club, Inc. Bylaws (2009)

The Callawassie Island Members Club, Inc.
General Club Rules (2009)

THE CALLAWASSIE ISLAND MEMBERS CLUB
PLAN FOR THE OFFERING OF MEMBERSHIPS
Amended as of February 2, 2012

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THE CALLAWASSIE ISLAND MEMBERS CLUB

PLAN FOR THE OFFERING OF MEMBERSHIPS

Amended as of February 2, 2012

1.0 GENERAL DESCRIPTION OF THE PLAN FOR THE OFFERING OF MEMBERSHIPS

1.1 PURPOSE OF THE PLAN FOR THE OFFERING OF MEMBERSHIPS

The Callawassie Island Members Club, Inc., a South Carolina non-stock and non-profit corporation (the "Club"), owns and operates the golf, tennis, swimming and social facilities on Callawassie Island, South Carolina for the use, recreation and enjoyment of its members. The Board of Directors of the Club has adopted this Plan for the Offering of Memberships (the "Plan") as mandated by Article X of the By-Laws, and along with the Articles of Incorporation of The Callawassie Island Members Club, Inc., the current By-Laws of The Callawassie Island Members Club, Inc. (the "By-Laws"), the current General Club Rules of The Callawassie Island Members Club, Inc., and the Club Purchase Agreement between Callawassie Island Company L.P. (the "Partnership"), The Callawassie Island Club, Inc., and The Callawassie Island Members Club, Inc. dated October 26, 1999, as amended (the "Club Purchase Agreement"), offer persons the opportunity to acquire an Equity Membership (as defined below) at the Club.

1.2 DESCRIPTION OF THE CLUB FACILITIES

The facilities currently owned by the Club (the "Club Facilities") that are available for use include the following:

- a 27-hole championship golf course designed by Tom Fazio;
- a driving range and practice green;
- 6 tennis courts;
- a clubhouse facility, which includes locker rooms, a golf shop, tennis shop, a fitness center, a dining room, a bar, a snack shop, club rooms, and administrative offices;
- a swimming pool and deck area, located adjacent to the clubhouse;
- a river club, which is located on the Colleton River and includes a swimming pool, bathhouse, club room, kitchen, barbecue area and boat dock;
- auxiliary buildings used for maintenance, equipment storage, and administration; and
- parking facilities.

The Club may modify these facilities and provide such other facilities as it deems appropriate from time to time.

1.3 GENERAL DESCRIPTION OF MEMBERSHIP CATEGORIES

The Club is currently offering two categories of Equity Membership known as Equity Golf Memberships and Equity Social Memberships, and one category of non-equity membership known as Non-Equity Associate Memberships as further described in Section 2.3.4.

The Club has previously issued Spring Island Non-Equity Social Memberships and Spring Island Founder Memberships. Although these memberships are not currently being offered by the Club, the rights and privileges of these members are described herein.

The Equity Golf Memberships and Equity Social Memberships are sometimes hereinafter collectively referred to as an "Equity Membership" or as "Equity Memberships." A person who obtains an Equity Golf Membership is sometimes hereinafter referred to as an "Equity Golf Member" and collectively as "Equity Golf Members", a person who obtains an Equity Social Membership is sometimes hereinafter referred to as an "Equity Social Member" and collectively as "Equity Social Members", a person who obtains an Equity Membership is sometimes hereinafter referred to as an "Equity Member" and collectively as "Equity Members", a person who obtains a Non-Equity Associate Membership is sometimes hereinafter referred to as a "Non-Equity Associate Member" and collectively as "Non-Equity Associate Members", a person who has obtained a Spring Island Founder Membership is sometimes hereinafter referred to as a "Spring Island Founder Member" and collectively as "Spring Island Founder Members", and a person who has obtained a Spring Island Non-Equity Social Membership is sometimes hereinafter referred to as a "Spring Island Non-Equity Social Member" and collectively as "Spring Island Non-Equity Social Members."

1.4 OWNERS OF RESIDENTIAL UNITS OR LOTS ON CALLAWASSIE ISLAND MUST OBTAIN AN EQUITY MEMBERSHIP

The owner of a residential unit or lot on Callawassie Island must obtain an Equity Membership and pay the required membership contribution and all applicable dues, fees and other Charges (as defined herein) associated with his/her membership until the closing of the sale or other transfer of his/her residential unit or lot to another owner as further described herein.

2.0 MEMBERSHIPS IN THE CLUB

2.1 IN GENERAL

2.1.1 DESCRIPTION OF MEMBERSHIPS

Two categories of Equity Membership are currently available at the Club: Equity Golf Membership and Equity Social Membership. Each Equity Membership represents an ownership interest in the Club and entitles the Equity Member to vote on various club matters, including the election of the Board of Directors. Each Equity Golf Membership and Spring Island Founder Membership entitles the member to five votes and each Equity Social Membership entitles the member to two votes.

The Non-Equity Associate Memberships do not entitle the member to any ownership interest or voting privileges, but do allow the use of certain facilities provided at the Club upon payment of applicable dues, fees and other Charges.

2.1.2 NUMBER OF MEMBERSHIPS AVAILABLE AT THE CLUB

The total number of memberships permitted to be issued in each category is limited as follows:

CATEGORY	MEMBERSHIP LIMITS
Equity Golf Membership and Non-Equity Associate Golf Membership	595
Equity Social Membership	255

Since resigned Spring Island Founder Memberships are placed on the same waiting list for reissuance by the Club on the same basis as Equity Golf Memberships and are reissued by the Club as an Equity Golf Membership, the Club reserves the right to increase the total number of Equity Golf Memberships to accommodate all existing Spring Island Founder Memberships. As of the date of this amended Plan for the Offering of Memberships there are two existing Spring Island Founder Memberships at the Club.

2.2 ELIGIBILITY

2.2.1 ELIGIBILITY FOR MEMBERSHIPS

The Club currently offers Equity Memberships to persons who own residential units or lots on Callawassie Island and to such other persons as the Club determines appropriate from time to time, who are approved for membership.

The Club is currently offering Non-Equity Associate Memberships to persons who do not own a residential unit or lot on Callawassie Island.

2.2.2 EXISTING PROPERTY OWNERS ON CALLAWASSIE ISLAND WHO ARE NOT EQUITY MEMBERS MAY ACQUIRE AN EQUITY MEMBERSHIP ONLY IF AVAILABLE AND UPON PAYMENT OF APPLICABLE FEES

Persons who owned residential units or lots on Callawassie Island prior to December, 2001 who are not Equity Members are permitted to acquire an Equity Membership only if the desired category of Equity Membership is available, upon application and approval, and payment of the applicable membership contribution, dues, fees and other Charges.

2.2.3 PURCHASERS OF RESIDENTIAL UNITS OR LOTS ON CALLAWASSIE ISLAND AFTER DECEMBER 1, 2001, MUST OBTAIN AN EQUITY MEMBERSHIP

In accordance with the Amended And Restated General Declaration For Callawassie Island And Provisions For The Callawassie Island Property Owners Association, Inc. Of December 1, 2001 (the "Declaration") an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after December 1, 2001, is required to obtain an available Equity Membership at the Club and pay the applicable membership contribution, dues, fees and other Charges associated with such membership. Such owner shall be required to maintain an Equity Membership at the Club in good standing for each residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Any such owner of a residential unit or lot on Callawassie Island shall not be exempt from the obligation to obtain an Equity Membership by non-use of the facilities.

If a person or entity owns more than one residential unit or lot on Callawassie Island, then an Equity Membership must be obtained and maintained for each of such residential unit or lot on Callawassie Island. However, if an owner, who is already an Equity Member of the Club, also owns an abutting lot to form a single lot, then such owner will not be required to purchase and maintain an additional Equity Membership for the abutting lot.

In the event a residential unit or lot on Callawassie Island is owned by multiple owners, then the owners of such residential unit or lot must designate one of such owners to obtain the Equity Membership. As provided herein, an Equity Membership only permits the member and his/her immediate family members to use the facilities upon payment of the applicable membership contribution and dues, fees and other Charges. All other owners of the residential unit or lot on Callawassie Island are not permitted to use the facilities (even as a guest) unless another available Equity Membership is obtained by such owner(s). If the additional owner(s) of the residential unit or lot on Callawassie Island obtains an available Equity Membership, he/she must follow the same application procedures as any other member and pay the applicable membership contribution, dues, fees and other Charges established by the Club for the category of membership obtained.

As a condition precedent to the conveyance of an ownership interest in a residential unit or lot on Callawassie Island and no later than acquiring an ownership interest in a residential unit or lot on Callawassie Island, the person or entity obtaining title to the residential unit or lot on Callawassie Island must submit an Application for Membership, Equity Membership Agreement and the applicable membership contribution to the Club. The applicable membership contribution must be paid no later than the date of such conveyance. The payment of such membership contribution shall be a condition precedent to the delivery of a deed or any other form of conveyance of a residential unit or lot on Callawassie Island.

2.2.4 OWNERSHIP OF MEMBERSHIPS BY PERSONS WHO DO NOT OWN PROPERTY ON CALLAWASSIE ISLAND

The Club and/or the Partnership may offer Equity Memberships to persons who do not own residential units or lots on Callawassie Island as they may determine appropriate from time to time.

2.2.5 EQUITY MEMBERSHIP HELD BY AN ENTITY

An Equity Membership may be held in the name of a company, partnership, trust or other form of multiple ownership (collectively, the "entity"). The entity may designate one individual (and his/her immediate family members) who will have the right to use the privileges of the Equity Membership. An Equity Membership that is owned by an entity allows the designee to use the facilities and pay the same dues, fees and other Charges as any member in the same category of Equity Membership. The entity may change the designated user no more than one time each membership year upon payment of a non-refundable re-designation fee established by the Club from time to time. Prior to the change of any designee, the prior designee must return the issued membership cards and membership certificate to the Club, any required re-designation fee must be paid to the Club, and the new designee must submit an application and be approved by the Club. All designated users will be subject to the approval of the Club. The Club may establish other rules from time to time governing the designation of an individual to use the privileges of the Equity Membership, including a limit on the number of times the entity may change the designated user.

Both the entity and the designated user shall be jointly and severally liable for the payment of all dues, fees and other Charges incurred by the designated user and his/her immediate family members and guests.

2.3 MEMBERSHIP PRIVILEGES

2.3.1 MEMBERSHIP PRIVILEGES AT THE CLUB

The privileges of membership are subject to this Plan, as it may be amended from time to time. The General Club Rules, including the services provided to members and the hours of operation of the Club

Facilities or any portion thereof, may be altered, amended or repealed at the discretion of the Board of Directors of the Club. Each person who acquires a membership at the Club will be permitted to use the Club Facilities in accordance with the member's category of membership, the applicable dues category and the General Club Rules as long as the member remains a member in good standing. Any suspension or expulsion of a member shall result in the loss of all membership privileges including the right to vote. Upon approval, payment of the applicable membership contribution and the applicable dues, fees and other Charges and compliance with the General Club Rules established by the Club, members obtain the following use privileges.

2.3.2 EQUITY GOLF MEMBERSHIP PRIVILEGES

Equity Golf Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable membership contribution, dues, fees and other Charges (including food and beverage minimums). Equity Golf Members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Equity Golf Members will be required to pay golf cart fees or trail pass fees for use of the golf course. Equity Golf Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

2.3.3 EQUITY SOCIAL MEMBERSHIP PRIVILEGES

Equity Social Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable membership contribution, dues, fees and other Charges (including food and beverage minimums). Equity Social Members will be entitled to play golf one time per month during the golfing season and two times per month during the non-golf season as defined in the General Club Rules. Equity Social Members will not be required to pay court fees for use of the tennis facilities, but will be required to pay greens fees at the same rate as guests of an Equity Golf Member and golf cart fees or trail pass fees for use of the golf course. Equity Social Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

2.3.4 NON-EQUITY ASSOCIATE MEMBERSHIP PRIVILEGES

In order to promote the sale of residential units and lots on Callawassie Island and to introduce the Club to prospective members, the Club may offer Non-Equity Associate Memberships on an annual basis, or for such other time period as approved by the Board of Directors of the Club. Non-Equity Associate Memberships are only available to persons who do not own a residential unit or lot on Callawassie Island. The rights and privileges of Non-Equity Associate Members will be determined by the Club from time to time. Non-Equity Associate Members shall not have any ownership interest in the Club or the Club Facilities, shall not have any voting privileges, and shall not be subject to any operating assessments or capital assessments. Non-Equity Associate Members must pay a one-time non-refundable membership contribution and an annual non-refundable renewal fee established by the Club from time to time. Non-Equity Associate Memberships are subject to renewal each membership year in the sole discretion of the Club, and therefore, the Club will determine whether Non-Equity Associate Memberships (and how many) will be available prior to the beginning of each membership year.

If the Club determines that Non-Equity Associate Memberships will not be renewed, then the Club shall recall and terminate (without refund of any amounts) each such membership at the end of the membership year, as necessary, on a first-issued, last-recalled basis.

The Club currently offers a Non-Equity Associate Golf Membership and a Non-Equity Associate Social Membership on the following terms and conditions:

Non-Equity Associate Golf Memberships. Non-Equity Associate Golf Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable non-refundable membership contribution, dues, fees and other Charges (including food and beverage minimums). Non-Equity Associate Golf Members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Non-Equity Associate Golf Members will be required to pay golf cart fees or trail pass fees for use of the golf course. Non-Equity Associate Golf Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

At the beginning of each membership year, the total number of permitted Non-Equity Associate Golf Memberships will be limited to the difference between five hundred ninety-five (595) and the number of issued Equity Golf Memberships.

Non-Equity Associate Social Memberships. Non-Equity Associate Social Members are currently available only to residents on Callawassie Island who do not own a residential unit or lot on Callawassie Island. Non-Equity Associate Social Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable non-refundable membership contribution dues, fees and other Charges (including food and beverage minimums). Non-Equity Associate Social Members will be entitled to play golf one time per month during the golfing season and two times per month during the non-golf season as defined in the General Club Rules. Non-Equity Associate Social Members will not be required to pay court fees for use of the tennis facilities, but will be required to pay greens fees at the same rate as guests of an Equity Golf Member and golf cart fees or trail pass fees for use of the golf course. Non-Equity Associate Social Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

2.3.5 SPRING ISLAND NON-EQUITY SOCIAL MEMBERSHIP PRIVILEGES

Spring Island Non-Equity Social Memberships are no longer offered. Existing Spring Island Non-Equity Social Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable dues, fees and other Charges (including food and beverage minimums). Spring Island Non-Equity Social Members will be entitled to play golf one time per month during the golfing season and two times per month during the non-golf season as defined in the General Club Rules. Spring Island Non-Equity Social Members will not be required to pay court fees for use of the tennis facilities, but will be required to pay greens fees at the same rate as guests of an Equity Golf Member and golf cart fees or trail pass fees for use of the golf course. Spring Island Non-Equity Social Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

Spring Island Non-Equity Social Members shall pay the same dues, fees and other Charges (including food and beverage minimums) as an Equity Social Member. However, Spring Island Non-Equity Social Members shall not have any ownership interest in the Club or the Club Facilities, shall not have any voting privileges, and shall not be subject to any capital assessments. The Spring Island Non-Equity Social Membership shall terminate (without refund of any amounts) upon the occurrence of the earlier of: (i) death of the member, (ii) resignation of the membership, or (iii) the sale or other transfer of the member's residential unit or lot on Spring Island.

2.3.6 SPRING ISLAND FOUNDER MEMBERSHIP PRIVILEGES

Spring Island Founder Memberships are no longer offered. Existing Spring Island Founder Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable dues, fees and other Charges (including food and beverage minimums).

Spring Island Founder Members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Spring Island Founder Members will be required to pay golf cart fees or trail pass fees for use of the golf course. Spring Island Founder Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

Spring Island Founder Members shall pay the same dues, fees and other Charges (including food and beverage minimums) and assessments as an Equity Golf Member.

2.3.7 THE CLUB MAY CHANGE PLAYING PRIVILEGES

In order to provide the utmost playing pleasure for all members, the Club reserves the right to establish different rules governing access, sign-up privileges and starting times with respect to the golf, tennis and other recreational facilities provided at the Club.

2.3.8 FAMILY PRIVILEGES

An Equity Member's immediate family may use the Club Facilities in accordance with the member's category of membership as provided in the General Club Rules. For purposes of this section, "immediate family" is defined as the individual member and not more than one other adult who is a full-time resident of the member's residential unit and the member's unmarried children under twenty-five years of age who are either full-time residents of the member's residential unit or attending school on a full-time basis.

2.3.9 GUEST PRIVILEGES

An Equity Member may have guests use the Club Facilities in accordance with the member's category of membership and the General Club Rules and payment of applicable guest fees. The Club may limit the number of times any particular individual guest may use the Club Facilities or any particular facility provided at the Club during a specific period of time and limit the number of guests a member may sponsor at any particular time. The sponsoring member will be responsible for all fees and other Charges incurred by his/her guests and for the deportment of his/her guests.

2.3.10 EQUITY MEMBERS MAY DESIGNATE A RESIDENT IN THEIR RESIDENTIAL UNIT ON CALLAWASSIE ISLAND AS A USER OF THEIR MEMBERSHIP PRIVILEGES

Subject to the General Club Rules, an Equity Member who is not residing in his/her residential unit located on Callawassie Island may designate a bona fide resident of such residential unit as the beneficial user of his/her Equity Membership. The designation of a bona fide resident as the beneficial user of an Equity Member's membership must be made in advance and in writing to the Club. During the period that a resident is designated as the beneficial user of the membership, the Equity Member shall not be entitled to use the membership but shall remain obligated for all dues, fees and other Charges (including assessments) associated with his/her Equity Membership. The Equity Member shall be responsible for all fees and other Charges incurred by the beneficial user and for the deportment of the beneficial user.

2.3.11 EQUITY SOCIAL MEMBERS MAY HAVE THE OPPORTUNITY TO UPGRADE TO AN EQUITY GOLF MEMBERSHIP

An Equity Social Member who desires to upgrade to an available Equity Golf Membership shall resign his/her Equity Social Membership and acquire the Equity Golf Membership by paying the then-current membership contribution for an Equity Golf Membership in full. The Equity Social Membership shall be

placed on the waiting list to be reissued by the Club. The Club shall reissue the resigned Equity Social Membership on the same basis as any other resigned Equity Social Membership placed on the waiting list and upon reissuance by the Club, shall refund to the upgrading member the amount to be repaid pursuant to Section 5.6. During such time as the resigned Equity Social Membership is on the waiting list to be reissued, the resigned member will not be required to pay dues, fees and other Charges associated with the resigned Equity Social Membership as long as the Equity Golf Membership remains in good standing and all applicable dues, fees and other Charges associated with such Equity Golf Membership are paid. If the Equity Golf Membership becomes delinquent prior to the reissuance of the member's resigned Equity Social Membership, then such member shall be responsible for all dues, fees and other Charges associated with both the Equity Golf Membership and the resigned Equity Social Membership. Prior to the initial sale of all five hundred ninety-five Equity Golf Memberships permitted to be issued at the Club, the Partnership will be entitled to the proceeds from the upgrade of an Equity Social Membership to an Equity Golf Membership.

The downgrade of an Equity Golf Membership to an Equity Social Membership is not permitted.

2.3.12 GOLF AND SOCIAL MEMBERSHIP EXCHANGES

Subject to the General Club Rules and payment of such fees as may be fixed by the Club from time to time and with the prior approval of the Club in each instance, Equity Golf Members and Equity Social Members who are paying resident dues (as described below) may exchange their respective memberships permanently or membership privileges temporarily in accordance with this section. A permanent exchange shall be deemed a membership sale subject to transfer fees as outlined in Sections 5.6 and 5.7. An Equity Social Member may not exchange his/her membership unless he/she has been a member in good standing for at least five (5) consecutive years prior to the time of the exchange. An Equity Social Member shall be permitted to exchange his/her Social Membership on a temporary basis for no more than two (2) years unless the Equity Social Member has previously been an Equity Golf Member who has paid resident golf dues for at least five (5) years.

Exchanging members shall submit such application forms as may be required by the Club and shall pay the dues for the membership being acquired for the membership year in which the exchange occurs. All temporary exchanges shall be for not less than, and shall coincide with, a membership year. Applications for the renewal of exchanges of memberships, together with applicable fees, shall be submitted prior to the beginning of each subsequent membership year. Temporary exchanges will not affect the exchanging members' underlying memberships. Each exchanging member shall vote according to the membership they own and is responsible for all dues, fees and other Charges applicable to the membership they own.

3.0 MEMBERSHIP ADMISSION

3.1 APPLICATION FOR MEMBERSHIP

Each person who desires to acquire a membership in the Club must submit to the Club Membership Office a completed and signed Application for Membership, a Membership Agreement and any required membership contribution by check made payable to "The Callawassie Island Members Club, Inc." The required membership contribution to be paid for a membership shall be the membership contribution charged on the date the applicant submits the Application for Membership to the Club.

The membership contribution required for a membership shall change from time to time, and therefore, the membership contribution required for a membership in the future may be higher or lower than the membership contribution currently in effect.

3.2 REVIEW OF APPLICATION FOR MEMBERSHIP (Exclusive of Property Sale Related Membership Transfers Described In Section 3.3)

Prior to the initial sale of all five hundred ninety-five (595) Equity Golf Memberships in the Club, the Partnership shall have the exclusive right to determine the qualifications of a membership candidate. Following the initial sale of all five hundred ninety-five (595) Equity Golf Memberships in the Club, the Board of Directors of the Club will exercise sole authority to determine the qualifications of a membership candidate.

Subject to the above, upon receipt of the Application for Membership, the Membership Agreement and the required membership contribution, the Partnership or the Club (as the case may be) will determine within thirty (30) days after receipt of the Application for Membership, Membership Agreement and the required membership contribution whether the candidate has satisfied the conditions of membership. If the candidate has satisfied the conditions of membership, the candidate will be notified in writing that his/her application has been acted upon favorably. If the candidate has not satisfied the requirements of membership, the candidate will be notified that the application has not been acted upon favorably and any membership contribution previously paid by such applicant shall be returned, without interest.

(a) The membership process will be confidential. The identity of any applicant and any information gathered in the evaluation process will not be disclosed until posting for acceptance. Records of all membership deliberations will be considered, and retained as, confidential. If an application is not approved, neither the sponsor nor applicant will be given a specific reason for denial. The Club will follow, without exception, the same procedures for every membership candidate. No exceptions will be made to the conditions of membership.

(b) A majority vote of the members of the Board of Directors of the Club against any applicant shall constitute disapproval.

3.3 MEMBERSHIP APPLICATIONS ASSOCIATED WITH PROPERTY TRANSFERS OR SALES

All membership applications that are directly associated with the transfer or sale of a residential unit or lot on Callawassie Island shall be evaluated by either the Partnership or the Club (as the case may be) based solely on the ability of the applicant to fulfill the financial requirements of membership at the Club.

3.4 EQUITY MEMBERSHIP CERTIFICATES

(a) Each Equity Golf Member and Equity Social Member who has paid the required membership contribution shall receive a membership certificate. Such certificate shall be in a form approved by the Board of Directors and shall state that the certificate is issued subject to the By-Laws of the Club as they now are or may be amended, and shall be subscribed by the President or Vice President and the Secretary and under the Seal of the Club.

(b) Membership certificates are not redeemable or transferable, except as specifically provided in this Plan and then only through the Treasurer of the Club. Whenever any person shall cease to be an Equity Member, whether by death, resignation, recall, expulsion or other provisions of this Plan or the By-Laws, such cessation shall operate to authorize the Treasurer of the Club to effectuate the redemption, cancellation, purchase or reissuance of the membership certificate of such Equity Member in accordance with, and in the manner prescribed by, this Plan and the By-Laws.

4.0 INITIAL SALE MEMBERSHIP CONTRIBUTION

4.1 MEMBERSHIP CONTRIBUTIONS PAID TO THE PARTNERSHIP

The Partnership will receive all proceeds from the initial sale of all Equity Memberships. All membership contributions received or to be received by the Club from the initial sale of all of the Equity Memberships permitted to be issued at the Club shall be paid directly to the Partnership as a non-refundable purchase payment. All such payments shall be utilized by the Partnership in any manner that the Partnership, in its sole and absolute discretion, determines appropriate.

4.2 UNISSUED EQUITY MEMBERSHIPS

The Partnership shall sell all of the unissued Equity Memberships and the Club shall cooperate with the Partnership in good faith to assist with the sale of these unissued Equity Memberships.

In consideration for the ongoing obligation of the Partnership to pay dues as herein provided, the Partnership will be entitled to vote on any Equity Membership it is holding for initial sale.

4.3 AMOUNT OF REQUIRED MEMBERSHIP CONTRIBUTION

Prior to the initial sale of all five hundred ninety-five (595) Equity Golf Memberships permitted to be issued at the Club, the Partnership shall establish, from time to time, the required membership contribution for Equity Memberships (including any resigned memberships). All golf and social membership resales shall be sold at a price of not less than the then current offering price for initial sale memberships of the same category or at such price as may be approved by the Club. All memberships sold by the Partnership or the Club shall include an obligation to pay full membership dues, fees and assessments. After the initial sale of all five hundred ninety-five (595) Equity Golf Memberships permitted to be issued at the Club, the Board of Directors of the Club shall establish the required membership contribution.

5.0 TRANSFER OF MEMBERSHIPS

5.1 MEMBERSHIPS ARE NOT TRANSFERABLE DIRECTLY TO ANOTHER MEMBER

Members may not sell, transfer or otherwise assign their membership directly to any third party. Any attempt to sell, transfer or otherwise assign a membership, either voluntarily, involuntarily or by operation of law, which is not in accordance with this Plan and the By-Laws shall be null and void and be of no force and effect, and shall not confer any membership rights or other privileges upon any such purchaser, transferee or assignee to use the Club Facilities.

5.2 MEMBERSHIP TRANSFERS

A membership may only be transferred to the Club. An Equity Member who owns a residential unit or lot on Callawassie Island may arrange for the Club to reissue his/her resigned Equity Golf Membership or Equity Social Membership to the successor owner of his/her residential unit or lot on Callawassie Island provided such successor owner is approved for membership.

5.3 EQUITY MEMBERS WHO PURCHASED RESIDENTIAL UNITS OR LOTS ON CALLAWASSIE ISLAND AFTER DECEMBER 1, 2001 MAY NOT RESIGN MEMBERSHIP PRIVILEGES

In accordance with the Declaration, an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after December 1, 2001 is not permitted to resign the Equity Membership and is required to maintain an Equity Membership in good standing for each such residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Therefore, such owner of a residential unit or lot on Callawassie Island must maintain an Equity Membership in good standing and pay the required dues, fees and other Charges to the Club for such Equity Membership until such member ceases to be an owner of a residential unit or lot on Callawassie Island.

5.4 RESALE OF MEMBERSHIP TO SUCCESSOR OWNER OF RESIDENTIAL UNIT OR LOT ON CALLAWASSIE ISLAND

(a) The member shall submit his/her resignation in writing stating that he/she is transferring his/her residential unit or lot on Callawassie Island and that the resignation shall become effective following the closing of title and the acceptance of the successor owner of his/her residential unit or lot by the Club.

(b) The successor owner of the residential unit or lot must submit to the Club a signed and completed Application for Membership, a Membership Agreement and the required membership contribution.

(c) The resigning member shall deliver to the Secretary of the Club the membership certificate for the resigned membership together with an assignment thereof, properly endorsed by the resigning member.

(d) Prior to the reissuance of an Equity Membership, the resigning member must pay all outstanding dues, fees, accrued interest and other Charges associated with his/her membership.

(e) Notwithstanding any provision to the contrary in the Club Plan, if a resigning member fails to pay all outstanding dues, fees, accrued interest and other Charges associated with his/her membership in connection with the sale of the resigning member's property, the Club shall have the option to issue a membership to the new owner of the resigning member's property from the memberships available in accordance with the terms of Section 5.5 and the Club Plan.

(f) The membership contribution to be paid to the Club by the successor owner for his/her membership shall be the amount of the membership contribution in effect on the date the resigned membership is acquired. After the successor owner becomes an Equity Member following the successor owner's payment of the membership contribution to the Club, the Club shall promptly remit the amount due, if any, to the resigned member as provided pursuant to Section 5.6(a). As soon as practicable thereafter, the Secretary of the Club shall cancel the membership certificate of the resigned member and issue a new membership certificate to the successor owner.

5.5 REISSUANCE OF RESIGNED EQUITY MEMBERSHIPS

(a) The resigned Equity Membership of any member that is not reissued to the successor

owner of his/her residential unit or lot on Callawassie Island in accordance with Section 5.4 and the resigned Equity Membership of any member who does not own a residential unit or lot on Callawassie Island, shall, subject to the Club's and the Partnership's right of first refusal, be placed on the waiting list to be reissued by the Club on a first-listed, first-reissued basis in accordance with the following procedure.

(1) Prior to the issuance of all of the Equity Memberships permitted to be issued in the member's category of membership, every fourth Equity Membership issued in that category will be an Equity Membership from the waiting list for that category. The other three Equity Memberships will be issued from the Partnership's unissued Equity Memberships.

(2) After the issuance of all of the Equity Memberships permitted to be issued in the member's category of membership, every Equity Membership issued in that category will be an Equity Membership from the waiting list for that category.

(b) Spring Island Founder Members may resign their memberships on the same basis as Equity Golf Members. Spring Island Founder Memberships that have been resigned shall be placed on the same waiting list for reissuance by the Club on the same basis as Equity Golf Memberships. A resigned Spring Island Founder Membership will be reissued by the Club as an Equity Golf Membership. Upon reissuance of a resigned Spring Island Founder Membership as an Equity Golf Membership by the Club, then the resigned Spring Island Founder Member shall be paid an amount determined pursuant to Section 5.6(a).

(c) Prior to the reissuance of an Equity Membership, the resigning member must pay all outstanding dues, fees, accrued interest and other Charges associated with his/her membership.

(d) Notwithstanding any provision to the contrary in the Club Plan, if a resigning member fails to pay all outstanding dues, fees, accrued interest and other Charges associated with his/her membership in connection with the sale of the resigning member's property, the Club shall have the option to issue a membership to the new owner of the resigning member's property from the memberships available in accordance with the terms of this Section 5.5 and the Club Plan.

5.6 REPAYMENT OF MEMBERSHIP CONTRIBUTION

(a) For memberships purchased on or before February 2, 2012, Equity Members and Spring Island Founder Members in good standing will be entitled to receive upon the reissuance of their resigned memberships (either pursuant to Section 5.4 or Section 5.5) a repayment in an amount equal to:

(1) thirty-three and three tenths percent (33.3%) of the membership contribution paid by the successor owner of the resigned member's Equity Membership; or

(2) notwithstanding the above, for Golf Equity Members and Spring Island Founder Members, fifty percent (50%) of the membership contribution paid in excess of $20,000 by the successor owner of the resigned member's Equity Membership, in the event that the membership contribution for a golf membership increases to $20,000.00 or more; or

(3) notwithstanding the above, for Social Equity Members, fifty percent (50%) of the membership contribution paid in excess of $16,000 by the successor owner of the resigned member's Equity Membership, in the event that the membership contribution for a social

membership increases to $16,000.00 or more.

In all instances, the Club is entitled to deduct from the amount to be paid to a resigned member any amount (including dues, fees, assessments, other Charges and membership contributions) that such resigned member owes to the Club

(b) For Equity Memberships purchased after February 2, 2012, an Equity Member will not be entitled to any repayment of the membership contribution paid by an Equity Member.

5.7 PORTION OF MEMBERSHIP CONTRIBUTION RETAINED BY CLUB

(a) All proceeds from the reissuance (resale) of an Equity Membership in excess of any amount refunded to the resigning member in accordance with Section 5.6(a) shall be retained by the Club and deposited in a Capital Reserve Fund.

(b) All proceeds from the reissuance (resale) of an Equity Membership in accordance with Section 5.6(b) shall be retained by the Club and deposited in a Capital Reserve Fund.

(c) The Board of Directors of the Club will direct the investment of the Capital Reserve Fund. The Capital Reserve Fund may be used to fund any capital additions, alterations, repairs or improvements to the Club Facilities, or reduction of capital debt as the Board of Directors of the Club determines appropriate.

5.8 RESALE OF MEMBERSHIP OF RESIGNING MEMBER SELLING HIS/HER RESIDENTIAL UNIT OR LOT ON CALLAWASSIE ISLAND TO ANOTHER MEMBER

A resigning Equity Member who sells his/her residential unit or lot on Callawassie Island to another Equity Member who desires to retain his/her Equity Membership and such purchaser has sold his/her residential unit or lot on Callawassie Island to a non-member/third party, then the resigning member may arrange for the Club to reissue his/her Equity Membership to such non-member/third party. However, the three (3) transactions (both residential units or lots and the reissuance of the Equity Membership) must have simultaneous closing dates. The reissuance of an Equity Membership to the non-member/third party shall be considered a resale of an Equity Membership in accordance with Sections 5.4 and 5.6, and shall be subject to all of the requirements as set forth therein.

5.9 TRANSFER UPON DEATH OF A MEMBER

Upon the death of an Equity Member or Spring Island Founder Member in good standing who is survived by a spouse, the deceased member's membership will automatically pass to the surviving spouse without payment of any new membership contribution in accordance with the provisions of this section. If the deceased Equity Member is not survived by a spouse, then the legatee or heir of the Equity Membership may acquire the deceased member's Equity Membership without payment of any new membership contribution. If the legatee or heir desires to acquire the Equity Membership, the legatee or heir must apply for the membership within one hundred twenty (120) days after his/her right to the Equity Membership has been determined and pay to the Club all dues, fees and other Charges from the date of the member's death to the date of the application. If the legatee or heir does not apply for the Equity Membership within one hundred twenty (120) days after acquiring the right to the Equity Membership, then the Equity Membership will be deemed to have been resigned and will be reissued by the Club in the same manner as any other resigned Equity Membership. Upon the reissuance of such Equity Membership, the estate of the deceased member will be paid the amount of the membership contribution which would otherwise have been payable to the deceased member in accordance with Section 5.6 less all dues, fees and other Charges associated with the Equity

Membership that are owed to the Club. In any event, the spouse, legatee/heir and/or estate of the deceased member shall be responsible for payment of all dues, fees and other Charges associated with the deceased member's Equity Membership from the date of the member's death until such time as the deceased member's residential unit or lot on Callawassie Island is transferred to another owner and such owner acquires an Equity Membership.

Upon the death of all other non-equity members, the membership is not transferable.

The Club reserves the right, in its sole discretion, to establish such other rules as may be necessary in connection with the transfer of a membership upon the death of a member and may require the execution of such forms as may be deemed necessary by the Club from time to time.

5.10 SEPARATION OR DIVORCE OF MEMBERS

In the event of the divorce or legal separation of an Equity Member or Spring Island Founder Member in good standing, the Equity Membership shall belong to the party designated by agreement of the member and the member's spouse or as designated by final court order, provided, however, that in order for the Equity Membership to be transferred to the spouse, the spouse must satisfy all membership eligibility requirements. Both of the divorced or legally separated persons must give written notice to the Club designating the person who is entitled to the rights and privileges of the Equity Membership within five (5) days after the divorce or legal separation is final. Until written notice has been provided to the Club, both spouses will be responsible for the payment of all dues, fees and other Charges associated with the membership. A spouse who does not retain or acquire the Equity Membership shall no longer be permitted to use the Club Facilities upon the entry of a separation or final divorce order. The Club will not be involved in any dispute, and reserves the right to suspend any and all membership privileges in the event of a dispute between a member and his/her spouse with respect to the ownership of an Equity Membership and use of the Club Facilities.

In the event of the divorce or legal separation of all other non-equity members in good standing, the membership is not transferable.

The Club reserves the right, in its sole discretion, to establish such other rules as may be necessary in connection with the transfer of a membership upon the divorce or legal separation of a member and may require the execution of such forms as may be deemed necessary by the Club from time to time.

5.11 PAYMENT OF DUES AND OTHER CHARGES BY RESIGNING MEMBERS

(a) An Equity Member who is on the waiting list to sell his/her membership will be obligated to continue to pay to the Club all dues, fees and other Charges associated with his/her membership until his/her Equity Membership is reissued by the Club.

(b) A resigned member will be entitled to use the Club Facilities so long as the resigned member is obligated and continues to pay all dues, fees and other Charges associated with the resigned Equity Membership.

(c) Prior to the reissuance of a resigned member's Equity Membership, any unpaid dues, fees and other Charges plus interest accrued under the then prevailing terms of the General Club Rules either: (1) will be deducted from any amount to be paid to the resigned member who was an Equity Member on or before February 2, 2012; or (2) must be paid by the resigning member. If the amount to be paid by the Club to a resigned Equity Member is not sufficient to pay any unpaid dues, fees and other Charges plus interest accrued owed by the resigned

Equity Member, then such resigned Equity Member must pay all such expenses prior to the reissuance of his/her resigned Equity Membership.

5.12 DUES, FEES AND CHARGES PRORATED UPON REISSUANCE OF RESIGNED EQUITY MEMBERSHIP

If a resigned Equity Membership is reissued by the Club during a membership year, the resigned Equity Member will be entitled to receive a refund of all dues and other Charges paid in advance for the remainder of the membership year.

5.13 NON-EQUITY ASSOCIATE MEMBERS AND SPRING ISLAND NON-EQUITY SOCIAL MEMBERS ARE NOT ENTITLED TO A REFUND OF ANY AMOUNT UPON RESIGNATION OF MEMBERSHIP PRIVILEGES

Non-Equity Associate Memberships and Spring Island Non-Equity Social Memberships are not transferable and shall terminate upon resignation of membership privileges. Non-Equity Associate Members and Spring Island Non-Equity Social Members are not entitled to a refund of any amounts whatsoever (i.e., membership contribution, dues, fees and other Charges) previously paid for membership upon the resignation or other termination of membership.

6.0 DUES, FEES, CHARGES AND LIENS

6.1 SETTING OF DUES, FEES AND CHARGES

Members are and will continue to be the primary source of operating and capital funds for the Club. The Board of Directors of the Club will, from time to time, determine the dues, fees and other Charges (including any food and beverage minimums) for each category of membership. All dues will be payable in advance, on or before the first day of each month during the membership year, unless otherwise determined by the Club.

The timely payment of dues, fees, food and beverage minimums, assessments, charges, state taxes, service charges and other charges that the Club may establish from time to time (collectively, the "Charges") is required to obtain and maintain membership privileges at the Club.

6.2 RESIDENT DUES AND NONRESIDENT DUES

Resident and nonresident dues categories are currently available for Equity Golf Memberships. Each Equity Golf Member who owns a completed residential unit on Callawassie Island or who resides for three (3) or more months during any membership year in Beaufort or Jasper Counties, South Carolina, or Chatham County, Georgia, will be considered to be a "resident" and will be required to pay resident dues. All other Equity Golf Members shall pay nonresident dues. It is the responsibility of Equity Golf Members to inform the Club immediately upon a change in resident status.

The Club does not currently offer a nonresident dues category for Equity Social Memberships and therefore, all Equity Social Members shall pay resident dues. However, those existing Equity Social Members that qualified for nonresident dues status prior to July 1, 2005, shall be grandfathered and be permitted to continue to pay nonresident dues established by the Club.

6.3 SURVIVING SPOUSE MAY ELECT TO PAY LESS DUES

(a) The Club allows a limited number of persons whose spouse was a resident Equity Golf Member on or before February 2, 2012 and in good standing at the time of his/her death to elect

Surviving Spouse Privileges as described herein. A surviving spouse who elects Surviving Spouse Privileges, shall be permitted to use all of the Club Facilities except the golf course and golf practice facilities on a space available basis upon payment of the applicable dues, fees and other Charges. Such surviving spouse will be entitled to reserve tennis court times in accordance with rules then in effect and will not be required to pay any court fees for use of the tennis facilities. At the beginning of each membership year each such surviving spouse is entitled to receive a maximum of twelve (12) vouchers entitling immediate family members to play golf without payment of any greens fee or golf cart fee. Vouchers must be used during the year of issuance and cannot be carried over to another year. Immediate family members when using the golf facilities shall abide by the published Golf Rules and Guidelines.

(b) The surviving spouse shall pay dues equal to eighty percent (80%) of the dues charged to Equity Golf Members who are paying resident dues and shall be subject to the same food and beverage minimum that is charged to Equity Golf Members who are paying nonresident dues. All other fees and assessments shall be the same as that paid by Equity Golf Members who are paying resident dues. Should the surviving spouse become delinquent (as described in the General Club Rules) the Surviving Spouse Privileges will be suspended and the obligation to pay resident dues will be reinstated.

(c) The cumulative amount of dues that are not paid by a surviving spouse who has elected Surviving Spouse Privileges (i.e., the 20% difference) shall accrue and shall be deducted from the amount that would otherwise be paid to the surviving spouse upon resignation and reissuance of his/her Equity Golf Membership by the Club in accordance with Section 5.6(a). All such dues amounts that are deducted from the amount to be paid to the surviving spouse shall be retained by the Club. In the event that the amount to be paid to the surviving spouse electing Surviving Spouse Privileges upon resignation and reissuance of his/her Equity Golf Membership is not sufficient to pay any unpaid dues, fees and other Charges plus interest accrued owed by the resigned Equity Member, then such resigned Equity Golf Member must pay all such expenses prior to the reissuance of his/her resigned Equity Membership. The Club shall have the right to require a Equity Golf Member electing the Surviving Spouse Privilege to grant a mortgage to the Club to secure payment of amounts owed by such Equity Golf Member.

6.4 SENIOR DUES CATEGORY

(a) The Club allows a limited number of eligible Equity Golf Members in good standing to elect Senior Dues Status. In order to be eligible to elect Senior Dues Status, the member must have been an Equity Golf Member on or before February 2, 2012 who has paid resident dues and remained in good standing for at least fifteen (15) years and be at least seventy-five (75) years of age. If the member is married then his/her spouse must also be at least seventy-five (75) years of age. If an Equity Golf Member elects Senior Dues Status, then he/she shall be permitted to use all of the Club Facilities on a space available basis upon payment of the applicable dues, fees and other Charges. Such members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Such members will be required to pay golf cart fees or trail pass fees for use of the golf course.

(b) If the Equity Golf Member who elects Senior Dues Status is not married, then at the beginning of each membership year such member is entitled to receive a maximum of twelve (12) vouchers entitling immediate family members to play golf without payment of any greens fee or golf cart fee. Vouchers must be used during the year of issuance and cannot be carried over to another year. Immediate family members when using the golf facilities shall abide by the published Golf Rules and Guidelines.

(c) The Equity Golf Member electing Senior Dues Status shall pay dues equal to eighty percent (80%) of the dues charged to Equity Golf Members who are paying resident dues and shall be subject to the same food and beverage minimum that is charged to Equity Golf Members who are paying nonresident dues. All other fees and assessments shall be the same as that paid by Equity Golf Members who are paying resident dues. Should the member become delinquent (as described in the General Club Rules) the Senior Dues Status will be suspended and the obligation to pay resident dues will be reinstated.

(d) The cumulative amount of dues that are not paid by a member who has elected Senior Dues Status (i.e., the 20% difference) shall accrue and shall be deducted from the amount that would otherwise be paid to the member upon resignation and reissuance of his/her Equity Golf Membership by the Club in accordance with Section 5.6(a). All such dues amounts that are deducted from the amount to be paid to the member shall be retained by the Club. In the event that the amount to be paid to the Equity Golf Member electing Senior Dues Status upon resignation and reissuance of his/her Equity Golf Membership is not sufficient to pay any unpaid dues, fees and other Charges plus interest accrued owed by the resigned Equity Golf Member, then such resigned Equity Golf Member must pay all such expenses prior to the reissuance of his/her resigned Equity Membership. The Club shall have the right to require an Equity Golf Member electing the Senior Dues Status to grant a mortgage to the Club to secure payment of amounts owed by such Equity Golf Member.

6.5 NUMBER OF PERSONS THAT CAN SELECT SURVIVING SPOUSE PRIVILEGES AND SENIOR DUES STATUS AT ANY ONE TIME

The maximum number of Equity Golf Members that may elect Surviving Spouse Privileges and Senior Dues Status pursuant to Sections 6.3 and 6.4 at any one time shall be defined in the General Club Rules. Once the maximum number has been reached, then the Club shall maintain a waiting list of eligible Equity Golf Members. Members shall be placed on the waiting list based on his/her length of continuous membership at the Club (i.e., the member who has been a member for the longest continuous period of time shall have priority on that particular waiting list and shall be placed ahead of other members). Each waiting list shall be updated on a monthly basis, and therefore, a member's position on a particular waiting list may change from month to month.

6.6 BUDGET

In accordance with the Club Purchase Agreement, until such time as the Club operates at least at break-even cash flow for the preceding twelve (12)-month period, the Partnership and the Club will annually establish a mutually agreed upon budget for the operation of the Club. For this purpose, the term "break-even cash flow" shall be defined as a positive excess of revenues over all mutually agreed upon operating expenses including capital repair and replacement, capital improvements, and capital lease expenditures. Such operation to be determined by an independent CPA firm.

6.7 MEMBERSHIP YEAR

The Club's membership year will constitute the twelve (12)-month period commencing on January 1st and ending on December 31st.

6.8 LIENS

The Club shall have a lien against each membership for any unpaid dues, fees and other Charges made by that member, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such dues, fees and other Charges, or enforcement of such lien, whether or not legal proceedings are initiated. The lien may, but need not, be recorded among the public records of Beaufort County, South Carolina, by filing a claim therein which states the name of the member, the number of the membership and the amount claimed to be due, and said lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing said lien, shall have been paid. Such claims of lien may be signed by an officer of the Club. Upon full payment, the member making payment shall be entitled to be reinstated as a member in good standing and shall be entitled to a satisfaction of lien to be prepared and recorded at the member's expense. All such liens may be foreclosed by the Club, in any action at law or in equity, with or without five (5) days prior written notice of the intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid dues, fees and other Charges without thereby waving the lien securing the same. The Board of Directors reserves the right to report members who are in arrears on their Club bills to an appropriate national credit reporting agency. Any other liens placed against a membership shall be junior to the Club's lien.

7.0 OPERATING AND CAPITAL ASSESSMENTS AND DEBTS

7.1 OPERATING ASSESSMENTS

From time to time the Board of Directors of the Club may find it necessary to assess the members, in addition to dues, fees and other Charges, to cover any operating deficits which may occur. Any assessments to cover operating deficits will be prorated among all of the Equity Members and Spring Island Founder Members in relation to the amount of dues charged to their respective membership categories. Equity Golf Members who have elected either Surviving Spouse Privileges or Senior Dues Status will be required to pay the same amount as that paid by Equity Golf Members who are paying resident dues.

7.2 CAPITAL ASSESSMENTS

In accordance with Section VI.2 of the By-Laws, there shall be no one-time assessments for capital expenditures in excess of $200,000, except in the case of a declared emergency, unless such assessment is approved by a majority vote of the Equity Members and Spring Island Founder Members entitled to vote on such proposed assessment. Assessments for any capital expenditures to the golf course shall be voted on by, and prorated equally among, the Equity Golf Members and Spring Island Founder Members. Equity Social Members shall not be subject to any assessment for capital expenditures to the golf course. All other assessments for capital expenditures to the Club Facilities shall be voted on by, and prorated equally among, all of the Equity Members and Spring Island Founder Members.

7.3 DUES AND ASSESSMENTS REGARDING PARTNERSHIP'S UNSOLD MEMBERSHIPS

Pursuant to the Club Purchase Agreement, the Partnership has agreed that the unsold Equity Golf Membership certificates issued to the Partnership on June 29, 2001, shall be subject to nonresident Equity Golf Membership dues and assessments. Payments of monthly dues/fees or assessments by the Partnership on the unsold Equity Golf Memberships are to be stopped when a positive cash flow is achieved on a monthly basis. Such payments by the Partnership will resume if positive cash flow is not achieved and maintained on a monthly basis to ensure positive cash flow which maintains working capital as forty-five (45) days average payables, maintenance of budgeted capital repair and

replacement reserves and payment of all capital leases. As the Partnership sells a membership, the dues, fees and other Charges for such membership shall be prorated as of the date of purchase of the membership on the basis of the number of months left in the membership year.

7.4 DEBT

The Club will be responsible for making payments on any debt incurred on behalf of the Club. The Club shall allocate the cost of all payments on any debt service for capital expenditures among the members in such a manner that:

(a) Any debt service payments for capital expenditures to the golf course shall be prorated equally among all Equity Golf Members and Spring Island Founder Members;

(b) Equity Social Members shall not be assessed for any debt service for capital expenditures to the golf course;

(c) All other debt service payments for capital expenditures to the Club Facilities shall be prorated equally among all of the Equity Members and Spring Island Founder Members.

8.0 THE BOARD OF DIRECTORS

8.1 BOARD OF DIRECTORS RESPONSIBLE FOR MANAGEMENT OF THE CLUB

The Board of Directors will be responsible for the government and administration of the affairs and property of the Club. In general, the Board of Directors has the authority to accept members, set dues, fees and other Charges (including any food and beverage minimums), establish rules and regulations and, control the overall management and affairs of the Club. The Club may not be operated in contravention of the terms and conditions of this Plan or the By-Laws. Refer to Article IV of the By-Laws.

8.2 CONTROL OF THE BOARD OF DIRECTORS

The Board of Directors consists of nine (9) Directors, all of whom are elected by the Equity Members and must be Equity Members at the Club. Directors shall serve a term of three (3) years.

9.0 OTHER USE PRIVILEGES

9.1 NONMEMBER USE OF THE CLUB FACILITIES

Use of the Club Facilities by nonmembers may be permitted from time to time as may be authorized by the Board of Directors of the Club.

10.0 PARTNERSHIP ACCESS, FACILITY DESIGN AND EASEMENT RIGHTS

In order to promote the sale and re-sales of residential units and lots on Callawassie Island, to promote the sale of Equity Golf Memberships at the Club and to protect its remaining assets and interests on Callawassie Island and the Club, the Partnership has retained certain rights to and concerning the Club Facilities. These rights terminate when certain conditions have been satisfied. The details of these rights are contained in the Club Purchase Agreement and Attachment A hereto.

11.0 MODIFICATION OF MEMBERSHIP PLAN

11.1 BOARD OF DIRECTORS MAY AMEND THE PLAN

The Board of Directors may, in its sole discretion, amend or modify this Plan from time to time, so long as such amendments or modifications do not materially and adversely affect the rights of the Equity Members. Any amendment or modification which materially and adversely affects the rights of the Equity Members must be approved by a majority of the votes held by the Equity Members so affected. Certain terms of this Plan as listed below may not be amended without concurrence of the Partnership.

11.2 CERTAIN PROVISIONS OF THIS PLAN MAY NOT BE AMENDED

This Plan may be amended in accordance Section 11.1 provided, however, that until (a) the Partnership has sold five hundred ninety-five (595) Equity Golf Memberships, or (b) seven hundred (700) of its residential lots and units at Callawassie, or (c) December 31, 2010, whichever shall last occur, neither the Club nor its members may at any time, without the prior consent of the Partnership, which consent may not be unreasonably withheld, alter, amend or change this Plan with regard to any of the following items:

(a) the total number of memberships permitted to be issued in the Club or in any particular category of membership as described in the Plan as of June 29, 2001;

(b) the restrictions or limitations on assessments as described in the Plan as of June 29, 2001;

(c) the restrictions or limitations on any unissued memberships held by or on behalf of the Partnership for dues, fees, assessments and other Charges as described in the Plan as of June 29, 2001;

(d) the right of the Partnership to use the Club Facilities pursuant to the Marketing, Access and Use Agreement as described in the Plan as of June 29, 2001;

(e) the rules and regulations relating to use of the Club Facilities by guests of members as described in the Plan as of June 29, 2001;

(f) the rights of a lessee of an Equity Member's residential unit on Callawassie Island as described in the Plan as of June 29, 2001; and

(g) the eligibility to acquire an Equity Membership as described in the Plan as of June 29, 2001.

12.0 MISCELLANEOUS PROVISIONS

12.1 MEMBERSHIP DIRECTOR AVAILABLE TO ANSWER INQUIRIES

If you have any questions concerning the Plan or the membership opportunities available at the Club, please contact the Membership Director or visit the Club Membership Office Monday through Friday from 9:00 A.M. to 5:00 P.M. No appointment is necessary.

12.2 CAREFULLY REVIEW ALL DOCUMENTS

This Plan describes the membership opportunities offered by the Club and is qualified by the definitive information set forth in the By-Laws, Articles of Incorporation, General Club Rules and Club Purchase Agreement. Every person who desires to purchase a membership at the Club should carefully read this Plan and all of the referenced documents and should consider seeking professional advice to evaluate these documents.

12.3 RELY ONLY ON INFORMATION IN THIS PLAN

No person has been authorized to give any information or make any representation not expressly contained in this Plan and, if given or made, such information or representation must not be relied upon as having been authorized by the Club.

12.4 MEMBERSHIPS OFFERED ONLY FOR RECREATIONAL PURPOSES

Memberships are being offered exclusively for the purpose of permitting persons acquiring memberships to obtain recreational use of the Club Facilities. Memberships should not be viewed or acquired as an investment, and no person purchasing a membership should expect to derive any economic profits from membership at the Club.

12.5 BINDING EFFECT

This Plan and the provisions contained herein, as amended to the date hereof and as may be amended hereafter, are binding on and shall inure to the benefit of all Club members (whether in good standing or not), their heirs, successors and assigns, to the same extent and with the same effect as if they were in effect at the time of a member's purchase of a residential unit or lot on Callawassie Island.

No federal or state authority has passed upon or endorsed the merits of this Plan.

ATTACHMENT A (3/20/01) IS INCLUDED AS AN INTEGRAL PART OF THIS MEMBERSHIP PLAN.

ATTACHMENT A (3/20/01)
PARTNERSHIP RIGHTS

APPLICABLE SECTIONS FROM CLUB PURCHASE AGREEMENT DATED 10/26/99

USE OF CLUB FACILITIES BY PROSPECTIVE PURCHASERS OR MEMBERS

The Club shall permit the Partnership, its successors, affiliates and assignees to use the dining and lounge facilities for the purpose of entertaining prospective retail purchasers of homes or lots on Callawassie Island, including re-sales, and prospective Club Members. Club shall permit such prospective purchasers or members to use the golf and tennis facilities in accordance with current practices accorded the Partnership and its successors, assignees and affiliates (including without limitation tee access) and otherwise in accordance with the same rules and regulations prescribed for guest of golf members. These rights include the ability of the Partnership to hold promotional events and tournaments at the Club Facilities with the approval of the Board of Directors with such approval not to be unreasonably withheld or delayed. This right to use the Club facilities becomes null and void when all developer lots are sold.

The Partnership will establish an account for charges incurred by the Partnership's affiliates, assignees, employees and agents in connection with the entertainment of such prospective purchasers, including green fees and cart fees. The amount of said charges shall be the same as those charged, from time to time, for guest(s) of member(s) of the Club.

The Club shall bill the Partnership and its affiliates, successors and assignees, as the case may be, monthly for such charges.

MARKETING ACCESS AND USE RIGHTS

In order to promote the sale and re-sales of residential units and lots on Callawassie Island, and to promote the sale of golf memberships in the Club, the Partnership and its successors, assigns and affiliates shall be permitted to use the Club Facilities until such time as Partnership has sold 595 initial golf equity memberships (the "Access Term").

Such Access Term may be extended upon mutual agreement of Members Club and Partnership.
The Partnership shall have the right to designate individuals to use the Club Facilities on a space available basis during the Access Term, subject to the approval of the Club and without regard as to whether such individuals are employees of the partnership, prospective members of the Club or prospective purchasers of property on Callawassie Island or one of the other designated communities. Access and use of the Club Facilities shall be subject to such terms and conditions as are reasonably established by the Members Club from time to time.

During the access term, Partnership shall have the right, upon the prior approval of Club, and payment of appropriate user fees, to schedule and hold marketing and promotional events using the Club Facilities, including without limitation, golf and tennis tournaments and other exhibitions and the right to promote the development of and to otherwise market residential units and lots on Callawassie Island and memberships in the Club in advertisements, promotional materials and other promotional media by making reference to the Club (including but not limited to pictures or drawings thereof) and the availability of equity memberships herein.

The Club shall establish a separate account for each of those individuals designated by the Partnership to use the Club Facilities during the Access Term. The individuals designated by the Partnership shall charge their fees, charges and food and beverages purchases to their Club account with payment of

such charges to be guaranteed by the Partnership. Individuals designated by the Partnership shall pay the same fees and charges that are charged to the guests of a golf member. The Club shall bill the Partnership directly for each such club account.

Individuals designated by the Partnership to use the Club Facilities shall not have any voting rights, nor shall they be obligated to pay any membership contribution, annual dues, food and beverage minimums or assessments, and shall not count against the total number of memberships permitted to be issued in the Club.

CALLAWASSIE ISLAND MEMBERS CLUB

By-Laws

March, 2009

THE CALLAWASSIE ISLAND CLUB
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AMENDED AND RESTATED BY-LAWS
OF
CALLAWASSIE ISLAND MEMBERS CLUB

March, 2009

ARTICLE I
PURPOSE OF CLUB

The nature and purpose of the Callawassie Island Members Club, Inc., ("Club") is to own and operate a private country club for the recreation, pleasure and benefit of its equity members.

ARTICLE II
CLUB EMBLEM

The emblem of the Club shall be of a style and design to be approved by the Board of Directors.

ARTICLE III
MEMBERS MEETING

3.1 *Annual Meeting*. An annual meeting of the equity members of the Club shall be held for the purposes of receiving reports of officers and others, electing directors, and for such other business as may be properly brought before the meetings.

3.2 *Date and Place of Annual Meeting*. The annual meeting of the Equity members shall be held at such appropriate time and place in South Carolina as the Board of Directors may designate.

3.3 *Special Meetings*. Special meetings of the equity members may be called by the President of the Board of Directors, a majority of the members of the Board of Directors or, upon the written request of ten percent (10%) or more of the members entitled to vote. Such request shall be submitted to the President who shall then call a special meeting within thirty (30) days of the date of such request. Notices of any special meeting must contain a statement of the purpose for which such special meeting is called and no other business may be transacted at that meeting.

3.4 *Notices*. The Secretary shall give not less than fifteen (15) days nor more than fifty (50) days prior notice, by mail, prepaid, to all equity members of the Club, stating the time, place, and purpose of any meeting.

3.5 *Quorum*. The presence, either in person or by written proxy, of equity members having a majority of the votes then entitled to be voted shall constitute a quorum at any meeting of the equity members. A quorum must be present to constitute a legal vote of the Equity members.

3.6 *Proxies*. Members may vote by proxy. The Board of Directors will determine the form and procedures for the use of the proxies authorized in writing.

3.7 *Voting Percentage*. Except for the election of members to the Board of Directors, which shall be by plurality vote, a majority of those equity members present (in person or by proxy) is necessary for passage of any issue before the equity members.

3.8 *Memberships*. Each equity membership shall entitle the equity member to vote on various club matters, including the election of the Board of Directors. Each Golf membership shall entitle the golf member to five (5) votes, while each social membership shall entitle the social member to two (2) votes. Spring Island founder members shall have the same voting privileges as a golf member.

3.9 *Ballot*. In lieu of the annual or a special meeting, the Club shall have the option to conduct any vote by written ballot.

3.10 *Ballot for Election of Directors*. The written ballot shall be delivered by mail, facsimile, electronically (or any combination thereof) to all equity members by February 1st of each year. All written ballots must be returned to the Club by March 1st of that same year. The written ballot shall contain the names of those individuals selected by the nominating committee and those eligible by petition. The vote shall be conducted by written ballots and all written ballots must be received by the Board of Directors no later than 5:00 p.m. on March first. The Member delivering the ballot is responsible for the method of delivery. For an election to be valid, more than fifty percent (50%) of the Members must timely submit the written ballots. A majority of the ballots returned is required for the passage of any issue except for the election of directors. The individuals with the highest number of votes shall be elected as directors. The Board of Directors will announce the vote tabulation during the Annual Meeting and the candidates with the greatest number of votes shall fill the open directorships. The new directors shall hold office for their three (3) year term commencing with the close of the Annual Meeting

ARTICLE IV
BOARD OF DIRECTORS

4.1 *Number and Qualifications*. The business and affairs of the Club shall be governed by a Board of Directors. The Board of Directors shall consist of nine (9) equity members of the Club in good standing

4.2 *Nominating*.

(a) The Board of Directors shall appoint a Nominating Committee consisting of five (5) members entitled to vote, two (2) of whom shall be members of the Board of Directors by September 1st of each year. Members of the Nominating Committee shall serve for a term of one (1) year or until their successors are appointed and qualified. Unless specifically requested by a majority of the Board of Directors, the Nominating Committee shall not nominate candidates to fill any vacancies occurring by reason of death, resignation or otherwise, for any unexpired term.

(b) The Nominating Committee shall recommend to the Board of Directors at the December Board meeting of each year, the names of equity members of the Club to be submitted to the equity members of the Club either (i) at their annual meeting for election to the Board of Directors; or (ii) to be placed on the written ballot.

(c) Ten percent (10%) or more of the total equity members entitled to vote who are not on the Nominating Committee or the Board of Directors may also nominate candidates for the Board of Directors by petition, signed by ten percent (10%) of the equity members entitled to vote, and filed with the Secretary by January 15th of each year.

4.3 *Elections*.

(a) There shall be no cumulative voting.

(b) Voting shall occur at the annual meeting or pursuant to written ballot.

(c) The Board of Directors shall be nine (9) directors, all of whom shall be elected by the equity members and must be equity members of the Club in good standing.

(d) Each year, the equity members shall elect directors for a term of three (3) years to replace those directors whose terms have expired. This number shall be adjusted to conform to the total number to be elected to the Board of Directors for the ensuing year.

(e) The number of candidates necessary to fill the vacancies on the Board of Directors receiving the highest number of votes for each designated term shall be declared elected.

(f) A Board Member may serve for no more than two (2) consecutive terms.

(g) The Board of Directors, at its option, may appoint a member to fill a Board vacancy until the next election of Directors. The appointed member may be elected to complete the unexpired term. If the appointed member does not wish to complete the unexpired term, another member may be elected to complete the term.

ARTICLE V
MEETING OF THE BOARD OF DIRECTORS

5.1 *Organizational Meeting*. Each year the Board of Directors shall hold an organizational meeting to elect officers and to consider any other matters that may be properly brought before the meeting. The organizational meeting of the Board of Directors shall be held during the month of March of each year.

5.2 *Duties at Organizational Meeting*. The Board of Directors shall fix the membership contribution and terms for payment of any membership certificate. Such membership contribution and terms shall be in effect for the following calendar year or until changed sooner by the Board of Directors.

5.3 *Quorum*. A majority (in person or telephonically) of the Board of Directors at any meeting shall constitute a quorum for the transaction of business.

5.4 *Action Without Meetings*. Any action which may be taken by the Board of Directors may be taken without a meeting if a written consent setting forth the action taken is signed by all of the directors entitled to vote and is filed in the minutes of the proceedings of the Board of Directors.

5.5 *Notice of Meetings*. Notice of any meeting of the Board of Directors, regular or special, may be conveyed by written, electronic (e-mail), telephonic or personal notice, at least three (3) days prior to the meeting, except in the event of an emergency in which event such notice may be waived to the extent permitted by law.

5.6 *Voting Percentage*. A majority of the Board of Directors attending the meeting must vote to approve any matter before the Board, unless otherwise provided herein or required under the law.

5.7 *Meetings*. The Board of Directors shall meet quarterly or have a minimum of six (6) regular meetings each year, at such times as the Board of Directors shall determine.

ARTICLE VI
POWERS OF THE BOARD OF DIRECTORS

6.1 *Management of the Club*. The Board of Directors shall have the power and authority to govern all aspects of the Club and may delegate this power and authority to committees and/or officers.

6.2 *Duties and Powers*. The Board of Directors may:

(a) Appoint committees and assign duties;

(b) Fill vacancies on the Board of Directors due to death, resignation, inability to perform duties, or otherwise, for the unexpired term.

(c) Appoint managers and other employees and delegate such authority considered necessary for the proper operation and management of the Club;

(d) Adopt, alter, amend or repeal the General Club Rules governing use of the Club and all its facilities by members and their families and guests;

(e) Determine the amount of dues, fees, and other charges;

(f) Replace any director who shall fail to attend fifty percent (50%) of the regular Board meetings in any one (1) fiscal year or who fails to be a member of the Club in good standing, or who is actively attempting to sell his real property;

(g) Expend funds to the extent of the amount in the club treasury or owing to the Club Treasury or owing to the Club, to make contracts, including, without limitation, those pertaining to general or specific lines of credit, or create indebtedness and to borrow money or incur indebtedness for purposes of the Club, and to cause promissory notes, bonds, mortgages or other evidence of indebtedness to be executed and issued in the ordinary course of the Club's business;

(h) Enter into any single capital expenditures project on behalf of the Club involving total expenditures of up to $200,000 without prior approval of a majority vote of all the equity members of the Club entitled to vote except as permitted in paragraph (i) hereto.

Assessments for any capital expenditures over $200,000 to the golf course shall be voted on by and prorated equally among the Golf Members. Social Members shall not be subject to any assessment for capital expenditures to the golf course. All other assessments for capital expenditures over $200,000 to the Club Facilities shall be voted on by and prorated equally among all of the equity members. Such assessments shall require a majority vote of the equity members entitled to vote and who are present in person or by written proxy hereto;

(i) By a majority vote of the Executive Committee, and without a specific Member vote, declare an emergency situation warranting an expenditure of amounts in excess of the limitation imposed in this Section 6.2. The committee may then expend such sums, without limitation, as it determines necessary to counteract the emergency. Such situations are to include, but not be limited to, those which could be considered as "Force Majeure" under generally accepted interpretation of such;

(j) Exchange rights to use the Club facilities with members of other Country Clubs;

(k) Comply with all the terms and conditions of the Club Purchase Agreement dated October 26, 1999 and any amendments thereto.

(l) Maintain replacement cost insurance on the Club facilities equal to full replacement cost thereof if available at a commercially reasonable cost as determined by the Board;

(m) Determine whether any member's conduct or whose families or guests conduct shall be deemed to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members. If so determined, the members may be reprimanded, fined, suspended or expelled from the Club by the action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony, or good reputation of the Club or its members. Any member suspended or terminated by action of the Board of Directors shall automatically lose all membership privileges including the right to a vote on Club matters during the period of suspension or termination;

(n) Suspend a member's credit and membership privileges in the event of a delinquency in payment of dues, assessments or other charges levied by the Board of Directors in accordance with notice of said delinquency

6.3 *Issuance of Membership Certificates*. The Board of Directors shall have sole authority to issue, cancel, and transfer membership certificates and shall have such certificates prepared in the form and content consistent with the provisions of these By-Laws of the Club.

6.4 *Compensation*. No director shall receive a salary or any other compensation whatsoever, but shall be entitled to reimbursement for all expenses reasonably incurred in performing any duties pursuant to these By-Laws.

6.5 *Interpretation of By-Laws*. The Board of Directors shall have the corporate powers to generally do everything permitted for nonprofit corporations by law, by statue, the Articles of Incorporation, or these By-Laws, and to determine the interpretation or construction of these By-Laws or any parts thereof, which may be in conflict or of doubtful meaning, and their decisions shall be final and conclusive.

ARTICLE VII
OFFICERS

7.1 *Election of Officers*. The Board of Directors shall elect a President, a Vice President, a Treasurer, a Secretary and such other officers as the Board determines appropriate from time to time. Such officers shall be elected to serve for the term of one (1) year or until their successors shall be elected and shall carry out the duties described below.

7.2 *President*. The President shall preside at all meetings and enforce observance of the provisions of these By-Laws and all of the General Club Rules. The President may call special meetings of the Board of Directors, shall be an ex-officio member of all committees, and shall be empowered to execute all papers and documents requiring execution in the name of the Club. All papers and documents must also be executed by a second member of the Executive Committee.

7.3 *Vice President*. In the absence of the President, the Vice President shall perform and carry out all duties and responsibilities of the President.

7.4 *Secretary*. The Secretary shall keep records and minutes of all meetings of the Board of Directors and the membership. The Secretary shall also be responsible for giving all required notices of such meetings. The Secretary shall have custody of the Seal of the Club and all membership records shall be kept under the Secretary's supervision.

7.5 *Treasurer*. The Treasurer shall cause to be collected, held and disbursed, under the direction of the Board of Directors, all monies of the Club and it shall be the Treasurer's duty to collect monies due the Club from the issuance of membership certificates, dues and charges from the members of the Club, and all amounts due from others. The Treasurer shall keep or cause to be kept regular books of accounts and all financial records of the Club, and shall have prepared for and submitted to the Board of Directors financial statements, when and in the form requested by the Board of Directors. The Treasurer shall deposit or cause to be deposited or invested all monies of the Club in an account or accounts in the Club's name in the bank or banks designated by the Board of Directors, and shall give a surety bond (if economically feasible) for faithful performance in the amount directed by the Board of Directors, which surety bond premium shall be paid by the Club.

7.6 *Other Officers*. The Board of Directors may appoint additional officers and assign their duties.

7.7 *Additional Duties of Officers*. Any officer may be given additional assignments and duties by the Board of Directors.

7.8 *Removal from Office*. An officer may be removed from office by the members of the Board of Directors.

ARTICLE VIII
INSURANCE AND INDEMNIFICATION

8.1 *Insurance*. The Club shall obtain on behalf and for the benefit of the officers and directors of the Club such insurance as the Board of Directors deems appropriate and is permitted by law.

8.2 *Indemnification*. The Club shall, to the fullest extent permitted by the laws of South Carolina, as the same may be amended and supplemented, indemnify any and all of the directors and officers of the Club from and against any and all of the expenses, liabilities or other matters referred to in or covered by said laws, and the indemnification provided for herein shall not be deemed exclusive of any rights to which those indemnified may be entitled under any by-law, agreement, vote of the members, disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person

who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE IX
COMMITTEES

9.1 *Standing Committees.* Each year the President, subject to the approval of the Board of Directors, shall designate the chairs and members of each of the following standing committees: Executive, Finance, Membership, House, Golf, Green, Tennis, and such other committees as may be deemed advisable by the Board of Directors from time to time.

(a) The Executive Committee shall consist of the President, as Chairman, Vice President, Secretary, Treasurer, and in addition, one (1) member of the Board of Directors. [The Executive Committee shall have the powers of the Board of Directors during the interval between Board meetings.] A majority of the members of the committee shall constitute a quorum. Actions and resolutions shall require unanimous approval of the members present. Such actions shall be reported to the Board at its next regular meeting.

(b) The Finance and Audit Committee shall review and recommend for adoption by the Board of Directors, the annual operating and capital budgets, prepared by Club Management, the monthly and annual financial reports as compared to said budgets, the employment of outside auditors, the financial reporting to Equity Members, and include itself in any other financial matters as determined by the Board of Directors from time to time including, but not restricted to, meeting with the outside auditors to investigate their independence, responding to their "letter of recommendations" and assist with the presentations to lenders or members, if requested by the Board.

(c) Each of the following committees, subject to the approval of the Board of Directors, shall submit recommendations to the Board of Directors for approval. The officers of the Club and Club Manager shall have control of the execution of such programs and recommendations as approved by the Board. The following committees shall act only as consultants and advisors to the Board of Directors and officers:

(i) Membership Committee. The Membership Committee shall investigate all Applications for membership and shall report thereon to the Board of Directors with its recommendation as to the approval or disapproval of each application.

(ii) House Committee. The House Committee shall advise the Board of Directors on matters concerning the operations of the Clubhouses, pools, the equipment, furnishings and property in the Clubhouse, specifically including, without limitation, utilities, building maintenance and repairs. The House Committee shall also advise the Board on all food and beverage operations and entertainment.

(iii) Golf Committee. The Golf Committee shall advise the Board of Directors on the scope of the Golf Professional's operation, the operation of the Golf Pro Shop and golf carts, the promulgation of playing rules for members and their guests, the programming of golfing events for members and their guests, and the maintenance of members' handicaps.

(iv) Green Committee. The Green Committee shall advise the Board of Directors on the scope of the Green Superintendent's operations, and the maintenance of the golf course, roads, facilities and equipment used in connection therewith. No live trees shall be removed nor shall any alteration be made in the golf courses except with the approval of the Board of Directors.

(v) Tennis Committee. The Tennis Committee shall advise the Board of Directors on the scope of the Tennis Professional's operation, the operation of the Tennis Pro Shop, the promulgation of playing rules for members and their guests, and the programming of tennis events for members and their guests. The Committee shall advise the Board of Directors on the condition of, and make recommendations concerning, tennis courts, equipment and other related facilities.

(d) Ad Hoc Committee. The President, subject to the approval of the Board of Directors, may appoint from time to time such ad hoc committees with such powers and composition as the President shall determine appropriate.

(e) Powers of Committees. Except for the Executive Committee, these committees shall act only as advisory committees and the individual members thereof shall have no power or authority. The chairman of each committee may appoint from the members of his or her committee such subcommittees as the chairman deems desirable. Such subcommittees shall report directly to the committee as a whole, which shall approve, amend or disapprove the report of the subcommittee.

(f) Terms of Committee Chairmen and Committee Members. A committee chairman may not serve as a committee chairman on the same committee for more than three (3) successive years. A committee member may not serve as a member of the same committee for more than three (3) successive years unless approved by the Board of Directors. Only one individual per membership may serve on the same committee during a single term. The term of a committee chairman or a committee member may be terminated at any time by the President with the approval of the Board of Directors.

ARTICLE X
PLAN OF MEMBERSHIP

10.1 *Plan of Membership*. The Board shall adopt, and administer as appropriate, a Plan of Membership for the Club, the Plan shall include, but not be limited to:

(a) Description of Club facilities;

(b) Membership application procedures and offering statement;

(c) Equity membership category description and numbers statement;

(d) Membership privileges statement;

(e) Membership transfer provisions;

(f) Dues, fees, charges and assessments rules and procedures; and

(g) Plan amendment procedures.

ARTICLE XI
DELINQUENCIES

The Club shall have a lien against each membership for any unpaid assessments, fees, annual dues or other charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such annual dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. The lien may, but need not, be recorded among the public records of Beaufort County, South Carolina, by filing a claim therein which states the name of the member, the number of the membership and the amount claimed to be due, and said lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing said lien, shall have been paid. Such claims of lien may be signed by an officer of the Club. Upon full payment, the member making payment shall be entitled to be reinstated as a member in good standing of the Club and all such liens may be foreclosed by the Club, in any action at law or in equity, with or without five (5) days prior written notice of the intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid annual dues or other charges without thereby waiving the lien securing the same.

Any other liens placed against such equity membership shall be junior to Club's lien.

ARTICLE XII
CORPORATE SEAL

The Corporate Seal of the Club shall be circular in form and shall bear the words "The Callawassie Island Members Club, Inc., non-profit 1999 South Carolina". A copy of said seal is affixed hereto. The Corporate Seal shall be in the possession of the Secretary and be affixed by the Secretary to all documents relating to the official acts of the Club, as authorized by the Board of Directors.

ARTICLE XIII
MISCELLANEOUS

13.1 *Fiscal Year*. The fiscal year of the Club shall commence on the 1st day of January and conclude on the 31st day of December.

13.2 *Conflict between By-Laws and the Articles of Incorporation*. In the event of a conflict between the terms of these By-Laws and the Articles of Incorporation, the latter shall prevail.

ARTICLE XIV
AMENDMENTS

These By-Laws may be amended by a majority vote of the Board of Directors and a majority of the eligible votes cast (i) at a duly called meeting or (ii) by written ballot as long as a majority of the written ballots are returned.

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.
GENERAL CLUB RULES

General Club Rules current as of February 23, 2009.

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GENERAL CLUB RULES

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1. GENERAL RULES

1.1. CLUB HOURS

The Callawassie Island Members Club, Inc. ("the Club") and its facilities shall be open on the days and during the hours as may be established by the Board of Directors from time to time.

1.2. RULES VIOLATIONS

Violation of any of the rules contained herein or conduct in a manner prejudicial to the best interests of the Club will subject one to disciplinary action in accordance with the By-Laws.

1.3. MODIFICATION OF THESE RULES

The Board of Directors reserves the right to amend or modify these rules when necessary and will notify the Membership of such changes. Any such amendments or modifications shall be subject to and controlled by the applicable provisions of the By-Laws and the Plan for the Offering of Memberships.

1.4. MEMBER COMPLAINTS AND SUGGESTIONS

All member complaints or suggestions should be directed to and will be addressed by the Club General Manager, the chairman of the appropriate committee, or the president of the Board of Directors.

1.5. MEMBER CONDUCT

Members should refrain from confronting members, guests, or visitors regarding the misuse or suspected misuse of the Club property and amenities. The Club General Manager or Security should be promptly notified in such instances.

1.6. GUEST CONDUCT

Members are responsible for the conduct of their guests and must see that they comply with all Club rules. In order that all members may enjoy our facilities, the number of guests may be restricted by the Club General Manager.

1.7. PARTIES AND EVENTS

1.7.1. Private parties on the Club premises will be catered solely by the Club unless at the River Club.

1.7.2. Member sponsored and hosted events involving significant commitment of Club facilities and nonmember use will be preapproved by the Board of Directors.

1.7.3. Performance by entertainers will be permitted on the property of the Club only with the permission of the Board of Directors or the Club General Manager.

1.7.4. Alcoholic beverages will not be served or sold, or permitted to be consumed, on the premises during hours prohibited by law. No alcoholic beverages will be sold or served to any person not permitted to purchase the same under the laws of the State of South Carolina or be sold for off-premises consumption.

1.7.5. The Board of Directors or the Club General Manager will approve all nonmember sponsored functions to be held on Club premises prior to their authorization and will limit the number of such approved functions in accordance with current Club policies.

1.8. EMPLOYEES

1.8.1. It is inappropriate for any members or guests to abuse or discipline any of the Club's employees, verbally or otherwise. Any employee not rendering courteous and prompt service should be reported to the Club General Manager.

1.8.2. No member shall request an employee to leave the Club's premises for any purpose whatsoever nor redirect an employee from their scheduled work activities. Notify the Club General Manager, the golf or tennis professionals, or the golf course superintendent if a need occurs.

1.8.3. Members must not request special or personal services from employees of the Club who are on duty.

1.8.4. Club employees are not permitted to provide off-hour services away from the Club premises to members without the pre-approval of the Club General Manager. Members wishing such services should speak to the Club General Manager.

1.8.5. Club employees are not permitted to deliver food or liquor to locations away from the immediate area of the Clubhouse without prior permission of the Club General Manager.

1.9. ADVERTISEMENTS AND PETITIONS

1.9.1. No commercial advertisements shall be posted or circulated in the Club.

1.9.2. Other than as permitted by the By-Laws of the Club, no petition shall be originated, solicited, circulated, or posted within the Clubhouse or on Club property.

1.10. USE OF ELECTRONIC EQUIPMENT

1.10.1. Use of cell phones and pagers is prohibited within Club buildings, on or near the golf practice facility, or while participating in sports or pool area activities except for emergency use.

1.10.2. Use of radios, tape players, and CD players except with the use of headsets is prohibited in common areas, including dining rooms, bar, pool areas, on the golf course and tennis courts unless otherwise approved by the Board of Directors or the Club General Manager.

1.11. PETS

Dogs or other pets, with the exception of seeing-eye dogs, are not permitted in Club buildings or at the pools. Members may walk their pets on Club premises only in such areas and at such times as may be approved by the Board of Directors or the Club General Manager. Pets on Club premises shall be leashed at all times except on the golf course when the Pro Shop is closed and shall then be leashed or under voice control. Members are required to dispose properly of any excrement produced by their pets.

1.12. GOLF CARTS AND CART PATHS

1.12.1. Use of the golf course or the cart paths by non-players is strictly forbidden at all times when the Pro Shop is open.

1.12.2. Golf carts are not to be driven on the cart paths by members driving to and from the Clubhouse area. Members are requested to use the roadways for this purpose.

1.12.3. Golf carts are to be white or near white in color and will be subject to the approval of the Golf Professional.

1.13. GOLF CART LIABILITY

Liability concerning privately owned golf carts is solely the individual responsibility of the owning member.

1.14. LAGOON FISHING

All fishing in the lagoons is strictly on a catch and release basis and is not to be conducted in any areas abutting the golf course during hours in which the Pro Shop is open.

1.15. MAINTENANCE YARD PARKING

Residents' commercial vehicles cannot be parked in the Maintenance Yard at any time and will be removed at the owner's expense.

1.16. DONATIONS TO THE CLUB

Tennis and golf association members may implement projects with direct membership contributions for amounts up to $1,000 with prior approval by the appropriate committee and the Club General Manager. ARC approval is required, if appropriate. All donations over $1,000 require prior approval by the Board of Directors, the Club General Manager and the ARC, if appropriate. All other gifts, projects, or donations require prior approval by the Board of Directors and the Club General Manager. The Board of Directors reserves the right to refuse a donation. All donations will be anonymous.

1.17. REALTORS AND DISCOVERY TOUR AMBASSADORS

Realtors and Discovery Tour Ambassadors will not be compensated for the cost of their meals when hosting Discovery Tour participants.

2. CLUB SERVICES AND ACTIVITIES

2.1. RESERVATIONS

Reservations for most Club activities are taken on a first-come, first-serve basis by pre-registering with the appropriate Club personnel.

2.2. RESERVATION CANCELLATION

Cancellation of reservations for special events must be made at least 24 hours prior to the event or according to the published event deadline. Members will be charged for the full cost of the event if not in compliance with this rule.

2.3. PRIVATE PARTIES

The Club wishes to encourage the use of the Clubhouse by members for private parties on any day or evening, provided it does not interfere with the normal operation of the Club or with the service regularly available to the members. Such parties require a signed contract approved by the Club General Manager or the Clubhouse Manager. The sponsoring member assumes full responsibility for the conduct of his or her guests and may be required to execute a written document so signifying.

3. DINING ROOM

3.1. DINING MINIMUMS

3.1.1. Each member will be charged an annual food and beverage minimum as determined from time to time by the Board of Directors. All food and beverage charges exclusive of taxes and gratuities will be credited against the food and beverage minimum until such time as the minimum is completely used.

3.1.2. Any amount of the food and beverage minimum that is unused in a membership year will not be carried over to the subsequent membership year and will be charged in the final billing for the current membership year.

3.2. RESERVATIONS

3.2.1. Dinner reservations are requested. Members are asked to assist in maintaining required service levels by making reservations for dining prior to noon on the day involved. For a party of ten or more, a minimum additional twenty-four (24) hour notice is required by the Clubhouse staff.

3.2.2. For all functions at the Club, tables will be assigned on a first-call, first-choice basis.

3.3. GRATUITIES

3.3.1. A service charge in an amount determined by the Board of Directors from time to time will be added to all food and beverage sales and will be distributed to service personnel.

3.3.2. In November, it is customary to send a letter from the President of the Board of Directors providing an opportunity for the membership to contribute to a Holiday Fund for employees. Payment will be voluntary and, if elected, shall be included on each member's November bill.

4. ATTIRE

4.1. CLUBHOUSE

4.1.1. It is expected that members and their guests (children included) will dress in a fashion befitting the surroundings and atmosphere provided in the setting of the Club. It is also expected that members will advise their guests of the dress requirements. Special dress requirements may be established from time to time by the Board of Directors or the Clubhouse Manager and made known to the members.

4.1.2. All men are asked to remove their caps/hats upon entering the Clubhouse. Exceptions will be made for medical or religious reasons.

4.1.3. Established dress requirements apply to members and guests (children included).

4.1.4. At no time will pool attire be permitted in the Clubhouse, except with a cover-up for picking up outgoing orders only.

4.1.5. Acceptable attire includes:

Males

- Bermuda length shorts, golf slacks, business casual slacks and dress slacks (dungarees/work jeans, gym/workout attire, cut-offs, and jogging/wind pants are not permitted).
- Shirts with sleeve and collar, turtlenecks and mock turtlenecks (tank tops are not permitted).
- Shoes, golf shoes, sneakers, dress sandals, and deck shoes (flip-flops, pool shoes, and work boots are not permitted).
- "Jacket Only" or "Jacket and Tie" are always acceptable and may be required upon special request.

Females

- Bermuda length shorts, golf slacks and dress slacks (dungarees/work jeans, gym/workout attire, cut-offs, jogging/wind pants and short-shorts are not permitted).
- Appropriate length dresses and skirts. Dresses, skirts, pants and tops made in a "dress" denim style will be permitted, but they are not to be confused with dungarees/work jeans type of attire.
- A variety of tops are acceptable, but at no time will bare midriff, tank, tube, or halter tops be permitted.
- Shoes, golf shoes, dress sandals, sneakers, and deck shoes (flip-flops and pool shoes are not permitted).

4.2. GOLF

4.2.1. Established dress requirements apply to members and guests (children included).

4.2.2. Proper golf attire as stated is required at all times on the golf course and practice facilities.

4.2.3. Soft spiked golf shoes, golf sandals, or sneakers are required (flip-flops, pool shoes, work boots, hiking boots, and street shoes are not permitted).

4.2.4. Acceptable attire includes:

Males

- Bermuda length shorts or golf slacks (dungarees/work jeans, gym attire, cut-offs, and jogging pants are not permitted).
- Shirts with sleeve and collar, turtlenecks and mock turtlenecks (tank tops are not permitted). Shirts with banded waist may be worn as designed; all other shirts must be tucked in.

Females

- Bermuda length shorts, culottes, skirts or golf slacks (dungarees/work jeans, gym attire, cut-offs, and jogging pants are not permitted).
- A variety of tops are acceptable, but at no time will bare midriff, tank, tube, or halter tops be permitted.

4.3. TENNIS

4.3.1. Established dress requirements apply to members and guests (children included).

4.3.2. Proper tennis attire is required for use of the tennis facility both during play and practice. Sleeves are required on men's shirts.

4.3.3. Smooth soled tennis shoes are required. Jogging shoes, basketball shoes, and street shoes are not permitted.

4.4. POOLS

4.4.1. Bona fide swim attire is required of all swimmers. Cut-offs, dungarees, and shorts are not permitted.

4.4.2. Cloth and disposable diapers are not permitted. "Swimmees" are recommended for children when the situation warrants.

4.5. FITNESS CENTER

4.5.1. Established dress requirements apply to members and guests (children included).

4.5.2. Proper fitness attire is required for use of the Fitness Center.

4.5.3. Tennis shoes are preferred. Golf shoes and open-toe shoes are not permitted.

5. GUESTS

5.1. GENERAL

5.1.1. Callawassie Island property owners who are not members cannot use the Club facilities as a guest of a member except for attendance at private functions or other approved group activities.

5.1.2. All guests shall either be "day guests" or "house guests". A house guest is defined as a guest temporarily residing in a member's unit at Callawassie. All other guests shall be considered to be day guests.

5.1.3. A day guest may be invited to use the golf course, tennis or pool facilities up to a maximum of twelve (12) times per calendar year as a guest of a member or a combination of members.

5.1.4. A house guest may be a guest of a member or a combination of members a maximum of twelve (12) times per calendar year for a maximum of thirty (3) days' use of Club facilities.

5.1.5 An individual may be a combination of house guest and a day guest within a calendar year subject to the limitations of twelve (12) times and thirty days' use of Club facilities.

5.1.6. A member may have a maximum of eight (8) guests at any one time. Large groups are not permitted to use several memberships in order to obviate this rule. Requests for exceptions to the above guest limits must be submitted to the Club General Manager at least 14 days in advance of the proposed guest arrival. Exceptions may or may not be granted depending on demands on the Club facilities by members and previously scheduled events.

5.1.7. Guests must observe Club rules with regard to food, beverage, and amenity reservations.

5.2. REGISTRATION AND CHARGES

5.2.1. Guests may use the Club facilities either in the company of or unaccompanied by the sponsoring member pursuant to conditions established by the Club from time to time including the payment of a guest fee if applicable.

5.2.2. If a guest is to use the Club facilities at any time without the accompaniment of the sponsoring member, the guest must be registered for a guest pass at the Club office by the sponsoring member prior to such unaccompanied usage. Information to be provided by the sponsoring member will include:

- Guest's name
- Club usage dates
- Callawassie residence and telephone number, if applicable
- Whether or not the guest is authorized to sign for charges against the sponsoring member's Club account

5.2.3. Guest registration may be accomplished by the sponsoring member and guest personally appearing at the Club office or by letter, phone, or fax. A registered guest may pick up his or her guest pass at the Club office during normal business hours.

5.2.4. Unaccompanied guests may not use Club facilities without a guest pass that must be made available upon request at any time.

5.2.5. Member accompanied guests will not require a guest pass to use the Club facilities but must be registered with the appropriate professional prior to use of the Golf or Tennis facilities.

5.2.6. Guests may sign for charges against the hosting member's account if specifically authorized to do so in writing by the hosting member or they may charge to recognized personal charge cards. The hosting member is responsible for any unpaid charges incurred by his or her guest(s).

5.2.7. The sponsoring member is at all times responsible for the conduct of his or her guests while at the Club. If the manner, deportment, and appearance of any guest is deemed by the Club to be unsatisfactory, the sponsoring member shall at the request of the Club General Manager, cause such guest to surrender his or her guest card and leave the Club premises. The Club may at any time suspend or terminate the guest sponsorship privileges of any member(s) of the Club.

6. CHILDREN

6.1. Children under fifteen (15) years of age are not allowed in the Clubhouse pool nor are they allowed in the Clubhouse unless accompanied by an adult.

6.2. Children under fifteen (15) years of age may use the River Club pool when accompanied by an adult.

6.3. Children under the applicable minimum legal drinking age are not allowed at the bar unless accompanied by an adult.

6.4. The Golf Course may be used by juniors under thirteen (13) years of age with the permission of the Golf Professional.

6.5. Children under the age of thirteen (13) are not allowed in the Fitness Center unless accompanied by an adult.

USE OF GOLF CARTS ON THE GOLF COURSE BY CHILDREN UNDER THE AGE OF FIFTEEN (15) WITHOUT THE PRESENCE OF AN ADULT IN THE CART IS STRICTLY PROHIBITED. ONLY LICENSED DRIVERS MAY DRIVE GOLF CARTS ON THE ROADS OF CALLAWASSIE.

7. LESSEE AND RENTER PRIVILEGES

7.1. A member not residing in his/her Callawassie residential unit may designate a bona fide resident of such unit as the beneficial user of his/her membership. The designation of a bona fide resident as the beneficial user of a member's membership must be made in advance and in writing to the Club General Manager.

7.2. The sponsoring member must initiate the application for resident privileges and furnish the Club General Manager with a copy of the Lease or Rental Agreement. The Club General Manager will determine if the person(s) named in the proposed agreement meet the requirements to be a bona fide resident. After these requirements are met, the resident may begin to use the Club facilities.

7.3. During the period when a lessee is designated as the user of the member's membership, the member shall not have the rights or privileges of membership. However, the lessee's dining charges shall be allowed to count against the dining minimum on the membership since the owner of the membership is not allowed to use the facilities while the membership is being leased.

7.4 The resident user of the member's membership shall pay the designated fees for use of the Club facilities.

7.5. Temporary resident privileges may be denied, withdrawn, or revoked at any time for reasons considered sufficient by the Board of Directors in its sole and absolute discretion.

7.6. The member will be responsible for the deportment of and for all unpaid charges of the temporary resident.

8. POOLS

USE OF THE CLUB POOL FACILITIES AT ANY TIME IS AT RISK OF THE SWIMMER.

8.1. GENERAL

8.1.1. Only members and their guests may use the pools.

8.1.2. Showers are required prior to entering the pools.

8.1.3. Pool furniture must be kept on patio decks. All persons using pool furniture are required to cover the furniture with a towel when using suntan lotions. It has been found that these preparations stain and damage the vinyl strapping.

8.1.4. No running, jumping, or boisterous playing is allowed.

8.1.5. All persons using the pool areas and washrooms are responsible for keeping the areas clean by properly disposing of towels, cans, paper plates, cigarettes, etc.

8.1.6. All swimmers must wear bona fide swimming attire. Cut-offs, dungarees, and Bermudas are not considered appropriate attire.

8.1.7. Fishing, spear fishing and snorkeling equipment, other than a mask and/or fins are not to be used in the pool areas except as part of an organized course of instruction.

8.2. SAFETY

8.2.1. *No person under the influence of drugs or alcohol should use the pools.

8.2.2. *No spitting or blowing nose in pools.

8.2.3. *No person with communicable diseases allowed in pools.

8.2.4. *No person with skin, eye, ear or nasal infections allowed in pools.

8.2.5. *No animals or pets allowed in the pools or pool areas or on the marina docks.

8.2.6. *No glass or hard plastic allowed in the pools or pool areas.

8.2.7. *Pools are open from 8:00 a.m. to sundown.

8.2.8. *A FIRST AID KIT is located on the wall entering the restroom area at each pool.

8.2.9. *An EMERGENCY PHONE is located on the wall entering the restroom area at each pool.

8.2.10.*NO SOLO SWIMMING. NO LIFEGUARD ON DUTY. SWIM AT YOUR OWN RISK.

8.3. RULES ENFORCEMENT

The Club General Manager has full authority to enforce these rules and regulations, and any infractions will be reported to the Board of Directors. By being mindful of these rules, all members and guests will be able to enjoy fully the pool facilities.

8.4. CLUBHOUSE POOL

8.4.1. The clubhouse pool is an ADULT pool. Persons must be fifteen (15) years or older to use this pool.

8.4.2. Bringing food and beverages to the Clubhouse pool area is prohibited during Club service hours of 11:00 am to 3:00 pm, Tuesday through Sunday. The Club will serve food and beverages poolside during these hours.

8.4.3. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the tables under the arbor.

8.4.4. *The maximum number of swimmers allowed in the pool is 100.

8.5. RIVER CLUB POOL

8.5.1. Children under fifteen (15) years of age must be accompanied by a parent or guardian.

8.5.2. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the picnic tables on the back deck of the River Club.

8.5.3. Those wearing diapers are prohibited in the pool.

8.5.4. *The maximum number of swimmers allowed in the pool is 100.

* All rules marked with an asterisk are required by the State of SC DHEC.

9. GOLF

9.1. Rules concerning the use of the golf course and related facilities will be established from time to time by the Board of Directors with the advice of the Golf Committee, the Green Committee, the Golf Professional, or the Club General Manager, and will be made available to members as a printed booklet entitled, *Golf Rules and Guidelines*, and will include the following.

- Starting times and weather associated policies
- Rain check policy
- Driving range rules
- Private golf cart rules
- Golf course etiquette
- Attire

9.2. All members should familiarize themselves with and comply with the Club Golf Rules to ensure and enhance the enjoyment of the golf facilities by all members.

9.3. Social members may play golf only once a month during the IN SEASON (March 1 through May 15, and October 1 through November 30). Social Members may play golf twice a month during the OFF SEASON (May 16 through September 30, and December 1 through February 28).

9.4. Special rules and notices concerning golf facility usage will be posted on the bulletin boards in the Pro Shop from time to time as necessary and appropriate.

9.5. The golf facilities may be used by charitable organizations up to four times per year. Each event must be approved by the Board of Directors with consideration given to revenue production, exposure of Callawassie Island for marketing purposes and goodwill generated in the community. Although events must produce revenue, the events may or may not be profitable. Additional events may be approved on a case-by-case basis by the Board of Directors.

9.6. Private Golf Carts

9.6.1. All privately owned golf carts must be registered and display either a trail fee sticker or a non-trail fee sticker. If a cart does not have a trail fee sticker, the owner of the cart may use it on the golf course only after payment in the Golf Pro Shop of all appropriate fees, including a cart fee.

9.6.2. The right to use a privately owned golf cart on The Callawassie Island Members Club (the "Club") property is a non-transferable and non-assignable personal right.

9.6.3. Privately owned golf carts while on Club property, shall be driven by licensed driver only. All operators of privately owned golf carts shall operate the golf carts safely and prudently and in accordance with all applicable state and local laws and regulations.

9.6.4. Uniformity of private golf carts:

a. All private golf carts shall be similar in appearance and shall be as close to the color white as possible.

b. All private golf carts shall be four-wheeled and electrically powered, two passenger with head and tail lights for use on private roads.

c. All private golf carts shall be equipped with a canopy, sweater basket, sand bottle or bucket holder, rear view mirror, power rib tires, and rake with holder.

d. All private golf carts shall have a trail fee sticker or other authorized sticker/pass used by the Club.

e. Golf carts also may have the following optional features: (i) tinted snap on windshield, (ii) all-weather enclosure, (iii) side sweater baskets, (iv) dash tray, (v) dash board, (vi) seat cover, and (vii) interior mounted heater, fans, horn and clocks.

9.6.5. The owners of privately owned golf carts used on Club property shall maintain a liability insurance policy with adequate coverage for property damage and personal injury. Operation of a privately owned golf cart without such coverage can result in suspension of the right to use a private cart on Club property.

9.6.6. The owner of a private golf cart will be held responsible for any and all damages resulting from the use or misuse of the golf cart, whether by the owner or another person authorized by the owner to use the golf cart.

9.6.7. As long as annual trail fees are in effect for privately owned golf carts, such fees will be reviewed each year by the Club. Trail fees are a yearly fee and are non-refundable. Trail fees may be paid in total each if paid in January of that year or may be filled monthly. The rail fee shall not be prorated, except for the first year a member applies for a private cart privilege. A trail fee, paid in full, in January of any given year is transferable with the cart if a member sells his/her property and membership during the year for which the annual trail fee has been paid. Any deviation, from the above, must be appealed to the Club General Manager.

9.6.8. The annual trail fee includes only member, spouse and all family members of the member so long as such family members are (a) residing in the member's household or away at school or in the military and (b) under twenty-five (25) years of age, with a valid driver's license who named

on the trail fee application. Members who own private carts, their spouse and family members may ride with other private cart owners at no charge.

9.6.9. The spouse of a member currently using their privately owned golf cart may use a Club owned golf cart for playing golf at no charge.

9.6.10. A maximum of two (2) riders and two (2) golf bags per cart is allowed on private golf carts when on Club property.

9.6.11. The current trail fee sticker shall be removed if the private golf cart is sold or is no longer qualified to be under the trail fee program.

10. TENNIS

10.1. Rules concerning the use of the tennis facilities will be established from time to time by the Board of Directors with the advice of the Tennis Committee, the Tennis Professional, or the Club General Manager, and will be posted on the bulletin board at the tennis court or in the Tennis Pro Shop, and will include the following.

- Sign up privileges and restrictions
- Tennis attire
- Court etiquette
- Court maintenance

10.2. All club members are encouraged to familiarize themselves with and comply with the Club Tennis Rules to ensure and enhance the enjoyment of the tennis facilities by all members.

10.3. Special rules and notices concerning tennis facility usage will be posted on the bulletin board at the tennis courts or the Tennis Pro Shop from time to time as necessary and appropriate.

11. RIVER DOCK USAGE

11.1. The Club dock adjacent to the River Club is maintained and operated by the Club for the exclusive use of Club members and their guests. All other use of the facility, unless specifically authorized by the Club General Manager or the Board of Directors, is strictly prohibited and should be reported to the Club General Manager or Security.

11.2. THERE WILL GENERALLY BE NO ATTENDANT PRESENT AT OR NEAR THE DOCK FACILITY AND ALL MEMBERS AND GUESTS USE THE DOCK STRICTLY AND COMPLETELY AT THEIR OWN RISK FOR ANY PROPERTY DAMAGE, LOSS OR PERSONAL INJURY. FOR SAFETY REASONS UNACCOMPANIED CHILDREN ARE NOT PERMITTED ON THE DOCK FACILITY.

11.3. Club members or their guests are permitted to tie boats to the dock facility for a period not to exceed 72 consecutive hours when proper notification is given to the Club General Manager's office.

11.4. In recognition of the severe river currents often present, rafting of a boat alongside another is not thought to generally be prudent and therefore, for safety reasons, extreme caution in doing so is recommended.

11.5. In compliance with dock permit restrictions, no persons are permitted to remain on docked boats overnight and any discharge of waste, garbage, or other materials into the surrounding waters by any person at any time is strictly prohibited.

11.6. All Club members owning boats and who anticipate using the dock facility from time to time are required to list their boat registration number with the Club General Manager's office in order that any observed problems with a docked boat can be promptly reported to the owner. Any member's guests docking boats for overnight stay are similarly requested to register boats with Security for safety reasons.

11.7. Members using the facility for crabbing are required to clearly mark any traps left unattended at the dock with their names. Any baited trap placed in the water should be attended to at least once every 24 hours.

11.8. The dock is in an important Club facility operated for the pleasure of all Club members, both boat owners and others. Mutual consideration of and respect by all concerned for the rights and privileges of other members, including adjacent property owners, is requested and expected.
11.9. Callawassie Island Property Owners who are not Club members or their guests cannot use the dock facilities at any time including use as a guest of a member.

12. MEMBERSHIP CARDS

12.1 A membership card indicating a Club account number and type will be issued to the member as well as other eligible family members entitled to membership privileges. Membership cards are not transferable. Presentation of a membership card by the member may be required prior to the member's use of any club facilities.

12.2. A membership card may only be used by the person to whom it was issued.

12.3. In the event of a lost or stolen membership card, the Club General Manager must be notified in writing immediately. The member is responsible for all charges made to the member's account using the lost or stolen card until the Club General Manager has been notified in writing of the loss or theft of the card. A nominal card replacement charge will be added to the member's account for each reissued card.

13. DUES, FEES, ASSESSMENTS AND CHARGES

13.1. BILLING

13.1.1 Annual membership dues are payable monthly in advance.

13.1.2. All charges incurred by the member to his or her Club account will be billed monthly and shall be deemed delinquent if not paid within thirty (30) days of the statement date.

13.1.3. When a Club member is building a home on the Island, the dues category will be permanently changed from nonresident to resident status when a Certificate of Occupancy is issued or nine (9) months from the date of issue of a Building Permit, whichever first occurs. Billing will also be permanently changed from nonresident to resident status when a member resides anywhere in Beaufort or Jasper Counties, South Carolina or Chatham County, Georgia for 90 days or more.

13.2. PAYMENT

13.2.1 If payment is not received by the end of the month following the statement date, the outstanding balance will be subject to an interest charge of one and one half percent (1.5%) per month that will be added to the balance until payment is received. The Membership Director will review the payment requirements as part of the new member orientation process. If the first bill is not paid on a timely basis, the Membership Director will contact the member to ascertain the reason for nonpayment. Also, the Membership Director will contact any member whose bill is more than 30 days past due.

13.2.2. Arrangement or payment for services will generally be expected to be made at the time the services are rendered.

13.2.3. Form of payment may be by use of Club account number by the member, member's immediate family or authorized guests of the member or recognized credit card

13.2.4. Charges to a Club account will appear on the next monthly statement, and payment will be expected in accordance with the terms spelled out above.

13.3. DELINQUENCIES

13.3.1 Any member whose account is delinquent for sixty (60) days from the statement date may be suspended by the Board of Directors. Suspended members may not use any Club facilities, participate in any Club activities, or vote on any Club matters. Upon payment of all indebtedness and charges (including all dues, fees, assessments, food and beverage minimums) accrued since the initial time of delinquency, plus interest calculated at the rate of one and one half percent (1.5%) monthly, suspended members may be reinstated by the Board of Directors after an additional period of thirty (30) days. Any member whose account is not settled within the four (4) month period following suspension may be expelled from the Club.

13.3.2. Any member who receives three 30-day notices within a 12-month period will be suspended without privileges for 30 days.

13.3.3. Suspended members may have their names posted on the Callawassie Island website in the "Members Only" section.

13.3.4. In accordance with the By-Laws, the Club shall have a lien against each membership for any unpaid dues or other charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. Any other liens placed against such equity membership shall be junior to Club's lien.

13.3.5. If the Club commences any legal action to collect any amount owed, or to enforce any liability of a member to the Club, the member shall also be liable for all costs and expenses of the legal action and reasonable attorneys' fees required in connection with appellate proceedings.

13.4. HARDSHIP CONSIDERATIONS

The Board of Directors will, upon specific request of a member in good standing, consider a change in membership status from resident to non-resident status in cases of permanent member medical hardship causing significant loss of ability to use the club sports facilities. Any such considerations will be made at the sole discretion of the Board of Directors.

13.5 SPECIAL DUES CATEGORIES

The maximum number of Equity Golf Members that may elect Surviving Spouse Privileges or Senior Dues Status is thirty (30) for both categories combined.

14. DISCIPLINE

14.1. GENERAL

14.1.1. Improper Conduct. Any member whose conduct, or whose family's or guests' conduct, shall be deemed by the Board of Directors to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members, may be reprimanded, fined, suspended or expelled from the Club by action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Club or its members.

14.1.2. Board Action. Improper conduct shall be immediately investigated by the Club General Manager then reviewed by the Board in Executive Session. If the Board decides to proceed with discipline, the member(s) involved will be immediately notified of the Board's intention to suspend and given an opportunity to be heard by the Board of Directors to show cause why he or she should not be disciplined in

accordance with this Article. If the Board decides to proceed with the suspension and such member(s) desire to appeal, the Board of Directors shall set a time and date for the appeal hearing within 10 days from the date of the appeal request. While such appeal is being considered by the Board, the member shall enjoy the privileges of the Club.

Notwithstanding the above, the Board reserves the right to suspend immediately without privileges should the circumstances warrant such action.

14.1.3. Suspension. The Board of Directors may suspend a member and his or her family or guests from some or all Club privileges for a period of up to one (1) year. Dues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement to full privileges.

14.1.4. Termination. The Board of Directors may, by a two-thirds (2/3) vote of the directors, request the resignation of any member of the Club for cause deemed sufficient to the Board. If the member does not resign at the request of the Board, the member may be expelled by the Board.

14.1.5. Expulsion. Any Member of the Club who has been expelled shall not again be eligible for membership nor admitted to Club Facilities under any circumstances. An expelled member shall be so notified by registered mail and shall have the obligation to surrender his or her membership certificate for reissuance by the Club to a new member.

14.1.6. Voting Rights. Any member suspended or terminated by action of the Board of Directors shall automatically lose all membership privileges including the right to a vote on Club matters during the period of suspension or termination.

14.2. REPRIMAND, SUSPENSION, EXPULSION AND TERMINATION OF MEMBERSHIP

14.2.1. Any member may terminate membership in the Club by delivering to the Membership Director written notice of termination in accordance with the Plan for the Offering of Club Memberships. Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums) until the membership is sold.

14.2.2. A member may be reprimanded, expelled, or suspended by the Board of Directors if, in the sole judgment of the Board of Directors, the member, his or her family, or guests, or lessees is deemed improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members. The following includes, but is not limited to, examples of conduct that are not acceptable:

- Exhibit unsatisfactory behavior, deportment and appearance
- Fail to pay the required membership contribution, dues, fees, charges (including any food and beverage minimums) or assessments in a proper and timely manner
- Fail to abide by the rules and regulations for the golf, tennis, pool, fitness, and dining facilities or for any other recreational facilities of the Club
- Verbally or physically abuse the personnel or employees of the Club
- Submit false information on his or her application or with respect to his or her guests or lessees
- Use or reproduce the information in the membership directory in any manner or means for commercial or charitable purpose or provide information contained in the membership directory to persons who are not members of the Club.

The foregoing also shall apply to the family or guests of a lessee.

14.2.3. Notwithstanding any termination or suspension of membership, the member shall remain liable for any unpaid club account or membership dues, fees, charges, and assessments, and such member shall not be entitled to a refund of any part thereof paid by the member to the Club.

14.2.4. Any member who has had his or her membership terminated for any reason shall not again be admitted to the Club's Facilities under any circumstances while such suspension or termination is in force and shall not be permitted to vote on any matter brought before the members.

14.2.5. A suspended or terminated member may have full membership privileges restored only by specific Board of Directors action to restore such status until such time as the membership is reissued under the terms of the Plan for the Offering of Memberships.

15. LOSS OR DESTRUCTION OF PROPERTY OR INSTANCES OF PERSONAL INJURY

15.1. The Club shall not be responsible for any loss or damage to any property left or stored on the Club's premises, whether in lockers or elsewhere.

15.2. No person shall remove from the Club's premises any property belonging to the Club without proper authorization. Every member of the Club shall be liable for any property damage and/or personal injury at the Club, or at any activity or function operated, organized, arranged, or sponsored by the Club, caused by the member, or his or her family, guests, or lessees. The cost of any such damage may be charged to the members Club account.

15.3. Any member, guest or other person who, in any manner, makes use of or accepts the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club, or who engages in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club, either on or off the Club's premises, shall do so at his or her own risk, and shall hold the Club and its directors, officers, employees, representatives, and agents harmless for any and all loss, cost, claim, injury, damage or liability sustained or incurred by him or her, resulting there from and/or from any act or omission of any director, officer, employee, representative or agent of the same. Any member shall have, owe and perform the same obligation to the Club, and it directors, officers, employees representatives and agents, hereunder in respect to any such loss, cost, claim, injury, damage or liability sustained or incurred by any guest or such member.

16. MAILING ADDRESSES

16.1 Each member is responsible for submitting in writing his/her current email and postal mailing address to the office of the Club General Manager and for updating subsequent address changes as needed. All club notices and invoices will be sent to that address. Members will be held to have received all club mailings ten (10) days after they have been mailed to the address on file.

17. PRIVACY OF CLUB INFORMATION

17.1. The Club does not generally provide information concerning Club activities or membership to the media or to other third parties. When appropriate, the Club General Manager or his designate will do so. Members are cautioned to avoid answering media questions and specifically from providing club documents or member information to individuals outside the membership.

17.2. The roster or list of members in the Club shall be furnished only to members and appropriate Club staff and shall not be used by or given to anyone else by a member of the Club for any reason whatsoever.

EXHIBIT "D"

Excerpt from The Callawassie Island Members Club, Inc.
Plan for the Offering of Memberships (2001)

2.4.4 REPAYMENT OF MEMBERSHIP CONTRIBUTION

An equity member will be entitled to receive upon the reissuance of his or her resigned equity membership an amount equal to the greater of: (a) the membership contribution which the resigned member paid to the Club or (b) eighty percent of the membership contribution paid by the purchaser of the resigned member's membership. The Club will be entitled to deduct from the amount to be paid to the resigned member any amount which the resigned member owes to the Club.

2.4.5 PORTION OF MEMBERSHIP CONTRIBUTION RETAINED BY CLUB

All proceeds from the re-issuance (resale) of each equity membership in excess of the amount refunded to the resigning member shall be retained by the Club and deposited in a Club Fund. The Board of Directors will direct the investment of the Club Fund. The Club Fund may be used to fund any operating deficits, the capital replacement reserve and any capital additions, repairs or improvements to the Club Facilities or such other manner as the Board of Directors determines appropriate.

2.4.6 EQUITY MEMBERS MAY TAKE THEIR MEMBERSHIPS WITH THEM TO ANOTHER RESIDENTIAL UNIT OR LOT AT CALLAWASSIE

If an equity member acquires another residential unit or lot in Callawassie, the equity member may take his or her equity memberships to the other unit or lot; provided, however, that if the other unit or lot is being sold by another equity member, then the prior written approval of both equity members is required to be delivered to the Club on such forms as may be designated by the Club from time to time.

2.4.7 TRANSFER UPON DEATH

Upon the death of an equity member, the deceased member's membership will automatically pass to the surviving spouse without payment of any new membership contribution. If the deceased member is not survived by a spouse, then the legatee or heir of the equity membership may acquire the deceased member's membership without payment of any new membership contribution. If the legatee or heir desires to acquire the equity membership, the legatee or heir must apply for the membership within one hundred twenty days after his or her right to the equity membership has been determined and pay to the Club all Charges from the date of the member's death to the date of the application. If the legatee or heir does not apply for the membership within one hundred twenty days after acquiring the right to the equity membership, the equity membership will be deemed to have been resigned and will be reissued by the Club in the same manner as any other resigned equity membership. Upon the reissuance of the equity membership, the estate of the deceased member will be entitled to receive the amount of the membership contribution which would otherwise have been payable to the deceased member less all Charges associated with the equity membership.

2.4.8 SEPARATION OR DIVORCE OF EQUITY MEMBERS

In the event equity members are legally separated or divorced, title to the equity membership will vest in the spouse awarded the equity membership, provided such spouse fulfills the eligibility requirements for membership in the Club. Both of the divorced or legally separated members will be required to give written notice to the Club designating the person who is entitled to the rights and privileges of the equity membership within five days after the divorce or legal separation is declared final. Until written notice has been provided to the Club, both spouses will be responsible for the payment of all Charges associated with the equity membership.

2.4.9 PAYMENT OF DUES BY RESIGNED EQUITY MEMBER

An equity member who in on the waiting list to sell their Club membership will be obligated to continue to pay all Charges to the Club until his or her equity membership is reissued by the Club. Any unpaid Charges plus interest accrued under the then prevailing terms of the General Club rules will be deducted from the amount to be paid to the resigned member upon the reissuance of his or her resigned membership. A resigned member will be entitled to use the Club Facilities so long as the resigned member is obligated and continues to pay all Charges on the resigned membership.

2.4.10 DUES, FEES AND CHARGES PRORATED UPON REISSUANCE OF RESIGNED MEMBERSHIP

If a resigned equity membership is reissued by the Club during a membership year, the resigned equity member will be entitled to receive a pro-rata refund of all Charges paid in advance for the remainder of the membership year.

2.4.11 RIGHT TO PURCHASE A RESIGNED GOLF MEMBERSHIP

Prior to the initial sale of 700 of the residential units and lots in Callawassie, the Partnership will have a right of first refusal to purchase any resigned Golf Membership which is not being reissued to the purchaser of the resigned member's residential unit or lot in Callawassie. Following the initial sale of 700 residential units and lots in Callawassie, the Club will assume that right of first refusal. The Partnership may exercise its right of first refusal by paying to the Club the required membership contribution within thirty days after its receipt of written notice that a person desires to acquire the Golf Membership.

Exhibit "E"

Excerpt from Deposition of George Harman Switzer, 3rd
Dated March 28, 2013

Pages 50-53

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arrearages was that a member would offer his full membership back to the club as part of an agreement, forego all rights to his equity, and the club accepted that as satisfaction of the obligation.

In 2002 -- excuse me -- 2001, the closing date, as it was called, which was the transfer of assets from the developer to the club, triggered two clauses, one of which was approved by the members in 1999 as part of the purchase agreement.

Prior to the closing the developer had allowed members on the resale list to not pay cash but to accrue their obligation in dues and fees against the equity that was on the resale list. Effective with the closing, those members were obligated to pay, per their own approval.

The second situation was in the 1994 plan of offering there was a stipulation that members who owned two memberships were only obligated to pay on one unless it was activated; however, at closing that option no longer existed.

So in 2001, June 30, I guess it would have been, those members on the resale list, almost all of whom at that time were memberships without

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associated property, became liable to pay cash; and that, obviously, was a change that some found unable to -- to satisfy.

There were negotiations with those members that resulted either in their payment or a -- I guess what's on the resale list as a concession of their rights and value to the club in lieu of payment.

Q. You had mentioned in preparing for this you reviewed records of the club. Are you aware of any of the club's records being lost or -- well, so that you can't find those records?

MR. YOUNG: Object to the form.

THE WITNESS: I asked the membership director to provide me the act or the files of those members that were on the September -- what was the resale list date that you gave me?

BY MR. MCDANIEL:

Q. September 22, 2011.

A. Yeah, yeah. And I was -- she was able to find and file, and we put stuff now on disk, only about ten or less full files of people that were on that list. The only thing that I can say is that they were either -- they're somewhere else that we can't find or, since that's ten or twelve

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years ago, they just don't exist anymore.

Q. Okay. And so I'm understanding, you found ten or twelve of the ones on the list --

A. Yes, sir.

Q. -- and the rest of them, you can't find their membership file for those people?

A. That's correct. I believe you have most of those if not all those files as part of the discovery.

Q. Okay. You're talking about the ones that you could find?

A. Yes, sir.

Q. With the concessions that were offered that you were describing in the 2001 to 2005 period, have there been -- well, let me ask first have there been others after that, people since 2005, members have been allowed to concede their memberships?

A. There was. There was a program associated with collections and memberships, again unassociated with property, where, after review, a significant increase in bad debt in 2009, the board felt it appropriate to inquire, one, to try to seek satisfaction of delinquencies, and, to try to minimize future bad debt, to advise those members

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of their position on the resale list and of the possibility that the -- or the probability that their membership would arise to that of sale, meaning the top of the list, in the near future was extremely far out.

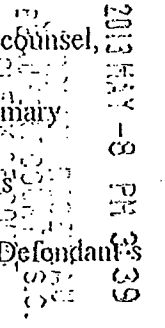
And offers were made to all those members without property, similar to the situation of 2001 through '2, to give them an option to concede their rights and obligations at the same time. I think you've got most of those files, so...

Q. And what was the offer that was actually made? What were the terms of the offer?

A. The terms of the offer was that a payment of -- concede the membership without -- what's term I'm looking for? A release, concession of the membership with a release of their obligations to us and any claims that they may have against us with -- for payment of up to a year's dues and concession of -- well, concession of the membership with payment of a year's dues, up to a year's dues.

And one of the -- one of the -- we had two lawyers on the board at the time -- suggested the release and the confidentiality of the

STATE OF SOUTH CAROLINA COUNTY OF BEAUFORT	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT CIVIL ACTION NO: 09-CP-07-5410
THE CALLAWASSIE ISLAND MEMBERS CLUB, INC. Plaintiff, vs. ARTHUR APPLEGATE, Defendant	**DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTIONS FOR SUMMARY JUDGMENT**



The Defendant, ARTHUR APPLEGATE, by and through his undersigned counsel, presents the following Memorandum in Opposition to Plaintiff's Motions for Summary Judgment filed on April 25, 2103, and filed on April 26, 2013, as well as Plaintiff's Memorandum in Support of Motion for Summary Judgment and in Opposition to Defendant's Motion for the Same.

Addressing first the Motion for Summary Judgment filed on April 25, 2012, the grounds for this motion have already been raised in Summary Judgment Motion that was heard on June 7, 2011, and have been denied by an Order filed June 10, 2011.

In Plaintiff's Memorandum in Support of Motion for Summary Judgment filed on June 3, 2011, a copy of which is attached hereto, Plaintiff argued that:

a. Arthur Applegate agreed to be bound by the Plan for Offering of Membership and Plan Document such as Bylaws and General Club Rules (Memo page 3);

b. Arthur Applegate became obligated to pay for dues, fees, assessments, and other charges (Memo page 3);

c. Arthur Applegate agreed to be obligated for payment of dues, assessment, and fees for as long as he owns the lots and as long as he owns the memberships based on purchase contracts, CIPOA covenants, and Plaintiff Club documents (Memo page 4-8); and

d. Arthur Applegate is delinquent (Memo page 8).

This is the same argument as made in the April 25, 2013, Motion and its supporting Memorandum:

a. Arthur Applegate agreed to be bound by the Plan for Offering of Membership and Plan Document such as Bylaws and General Club Rules (Motion paragraph b and 2013 Memo pages 6 and 8)

b. Arthur Applegate agreed to be obligated for payment of dues, assessment, and fees for as long as he owns the lots and as long as he owns the memberships based on purchase contracts, CIPOA covenants, and Plaintiff Club documents (Motion paragraphs c and f and g and 2013 Memo pages 6-8)

c. Arthur Applegate is delinquent (Motion paragraph e and 2013 Memo page 8).

In her Order Denying the Summary Judgment Motion filed on June 10, 2011, a copy of which is attached, the Honorable Carmen T. Mullen found that there existed questions of fact to warrant denying the Motion for Summary Judgment.

Accordingly, this Motion for Summary Judgment should be denied because it has already been raised to and ruled upon in the course of litigation.

Second, assuming *arguendo* that the Motion for Summary Judgment is properly before the Court, it should be denied.

Summary judgment must be denied where the non-moving party submits a mere scintilla of evidence. Hancock v. Mid-South Mgmt. Co., Inc., 381 S.C. 326, 673 S.E.2d 801 (2009).

Moreover, even if evidentiary facts are not disputed but the conclusions or inferences to be drawn from them are, summary judgment should be denied. See Wogan v. Kunze, 379 S.C. 581, 585, 666 S.E.2d 901, 903 (2008).

In this case, and as discussed in detail in Arthur Applegate's Memoranda in Support of his Motions for Summary Judgment, there is more than a scintilla of evidence so that Plaintiff's Motion for Summary Judgment must be denied.

First, there is evidence from which a jury could conclude that the contract is illegal and thus unenforceable. The South Carolina Nonprofit Corporation Act requires that a member be able to resign "at any time." S.C. Code Ann. § 33-31-620(a) (emphasis added). Evidence that a member of the Plaintiff Club cannot resign at any time includes but is not limited to:

- Section 5.3 of the 2012 Offering of Membership entitled "EQUITY MEMBERS WHO PURCHASED RESIDENTIAL UNITS OR LOTS ON CALLAWASSIE ISLAND AFTER DECEMBER 1, 2001 MAY NOT RESIGN MEMBERSHIP PRIVILEGES" (emphasis in original) which states that "an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after December 1, 2001, is not permitted to resign the Equity Membership and is required to maintain an Equity Membership in good standing for each such residential unit or lot. . . ." (emphasis added). See Exhibit B;
- The 2007 Offering of Membership Section 5.3 which also states that Equity Members who purchased their residential lots or units after December 1, 2001, may not resign membership privileges. See Exhibit C;
- Second Supplemental Response to Interrogatory 22 which "[a] member who purchased property after December 1, 2001 is not permitted to resign the

membership unless and until the member's property is sold and the membership reissued. . . ." See Exhibit F;

- Testimony of James Carling, a Board Member from 2004-2007, a past Treasurer, a past President, and a current member of the Finance Committee, that a member could not resign a membership See Exhibit G;
- Testimony of Lindsey Cooler, the Plaintiff's Membership Director since 2007, there is no formal way to resign from CIMC. See Exhibit H;
- Testimony of Ellen Padgett, former acting Membership Secretary that an attempt to resign meant the membership was placed on a resale list and that people died while waiting for their memberships to sell from the Resale List. See Exhibit I;
- Testimony of Harmon Switzer, current President of the Board of Directors of the Plaintiff, that if he put his membership on the Resale List, he would have no expectation of selling it in his lifetime. See Exhibit K; and
- Review of the Resale Lists that establish that it takes more than eleven (11) years for a membership to be sold. See Exhibit L.

Second, Defendant has presented evidence that the Plaintiff violated S.C. Code 33-31-610 by treating members differently as relates to expulsion. Under S.C. Code Ann. § 33-31-610, members of a non-profit corporation have the same rights and obligations and must be treated equally.

Rule 13.3.1 states that any suspended member "whose account is not settled within the four (4) months' period following suspension shall be expelled from the Club." Exhibit N. Further, as shown by the expulsion letters at Exhibit U and by the Resale Lists at Exhibit L, some

members of the Plaintiff have been expelled; however, the Plaintiff contends that other members such as Defendant have not.

Defendant received a letter that stated that Paragraph 13.3.1 of the Club Rules require that he be expelled unless he settle his accounts within four months of his suspension. The letter also stated that "[i]f you decide to pass on this opportunity, and do not bring your account up to date within ten (10) days of this correspondence, you will be expelled from membership in the Callawassie Island Members Club." See Exhibit E. However, even though the Defendant received a letter stating that he would be expelled, the Plaintiff contends that the Defendant has not been expelled from the Plaintiff Club and has a continuing obligation to make payments. See Exhibit E.

Of course, expulsion is important because expulsion ends all financial obligations to the Plaintiff. On page 10 of its Memorandum, Plaintiff relies on Sections 14.2.1 and 14.2.3 in an attempt to support its contention that expelled members have continuing financial obligations.

However, Section 14.2.1 applies only to terminated members and not to expelled members: "Any member may **terminate** membership. . . . **Notwithstanding termination**, the member shall remain liable for any unpaid club account or membership dues, fees, charges, or assessments." (emphasis added). See Exhibit N. Further, Section 14.2.3 states that "**Notwithstanding termination or suspension**, the member shall remain liable for any unpaid club account or membership dues, fees, charges, or assessments." (emphasis added). See Exhibit N. Since by their very terms these sections do not apply to expelled members, Defendant did not cite them when discussing the obligations of expelled members.

Moreover, in Section 14.1, the Plaintiff defines suspension (Rule 14.1.3), termination (Rule 14.1.4), and expulsion (Rule 14.1.5). See Exhibit N. Accordingly, the Plaintiff has made

distinctions between suspensions, terminations, and expulsions and cannot treat them interchangeably.

In addition, these two sections of the rules address liability for "unpaid" club accounts or membership dues, fees, charges, or assessments." However, the Plaintiff is using these sections to argue that the terminated or suspended member would have liability for future dues, fees, charges, and assessments.

Moreover, Ellen Padgett testified in her deposition, excerpts of which are attached, that expelled members had their membership taken back by the club and were no longer members.

Further, the testimony of Ellen Padgett provides evidence of when the Plaintiff Club would expel a member – only if the Plaintiff Club thought it could not recover any money from the member. See Exhibit I.

Third, Defendant has presented evidence that the Plaintiff violated S.C. Code 33-31-620 by treating members differently as relates to concessions.

Again, concessions are important because once a membership is conceded, there is no additional or continuing financial obligation to the Plaintiff Club. Indeed, Mr. Switzer confirmed that once a membership has been conceded, there is no obligation to pay fees, dues, and assessments. See Exhibit K.

There is evidence that certain, select members of the Plaintiff Club were offered concessions but that other members were not. The evidence shows that the Plaintiff Club has

- allowed some members to concede their memberships without any additional payment and to receive half of any non-accrued proceeds from the sale of the memberships (Jacqueline Leffers) See Exhibit Q2;

- allowed some members to concede their memberships upon payment of $3,500.00 (Margaret Brice) See Exhibit Q1;
- allowed some members to concede their memberships upon payment of one year's dues (McBee Butcher and Marshall Field) See Exhibit Q4-5;
- allowed some members to concede their memberships with no payment required (Homer and Katherine Kneard) See Exhibit Q6;
- refused to even offer concession of memberships to some members (Defendant Arthur Applegate).

Fourth, the Defendant has presented evidence that Plaintiff failed to follow its own rules relating to his expulsion from the Plaintiff Club.

As discussed above, Plaintiff's rules require that a suspended member be expelled from the Plaintiff Club if the member's account is not settled within the four (4) months' period following suspension . Exhibit N. Defendant received a letter confirming that he was going to be expelled pursuant to this rule. Exhibit E. However, Plaintiff contends that Defendant is still a member with an on-going obligation to pay dues and fees.

Finally, the Defendant has presented ambiguities in the contracts such that the matter must be presented to the jury. Of course, any ambiguities would be construed against Plaintiff, the drafter of the contracts. *See, e.g.*, Duncan v. Little, 384 S.C. 420, 682 S.E.2d 788 (2009) (holding that ambiguities in a contract are construed against the drafting party); Williams v. Teran, Inc., 266 S.C. 55, 221 S.E.2d 526 (1976) (same).

First, Ellen Padgett testified in her deposition, excerpts of which are attached, that expelled members had their membership taken back by the club and were no longer members. In addition, Rule 14.1.5 states that expelled members cannot be readmitted as members, which

means that if you are expelled, you are not a member See Exh. N. However, the Plaintiff contends that an expelled members still has a full member's obligation.

Second, Rule 13.3.1 states that if a suspended member's account is not settled in four months, then suspended members shall be expelled from the Club. Exh. N. However, Harmon Switzer testified in his deposition, excerpts of which are attached hereto, that "[i]t has never been the practice and, therefore, I've never known it to be the policy that any members have been expelled in a period of whether it be four months or six months." See Exh. K.

Third, Plaintiff's application of Sections 14.2.1 and 14.2.3 creates another ambiguity. Section 14.2.1 applies only to terminated members, and Section 14.2.3 applies only to suspended or terminated members. Both of these sections state that a terminated or suspended member shall remain liable for any unpaid club account or membership dues, fees, charges, or assessments. See Exhibit N. However, Plaintiff interprets these sections to require expelled members to have a continuing obligation for future dues, fees, charges, and assessments.

Thus, there is evidence of ambiguities that must be addressed by a jury.

Defendant Arthur Applegate has presented more than the requisite scintilla of evidence; therefore, Plaintiff's Motion for Summary Judgment filed on April 25, 2013, must be denied.

Addressing next Plaintiff's Motion for Summary Judgment filed on April 26, 2012, and its supporting Memorandum, this Motion, too, must be denied.

First, the Plaintiff contends that Defendant is not entitled to any equitable relief. While the Motion does not contain any argument, citation, or rationale on this point, Plaintiff in its Memorandum argues that Defendant has unclean hands and thus cannot seek equity.

The doctrine of unclean hands prevents a party from recovering in equity if he acted unfairly in a matter that is the subject of the litigation to the prejudice of the other party. E.g.,

First Union National Bank of South Carolina v. Soden, 333 S.C. 554, 511 S.E.2d 372 (Ct. App. 1998). Unclean hand requires bad faith or inequitable conduct on the party against whom it is raised. See Wilson v. Landstrom, 281 S.C. 260, 315 S.E.2d 130 (Ct. App. 1984).

In this case, there is no evidence of bad faith or inequitable conduct. Defendant Arthur Applegate has made a good faith argument that he does not owe any money to the Plaintiff because he resigned from the Plaintiff Club by not paying dues or that his continuing obligation to pay the Plaintiff was ended by the Plaintiff's refusal to follow its own rules and expel him or that his continuing obligation to pay the Plaintiff was ended by the Plaintiff's disparate treatment of him regarding both expulsion and concession. In addition, a disagreement on the interpretation and meaning of a contract does not constitute prejudice to the other party.

Finally, in the Motion filed on April 26, 2013, the Plaintiff claims that the doctrine of collateral estoppel bars the Defendant from challenging the efficacy, legitimacy, or enforcement of governing documents. This argument is not addressed in the Plaintiff's Memorandum. Rule 7(b)(1), SCRCP, requires that a written motion "shall state with particularity the grounds therefor, and shall set forth the relief or order sought." The Motion simply does not meet this requirement. The Plaintiff baldly states, without citation, rationale, or explanation, that collateral estoppel applies in this case.

Moreover, even if the Motion were sufficient, collateral estoppel simply has no application in this case. "Under the doctrine of collateral estoppel, once a final judgment on the merits has been reached in a prior claim, the relitigation of those issues actually and necessarily litigated and determined in the first suit are precluded as to the parties and their privies in any subsequent action based on a different claim." Nelson v. QHG of SC, 354 S.C. 290, 305, 580 S.E.2d 171, 179 (Ct. App. 2003).

In the instant case, there is no prior litigation between the Plaintiff and Defendant. There has been no final judgment on the merits in a prior claim. Accordingly, there is no relitigation of issues so that collateral estoppel could apply. Accordingly, the Motion for Summary Judgment filed on April 26, 2013, must be denied.

For the reasons contained herein, as may be raised in any supplemental memoranda, and as may be raised at the hearing on these Motions, Plaintiff's Motion for Summary Judgment filed on April 25, 2013, and Plaintiff's Motion for Summary Judgment filed on April 26, 2013, must be denied.

Law Office of Brian McDaniel, LLC

BY: _____

BRIAN D. MCDANIEL
Post Office Box 2085
2015 Boundary St., Suite 216
Beaufort, South Carolina 29901
bmcdaniel@attorneymcdaniel.com
PHONE (803) 379-5117
FAX (803) 379-5118

JENNIFER I. CAMPBELL
2008 Spectable Street
Beaufort, South Carolina 29902
bfjicampbell@ymail.com

ATTORNEYS FOR THE DEFENDANT
ARTHUR APPLEGATE

Beaufort, South Carolina
May 8, 2013

STATE OF SOUTH CAROLINA COUNTY OF BEAUFORT THE CALLAWASSIE ISLAND MEMBERS CLUB, INC., Plaintiff, v. ARTHUR H. APPLEGATE, Defendant.	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT CIVIL ACTION NO. 2009-CP-07-5410 PLAINTIFF'S MEMORANDUM IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

TO: GEORGE H. O'KELLEY, JR., ESQUIRE, ATTORNEY FOR THE DEFENDANT ABOVE-NAMED:

The Plaintiff, The Callawassie Island Members Club, Inc., by and through its undersigned attorneys, hereby submits this Memorandum in Support of Motion for Summary Judgment.

I. STATEMENT OF FACTS

That on or about November 15, 2003, for good and valuable consideration, the the Defendant entered into five (5) separate contracts for the purchase of properties known as Lot 2, Phase 9C; Lot 7, Phase 9C; Lot 8, Phase 9C; Lot 25, Phase 9B and Lot 6, Phase 6B (collectively referred to as the "Purchase Agreements"). Pursuant to Paragraph 44 of the Purchase Agreements, the Defendant agreed to purchase memberships and remain a member in good standing for so long as he owned the subject properties. Paragraph 44 of each respective contract states as follows:

> 44. CALLAWASSIE ISLAND MEMBERS CLUB:
>
> Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition

> to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included int the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

Subsequent to the execution of the Purchase Agreements, the Defendant purchased the five lots and the corresponding memberships and remains the current owner of four of the five. The Defendant, by deed recorded in Book 1887 at Page 236, Beaufort County records, is the record owner of Lot 2, Phase 9C; Lot 7, Phase 9C; Lot 8, Phase 9C; and Lot 25, Phase 9B. The Defendant, by the same deed recorded in Book 1887 at Page 236, Beaufort County records, was previously the owner of Lot 6, Phase 6 B, which was sold by the Defendant and the membership previously associated with that lot remains subject to this action by virtue of the agreements to be bound under the various community documents described henceforth and also by virtue of the fact that the Defendant agreed to maintain the membership when he sold the lot. The deed is attached as Exhibit "A", the terms of which are incorporated herein verbatim.

In addition to agreeing to purchase the memberships, the Defendant, by virtue of the purchase of the five lots, also agreed to be bound by the terms and conditions of the Amended and Restated General Declaration For Callawassie Island and Provisions for the Callawassie Island Property Owners Associations, Inc. of December 1, 2001 (the "Declaration"). Further, Pursuant to Article VII, Section 2 of the Declaration, the Defendant was required to purchase memberships and remain a member in good standing for so long as he owns the subject property. Article VII, Section 2 states as follows:

> Section 2. Callawassie Island Members Club Membership. Every Person or entity who purchases property on Callawassie Island after December 1, 2001, shall thereupon be required to purchase

> an Equity Membership ("Membership") in the Callawassie Island Members Club, Inc. ("Club") and remain an Equity Member in good standing in such Club for each property purchased or transferred after the approval date of this amendment for so long as such person or entity owns the subject property. Such Member shall thereafter be vested with all of the rights, privileges and obligations of Membership in the Club as set forth in the Plan for the Offering of Membership and Bylaws of the Club and Amendments thereto. The applicable Membership Contribution Fee shall be paid as of the date of such conveyance. The payment of such Membership Contribution Fee shall be a condition precedent to the delivery of a deed or any other form of conveyance.
>
> . . .
>
> The provisions of this Section shall run with the title of and be appurtenant to all Lots and Dwellings transferred or otherwise conveyed after December 1, 2001 and shall be binding upon and inure to the benefit of all Owners of such Lots and Dwellings and their respective heirs, executors, legal representatives, successors and assigns. Each Owner, by acceptance of a deed or other conveyance pursuant to purchase of a Lot or Dwelling after the approval date of this amendment consents and agrees to the obligations of an Equity Member of the Club.
>
> All other sections of this Declaration not herein specifically amended shall be automatically amended to conform with the spirit and intent of this Amendment to this Declaration.

In accordance with the Paragraph 44 of the Purchase Agreements and in accordance with Article VII, Section 2 of the Declaration, the Defendant also agreed to be bound by the terms and conditions of the Callawassie Island Members Club, Inc. Plan for the Offering of Memberships (the "Plan") and the Plan documents such as the By-Laws and the General Club Rules and became obligated for the payment of dues, fees, assessments and other charges and the costs of collection, including reasonable attorney's fees. The Plan and the Plan documents (By-Laws and General Club Rules) have been duly amended from time to time pursuant to the provisions of the Plan and the By-Laws, as attested to in Paragraph 2 of the Affidavit of Brian Lasota. Therefore, the adopted and applicable Plan is the current Plan

(2008), By-Laws and General Club Rules. A copy of the current Plan (2008) and the By-Laws are attached to this Memorandum as Exhibit "B", and their terms are incorporated herein verbatim. Despite demand, the Defendant has failed or refused to bring current the unpaid dues, fees, assessments and other charges associated with the subject lots and memberships. As of March 31, 2010, the Defendant is indebted to the Plaintiff for the total amount of One Hundred Ninety Two Thousand Eight Hundred Eight and 29/100 ($192,808.29) Dollars for the unpaid dues, fees, assessments and other charges as attested to in Paragraph 7 of the Affidavit of Brian Lasota in support of this motion, plus any accrued balance, the costs of this action, and reasonable attorneys' fees.

II. LEGAL STANDARD

Summary judgment is appropriate when it is clear there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Hedgepath v. AT&T, 348 S.C. 340, 559 S.E.2d 327 (Ct. App. 2001). In determining whether any triable issue of fact exists, the evidence and all inferences which can reasonably be drawn therefrom must be viewed in the light most favorable to the non-moving party. Wiedomann v. Town of Hilton Head Island, 330 S.C. 532, 500 S.E.2nd 783, 785-86 (1998). Under Rule 56, SCRCP, when a party moves for a summary judgment and supports it by affidavits, the adverse party may not rest on the allegations of his pleadings but must respond by affidavit or other evidence demonstrating a genuine issue of material fact. Kippel v. Mid-Carolina Oil, Inc., 303 S.C. 127, 399 S.E. 2nd 163 (Ct. App. 1990).

III. LEGAL ARGUMENT

Based on the Purchase Agreements and the Declaration, the Defendant agreed to be

obligated for the payment of dues, assessments and other charges for so long as he owns the lots. In addition, based on the Plan documents, the Defendant agreed to be obligated for the payment of dues, assessments and other charges for so long as he owns the lots and for so long as he owns the membership on the sold lot. Covenants may be created by recording a declaration of restrictive covenants. Flinkingshelt v. Johnson, 258 S.C. 77, 187 S.E. 2d 233 (1972). In the instant case, the recorded Declaration, specifically Article VII, Section 2 of the Declaration, is not susceptible to two or more different meanings. Courts reason that it is their duty to enforce, not make, contracts. Midway Properties, Inc. v. Pfister, 292 S.C. 104, 354 S.E. 2d 926 (Ct.App. 1987). In addition, covenants that require the payment of assessments are by nature contractual and bind parties to the covenants in the same way as other contracts. First Federal Savings and Loan Ass'n of Charleston v. Bailey, 316 S.C. 350, 450 S.E.2d 77 (S.C. App. 1994).

In the instant case, an examination of the Declaration, the applicable Plan and Plan documents (By-Laws and General Club Rules), and all other governing community documents relevant to this matter consistently reveals that the Defendant contracted to be obligated for the payment of dues, assessments and other charges. For example, pursuant to Article VII, Section 2 of the Declaration, the Defendants were required to purchase memberships and remain members in good standing for so long as such person or entity owns the subject property. Consistent with the language of the Declaration, the Plan (a governing document as referenced in the Declaration for Callawassie Island) repeatedly states that the owners of lots remain liable for their membership dues, charges and accounts for so long as such owner owns the property. In addition, the General Club Rules made part of the Plan documents states that a member, as is the Defendant, remains liable for their membership dues, charges

and accounts until the membership is sold. Therefore, the plain meaning of all of the governing documents shows that owners and members, even ones with suspended or terminated memberships, remain liable for their membership dues, charges and accounts until the transfer of his or her unit or lot to another owner. In addition, the plain meaning of the General Club Rules as part of the Plan documents shows that members remain liable for their membership dues, charges and accounts until the membership is sold.

For example, the following sections of the Plan state as follows:

Section 1.4

> The owner of a residential unit or lot on Callawassie Island must obtain an Equity Membership and pay required membership contribution and all applicable dues, fees and other Charges (as defined herein) associated with his/her membership until the closing of the sale or other transfer of his/her residential unit or lot to another owner as further described herein.

Section 2.2.3 (second and third sentence)

> Such owner shall be required to maintain an Equity Membership at the Club in good standing for each residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Any such owner of a residential unit or lot on Callawassie Island shall not be exempt from the obligation to obtain an Equity Membership by non-use of the facilities.

Section 5.3

> In accordance with the Declaration, an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after Decoember 1, 2001 is not permitted to resign the Equity Membership and is required to maintain an Equity

> membership in good standing for each such residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Therefore, such owner of a residential unit or lot on Callawassie Island must maintain an equity Membership in good standing and pay the required dues, fees and other Charges to the Club for such equity Membership until such member ceases to be an owner of the residential unit or lot on Callawassie Island.

Section 1.4, Section 2.2.3 and Section 5.3 of the Plan unequivocally state that owners of the lots are liable for the payment of the dues, fees and other charges until they are no longer owners. The obligation for owners is found in the General Club Rules as well. Further, the obligation also binds a member who maintained his or her membership once they have sold a lot is found in the General Club Rules. A copy of the General Club Rules is attached as Exhibit "C", the terms of which are incorporated herein verbatim. Section 14.2.1 of the General Club Rules states, in part, that *"[n]otwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums) until the membership is sold."* Also, Section 14.1.3 states, in part, that "[d]*ues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement to full privileges.*" Here, again, the members' continuing liability for the dues, charges and accounts is set forth in the plain language of Section 14.2.1 and Section 14.1.3.

Article VII, Section 2 of the Declaration states, in part, "[s]uch Member shall thereafter be vested with all of the rights, privileges and obligations of the Membership in the Club as set forth in the Plan for the Offering of Membership and Bylaws of the Club *and Amendments thereto.*" The older community documents, from time to time, have been duly amended and

adopted and, therefore, are no longer applicable; however, should the Court apply any of the language contained in an older Plan(s) or a previous set of General Club Rules, the language in the older documents is consistent with the obligation in Article VII, Section 2 of the Declaration that the Defendants were required to purchase memberships and remain members in good standing. Further, even members who have had their memberships terminated owing to delinquencies have a continuing liability. The suspended use of the membership or termination is separate and apart from their obligation for continuing liability. For example, Section 14.2.1 of the General Club Rules of 2001 states, in part, that *" [n]otwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums)."* In addition, Section 14.2.3 of the General Club Rules of 2001 also states *"Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums)."*

There is no triable issue of fact in this matter. The Defendant agreed to be bound by the terms of the Purchase Agreements, the Declaration, the Plan and the General Club Rules, making the Defendant liable for the debt. In the light most favorable to the Defendant, it can only be concluded that the Defendant is liable for the debt. Therefore, the Plaintiff's Motion for Summary Judgment should be granted.

CONCLUSION

Based on the foregoing, there is no genuine issue as to any material fact and, therefore, the Plaintiff's Motion for Summary Judgment should be granted and it is entitled to a judgment against the Defendant in the amount of One Hundred Ninety Two Thousand Eight Hundred Eight and 29/100 ($192,808.29) Dollars for the unpaid dues, fees,

assessments and other charges, plus any accrued balance, the cost of this action and reasonable attorneys' fees.

MINOR, HAIGHT & ARUNDELL, P.C.

By: _____

Ehrick K. Haight, Jr.
Philip J. Rios
P.O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for Plaintiff

Hilton Head Island, South Carolina.
This 2nd day of June, 2010.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

THE CALLAWASSIE ISLAND, MEMBERS CLUB, INC.

Plaintiff,

vs.

ARTHUR APPLEGATE

Defendant.

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

C.A. No.: 2009-CP-07-5410

ORDER DENYING SUMMARY JUDGMENT

2011 JUN 10 PM 3:34
BEAUFORT COUNTY, S.C.
CLERK OF COURT

Hearing Date: June 7, 2011
Judge: The Honorable Carmen T. Mullen
Motion: Plaintiff's Motion for Summary Judgment
Attorney for the Plaintiff: Ehrick K. Haight, Jr.
Attorney for the Defendant: Brian McDaniel

This matter comes before the Court by way of Plaintiff's Motion for Summary Judgment filed June 3, 2010. A hearing was convened at the Beaufort County courthouse on June 7, 2011, at which time the Plaintiff was represented in court by Ehrick K. Haight, Jr., Esquire. Brian D. McDaniel, Esquire, represented the Defendant.

Upon review of the documents and memorandum submitted and upon hearing the arguments presented by counsel, the Court finds that amongst the governing documents under which the Plaintiff is seeking Summary Judgment in this case, there exists ~~enough~~ question of fact in dispute ambiguity to warrant denying the current motion for Summary Judgment.

IT IS THEREFORE ORDERED:

1. The Plaintiff's motion for Summary Judgment is denied.

AND IT IS SO ORDERED this 10th day of June, 2011.



Carmen T. Mullen
Presiding Judge
Fourteenth Judicial Circuit

Beaufort, South Carolina

STATE OF SOUTH CAROLINA
COURT OF COMMON PLEAS
COUNTY OF BEAUFORT
CALLAWASSIE ISLAND
MEMBERS CLUB, INC.,

Plaintiff,

vs.

CASE NO. 2009-CP-07-5410
2009-CP-07-4648
2009-CP-07-3055
2009-CP-07-3322
2009-CP-07-3323

A. APPLEGATE, M. AULTON, T. BAYLESS, R. DENNIS, and R. MERCIER,

Defendants.

DEPOSITION OF: ELLEN DAVIS PADGETT
DATE: August 31, 2012
TIME: 10:13 a.m.
LOCATION: One Beaufort Town Center
2015 Boundary Street, Third Floor
Beaufort, SC
TAKEN BY: Counsel for the Defendants
REPORTED BY: TRISHA M. THOMAS

A. WILLIAM ROBERTS, JR. & ASSOCIATES
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(803) 731-5224	(864) 234-7030	(704) 573-3919

Q. What would suspended member mean?

A. That they were late paying their dues generally is what it meant.

Q. But the penalty was what? Or was there a penalty?

A. There was -- the only thing was they couldn't use the club until they started paying, so that was their penalty that I know of.

Q. And that would be the suspension part of it?

A. Yeah. They would be suspended from using the club until they brought their accounts up to date.

Q. So their privileges were suspended?

A. Privileges. You're correct.

Q. Okay. And when they're expelled, what would be your understanding of what that would mean?

A. That the club had had an action -- had made an action against the club member, taken him to court or sued him for the money that they were owed, and somehow it being settled or whatever and they were -- they were expelled. They didn't voluntarily sign a paper and say, okay, here.

Q. Would it be that they would no longer

be members if they were expelled?

A. Correct.

Q. Are you aware of the club ever owning any of its own memberships?

A. Yes.

Q. How did the club come about to own memberships?

A. The club -- there's conceded and expelled written on that resale list. The conceded, for -- for a time the people who were way behind on their accounts were sent a letter saying that if they would bring their accounts up to date, they could concede their membership back to the club.

Q. And what would that mean, to concede it?

A. That would mean that they would give up any ownership in that membership and that the club would take it over.

Q. Okay.

A. They may -- besides bringing their -- what they owed up to date, I think some were -- some had to pay an extra year's dues on it. I don't remember if everybody had to do that or just some of them.

STATE OF SOUTH CAROLINA
IN THE COURT OF COMMON PLEAS
COUNTY OF BEAUFORT

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.,

Plaintiff,

vs. CASE NO.2009-CP-07-4648

MICHAEL A. AULTON, and SANDRA D. AULTON,

Defendants.

DEPOSITION OF:	GEORGE HARMAN SWITZER, III
DATE:	February 7, 2013
TIME:	10:17 AM
LOCATION:	Law Office of Brian D. McDaniel 2015 Boundary Street, Suite 216 Beaufort, SC 29902
TAKEN BY:	Counsel for the Defendant
REPORTED BY:	LORA L. McDANIEL, Registered Professional Reporter

A. WILLIAM ROBERTS, JR. & ASSOCIATES

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suspended for up to four months?

A. Uh-huh.

Q. At the four-month mark, it says: A member whose account is not settled within the four-month period following suspension shall be expelled from the club?

A. Uh-huh.

Q. Is it your understanding that was the policy, I guess, until at least the current changes of the club? That was the policy to expel members after four months --

MR. HUGHES: Object to form.

BY MR. McDANIEL:

Q. -- because of delinquency?

A. Let me try it another way. It has never been the practice and, therefore, I've never known it to be the policy that any members have been expelled in a period of whether it be four months or six months. I understand what the words say, but I've never known that to happen.

Q. Would you agree that the words say the member shall be expelled with four months of delinquency?

A. I agree that's what it reads, yeah.

Q. 13.3.3. Would you take the time you need

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF BEAUFORT	)	CIVIL ACTION NO: 2009-CP-07-05410
THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.,	)	
Plaintiff,	)	MOTION TO ALTER OR AMEND
vs.	)	
ARTHUR H. APPLEGATE,	)	
Defendant.	)	

TO: BRIAN D. MCDANIEL, ESQUIRE, AND JENNIFER I CAMPBELL, ESQUIRE, ATTORNEY FOR THE DEFENDANT:

YOU WILL PLEASE TAKE NOTICE that the Plaintiff, the Callawassie Island Members Club, Inc. (CIMC), by and through his undersigned counsel, will appear before the Honorable J. Ernest Kinard, Jr., on the tenth (10th) day after service hereof, or at such other time and place as may be directed by the Court, and then and there move for reconsideration and appropriate alteration and/or amendment of the Court's Order of May 9, 2013, denying CIMC's motion for summary judgment.

The within motion, made pursuant to the provisions of the statutory and common laws of the State of South Carolina and Rules 52 and 59, South Carolina Rules of Civil Procedure, is based upon the following:

The subject motion for summary judgment was scheduled to be heard by the Court on May 9, 2013. However, upon commencement of the hearing, the Court advised counsel that, due to time constraints, the Court would not be able

to fully hear the motion. The Court also noted this matter's appearance at the top of the May 13, 2013, trial roster, and expressed concern over hearing the subject motion just days before it was scheduled to be tried. In accordance with the Court's determination that there was insufficient time to fully delve into the motion, as well as the impending trial date, the Court issued a Form 4 Order which states: "All SJ motions denied. Trial set for next week. Insufficient time to consider voluminous briefs today. Obviously facts are disputed." (Order attached as exhibit).

Prior to the hearing, Applegate's counsel informed CIMC's counsel that he was abandoning Applegate's counterclaims against CIMC, which included claims for breach of fiduciary duty and negligent misrepresentation, as well as seeking an accounting. Accordingly, a stipulation of dismissal of Applegate's claims was executed and filed with the Beaufort County Court of Common Pleas on May 9, 2013. Consequently, the only remaining claims were premised upon Applegate's breaches of contracts, the claims asserted in CIMC's initial Complaint.

As a result of these developments, CIMC moved on May 10, 2013, to have the matter tried non-jury. This motion was argued before the Honorable Edward W. Miller on May 13, 2013, and was granted. This matter was referred to the Honorable Marvin H. Dukes III, Beaufort County Master in Equity and Special Circuit Court Judge, and will not be tried until August.

Because CIMC's motion for summary judgment has never been fully heard and ruled upon the merits, CIMC sought to have Judge Dukes hear the summary judgment motion prior to trial. However, in an email of May 14, 2013,

Judge Dukes stated: "I take Judge Kinard's Order to indicate the existence of disputed material facts. I don't know exactly what issue(s) his Order was dealing with, but whatever it was, I do not think that I can hear another SJ motion on it." (Email attached as exhibit).

Consequently, as a result of these determinations, CIMC has not had a full and fair opportunity to be heard on its motion for summary judgment, despite its numerous attempts to be heard on the matter. As the impediments to a full hearing cited by the Court in its Form 4 Order have now been resolved (for the time being), CIMC should have to opportunity to argue fully the merits of its motion. Ultimately, a full and fair adjudication of the summary judgment motion makes more efficient use of Court resources, through a narrowing of the issues or by a complete resolution of CIMC's claims.

Therefore, based upon the foregoing, it is respectfully requested that this matter be set for hearing before the Honorable J. Ernest Kinard, Jr., at a time and place directed by the Court, for the purpose of altering or amending the May 9, 2013 Order, and allowing CIMC to be heard fully on its motion for summary judgment.

HOWELL, GIBSON & HUGHES, P.A.

By: _____
Stephen P. Hughes
William T. Young III
Post Office Box 40
Beaufort, SC 29901
(843) 522-2400

And:

Ehrick K. Haight, Jr.
MINOR, HAIGHT & ARUNDELL, P.C.
P.O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for the Callawassie Island Members Club, Inc.

Beaufort, South Carolina

May 15, 2013

CERTIFICATE OF SERVICE

I certify that I served the foregoing Motion for Reconsideration upon all counsel of record by affixing same with proper postage placing same with the United States Postal Service addressed to counsels' last known address on 16th day of May, 2013.

By: _____
William T. Young III

RULE 11 CERTIFICATION

I certify pursuant to Rule 11 of the South Carolina Rules of Civil Procedure that

___ I have consulted with opposing counsel and have been unable to resolve the matter.

✓ Consultation with opposing counsel would serve no useful purpose, or is not required.

___ Consultation with opposing counsel could not be timely held

___ I certify that there is no duty of consultation for the attached motion (to dismiss, for summary judgment, for new trial, for judgment NOV, in real estate foreclosures, or with pro se litigants.)

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	FOR THE FOURTEENTH JUDICIAL CIRCUIT
COUNTY OF BEAUFORT)	CIVIL ACTION NO. 2009-CP-07-5410
)	
THE CALLAWASSIE ISLAND)	
MEMBERS CLUB, INC.,)	
)	
Plaintiff,)	PLAINTIFF'S NOTICE
)	AND MOTION FOR
v.)	SUMMARY JUDGMENT
)	
ARTHUR H. APPLEGATE,)	
)	
Defendant.)	

TO: GEORGE H. O'KELLEY, JR., ESQUIRE, ATTORNEY FOR THE DEFENDANT:

YOU WILL PLEASE TAKE NOTICE that the Plaintiff, by and through its undersigned attorneys, will move before the Honorable Marvin H. Dukes, III, Master-in-Equity for Beaufort County, on the tenth (10th) day after service hereof, or as soon thereafter as counsel may be heard, for an order granting summary judgment to the Plaintiff pursuant to Rule 56, SCRCP. In support of the motion, the Plaintiff would respectfully show the following to the court:

The Plaintiff's claims against the Defendant should be granted pursuant to Rule 56, SCRCP, for the reason that there is no genuine issue to any material fact and the Plaintiff is entitled to a judgment as a matter of law.

This motion is based upon the pleadings herein, the Plaintiff's memorandum of law filed herein, any affidavits filed or to be filed herein, and such law as may be applicable.

MINOR, HAIGHT & ARUNDELL, P.C.

By: _____

Ehrick K. Haight, Jr.
Philip J. Rios
P.O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for the Plaintiff

Hilton Head Island, South Carolina.
This 2nd day of June, 2010.

STATE OF SOUTH CAROLINA COUNTY OF BEAUFORT THE CALLAWASSIE ISLAND MEMBERS CLUB, INC., Plaintiff, v. ARTHUR H. APPLEGATE, Defendants.	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT CIVIL ACTION NO. 2009-CP-07-5410 CERTIFICATE OF MAILING

The undersigned, Elaine H. Montgomery, hereby certifies that on the 2nd day of June, 2010, she served a copy of the *Plaintiff's Notice of Motion and Motion for Summary Judgment* and a copy of *Plaintiff's Memorandum in Support of Motion for Summary Judgment* upon counsel of record by depositing true and accurate copies of the same in the United States mail with sufficient postage prepaid and addressed to:

George H. O'Kelley, Jr., Esquire
P.O. Box 1072
Beaufort, SC 29901
Attorney for Defendant Arthur H. Applegate

Elaine H. Montgomery

Sworn to and Subscribed before me
this 2nd day June, 2010.

Notary Public for South Carolina
My Commission expires: 7/20/2017

STATE OF SOUTH CAROLINA COUNTY OF BEAUFORT THE CALLAWASSIE ISLAND MEMBERS CLUB, INC., Plaintiff, v. ARTHUR H. APPLEGATE, Defendant.	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT CIVIL ACTION NO. 2009-CP-07-5410 PLAINTIFF'S MEMORANDUM IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

TO: GEORGE H. O'KELLEY, JR., ESQUIRE, ATTORNEY FOR THE DEFENDANT ABOVE-NAMED:

The Plaintiff, The Callawassie Island Members Club, Inc., by and through its undersigned attorneys, hereby submits this Memorandum in Support of Motion for Summary Judgment.

FILED
2009 DEC -3 AM 10:36

I. STATEMENT OF FACTS

That on or about November 15, 2003, for good and valuable consideration, the the Defendant entered into five (5) separate contracts for the purchase of properties known as Lot 2, Phase 9C; Lot 7, Phase 9C; Lot 8, Phase 9C; Lot 25, Phase 9B and Lot 6, Phase 6B (collectively referred to as the "Purchase Agreements"). Pursuant to Paragraph 44 of the Purchase Agreements, the Defendant agreed to purchase memberships and remain a member in good standing for so long as he owned the subject properties. Paragraph 44 of each respective contract states as follows:

> 44. CALLAWASSIE ISLAND MEMBERS CLUB:
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> Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Islanc Club Plan (the "Club Plan"). As a condition

> to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included int the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

Subsequent to the execution of the Purchase Agreements, the Defendant purchased the five lots and the corresponding memberships and remains the current owner of four of the five. The Defendant, by deed recorded in Book 1887 at Page 236, Beaufort County records, is the record owner of Lot 2, Phase 9C; Lot 7, Phase 9C; Lot 8, Phase 9C; and Lot 25, Phase 9B. The Defendant, by the same deed recorded in Book 1887 at Page 236, Beaufort County records, was previously the owner of Lot 6, Phase 6 B, which was sold by the Defendant and the membership previously associated with that lot remains subject to this action by virtue of the agreements to be bound under the various community documents described henceforth and also by virtue of the fact that the Defendant agreed to maintain the membership when he sold the lot. The deed is attached as Exhibit "A", the terms of which are incorporated herein verbatim.

In addition to agreeing to purchase the memberships, the Defendant, by virtue of the purchase of the five lots, also agreed to be bound by the terms and conditions of the Amended and Restated General Declaration For Callawassie Island and Provisions for the Callawassie Island Property Owners Associations, Inc. of December 1, 2001 (the "Declaration"). Further, Pursuant to Article VII, Section 2 of the Declaration, the Defendant was required to purchase memberships and remain a member in good standing for so long as he owns the subject property. Article VII, Section 2 states as follows:

> Section 2. Callawassie Island Members Club Membership. Every Person or entity who purchases property on Callawassie Island after December 1, 2001, shall thereupon be required to purchase

an Equity Membership ("Membership") in the Callawassie Island Members Club, Inc. ("Club") and remain an Equity Member in good standing in such Club for each property purchased or transferred after the approval date of this amendment for so long as such person or entity owns the subject property. Such Member shall thereafter be vested with all of the rights, privileges and obligations of Membership in the Club as set forth in the Plan for the Offering of Membership and Bylaws of the Club and Amendments thereto. The applicable Membership Contribution Fee shall be paid as of the date of such conveyance. The payment of such Membership Contribution Fee shall be a condition precedent to the delivery of a deed or any other form of conveyance.

• • •

The provisions of this Section shall run with the title of and be appurtenant to all Lots and Dwellings transferred or otherwise conveyed after December 1, 2001 and shall be binding upon and inure to the benefit of all Owners of such Lots and Dwellings and their respective heirs, executors, legal representatives, successors and assigns. Each Owner, by acceptance of a deed or other conveyance pursuant to purchase of a Lot or Dwelling after the approval date of this amendment consents and agrees to the obligations of an Equity Member of the Club.

All other sections of this Declaration not herein specifically amended shall be automatically amended to conform with the spirit and intent of this Amendment to this Declaration.

In accordance with the Paragraph 44 of the Purchase Agreements and in accordance with Article VII, Section 2 of the Declaration, the Defendant also agreed to be bound by the terms and conditions of the Callawassie Island Members Club, Inc. Plan for the Offering of Memberships (the "Plan") and the Plan documents such as the By-Laws and the General Club Rules and became obligated for the payment of dues, fees, assessments and other charges and the costs of collection, including reasonable attorney's fees. The Plan and the Plan documents (By-Laws and General Club Rules) have been duly amended from time to time pursuant to the provisions of the Plan and the By-Laws, as attested to in Paragraph 2 of the Affidavit of Brian Lasota. Therefore, the adopted and applicable Plan is the current Plan

(2008), By-Laws and General Club Rules. A copy of the current Plan (2008) and the By-Laws are attached to this Memorandum as Exhibit "B", and their terms are incorporated herein verbatim. Despite demand, the Defendant has failed or refused to bring current the unpaid dues, fees, assessments and other charges associated with the subject lots and memberships. As of March 31, 2010, the Defendant is indebted to the Plaintiff for the total amount of One Hundred Ninety Two Thousand Eight Hundred Eight and 29/100 ($192,808.29) Dollars for the unpaid dues, fees, assessments and other charges as attested to in Paragraph 7 of the Affidavit of Brian Lasota in support of this motion, plus any accrued balance, the costs of this action, and reasonable attorneys' fees.

II. LEGAL STANDARD

Summary judgment is appropriate when it is clear there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Hedgepath v. AT&T, 348 S.C. 340, 559 S.E.2d 327 (Ct. App. 2001). In determining whether any triable issue of fact exists, the evidence and all inferences which can reasonably be drawn therefrom must be viewed in the light most favorable to the non-moving party. Wiedemann v. Town of Hilton Head Island, 330 S.C. 532, 500 S.E.2nd 783, 785-86 (1998). Under Rule 56, SCRCP, when a party moves for a summary judgment and supports it by affidavits, the adverse party may not rest on the allegations of his pleadings but must respond by affidavit or other evidence demonstrating a genuine issue of material fact. Kippel v. Mid-Carolina Oil, Inc., 303 S.C. 127, 399 S.E. 2nd 163 (Ct. App. 1990).

III. LEGAL ARGUMENT

Based on the Purchase Agreements and the Declaration, the Defendant agreed to be

obligated for the payment of dues, assessments and other charges for so long as he owns the lots. In addition, based on the Plan documents, the Defendant agreed to be obligated for the payment of dues, assessments and other charges for so long as he owns the lots and for so long as he owns the membership on the sold lot. Covenants may be created by recording a declaration of restrictive covenants. Flinkingshelt v. Johnson, 258 S.C. 77, 187 S.E. 2d 233 (1972). In the instant case, the recorded Declaration, specifically Article VII, Section 2 of the Declaration, is not susceptible to two or more different meanings. Courts reason that it is their duty to enforce, not make, contracts. Midway Properties, Inc. v. Pfister, 292 S.C. 104, 354 S.E. 2d 926 (Ct.App. 1987). In addition, covenants that require the payment of assessments are by nature contractual and bind parties to the covenants in the same way as other contracts. First Federal Savings and Loan Ass'n of Charleston v. Bailey, 316 S.C. 350, 450 S.E.2d 77 (S.C. App. 1994).

In the instant case, an examination of the Declaration, the applicable Plan and Plan documents (By-Laws and General Club Rules), and all other governing community documents relevant to this matter consistently reveals that the Defendant contracted to be obligated for the payment of dues, assessments and other charges. For example, pursuant to Article VII, Section 2 of the Declaration, the Defendants were required to purchase memberships and remain members in good standing for so long as such person or entity owns the subject property. Consistent with the language of the Declaration, the Plan (a governing document as referenced in the Declaration for Callawassie Island) repeatedly states that the owners of lots remain liable for their membership dues, charges and accounts for so long as such owner owns the property. In addition, the General Club Rules made part of the Plan documents states that a member, as is the Defendant, remains liable for their membership dues, charges

and accounts until the membership is sold. Therefore, the plain meaning of all of the governing documents shows that owners and members, even ones with suspended or terminated memberships, remain liable for their membership dues, charges and accounts until the transfer of his or her unit or lot to another owner. In addition, the plain meaning of the General Club Rules as part of the Plan documents shows that members remain liable for their membership dues, charges and accounts until the membership is sold.

For example, the following sections of the Plan state as follows:

Section 1.4

> The owner of a residential unit or lot on Callawassie Island must obtain an Equity Membership and pay required membership contribution and all applicable dues, fees and other Charges (as defined herein) associated with his/her membership until the closing of the sale or other transfer of his/her residential unit or lot to another owner as further described herein.

Section 2.2.3 (second and third sentence)

> Such owner shall be required to maintain an Equity Membership at the Club in good standing for each residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Any such owner of a residential unit or lot on Callawassie Island shall not be exempt from the obligation to obtain an Equity Membership by non-use of the facilities.

Section 5.3

> In accordance with the Declaration, an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after Deceember 1, 2001 is not permitted to resign the Equity Membership and is required to maintain an Equity

> membership in good standing for each such residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Therefore, such owner of a residential unit or lot on Callawassie Island must maintain an equity Membership in good standing and pay the required dues, fees and other Charges to the Club for such equity Membership until such member ceases to be an owner of the residential unit or lot on Callawassie Island.

Section 1.4, Section 2.2.3 and Section 5.3 of the Plan unequivocally state that owners of the lots are liable for the payment of the dues, fees and other charges until they are no longer owners. The obligation for owners is found in the General Club Rules as well. Further, the obligation also binds a member who maintained his or her membership once they have sold a lot is found in the General Club Rules. A copy of the General Club Rules is attached as Exhibit "C", the terms of which are incorporated herein verbatim. Section 14.2.1 of the General Club Rules states, in part, that *" [n]otwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums) until the membership is sold."* Also, Section 14.1.3 states, in part, that "[d]*ues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement to full privileges."* Here, again, the members' continuing liability for the dues, charges and accounts is set forth in the plain language of Section 14.2.1 and Section 14.1.3.

Article VII, Section 2 of the Declaration states, in part, "[s]uch Member shall thereafter be vested with all of the rights, privileges and obligations of the Membership in the Club as set forth in the Plan for the Offering of Membership and Bylaws of the Club *and Amendments thereto*." The older community documents, from time to time, have been duly amended and

adopted and, therefore, are no longer applicable; however, should the Court apply any of the language contained in an older Plan(s) or a previous set of General Club Rules, the language in the older documents is consistent with the obligation in Article VII, Section 2 of the Declaration that the Defendants were required to purchase memberships and remain members in good standing. Further, even members who have had their memberships terminated owing to delinquencies have a continuing liability. The suspended use of the membership or termination is separate and apart from their obligation for continuing liability. For example, Section 14.2.1 of the General Club Rules of 2001 states, in part, that *" [n]otwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums)."* In addition, Section 14.2.3 of the General Club Rules of 2001 also states *"Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums)."*

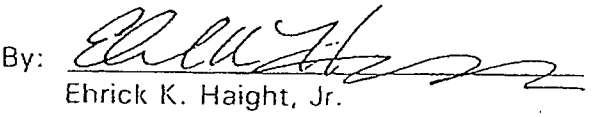
There is no triable issue of fact in this matter. The Defendant agreed to be bound by the terms of the Purchase Agreements, the Declaration, the Plan and the General Club Rules, making the Defendant liable for the debt. In the light most favorable to the Defendant, it can only be concluded that the Defendant is liable for the debt. Therefore, the Plaintiff's Motion for Summary Judgment should be granted.

CONCLUSION

Based on the foregoing, there is no genuine issue as to any material fact and, therefore, the Plaintiff's Motion for Summary Judgment should be granted and it is entitled to a judgment against the Defendant in the amount of One Hundred Ninety Two Thousand Eight Hundred Eight and 29/100 ($192,808.29) Dollars for the unpaid dues, fees,

assessments and other charges, plus any accrued balance, the cost of this action and reasonable attorneys' fees.

MINOR, HAIGHT & ARUNDELL, P.C.

By: 

Ehrick K. Haight, Jr.
Philip J. Rios
P.O. Drawer 6067
Hilton Head Island, SC 29938
(843) 785-8040
Attorneys for Plaintiff

Hilton Head Island, South Carolina.
This 2nd day of June, 2010.

BEAUFORT COUNTY SC - ROD
BK 01887 PGS 0236-0240
FILE NUM 2003099029
12/18/2003 01:02:29 PM
REC'D BY V GARVIN RCPT# 207238
RECORDING FEES 11.00
County Tax 141.35
State Tax 334.10

RECORDED
2004 Jan -21 04:56 PM
BEAUFORT COUNTY AUDITOR

STATE OF SOUTH CAROLINA)
) LIMITED WARRANTY DEED
COUNTY OF BEAUFORT)

KNOW ALL MEN BY THESE PRESENTS:

THAT CALLAWASSIE ISLAND COMPANY, L.P., a Delaware Limited Partnership, in the State aforesaid for and in consideration of the sum of ONE HUNDRED TWENTY EIGHT THOUSAND FOUR HUNDRED DOLLARS and 00/100 ($128,400.00), to it in hand paid at and before the sealing of these presents by **Arthur H. Applegate**, 171 Church St., Ste. 160, Charleston, SC 29401, the receipt whereof is hereby acknowledged, have granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the said Arthur H. Applegate, his heirs and assigns forever, the following described property, to-wit:

See Attached "Exhibit A"

TOGETHER with all and singular, the Rights, Members, Hereditaments and Appurtenances to the said premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said premises before mentioned unto the said Arthur H. Applegate, his heirs and assigns forever; subject, however, to the rights, conditions and restrictions that constitute covenants running with the land, all as set forth herein.

AND the said **CALLAWASSIE ISLAND COMPANY, L.P.**, a Delaware limited partnership, does hereby bind itself and its successors, to warrant and forever defend, all and singular, the said premises unto the said Arthur H. Applegate, as hereinabove provided, only against itself and its successors lawfully claiming or to claim the same, or any part thereof.

EXHIBIT A

IN WITNESS WHEREOF, CALLAWASSIE ISLAND COMPANY, L.P., a Delaware limited partnership, has caused these presents to be executed by its duly authorized officers this the 15th day of December, 2003.

WITNESSES:

Shara M. Bailey
(Witness #1)

Kimberly C. Bisnett
(Witness #2/Notary)

CALLAWASSIE ISLAND COMPANY, L.P.,
a Delaware Limited Partnership

By: CLL Associates, L.P., its General Partner

By: Callawassie Development Corporation, its General Partner

By: Geoffrey H. Applegate
Geoffrey H. Applegate
Vice President

Attest: Montgomery P. Blaisdell
Montgomery P. Blaisdell
Secretary

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGMENT
COUNTY OF BEAUFORT)

I, the undersigned Notary Public, do hereby certify that Geoffrey H. Applegate, Vice President and Montgomery P. Blaisdell, Secretary of Callawassie Development Corporation on behalf of the corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 15th day of December, 2003.

Kimberly G. Bennett (SEAL)
Notary Public for South Carolina
My Commission Expires: 06/15/08

"Exhibit A"

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 2, Phase 9-C as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 71 at Page 44 and revised in Plat Book 74 at Page 23. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
TMS #600-015-00B-0246-0000

AND ALSO:

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 6, Phase 6-B as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 64 at Page 123 and revised in Plat Book 70 at Page 36. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
TMS #600-015-00C-0185-0000

AND ALSO:

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 7, Phase 9-C as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 71 at Page 44 and revised in Plat Book 74 at Page 23. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
TMS #600-015-00B-0251-0000

AND ALSO:

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 7, Phase XV as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 95 at Page 136. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
600:15:1

AND ALSO:

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 8, Phase 9-C as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 71 at Page 44 and revised in Plat Book 74 at Page 23. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
TMS #600-015-00B-0252-0000

AND ALSO:

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 11, Phase XV as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 95 at Page 136. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
600:15:1

AND ALSO:

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 13, Phase XV as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 95 at Page 136. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
600:15:1

AND ALSO:

All that certain piece, parcel or lot of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina and being designated as Lot 25, Phase 9-B as more fully shown on a plat recorded in the Beaufort County Records in Plat Book 45 at Page 15. Said lot has such size, shape, dimensions and location as will more fully appear by reference to said plat.
TMS #600-015-00B-0169-0000

The within properties are conveyed subject to all covenants, easements, restriction, etc., of record affecting the properties including, but not necessarily limited to the Amended and Restated General Declaration for Callawassie Island and Provisions for The Callawassie Island Property Owners Association, Inc. recorded April 20, 1993 in the Beaufort County Records in Deed Book 623 at Page 546, and First Addendum recorded June 22, 1994 in Book 713 at Page 2398, Second Addendum recorded March 20, 1995 in Book 766 at Page 536, and all easements as shown on the above referenced plat.

This being the same properties conveyed to the Grantor herein by deed of CLL Associates, L.P., a South Carolina limited partnership, dated May 31, 1990 and recorded May 31, 1990 in Deed Book 554 at Page 826, and re-recorded in Book 662 at Page 2272, in the Beaufort County Records.

The within Deed was prepared by Bethea, Jordan & Griffin, P.A., Post Office Drawer 3, Hilton Head Island, South Carolina 29938-0003, by Sarah F. Robertson.

THE CALLAWASSIE ISLAND MEMBERS CLUB

PLAN FOR THE OFFERING OF MEMBERSHIPS
Amended as of February 1, 2008

1.0 GENERAL DESCRIPTION OF THE PLAN FOR THE OFFERING OF MEMBERSHIPS

1.1 PURPOSE OF THE PLAN FOR THE OFFERING OF MEMBERSHIPS

The Callawassie Island Members Club, Inc., a South Carolina non-stock and non-profit corporation (the "Club") owns and operates the golf, tennis, swimming and social facilities on Callawassie Island, South Carolina for the use, recreation and enjoyment of its members. The Board of Directors of the Club has adopted this Plan for the Offering of Memberships (the "Plan") as mandated by Article X of the By-Laws, and along with the Articles of Incorporation of The Callawassie Island Members Club, Inc., the current By-Laws of The Callawassie Island Members Club, Inc. (the "By-Laws"), the current General Club Rules of The Callawassie Island Members Club, Inc., and the Club Purchase Agreement between Callawassie Island Company L.P. (the "Partnership"), The Callawassie Island Club, Inc., and The Callawassie Island Members Club, Inc. dated October 26, 1999, as amended (the "Club Purchase Agreement"), offer persons the opportunity to acquire an Equity Membership (as defined below) at the Club.

1.2 DESCRIPTION OF THE CLUB FACILITIES

The facilities currently owned by the Club (the "Club Facilities") that are available for use include the following:

- a 27-hole championship golf course designed by Tom Fazio;
- a driving range and practice green;
- 6 tennis courts;
- a clubhouse facility, which includes locker rooms, a golf shop, tennis shop, a fitness center, a dining room, a bar, a snack shop, club rooms, and administrative offices;
- a swimming pool and deck area, located adjacent to the clubhouse;
- a river club, which is located on the Colleton River and includes a swimming pool, bathhouse, club room, kitchen, barbecue area and boat dock;
- auxiliary buildings used for maintenance, equipment storage, and administration; and
- parking facilities.

The Club may modify these facilities and provide such other facilities as it deems appropriate from time to time.

1.3 GENERAL DESCRIPTION OF MEMBERSHIP CATEGORIES

The Club is currently offering two categories of Equity Membership known as Equity Golf Memberships and Equity Social Memberships, and one category of non-equity membership known as Non-Equity Associate Memberships as further described in Section 2.3.4.

The Club has previously issued Spring Island Non-Equity Social Memberships and Spring Island Founder Memberships. Although these memberships are not currently being offered by the Club, the rights and privileges of these members are described herein.

EXHIBIT B

The Equity Golf Memberships and Equity Social Memberships are sometimes hereinafter collectively referred to as an "Equity Membership" or as "Equity Memberships." A person who obtains an Equity Golf Membership is sometimes hereinafter referred to as an "Equity Golf Member" and collectively as "Equity Golf Members", a person who obtains an Equity Social Membership is sometimes hereinafter referred to as an "Equity Social Member" and collectively as "Equity Social Members", a person who obtains an Equity Membership is sometimes hereinafter referred to as an "Equity Member" and collectively as "Equity Members", a person who obtains a Non-Equity Associate Membership is sometimes hereinafter referred to as a "Non-Equity Associate Member" and collectively as "Non-Equity Associate Members", a person who has obtained a Spring Island Founder Membership is sometimes hereinafter referred to as a "Spring Island Founder Member" and collectively as "Spring Island Founder Members", and a person who has obtained a Spring Island Non-Equity Social Membership is sometimes hereinafter referred to as a "Spring Island Non-Equity Social Member" and collectively as "Spring Island Non-Equity Social Members."

1.4 OWNERS OF RESIDENTIAL UNITS OR LOTS ON CALLAWASSIE ISLAND MUST OBTAIN AN EQUITY MEMBERSHIP

The owner of a residential unit or lot on Callawassie Island must obtain an Equity Membership and pay the required membership contribution and all applicable dues, fees and other Charges (as defined herein) associated with his/her membership until the closing of the sale or other transfer of his/her residential unit or lot to another owner as further described herein.

2.0 MEMBERSHIPS IN THE CLUB

2.1 IN GENERAL

2.1.1 DESCRIPTION OF MEMBERSHIPS

Two categories of Equity Membership are currently available at the Club: Equity Golf Membership and Equity Social Membership. Each Equity Membership represents an ownership interest in the Club and entitles the Equity Member to vote on various club matters, including the election of the Board of Directors. Each Equity Golf Membership and Spring Island Founder Membership entitles the member to five votes and each Equity Social Membership entitles the member to two votes.

The Non-Equity Associate Memberships do not entitle the member to any ownership interest or voting privileges, but do allow the use of certain facilities provided at the Club upon payment of applicable dues, fees and other Charges.

2.1.2 NUMBER OF MEMBERSHIPS AVAILABLE AT THE CLUB

The total number of memberships permitted to be issued in each category is limited as follows.

CATEGORY	MEMBERSHIP LIMITS
Equity Golf Membership and Non-Equity Associate Golf Membership	595
Equity Social Membership	255

Since resigned Spring Island Founder Memberships are placed on the same waiting list for reissuance by the Club on the same basis as Equity Golf Memberships and are reissued by the Club as an Equity Golf Membership, the Club reserves the right to increase the total number of Equity Golf Memberships to accommodate all existing Spring Island Founder Memberships. As of the date of this amended Plan for the Offering of Memberships there are two existing Spring Island Founder Memberships at the Club.

2.2 ELIGIBILITY

2.2.1 ELIGIBILITY FOR MEMBERSHIPS

The Club currently offers Equity Memberships to persons who own residential units or lots on Callawassie Island and to such other persons as the Club determines appropriate from time to time, who are approved for membership.

The Club is currently offering Non-Equity Associate Memberships to persons who do not own a residential unit or lot on Callawassie Island.

2.2.2 EXISTING PROPERTY OWNERS ON CALLAWASSIE ISLAND WHO ARE NOT EQUITY MEMBERS MAY ACQUIRE AN EQUITY MEMBERSHIP ONLY IF AVAILABLE AND UPON PAYMENT OF APPLICABLE FEES

Persons who owned residential units or lots on Callawassie Island prior to December, 2001 who are not Equity Members are permitted to acquire an Equity Membership only if the desired category of Equity Membership is available, upon application and approval, and payment of the applicable membership contribution, dues, fees and other Charges.

2.2.3 PURCHASERS OF RESIDENTIAL UNITS OR LOTS ON CALLAWASSIE ISLAND AFTER DECEMBER 1, 2001, MUST OBTAIN AN EQUITY MEMBERSHIP

In accordance with the Amended And Restated General Declaration For Callawassie Island And Provisions For The Callawassie Island Property Owners Association, Inc. Of December 1, 2001 (the "Declaration") an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after December 1, 2001, is required to obtain an available Equity Membership at the Club and pay the applicable membership contribution, dues, fees and other Charges associated with such membership. Such owner shall be required to maintain an Equity Membership at the Club in good standing for each residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Any such owner of a residential unit or lot on Callawassie Island shall not be exempt from the obligation to obtain an Equity Membership by non-use of the facilities.

If a person or entity owns more than one residential unit or lot on Callawassie Island, then an Equity Membership must be obtained and maintained for each of such residential unit or lot on Callawassie Island. However, if an owner, who is already an Equity Member of the Club, also owns an abutting lot to form a single lot, then such owner will not be required to purchase and maintain an additional Equity Membership for the abutting lot.

In the event a residential unit or lot on Callawassie Island is owned by multiple owners, then the owners of such residential unit or lot must designate one of such owners to obtain the Equity Membership. As provided herein, an Equity Membership only permits the member and his/her immediate family members to use the facilities upon payment of the applicable membership contribution and dues, fees and other Charges. All other owners of the residential unit or lot on Callawassie Island are not permitted to use the facilities (even as a guest) unless another available Equity Membership is obtained by such owner(s). If the additional owner(s) of the residential unit or lot on Callawassie Island obtains an available Equity Membership, he/she must follow the same application procedures as any other member and pay the applicable membership contribution, dues, fees and other Charges established by the Club for the category of membership obtained.

As a condition precedent to the conveyance of an ownership interest in a residential unit or lot on Callawassie Island and no later than acquiring an ownership interest in a residential unit or lot on Callawassie Island, the person or entity obtaining title to the residential unit or lot on Callawassie Island must submit an Application for Membership, Equity Membership Agreement and the applicable membership contribution to the Club. The applicable membership contribution must be paid no later than the date of such conveyance. The payment of such membership contribution shall be a condition precedent to the delivery of a deed or any other form of conveyance of a residential unit or lot on Callawassie Island.

2.2.4 OWNERSHIP OF MEMBERSHIPS BY PERSONS WHO DO NOT OWN PROPERTY ON CALLAWASSIE ISLAND

The Club and/or the Partnership may offer Equity Memberships to persons who do not own residential units or lots on Callawassie Island as they may determine appropriate from time to time.

2.2.5 EQUITY MEMBERSHIP HELD BY AN ENTITY

An Equity Membership may be held in the name of a company, partnership, trust or other form of multiple ownership (collectively, the "entity"). The entity may designate one individual (and his/her immediate family members) who will have the right to use the privileges of the Equity Membership. An Equity Membership that is owned by an entity allows the designee to use the facilities and pay the same dues, fees and other Charges as any member in the same category of Equity Membership. The entity may change the designated user no more than one time each membership year upon payment of a non-refundable re-designation fee established by the Club from time to time. Prior to the change of any designee, the prior designee must return the issued membership cards and membership certificate to the Club, any required re-designation fee must be paid to the Club, and the new designee must submit an application and be approved by the Club. All designated users will be subject to the approval of the Club. The Club may establish other rules from time to time governing the designation of an individual to use the privileges of the Equity Membership, including a limit on the number of times the entity may change the designated user.

Both the entity and the designated user shall be jointly and severally liable for the payment of all dues, fees and other Charges incurred by the designated user and his/her immediate family members and guests.

2.3 MEMBERSHIP PRIVILEGES

2.3.1 MEMBERSHIP PRIVILEGES AT THE CLUB

The privileges of membership are subject to this Plan, as it may be amended from time to time. The General Club Rules, including the services provided to members and the hours of operation of the Club Facilities or any portion thereof, may be altered, amended or repealed at the discretion of the Board of Directors of the Club. Each person who acquires a membership at the Club will be permitted to use the Club Facilities in accordance with the member's category of membership, the applicable dues category and the General Club Rules as long as the member remains a member in good standing. Any suspension or expulsion of a member shall result in the loss of all membership privileges including the right to vote. Upon approval, payment of the applicable membership contribution and the applicable dues, fees and other Charges and compliance with the General Club Rules established by the Club, members obtain the following use privileges.

2.3.2 EQUITY GOLF MEMBERSHIP PRIVILEGES

Equity Golf Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable membership contribution, dues, fees and other Charges (including food and beverage minimums). Equity Golf Members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Equity Golf Members will be required to pay golf cart fees or trail pass fees for use of the golf course. Equity Golf Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

2.3.3 EQUITY SOCIAL MEMBERSHIP PRIVILEGES

Equity Social Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable membership contribution, dues, fees and other Charges (including food and beverage minimums). Equity Social Members will be entitled to play golf one time per month during the golfing season and two times per month during the non-golf season as defined in the General Club Rules. Equity Social Members will not be required to pay court fees for use of the tennis facilities, but will be required to pay greens fees at the same rate as guests of an Equity Golf Member and golf cart fees or trail pass fees for use of the golf course. Equity Social Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

2.3.4 NON-EQUITY ASSOCIATE MEMBERSHIP PRIVILEGES

In order to promote the sale of residential units and lots on Callawassie Island and to introduce the Club to prospective members, the Club may offer Non-Equity Associate Memberships on an annual basis, or for such other time period as approved by the Board of Directors of the Club. Non-Equity Associate Memberships are only available to persons who do not own a residential unit or lot on Callawassie Island.

The rights and privileges of Non-Equity Associate Members will be determined by the Club from time to time. Non-Equity Associate Members shall not have any ownership interest in the Club or the Club Facilities, shall not have any voting privileges, and shall not be subject to any operating assessments or capital assessments. Non-Equity Associate Members must pay a one-time non-refundable membership contribution and an annual non-refundable renewal fee established by the Club from time to time. Non-Equity Associate Memberships are subject to renewal each membership year in the sole discretion of the Club, and therefore, the Club will determine whether Non-Equity Associate Memberships (and how many) will be available prior to the beginning of each membership year. If the Club determines that Non-Equity Associate Memberships will not be renewed, then the Club shall recall and terminate (without refund of any amounts) each such membership at the end of the membership year, as necessary, on a first-issued, last-recalled basis.

The Club currently offers a Non-Equity Associate Golf Membership and a Non-Equity Associate Social Membership on the following terms and conditions.

Non-Equity Associate Golf Memberships. Non-Equity Associate Golf Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable non-refundable membership contribution, dues, fees and other Charges (including food and beverage minimums). Non-Equity Associate Golf Members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Non-Equity Associate Golf Members will be required to pay golf cart fees or trail pass fees for use of the golf course. Non-Equity Associate Golf Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

At the beginning of each membership year, the total number of permitted Non-Equity Associate Golf Memberships will be limited to the difference between five hundred ninety-five (595) and the number of issued Equity Golf Memberships.

Non-Equity Associate Social Memberships. Non-Equity Associate Social Members are currently available only to residents on Callawassie Island who do not own a residential unit or lot on Callawassie Island. Non-Equity Associate Social Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable non-refundable membership contribution dues, fees and other Charges (including food and beverage minimums). Non-Equity Associate Social Members will be entitled to play golf one time per month during the golfing season and two times per month during the non-golf season as defined in the General Club Rules. Non-Equity Associate Social Members will not be required to pay court fees for use of the tennis facilities, but will be required to pay greens fees at the same rate as guests of an Equity Golf Member and golf cart fees or trail pass fees for use of the golf course. Non-Equity Associate Social Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

2.3.5 SPRING ISLAND NON-EQUITY SOCIAL MEMBERSHIP PRIVILEGES

Spring Island Non-Equity Social Memberships are no longer offered. Existing Spring Island Non-Equity Social Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable dues, fees and other Charges (including food and beverage minimums). Spring Island Non-Equity Social Members will be entitled to play golf one time per month during the golfing season and two times per month during the non-golf season as defined in the General Club Rules. Spring Island Non-Equity Social Members will not be required to pay court fees for use of the tennis facilities, but will be required to pay greens fees at the same rate as guests of an Equity Golf Member and golf cart fees or trail pass fees for use of the golf course. Spring Island Non-Equity Social Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

Spring Island Non-Equity Social Members shall pay the same dues, fees and other Charges (including food and beverage minimums) as an Equity Social Member. However, Spring Island Non-Equity Social Members shall not have any ownership interest in the Club or the Club Facilities, shall not have any voting privileges, and shall not be subject to any capital assessments. The Spring Island Non-Equity Social Membership shall terminate (without refund of any amounts) upon the occurrence of the earlier of: (i) death of the member, (ii) resignation of the membership, or (iii) the sale or other transfer of the member's residential unit or lot on Spring Island.

2.3.6 SPRING ISLAND FOUNDER MEMBERSHIP PRIVILEGES

Spring Island Founder Memberships are no longer offered. Existing Spring Island Founder Members are permitted to use all of the Club Facilities on a space available basis upon payment of the applicable dues, fees and other Charges (including food and beverage minimums). Spring Island Founder Members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Spring Island Founder Members will be required to pay golf cart fees or trail pass fees for use of the golf course. Spring Island Founder Members using the golf facilities shall abide by the published Golf Rules and Guidelines.

Spring Island Founder Members shall pay the same dues, fees and other Charges (including food and beverage minimums) and assessments as an Equity Golf Member.

2.3.7 THE CLUB MAY CHANGE PLAYING PRIVILEGES

In order to provide the utmost playing pleasure for all members, the Club reserves the right to establish different rules governing access, sign-up privileges and starting times with respect to the golf, tennis and other recreational facilities provided at the Club.

2.3.8 FAMILY PRIVILEGES

An Equity Member's immediate family may use the Club Facilities in accordance with the member's category of membership as provided in the General Club Rules. For purposes of this section, "immediate family" is defined as the individual member and not more than one other adult who is a full-time resident of the member's residential unit and the member's unmarried children under twenty-five years of age who are either full-time residents of the member's residential unit or attending school on a full-time basis.

2.3.9 GUEST PRIVILEGES

An Equity Member may have guests use the Club Facilities in accordance with the member's category of membership and the General Club Rules and payment of applicable guest fees. The Club may limit the number of times any particular individual guest may use the Club Facilities or any particular facility provided at the Club during a specific period of time and limit the number of guests a member may sponsor at any particular time. The sponsoring member will be responsible for all fees and other Charges incurred by his/her guests and for the deportment of his/her guests.

2.3.10 EQUITY MEMBERS MAY DESIGNATE A RESIDENT IN THEIR RESIDENTIAL UNIT ON CALLAWASSIE ISLAND AS A USER OF THEIR MEMBERSHIP PRIVILEGES

Subject to the General Club Rules, an Equity Member who is not residing in his/her residential unit located on Callawassie Island may designate a bona fide resident of such residential unit as the beneficial user of his/her Equity Membership. The designation of a bona fide resident as the beneficial user of an Equity Member's membership must be made in advance and in writing to the Club. During the period that a resident is designated as the beneficial user of the membership, the Equity Member shall not be entitled to use the membership but shall remain obligated for all dues, fees and other Charges (including assessments) associated with his/her Equity Membership. The Equity Member shall be responsible for all fees and other Charges incurred by the beneficial user and for the deportment of the beneficial user.

2.3.11 EQUITY SOCIAL MEMBERS MAY HAVE THE OPPORTUNITY TO UPGRADE TO AN EQUITY GOLF MEMBERSHIP

An Equity Social Member who desires to upgrade to an available Equity Golf Membership shall resign his/her Equity Social Membership and acquire the Equity Golf Membership by paying the then-current membership contribution for an Equity Golf Membership in full. The Equity Social Membership shall be placed on the waiting list to be reissued by the Club. The Club shall reissue the resigned Equity Social Membership on the same basis as any other resigned Equity Social Membership placed on the waiting list and upon reissuance by the Club, shall refund to the upgrading member the amount to be repaid pursuant to Section 5.6. During such time as the resigned Equity Social Membership is on the waiting list to be reissued, the resigned member will not be required to pay dues, fees and other Charges associated with the resigned Equity Social Membership as long as the Equity Golf Membership remains in good standing and all applicable dues, fees and other Charges associated with such Equity Golf Membership are paid. If the Equity Golf Membership

becomes delinquent prior to the reissuance of the member's resigned Equity Social Membership, then such member shall be responsible for all dues, fees and other Charges associated with both the Equity Golf Membership and the resigned Equity Social Membership. Prior to the initial sale of all five hundred ninety-five Equity Golf Memberships permitted to be issued at the Club, the Partnership will be entitled to the proceeds from the upgrade of an Equity Social Membership to an Equity Golf Membership.

The downgrade of an Equity Golf Membership to an Equity Social Membership is not permitted.

2.3.12 GOLF AND SOCIAL MEMBERSHIP EXCHANGES

Subject to the General Club Rules and payment of such fees as may be fixed by the Club from time to time and with the prior approval of the Club in each instance, Equity Golf Members and Equity Social Members who are paying resident dues (as described below) may exchange their respective memberships permanently or membership privileges temporarily in accordance with this section. A permanent exchange shall be deemed a membership sale subject to transfer fees as outlined in Sections 5.6 and 5.7. An Equity Social Member may not exchange his/her membership unless he/she has been a member in good standing for at least five (5) consecutive years prior to the time of the exchange. An Equity Social Member shall be permitted to exchange his/her Social Membership on a temporary basis for no more than two (2) years unless the Equity Social Member has previously been an Equity Golf Member who has paid resident golf dues for at least five (5) years.

Exchanging members shall submit such application forms as may be required by the Club and shall pay the dues for the membership being acquired for the membership year in which the exchange occurs. All temporary exchanges shall be for not less than, and shall coincide with, a membership year. Applications for the renewal of exchanges of memberships, together with applicable fees, shall be submitted prior to the beginning of each subsequent membership year. Temporary exchanges will not affect the exchanging members' underlying memberships. Each exchanging member shall vote according to the membership they own and is responsible for all dues, fees and other Charges applicable to the membership they own.

3.0 MEMBERSHIP ADMISSION

3.1 APPLICATION FOR MEMBERSHIP

Each person who desires to acquire a membership in the Club must submit to the Club Membership Office a completed and signed Application for Membership, a Membership Agreement and any required membership contribution by check made payable to "The Callawassie Island Members Club, Inc." The required membership contribution to be paid for a membership shall be the membership contribution charged on the date the applicant submits the Application for Membership to the Club.

The membership contribution required for a membership shall change from time to time, and therefore, the membership contribution required for a membership in the future may be higher or lower than the membership contribution currently in effect.

3.2 REVIEW OF APPLICATION FOR MEMBERSHIP (Exclusive of Property Sale Related Membership Transfers Described In Section 3.3)

Prior to the initial sale of all five hundred ninety-five (595) Equity Golf Memberships in the Club, the Partnership shall have the exclusive right to determine the qualifications of a membership candidate. Following the initial sale of all five hundred ninety-five (595) Equity Golf Memberships in the Club, the Board of Directors of the Club will exercise sole authority to determine the qualifications of a membership candidate.

Subject to the above, upon receipt of the Application for Membership, the Membership Agreement and the required membership contribution, the Partnership or the Club (as the case may be) will determine within thirty (30) days after receipt of the Application for Membership, Membership Agreement and the required membership contribution whether the candidate has satisfied the conditions of membership. If the candidate has satisfied the conditions of membership, the candidate will be notified in writing that his/her application has been acted upon favorably. If the candidate has not satisfied the requirements of membership, the

candidate will be notified that the application has not been acted upon favorably and any membership contribution previously paid by such applicant shall be returned, without interest.

(a) The membership process will be confidential. The identity of any applicant and any information gathered in the evaluation process will not be disclosed until posting for acceptance. Records of all membership deliberations will be considered, and retained as, confidential. If an application is not approved, neither the sponsor nor applicant will be given a specific reason for denial. The Club will follow, without exception, the same procedures for every membership candidate. No exceptions will be made to the conditions of membership.

(b) A majority vote of the members of the Board of Directors of the Club against any applicant shall constitute disapproval.

3.3 MEMBERSHIP APPLICATIONS ASSOCIATED WITH PROPERTY TRANSFERS OR SALES

All membership applications that are directly associated with the transfer or sale of a residential unit or lot on Callawassie Island shall be evaluated by either the Partnership or the Club (as the case may be) based solely on the ability of the applicant to fulfill the financial requirements of membership at the Club.

3.4 EQUITY MEMBERSHIP CERTIFICATES

(a) Each Equity Golf Member and Equity Social Member who has paid the required membership contribution shall receive a membership certificate. Such certificate shall be in a form approved by the Board of Directors and shall state that the certificate is issued subject to the By-Laws of the Club as they now are or may be amended, and shall be subscribed by the President or Vice President and the Secretary and under the Seal of the Club.

(b) Membership certificates are not redeemable or transferable, except as specifically provided in this Plan and then only through the Treasurer of the Club. Whenever any person shall cease to be an Equity Member, whether by death, resignation, recall, expulsion or other provisions of this Plan or the By-Laws, such cessation shall operate to authorize the Treasurer of the Club to effectuate the redemption, cancellation, purchase or reissuance of the membership certificate of such Equity Member in accordance with, and in the manner prescribed by, this Plan and the By-Laws.

4.0 INITIAL SALE MEMBERSHIP CONTRIBUTION

4.1 MEMBERSHIP CONTRIBUTIONS PAID TO THE PARTNERSHIP

The Partnership will receive all proceeds from the initial sale of all Equity Memberships. All membership contributions received or to be received by the Club from the initial sale of all of the Equity Memberships permitted to be issued at the Club shall be paid directly to the Partnership as a non-refundable purchase payment. All such payments shall be utilized by the Partnership in any manner that the Partnership, in its sole and absolute discretion, determines appropriate.

4.2 UNISSUED EQUITY MEMBERSHIPS

The Partnership shall sell all of the unissued Equity Memberships and the Club shall cooperate with the Partnership in good faith to assist with the sale of these unissued Equity Memberships.

In consideration for the ongoing obligation of the Partnership to pay dues as herein provided, the Partnership will be entitled to vote on any Equity Membership it is holding for initial sale.

4.3 AMOUNT OF REQUIRED MEMBERSHIP CONTRIBUTION

Prior to the initial sale of all five hundred ninety-five (595) Equity Golf Memberships permitted to be issued at the Club, the Partnership shall establish, from time to time, the required membership contribution for Equity Memberships (including any resigned memberships). All golf and social membership resales shall be sold at

a price of not less than the then current offering price for initial sale memberships of the same category or at such price as may be approved by the Club. All memberships sold by the Partnership or the Club shall include an obligation to pay full membership dues, fees and assessments. After the initial sale of all five hundred ninety-five (595) Equity Golf Memberships permitted to be issued at the Club, the Board of Directors of the Club shall establish the required membership contribution.

5.0 TRANSFER OF MEMBERSHIPS

5.1 MEMBERSHIPS ARE NOT TRANSFERABLE DIRECTLY TO ANOTHER MEMBER

Members may not sell, transfer or otherwise assign their membership directly to any third party. Any attempt to sell, transfer or otherwise assign a membership, either voluntarily, involuntarily or by operation of law, which is not in accordance with this Plan and the By-Laws shall be null and void and be of no force and effect, and shall not confer any membership rights or other privileges upon any such purchaser, transferee or assignee to use the Club Facilities.

5.2 MEMBERSHIP TRANSFERS

Until such time as the Partnership has sold five hundred ninety-five (595) initial Equity Golf Memberships, a membership may only be transferred to the Partnership. Subsequent to that event, a member may transfer his/her membership only to the Club. An Equity Member who owns a residential unit or lot on Callawassie Island may arrange for the Club to reissue his/her resigned Equity Golf Membership or Equity Social Membership to the successor owner of his/her residential unit or lot on Callawassie Island provided such successor owner is approved for membership.

5.3 EQUITY MEMBERS WHO PURCHASED RESIDENTIAL UNITS OR LOTS ON CALLAWASSIE ISLAND AFTER DECEMBER 1, 2001 MAY NOT RESIGN MEMBERSHIP PRIVILEGES

In accordance with the Declaration, an owner, co-owner or entity that acquires title to a residential unit or lot on Callawassie Island after December 1, 2001 is not permitted to resign the Equity Membership and is required to maintain an Equity Membership in good standing for each such residential unit or lot acquired on Callawassie Island after said date for as long as such person or entity owns the subject property. Therefore, such owner of a residential unit or lot on Callawassie Island must maintain an Equity Membership in good standing and pay the required dues, fees and other Charges to the Club for such Equity Membership until such member ceases to be an owner of a residential unit or lot on Callawassie Island.

5.4 RESALE OF MEMBERSHIP TO SUCCESSOR OWNER OF RESIDENTIAL UNIT OR LOT ON CALLAWASSIE ISLAND

(a) The member shall submit his/her resignation in writing stating that he/she is transferring his/her residential unit or lot on Callawassie Island and that the resignation shall become effective following the closing of title and the acceptance of the successor owner of his/her residential unit or lot by the Club.

(b) The successor owner of the residential unit or lot must submit to the Club a signed and completed Application for Membership, a Membership Agreement and the required membership contribution.

(c) The resigning member shall deliver to the Secretary of the Club the membership certificate for the resigned membership together with an assignment thereof, properly endorsed by the resigning member.

(d) The membership contribution to be paid to the Club by the successor owner for his/her membership shall be the amount of the membership contribution in effect on the date the resigned membership is acquired. After the successor owner becomes an Equity Member and upon receipt of his/her membership contribution, the Club shall promptly remit the amount due to the resigned

member as provided pursuant to Section 5.6. As soon as practicable thereafter, the Secretary of the Club shall cancel the membership certificate of the resigned member and issue a new membership certificate to the successor owner.

5.5 REISSUANCE OF RESIGNED EQUITY MEMBERSHIPS

The resigned Equity Membership of any member that is not reissued to the successor owner of his/her residential unit or lot on Callawassie Island in accordance with Section 5.4 and the resigned Equity Membership of any member who does not own a residential unit or lot on Callawassie Island, shall, subject to the Club's and the Partnership's right of first refusal, be placed on the waiting list to be reissued by the Club on a first-listed, first-reissued basis in accordance with the following procedure.

(a) Prior to the issuance of all of the Equity Memberships permitted to be issued in the member's category of membership, every fourth Equity Membership issued in that category will be an Equity Membership from the waiting list for that category. The other three Equity Memberships will be issued from the Partnership's unissued Equity Memberships.

(b) After the issuance of all of the Equity Memberships permitted to be issued in the member's category of membership, every Equity Membership issued in that category will be an Equity Membership from the waiting list for that category.

Spring Island Founder Members may resign their memberships on the same basis as Equity Golf Members. Spring Island Founder Memberships that have been resigned shall be placed on the same waiting list for reissuance by the Club on the same basis as Equity Golf Memberships. A resigned Spring Island Founder Membership will be reissued by the Club as an Equity Golf Membership. Upon reissuance of a resigned Spring Island Founder Membership as an Equity Golf Membership by the Club, then the resigned Spring Island Founder Member shall be paid an amount determined pursuant to Section 5.6.

5.6 REPAYMENT OF MEMBERSHIP CONTRIBUTION

For memberships purchased before March 15, 2006, Equity Members and Spring Island Founder Members in good standing will be entitled to receive upon the reissuance of their resigned memberships (either pursuant to Section 5.4 or Section 5.5) an amount equal to the greater of: (a) the membership contribution which the resigned member previously paid for his/her membership, or (b) eighty percent (80%) of the membership contribution paid by the successor owner of the resigned member's Equity Membership.

For Equity Memberships purchased after March 14, 2006, Equity Members in good standing will be entitled to receive upon the reissuance of their resigned Equity Memberships (either pursuant to Section 5.4 or Section 5.5) an amount equal to eighty percent (80%) of the membership contribution paid by the successor owner of the resigned member's Equity Membership.

The Club is entitled to deduct from the amount to be paid to a resigned member any amount (including dues, fees, assessments, other Charges and membership contributions) that such resigned member owes to the Club.

5.7 PORTION OF MEMBERSHIP CONTRIBUTION RETAINED BY CLUB

All proceeds from the reissuance (resale) of an Equity Membership in excess of the amount refunded to the resigning member in accordance with Section 5.6 shall be retained by the Club, and deposited in a Club Fund. The Board of Directors of the Club will direct the investment of the Club Fund. The Club Fund may be used to fund any operating deficits, capital replacement reserve and any capital additions, repairs or improvements to the Club Facilities, or in such other manner as the Board of Directors of the Club determines appropriate.

5.8 RESALE OF MEMBERSHIP OF RESIGNING MEMBER SELLING HIS/HER RESIDENTIAL UNIT OR LOT ON CALLAWASSIE ISLAND TO ANOTHER MEMBER

A resigning Equity Member who sells his/her residential unit or lot on Callawassie Island to another Equity Member who desires to retain his/her Equity Membership and such purchaser has sold his/her residential unit or lot on Callawassie Island to a non-member/third party, then the resigning member may arrange for the

Club to reissue his/her Equity Membership to such non-member/third party. However, the three (3) transactions (both residential units or lots and the reissuance of the Equity Membership) must have simultaneous closing dates. The reissuance of an Equity Membership to the non-member/third party shall be considered a resale of an Equity Membership in accordance with Sections 5.4 and 5.6, and shall be subject to all of the requirements as set forth therein.

5.9 TRANSFER UPON DEATH OF A MEMBER

Upon the death of an Equity Member or Spring Island Founder Member in good standing who is survived by a spouse, the deceased member's membership will automatically pass to the surviving spouse without payment of any new membership contribution in accordance with the provisions of this section. If the deceased Equity Member is not survived by a spouse, then the legatee or heir of the Equity Membership may acquire the deceased member's Equity Membership without payment of any new membership contribution. If the legatee or heir desires to acquire the Equity Membership, the legatee or heir must apply for the membership within one hundred twenty (120) days after his/her right to the Equity Membership has been determined and pay to the Club all dues, fees and other Charges from the date of the member's death to the date of the application. If the legatee or heir does not apply for the Equity Membership within one hundred twenty (120) days after acquiring the right to the Equity Membership, then the Equity Membership will be deemed to have been resigned and will be reissued by the Club in the same manner as any other resigned Equity Membership. Upon the reissuance of such Equity Membership, the estate of the deceased member will be paid the amount of the membership contribution which would otherwise have been payable to the deceased member in accordance with Section 5.6 less all dues, fees and other Charges associated with the Equity Membership that are owed to the Club. In any event, the spouse, legatee/heir and/or estate of the deceased member shall be responsible for payment of all dues, fees and other Charges associated with the deceased member's Equity Membership from the date of the member's death until such time as the deceased member's residential unit or lot on Callawassie Island is transferred to another owner and such owner acquires an Equity Membership.

Upon the death of all other non-equity members, the membership is not transferable.

The Club reserves the right, in its sole discretion, to establish such other rules as may be necessary in connection with the transfer of a membership upon the death of a member and may require the execution of such forms as may be deemed necessary by the Club from time to time.

5.10 SEPARATION OR DIVORCE OF MEMBERS

In the event of the divorce or legal separation of an Equity Member or Spring Island Founder Member in good standing, the Equity Membership shall belong to the party designated by agreement of the member and the member's spouse or as designated by final court order, provided, however, that in order for the Equity Membership to be transferred to the spouse, the spouse must satisfy all membership eligibility requirements. Both of the divorced or legally separated persons must give written notice to the Club designating the person who is entitled to the rights and privileges of the Equity Membership within five (5) days after the divorce or legal separation is final. Until written notice has been provided to the Club, both spouses will be responsible for the payment of all dues, fees and other Charges associated with the membership. A spouse who does not retain or acquire the Equity Membership shall no longer be permitted to use the Club Facilities upon the entry of a separation or final divorce order. The Club will not be involved in any dispute, and reserves the right to suspend any and all membership privileges in the event of a dispute between a member and his/her spouse with respect to the ownership of an Equity Membership and use of the Club Facilities.

In the event of the divorce or legal separation of all other non-equity members in good standing, the membership is not transferable.

The Club reserves the right, in its sole discretion, to establish such other rules as may be necessary in connection with the transfer of a membership upon the divorce or legal separation of a member and may require the execution of such forms as may be deemed necessary by the Club from time to time.

5.11 PAYMENT OF DUES AND OTHER CHARGES BY RESIGNING MEMBERS

An Equity Member who is on the waiting list to sell his/her membership will be obligated to continue to pay to the Club all dues, fees and other Charges associated with his/her membership until his/her Equity

Membership is reissued by the Club. Any unpaid dues, fees and other Charges plus interest accrued under the then prevailing terms of the General Club Rules will be deducted from the amount to be paid to the resigned member upon the reissuance of his/her resigned Equity Membership. A resigned member will be entitled to use the Club Facilities so long as the resigned member is obligated and continues to pay all dues, fees and other Charges associated with the resigned Equity Membership.

5.12 DUES, FEES AND CHARGES PRORATED UPON REISSUANCE OF RESIGNED EQUITY MEMBERSHIP

If a resigned Equity Membership is reissued by the Club during a membership year, the resigned Equity Member will be entitled to receive a refund of all dues and other Charges paid in advance for the remainder of the membership year.

5.13 NON-EQUITY ASSOCIATE MEMBERS AND SPRING ISLAND NON-EQUITY SOCIAL MEMBERS ARE NOT ENTITLED TO A REFUND OF ANY AMOUNT UPON RESIGNATION OF MEMBERSHIP PRIVILEGES

Non-Equity Associate Memberships and Spring Island Non-Equity Social Memberships are not transferable and shall terminate upon resignation of membership privileges. Non-Equity Associate Members and Spring Island Non-Equity Social Members are not entitled to a refund of any amounts whatsoever (i.e., membership contribution, dues, fees and other Charges) previously paid for membership upon the resignation or other termination of membership.

6.0 DUES, FEES, CHARGES AND LIENS

6.1 SETTING OF DUES, FEES AND CHARGES

Members are and will continue to be the primary source of operating and capital funds for the Club. The Board of Directors of the Club will, from time to time, determine the dues, fees and other Charges (including any food and beverage minimums) for each category of membership. All dues will be payable in advance, on or before the first day of each month during the membership year, unless otherwise determined by the Club.

The timely payment of dues, fees, food and beverage minimums, assessments, charges, state taxes, service charges and other charges that the Club may establish from time to time (collectively, the "Charges") is required to obtain and maintain membership privileges at the Club.

6.2 RESIDENT DUES AND NONRESIDENT DUES

Resident and nonresident dues categories are currently available for Equity Golf Memberships. Each Equity Golf Member who owns a completed residential unit on Callawassie Island or who resides for three (3) or more months during any membership year in Beaufort or Jasper Counties, South Carolina, or Chatham County, Georgia, will be considered to be a "resident" and will be required to pay resident dues. All other Equity Golf Members shall pay nonresident dues. It is the responsibility of Equity Golf Members to inform the Club immediately upon a change in resident status.

The Club does not currently offer a nonresident dues category for Equity Social Memberships and therefore, all Equity Social Members shall pay resident dues. However, those existing Equity Social Members that qualified for nonresident dues status prior to July 1, 2005, shall be grandfathered and be permitted to continue to pay nonresident dues established by the Club.

6.3 SURVIVING SPOUSE MAY ELECT TO PAY LESS DUES

The Club allows a limited number of persons whose spouse was a resident Equity Golf Member in good standing at the time of his/her death to elect Surviving Spouse Privileges as described herein. A surviving spouse who elects Surviving Spouse Privileges, shall be permitted to use all of the Club Facilities except the golf course and golf practice facilities on a space available basis upon payment of the applicable dues, fees and other Charges. Such surviving spouse will be entitled to reserve tennis court times in accordance with rules then in effect and will not be required to pay any court fees for use of the tennis facilities. At the

beginning of each membership year each such surviving spouse is entitled to receive a maximum of twelve (12) vouchers entitling immediate family members to play golf without payment of any greens fee or golf cart fee. Vouchers must be used during the year of issuance and cannot be carried over to another year. Immediate family members when using the golf facilities shall abide by the published Golf Rules and Guidelines.

The surviving spouse shall pay dues equal to eighty percent (80%) of the dues charged to Equity Golf Members who are paying resident dues and shall be subject to the same food and beverage minimum that is charged to Equity Golf Members who are paying nonresident dues. All other fees and assessments shall be the same as that paid by Equity Golf Members who are paying resident dues. Should the surviving spouse become delinquent (as described in the General Club Rules) the Surviving Spouse Privileges will be suspended and the obligation to pay resident dues will be reinstated.

The cumulative amount of dues that are not paid by a surviving spouse who has elected Surviving Spouse Privileges (i.e., the 20% difference) shall accrue and shall be deducted from the amount that would otherwise be paid to the surviving spouse upon resignation and reissuance of his/her Equity Golf Membership by the Club in accordance with Section 5.6. All such dues amounts that are deducted from the amount to be paid to the surviving spouse shall be retained by the Club.

6.4 SENIOR DUES CATEGORY

The Club allows a limited number of eligible Equity Golf Members in good standing to elect Senior Dues Status. In order to be eligible to elect Senior Dues Status, the member must have been an Equity Golf Member who has paid resident dues and remained in good standing for at least fifteen (15) years and be at least seventy-five (75) years of age. If the member is married then his/her spouse must also be at least seventy-five (75) years of age. If an Equity Golf Member elects Senior Dues Status, then he/she shall be permitted to use all of the Club Facilities on a space available basis upon payment of the applicable dues, fees and other Charges. Such members will be entitled to reserve tee times and tennis court times in accordance with the rules then in effect and will not be required to pay any greens fees or court fees for use of the golf and tennis facilities. Such members will be required to pay golf cart fees or trail pass fees for use of the golf course.

If the Equity Golf Member who elects Senior Dues Status is not married, then at the beginning of each membership year such member is entitled to receive a maximum of twelve (12) vouchers entitling immediate family members to play golf without payment of any greens fee or golf cart fee. Vouchers must be used during the year of issuance and cannot be carried over to another year. Immediate family members when using the golf facilities shall abide by the published Golf Rules and Guidelines.

The Equity Golf Member electing Senior Dues Status shall pay dues equal to eighty percent (80%) of the dues charged to Equity Golf Members who are paying resident dues and shall be subject to the same food and beverage minimum that is charged to Equity Golf Members who are paying nonresident dues. All other fees and assessments shall be the same as that paid by Equity Golf Members who are paying resident dues. Should the member become delinquent (as described in the General Club Rules) the Senior Dues Status will be suspended and the obligation to pay resident dues will be reinstated.

The cumulative amount of dues that are not paid by a member who has elected Senior Dues Status (i.e., the 20% difference) shall accrue and shall be deducted from the amount that would otherwise be paid to the member upon resignation and reissuance of his/her Equity Golf Membership by the Club in accordance with Section 5.6. All such dues amounts that are deducted from the amount to be paid to the member shall be retained by the Club.

6.5 NUMBER OF PERSONS THAT CAN SELECT SURVIVING SPOUSE PRIVILEGES AND SENIOR DUES STATUS AT ANY ONE TIME

The maximum number of Equity Golf Members that may elect Surviving Spouse Privileges and Senior Dues Status pursuant to Sections 6.3 and 6.4 at any one time shall be defined in the General Club Rules. Once the maximum number has been reached, then the Club shall maintain a waiting list of eligible Equity Golf Members. Members shall be placed on the waiting list based on his/her length of continuous membership at the Club (i.e., the member who has been a member for the longest continuous period of time shall have priority on that particular waiting list and shall be placed ahead of other members). Each waiting list shall be

updated on a monthly basis, and therefore, a member's position on a particular waiting list may change from month to month.

6.6 BUDGET

In accordance with the Club Purchase Agreement, until such time as the Club operates at least at break-even cash flow for the preceding twelve (12)-month period, the Partnership and the Club will annually establish a mutually agreed upon budget for the operation of the Club. For this purpose, the term "break-even cash flow" shall be defined as a positive excess of revenues over all mutually agreed upon operating expenses including capital repair and replacement, capital improvements, and capital lease expenditures. Such operation to be determined by an independent CPA firm.

6.7 MEMBERSHIP YEAR

The Club's membership year will constitute the twelve (12)-month period commencing on January 1st and ending on December 31st.

6.8 LIENS

The Club shall have a lien against each membership for any unpaid dues, fees and other Charges made by that member, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such dues, fees and other Charges, or enforcement of such lien, whether or not legal proceedings are initiated. The lien may, but need not, be recorded among the public records of Beaufort County, South Carolina, by filing a claim therein which states the name of the member, the number of the membership and the amount claimed to be due, and said lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing said lien, shall have been paid. Such claims of lien may be signed by an officer of the Club. Upon full payment, the member making payment shall be entitled to be reinstated as a member in good standing and shall be entitled to a satisfaction of lien to be prepared and recorded at the member's expense. All such liens may be foreclosed by the Club, in any action at law or in equity, with or without five (5) days prior written notice of the intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid dues, fees and other Charges without thereby waving the lien securing the same. The Board of Directors reserves the right to report members who are in arrears on their Club bills to an appropriate national credit reporting agency.

Any other liens placed against a membership shall be junior to the Club's lien.

7.0 OPERATING AND CAPITAL ASSESSMENTS AND DEBTS

7.1 OPERATING ASSESSMENTS

From time to time the Board of Directors of the Club may find it necessary to assess the members, in addition to dues, fees and other Charges, to cover any operating deficits which may occur. Any assessments to cover operating deficits will be prorated among all of the Equity Members and Spring Island Founder Members in relation to the amount of dues charged to their respective membership categories. Equity Golf Members who have elected either Surviving Spouse Privileges or Senior Dues Status will be required to pay the same amount as that paid by Equity Golf Members who are paying resident dues.

7.2 CAPITAL ASSESSMENTS

In accordance with Section VI.2 of the By-Laws, there shall be no one-time assessments for capital expenditures in excess of $200,000, except in the case of a declared emergency, unless such assessment is approved by a majority vote of the Equity Members and Spring Island Founder Members entitled to vote on such proposed assessment. Assessments for any capital expenditures to the golf course shall be voted on by, and prorated equally among, the Equity Golf Members and Spring Island Founder Members. Equity Social Members shall not be subject to any assessment for capital expenditures to the golf course. All other assessments for capital expenditures to the Club Facilities shall be voted on by, and prorated equally among, all of the Equity Members and Spring Island Founder Members.

7.3 DUES AND ASSESSMENTS REGARDING PARTNERSHIP'S UNSOLD MEMBERSHIPS

Pursuant to the Club Purchase Agreement, the Partnership has agreed that the unsold Equity Golf Membership certificates issued to the Partnership on June 29, 2001, shall be subject to nonresident Equity Golf Membership dues and assessments. Payments of monthly dues/fees or assessments by the Partnership on the unsold Equity Golf Memberships are to be stopped when a positive cash flow is achieved on a monthly basis. Such payments by the Partnership will resume if positive cash flow is not achieved and maintained on a monthly basis to ensure positive cash flow which maintains working capital as forty-five (45) days average payables, maintenance of budgeted capital repair and replacement reserves and payment of all capital leases. As the Partnership sells a membership, the dues, fees and other Charges for such membership shall be prorated as of the date of purchase of the membership on the basis of the number of months left in the membership year.

7.4 DEBT

The Club will be responsible for making payments on any debt incurred on behalf of the Club. The Club shall allocate the cost of all payments on any debt service for capital expenditures among the members in such a manner that:

(a) Any debt service payments for capital expenditures to the golf course shall be prorated equally among all Equity Golf Members and Spring Island Founder Members;

(b) Equity Social Members shall not be assessed for any debt service for capital expenditures to the golf course;

(c) All other debt service payments for capital expenditures to the Club Facilities shall be prorated equally among all of the Equity Members and Spring Island Founder Members.

8.0 THE BOARD OF DIRECTORS

8.1 BOARD OF DIRECTORS RESPONSIBLE FOR MANAGEMENT OF THE CLUB

The Board of Directors will be responsible for the government and administration of the affairs and property of the Club. In general, the Board of Directors has the authority to accept members, set dues, fees and other Charges (including any food and beverage minimums), establish rules and regulations and, control the overall management and affairs of the Club. The Club may not be operated in contravention of the terms and conditions of this Plan or the By-Laws. Refer to Article IV of the By-Laws.

8.2 CONTROL OF THE BOARD OF DIRECTORS

The Board of Directors consists of nine (9) Directors, all of whom are elected by the Equity Members and must be Equity Members at the Club. Directors shall serve a term of three (3) years.

9.0 OTHER USE PRIVILEGES

9.1 NONMEMBER USE OF THE CLUB FACILITIES

Use of the Club Facilities by nonmembers may be permitted from time to time as may be authorized by the Board of Directors of the Club.

10.0 PARTNERSHIP ACCESS, FACILITY DESIGN AND EASEMENT RIGHTS

In order to promote the sale and re-sales of residential units and lots on Callawassie Island, to promote the sale of Equity Golf Memberships at the Club and to protect its remaining assets and interests on Callawassie Island and the Club, the Partnership has retained certain rights to and concerning the Club Facilities. These rights terminate when certain conditions have been satisfied. The details of these rights are contained in the Club Purchase Agreement and Attachment A hereto.

11.0 MODIFICATION OF MEMBERSHIP PLAN

11.1 BOARD OF DIRECTORS MAY AMEND THE PLAN

The Board of Directors may, in its sole discretion, amend or modify this Plan from time to time, so long as such amendments or modifications do not materially and adversely affect the rights of the Equity Members. Any amendment or modification which materially and adversely affects the rights of the Equity Members must be approved by a majority of the votes held by the Equity Members so affected. Certain terms of this Plan as listed below may not be amended without concurrence of the Partnership.

11.2 CERTAIN PROVISIONS OF THIS PLAN MAY NOT BE AMENDED

This Plan may be amended in accordance Section 11.1 provided, however, that until (a) the Partnership has sold five hundred ninety-five (595) Equity Golf Memberships, or (b) seven hundred (700) of its residential lots and units at Callawassie, or (c) December 31, 2010, whichever shall last occur, neither the Club nor its members may at any time, without the prior consent of the Partnership, which consent may not be unreasonably withheld, alter, amend or change this Plan with regard to any of the following items:

(a) the total number of memberships permitted to be issued in the Club or in any particular category of membership as described in the Plan as of June 29, 2001;

(b) the restrictions or limitations on assessments as described in the Plan as of June 29, 2001;

(c) the restrictions or limitations on any unissued memberships held by or on behalf of the Partnership for dues, fees, assessments and other Charges as described in the Plan as of June 29, 2001;

(d) the right of the Partnership to use the Club Facilities pursuant to the Marketing, Access and Use Agreement as described in the Plan as of June 29, 2001;

(e) the rules and regulations relating to use of the Club Facilities by guests of members as described in the Plan as of June 29, 2001;

(f) the rights of a lessee of an Equity Member's residential unit on Callawassie Island as described in the Plan as of June 29, 2001; and

(g) the eligibility to acquire an Equity Membership as described in the Plan as of June 29, 2001.

12.0 MISCELLANEOUS PROVISIONS

12.1 MEMBERSHIP DIRECTOR AVAILABLE TO ANSWER INQUIRIES

If you have any questions concerning the Plan or the membership opportunities available at the Club, please contact the Membership Director or visit the Club Membership Office Monday through Friday from 9:00 A.M. to 5:00 P.M. No appointment is necessary.

12.2 CAREFULLY REVIEW ALL DOCUMENTS

This Plan describes the membership opportunities offered by the Club and is qualified by the definitive information set forth in the By-Laws, Articles of Incorporation, General Club Rules and Club Purchase Agreement. Every person who desires to purchase a membership at the Club should carefully read this Plan and all of the referenced documents and should consider seeking professional advice to evaluate these documents.

12.3 RELY ONLY ON INFORMATION IN THIS PLAN

No person has been authorized to give any information or make any representation not expressly contained in this Plan and, if given or made, such information or representation must not be relied upon as having been authorized by the Club.

12.4 MEMBERSHIPS OFFERED ONLY FOR RECREATIONAL PURPOSES

Memberships are being offered exclusively for the purpose of permitting persons acquiring memberships to obtain recreational use of the Club Facilities. Memberships should not be viewed or acquired as an investment, and no person purchasing a membership should expect to derive any economic profits from membership at the Club.

No federal or state authority has passed upon or endorsed the merits of this Plan.

ATTACHMENT A (3/20/01) IS INCLUDED AS AN INTEGRAL PART OF THIS MEMBERSHIP PLAN.

ATTACHMENT A (3/20/01)
PARTNERSHIP RIGHTS

APPLICABLE SECTIONS FROM CLUB PURCHASE AGREEMENT DATED 10/26/99

USE OF CLUB FACILITIES BY PROSPECTIVE PURCHASERS OR MEMBERS

The Club shall permit the Partnership, its successors, affiliates and assignees to use the dining and lounge facilities for the purpose of entertaining prospective retail purchasers of homes or lots on Callawassie Island, including re-sales, and prospective Club Members. Club shall permit such prospective purchasers or members to use the golf and tennis facilities in accordance with current practices accorded the Partnership and its successors, assignees and affiliates (including without limitation tee access) and otherwise in accordance with the same rules and regulations prescribed for guest of golf members. These rights include the ability of the Partnership to hold promotional events and tournaments at the Club Facilities with the

approval of the Board of Directors with such approval not to be unreasonably withheld or delayed. This right to use the Club facilities becomes null and void when all developer lots are sold.

The Partnership will establish an account for charges incurred by the Partnership's affiliates, assignees, employees and agents in connection with the entertainment of such prospective purchasers, including green fees and cart fees. The amount of said charges shall be the same as those charged, from time to time, for guest(s) of member(s) of the Club.

The Club shall bill the Partnership and its affiliates, successors and assignees, as the case may be, monthly for such charges.

MARKETING ACCESS AND USE RIGHTS

In order to promote the sale and re-sales of residential units and lots on Callawassie Island, and to promote the sale of golf memberships in the Club, the Partnership and its successors, assigns and affiliates shall be permitted to use the Club Facilities until such time as Partnership has sold 595 initial golf equity memberships (the "Access Term").

Such Access Term may be extended upon mutual agreement of Members Club and Partnership.
The Partnership shall have the right to designate individuals to use the Club Facilities on a space available basis during the Access Term, subject to the approval of the Club and without regard as to whether such individuals are employees of the partnership, prospective members of the Club or prospective purchasers of property on Callawassie Island or one of the other designated communities. Access and use of the Club Facilities shall be subject to such terms and conditions as are reasonably established by the Members Club from time to time.

During the access term, Partnership shall have the right, upon the prior approval of Club, and payment of appropriate user fees, to schedule and hold marketing and promotional events using the Club Facilities, including without limitation, golf and tennis tournaments and other exhibitions and the right to promote the development of and to otherwise market residential units and lots on Callawassie Island and memberships in the Club in advertisements, promotional materials and other promotional media by making reference to the Club (including but not limited to pictures or drawings thereof) and the availability of equity memberships herein.

The Club shall establish a separate account for each of those individuals designated by the Partnership to use the Club Facilities during the Access Term. The individuals designated by the Partnership shall charge their fees, charges and food and beverages purchases to their Club account with payment of such charges to be guaranteed by the Partnership. Individuals designated by the Partnership shall pay the same fees and charges that are charged to the guests of a golf member. The Club shall bill the Partnership directly for each such club account.
Individuals designated by the Partnership to use the Club Facilities shall not have any voting rights, nor shall they be obligated to pay any membership contribution, annual dues, food and beverage minimums or assessments, and shall not count against the total number of memberships permitted to be issued in the Club.

Certain sections of the original Plan for the Offering of Memberships including 2.4.11, 3.2, 4.1, 4.2, 4.3, 5.3, 7.3, 9.0, 10.0, 11.2 shall be re-written, revised or deleted when the Partnership no longer holds memberships.

CALLAWASSIE ISLAND MEMBERS CLUB

By-Laws

ROA 218

THE CALLAWASSIE ISLAND CLUB
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AMENDED AND RESTATED BY-LAWS
OF
CALLAWASSIE ISLAND MEMBERS CLUB

March, 2009

ARTICLE I
PURPOSE OF CLUB

The nature and purpose of the Callawassie Island Members Club, Inc., ("Club") is to own and operate a private country club for the recreation, pleasure and benefit of its equity members.

ARTICLE II
CLUB EMBLEM

The emblem of the Club shall be of a style and design to be approved by the Board of Directors.

ARTICLE III
MEMBERS MEETING

3.1 *Annual Meeting*. An annual meeting of the equity members of the Club shall be held for the purposes of receiving reports of officers and others, electing directors, and for such other business as may be properly brought before the meetings.

3.2 *Date and Place of Annual Meeting*. The annual meeting of the Equity members shall be held at such appropriate time and place in South Carolina as the Board of Directors may designate.

3.3 *Special Meetings*. Special meetings of the equity members may be called by the President of the Board of Directors, a majority of the members of the Board of Directors or, upon the written request of ten percent (10%) or more of the members entitled to vote. Such request shall be submitted to the President who shall then call a special meeting within thirty (30) days of the date of such request. Notices of any special meeting must contain a statement of the purpose for which such special meeting is called and no other business may be transacted at that meeting.

3.4 *Notices*. The Secretary shall give not less than fifteen (15) days nor more than fifty (50) days prior notice, by mail, prepaid, to all equity members of the Club, stating the time, place, and purpose of any meeting.

3.5 *Quorum*. The presence, either in person or by written proxy, of equity members having a majority of the votes then entitled to be voted shall constitute a quorum at any meeting of the equity members. A quorum must be present to constitute a legal vote of the Equity members.

3.6 *Proxies*. Members may vote by proxy. The Board of Directors will determine the form and procedures for the use of the proxies authorized in writing.

3.7 *Voting Percentage*. Except for the election of members to the Board of Directors, which shall be by plurality vote, a majority of those equity members present (in person or by proxy) is necessary for passage of any issue before the equity members.

3.8 *Memberships*. Each equity membership shall entitle the equity member to vote on various club matters, including the election of the Board of Directors. Each Golf membership shall entitle the golf member to five (5) votes, while each social membership shall entitle the social member to two (2) votes. Spring Island founder members shall have the same voting privileges as a golf member.

3.9 *Ballot*. In lieu of the annual or a special meeting, the Club shall have the option to conduct any vote by written ballot.

3.10 *Ballot for Election of Directors*. The written ballot shall be delivered by mail, facsimile, electronically (or any combination thereof) to all equity members by February 1st of each year. All written ballots must be returned to the Club by March 1st of that same year. The written ballot shall contain the names of those individuals selected by the nominating committee and those eligible by petition. The vote shall be conducted by written ballots and all written ballots must be received by the Board of Directors no later than 5:00 p.m. on March first. The Member delivering the ballot is responsible for the method of delivery. For an election to be valid, more than fifty percent (50%) of the Members must timely submit the written ballots. A majority of the ballots returned is required for the passage of any issue except for the election of directors. The individuals with the highest number of votes shall be elected as directors. The Board of Directors will announce the vote tabulation during the Annual Meeting and the candidates with the greatest number of votes shall fill the open directorships. The new directors shall hold office for their three (3) year term commencing with the close of the Annual Meeting

ARTICLE IV
BOARD OF DIRECTORS

4.1 *Number and Qualifications*. The business and affairs of the Club shall be governed by a Board of Directors. The Board of Directors shall consist of nine (9) equity members of the Club in good standing

4.2 *Nominating*.

(a) The Board of Directors shall appoint a Nominating Committee consisting of five (5) members entitled to vote, two (2) of whom shall be members of the Board of Directors by September 1st of each year. Members of the Nominating Committee shall serve for a term of one (1) year or until their successors are appointed and qualified. Unless specifically requested by a majority of the Board of Directors, the Nominating Committee shall not nominate candidates to fill any vacancies occurring by reason of death, resignation or otherwise, for any unexpired term.

(b) The Nominating Committee shall recommend to the Board of Directors at the December Board meeting of each year, the names of equity members of the Club to be submitted to the equity members of the Club either (i) at their annual meeting for election to the Board of Directors; or (ii) to be placed on the written ballot.

(c) Ten percent (10%) or more of the total equity members entitled to vote who are not on the Nominating Committee or the Board of Directors may also nominate candidates for the Board of Directors by petition, signed by ten percent (10%) of the equity members entitled to vote, and filed with the Secretary by January 15th of each year.

4.3 *Elections*.

(a) There shall be no cumulative voting.

(b) Voting shall occur at the annual meeting or pursuant to written ballot.

(c) The Board of Directors shall be nine (9) directors, all of whom shall be elected by the equity members and must be equity members of the Club in good standing.

(d) Each year, the equity members shall elect directors for a term of three (3) years to replace those directors whose terms have expired. This number shall be adjusted to conform to the total number to be elected to the Board of Directors for the ensuing year.

(e) The number of candidates necessary to fill the vacancies on the Board of Directors receiving the highest number of votes for each designated term shall be declared elected.

(f) A Board Member may serve for no more than two (2) consecutive terms.

(g) The Board of Directors, at its option, may appoint a member to fill a Board vacancy until the next election of Directors. The appointed member may be elected to complete the unexpired term. If the appointed member does not wish to complete the unexpired term, another member may be elected to complete the term.

ARTICLE V
MEETING OF THE BOARD OF DIRECTORS

5.1 *Organizational Meeting*. Each year the Board of Directors shall hold an organizational meeting to elect officers and to consider any other matters that may be properly brought before the meeting. The organizational meeting of the Board of Directors shall be held during the month of March of each year.

5.2 *Duties at Organizational Meeting*. The Board of Directors shall fix the membership contribution and terms for payment of any membership certificate. Such membership contribution and terms shall be in effect for the following calendar year or until changed sooner by the Board of Directors.

5.3 *Quorum*. A majority (in person or telephonically) of the Board of Directors at any meeting shall constitute a quorum for the transaction of business.

5.4 *Action Without Meetings*. Any action which may be taken by the Board of Directors may be taken without a meeting if a written consent setting forth the action taken is signed by all of the directors entitled to vote and is filed in the minutes of the proceedings of the Board of Directors.

5.5 *Notice of Meetings*. Notice of any meeting of the Board of Directors, regular or special, may be conveyed by written, electronic (e-mail), telephonic or personal notice, at least three (3) days prior to the meeting, except in the event of an emergency in which event such notice may be waived to the extent permitted by law.

5.6 *Voting Percentage*. A majority of the Board of Directors attending the meeting must vote to approve any matter before the Board, unless otherwise provided herein or required under the law.

5.7 *Meetings*. The Board of Directors shall meet quarterly or have a minimum of six (6) regular meetings each year, at such times as the Board of Directors shall determine.

ARTICLE VI
POWERS OF THE BOARD OF DIRECTORS

6.1 *Management of the Club*. The Board of Directors shall have the power and authority to govern all aspects of the Club and may delegate this power and authority to committees and/or officers.

6.2 *Duties and Powers*. The Board of Directors may:

(a) Appoint committees and assign duties;

(b) Fill vacancies on the Board of Directors due to death, resignation, inability to perform duties, or otherwise, for the unexpired term.

(c) Appoint managers and other employees and delegate such authority considered necessary for the proper operation and management of the Club;

(d) Adopt, alter, amend or repeal the General Club Rules governing use of the Club and all its facilities by members and their families and guests;

(e) Determine the amount of dues, fees, and other charges;

(f) Replace any director who shall fail to attend fifty percent (50%) of the regular Board meetings in any one (1) fiscal year or who fails to be a member of the Club in good standing, or who is actively attempting to sell his real property;

(g) Expend funds to the extent of the amount in the club treasury or owing to the Club Treasury or owing to the Club, to make contracts, including, without limitation, those pertaining to general or specific lines of credit, or create indebtedness and to borrow money or incur indebtedness for purposes of the Club, and to cause promissory notes, bonds, mortgages or other evidence of indebtedness to be executed and issued in the ordinary course of the Club's business;

(h) Enter into any single capital expenditures project on behalf of the Club involving total expenditures of up to $200,000 without prior approval of a majority vote of all the equity members of the Club entitled to vote except as permitted in paragraph (i) hereto.

Assessments for any capital expenditures over $200,000 to the golf course shall be voted on by and prorated equally among the Golf Members. Social Members shall not be subject to any assessment for capital expenditures to the golf course. All other assessments for capital expenditures over $200,000 to the Club Facilities shall be voted on by and prorated equally among all of the equity members. Such assessments shall require a majority vote of the equity members entitled to vote and who are present in person or by written proxy hereto;

(i) By a majority vote of the Executive Committee, and without a specific Member vote, declare an emergency situation warranting an expenditure of amounts in excess of the limitation imposed in this Section 6.2. The committee may then expend such sums, without limitation, as it determines necessary to counteract the emergency. Such situations are to include, but not be limited to, those which could be considered as "Force Majeure" under generally accepted interpretation of such;

(j) Exchange rights to use the Club facilities with members of other Country Clubs;

(k) Comply with all the terms and conditions of the Club Purchase Agreement dated October 26, 1999 and any amendments thereto.

(l) Maintain replacement cost insurance on the Club facilities equal to full replacement cost thereof if available at a commercially reasonable cost as determined by the Board;

(m) Determine whether any member's conduct or whose families or guests conduct shall be deemed to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members. If so determined, the members may be reprimanded, fined, suspended or expelled from the Club by the action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony, or good reputation of the Club or its members. Any member suspended or terminated by action of the Board of Directors shall automatically lose all membership privileges including the right to a vote on Club matters during the period of suspension or termination;

(n) Suspend a member's credit and membership privileges in the event of a delinquency in payment of dues, assessments or other charges levied by the Board of Directors in accordance with notice of said delinquency

6.3 *Issuance of Membership Certificates*. The Board of Directors shall have sole authority to issue, cancel, and transfer membership certificates and shall have such certificates prepared in the form and content consistent with the provisions of these By-Laws of the Club.

6.4 *Compensation*. No director shall receive a salary or any other compensation whatsoever, but shall be entitled to reimbursement for all expenses reasonably incurred in performing any duties pursuant to these By-Laws.

6.5 *Interpretation of By-Laws*. The Board of Directors shall have the corporate powers to generally do everything permitted for nonprofit corporations by law, by statue, the Articles of Incorporation, or these By-Laws, and to determine the interpretation or construction of these By-Laws or any parts thereof, which may be in conflict or of doubtful meaning, and their decisions shall be final and conclusive.

ARTICLE VII
OFFICERS

7.1 *Election of Officers*. The Board of Directors shall elect a President, a Vice President, a Treasurer, a Secretary and such other officers as the Board determines appropriate from time to time. Such officers shall be elected to serve for the term of one (1) year or until their successors shall be elected and shall carry out the duties described below.

7.2 *President*. The President shall preside at all meetings and enforce observance of the provisions of these By-Laws and all of the General Club Rules. The President may call special meetings of the Board of Directors, shall be an ex-officio member of all committees, and shall be empowered to execute all papers and documents requiring execution in the name of the Club. All papers and documents must also be executed by a second member of the Executive Committee.

7.3 *Vice President*. In the absence of the President, the Vice President shall perform and carry out all duties and responsibilities of the President.

7.4 *Secretary*. The Secretary shall keep records and minutes of all meetings of the Board of Directors and the membership. The Secretary shall also be responsible for giving all required notices of such meetings. The Secretary shall have custody of the Seal of the Club and all membership records shall be kept under the Secretary's supervision.

7.5 *Treasurer*. The Treasurer shall cause to be collected, held and disbursed, under the direction of the Board of Directors, all monies of the Club and it shall be the Treasurer's duty to collect monies due the Club from the issuance of membership certificates, dues and charges from the members of the Club, and all amounts due from others. The Treasurer shall keep or cause to be kept regular books of accounts and all financial records of the Club, and shall have prepared for and submitted to the Board of Directors financial statements, when and in the form requested by the Board of Directors. The Treasurer shall deposit or cause to be deposited or invested all monies of the Club in an account or accounts in the Club's name in the bank or banks designated by the Board of Directors, and shall give a surety bond (if economically feasible) for faithful performance in the amount directed by the Board of Directors, which surety bond premium shall be paid by the Club.

7.6 *Other Officers*. The Board of Directors may appoint additional officers and assign their duties.

7.7 *Additional Duties of Officers*. Any officer may be given additional assignments and duties by the Board of Directors.

7.8 *Removal from Office*. An officer may be removed from office by the members of the Board of Directors.

ARTICLE VIII
INSURANCE AND INDEMNIFICATION

8.1 *Insurance*. The Club shall obtain on behalf and for the benefit of the officers and directors of the Club such insurance as the Board of Directors deems appropriate and is permitted by law.

8.2 *Indemnification*. The Club shall, to the fullest extent permitted by the laws of South Carolina, as the same may be amended and supplemented, indemnify any and all of the directors and officers of the Club from and against any and all of the expenses, liabilities or other matters referred to in or covered by said laws, and the indemnification provided for herein shall not be deemed exclusive of any rights to which those indemnified may be entitled under any by-law, agreement, vote of the members, disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person

who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE IX
COMMITTEES

9.1 *Standing Committees*. Each year the President, subject to the approval of the Board of Directors, shall designate the chairs and members of each of the following standing committees: Executive, Finance, Membership, House, Golf, Green, Tennis, and such other committees as may be deemed advisable by the Board of Directors from time to time.

(a) The Executive Committee shall consist of the President, as Chairman, Vice President, Secretary, Treasurer, and in addition, one (1) member of the Board of Directors. [The Executive Committee shall have the powers of the Board of Directors during the interval between Board meetings.] A majority of the members of the committee shall constitute a quorum. Actions and resolutions shall require unanimous approval of the members present. Such actions shall be reported to the Board at its next regular meeting.

(b) The Finance and Audit Committee shall review and recommend for adoption by the Board of Directors, the annual operating and capital budgets, prepared by Club Management, the monthly and annual financial reports as compared to said budgets, the employment of outside auditors, the financial reporting to Equity Members, and include itself in any other financial matters as determined by the Board of Directors from time to time including, but not restricted to, meeting with the outside auditors to investigate their independence, responding to their "letter of recommendations" and assist with the presentations to lenders or members, if requested by the Board.

(c) Each of the following committees, subject to the approval of the Board of Directors, shall submit recommendations to the Board of Directors for approval. The officers of the Club and Club Manager shall have control of the execution of such programs and recommendations as approved by the Board. The following committees shall act only as consultants and advisors to the Board of Directors and officers:

(i) Membership Committee. The Membership Committee shall investigate all Applications for membership and shall report thereon to the Board of Directors with its recommendation as to the approval or disapproval of each application.

(ii) House Committee. The House Committee shall advise the Board of Directors on matters concerning the operations of the Clubhouses, pools, the equipment, furnishings and property in the Clubhouse, specifically including, without limitation, utilities, building maintenance and repairs. The House Committee shall also advise the Board on all food and beverage operations and entertainment.

(iii) Golf Committee. The Golf Committee shall advise the Board of Directors on the scope of the Golf Professional's operation, the operation of the Golf Pro Shop and golf carts, the promulgation of playing rules for members and their guests, the programming of golfing events for members and their guests, and the maintenance of members' handicaps.

(iv) Green Committee. The Green Committee shall advise the Board of Directors on the scope of the Green Superintendent's operations, and the maintenance of the golf course, roads, facilities and equipment used in connection therewith. No live trees shall be removed nor shall any alteration be made in the golf courses except with the approval of the Board of Directors.

(v) Tennis Committee. The Tennis Committee shall advise the Board of Directors on the scope of the Tennis Professional's operation, the operation of the Tennis Pro Shop, the promulgation of playing rules for members and their guests, and the programming of tennis events for members and their guests. The Committee shall advise the Board of Directors on the condition of, and make recommendations concerning, tennis courts, equipment and other related facilities.

(d) Ad Hoc Committee. The President, subject to the approval of the Board of Directors, may appoint from time to time such ad hoc committees with such powers and composition as the President shall determine appropriate.

(e) Powers of Committees. Except for the Executive Committee, these committees shall act only as advisory committees and the individual members thereof shall have no power or authority. The chairman of each committee may appoint from the members of his or her committee such subcommittees as the chairman deems desirable. Such subcommittees shall report directly to the committee as a whole, which shall approve, amend or disapprove the report of the subcommittee.

(f) Terms of Committee Chairmen and Committee Members. A committee chairman may not serve as a committee chairman on the same committee for more than three (3) successive years. A committee member may not serve as a member of the same committee for more than three (3) successive years unless approved by the Board of Directors. Only one individual per membership may serve on the same committee during a single term. The term of a committee chairman or a committee member may be terminated at any time by the President with the approval of the Board of Directors.

ARTICLE X
PLAN OF MEMBERSHIP

10.1 *Plan of Membership*. The Board shall adopt, and administer as appropriate, a Plan of Membership for the Club, the Plan shall include, but not be limited to:

(a) Description of Club facilities;

(b) Membership application procedures and offering statement;

(c) Equity membership category description and numbers statement;

(d) Membership privileges statement;

(e) Membership transfer provisions;

(f) Dues, fees, charges and assessments rules and procedures; and

(g) Plan amendment procedures.

ARTICLE XI
DELINQUENCIES

The Club shall have a lien against each membership for any unpaid assessments, fees, annual dues or other charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such annual dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. The lien may, but need not, be recorded among the public records of Beaufort County, South Carolina, by filing a claim therein which states the name of the member, the number of the membership and the amount claimed to be due, and said lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing said lien, shall have been paid. Such claims of lien may be signed by an officer of the Club. Upon full payment, the member making payment shall be entitled to be reinstated as a member in good standing of the Club and all such liens may be foreclosed by the Club, in any action at law or in equity, with or without five (5) days prior written notice of the intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid annual dues or other charges without thereby waiving the lien securing the same.

Any other liens placed against such equity membership shall be junior to Club's lien.

ARTICLE XII
CORPORATE SEAL

The Corporate Seal of the Club shall be circular in form and shall bear the words "The Callawassie Island Members Club, Inc., non-profit 1999 South Carolina". A copy of said seal is affixed hereto. The Corporate Seal shall be in the possession of the Secretary and be affixed by the Secretary to all documents relating to the official acts of the Club, as authorized by the Board of Directors.

ARTICLE XIII
MISCELLANEOUS

13.1 *Fiscal Year*. The fiscal year of the Club shall commence on the 1st day of January and conclude on the 31st day of December.

13.2 *Conflict between By-Laws and the Articles of Incorporation*. In the event of a conflict between the terms of these By-Laws and the Articles of Incorporation, the latter shall prevail.

ARTICLE XIV
AMENDMENTS

These By-Laws may be amended by a majority vote of the Board of Directors and a majority of the eligible votes cast (i) at a duly called meeting or (ii) by written ballot as long as a majority of the written ballots are returned.

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.
GENERAL CLUB RULES

General Club Rules current as of February 23, 2009.

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GENERAL CLUB RULES

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1. GENERAL RULES

1.1. CLUB HOURS

The Callawassie Island Members Club, Inc. ("the Club") and its facilities shall be open on the days and during the hours as may be established by the Board of Directors from time to time.

1.2. RULES VIOLATIONS

Violation of any of the rules contained herein or conduct in a manner prejudicial to the best interests of the Club will subject one to disciplinary action in accordance with the By-Laws.

1.3. MODIFICATION OF THESE RULES

The Board of Directors reserves the right to amend or modify these rules when necessary and will notify the Membership of such changes. Any such amendments or modifications shall be subject to and controlled by the applicable provisions of the By-Laws and the Plan for the Offering of Memberships.

1.4. MEMBER COMPLAINTS AND SUGGESTIONS

All member complaints or suggestions should be directed to and will be addressed by the Club General Manager, the chairman of the appropriate committee, or the president of the Board of Directors.

1.5. MEMBER CONDUCT

Members should refrain from confronting members, guests, or visitors regarding the misuse or suspected misuse of the Club property and amenities. The Club General Manager or Security should be promptly notified in such instances.

1.6. GUEST CONDUCT

Members are responsible for the conduct of their guests and must see that they comply with all Club rules. In order that all members may enjoy our facilities, the number of guests may be restricted by the Club General Manager.

1.7. PARTIES AND EVENTS

1.7.1. Private parties on the Club premises will be catered solely by the Club unless at the River Club.

1.7.2. Member sponsored and hosted events involving significant commitment of Club facilities and nonmember use will be preapproved by the Board of Directors.

1.7.3. Performance by entertainers will be permitted on the property of the Club only with the permission of the Board of Directors or the Club General Manager.

1.7.4. Alcoholic beverages will not be served or sold, or permitted to be consumed, on the premises during hours prohibited by law. No alcoholic beverages will be sold or served to any person not permitted to purchase the same under the laws of the State of South Carolina or be sold for off-premises consumption.

1.7.5. The Board of Directors or the Club General Manager will approve all nonmember sponsored functions to be held on Club premises prior to their authorization and will limit the number of such approved functions in accordance with current Club policies.

1.8. EMPLOYEES

1.8.1. It is inappropriate for any members or guests to abuse or discipline any of the Club's employees, verbally or otherwise. Any employee not rendering courteous and prompt service should be reported to the Club General Manager.

1.8.2. No member shall request an employee to leave the Club's premises for any purpose whatsoever nor redirect an employee from their scheduled work activities. Notify the Club General Manager, the golf or tennis professionals, or the golf course superintendent if a need occurs.

1.8.3. Members must not request special or personal services from employees of the Club who are on duty.

1.8.4. Club employees are not permitted to provide off-hour services away from the Club premises to members without the pre-approval of the Club General Manager. Members wishing such services should speak to the Club General Manager.

1.8.5. Club employees are not permitted to deliver food or liquor to locations away from the immediate area of the Clubhouse without prior permission of the Club General Manager.

1.9. ADVERTISEMENTS AND PETITIONS

1.9.1. No commercial advertisements shall be posted or circulated in the Club.

1.9.2. Other than as permitted by the By-Laws of the Club, no petition shall be originated, solicited, circulated, or posted within the Clubhouse or on Club property.

1.10. USE OF ELECTRONIC EQUIPMENT

1.10.1. Use of cell phones and pagers is prohibited within Club buildings, on or near the golf practice facility, or while participating in sports or pool area activities except for emergency use.

1.10.2. Use of radios, tape players, and CD players except with the use of headsets is prohibited in common areas, including dining rooms, bar, pool areas, on the golf course and tennis courts unless otherwise approved by the Board of Directors or the Club General Manager.

1.11. PETS

Dogs or other pets, with the exception of seeing-eye dogs, are not permitted in Club buildings or at the pools. Members may walk their pets on Club premises only in such areas and at such times as may be approved by the Board of Directors or the Club General Manager. Pets on Club premises shall be leashed at all times except on the golf course when the Pro Shop is closed and shall then be leashed or under voice control. Members are required to dispose properly of any excrement produced by their pets.

1.12. GOLF CARTS AND CART PATHS

1.12.1. Use of the golf course or the cart paths by non-players is strictly forbidden at all times when the Pro Shop is open.

1.12.2. Golf carts are not to be driven on the cart paths by members driving to and from the Clubhouse area. Members are requested to use the roadways for this purpose.

1.12.3. Golf carts are to be white or near white in color and will be subject to the approval of the Golf Professional.

1.13. GOLF CART LIABILITY

Liability concerning privately owned golf carts is solely the individual responsibility of the owning member.

1.14. LAGOON FISHING

All fishing in the lagoons is strictly on a catch and release basis and is not to be conducted in any areas abutting the golf course during hours in which the Pro Shop is open.

1.15. MAINTENANCE YARD PARKING

Residents' commercial vehicles cannot be parked in the Maintenance Yard at any time and will be removed at the owner's expense.

1.16. DONATIONS TO THE CLUB

Tennis and golf association members may implement projects with direct membership contributions for amounts up to $1,000 with prior approval by the appropriate committee and the Club General Manager. ARC approval is required, if appropriate. All donations over $1,000 require prior approval by the Board of Directors, the Club General Manager and the ARC, if appropriate. All other gifts, projects, or donations require prior approval by the Board of Directors and the Club General Manager. The Board of Directors reserves the right to refuse a donation. All donations will be anonymous.

1.17. REALTORS AND DISCOVERY TOUR AMBASSADORS

Realtors and Discovery Tour Ambassadors will not be compensated for the cost of their meals when hosting Discovery Tour participants.

2. CLUB SERVICES AND ACTIVITIES

2.1. RESERVATIONS

Reservations for most Club activities are taken on a first-come, first-serve basis by pre-registering with the appropriate Club personnel.

2.2. RESERVATION CANCELLATION

Cancellation of reservations for special events must be made at least 24 hours prior to the event or according to the published event deadline. Members will be charged for the full cost of the event if not in compliance with this rule.

2.3. PRIVATE PARTIES

The Club wishes to encourage the use of the Clubhouse by members for private parties on any day or evening, provided it does not interfere with the normal operation of the Club or with the service regularly available to the members. Such parties require a signed contract approved by the Club General Manager or the Clubhouse Manager. The sponsoring member assumes full responsibility for the conduct of his or her guests and may be required to execute a written document so signifying.

3. DINING ROOM

3.1. DINING MINIMUMS

3.1.1. Each member will be charged an annual food and beverage minimum as determined from time to time by the Board of Directors. All food and beverage charges exclusive of taxes and gratuities will be credited against the food and beverage minimum until such time as the minimum is completely used.

3.1.2. Any amount of the food and beverage minimum that is unused in a membership year will not be carried over to the subsequent membership year and will be charged in the final billing for the current membership year.

3.2. RESERVATIONS

3.2.1. Dinner reservations are requested. Members are asked to assist in maintaining required service levels by making reservations for dining prior to noon on the day involved. For a party of ten or more, a minimum additional twenty-four (24) hour notice is required by the Clubhouse staff.

3.2.2. For all functions at the Club, tables will be assigned on a first-call, first-choice basis.

3.3. GRATUITIES

3.3.1. A service charge in an amount determined by the Board of Directors from time to time will be added to all food and beverage sales and will be distributed to service personnel.

3.3.2. In November, it is customary to send a letter from the President of the Board of Directors providing an opportunity for the membership to contribute to a Holiday Fund for employees. Payment will be voluntary and, if elected, shall be included on each member's November bill.

4. ATTIRE

4.1. CLUBHOUSE

4.1.1. It is expected that members and their guests (children included) will dress in a fashion befitting the surroundings and atmosphere provided in the setting of the Club. It is also expected that members will advise their guests of the dress requirements. Special dress requirements may be established from time to time by the Board of Directors or the Clubhouse Manager and made known to the members.

4.1.2. All men are asked to remove their caps/hats upon entering the Clubhouse. Exceptions will be made for medical or religious reasons.

4.1.3. Established dress requirements apply to members and guests (children included).

4.1.4. At no time will pool attire be permitted in the Clubhouse, except with a cover-up for picking up outgoing orders only.

4.1.5. Acceptable attire includes:

Males

- Bermuda length shorts, golf slacks, business casual slacks and dress slacks (dungarees/work jeans, gym/workout attire, cut-offs, and jogging/wind pants are not permitted).
- Shirts with sleeve and collar, turtlenecks and mock turtlenecks (tank tops are not permitted).
- Shoes, golf shoes, sneakers, dress sandals, and deck shoes (flip-flops, pool shoes, and work boots are not permitted).
- "Jacket Only" or "Jacket and Tie" are always acceptable and may be required upon special request.

Females

- Bermuda length shorts, golf slacks and dress slacks (dungarees/work jeans, gym/workout attire, cut-offs, jogging/wind pants and short-shorts are not permitted).
- Appropriate length dresses and skirts. Dresses, skirts, pants and tops made in a "dress" denim style will be permitted, but they are not to be confused with dungarees/work jeans type of attire.
- A variety of tops are acceptable, but at no time will bare midriff, tank, tube, or halter tops be permitted.
- Shoes, golf shoes, dress sandals, sneakers, and deck shoes (flip-flops and pool shoes are not permitted).

4.2. GOLF

4.2.1. Established dress requirements apply to members and guests (children included).

4.2.2. Proper golf attire as stated is required at all times on the golf course and practice facilities.

4.2.3. Soft spiked golf shoes, golf sandals, or sneakers are required (flip-flops, pool shoes, work boots, hiking boots, and street shoes are not permitted).

4.2.4. Acceptable attire includes:

Males

- Bermuda length shorts or golf slacks (dungarees/work jeans, gym attire, cut-offs, and jogging pants are not permitted).
- Shirts with sleeve and collar, turtlenecks and mock turtlenecks (tank tops are not permitted). Shirts with banded waist may be worn as designed; all other shirts must be tucked in.

Females

- Bermuda length shorts, culottes, skirts or golf slacks (dungarees/work jeans, gym attire, cut-offs, and jogging pants are not permitted).
- A variety of tops are acceptable, but at no time will bare midriff, tank, tube, or halter tops be permitted.

4.3. TENNIS

4.3.1. Established dress requirements apply to members and guests (children included).

4.3.2. Proper tennis attire is required for use of the tennis facility both during play and practice. Sleeves are required on men's shirts.

4.3.3. Smooth soled tennis shoes are required. Jogging shoes, basketball shoes, and street shoes are not permitted.

4.4. POOLS

4.4.1. Bona fide swim attire is required of all swimmers. Cut-offs, dungarees, and shorts are not permitted.

4.4.2. Cloth and disposable diapers are not permitted. "Swimmees" are recommended for children when the situation warrants.

4.5. FITNESS CENTER

4.5.1. Established dress requirements apply to members and guests (children included).

4.5.2. Proper fitness attire is required for use of the Fitness Center.

4.5.3. Tennis shoes are preferred. Golf shoes and open-toe shoes are not permitted.

5. GUESTS

5.1. GENERAL

5.1.1. Callawassie Island property owners who are not members cannot use the Club facilities as a guest of a member except for attendance at private functions or other approved group activities.

5.1.2. All guests shall either be "day guests" or "house guests". A house guest is defined as a guest temporarily residing in a member's unit at Callawassie. All other guests shall be considered to be day guests.

5.1.3. A day guest may be invited to use the golf course, tennis or pool facilities up to a maximum of twelve (12) times per calendar year as a guest of a member or a combination of members.

5.1.4. A house guest may be a guest of a member or a combination of members a maximum of twelve (12) times per calendar year for a maximum of thirty (3) days' use of Club facilities.

5.1.5 An individual may be a combination of house guest and a day guest within a calendar year subject to the limitations of twelve (12) times and thirty days' use of Club facilities.

5.1.6. A member may have a maximum of eight (8) guests at any one time. Large groups are not permitted to use several memberships in order to obviate this rule. Requests for exceptions to the above guest limits must be submitted to the Club General Manager at least 14 days in advance of the proposed guest arrival. Exceptions may or may not be granted depending on demands on the Club facilities by members and previously scheduled events.

5.1.7. Guests must observe Club rules with regard to food, beverage, and amenity reservations.

5.2. REGISTRATION AND CHARGES

5.2.1. Guests may use the Club facilities either in the company of or unaccompanied by the sponsoring member pursuant to conditions established by the Club from time to time including the payment of a guest fee if applicable.

5.2.2. If a guest is to use the Club facilities at any time without the accompaniment of the sponsoring member, the guest must be registered for a guest pass at the Club office by the sponsoring member prior to such unaccompanied usage. Information to be provided by the sponsoring member will include:

- Guest's name
- Club usage dates
- Callawassie residence and telephone number, if applicable
- Whether or not the guest is authorized to sign for charges against the sponsoring member's Club account

5.2.3. Guest registration may be accomplished by the sponsoring member and guest personally appearing at the Club office or by letter, phone, or fax. A registered guest may pick up his or her guest pass at the Club office during normal business hours.

5.2.4. Unaccompanied guests may not use Club facilities without a guest pass that must be made available upon request at any time.

5.2.5. Member accompanied guests will not require a guest pass to use the Club facilities but must be registered with the appropriate professional prior to use of the Golf or Tennis facilities.

5.2.6. Guests may sign for charges against the hosting member's account if specifically authorized to do so in writing by the hosting member or they may charge to recognized personal charge cards. The hosting member is responsible for any unpaid charges incurred by his or her guest(s).

5.2.7. The sponsoring member is at all times responsible for the conduct of his or her guests while at the Club. If the manner, deportment, and appearance of any guest is deemed by the Club to be unsatisfactory, the sponsoring member shall at the request of the Club General Manager, cause such guest to surrender his or her guest card and leave the Club premises. The Club may at any time suspend or terminate the guest sponsorship privileges of any member(s) of the Club.

6. CHILDREN

6.1. Children under fifteen (15) years of age are not allowed in the Clubhouse pool nor are they allowed in the Clubhouse unless accompanied by an adult.

6.2. Children under fifteen (15) years of age may use the River Club pool when accompanied by an adult.

6.3. Children under the applicable minimum legal drinking age are not allowed at the bar unless accompanied by an adult.

6.4. The Golf Course may be used by juniors under thirteen (13) years of age with the permission of the Golf Professional.

6.5. Children under the age of thirteen (13) are not allowed in the Fitness Center unless accompanied by an adult.

USE OF GOLF CARTS ON THE GOLF COURSE BY CHILDREN UNDER THE AGE OF FIFTEEN (15) WITHOUT THE PRESENCE OF AN ADULT IN THE CART IS STRICTLY PROHIBITED. ONLY LICENSED DRIVERS MAY DRIVE GOLF CARTS ON THE ROADS OF CALLAWASSIE.

7. LESSEE AND RENTER PRIVILEGES

7.1. A member not residing in his/her Callawassie residential unit may designate a bona fide resident of such unit as the beneficial user of his/her membership. The designation of a bona fide resident as the beneficial user of a member's membership must be made in advance and in writing to the Club General Manager.

7.2. The sponsoring member must initiate the application for resident privileges and furnish the Club General Manager with a copy of the Lease or Rental Agreement. The Club General Manager will determine if the person(s) named in the proposed agreement meet the requirements to be a bona fide resident. After these requirements are met, the resident may begin to use the Club facilities.

7.3. During the period when a lessee is designated as the user of the member's membership, the member shall not have the rights or privileges of membership. However, the lessee's dining charges shall be allowed to count against the dining minimum on the membership since the owner of the membership is not allowed to use the facilities while the membership is being leased.

7.4 The resident user of the member's membership shall pay the designated fees for use of the Club facilities.

7.5. Temporary resident privileges may be denied, withdrawn, or revoked at any time for reasons considered sufficient by the Board of Directors in its sole and absolute discretion.

7.6. The member will be responsible for the deportment of and for all unpaid charges of the temporary resident.

8. POOLS

USE OF THE CLUB POOL FACILITIES AT ANY TIME IS AT RISK OF THE SWIMMER.

8.1. GENERAL

8.1.1. Only members and their guests may use the pools.

8.1.2. Showers are required prior to entering the pools.

8.1.3. Pool furniture must be kept on patio decks. All persons using pool furniture are required to cover the furniture with a towel when using suntan lotions. It has been found that these preparations stain and damage the vinyl strapping.

8.1.4. No running, jumping, or boisterous playing is allowed.

8.1.5. All persons using the pool areas and washrooms are responsible for keeping the areas clean by properly disposing of towels, cans, paper plates, cigarettes, etc.

8.1.6. All swimmers must wear bona fide swimming attire. Cut-offs, dungarees, and Bermudas are not considered appropriate attire.

8.1.7. Fishing, spear fishing and snorkeling equipment, other than a mask and/or fins are not to be used in the pool areas except as part of an organized course of instruction.

8.2. SAFETY

8.2.1. *No person under the influence of drugs or alcohol should use the pools.

8.2.2. *No spitting or blowing nose in pools.

8.2.3. *No person with communicable diseases allowed in pools.

8.2.4. *No person with skin, eye, ear or nasal infections allowed in pools.

8.2.5. *No animals or pets allowed in the pools or pool areas or on the marina docks.

8.2.6. *No glass or hard plastic allowed in the pools or pool areas.

8.2.7. *Pools are open from 8:00 a.m. to sundown.

8.2.8. *A FIRST AID KIT is located on the wall entering the restroom area at each pool.

8.2.9. *An EMERGENCY PHONE is located on the wall entering the restroom area at each pool.

8.2.10.*NO SOLO SWIMMING. NO LIFEGUARD ON DUTY. SWIM AT YOUR OWN RISK.

8.3. RULES ENFORCEMENT

The Club General Manager has full authority to enforce these rules and regulations, and any infractions will be reported to the Board of Directors. By being mindful of these rules, all members and guests will be able to enjoy fully the pool facilities.

8.4. CLUBHOUSE POOL

8.4.1. The clubhouse pool is an ADULT pool. Persons must be fifteen (15) years or older to use this pool.

8.4.2. Bringing food and beverages to the Clubhouse pool area is prohibited during Club service hours of 11:00 am to 3:00 pm, Tuesday through Sunday. The Club will serve food and beverages poolside during these hours.

8.4.3. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the tables under the arbor.

8.4.4. *The maximum number of swimmers allowed in the pool is 100.

8.5. RIVER CLUB POOL

8.5.1. Children under fifteen (15) years of age must be accompanied by a parent or guardian.

8.5.2. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the picnic tables on the back deck of the River Club.

8.5.3. Those wearing diapers are prohibited in the pool.

8.5.4. *The maximum number of swimmers allowed in the pool is 100.

* All rules marked with an asterisk are required by the State of SC DHEC.

9. GOLF

9.1. Rules concerning the use of the golf course and related facilities will be established from time to time by the Board of Directors with the advice of the Golf Committee, the Green Committee, the Golf Professional, or the Club General Manager, and will be made available to members as a printed booklet entitled, *Golf Rules and Guidelines*, and will include the following.

- Starting times and weather associated policies
- Rain check policy
- Driving range rules
- Private golf cart rules
- Golf course etiquette
- Attire

9.2. All members should familiarize themselves with and comply with the Club Golf Rules to ensure and enhance the enjoyment of the golf facilities by all members.

9.3. Social members may play golf only once a month during the IN SEASON (March 1 through May 15, and October 1 through November 30). Social Members may play golf twice a month during the OFF SEASON (May 16 through September 30, and December 1 through February 28).

9.4. Special rules and notices concerning golf facility usage will be posted on the bulletin boards in the Pro Shop from time to time as necessary and appropriate.

9.5. The golf facilities may be used by charitable organizations up to four times per year. Each event must be approved by the Board of Directors with consideration given to revenue production, exposure of Callawassie Island for marketing purposes and goodwill generated in the community. Although events must produce revenue, the events may or may not be profitable. Additional events may be approved on a case-by-case basis by the Board of Directors.

9.6. Private Golf Carts

9.6.1. All privately owned golf carts must be registered and display either a trail fee sticker or a non-trail fee sticker. If a cart does not have a trail fee sticker, the owner of the cart may use it on the golf course only after payment in the Golf Pro Shop of all appropriate fees, including a cart fee.

9.6.2. The right to use a privately owned golf cart on The Callawassie Island Members Club (the "Club") property is a non-transferable and non-assignable personal right.

9.6.3. Privately owned golf carts while on Club property, shall be driven by licensed driver only. All operators of privately owned golf carts shall operate the golf carts safely and prudently and in accordance with all applicable state and local laws and regulations.

9.6.4. Uniformity of private golf carts:

a. All private golf carts shall be similar in appearance and shall be as close to the color white as possible.

b. All private golf carts shall be four-wheeled and electrically powered, two passenger with head and tail lights for use on private roads.

c. All private golf carts shall be equipped with a canopy, sweater basket, sand bottle or bucket holder, rear view mirror, power rib tires, and rake with holder.

d. All private golf carts shall have a trail fee sticker or other authorized sticker/pass used by the Club.

e. Golf carts also may have the following optional features: (i) tinted snap on windshield, (ii) all-weather enclosure, (iii) side sweater baskets, (iv) dash tray, (v) dash board, (vi) seat cover, and (vii) interior mounted heater, fans, horn and clocks.

9.6.5. The owners of privately owned golf carts used on Club property shall maintain a liability insurance policy with adequate coverage for property damage and personal injury. Operation of a privately owned golf cart without such coverage can result in suspension of the right to use a private cart on Club property.

9.6.6. The owner of a private golf cart will be held responsible for any and all damages resulting from the use or misuse of the golf cart, whether by the owner or another person authorized by the owner to use the golf cart.

9.6.7. As long as annual trail fees are in effect for privately owned golf carts, such fees will be reviewed each year by the Club. Trail fees are a yearly fee and are non-refundable. Trail fees may be paid in total each if paid in January of that year or may be filled monthly. The rail fee shall not be prorated, except for the first year a member applies for a private cart privilege. A trail fee, paid in full, in January of any given year is transferable with the cart if a member sells his/her property and membership during the year for which the annual trail fee has been paid. Any deviation, from the above, must be appealed to the Club General Manager.

9.6.8. The annual trail fee includes only member, spouse and all family members of the member so long as such family members are (a) residing in the member's household or away at school or in the military and (b) under twenty-five (25) years of age, with a valid driver's license who named

on the trail fee application. Members who own private carts, their spouse and family members may ride with other private cart owners at no charge.

9.6.9. The spouse of a member currently using their privately owned golf cart may use a Club owned golf cart for playing golf at no charge.

9.6.10. A maximum of two (2) riders and two (2) golf bags per cart is allowed on private golf carts when on Club property.

9.6.11. The current trail fee sticker shall be removed if the private golf cart is sold or is no longer qualified to be under the trail fee program.

10. TENNIS

10.1. Rules concerning the use of the tennis facilities will be established from time to time by the Board of Directors with the advice of the Tennis Committee, the Tennis Professional, or the Club General Manager, and will be posted on the bulletin board at the tennis court or in the Tennis Pro Shop, and will include the following.

- Sign up privileges and restrictions
- Tennis attire
- Court etiquette
- Court maintenance

10.2. All club members are encouraged to familiarize themselves with and comply with the Club Tennis Rules to ensure and enhance the enjoyment of the tennis facilities by all members.

10.3. Special rules and notices concerning tennis facility usage will be posted on the bulletin board at the tennis courts or the Tennis Pro Shop from time to time as necessary and appropriate.

11. RIVER DOCK USAGE

11.1. The Club dock adjacent to the River Club is maintained and operated by the Club for the exclusive use of Club members and their guests. All other use of the facility, unless specifically authorized by the Club General Manager or the Board of Directors, is strictly prohibited and should be reported to the Club General Manager or Security.

11.2. THERE WILL GENERALLY BE NO ATTENDANT PRESENT AT OR NEAR THE DOCK FACILITY AND ALL MEMBERS AND GUESTS USE THE DOCK STRICTLY AND COMPLETELY AT THEIR OWN RISK FOR ANY PROPERTY DAMAGE, LOSS OR PERSONAL INJURY. FOR SAFETY REASONS UNACCOMPANIED CHILDREN ARE NOT PERMITTED ON THE DOCK FACILITY.

11.3. Club members or their guests are permitted to tie boats to the dock facility for a period not to exceed 72 consecutive hours when proper notification is given to the Club General Manager's office.

11.4. In recognition of the severe river currents often present, rafting of a boat alongside another is not thought to generally be prudent and therefore, for safety reasons, extreme caution in doing so is recommended.

11.5. In compliance with dock permit restrictions, no persons are permitted to remain on docked boats overnight and any discharge of waste, garbage, or other materials into the surrounding waters by any person at any time is strictly prohibited.

11.6. All Club members owning boats and who anticipate using the dock facility from time to time are required to list their boat registration number with the Club General Manager's office in order that any observed problems with a docked boat can be promptly reported to the owner. Any member's guests docking boats for overnight stay are similarly requested to register boats with Security for safety reasons.

11.7. Members using the facility for crabbing are required to clearly mark any traps left unattended at the dock with their names. Any baited trap placed in the water should be attended to at least once every 24 hours.

11.8. The dock is in an important Club facility operated for the pleasure of all Club members, both boat owners and others. Mutual consideration of and respect by all concerned for the rights and privileges of other members, including adjacent property owners, is requested and expected.
11.9. Callawassie Island Property Owners who are not Club members or their guests cannot use the dock facilities at any time including use as a guest of a member.

12. MEMBERSHIP CARDS

12.1 A membership card indicating a Club account number and type will be issued to the member as well as other eligible family members entitled to membership privileges. Membership cards are not transferable. Presentation of a membership card by the member may be required prior to the member's use of any club facilities.

12.2. A membership card may only be used by the person to whom it was issued.

12.3. In the event of a lost or stolen membership card, the Club General Manager must be notified in writing immediately. The member is responsible for all charges made to the member's account using the lost or stolen card until the Club General Manager has been notified in writing of the loss or theft of the card. A nominal card replacement charge will be added to the member's account for each reissued card.

13. DUES, FEES, ASSESSMENTS AND CHARGES

13.1. BILLING

13.1.1 Annual membership dues are payable monthly in advance.

13.1.2. All charges incurred by the member to his or her Club account will be billed monthly and shall be deemed delinquent if not paid within thirty (30) days of the statement date.

13.1.3. When a Club member is building a home on the Island, the dues category will be permanently changed from nonresident to resident status when a Certificate of Occupancy is issued or nine (9) months from the date of issue of a Building Permit, whichever first occurs. Billing will also be permanently changed from nonresident to resident status when a member resides anywhere in Beaufort or Jasper Counties, South Carolina or Chatham County, Georgia for 90 days or more.

13.2. PAYMENT

13.2.1 If payment is not received by the end of the month following the statement date, the outstanding balance will be subject to an interest charge of one and one half percent (1.5%) per month that will be added to the balance until payment is received. The Membership Director will review the payment requirements as part of the new member orientation process. If the first bill is not paid on a timely basis, the Membership Director will contact the member to ascertain the reason for nonpayment. Also, the Membership Director will contact any member whose bill is more than 30 days past due.

13.2.2. Arrangement or payment for services will generally be expected to be made at the time the services are rendered.

13.2.3. Form of payment may be by use of Club account number by the member, member's immediate family or authorized guests of the member or recognized credit card

13.2.4. Charges to a Club account will appear on the next monthly statement, and payment will be expected in accordance with the terms spelled out above.

13.3. DELINQUENCIES

13.3.1 Any member whose account is delinquent for sixty (60) days from the statement date may be suspended by the Board of Directors. Suspended members may not use any Club facilities, participate in any Club activities, or vote on any Club matters. Upon payment of all indebtedness and charges (including all dues, fees, assessments, food and beverage minimums) accrued since the initial time of delinquency, plus interest calculated at the rate of one and one half percent (1.5%) monthly, suspended members may be reinstated by the Board of Directors after an additional period of thirty (30) days. Any member whose account is not settled within the four (4) month period following suspension may be expelled from the Club.

13.3.2. Any member who receives three 30-day notices within a 12-month period will be suspended without privileges for 30 days.

13.3.3. Suspended members may have their names posted on the Callawassie Island website in the "Members Only" section.

13.3.4. In accordance with the By-Laws, the Club shall have a lien against each membership for any unpaid dues or other charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. Any other liens placed against such equity membership shall be junior to Club's lien.

13.3.5. If the Club commences any legal action to collect any amount owed, or to enforce any liability of a member to the Club, the member shall also be liable for all costs and expenses of the legal action and reasonable attorneys' fees required in connection with appellate proceedings.

13.4. HARDSHIP CONSIDERATIONS

The Board of Directors will, upon specific request of a member in good standing, consider a change in membership status from resident to non-resident status in cases of permanent member medical hardship causing significant loss of ability to use the club sports facilities. Any such considerations will be made at the sole discretion of the Board of Directors.

13.5 SPECIAL DUES CATEGORIES

The maximum number of Equity Golf Members that may elect Surviving Spouse Privileges or Senior Dues Status is thirty (30) for both categories combined.

14. DISCIPLINE

14.1. GENERAL

14.1.1. Improper Conduct. Any member whose conduct, or whose family's or guests' conduct, shall be deemed by the Board of Directors to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members, may be reprimanded, fined, suspended or expelled from the Club by action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Club or its members.

14.1.2. Board Action. Improper conduct shall be immediately investigated by the Club General Manager then reviewed by the Board in Executive Session. If the Board decides to proceed with discipline, the member(s) involved will be immediately notified of the Board's intention to suspend and given an opportunity to be heard by the Board of Directors to show cause why he or she should not be disciplined in

accordance with this Article. If the Board decides to proceed with the suspension and such member(s) desire to appeal, the Board of Directors shall set a time and date for the appeal hearing within 10 days from the date of the appeal request. While such appeal is being considered by the Board, the member shall enjoy the privileges of the Club.

Notwithstanding the above, the Board reserves the right to suspend immediately without privileges should the circumstances warrant such action.

14.1.3. Suspension. The Board of Directors may suspend a member and his or her family or guests from some or all Club privileges for a period of up to one (1) year. Dues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement to full privileges.

14.1.4. Termination. The Board of Directors may, by a two-thirds (2/3) vote of the directors, request the resignation of any member of the Club for cause deemed sufficient to the Board. If the member does not resign at the request of the Board, the member may be expelled by the Board.

14.1.5. Expulsion. Any Member of the Club who has been expelled shall not again be eligible for membership nor admitted to Club Facilities under any circumstances. An expelled member shall be so notified by registered mail and shall have the obligation to surrender his or her membership certificate for reissuance by the Club to a new member.

14.1.6. Voting Rights. Any member suspended or terminated by action of the Board of Directors shall automatically lose all membership privileges including the right to a vote on Club matters during the period of suspension or termination.

14.2. REPRIMAND, SUSPENSION, EXPULSION AND TERMINATION OF MEMBERSHIP

14.2.1. Any member may terminate membership in the Club by delivering to the Membership Director written notice of termination in accordance with the Plan for the Offering of Club Memberships. Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums) until the membership is sold.

14.2.2. A member may be reprimanded, expelled, or suspended by the Board of Directors if, in the sole judgment of the Board of Directors, the member, his or her family, or guests, or lessees is deemed improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members. The following includes, but is not limited to, examples of conduct that are not acceptable:

- Exhibit unsatisfactory behavior, deportment and appearance
- Fail to pay the required membership contribution, dues, fees, charges (including any food and beverage minimums) or assessments in a proper and timely manner
- Fail to abide by the rules and regulations for the golf, tennis, pool, fitness, and dining facilities or for any other recreational facilities of the Club
- Verbally or physically abuse the personnel or employees of the Club
- Submit false information on his or her application or with respect to his or her guests or lessees
- Use or reproduce the information in the membership directory in any manner or means for commercial or charitable purpose or provide information contained in the membership directory to persons who are not members of the Club.

The foregoing also shall apply to the family or guests of a lessee.

14.2.3. Notwithstanding any termination or suspension of membership, the member shall remain liable for any unpaid club account or membership dues, fees, charges, and assessments, and such member shall not be entitled to a refund of any part thereof paid by the member to the Club.

14.2.4. Any member who has had his or her membership terminated for any reason shall not again be admitted to the Club's Facilities under any circumstances while such suspension or termination is in force and shall not be permitted to vote on any matter brought before the members.

14.2.5. A suspended or terminated member may have full membership privileges restored only by specific Board of Directors action to restore such status until such time as the membership is reissued under the terms of the Plan for the Offering of Memberships.

15. LOSS OR DESTRUCTION OF PROPERTY OR INSTANCES OF PERSONAL INJURY

15.1. The Club shall not be responsible for any loss or damage to any property left or stored on the Club's premises, whether in lockers or elsewhere.

15.2. No person shall remove from the Club's premises any property belonging to the Club without proper authorization. Every member of the Club shall be liable for any property damage and/or personal injury at the Club, or at any activity or function operated, organized, arranged, or sponsored by the Club, caused by the member, or his or her family, guests, or lessees. The cost of any such damage may be charged to the members Club account.

15.3. Any member, guest or other person who, in any manner, makes use of or accepts the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club, or who engages in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club, either on or off the Club's premises, shall do so at his or her own risk, and shall hold the Club and its directors, officers, employees, representatives, and agents harmless for any and all loss, cost, claim, injury, damage or liability sustained or incurred by him or her, resulting there from and/or from any act or omission of any director, officer, employee, representative or agent of the same. Any member shall have, owe and perform the same obligation to the Club, and it directors, officers, employees representatives and agents, hereunder in respect to any such loss, cost, claim, injury, damage or liability sustained or incurred by any guest or such member.

16. MAILING ADDRESSES

16.1 Each member is responsible for submitting in writing his/her current email and postal mailing address to the office of the Club General Manager and for updating subsequent address changes as needed. All club notices and invoices will be sent to that address. Members will be held to have received all club mailings ten (10) days after they have been mailed to the address on file.

17. PRIVACY OF CLUB INFORMATION

17.1. The Club does not generally provide information concerning Club activities or membership to the media or to other third parties. When appropriate, the Club General Manager or his designate will do so. Members are cautioned to avoid answering media questions and specifically from providing club documents or member information to individuals outside the membership.

17.2. The roster or list of members in the Club shall be furnished only to members and appropriate Club staff and shall not be used by or given to anyone else by a member of the Club for any reason whatsoever.

STATE OF SOUTH CAROLINA)) COUNTY OF BEAUFORT)	IN THE COURT OF COMMON PLEAS FOR THE FOURTEENTH JUDICIAL CIRCUIT CIVIL ACTION NO: 09-CP-07-5410
THE CALLAWASSIE ISLAND MEMBERS CLUB, INC. Plaintiff, vs. ARTHUR APPLEGATE, Defendant	**SUPPLEMENTAL MEMORANDUM IN OPPOSITION TO PLAINTIFF'S MOTIONS FOR SUMMARY JUDGMENT**

2013 MAY 30 PM 3:21

The Defendant, ARTHUR APPLEGATE, by and through his undersigned counsel, presents the following Supplemental Memorandum in Opposition to Plaintiff's Motions for Summary Judgment filed on April 25, 2103, and filed on April 26, 2013, as well as Plaintiff's Memorandum in Support of Motion for Summary Judgment and in Opposition to Defendant's Motion for the Same.

CIMC relies on the Purchase Agreements between Arthur Applegate and Callawassie Island Company, L.P., and the restrictive covenants contained in the Declaration. Such reliance is misplaced.

To the extent that CIMC relies on the Purchase Agreements between Arthur Applegate and Callawassie Island Company, L.P., such reliance is misplaced because CIMC is not a signatory to the Purchase Agreements and is not a third party beneficiary of the Purchase Agreements.

To be a third party beneficiary, the contract must be "made for the benefit of a third person" so that "the contracting parties intended to create a direct, rather than an incidental or consequential, benefit to such third person." Windsor Green Owners Association, Inc., v. Allied

Signal, Inc., 362 S.C. 12, 17, 605 S.E.2d 750, 752 (Ct. App. 2004). In the instant case, a review of the Purchase Agreements clearly establish that the contract was made so that Callawassie Island Company, L.P., could sell property to Arthur Applegate. Nothing in the contracts show any intent to create a direct benefit to CIMC. Accordingly, CIMC cannot enforce the Purchase Agreements.

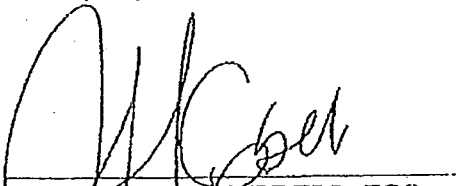
As to the covenants as contained in the Declaration, restrictive covenantslike the Declaration are voluntary contracts and will not be enforced if they violate public policy. See, e.g., Sea Pines Plantation Co. v. Wells, 294 S.C. 266, 363 S.E.2d 891 (1987). Accordingly, if the Declaration does not permit resignation at any time as required by S.C. Code Ann. § 33-31-620(a), then the Declaration violates South Carolina law and is unenforceable. See, e.g., Berkenbile v. Outen, 311 SC 50, 426 S.E.2d 760 (1993) (holding that an illegal contract has always been unenforceable).

Finally, CIMC's reliance on terms in the Purchase Agreements and the Declaration is unsupported because the causes of action in the Complaint are not based upon a breach of those documents, but instead claim breach of promises made in the "Agreement" and "the Plan". Although "the Agreement" is not an identified document in the Complaint, it may be intended to refer to the "Purchase Agreement" which the Defendant contends has no relevance to the current action as the Plaintiff is not a party or third party beneficiary thereto. However, there is no reference in the causes of action to a breach of the Declarations, and the Plaintiff should not now be allowed to rely upon this document.

Law Office of Brian McDaniel, LLC

BY: 

BRIAN D. MCDANIEL
Post Office Box 2085
2015 Boundary St., Suite 216
Beaufort, South Carolina 29901
bmcdaniel@attorneymcdaniel.com
PHONE (803) 379-5117
FAX (803) 379-5118

BY: 

JENNIFER I. CAMPBELL, ESQ
2008 Spectable Street
Beaufort, South Carolina 29902
bftjicampbell@ymail.com

ATTORNEYS FOR THE DEFENDANT ARTHUR APPLEGATE

Beaufort, South Carolina
May 30, 2013

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BEAUFORT COUNTY
Court of Common Pleas

Edward W. Miller, Circuit Court Judge

RECEIVED
AUG 23 2013
SC Court of Appeals

Case No. 2009-CP-07-05410

The Callawassie Island
Members Club, Inc.,

Respondent,

v.

Arthur H. Applegate

Appellant.

NOTICE OF APPEAL

Arthur H. Applegate appeals the orders of the Honorable Edward W. Miller dated May 14, 2013 and July 17, 2013. The May 14, 2013 Order being appealed is a Form 4 order referring the case from the Beaufort County jury trial roster to the Master in Equity, over the objection of the Appellant. The Appellant received written notice of the May 14, 2013 Order on May 30, 2013 and timely filed and served a motion to Alter or Amend on June 7, 2013. The Appellant's motion to Alter or Amend was denied by the July 17, 2013 Order, received July 25, 2013 which is herein also appealed.

August 19, 2013

Brian D. McDaniel
Law Office of Brian McDaniel, LLC
Post Office Box 2085
Beaufort, South Carolina 29901
(843) 379-5117
Attorney for Appellant

COPY

Other Counsel of Record:

Minor, Haight & Arundell, P.C.
Ehrick K. Haight, Jr., Esquire
P.O. Drawer 6067
Hilton Head Island, SC 29938
Attorney for the Plaintiff / Respondent

Howell, Gibson & Hughes, P.A.
Stephen P. Hughes, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Plaintiff/ Respondent

Howell, Gibson & Hughes, P.A.
William T. Young, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Plaintiff/ Respondent

Jennifer I. Campbell, Esquire
2008 Spectable Street
Beaufort, South Carolina 29902
Attorney for the Defendant/ Appellant

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2009CP0705410

2013 MAY 15 AM 10:54

BEAUFORT COUNTY, S.C.
CLERK OF COURT

Callawassie Island Members Club Inc	Arthur H Applegate Harman Switzer Phillip Killan John H Krumpe Robert Deluca James Staulcup Richard Courreges William F Julavits
PLAINTIFF(S)	DEFENDANT(S)

Submitted by: ☐ Attorney for ☐ Plaintiff ☐ Defendant ☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☒ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ ACTION DISMISSED (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____

☐ ACTION STRICKEN (*CHECK REASON*): ☐ Rule 40(j) SCRCP; ☐ Bankruptcy; ☐ Other: _____

☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award;

☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other: _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

This case is referred to the Master in Equity.

ORDER INFORMATION

This order ☐ ends ☒ does not end the case.

Additional Information for the Clerk:

RECEIVED
AUG 23 2013
SC Court of Appeals

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
N/A		

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Edward W. Miller — 2130 — 5/14/13

Circuit Court Judge-Edward W. Miller — Judge Code — Date

For Clerk of Court Office Use Only

This judgment was entered on 29 May, 2013, and a copy mailed first class or placed in the appropriate attorney's box on 29 May, 2013, to attorneys of record or to parties (when appearing pro se) as follows:

Ehrick K. Haight Jr. PO Drawer 6067 Hilton Head Island, SC 29938
William Thomas Young III PO Box 40 Beaufort, SC 299010040

ATTORNEY(S) FOR THE PLAINTIFF(S)

Brian D. McDaniel PO Box 2085 Beaufort, SC 29901
Ernest Mitchell Griffith PO Drawer 570 Beaufort, SC 29901
Otto Edworth Lilpfert III PO Drawer 570 Beaufort, SC 29901
Jennifer Inez Campbell 2008 Spectable Street Beaufort, SC 29902

ATTORNEY(S) FOR THE DEFENDANT(S)

Jamie Thompson

Jerri Ann Roseneau - Clerk of Court

Court Reporter-N/A

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	
COUNTY OF BEAUFORT	)	CIVIL ACTION NO: 2009-CP-07-05410

13 JUL 23 PM 2:46
BEAUFORT COUNTY, S.C.
CLERK OF COURT

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.,

Plaintiff,

vs.

ARTHUR H. APPLEGATE,

Defendant.

ORDER DENYING DEFENDANT'S MOTION TO ALTER OR AMEND

This matter comes before the Court upon motion of the Defendant, Arthur Applegate, requesting this Court alter or amend its Order, filed May 15, 2013, transferring the instant action to the Beaufort County Master In Equity. That Order was entered upon motion of the Plaintiff who sought to transfer the matter to the non-jury roster upon the grounds that no triable issue of fact exists.

Generally, a party requesting a jury trial is entitled to the same. However, Rule 39(a), SCRCP, provides two exceptions to this general rule, one of which is if "the court upon motion or its own initiative finds that a right of trial by jury of some or all of those issues does not exist." Moreover, Rule 39(b), SCRCP, requires "Issues of law...shall be tried by the court or may be referred to a master as provided in Rule 53."

The Defendant contends that the instant action, involving allegations of a breach of contract, is an action at law, and therefore must be tried before a jury. While the Defendant is correct that a breach of contract claim is an action at law, the analysis does not conclude at that statement. Whether a contract is

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SC Court of Appeals

ambiguous is a question of law for the court. Middleton v. Eubank, 388 S.C. 8, 14, 694 S.E.2d 31, 34 (Ct. App. 2010). Only when the contract is deemed ambiguous does a question of fact exist for a jury to consider. Id. Accordingly, there must be some question of fact posed to the Court in order for this matter to remain a jury trial. The Defendant only raised legal issues—the interpretation of various statutes—in contesting the Plaintiff's motion to transfer to the non-jury trial roster. See Regions Bank v. Strawn, 399 S.C. 530, 732 S.E.2d 230 (Ct. App. 2012) ("Determining the proper interpretation of a statute is a question of law...") (Quoting Town of Summerville v. City of N. Charleston, 378 S.C. 107, 110, 662 S.E.2d 40, 41 (2008). The Defendant has not raised any factual issues in opposing the Plaintiff's motion. Moreover, because this Court finds the documents at issue to be unambiguous, there is no question of fact for a jury to consider. Consequently, transferring this matter to the non-jury roster is appropriate, and the Defendant's motion is DENIED.

IT IS SO ORDERED.

By: _____
Edward W. Miller
Presiding Judge

Greenville, South Carolina
July 17, 2013.

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	FOURTEENTH JUDICIAL CIRCUIT
COUNTY OF BEAUFORT)	
)	CASE NO.: 2009-CP-07- 5410
THE CALLAWASSIE ISLAND)	
MEMBERS CLUB, INC.,)	
Plaintiff,)	AFFIDAVIT OF
)	WILLIAM R. HOBSON
v.)	
)	
ARTHUR H. APPLEGATE)	
)	
Defendants,)	

2011 JUN -3 AM 9:30
BEAUFORT COUNTY S.C.
CLERK OF COURT

Personally appeared before me, William R. Hobson, a person over 18 years of age, who being duly sworn, deposes and under oath says:

1. My name is William R. Hobson I live in Beaufort County and I am over 18 years of age.

2. That I have owned property on Callawassie Island and held Callawassie Island Members Club (CIMC) membership(s) in Callawassie since 1988 and I purchased a second CIMC membership in 1996.

3. That I have been on the delinquent member list and have been offered by CIMC the opportunity to resolve and end my alleged "delinquency" and club related liability with CIMC through resigning my membership, making a payoff equal to one years dues and the signing of confidentiality agreement (See Attached letter –Exhibit A).

4. That upon information and belief, in numerous instances CIMC members are treated on substantially different terms for payment of membership dues, fees and assessments with some similarly situated CIMC members being assessed the lower "residential" dues rate for multiple memberships while others are assessed the higher "non-residential" rate when there is no distinction between the groups.

5. That upon information and belief, the difference in charge between "resident" and "nonresident" charges for dues is approximately $150.00 or more monthly and for food and beverage charges is $300.00 or more.

6. That upon information and belief, CIMC is attempting to enforce against Arthur Applegate in this litigation, provision and/or policies which are fundamentally different and irreconcilable with the provisions and fundamental purpose, for which, and to which, I joined the CIMC and for which it was established.

7. That upon information and belief, because of the actions and policies instituted by CIMC, the market price of Callawassie property has been negatively impacted.

8. That, upon information and belief, the Board of Directors of CIMC have failed to provide basic and fundamental information to their members, including myself, and have unfairly maintained disparate treatment and enforcement in relation to members while denying the they are doing so, including denying access to the claimed "Resale List".

9. That I along, with Arthur Applegate, requested, through my attorney, information to try and reconcile the disparate enforcement and unpredictable Board actions and lack of information but CIMC refused to turn over basic information and I have been required to file a Declaratory Judgment action to try and obtain this information. This Declaratory Judgment action is currently pending in Beaufort County. (See Attached Exhibit B)

10. That CIMC has stated, by way of letter in May 2010 that Callawassie Island Company (CIC), who is believed to have owned more than one hundred eighty memberships, was not going to meet their dues and assessments obligations. CIMC released a statement in September of 2010 that they decided to release all obligations of Callawassie Island Company (CIC) (which is believed to have been the single largest

membership holder) and which, according to their own statement, paid "well over $1 million in dues" from 2007-2009. This release included that CIMC would place these returned memberships on the Resale List and then CIMC also agreed to share the proceeds of the sale of the memberships on the Resale List equally with CIC through 2020 and not be obligated for dues of obligations on the memberships which they apparently resigned. (See Attached Exhibits C and D)

11. As far as has been reported, to the general club membership, and to which I am aware, the release of CIC was done with the only basis being that CIC would no longer have voting rights in CIMC and to settle unspecified disputes, but which admittedly cost millions of dollars in lost revenue and appears to be completely contrary and not in conformity actions taken against other members of CIMC including Arthur Applegate.

12. Upon information and belief and according to printed CIMC directories, former Board member of CIMC, William F. Hawkins, sold his property at Callawassie in 2005 to someone that purchased a Social membership. According to the CIMC policy being enforced against Mr. Arthur Applegate, Mr. Hawkins' Golf membership should have been placed on the Resale List at that time and he should still be listed as a dues paying member of CIMC until that membership came up for (re)sale. However, my membership was placed on the Resale list in 1998 (well ahead of 2005) and only came subject to sale in 2010, long after Mr. Hawkins membership was no longer listed with CIMC records. This is one of many examples of former members apparently being allowed to resign without any known consequence or explanation.

13. That I have made repeated inquiries to the Board for what I consider to be basic and fundamental information and clarification of rules and policies of CIMC but have either received either dismissive, little or no response to these repeated attempts.

See Exhibit E & Exhibit F

That further the Affiant Sayeth Not,

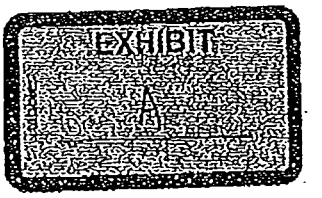
BY: William R. Hobson
William R. Hobson

Sworn to and subscribed before me
this 2nd day of June, 2011

Teresa B. McDaniel

Notary Public For South Carolina

My Commission Expires: 12-21-19



April 12, 2010

Via Certified Mail/RRR and US Mail
Mr. William R. Hobson
42 Chechessee Bluff Circle
Okatie, SC 29909

Dear Mr. Hobson:

Your e-mail message of April 6, 2010, is replete with intentional misinformation and defamatory comments. You apparently failed to read or misunderstood the Callawassie Island Member Club's letter of February 3, 2010 that was authorized by the Board. Just so you are clear, the Board's position is that at no time has the Callawassie Island Members Club breached any agreement with you or misrepresented or otherwise mislead you regarding membership and the obligation to pay dues.

Notwithstanding your apparent present contentions, the Callawassie Island Members Club is restating the offer previously made to you. There are four components to the offer:

1. Pay dues, assessments and other charges outstanding as of March 31, 2010, in the amount of $4,176.75;
2. Concede either one of your memberships;
3. Pay dues for one year on the conceded membership; and
4. Sign a general release and confidentiality agreement.

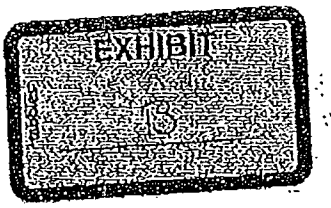
This offer will expire seven days from the date of this letter. If you accept this offer, please advise Mr. Brian Lasota in writing and necessary documentation will be provided for you to sign. If you fail to respond to this offer in a timely manner, we will consider you have declined the offer. Further, if you fail to pay outstanding dues, assessments and other charges, you will be suspended from use of any Callawassie Island Members Club facilities until such time that you are current in your obligations.

Additionally, we will take whatever action is necessary to protect the interests of Callawassie Island Members Club and its members in good standing.

Very truly yours,

Harman Switzer, Treasurer
On behalf of the Board of Directors
Callawassie Island Members Club

22 Callawassie Club Drive, Callawassie Island, South Carolina 29909
Clubhouse (843) 987-2112 - Fax (843) 987-2169 - Golf Pro Shop (843) 987-2161



Law Office of
BRIAN McDANIEL, LLC

bmcdaniel@attorneymcdaniel.com

VIA CERTIFIED US MAIL
June 29, 2010

The Callawassie Island Members Club, Inc.
General Manager: Brian Lasota
22 Callawassie Club Drive,
Callawassie Island, South Carolina 29909

Re: Club Membership/ accounting and review/ SC Code §33-31-1602 et seq.

Dear Mr. Lasota or other Managing Agent:

I have been retained to represent the following CIMC members and households, and others (who, for fear of potential social reprisals, prefer to remain anonymous at this time) in regards to their request for information related to their memberships in the Callawassie Island Members Club, Inc. (CIMC):

Applegate, Aulton, Carpenter, Elios, Hobson, and Lambert

As you are aware, certain members, including some of my clients hold, or have held, two or more memberships in the Callawassie Island Members Club.

Due to the significant financial burden these memberships impose upon my clients under the current enforcement, CIMC's decision to file suit against selected members, and what appears to be some difference in member treatment, my clients have raised several questions regarding Club management and have retained me to help get these questions resolved. The specific requests follow, but in general the concerns are relative to the basis on which members are to be charged monthly dues, how memberships terminate and/or transfer and what policies are being followed with regard to similarly situated members and the collection of delinquent dues and fees.

As members of this nonprofit corporation, my clients are entitled to access to many of the records and accounting of CIMC under South Carolina law. Furthermore, in this particular case, my clients and other multiple membership owners have need of the requested information in order to evaluate the actions being taken against them with regard to dues being charged to them, their rights as equity members, and to investigate concerns they have of disparate treatment of members, specifically concerns that multiple membership holders are not being treated uniformly and not in compliance with the Bylaws, Membership Plan and Articles of the Club. Therefore, I am hereby demanding

843.379.5117 telephone • 843.379.5118 facsimile • www.attorneymcdaniel.com
2015 Boundary Street Beaufort, South Carolina 29902 • Post Office Box 2085 Beaufort, South Carolina 29901

inspection and a copy of, and/or opportunity to copy, the following records and I request a response to the three questions listed thereafter:

I. Documents and Records Requested:

1. A list of all past and current CIMC members (names and last known addresses) that have held multiple memberships at any time and the detailed monthly accounting records related to said memberships.

2. Copies of all monthly billing statements and/or records of payments to and/or from the following member entities:

Anderson, Milburn M (Mike) & Julie
Bailey, Paul
Brouse, John S & Barbara B
D&S Tilton LLC
Dunn, Thomas F
Evans, Hollace Ann
George, Philip M.
Gillespie, Geraldine
Hawkins, William
Henley, David & Ann
Ingram, Russell
Kirkwood, David & Victoria
Mellen & Tilton LLC
Norwood, Robert & Karen
Oelkers, Jeffrey & Jane
Reid, John & Patricia
Rice, Willie Joe
Roessing, Charles & Lesley
Stignatto, Lori Ann
Terwilliger, Ronald & Patricia
Tilton Builders
Toburen, William & Margaret
Weis, Barbara
Wurtzbacher, Terry & Patti

3. A copy of the articles or restated articles and all amendments to them currently in effect; or direction as to where these can be found online, if so available online

4. The Club bylaws or restated bylaws and all amendments to them currently in effect or direction as to where these can be found online, if so available online

5. All resolutions adopted by the Board of directors relating to the characteristics, qualifications, rights, limitations, and obligations, of members and whether those relate to Golf memberships or Social memberships or direction as to where these can be found online, if so available online;

6. The minutes of all meetings of members and records of all actions approved by the members for the past three years or direction as to where these can be found online, if so available online;

7. All written communications to members generally within the last three years including financial statements furnished for the past three years under SC Code § 33-31-1620;

8. A list of the names and business or home address of its current directors and officers of CIMC;

9. CIMC's most recent report of each type required to be filed by it with the Secretary of State under Chapter 31 of Title 33 of the SC Code of Laws;

10. Accounting records of CIMC: To include accounting of membership dues received as itemized by member since December 1, 2001;

11. The membership list indicating the number and type of memberships owned by each member for each year since formation of the Club;

12. A complete accounting of the Resale List from formation of CIMC to the current date, including but not limited to, an itemization by year, of all memberships sold, to whom those membership were sold and amount of all such sales or transfers;

13. A copy of all settlement documents or resale documents for all memberships sold, resigned or terminated for any reason since December 1, 2001;

14. All communications with any member(s) that deal with resignation, termination, or settlement of their membership for the past 10 years.

15. A list of all persons known to the CIMC that own property on Callawassie Island that do not own a membership to the CIMC club.

16. A copy of all communication, whether electronic or hard-copy, to all members classified as "Delinquent" during the period such member was classified as Delinquent by Club management.

II. Questions Submitted:

A. Is CIMC aware of any property owners on Callawassie Island, who do NOT currently hold a membership with CIMC? If so, please list each and explain why such person(s) are not current membership holders and whether CIMC is taking any action to require said person to obtain a membership.

B. Does CIMC allow any members to own membership for which they permit reduced or no monthly charges other than as specified by the current (9/1/07) and published CIMC Membership Plan? If so, please specify the name(s) of those members and the reasons for such exception.

C. Has CIMC management ever permitted members to resign their memberships in contravention to the procedures and processes described in the current (9/1/07) and published Membership Plan or by some method not specified therein? If so, please furnish a list of those members so released, the dates of the termination of the membership and the circumstances associated with such release.

If you believe any of the above records requested are not subject to disclosure for any reason, including but not limited to, if the documents were provided subject to a confidentiality agreement, please provide a log of all documents not provided with a description sufficient to advise my office of the basic subject and parties involved in said communications.

These above demanded records and copies are to be provided by July 13, 2010 or, if access to the records is going to be provided in lieu of copies, please notify my office within 7 days of receipt of this letter as to when and where said records will be made available for copying.

I look forward to receiving your response.

Sincerely,

Law Office of Brian McDaniel, LLC

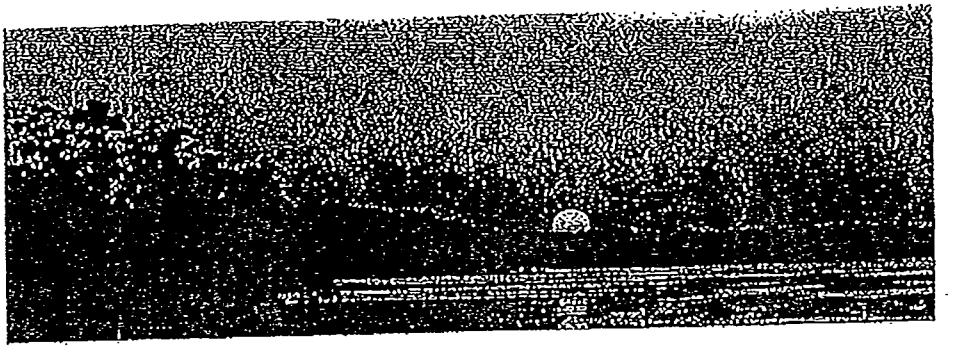
Brian McDaniel

BDM/lm

cc:

CALLAWASSIE ISLAND

EXHIBIT G



May 4, 2010 CIMC Financial Update Letter

May 4, 2010

Dear Fellow Members,

As promised at our Town and Annual Meetings, the following is the CIMC financial update for the first quarter of 2010. We're pleased to report that in spite of some unexpected bad news like the sudden and unexpected announcement by the Callawassie Island Company (CIC) that they could not meet their dues and assessment obligations, and some abnormally bad January and February weather which negatively impacted golf and restaurant revenues; we closed out the first three months of 2010 in pretty good operating shape.

Revenues in spite of the weather are slightly ahead of budget and operating expenses are currently running $127K under budget. Payroll and benefits account for $47K of the savings. The allowance for doubtful accounts was necessarily increased to fully recognize the payments not received from CIC; yet year to date operating cash flow was $51K ahead of budget, and cash on hand increased $58K to a total of $292K.

Additionally, The Cash Deficit Operating Assessment billing of $465K was completed in April. With the cash received to date from that assessment and the annual trail fee billings, we have paid off our outstanding $150K Line of Credit; and we have reduced our Accounts Payable from $440K at year end to $307K at the end of March. Payables over 60 days have been reduced to less than $40K. Further, we did not experience a significant increase in member delinquency other than the previously mentioned developer non-payment. The board decision to have such an assessment was a difficult but necessary one, and we thank you for the support of your club.

Delinquent Membership accounts remain around 40 of the 631 individual memberships issued, and are posted on our website. Although we have not received any significant collections from legal recourse, our efforts continue; and we expect to have filed motions on 8 members owning 15 of the memberships by month end. On the real estate front, traffic at the Welcome Center is picking up, and we have had one closing and two other sales are pending. Negotiations continue with CIC regarding the settlement of their obligations, and in the near term we are proceeding as though we are now a totally independent corporation.

So what's the rest of 2010 look like? Well, it's going to be difficult to make up the entire $300K dues shortfall due to CIC's non-payment. Management believes we can hold the expenses at the current $125K under run level for the year. There is optimism that another $25K may be mined, but it's really too early to tell. We will for the third straight year put the constraints on Capital Repair and Replacements and not spend about $90K of the $200K budgeted. So being conservative, that puts us in the targeted savings range of $200-225K, leaving a potential cash operating deficit of $75-100K.

However, we do not, at this time, foresee any change to our dues and fee structure in 2010; nor do we see a need for an in-year deficit assessment. There are still just too many unknowns, including some potentially significant positives such as increased real estate activity, collections from our pursuit of delinquent members, and a negotiated settlement with CIC. Any and all of these could eliminate the estimated operating deficit. As for our long term debt, in spite of a $70K shortfall in CIC assessments, our restricted reserves are sufficient to meet all our current obligations due to the prior renegotiation of interest rates.

So, until we get additional information, including your input from the upcoming member survey, and a couple more months of experience, we'll continue with our current plan to minimize expense and spending, and cover any operating cash needs through the now fully accessible line of credit. Any changes to dues and fees structures will be made in the 2011 budget cycle.

We do not expect quality of service to suffer, nor have we let the current financial climate impede needed facility maintenance. We do not plan on cutting back on our golf course maintenance program, and we've already realized significant savings utilizing the "in-house" expertise of our newly reorganized maintenance department. The River Club refurbishment is almost complete including new chairs purchased at a significant discount, Clubhouse and Pro Shop window replacement is underway, and Club landscaping looks sharp.

Town Meetings will be scheduled shortly to update you on our financial status, and answer your questions. Please take the time to respond to the upcoming Member survey and thanks for your support.

Bob Deluca
President, CIMC Board of Directors

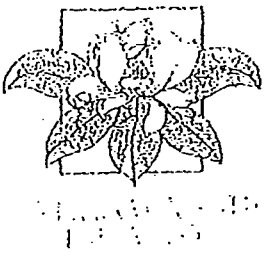
Harman Switzer
Treasurer, CIMC Board of Directors

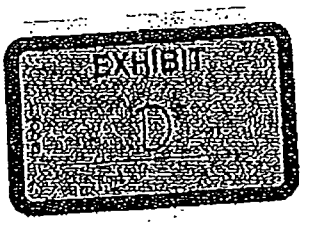
Brian Lasota
Club General Manager

Back

Callawassie Island Club | 22 Callawassie Club Drive, Okatie, SC 29909 | 843-987-2142 | clubit@callawassieislandclub.com

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September, 2010

Dear Fellow Members,

August has been a busy, and we believe a very productive month for the Callawassie Island Members Club (CIMC). First and foremost, a mediated settlement has been reached with the Callawassie Island Company (CIC) which the Board approved at its August meeting. The Board also approved changes to the Membership Plan which we believe will facilitate upgrades and exchanges of memberships. This letter will hopefully bring you up-to-date on all that has occurred since our last correspondence.

As preliminarily outlined at the August Town Meeting and in the Summary prepared by the Communications Committee, the dispute settlement with CIC is in lieu of binding arbitration and was mediated by our respective counsel. The settlement provides for the full and unconditional release of all claims between the parties and terminates the Club Purchase Agreement. CIC will deliver to the Club all unsold Membership Certificates without any encumbrances, and will no longer have any voting or management rights in the Club. The unsold memberships will be placed in an "equity membership pool" along with those previously ceded CIMC owned memberships on the Resale List. The 3:1 Resale List protocol will remain unchanged, and the "pool" memberships will retain their position on the list. The equity contribution proceeds from all new equity sales and "pool" membership sales from the Resale List will be shared equally by the Club and CIC until 2020 unless mutually agreed to continue.

As mentioned above, the mediated settlement abandons all claims by CIC against CIMC. These claims have gone unresolved for several years, and have been an obstacle in previous CIMC discussions for financial independence and the ability to build reserves. The claims were significant in monetary value, and included: CIC's overpayment of capital assessments, lack of dues relief for additional social membership sales, failure to assess the membership for previous bad debt write-offs, and minimization of CIC surplus payments by excessive CIMC year-end spending. Although all of these claims have been refuted by CIMC in the past, they never went away and would have resurfaced in binding arbitration. Going through arbitration would have also left the Club in limbo until resolution, would have been costly in both legal fees and market perception, and may not have yielded the full management and financial independence that we had sought in the previous discussions with CIC. That is now all behind us.

The settlement also acknowledges and leaves open the opportunity of expanding equity memberships through developments "off-island", however, any sale of equity memberships off-island, must be approved by the Club. The maximum number of Golf Equity Memberships allowed in the Club will remain at 595. The maximum Social Equity Memberships that can be issued by the Club will remain at 255; however, the sale of "On-island" Social Equity Memberships will be limited to 140. This is approximately 20% of the 717 island properties, and assures an adequate level of financial support for our most valuable asset...our newly renovated golf courses. Currently the Club has 488 Equity Golf Members and 132 Social Equity Members. We also have three non-equity Associate Members.

Effective immediately, the following changes to The Membership Plan have been approved by the Board. Any Social Equity Member desiring to upgrade to Golf Equity may do so by paying the difference between the current Golf Equity Contribution and the Social Equity Contribution paid. This eliminates the requirement to pay the full Golf Equity Contribution and then place the retired Social Equity on the Resale List. The retired Social Certificate will become part of the equity pool. Secondly, the permanent exchange of Golf and Social Equity Memberships may be accomplished by the payment of a minimal

22 Callawassie Club Drive · Callawassie Island, South Carolina 29909
Clubhouse (843) 987-2142 · Fax (843) 987-2160 · Golf Pro Shop (843) 987-2161

processing transaction fee. This eliminates the previously required payment of a 20% Transfer Fee by the exchanging parties. Further, the requirement to hold an equity membership for a period of 5 years prior to an exchange is waived. As you know, downgrading from Golf to Social Equity Membership is not allowed by The Membership Plan. The Board hopes these amendments will give our members greater flexibility in accomplishing an exchange that fits their Club usage. Anyone interested in knowing more about pursuing an equity exchange should contact our Membership Director, Lindsey Cooler on 987-2737.

The settlement with CIC certainly has financial consequences. For years the CIC subsidy provided by the Purchase Agreement stabilized dues by spreading the Club costs over the maximum of 595 Golf Memberships plus the Social Memberships sold. From 2007-2009, CIC paid well over $1 million in dues and assessments. That subsidy has ended with the mediated agreement leaving a hole of over $300,000 in our 2010 budgeted dues revenue. We remain hopeful through cost avoidance, collections efforts, and an increase in real estate transactions that we can hold the 2010 cash deficit to roughly $125,000. Current expense projections show that we are running golf operations and maintaining the golf course at 2006 levels without any detriment to Club service or playing conditions. The golf course is in great shape. Our reorganized "in-house" maintenance efforts have saved capital dollars while improvements have been made to the River Club, Tennis Facilities and Clubhouse. Because of these efficiencies, we expect capital spending to end the year under budget.

As you are fully aware, the decline in cash, due to delinquent member accounts, necessitated this years' Cash Deficit Assessment. We are pleased to tell you because of your support of that assessment, we are current with our suppliers, and the $150,000 line of credit taken out in late 2008 is paid in full. Progress has been made in decreasing the number of delinquent members. While we regret the need to pursue legal avenues for payment, it is an unfortunate sign of the times that some of those collections are the result of foreclosure sales. We're working with all members and the banks to assure collections. Progress has been slow but steady, and we are hopeful that increasing real estate transactions, distressed sales or not, will continue to improve our cash position.

Our next Town Meeting will focus on the Member survey, but we'll be back to you shortly thereafter with 3rd quarter results and hopefully a more accurate view of year-end cash flow. Thank you for your support of the Club and the staff while we weather this recessionary period.

Robert L. DeLuca
Callawassie Island Members Club President

G. Harman Switzer
Callawassie Island Members Club Treasurer

Brian Lasota
Callawassie Island Members Club General Manager

Exhibit E

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	FOURTEENTH JUDICIAL CIRCUIT
COUNTY OF BEAUFORT)	
)	CASE NO.: 2009-CP-07-4648
THE CALLAWASSIE ISLAND)	
MEMBERS CLUB, INC.,)	
Plaintiff,)	AFFIDAVIT OF
)	MICHAEL A. AULTON
v.)	
)	
MICHAEL A. AULTON and,)	
SANDRA D. AULTON)	
Defendants,)	

BEAUFORT COUNTY, S.C.
Clerk of Court
2011 FEB -2 PM 4:29

Personally appeared before me, Michael A. Aulton, a Defendant, in the above captioned matter, who being duly sworn, deposes and under oath says:

1. That I am a Defendant in this action and I am over 18 years of age.

2. That at the time of purchase of lots in Callawassie from the Callawassie Island Company, L.P. on or about November 2003 that I was told by representatives of Callawassie Island Members Club (CIMC and the Club) that my wife and I would be responsible for one "resident" membership and two "non-resident" memberships respectively for the Lots purchased.

3. That, the CIMC did in fact honor this agreement and bill me pursuant to that agreement for a period of years prior to the current litigation but has since failed to abide by that agreement.

4. That at the time of purchase of the above lot and CIMC memberships, CIMC membership documents indicated that a delinquent member would be expelled after 4 months of unpaid dues and that I never agreed to any change or alteration of this provision.

5. That other members on the delinquent member list, including Bill Hobson, have been offered opportunities to resolve their alleged "delinquency" liability with CIMC through payoffs and the signing of confidentiality agreements, but that CIMC Board has made no such offer to me and has not disclosed making such offers to the members.

6. That other CIMC members, including past Club President Terry Wurtzbacher, as well as the Member Accounting Department representative, Joy Smith, have stated to me that they (or other members) were charged dues such that they only paid "residential" charges on one of their multiple memberships.

7. That upon information and belief, the difference in charge between "resident" and "nonresident" charges for dues is approximately $150.00 or more monthly and for food and beverage charges is $300.00 or more, with such amounts increasing periodically, and that such charge is now part of the amounts seeking to be collected from us by the Plaintiff.

8. That upon information and belief, CIMC is attempting to enforce against me in this litigation, provision and/or policies which are fundamentally different and irreconcilable with the provisions and fundamental purpose, for which, and to which, I joined the Club and for which it was established.

9. That upon information and belief, because of the actions and policies instituted by CIMC, despite my efforts, I have been unable to sale or dispose of the property to which CIMC is claiming my obligation to them arises.

10. That, upon information and belief, the Board of Directors of CIMC have failed to provide basic and fundamental information to their members, including myself, and have unfairly maintained disparate treatment and enforcement in relation to members.

11. That I have read the foregoing Amended Answer Counterclaims and Third Party Complaint and knows the contents thereof; that the same is true of my own knowledge, except as to those matters therein stated to be alleged on information and belief; and as to those matters I believe them to be true.

That further the Affiant Sayeth Not,

BY: _____
Michael A. Aulton

Sworn to and subscribed before me
this 2 day of February, 2011

_____

Notary Public For South Carolina

My Commission Expires: 12/21/19

Exhibit F

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	FOURTEENTH JUDICIAL CIRCUIT
COUNTY OF BEAUFORT)	
)	CASE NO.: 2009-CP-07-4648
THE CALLAWASSIE ISLAND)	
MEMBERS CLUB, INC.,)	
Plaintiff,)	AFFIDAVIT OF
)	SANDRA D. AULTON
v.)	
)	
MICHAEL A. AULTON and,)	
SANDRA D. AULTON)	
Defendants,)	

2011 FEB -2 PM 4:29
BEAUFORT COUNTY, S.C.

Personally appeared before me, Sandra D. Aulton, a Defendant, in the above captioned matter, who being duly sworn, deposes and under oath says:

1. That I am a Defendant in this action and I am over 18 years of age.

2. That at the time of purchase of lots in Callawassie from the Callawassie Island Company, L.P. on or about November 2003 that I was told by representatives of Callawassie Island Members Club (CIMC and the Club) that my husband and I would be responsible for one "resident" membership and two "non-resident" memberships respectively for the Lots purchased.

3. That, the CIMC did in fact honor this agreement and bill me pursuant to that agreement for a period of years prior to the current litigation but has since failed to abide by that agreement.

4. That at the time of purchase of the above lot and CIMC memberships, CIMC membership documents indicated that a delinquent member would be expelled after 4 months of unpaid dues and that I never agreed to any change or alteration of this provision.

5. That other members on the delinquent member list, including Bill Hobson, have been offered opportunities to resolve their alleged "delinquency" liability with CIMC through payoffs and the signing of confidentiality agreements, but that CIMC Board has made no such offer to me and has not disclosed making such offers to the members.

6. That other CIMC members, including past Club President Terry Wurtzbacher, as well as the Member Accounting Department representative, Joy Smith, have stated to me that they (or other members) were charged dues such that they only paid "residential" charges on one of their multiple memberships.

7. That upon information and belief, the difference in charge between "resident" and "nonresident" charges for dues is approximately $150.00 or more monthly and for food and beverage charges is $300.00 or more, with such amounts increasing periodically, and that such charge is now part of the amounts seeking to be collected from us by the Plaintiff.

8. That upon information and belief, CIMC is attempting to enforce against me in this litigation, provision and/or policies which are fundamentally different and irreconcilable with the provisions and fundamental purpose, for which, and to which, I joined the Club and for which it was established.

9. That upon information and belief, because of the actions and policies instituted by CIMC, despite my efforts, I have been unable to sale or dispose of the property to which CIMC is claiming my obligation to them arises.

10. That, upon information and belief, the Board of Directors of CIMC have failed to provide basic and fundamental information to their members, including myself, and have unfairly maintained disparate treatment and enforcement in relation to members.

11. That I have read the foregoing Amended Answer Counterclaims and Third Party Complaint and knows the contents thereof; that the same is true of my own knowledge, except as to those matters therein stated to be alleged on information and belief; and as to those matters I believe them to be true.

That further the Affiant Sayeth Not,

BY: Sandra D Aulton
Sandra D. Aulton

Sworn to and subscribed before me
this 2nd day of February, 2011

Teresa McDaniel

Notary Public For South Carolina

My Commission Expires: 12/21/19

Brian McDaniel

From: Bill Young [BYoung@hghpa.com]
Sent: Friday, May 10, 2013 4:33 PM
To: emillerj@sccourts.org; emillerlc@sccourts.org
Cc: Cece A Boyne; Stephen P. Hughes; Kim Hopkinson; rick@mhalawfirm.com; bmcdaniel@attorneymcdaniel.com; bftjicampbell@ymail.com
Subject: Motion for Non-Jury trial {Matter No.[10809 4 SPH]}{Callawassie Island Members Club v. Applegate}
Attachments: 318235.pdf

Judge Miller:

This Firm, along with Rick Haight, represents the Callawassie Island Members Club in the above-referenced matter, which is scheduled to be tried next week while you are in Beaufort. I have attached herewith a copy of a motion for non-jury trial that we are filing today with the Clerk of Court. I sincerely apologize for the late hour of this filing, but as you will see in the motion, recent events caused us to re-evaluate the necessity of having a jury. I have, by copy to all counsel, advised them of this motion.

Again, I apologize for the timing of this motion, and assure you we will be prepared for a non-jury trial on Monday. If you have any questions, please contact me.

William T. Young III
Howell, Gibson & Hughes, P.A.
P.O. Box 40
Beaufort, SC 29901
(843)-522-2408 (direct)

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Amended And Restated General Declaration For

Callawassie Island And Provisions For The

Callawassie Island Property Owners Association, Inc.

Of

December 1, 2001

BEAUFORT COUNTY SC - ROD
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James P. Scheider, Jr.
Jones, Scheider & Patterson, P.A.
P.O. Box 1938
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(843) 706-6111

AMENDED AND RESTATED GENERAL DECLARATION FOR
CALLAWASSIE ISLAND AND PROVISIONS FOR
THE CALLAWASSIE ISLAND PROPERTY
OWNERS ASSOCIATIONS, INC.
OF
DECEMBER 1, 2001

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STATE OF SOUTH CAROLINA)
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COUNTY OF BEAUFORT)
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AMENDED AND RESTATED GENERAL DECLARATION FOR CALLAWASSIE ISLAND AND PROVISIONS FOR THE CALLAWASSIE ISLAND PROPERTY OWNERS ASSOCIATION, INC.

THIS AMENDED AND RESTATED GENERAL DECLARATION for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc. of December 1, 2001 (hereinafter referred to as Callawassie Island Property Owners Association Covenants of December 1, 2001) is made by the Callawassie Island Property Owners Association, Inc. ("Association") as assignee of the Declarant Rights from Callawassie Island Company, L.P. ("Company") pursuant to the Provisions of the "Supplementary Declaration of Covenants and Assignment of Declarant Rights," ("Assignment of Declarant Rights") effective April 30, 1997 as recorded in the Office of the Register of Deeds for Beaufort County, on November 20, 1997 in Official Record Book ("ORB") 992 at Page 100, and, pursuant to the authority vested in the Association in the Transition Agreement of April 30, 1997 ("Transition Agreement") as contemplated in the Original Declaration and amendments and supplements thereto as herein described.

WHEREAS, on the 22nd day of December, 1983, Three Fountainview Corporation ("TFC"), as the first Declarant executed that certain General Declaration for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc. (the "Original Declaration") which was recorded on December 30, 1983, in the Register of Deeds Office in Book 384 at Page 1813; and subsequently re-recorded on November 19, 1985, in the Register of Deeds Office in Deed Book 435 at Page 329; and

WHEREAS, the Original Declaration has been (a) supplemented by that certain Supplementary Declaration dated April 28, 1988, recorded in the Register of Deeds Office on June 10, 1988, in Book 503 at Page 1372 and that certain Second Supplementary Declaration dated December 22, 1988, recorded in the Register of Deeds Office on December 22, 1988 in Book 518 at Page 1845; and (b) amended by that certain First Addendum to Declaration dated May 17, 1986, recorded in the Register of Deeds Office on June 17, 1986 in Book 451 at Page

1600, that certain Second Addendum to Declaration dated February 13, 1988, recorded in the Register of Deeds Office on June 10, 1988 in Book 503 at Page 1366 and that certain Third Addendum to Declaration dated June 30, 1989, recorded in the Register of Deeds Office on July 11, 1989, in Book 532 at Page 1739; and

WHEREAS, TFC assigned all of its rights under the Declaration to Callawassie Development Company ("CDC") by virtue of that certain Assignment of Declarant Rights recorded in the Register of Deeds Office in Book 434 at Page 544 on November 5, 1985, and thereafter CDC assigned all of its rights under the Declaration to CLL Associates, L.P. by virtue of that certain Assignment of Declarant Rights recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Book 554 at Page 812 on May 31, 1990; and thereafter CLL Associates, L.P. assigned all of its rights under the Declaration to Callawassie Island Company, L.P. ("Company") by virtue of that certain Assignment of Declarant Rights recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Book 554 at Page 837 on May 31, 1990; and

WHEREAS, on or about March 20, 1993, Company prepared and recorded and "Amended And Restated General Declaration For Callawassie Island And Provisions For The Callawassie Island Property Owners Association, Inc." ("Amended and Restated Declaration") as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 623 at Page 546.

WHEREAS on or about November 3, 1993, Company prepared and recorded as "First Addendum To The Amended And Restated General Declaration For Callawassie Island And Provisions For The Callawassie Island Property Owners Association, Inc." as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 713 at page 2398.

WHEREAS on or about March 8, 1995, Company prepared and recorded as "Second Addendum To The Amended And Restated General Declaration For Callawassie Island And Provisions For The Callawassie Island Property Owners Association, Inc." as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 766 at page 536.

WHEREAS on or about August 19, 1996, Company prepared and recorded as "Third Addendum To The Amended And Restated General Declaration For Callawassie Island And Provisions For The Callawassie Island Property Owners Association, Inc." as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 882 at page 1032.

WHEREAS, Association prepared and recorded an "Amended And Restated Declaration for Callawassie Island And Provisions For The Callawassie Island Property

Owners Association, Inc. Of December 31, 1997", as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Deed Book 1040 at Page 1111.

WHEREAS, the Association, as the present Declarant hereunder, now wishes to further amend the text of the Original Declaration, and to further amend the Original Declaration, as so supplemented and amended, by amending and restating the Original Declaration, as so supplemented and amended, in its entirety as herein provided, specifically including the complete amendment and adoption of a new Section 2, of PART FIVE, Article VII as herein set forth, as approved by the requisite vote of the members of Association, together with other amendments, thus necessitating the preparation, execution and recording of the within instrument; and

WHEREAS, the Company and its predecessors in title held title in fee simple to the certain lands (hereinafter referred to as the "Property") described in PART ONE, Article II, Section 1 of this Declaration and in the Master Plan (which has been made available for inspection by prospective property owners) and has planned and developed, and intends to continue to plan and develop, a community comprised of the Property and known as Callawassie Island with certain facilities, amenities and services for the use and benefit of all property owners within such community; and

WHEREAS, the Association desires to provide a means for the preservation of the values and amenities and for the maintenance of common facilities, services and properties, and, to this end, the Association has and does hereby subject the Property, together with such additions as may hereafter be made, as provided in PART ONE, Article II, Section 2 to the covenants, restrictions, easements, affirmative obligations, charges and liens hereinafter set forth (hereinafter collectively referred to as the "Covenants"), each and all of which is hereby declared to be for the benefit of the Property and any and all parts thereof; and

WHEREAS, this Amended And Restated Declaration will be referred to as Callawassie Island Property Owners Association Covenants of December 1, 2001; or simply as the "Declaration", and will be recorded promptly after the effective date of the amendment and restatement hereof in the Register of Deeds Office and may be incorporated by reference in deeds to residential property issued by the Company, by reference to the book and page of recording in the realty records in the Register of Deeds Office.

NOW, THEREFORE, the Association hereby declares that the Property and such additions thereto as may hereafter be made pursuant to PART ONE, Article II, Section 2 hereof are and shall be held, transferred, sold, conveyed, given, purchased, occupied, and used subject to this Declaration. This Declaration, the benefits of the Covenants and the affirmative and negative burden of the Covenants, shall touch and concern and run with the land herein referred to as the Property. The Association reserves the right to add additional covenants in

respect to the Property, but not to portions of the Property previously conveyed to others. Any rights and easements reserved by the Association under this Declaration shall also be reserved to the successors-in-interest and assigns of the Association.

PART ONE
GENERAL REFERENCES

ARTICLE I
DEFINITIONS

Section 1. Definitions. The following words and terms, when used in this Declaration or any supplement or amendment hereto or hereof, unless the context shall clearly indicate otherwise, shall have the following meanings:

(a) "affiliated entity" shall mean and refer to any corporation, partnership, joint venture or unincorporated association more than fifty percent (50%) of the ownership, cash flow interest or voting or similar control of which is owned or possessed by the party in question.

(b) "amendment" shall mean the process of formally altering provisions of these Covenants by modification, deletion or addition.

(c) "approved", "approval" and words of similar import shall mean written approval issued by the person or entity granting such approval and signed by its designated representative.

(d) "Association" shall mean and refer to the Callawassie Island Property Owners Association, Inc., (CIPOA) a South Carolina nonprofit corporation, and its successors and assigns and shall likewise refer to the "Declarant" as that term is defined in PART ONE, Article I, Section 1, Paragraph (m).

(e) "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association, as constituted from time to time.

(f) "Business purposes" shall include, but not be limited to, any use as a medical facility, professional office, entertainment, commercial or like facility. The use of a Family Dwelling Unit as a model dwelling display or real estate sales office maintained by the Company, its successors or assigns or those granted a written license for such use by the Company, its successors or assigns,

however, shall not be deemed use for business purposes for a period of twelve (12) months after either such building is ready for occupancy.

(g) "Bylaws" shall mean and refer to the Bylaws of the Association, a copy of which in its current form is attached hereto as Exhibit "B" and made a part hereof.

(h) "Club Corporation" hereinafter sometimes referred to as "the Club" shall mean and refer to The Callawassie Island Members Club, Inc., a South Carolina nonprofit corporation, its members and its successors and assigns.

(i) "Club Property" shall mean and refer to the land and improvements which are designated for use by the Club Corporation which are not deeded to the Association or to private Property Owners including but not limited to the existing golf course (including 27 holes), putting green, clubhouse buildings, tennis courts and swimming pool, River Club facility, dock facility, barbecue/picnic area and gazebo, together with all maintenance facilities and equipment used in connection therewith and all easements, utility reservations, rights-of-way, strips and gores of land, tenements, hereditaments, privileges, licenses and appurtenances in any way belonging or appertaining thereto, all as shown on the Master Plan.

(j) "Common Properties" shall mean and refer to those portions of the Property, together with any improvements thereon, which were deeded to the Association by Company by the deed of conveyance dated the 29th day of June, 2001 and recorded in the Office of the Register of Deeds in Deed Book 1440 at Page 805 and designated in said deed as "Common Properties". The term "Common Properties" shall include the Open Space that shall be deeded to the Association, and any personal property acquired by the Association, if such property is designated as part of the "Common Properties". All Common Properties are to be devoted to and intended for the common use and enjoyment of the Property Owners, their tenants, guests and invitees, at uniform fees, charges and assessments established herein, as may be modified from time to time by the Association. The designation and dedication of land or improvements as Common Properties shall not mean or imply that the public at large or the Property Owners, their tenants, guests and invitees acquire an easement of use or enjoyment therein except at such fees, and under such rules and regulations for operation, as may be established from time to time by the Association. Those areas designated to become Common Properties when

deeded to the Association, subject to the right to designate additional properties prior to such deeding, are identified on the Master Plan.

(k) "Company" shall mean Callawassie Island Company, L.P., (CIC) a Delaware Limited Partnership, and shall likewise refer to the "Declarant" as that term is defined in PART ONE, Article I, Section 1, Paragraph (m).

(l) "Court of competent jurisdiction" shall mean and refer to the Court of Common Pleas for Beaufort County, South Carolina, or its successor court.

(m) "Covenants" shall mean and refer to the "Amended and Restated Callawassie Island Covenants", being all covenants, conditions, restrictions, and obligations set forth in this Declaration, as amended and restated, and all subsequent authorized amendments and supplements hereto.

(n) "Declarant" shall mean the Association, and its successors and assigns, or any mortgagee which may acquire all or substantially all of the Property included in this Declaration by foreclosure of a mortgage given by Declarant or by any proceeding or conveyance in lieu of foreclosure.

(o) "drainage" means the removal of surface water or ground water from land by drains, grading or other means, and includes control of runoff to minimize erosion and sedimentation during and after construction or development and means necessary for water supply preservation or prevention or alleviation of flooding.

(p) "Duplex" or "Duplex lots" refer to Heron Walk Villas and other such structures as may be approved by the members from time to time.

(q) "Enforcement" shall mean the authority the Association has over any violations of the Declaration, Covenants, Bylaws, and Rules and Regulations as provided for in the Association Bylaws.

(r) "Family Dwelling Unit" shall mean and refer to any improved property intended for use as a single-family detached dwelling or duplex unit located within the Property.

(s) "Golf Cottages" shall mean and refer to those Residential Lots upon which the Family Dwelling Units known as the "Golf Cottages" and as

referred to in PART FOUR, Article III hereof, are to be constructed in accordance with the plans submitted to and approved by the Review Board.

(t) "Heron Walk Villas", formerly referred to as "Village on the Lake on Callawassie Island", is that certain development of duplexes on a Duplex Residential Tract on Callawassie Island as shown on the plats recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 31 at Page 206 and in Plat Book 32 at Page 12, and which is subject to that certain "Declaration of Covenants and Restrictions for Village on the Lake on Callawassie Island and Provisions for Village on the Lake Owners Association" which is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Book 401 at Page 1129, together with the Bylaws therefor filed in the Register of Deeds Office in Book 401 at Page 1145.

(u) "Master Plan" shall mean and refer to Exhibit "C" and by this reference made a part hereof which represent the plan for the existing and future development of Callawassie Island, copies of such Master Plan being held by the Company and Board of Directors and made available for inspection by prospective land purchasers. The Master Plan has evolved over the course of development of the Property and now reflects the current and proposed status of the Property as a result of that evolutionary process. No implied reciprocal covenants restricting use shall arise with respect to lands which have been retained by the Company for future development, except that all the covenants, restrictions, obligations and conditions set forth in this Declaration shall apply to all portions of the Property retained by the Company. The Company, the Club or the Association shall not be bound by any development plan, use or restriction of use not reflected on the Master Plan, and may at any time change or revise the use of any area owned by the Company, the Club or the Association for which a proposed use is not indicated on the Master Plan, but only to uses otherwise consistent with this Declaration.

(v) "Member" shall mean and refer to the Company and all Property Owners who are members of the Callawassie Island Property Owners Association, Inc., as provided in PART THREE, Article I, Section 1 hereof.

(w) "Offensive or noxious" activity or behavior shall include, but not be limited to, a public nuisance or nuisance per se, and shall also include any behavior or activity which is inconsistent with both the pleasurable use of Callawassie Island by the Association, the Club and the Property Owners and their reasonable expectations of enjoying their property and the available amenities and natural surroundings of Callawassie Island free of boorish, rude,

excessively noisy, crude or tasteless behavior, flashing lights, racing vehicles, offensive or tasteless displays of public sexuality, radio, hi-fi or electronic music distractions, or other similar behavior. Public musical or other entertainment, parades, concerts, festivals, carnivals, competitions or shows conducted under permit from the Association shall not constitute offensive or noxious activity or behavior unless such permit is withdrawn by the Association.

(x) "Open Space" shall mean and refer to those parcels of land which cannot be developed, improved or altered except as provided in PART TWO, Article III and are reflected as "Open Space" on the Master Plan.

(y) "Pertinent Laws" shall mean and refer to all statutes, ordinances, rules and regulations pertinent to the ownership, sale, use and development of the Property, as codified or promulgated by the State of South Carolina, the County of Beaufort, South Carolina, the government of the United States of America and other public authorities having jurisdiction over the Property.

(z) "Property" and "Callawassie Island" shall mean and refer to the real property described in PART ONE, Article II, Section 1 hereof and Exhibit "A" hereto, and any additions thereto made pursuant to PART ONE, Article II, Section 2 hereof which are subjected to this Declaration or any supplemental declaration pursuant to the provisions of said PART ONE, Article II, Section 2 hereof. At all times, the Property shall be comprised of the following classes of property for purposes of the varied assessments set forth herein: (1) Undeveloped Land owned by the Company, which may also be Unsubdivided Land; (2) Residential Lots; (3) Family Dwelling Units; (4) Duplex Residential Tracts; (5) Common Properties; (6) Open Space; (7) the Club Property; and (8) all lands presently owned by any utility company (i.e., CUC, Inc. etc.) or the Company and used in connection with the sewage treatment facility or maintenance facilities located on Callawassie Island.

(aa) "Property Owner" shall mean and refer to the owner, as shown by the real estate records of the Register of Deeds Office, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot, Family Dwelling Unit or Duplex lot situated upon the Property; provided, however, that notwithstanding any applicable theory of mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Property Owner" mean or refer to any lessee or tenant of a Property Owner. In the event that

there is recorded with the Register of Deeds Office a long-term contract of sale covering any Residential Lot, Family Dwelling Unit, Duplex lot or Unsubdivided Land within the Property, the Property Owner of such Residential Lot, Family Dwelling Unit, or Duplex lot shall be the purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the purchaser is required to make payments for the property in question for a period extending beyond nine (9) months from the date of such contract, and where the purchaser does not receive title to the property in question until such payments are made, although the purchaser may be given the use of said property.

(ab) "Quorum" shall mean a majority of those eligible to vote.

(ac) "Register of Deeds Office" shall mean and refer to the Office of the Register of Deeds for Beaufort County, South Carolina, formerly referred to as the Register of Mesne Conveyances (RMC) for Beaufort County, South Carolina, or the successors and assigns of that office.

(ad) "Referendum" shall mean and refer to the power of all or some specific portion of the Members to vote by mailed ballots or on special ballots at a duly called special meeting of the Association on certain actions taken or proposed to be taken by the Board of Directors of the Association. When a Quorum is established and a majority of the votes actually tendered to the Association within any specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage required to "pass" shall be specifically expressed herein or be required for any particular issue by a vote of the Association, as determined by the procedures set forth herein, that higher percentage shall control in that instance.

(ae) "Residential Lot" shall mean any unimproved parcel of land located within the Property which is intended for use as a site for a single-family detached dwelling or a duplex unit as shown on the Master Plan or upon any recorded final subdivision plat of any part of the Property. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to reasonably permit habitation thereof.

(af) "Review Committee" is defined in PART TWO, Article I, Section 2(c).

(ag) "Shall or will" indicates a mandatory requirement, condition, or obligation; in contrast, the term "may" indicates a permissive action.

(ah) "Special Assessment" is defined in PART THREE, Article III, Section 2(b).

(ai) "Spring Island POA" shall mean Spring Island Property Owners Association (SIPOA).

(aj) "Structure" shall mean any construction, object, projection or piece of work artificially built or composed of parts joined together in some definite manner, which is erected or shaped on the Property, including, but not limited to, buildings, roofs, docks, fences, bulkheads, tennis courts, swimming pools, pavilions, tents, gazebos, garage facilities, signs, abutments, ornamental projections, exterior fixtures, masonry structures, shaped earth as a landscape feature, lights or any other object or device which might obstruct or interfere with the quality of the view from any portion of the Property.

(ak) "Substantive" shall mean any amendments to this Declaration which affect the rights or responsibilities of the Property Owner, Association or the Club.

(al) "Use of land" or "intended for use" shall mean the use designated in the deed of conveyance of a parcel of land, this Declaration or any declaration supplemental hereto designating the use for which the particular parcel of land is restricted. Reference to "uses" of land, or description of parcels on maps and promotional material shall not constitute a designation of use for purposes of this Declaration, nor shall such reference (whether or not by reference), create any obligation for the Company, its successors or assigns.

(am) "Use or used for residential purposes" shall mean to be used as one's residence or normal and customary place of abode and shall not include any use for Business Purposes. The use of a portion of a Family Dwelling Unit as an office shall be considered a residential use if, and only if, such use does not create customer or client traffic to and from the Family Dwelling Unit in question and no sign, symbol, logo, or nameplate identifying such business is affixed to or about the entrance to such Family Dwelling Unit, except where the approval of the Association has been given to such use.

ARTICLE II
PROPERTY DESCRIPTION

Section 1. Existing Property.

(a) The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to this Declaration is located on Callawassie Island, Beaufort County, South Carolina, and is more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof.

(b) The Company shall develop the Property in accordance with the Master Plan, as a residential community featuring a country club setting including recreational facilities, various amenities and all other activities permitted by law which the Company deems appropriate as uses for the Property. The Master Plan binds the Company, its heirs, successors and assigns in the development of the land shown thereon as to:

(i) a residential density of Residential Lots with a total of no more than seven hundred ninety-five (795) Family Dwelling Units thereon (including Golf Cottages and Duplexes); and

(ii) a restriction that no building will exceed three (3) stories, as defined herein, in height. The portions of the Property conveyed to the Association shall become Open Space or Common Properties, as the case may be, in accordance with their designation on the Master Plan and in the deed(s) of conveyance from the Company. The Company shall not be required to follow any predetermined sequence or order of improvements and development; and it may bring within the plan of this Declaration additional lands in accordance with PART ONE, Article II, Section 2 below, and develop the same before completing the development of the Property.

Section 2. Additions to Property. Additional lands may become subject to this Declaration in the following manner:

(a) The Association, its successors and assigns, shall have the right to bring within the plan and operation of this Declaration additional properties in future stages of the development. The additions authorized under this and the succeeding subsections shall be made by either deeding such additional property subject to this Declaration by specific reference in individual deeds or by filing a supplementary declaration of covenants and restrictions with respect to the

additional property which shall extend the operation and effect of this Declaration to such additional property.

Such supplementary declaration may contain such complementary additions and modifications of this Declaration as may be necessary or convenient, in the judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on this Declaration as it applies to the Property.

(b) Upon approval of the Association pursuant to establishment of a Quorum and a seventy five percent (75%) vote of the Members by Referendum, the owner of any property who desires to add it to the plan of this Declaration and to subject it to the jurisdiction of the Association may file or record a supplementary declaration with respect to such additional property, which shall extend the operation and effect of this Declaration to such additional property; provided, however, that the adjacent property known as "Spring Island" may not be brought within the plan and operation of this Declaration without the affirmative vote of ninety percent (90%) of the Members of the Association.

Such supplementary declaration may contain such complementary additions and modification of this Declaration as may be necessary or convenient, in the sole judgment of the Association, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on this Declaration as it applies to the Property.

(c) Upon merger or consolidation of the Association with another association, as provided for in the by-laws of the Association, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of said association may, by operation of law, be added to the properties of the Association, as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Property, together with the covenants and restrictions established upon any other properties owned by such association, as one plan. No merger or consolidation shall effect any revocation, change or addition to this Declaration including, without limitation, the maximum limits on assessments and dues of the Association or any other matter adversely affecting the interests of Members of the Association.

(d) For any property subjected to this Declaration pursuant to the provisions of this Section 2, there may be established by the Association an additional association, limited to the owners and/or residents of such additional property, in order to promote social welfare, including health, safety, education, culture, comfort and convenience, to participate in the election of representatives on the Board of Directors, to receive from the Association a portion, as determined by the Board of Directors, of the annual assessments levied pursuant hereto and thereto, to use such funds for its general purposes and to make and enforce rules and regulations of supplementary covenants and restrictions, if any, applicable to such additional property.

(e) Notwithstanding anything to the contrary contained in this Section 2, no bringing of additional property within the plan and operation of this Declaration shall have the effect of increasing the assessments and other charges which would otherwise be payable by the Members or Property Owners pursuant to this Declaration or diluting their voting or other participatory rights hereunder.

PART TWO
COVENANTS AND RESTRICTIONS APPLICABLE TO COMMUNITY DEVELOPMENT OF CALLAWASSIE ISLAND

ARTICLE I
GENERAL COVENANTS

Section 1. Purposes.

(a) The primary purpose of this Declaration, and the foremost consideration in the origin of the same, has been the creation of a residential community which is aesthetically pleasing, functionally convenient and capable of maintaining itself while retaining private control, and which provides for the ultimate ownership, operation and maintenance, through the Association, of the Open Space and Common Properties. The establishment of objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of the Property and of technological advances and environmental values. For this reason, such standards are not established hereby, but may be suggested by the Review Committee (as hereinafter defined) in discussions with and through materials submitted to the Association Board. The following standards and this Declaration are consistent with and serve to complement the subdivision regulations of Beaufort County, South Carolina. To implement this Declaration

the Association shall, through the Review Committee, establish and amend from time to time objective standards and guidelines which shall be in addition to and may be more restrictive than said governmental standards.

(b) All Residential Lots on Callawassie Island shall be used for residential purposes exclusively. No structure shall be erected, altered, placed or permitted to remain on any Residential Lot, other than a Family Dwelling Unit with one (1) small one-story accessory building which may include a detached private garage, provided the use of such accessory building does not overcrowd the site and provided further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building.

(c) All Duplex lots on Callawassie Island shall be used for residential purposes. No structure shall be erected, altered, placed or permitted to remain on any Duplex lot, other than Family Dwelling Units with one (1) small one-story accessory building which may include a detached private garage or carport, provided the use of such accessory building does not overcrowd the site and provided further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building.

(d) A guest suite or like facility without a kitchen may be included as part of the main dwelling or accessory building, but such suite may not be rented or leased except as part of the entire premises including the main dwelling, and then only if the use of such suite would not result in over-crowding the site; provided, however, that nothing contained herein shall prevent the use of a guest suite or like facility for housing domestic servants.

(e) The provisions of this Section 1 shall not prohibit the Company or its successors or assigns from using a house or other Family Dwelling Unit as a model for its sales program. Use of any house as a model shall be limited to display purposes for a period not to exceed twelve (12) months.

Section 2. Architectural and Design Review.

(a) Purpose: In order to preserve the natural beauty of Callawassie Island and its setting, to maintain Callawassie Island as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of the Property, no clearing, excavation, grading, changing elevation or other site work shall be commenced, structure

shall be erected, placed or altered upon any portion of the Property until the proposed site work and building or improvement plans, specifications, exterior color or finish, plot plan (showing the proposed location of such structure and related driveways and parking areas), landscape plan and drainage plan shall have been approved in writing as hereinafter provided.

(b) Objectives: Architectural and design review shall be directed toward attaining the following objectives for Callawassie Island:

(i) preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property and removal of trees and vegetation which could cause disruption of natural water courses or scar natural landforms;

(ii) ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the subject Residential Lot or Club Property with surrounding Residential Lots and structures thereon and do not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape;

(iii) ensuring that the architectural design of structures and the materials and colors thereof are visually harmonious with Callawassie Island's overall appearance, history and cultural heritage, surrounding development, natural landforms and native vegetations and development plans officially approved by the Association and any Pertinent Laws for the areas in which the structures are proposed to be located;

(iv) ensuring that plans for landscaping provide visually-pleasing settings for structures on the Residential Lots, Club Property, common properties and open spaces and blend harmoniously with adjoining or nearby properties and the natural landscape;

(v) ensuring that all development of structures and landscaping comply with the provisions of this Declaration; and

(vi) ensuring that all future plotting of undeveloped land is in conformance with the overall Island drainage plan as approved by Beaufort County.

(vii) promoting building design and construction techniques that respond to energy consumption and environmental quality considerations such as heat loss, air emissions and run-off water quality.

(c) Architectural Review Committee

(i) Composition and Term: The Association through its elected Board of Directors shall establish an Architectural Review Committee (hereinafter referred to as the "Review Committee" which will consist of five (5) members, plus a representative of the Company who shall serve at the pleasure of the CIPOA Board. These five (5) members shall be appointed by the Board of Directors. The regular term of office for each member shall be two (2) years, coinciding with the first (1st) CIPOA Board meeting following the Annual Meeting of the Association. No Review Committee member shall serve more than two (2) consecutive terms. The term of such members shall be staggered to the maximum extent possible to promote continuity. The Board of Directors will fill any un-expired terms of the Review Committee members. A successor appointed to fill such vacancy shall serve the remainder of the term of the former member. Any member appointed by the Board of Directors may be removed by a majority vote of the Board of Directors.

(ii) Officers and Procedures: The Review Committee shall report to the Board of Directors of the Association. The Review Committee shall nominate a chairman for Board approval. The Chairman or a designated representative shall attend regular Association Board meetings. The Chairman of the Review Committee, or in his or her absence, the Vice-Chairman of the Review Committee, shall be presiding officer of its meetings. All meetings shall be held at least once in each calendar month or more frequently upon call of the Chairman. All meetings shall be held at the offices of the Association on Callawassie Island, South Carolina, or at such other place as may be designated by the Chairman. Three (3) members shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members of the Review Committee shall constitute the action of the Review Committee on any matter before it. The Review Committee shall operate in accordance with its own rules of procedure, which shall be deemed to be incorporated herein by reference, and in the event of any inconsistency between such rules and this Declaration, this Declaration shall control.

(iii) Use of Outside Professionals: The Review Committee is hereby authorized to retain the services of one or more consulting architects, landscape architects, engineers, and/or attorneys, who need not be licensed to practice in the State of South Carolina, to advise and assist the Review Committee in performing the design review functions herein prescribed.

(d) The Architectural Review Authority. The Architectural Review Committee which shall be under the control of the Association through its elected Board of Directors will have Architectural and Design Review Authority. The rules, guidelines and procedures of the Review Committee shall be subject to approval by the Board of Directors. Consequently, any approval or disapproval made by the Committee in regards to the Architectural Review process is subject to appeal by affected property owners, and subject to the approval of the Board of Directors. The Review Committee's rules shall be filed with the Association and maintained in the records of the Association.

(e) Review and Approval of Plans for Construction of or Additions, Alterations or Changes to Structures and Landscaping. No structure of any kind shall be commenced or erected upon any Residential Lot, Duplex Residential Tract or Club Property, the exterior of any Family Dwelling Unit or the Common Properties or Open Space, nor shall any landscaping be done, nor shall any addition to any existing structure or alteration or change therein be made until the proposed building plans, specifications (including height, materials and exterior finish), plot plan, landscape plan and construction schedule shall have been submitted to and approved by the Review Committee.

(f) Submission, Approval and Refusal of Architecture, Siting, Landscaping and Other Building Plans. Two (2) copies of all required plans and related data shall be furnished the Review Committee. One (1) copy shall be retained in the records of the Review Committee. The second copy shall be returned to the owner, if requested. The Review Committee shall establish and collect a fee sufficient to cover the expense of reviewing such plans and related data at the time they are submitted for review and to compensate any consulting architects, landscape architects, engineers and attorneys' retainer in accordance with subparagraph (c)(iii) above. The Review Committee shall have the right to increase this fee amount not more than once in any subsequent twelve (12)-month period. All review fees shall be deposited and administered by the Association Board. Following the submission and review of the plans, the Review Committee will provide the applicant with a letter of approval or

disapproval within ten (10) days. Approvals shall be dated and shall not be effective for construction commenced more than six (6) months after the date of approval. Disapproved plans and related data shall be accompanied by a reasonable statement of items found unacceptable. In the event that approval of such plans and related data is neither granted nor denied within thirty (30) days following receipt by the Review Committee of written request for approval, the provisions of this Section 2 shall be thereby waived. Refusal or approval of such plans and related data may be based by the Review Committee upon any ground which is consistent with the objectives of this Declaration, including purely aesthetic considerations, so long as such ground is not arbitrary, capricious or contrary to any Pertinent Law.

(g) Collection of Compliance Deposit. In addition to all other rights and powers conferred upon the Review Committee by this Declaration and pursuant to its rules of procedure, the Review Committee is expressly authorized to collect a sum approved by the Board of Directors (which sum may be raised or lowered from time to time, but not waived, by the Board of Directors without amendment of this Declaration) as a condition to the approval of all plans and related data, to insure compliance with the requirement to restore all grassed parkway, street pavement and graded surfaces on adjacent common lands or private property to their original condition and contours, as well as the requirement to complete all landscape work on the subject property according to the plans and specifications approved by the Review Committee within one-hundred twenty (120) days after receipt of the Certificate of Occupancy (CO) from Beaufort County. The Association Board shall establish a fund into which all such compliance deposits shall be deposited and said escrow account shall be administered by the Association Board. If such landscaping work is not timely completed, the Association Board shall have the right to use such amount to contract for and complete such work; provided, however, that should such amount be insufficient to complete such work, the Property Owner or the Club Corporation, as applicable, shall remain liable therefore, and shall be subject to an action for specific performance by the Board of Directors to compel the completion of such work, in addition to any and all remedies available to the Association and all affected Property Owners pursuant to this Declaration, the Bylaws (Article XIV, Section 3), at law or in equity.

(h) Approval Not a Guarantee or Representation of Proper Design or Good Workmanship. No approval of plans, location or specifications, and no publication of architectural standards bulletins shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly-designed structure. Such approvals and standards

shall in no event be construed as representing or guaranteeing that any structure or improvement thereto will be built in a good and workmanlike manner. Neither the Association nor the Review Committee shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under this Declaration nor for any defects in construction pursuant to such plans and specifications. The Club Corporation and each Property Owner shall have sole responsibility for compliance with approved plans and specifications and by its acceptance of its portion of the Property subject to this Declaration does hereby hold the Review Committee, the Association, the Board of Directors and the Company, and their respective directors, officers, partners, agents, employees and independent contractors, harmless for any failure thereof caused by the architect or builder of the Club Corporation or such Property Owner. The Association reserves the right to prohibit the builder and/or general contractor of the Club Corporation or such Property Owner from the site, in the event that it is determined that any failure to comply with approved plans and specifications occurs.

(i) Right to Appeal Decisions by the Review Committee. In the event that any required plans and related data are disapproved by the Review Committee, the affected Property Owners or Club Corporation shall have the right to appeal the decision of the Review Committee. Such appeal shall be to the Board of Directors. Likewise, in accordance with paragraph (d), Part Two, Article I, Section 2, other affected property owners may also appeal decisions by the Review Committee. Such appeal shall be perfected by a written notice of appeal which must be received by the Board of Directors within thirty (30) days of the date of such approval or disapproval. Procedures for such appeal shall be determined by the Board of Directors, but the scope of review shall be strictly limited to ascertaining whether or not the Review Committee properly approved or disapproved such plans and related data based upon its guidelines in effect at the time of such approval or disapproval. No action may be brought against the Review Committee, the Company, the Association, or the Board of Directors unless and until such appeal is made by the affected Property Owners or the Club Corporation and a decision on such appeal is made by the Board of Directors, which shall be made within sixty (60) days of receipt of the notice of such appeal.

Section 3. Siting. To assure that structures will be located so that the maximum view, privacy and breeze will be available to each structure, and that structures will be located with regard to the topography of each portion of the Property and taking into consideration the location of large trees and other aesthetic and environmental considerations, the Review Committee reserves unto itself, its successors and assigns, the right to control and to decide

solely, (a) so long as its decisions are not arbitrary, capricious or contrary to any Pertinent Law, and (b) subject to the provisions of all Pertinent Laws, the location of structures on all portions of Callawassie Island. The Review Committee will consider comments from contiguous property owners for a period of fifteen (15) days after posting a notice that development plans have been submitted for a property.

The location shall be determined only after reasonable opportunity is afforded to the affected Property Owner or the Club Corporation to recommend a specific location, and if the location recommended by such Property Owner or the Club Corporation substantially complies with the criteria set forth in this Section 3, the Review Committee shall not substitute its judgment for that of Property Owner or the Club Corporation.

Section 4. Parking. Each Property Owner shall provide space for the parking of at least two (2) automobiles off of community streets and roads prior to the issuance of a certificate of occupancy for any structure constructed on such Property Owner's Residential Lot or Duplex lot in accordance with reasonable standards established by the Review Committee. Overnight parking on community streets in excess of one (1) night is prohibited, except adjacent to Heron Walk Villas. The Club shall provide adequate parking on Club Property to meet the needs of its members, their guests and invitees.

Section 5. Completion of Construction. The exterior of all structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible, or would result in hardship to the Property Owner, the Association, the Club Corporation or their builder, due to strikes, unavailability of labor or materials, fires, national emergency or natural calamities. Structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction, the Property Owner, the Association and the Club Corporation shall require their contractor and subcontractors (and such contractor and subcontractors shall require their laborers and material men) to maintain the Residential Lot or Club Property in a reasonably clean and uncluttered condition. Upon completion of construction, the Property Owner, the Association and the Club Corporation shall require such contractor and subcontractors to immediately remove all equipment, tools and construction material from the subject residential Lot or Club Property. Any damage to roads, bike paths, Common Properties or portions of the Property owned by others which is caused by the Property Owner's or Club Corporation's contractor, subcontractors or other parties providing labor or services to the Property Owner or the Club Corporation shall be repaired by the Property Owners or the Club Corporation or, in the event that such repair is not completed within thirty (30) days of such damage, such repair may be effected by the Association at Property Owner's or Club Corporation's expense. The landscaping plan for all Family Dwelling Units or Club Property must be completely implemented consistent with Review Committee guidelines.

Section 6. Service Yards. Each Property Owner and the Club Corporation shall provide a visually screened area to serve as a service yard, an area in which garbage receptacles, home fuel tanks and similar storage receptacles, electric and gas meters, air conditioning equipment, clothes lines, and other unsightly objects must be placed or stored in order to conceal them from view from the abutting community road(s) and properties.

Plans for such visually-screened area, delineating the size, design, texture, appearance and location, must be approved by the Review Committee prior to construction. Garbage receptacles and fuel tanks may be located outside of such screened areas only if located underground and also concealed from view from the abutting community road(s) and properties.

Section 7. Signs. No signs shall be erected or maintained on the Property by any persons, including, but not limited to, the Association, the Property Owner, the Club Corporation, realtor, contractors and subcontractors, except with the prior written approval of the Review Committee or except as may be required by legal proceedings, such as tax notices; provided, however, that the foregoing is not intended to restrict the erection or maintenance of signs which are not visible from abutting community roads and properties, such as "Beware of Dog", "No Trespassing" and similar purposeful signs. If such permission is granted, the Review Committee reserves the right to restrict the size, color and content of such signs.

Section 8. Other Buildings and Vehicles.

(a) Other Buildings. No mobile home, trailer, tent, barn or other similar structures shall be placed on the Property at any time, either temporarily or permanently, without the prior written approval of the Review Committee.

(b) Motor Vehicles, Trailers, Boats, etc. Each Property Owner, the Association and the Club Corporation shall provide for parking of its automobiles off of community streets and roads within the Property prior to the issuance of a certificate of occupancy for the subject Family Dwelling Unit or Club Property in accordance with PART TWO, Article I, Section 4 above. Except as otherwise expressly provided in this Declaration, there shall be no outside storage or parking upon any Residential Lot, Club Property or within any portion of the Common Properties or the Open Space (other than areas that may be provided therefore within the Common Properties by the Association, for which the Association may collect a reasonable storage fee in connection therewith) of any mobile or manufactured home, trailer (either with or without wheels), motor home, tractor, truck (as defined hereafter), commercial vehicle of any type, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorcycle, motorized bicycle, motorized go-cart, golf cart or any other

related forms of combustion or electric-driven or towed transportation devices. The term "truck" as used herein is intended to refer to those vehicles of various sizes and designs for transporting goods, moving heavy articles or hauling quantities of cargo and which are used in trade or business in which the truck is used because of its commercial capabilities and not merely as a means of transportation, or which displays identification on the exterior of the vehicle to a commercial enterprise. This definition is not intended to include such dual purpose vehicles as station wagons, jeeps, mini-vans, sports utility vehicles, or sports trucks and trucks of three-quarter (3/4) ton or less that do not have exposed signage or logo other than discreet identification approved by the Review Committee and do not have exposed equipment or supplies, nor does it include similar, attractive vehicles driven and maintained primarily as a means of personal transportation. Neither motorcycles nor motorized bicycles shall be driven or operated on the community streets and roads within the Property. Boats, which are not stored in a garage or under the family dwelling unit, and motor homes may enter onto a Residential Lot or Club Property only temporarily for the limited purposes of loading, unloading and cleaning. The owner shall be responsible for any spillage of fuel or oil. Furthermore, the Association may at any time prohibit mobile homes, motor homes, campers, trailers of any kind, motorcycles, motorized bicycles, motorized go-carts and other vehicles from entering and being kept, placed, stored, maintained or operated upon any portion of the Property if, in the opinion of the Board of Directors, such prohibition shall be in the best interests of Callawassie Island, the Property Owners and the Club Corporation. No Property Owners, the Club Corporation or other occupants of any portion of the Property shall repair or restore any vehicle of any kind upon or within any Residential Lot, any Club Property or within any portion of the Common Properties or the Open Space, except (i) within enclosed garages or workshops, or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. In the discretion of the Board of Directors, rental storage space for the above-mentioned vehicles, boats, etc., may be provided in the maintenance area of the Club or the Association, as applicable, or such other area as may be provided for such purpose.

Section 9. Unsightly Conditions. It shall be the responsibility of each Property Owner and the Club Corporation to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkempt condition of structure or grounds on its Residential Lot, Duplex lot or Club Property either before, during or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the Property as a whole or the abutting areas. The Association, acting on property owner complaints or through personal inspection activities, may initiate corrective action.

Section 10. Lights. The design and location of all exterior lighting fixtures shall be subject to the prior written approval of the Review Committee; provided, however, such approval shall not be required for Christmas lights and related ornaments and decorations (which may be installed no sooner than November 15th in any year and must be removed no later than January 15th of the following year), subject to the restrictions set forth in the following sentence. Neither such fixtures, nor any other illumination devices located upon the structures or grounds of any Residential Lot, Duplex lot or Club Property shall be located, directed, or of such intensity so as to adversely affect the night-time environment of any adjacent Residential Lot or Duplex lot.

Section 11. Animals. No animals, livestock or poultry of any kind shall be raised, bred, kept or pastured on the Property, except that a reasonable number of common household pets such as dogs and cats may be kept in any one Family Dwelling Unit. In order to preserve the aesthetic qualities of Common Properties and Open Space, to maintain sanitary conditions on the Residential Property and Club Property, to prevent the spread of worms and infectious diseases on the Properties, and to maintain a proper respect for other Property Owners and users of Common Properties and Open Space, each Property Owner or other person who keeps a pet within a Family Dwelling Unit shall abide by the following restrictions, conditions, and affirmative obligations:

(a) No pets may be kept, bred or maintained for any commercial purpose.

(b) The owner of such pet or pets shall exercise his or her best efforts not to allow such pet(s) to excrete upon any portion of the Properties;

(c) The owner of such pet(s) shall use a scoop or other device to clean up any defecation or solid excrement left by their pet(s) upon any portion of the Properties;

(d) The owner of such pet(s) will not allow such pet(s) to roam unattended on the Properties, it being the responsibility of each pet owner to either leash their pet(s) or retain voice control while the pet(s) are outdoors; and

(e) The owner of such pet(s) shall muzzle any pet which consistently barks or makes noises which would be reasonably expected to disturb other Property Owners.

Section 12. Water and Sewage. No private water wells may be drilled or maintained on any Residential Lot or Duplex lot for domestic or irrigation purposes as long as

a water distribution line is available within one hundred (100) feet thereof, with average daily water pressure in such line adequate for the normal household use in dwellings served thereby. Wells may be drilled for use in connection with water-source heating and cooling, subject to approval by the Review Committee and subject to all Pertinent Laws. No septic tanks may be installed on any portion of the Property as long as a sewage distribution line is available within one hundred (100) feet thereof. No sewage shall be emptied or discharged into any creek, marsh, river or other body of water abutting the Property at any time.

Section 13. Repairs. Any building or other improvement on the Property that is partially or totally damaged or destroyed by fire, storm or any other means shall be repaired or demolished within a reasonable period of time, and the land restored to an orderly and attractive condition. Such repair or demolition must be commenced within sixty (60) days of the date of damage or destruction and such work must be completed within no more than sixty (60) days thereafter in the case of demolition and not more than three (3) months thereafter in the case of repair, unless a different time frame is agreed upon with the Association Board in writing.

Section 13A. Open Fires. No portion of the Property shall be used by any Property Owner or the Club Corporation in a manner which would increase the hazard of fire on any other portion thereof. No open fires are authorized except those under permit by the County and the Association.

Section 13B. Golf Carts. Use and storage of golf carts shall be pursuant to the rules and regulations of the Association and the Club.

Section 14. Offensive Activity. No offensive or noxious activity shall be carried on upon or within any portion of the Property or structure thereon, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any Property Owner or other person lawfully upon Callawassie Island.

Section 15. Certain Easements. The Association reserves unto itself and its successors and assigns a perpetual, alienable and releasable easement and right across, under and through the ground (but not above ground, unless required by law or for safety purposes) of the Property to erect, maintain and use gas, electric, water, sewer, drainage, cable television, and telephone, wires, cables, conduits, drainage ways, sewers, wells, pumping stations, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, cable television, gas, sewer, water, drainage and other public conveniences or utilities as may be reasonably required for such purposes; provided, however, that no such easement shall be applicable to any portion of the Property as may (a) have been used prior to the installation of such utilities for construction of a structure whose plans were approved pursuant to this Declaration by the Association or the Review Committee, or (b) be

designated as the site for a structure on the Master Plan or for erection of a structure which has been approved in writing by the Review Committee.

The foregoing easement and right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Any material disturbance to the grounds of any Property Owner or the Club Corporation caused by such utility installation shall be promptly repaired and said grounds returned to their prior condition by the Company or its successors or assigns.

The Company further reserves to itself and its successors and assigns (including, without limitation, the Association), the right to locate wells, pumping stations, siltation basins and tanks and to spray treated effluent within Callawassie Island on the Open Space, the Club Property, or on any property designated for such use on the Master Plan, or to locate or spray the same upon any portion of the Property with the permission of the affected Property Owners or Club Corporation. Such rights may be exercised by any successor, assignee or licensee of the Company or its successors or assigns, but this reservation shall not be considered an obligation of the Company to provide or maintain any such utility or service.

Section 16. Antennas. Consistent with federal and state law, no television antenna, (other than as described in (b) following) radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of the Property or structure thereon, nor shall any radio or television signals or any other form of electromagnetic radiation (other than that emitted by household microwave cooking devices) be allowed to originate from any portion of the Property which may unreasonably interfere with the reception of television or radio signals upon any other portion of the Property, except as follows:

(a) Only soffit or internal antennas are authorized.

(b) The provisions of this Section 16 shall not prohibit the installation of equipment necessary for a master community antenna, security, cable television, mobile radio or other similar system within Callawassie Island; and

(c) Satellite dishes of eighteen (18) inches in diameter or less are authorized.

Section 17. Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used or placed upon any portion of the Property. The

playing of loud music within any Family Dwelling Unit or from the exterior thereof shall be offensive or noxious behavior constituting a nuisance.

Section 18. Trespass. Whenever the Association or the Club is permitted by this Declaration to correct, repair, clean, preserve, clear or take any other action on any portion of the Property entering such portion of the Property and taking such action shall not be deemed to be a trespass, and neither the Association nor the Club shall be liable therefore, nor any of the directors, officers, partners, agents, employees or independent contractors of either.

Section 19. Parcels. No Residential Lot shall be subdivided, or its boundary lines changed, nor shall application for the same be made to any governmental authority, except with the written consent of the Association Board or the Company as appropriate, or its successors or assigns.

The provisions of this Section 19 shall not prohibit the combining of two (2) or more contiguous Residential Lots into one (1) larger Residential Lot. Following the combining of two (2) or more Residential Lots into one (1) larger Residential Lot, only the exterior boundary lines of the resulting larger Residential Lot shall be considered in the interpretation of this Declaration. Consolidation of Residential Lots, as described above, must be approved by the Association, upon such terms and conditions as may be established by the Association from time to time, including specific provisions for the payment of assessments.

Section 20. Bridges. The Association expressly reserves to itself and its successors and assigns the right to build, in full compliance with all Pertinent Laws, bridges, walkways, or fixed spans across any or all natural or man-made canals, creeks, bike paths or lagoons within Callawassie Island. Nothing in this Section 20 shall be construed as placing an affirmative obligation on the Association to provide or construct any of the foregoing.

Section 21. Building Height. No structure shall be constructed upon any portion of the Property which at its highest point exceeds forty-five (45') feet above the minimum first floor elevation established by applicable flood zone regulations of any applicable governmental authority, nor shall any structure exceed three (3) stories; provided, however, that for purposes of this Section 21, the first parking level or deck underneath a structure built above grade, shall not be considered a story.

Section 22. Repurchases.

(a) When any Residential Lot, Family Dwelling Unit or Duplex within Callawassie Island is offered for sale by a Property Owner, the Property Owner shall notify the Association in writing. Upon closing, the Property

Owner shall provide to the Association the date of closing and the name, address and telephone number of the purchaser. The Association and its successors or assigns shall have the option to purchase such property at the price and upon the terms acceptable to the Property Owner of any bona fide offer for such Residential Lot or Family Dwelling Unit made in writing to such Property Owner at such time and submitted to the Association) for verification. The Association shall have no more than ten (10) business days after presentation of such offer to the Association to exercise its option by giving written notice to such Property Owner within such ten (10) day period. If the Association declines to exercise its option or does not respond to the Property Owner submitting such offer within ten (10) business days after receiving such offer, the Association shall promptly execute and deliver to such Property Owner a waiver of repurchase option in recordable form, to be prepared by the Association or its successors or assigns, at its sole cost and expense.

(b) In the event that the sale pursuant to the offer waived by the Association is not consummated within six (6) months of the date of such offer, the terms and limitations of this Section 22 shall again be imposed upon any sale by the Property Owner.

(c) If the Association shall elect to purchase the subject property, the transaction shall be consummated within sixty (60) days following delivery of written notice by the Association of its decision to purchase.

(d) Notwithstanding the foregoing, the option contained in this Section 22 shall not be applicable, and the Association shall promptly execute and deliver to any party requesting the same the waiver of repurchase option or any other instrument reasonably required to confirm the inapplicability of such option, in the case of any sale or transfer of all or any interest in a Residential Lot or Family Dwelling Unit which is:

(i) between or among affiliated entities as defined in PART ONE, Article 1 hereof.

(ii) between or among family members.

(iii) not pursuant to an offering of the same to the general public (i.e., a privately-arranged sale to a party known to the affected Property Owner prior to an offer being made without public advertisement);

(iv) at a price below the fair market value thereof to a friend or business associate of the Property Owner, where the intention to make a full or partial gift thereof is evidenced;

(v) by operation of law (including, without limitation, bankruptcy and the laws of descent and distribution); or

(vi) pursuant to will or other trust instrument.

Section 23: Ingress and Egress; Roadways. The Association, the Club, all Property Owners and Club Members, in accepting title to property conveyed subject to the covenants and restrictions of this Declaration, waive all rights of uncontrolled and unlimited egress and ingress to such property (and waive such rights for any person claiming entry rights by virtue of any relationship or permission of such Property Owner or the Club Corporation and for successors in title), and agree that such ingress and egress may be reasonably limited to existing roads provided that no Residential lot, Duplex lot or Club Property shall be created which does not have sufficient rights of ingress and egress.

The Association reserves the right for itself, its successors and assigns, but not the obligation to:

(a) maintain guarded gates controlling access to such roads;

(b) require payment of toll charges for use of such roads by members of the general public including business invitees, except that

(i) no such toll shall be applicable to Property Owners, or any lessees or tenants of Property Owners, nor shall the toll be applicable to any person who gives reasonable evidence satisfactory to entry guards that their entry into the premises of a Property Owner is with the specific permission of such Property Owner, or his duly authorized agent, provided, however, that this exception shall not apply to commercial or construction vehicles of any kind;

(ii) no such toll charge shall be applicable to guests of the Company;

(iii) no such toll charge shall be applicable to persons entitled to use the "Spring Island Owners" easement as hereinafter defined;

(iv) no such toll shall be applicable to members or guests of members of the Club.

(c) determine in its reasonable discretion the types of vehicles that will be permitted access to the Property and the Spring Island Easement and use of such roads; provided, however, that this discretionary right shall not be exercised in a manner that would unduly limit or restrict the flow of construction vehicles and materials incident to the improvement of property on Callawassie Island or Spring Island; and

(d) provided, however, that the Association reserves the right to limit access to the Property to the Company, the Property Owners, the Club Corporation and their lessees, tenants, guests and invitees, and to the Spring Island Owners (as to that portion of the Property comprising the aforesaid access easement to Spring Island).

Section 24. Easement for Spring Island Owners. Spring Island Company, L.P., a South Carolina limited partnership, is the developer of the neighboring Spring Island. It has caused to be created the Spring Island Property Owners' Association (the "Spring Island POA") (SIPOA), which is the homeowner's body on Spring Island analogous to the Association. Easement rights over certain portions of Callawassie Island as are more particularly described on Exhibit "D" (the "Spring Island Easement") have been granted to Spring Island Company, L.P. and Spring Island Property Owners' Association. The Spring Island Easement has been granted to provide permanent assurances of access to Spring Island Company, L.P. and the other owners of property on Spring Island, and their heirs, successors, assigns, families, tenants, guests and business invitees (the "Spring Island Owners"). Spring Island Company, L.P. has covenanted that the residential density of Spring Island shall not be more than five hundred (500) Homesites as that term is defined in the Declaration of Covenants and Restrictions for Spring Island and Provisions for the Spring Island Property Owners Association which are recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Book 547 at Page 143 and re-recorded in Book 564 at Page 593, together with associated facilities, common properties and other properties of the Spring Island Club, Spring Island Trust, Spring Island Company, L.P. and the Spring Island POA. The specific provision regarding density limitations is set forth in Section 1-2.01 as recorded in Book 564 at Page 612.

Section 25. Location of Guard House and Spring Island Easement Intersection. The guard house providing controlled access to Callawassie Island and Spring Island is located on the mainland end of the causeway connecting Callawassie Island with the mainland at the point of the southern terminus of State Road S-7-27. The parcel is designated as a portion of the Common Properties of Callawassie Island.

Section 26. Certain Expenses to be Shared Between the Association and the Spring Island POA. The Association and the Spring Island POA have agreed to share certain expenses associated with the shared entrance guard house described in Section 25 above, including the expense of maintaining the guard house and the expense of maintaining the causeway, the expense of maintaining portions of Callawassie Island Drive to its intersection with Spring Island Drive, and Spring Island Drive to the west end of the Spring Island Bridge, the expense of providing security at the guard house, some expenses associated with roadside maintenance over South Carolina Highway S-7-27 and portions of a depreciation reserve for areas of common responsibility between the Association and the Spring Island POA. The Association will have the responsibility for maintaining the areas involving these shared expenses and such maintenance shall be carried out for the benefit of both the Property and the Spring Island Owners. The Spring Island POA, by separate covenant, has agreed to compensate the Association by paying an assessment to the Association, the amount of which shall be established as determined in the letter of agreement dated December 15, 1996 and signed by authorized representatives of SIPOA, Spring Island Co., CIPOA and CIC as amended from time to time.

(a) The Spring Island POA shall be obligated to pay an assessment according to the following percentages:

(i) All costs, including capital expenditures, associated with the operation and staffing of the security gate and the security force will be split 50/50 between Spring Island and CIPOA.

(ii) All costs associated with the maintenance of Spring Island Drive, the road from the causeway to Spring Island Drive, the causeway and the balance of the road through the security gate to route 170 will be split 50/50 by CIPOA and SIPOA.

(iii) Costs will be projected for the upcoming year during October and provided to SIPOA to be paid monthly beginning January 1, with proper settlement of actual costs at year-end.

(iv) The decal and daily pass revenues will be credited to CIPOA or SIPOA according to the Island for which it pertains.

(v) SIPOA will establish a separate reserve account for major and emergency repairs to the shared area.

(b) The Association shall certify to the Spring Island POA in writing on or before of March 1st of each year the amounts of actual expenses for the preceding calendar year in each of the above categories for which the Spring Island POA is responsible for a percentage of such costs and such certification shall be accompanied by appropriate supporting detail. Should the monthly assessments paid by SIPOA for the preceding calendar year be less than, or exceed the certified expenses an adjustment will be made with the first monthly assessment of the current calendar year. If the Spring Island POA considers the information inadequate to support the certified assessment amount, it may request reasonable additional or clarifying information within the 30-day period after receipt of the certification from the Association. If such requested information is not provided or if information that is provided does not reconcile the issues to the reasonable satisfaction of the Spring Island POA, it may request that the matter be referred to binding arbitration in accordance with the dispute resolution provision set forth in PART THREE, Article IV hereof. Based upon the findings of the arbitrators, the economic consequences of the arbitration shall be as follows:

(i) If the certification is found to be correct within five percent (5%), and if no additional information was requested by the Spring Island POA, or, if requested, such information was timely provided by the Association, the Spring Island POA shall be required to pay the assessment found to be due within ten (10) days of receipt of the arbitrator's written findings, together with the reasonable costs of the arbitration, plus interest thereon from the date due at the Wall Street prime rate.

(ii) If the certification is found to be correct within five percent (5%), and if the Spring Island POA requested reasonable additional data and such data was not provided by the Association:

(A) Spring Island POA shall be required to pay the assessment found to be due within ten (10) days of receipt of the arbitrator's written findings.

(B) If the arbitrators find that the additional information requested by the Spring Island POA was either unreasonable or of a nature that the requesting party should not reasonably consider it relevant in evaluating the certification, the costs of arbitration shall be paid by the Spring Island POA.

(C) If the arbitrators find that the failure of the Association to provide information to the Spring Island POA reasonably led to such withholding of payment, all cost of arbitration shall be paid by the Association.

(iii) If the certification is found to be incorrect and excessive by more than five percent (5%), the Spring Island POA shall be required to pay the amount found to be the correct assessment amount and the Association shall be required to pay all costs of the arbitration.

(c) The Association shall have a cause of action in law to enforce collection of any unpaid assessments found to be due by arbitration or any assessments levied by the Association and unpaid and unchallenged by the Spring Island POA. Interest at the rate provided by statute for judgments in South Carolina shall be recoverable by the Association if it is awarded a judgment for the unpaid assessments by a court of competent jurisdiction, such interest to accrue from the date the assessment should have been paid. Moreover, the nonprevailing party in any such litigation shall be required to pay the prevailing party's actual, reasonable costs together with actual, reasonable attorney's fees. A party shall be considered to prevail upon being granted any judgment, regardless of nature or amount. Usual and customary methods of enforcing collection of any judgment awarded pursuant to this provision shall be available to the judgment creditor.

(d) Any charges for or against the Association resulting from these arbitration procedures will be addressed with the first monthly assessment following the judgment of the arbitrators.

(e) The remedies provided herein regarding collection of assessments from the Spring Island POA shall be the sole and exclusive remedies available to the Association. Under no circumstances shall the Association attempt to limit, delay or circumscribe the rights of the Spring Island Owners to the use and enjoyment of the Spring Island Easement as currently constituted and as hereafter modified. The Association recognizes the paramount property rights existing with regard to the real property burdened by the Spring Island Easement and likewise recognizes that these paramount rights are likewise analogous to the limitation on the Association against denying Property Owners the rights to the use of roads on Callawassie Island, as provided in PART THREE, Article II, Section 1 of this Declaration.

(f) In the event the Spring Island POA considers the level of maintenance and repair to those areas encompassing the Spring Island Easement, as currently constituted or as hereafter modified, to be inadequate, the Spring Island POA shall request the Association to undertake appropriate curative measures on a timely basis and in a good and businesslike manner. Such request shall be accompanied by a narrative description of the work requested to be done, together with supporting data and reliable cost estimates and the Spring Island POA shall be obligated to fund to the Association in advance fifty percent (50%) of the estimated cost of accomplishing such curative matters. The actual funding of the Spring Island POA's portion of such estimated cost shall be paid to the Association within ten (10) days of the Association's acknowledgment of its willingness to undertake such curative matters in a manner and on a time frame herein contemplated. The Association shall hold such funds paid to it in trust and shall utilize them solely for purposes of defraying the Spring Island POA's fifty percent (50%) portion of the cost of such improvements. If the actual cost to accomplish such curative matters is actually less than anticipated, the Association shall refund to the Spring Island POA a pro rata amount of the savings. Conversely, if the actual amount of such curative activities exceeds that originally budgeted, the Spring Island POA shall be responsible for reimbursing the Association its pro rata portion of the cost overrun. If the Association fails or refuses within a reasonable period of time not to exceed thirty (30) days to acknowledge its willingness to undertake the accomplishment of the work requested by the Spring Island POA or, if the Association fails or refuses to commence the work within ninety (90) days after the Spring Island POA's request, the Spring Island POA shall be entitled to invoke the arbitration provisions of PART THREE, Article IV, and the Board of Arbitration shall be charged with the responsibility of determining the need for such requested work and the general accuracy of the estimated cost thereof. If the Board of Arbitration determines that the work is needed and that Spring Island POA's cost estimates therefor are reasonable, then the Board of Arbitration shall be empowered to direct the Association to undertake such work upon receipt of Spring Island POA's deposit of its fifty percent (50%) of estimated costs.

(g) The Association shall be required to carry out the mandate of the Board of Arbitration by commencing improvements no later than ninety (90) days from the date of such determination by the Board of Arbitration. If the Association fails or refuses to comply with the requirement to commence such work within the time frame specified, the Spring Island POA shall be authorized to contract to have such work accomplished and the contractors so retained shall be authorized to come upon the portions of the Spring Island Easement affected by such Board of Arbitration determination to undertake the work required.

The Spring Island POA shall request from the Association payment of fifty percent (50%) of the cost of such work after the contract to accomplish such work has been entered into and the work thereunder actually commenced. If the Association does not tender to the Spring Island POA its fifty percent (50%) of such cost within thirty (30) days from receipt of such request, the Spring Island POA shall be authorized to offset the amount due to it in reimbursement, together with interest thereon at the rate of interest specified for judgments in South Carolina from the date of such request to the date of the offset, against any assessment funds thereafter due from the Spring Island POA to the Association.

Section 27. Special One-Time Contribution of Spring Island Company, L.P. to the Association Reserve Account. Spring Island Company, L.P. has agreed to make contributions to the Association at the time of the closing of the initial sale of each lot developed by it or its grantee on Spring Island, Spring Island Company, L.P. will pay to the Association the sum of FIVE HUNDRED AND 00/100 DOLLARS ($500.00) commencing on or after January 1, 1993, to be applied as follows:

(a) TWO HUNDRED FIFTY AND 00/100 DOLLARS ($250.00) of each $500.00 special contribution shall go into the Association Reserve Account described in PART THREE, Article III, Section 5(c) hereinafter.

(b) TWO HUNDRED FIFTY AND 00/100 DOLLARS ($250.00) of each $500.00 special contribution shall be used for capital expenditures in each current Association budget year, subject to approval by the Board of Directors.

Section 28. Easement for Members of the Club Corporation. The Company was the organizer and developer of the Club Corporation prior to the sale of the Club assets to the independent Club Corporation on the 29th day of June, 2001. All members of the Club Corporation are entitled to access to the Club Property located on Callawassie Island. Easement rights over the Property have been granted to the Club Corporation for the benefit of itself and all of its members (the "Country Club Easement") as described on the attached Exhibit "E". The Country Club Easement has been granted to provide permanent assurance of access to the Club Property for the Club Corporation, its successors, assigns, members, guests and business invitees.

Section 29. Multiple Ownership of Properties. No Residential Lot or Family Dwelling Unit may be owned by more than three (3) Property Owners at one time. A Residential Lot or Family Dwelling Unit may be owned by a corporation or partnership only if

the principal business activity of such corporation or partnership is a business or professional activity other than the ownership of the Residential Lot or Family Dwelling Unit in question and similar properties. The purpose of this Section 29 is to preclude Residential Lots and Family Dwelling Units from being sold under vacation time-sharing, interval ownership or similar right to use programs.

Section 30. Rental of Properties. Except for the Heron Walk Villas and the Golf Cottages, no Family Dwelling Unit shall be rented or leased by the Property Owner thereof for a period of less than one (1) month without the express written permission of the Association and its successors and assigns and no Family Dwelling Unit shall be rented more than three (3) times in any one (1) calendar year.

Section 31. Use of Abutting Common Properties. No Property Owner shall make any permanent, exclusive or semi-exclusive use of any of the Common Properties or Open Space without the prior written consent of the Association. Declarant acknowledges that due to the configuration of the streets within Callawassie Island, there may be occasions when it will be aesthetically desirable to allow Property Owners to extend their landscaping plans to portions of the street rights-of-way abutting their Residential Lots. In the event that the Association consents to any such use, it is expressly on condition that:

(a) at no time thereafter shall the subject Property Owner or Residential Lot be entitled to claim prescriptive or other rights in the portion of the Property thus used, it being understood that, notwithstanding any consent to such use by the Association, such use shall be deemed to be strictly adverse to the fee interest therein of the Association;

(b) such use shall be made at the subject Property Owner's sole cost and expense, and, notwithstanding any previous consent, should the Association at any time wish to remove, or require the subject Property Owner to remove, any plant or structure from any affected right-of-way, such removal shall be effected at the subject Property Owner's sole cost and expense, and the Association shall have no liability whatsoever therefor;

(c) the Association shall have no responsibility or liability for the maintenance or repair of any plant or structure placed within any such right-of-way; and

(d) such use shall not be made in a manner to obstruct visibility at curves, cart crossings and intersections or to otherwise create a hazardous condition to pedestrians or vehicles.

Section 32. Firearms and Fireworks. The discharge of firearms, fireworks and firecrackers within the Property is prohibited without the prior written approval of the Association Board.

Section 33. Pools. No exterior above ground swimming pools shall be erected, constructed or installed on any portion of the Property. Diving boards and pool slides are prohibited. Pools that may be visible from the golf course or neighboring properties must be rendered invisible by landscaping. All exterior in-ground pools and above-ground and in-ground spas and jacuzzis must be approved by the Review Committee in accordance with PART TWO, Article I, Section 2 of this Declaration.

Section 34. Irrigation. No sprinkler or irrigation systems of any type which draw upon water from rivers, lakes, ponds, wetlands, canals or other ground or surface waters within the Property shall be installed, constructed or operated within the Property unless prior written approval has been received from the Association Board or the Club where applicable. All sprinkler and irrigation systems shall be subject to approval in accordance with PART TWO, Article I, Section 2 of this Declaration. In the event that a non-potable irrigation system is hereafter provided to the Property, each Property Owner which desires irrigation shall connect to that system. No private irrigation wells shall be permitted on any portion of the Property (excluding the Club Property).

Section 35. Sight Distance at Intersections. All portions of the Property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 36. Air Conditioning Units. Except as may be approved in accordance with PART TWO, Article I, Section 2 of this Declaration, no window air conditioning units may be installed upon any portion of the Property.

Section 37. Energy Conservation Equipment and Greenhouses. No solar energy collector panels or attendant hardware or other energy conservation equipment or greenhouse shall be constructed or installed upon any portion of the Property unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Review Committee pursuant to PART TWO, Article I, Section 2 of this Declaration.

Section 38. Alteration of Waterfront Property. The elevation of the land shall not be altered and fill shall not be used to extend the boundaries of any portion of the Property or to change the bulkhead line on any portion of the Property bounded by a wetland, lake or

other body of water unless approved in accordance with PART TWO, Article I, Section 2 of this Declaration and Pertinent Laws.

Section 39. Use of Common Property. The Common Properties shall be used at the risk of the user, and the Association shall not be held liable to any person for any claim, damage or injury occurring thereon or related to use thereof.

Section 40. Driveways and Mailboxes. The style and design of all driveways, accessways, and mailboxes located on the Property must be in accordance with the design and development guidelines in effect from time to time.

Section 41. Helicopter and Aircraft Pads. No helicopter or aircraft pad shall be permitted on any portion of the Property, unless specifically approved by the Board of Directors for health and safety use only.

Section 42. Recreation and Play Yard Equipment. All permanent and/or vertical play yard or recreational equipment must be approved by the Review Committee. No manufactured metal or plastic swing sets, slides, jungle gyms, etc., or personal (individual) basketball backboards of any type will be permitted.

Section 43. Commercial Activity. Other than those functions specifically associated with the Club Corporation i.e., Golf Pro Shop activities, tennis courts, pools and club dining facilities, or club member sponsored events, there will be no commercialization of Callawassie Island permitted at any time unless approved by the Association Board in writing.

Section 44. Violations. The breach of any of the foregoing restrictions, conditions, obligations and duties shall constitute a violation. The Association Manager as directed by the Board of Directors shall be entitled to enforce the foregoing restrictions by levying fines upon the owners. Any such owner shall first receive a warning and then shall be subject to a fine of TWENTY FIVE AND 00/100 DOLLARS ($25.00) per occurrence, which shall be enforceable as an assessment pursuant to PART THREE, Article III, Section 8 below. Continuing violations, without correction, will be considered as a separate occurrence for each day it goes uncorrected.

ARTICLE II
ENVIRONMENTAL CONTROLS

Section 1. Topography and Vegetation. Topographic and vegetation characteristics of a Residential Lot or the Club Property shall not be altered by removal, reduction, cutting, excavation or any other means without the prior written approval of the

Review Committee. Written approval will be granted for the minimum amount of earth movement and vegetation reduction required in plans and specifications approved pursuant to the provisions of this Declaration.

Section 2. Tree Removal. No trees or bushes of any kind having a diameter of six inches (6") or more at a point four feet (4') above ground level may be removed without the written approval of the Review Committee. Approval for the removal of trees located within ten feet (10') of any structure or within ten feet (10') of the approved site for any structure will be granted unless such removal will substantially decrease the beauty of the Property. The Review Committee reserves the right to have specimen trees preserved and to require that site planning provide for their retention so long as it does not render a Residential Lot or Club Property unusable for its intended purpose.

Section 3. Certain Controls.

(a) To implement effective and adequate erosion control and protect the beauty of the Property, the Association and its successors and assigns shall have the right to enter upon any portion of the Property before or after any structure has been constructed thereon for the purpose of performing any grading or landscaping work reasonably required provided, however, that, prior to exercising such right, the Association shall give all affected Property Owners or the Club Corporation, as applicable, the opportunity to take any corrective action required, by giving such Property Owner(s) written notice indicating what type of corrective action is required and specifying in such notice that immediate corrective action must be taken by such Property Owner(s). If such Property Owner(s) or the Club Corporation, as applicable, fail(s) to take the corrective action specified immediately, the Association may then exercise its right to enter upon the affected property in order to take the necessary corrective action. The cost of such measures when performed by the Association or its respective successors or assigns on an improved Residential Lot or Club Property, shall be paid by the owner thereof.

(b) To implement effective insect, reptile and fire control, and to ensure removal of safety hazards, the Association and its successors and assigns shall have the right to enter upon any unimproved Residential Lot or Club Property for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth, removing dead or infected trees, removing trash, draining standing water or dispensing pesticides. The cost of this vegetation, trash and drainage control shall be kept as low as reasonably possible and shall be paid by the affected Property Owner or Club Corporation. Such entry shall not be made until thirty (30) days after the Property Owner or

Club Corporation has been notified in writing of the need of such work and only if such Property Owner or Club Corporation fails to perform the required work within said thirty (30)-day period.

(c) The provisions of this Section 3 shall not be construed as an obligation on the part of the Association to mow, clear, cut or prune any portion of the Property, to provide garbage or trash removal services, to perform any grading or landscaping work, to construct or maintain erosion prevention devices or storm drainage improvements or to provide water pollution control on any Residential Lot or Club Property.

(d) Entrance upon any portion of the Property pursuant to the provisions of this Section 3 shall not be deemed a trespass.

(e) The rights reserved unto the Association in this Section 3 shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

(f) Property Owners wishing to have their Residential Lot(s) "bush hogged" shall submit a request in writing to the Association Manager. The cost of "bush hogging" shall be the responsibility of the Property Owner.

Section 4. Environmental Hazards.

(a) To secure the natural beauty of Callawassie Island, the Association and its successors or assigns may promulgate and amend, from time to time, rules and regulations which shall govern activities which may, in its reasonable judgment, be environmentally hazardous, such as the application of certain types of fertilizers, pesticides or other chemicals. Failure of any Property Owner, tenant or other occupant of Callawassie Island or the Club Corporation to comply with the requirements of such rules and regulations shall constitute a breach of this Declaration.

(b) The Association hereby reserves unto itself and its successors and assigns a perpetual, alienable and releasable easement and right on, over, under, across and through all portions of the Property for the purpose of taking any action necessary to effect compliance with such environmental rules, regulations and covenants. The cost of such action by the Association shall be paid by the owners of the property upon which such work is performed.

Section 5. Further Siting Authority. To prevent excessive "run-off" or drainage resulting from any improvements to Residential Lots, the Association hereby reserves to itself and its successors and assigns the right to establish a maximum percentage of any Residential Lot which may be covered by one or more structures. In the establishment of such maximum percentage the Association shall consider topography, percolation rate of the soil, soil types and conditions, vegetation cover and other relevant environmental factors. Neither this nor any other right reserved herein by the Association shall be construed, however, to be an obligation of the Association to take any such action.

Section 6. Erosion in Open Space and Common Properties. The Association and its successors and assigns shall have the obligation to protect the Open Space and such Common Properties from erosion by planting trees, plants and shrubs where and to the extent reasonably necessary, by mechanical means such as construction and maintenance of siltation basins or by such other means deemed expedient or reasonably necessary by the Association. The right is likewise reserved to the Association and its successors and assigns to take steps reasonably necessary to provide and insure adequate drainage ways in the Open Space, to cut fire breaks, and to remove diseased, dead or dangerous trees and to carry out other similar activities, the cost of which services may be paid from the annual assessments collected from the Property Owners in accordance with the provisions of PART THREE, Article III of this Declaration.

Section 7. Wildlife Control

(a) The Association Board may request required approvals for the removal of alligators when they are threatening to Property Owners or their guests. Feeding or provoking alligators is a violation of South Carolina law and subject to a fine. Request for removal shall be made to the Association Board.

(b) The Association shall recognize the impact of property development of Callawassie Island on the ability to support a healthy deer herd. As properties are developed the Association shall work with professional naturalists and state wildlife employees to determine the level of deer population the Island can support. When deer population control is required the thinning will be conducted by licensed hunters, employed by the Association, at times announced to the Island Property Owners prior to the thinning hunt.

(c) Feeding of wild animals, such as deer, feral cats and raccoons, presents a safety and health hazard to Island Residents and is discouraged.

Section 8. Standard of Reasonableness. The rights reserved unto the Review Committee and the Association in this PART TWO, Article II shall not be unreasonably

employed and shall be used only where necessary to effect the stated intentions and purposes of this Declaration.

ARTICLE III
OPEN SPACE

Section 1. Dedication of Open Space. In order to preserve and protect natural, scenic, historic and recreational resources, soils, wetlands, game and birds in evidence on the Property, the Association has designated certain lands and ponds, lagoons and other bodies of water to which it holds title as the Open Space on the Master Plan as is more particularly identified on Exhibit "C" hereto. Any lands or ponds, lagoons or other bodies of water now or at any time hereafter dedicated as Open Space shall not at any time thereafter be filled or developed, and shall be used only as expressly provided in this PART TWO, Article III. In addition, the company may assign, transfer and otherwise dedicate Open Space to the Association and, subject to PART TWO, Article III, Section 2 and 3, upon such assignment, transfer or dedication the Association shall assume the obligation and will maintain and protect the Open Space in a manner consistent with the restrictions and obligations set forth herein. Nothing within this PART TWO, Article III, Section 1 or in this Declaration places on the Association an affirmative obligation to dedicate any areas as Open Space except as indicated on the Exhibit "C" Master Plan. Similarly, the Association may at any time designate certain Common Properties as Open Space and access thereto may be opened to the Property Owners and their tenants and guests. In addition, any Property Owner may designate as Open Space any property to which it holds title, but only with the approval of the Association and the Board of Directors if such Property Owner also wishes to assign or transfer such Open Space to the Association. No property shall be Open Space unless it is dedicated in the following manner:

(a) It is described as such in a declaration signed and formally executed by the title owner of record; and

(b) accompanied by a surveyor's plat reciting the number of square feet or acres of Open Space in the closed survey, both of which shall be recorded in the Register of Deeds Office.

No designation of any portion of the Property as Open Space on any map, aerial photo, unrecorded plat or drawing other than the Master Plan attached hereto as Exhibit "C" shall be effective as a "dedication" of such property.

Section 2. Affirmative Obligations of Association. It is expressly understood and agreed that the granting herein of easements pertaining to Open Space and Common Properties and the reservation by the Association, and the Association is not bound to make

any of the improvements noted herein, or to extend to any Property Owner any service of any kind, except as such may be consented to by the Association on its own behalf and as may be undertaken at the expense of the Property Owner.

Section 3. Offensive Materials in Open Space and Common Properties. No trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon any Open Space or Common Properties.

PART THREE
THE ASSOCIATION

ARTICLE I
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership Every Property Owner, including, without limitation the Company, shall be a Member of the Association; provided, however, that in the case of multiple ownership of any Residential Lot, Family Dwelling Unit or other property on Callawassie Island, there shall be a maximum of one (1) Member. In the event of multiple ownership of any kind, including, without limitation, by a partnership or corporation, the name of the Property Owner designated as the Member shall be submitted to the Association each year, not later than the 1st day of January of each year, and only the Member so designated shall be entitled to vote as a Member of the Association.

Section 2. Voting Rights The Association shall have

(a) one (1) type of regular voting memberships, being all those owners (including the Company and the Property Owners) of Residential Lots and Family Dwelling Units, whether detached or attached. A Member shall be entitled to one (1) vote for each Family Dwelling Unit and/or Residential Lot which he owns; provided, however, a Member casting a vote representing a Family Dwelling Unit owned by such Member shall not be entitled to cast an additional vote for the Residential Lot upon which said Family Dwelling Unit is situated. Owners of subdivided lots shall receive proportionate votes.

(b) When any property entitling the Property Owner to vote as a Member of the Association is owned of record in the name of two (2) or more persons or entities, whether fiduciaries, joint tenants, tenants-in-common, tenants-in-partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship

respecting such property, then unless the instrument or order appointing them or creating the tenancy otherwise directs, and it or a copy thereof is filed with the Secretary of the Association, or unless the name of the designated Member has been submitted as provided in Section 1 above, their acts with respect to voting shall have the following effect:

(i) If only one votes, in person or by proxy, his, her or its act binds all;

(ii) If more than one votes, in person or by proxy, the act of the majority so voting binds all;

(iii) If more than one votes, in person or by proxy, but the vote is evenly split on any particular matter, the vote shall be disregarded as having canceled its effect;

(iv) If the instrument or order so filed shows that any such tenancy is held in unequal interest, a majority or even split for purposes of this Section 2(c) shall be a majority or even split in interest; and

(v) The principles of this Section 2(c) shall apply, insofar as possible, to execution of proxies, waivers, consents or objections and for the purpose of ascertaining the presence of a quorum.

(c) The voting rights of any Member may be assigned by said Member to a lessee who has entered into a lease with a term of two (2) years or more; provided, however, that such Member may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee.

Section 3. Board of Directors The Association shall be governed by the Board of Directors, with the number to be determined by the members of the Board of Directors as provided for in the Bylaws of the Association.

Section 4. Members to Have Power of Referendum in Certain Instances.

(a) Where specifically provided for herein, the Members shall have the power to approve or reject certain actions proposed to be taken by the Association by referendum. Upon establishment of a Quorum and in the event that the majority of the votes actually returned to the Association within the specified time shall be in favor of such action, a Referendum shall be deemed to have "passed" and the action voted upon will be deemed to have been

authorized by the Members; provided, however, that if a higher percentage vote required to "pass" a Referendum issue shall be specifically expressed herein or established by the Board, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions therefor.

(b) In the event of a dispute as to whether a Referendum is required, the following action may be taken: Within forty-five (45) days after notice to the Members of adoption by the Board of Directors of any action which is, in the opinion of the Members, subject to a Referendum, a petition signed by not less than twenty-five (25%) percent of the total Membership of the Association may be filed with the Secretary of the Association, requesting that any such action be either repealed or submitted to a vote of the Members.

(c) Regarding any issue, except those expressly otherwise provided for in this Declaration, which involves Special Assessments, extraordinary expenditures or commitments by the Association that are recommended by the Company and that principally benefit the Company, materially adverse to or to the exclusion of other Property Owners, the Company shall be limited to the ordinary votes allotted to it; provided, further, that a Referendum shall not be available with respect to the revocation of any rights specifically granted to or reserved for the benefit of the Company by this Declaration prior to the date such reserved rights either terminate by the terms of this Declaration or are transferred by the Company to the Association. A Referendum may only be held by a mail ballot.

Section 5. Quorum Required for any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association (as distinguished from a Referendum) shall be as follows: The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast a majority of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called, subject to the giving of proper notice, and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five percent (25%) of the total vote of the Membership of the Association. In the event that the required quorum is not forthcoming at the second meeting, a third meeting may be called, subject to the giving of proper notice, and there shall be no quorum requirement for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this PART THREE, Article I, Section 5, and any other requirements for such "duly called meeting" which may be

established by the Bylaws of the Association. For the purpose of this Section 5, "proper notice" shall be deemed to be given when given to each Member not less than fourteen (14) but not more than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

Section 6. Proxies. All Members may vote and transact business at any meeting of the Association by proxy authorized in writing; provided, however, that proxies shall not be required for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specially-provided ballots mailed to the Association or as provided in PART THREE, Article I, Section 4 above.

ARTICLE II
OPEN SPACE AND COMMON PROPERTIES

Section 1. Member's Easements of Enjoyment in Open Space and Common Properties. Subject to the provisions of this Declaration, the reasonable rules and regulations of the Association, and any permitted fees or charges established by the Association, every Property Owner, every tenant of six (6) months duration or longer, and every guest of every Property Owner shall have a continuing, non-exclusive right and easement of enjoyment in and to the Open Space and Common Properties, and such right and easement shall be appurtenant to and shall pass with the title to every Residential Lot, Family Dwelling Unit and Duplex Residential Tract. The rights and easement granted to guests of Property Owners and tenants of six (6) months duration or longer to use and enjoy the Open Space and Common Properties (but not the right and easement to use the roads belonging to the Association, subject to the reasonable rules and regulations, if any, established by the Association for such use) may be denied to or withdrawn from such guests or tenants by the Association.

Section 2. Extent of Member's Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its Bylaws, to borrow money from any lender for the purpose of improving and/or maintaining the Open Space and Common Properties and providing services authorized herein, and in aid thereof, to mortgage the Open Space and Common Properties;

(b) The right of the Association, but not the obligation to assume and pay any liens or encumbrances against the Open Space or Common Properties at the time of conveyance. In no event shall the Association be obligated to take a conveyance thereof subject to any lien or encumbrance or to assume the payment of principal or interest thereon;

(c) The right of the Association, by the Board of Directors, to dedicate or transfer to any public or private utility company utility easements on any part of the Open Space and Common Properties;

(d) The rights of the Association to give or sell all or any part of the Open Space or Common Properties owned by the Association, including, without limitation, lease-hold interests, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale, or determination as to the purposes or as to the conditions thereof, shall be effective unless such dedication, transfers and determinations as to purposes and conditions shall be authorized by the affirmative two-thirds (2/3) vote of the votes cast in a referendum of the Association members expressly subject to quorum requirements. A true copy of such resolution, together with a certificate of the results of the vote taken thereon, shall be made and acknowledged by the President, or Vice President, the Secretary, or Assistant Secretary of the Association, and such certificate shall be annexed to any instrument of dedication or transfer affecting the Open Space or Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership.

ARTICLE III
MAINTENANCE; ANNUAL ASSESSMENTS AND SPECIAL ASSESSMENTS

Section 1. Payment of Assessments to Association. Notwithstanding any provision hereinafter contained, the assessments described in this Declaration shall be due and payable to the Association or its successors or assigns. All funds necessary for the management, operation and maintenance of the open space and common property shall be derived from the assessments levied hereunder.

Section 2. Creation of the Lien and Personal Obligations of Assessments. Each Property Owner of any Residential Lot, Family Dwelling Unit or Unsubdivided Land, whether or not it shall be so expressed in any deed or other conveyance, agrees to all terms and provisions of this Declaration, and to pay to the Association:

(a) All annual assessments or charges; and

(b) Each special assessment or charge (hereinafter referred to as a "Special Assessment") for the purposes set forth in this Article, such

assessments to be fixed, established and collected from time to time as hereinafter provided.

The annual and Special Assessment, together with such interest thereon and costs of collection therefor as are hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such annual assessment and Special Assessment is made. Each such annual assessment and Special Assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the owner of such real property at the time when such assessment first became due and payable. In the case of co-ownership of a Residential Lot or Family Dwelling Unit, all of such co-owners shall be jointly and severally liable for the entire amount of such assessment.

Section 3. Purpose of Assessments. The annual assessments levied hereunder shall be used exclusively for the improvement, maintenance, management, enhancement, enlargement and operation of the Open Space and Common Properties, including, without limitation, all roadways, bike paths, security systems, insect control, vegetation control and drainage systems, and to provide all other services which the Association is authorized to provide pursuant hereto. In providing such services, the Association may make payment of taxes and insurance thereon, make improvements to the Open Space and/or Common Properties, pay the cost of labor, equipment, materials, management, supervision, accounting and Member information services, maintain offices and equipment, repay any authorized loans made to the Association and take such other action as is necessary to carry out its authorized functions as their interest may appear.

In the case of annual operation of the Open Space and Common Properties, all funds necessary for such operation need not be derived from the assessments levied by the Association, but rather may be derived from user charges and annual user dues for the particular facility as determined by the Association. Such user charges and user dues shall be in addition to, and not in lieu, of any assessments provided for herein consistent with the approved Association budget.

Section 4. Application of Minimum Base Assessment.

(a) The base annual assessment, as set forth in paragraph (c) below, shall be levied by the Association, unless The Board of Directors by unanimous vote, determines that the important and essential functions of the Association may be properly funded only by an annual assessment above the minimum annual assessment, as set forth below. If the Board of Directors shall levy the base annual assessment for any assessment year and thereafter, during such assessment year, determine that the important and essential functions of the

Association cannot be funded by the annual assessment, the Board of Directors may, by unanimous decision, levy a supplemental assessment in an amount sufficient to meet such funding.

(b) For the purposes of this Section 4, the term "supplemental assessment" shall mean any assessment in excess of the amount reflected below as the "annual assessment" for such type of property.

(c) The base annual assessment established in 1997 for each Residential Lot or Family Dwelling Unit was SEVEN HUNDRED THIRTY ONE AND 00/100 DOLLARS ($731). It is subject to annual increases as hereinafter described.

(d) Property subdivided into Residential Lots shall not be classified for purposes of this Declaration and the levying of the annual assessment as a Residential Lot until:

(i) a duly certified survey thereof has been approved for filing in accordance with Pertinent Laws and has been recorded in the Register of Deeds Office; and

(ii) approval is received of registration of said Residential Lot by the Interstate Land Sales Division, Department of Housing and Urban Development, or successor agency ("HUD") permitting said Residential Lot to be offered for sale or, if applicable, qualification of said Residential Lot for the "Single Family Residence" exemption pursuant to the Regulations of HUD.

(e) Annual assessments for each year shall be on a Calendar year basis and shall become due and payable the first business day of January of each assessment year.

(f) The Association may, at its sole expense, obtain copies of all plats of Callawassie Island properties recorded with the Register of Deeds Office.

(g) All assessments charged by the Association shall be rounded off to the nearest dollar.

(h) The annual assessment may be increased each year by the Board of Directors by an amount not in excess of ten (10%) percent per year or the

percentage increase between the first month and the last month of an annual assessment period in the Consumer Price Index, U.S. City Average, All Items (1967=100) ("C.P.I.") issued by the U.S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas", whichever of these two percentage figures is larger. In the event that the C.P.I. referred to above shall be discontinued, then there shall be used the most similar index published by the United States Government that indicates changes in the cost of living. To the extent that the annual assessment is not increased in any year as permitted, the right to institute an increase in any future year shall be non-cumulative. Two-thirds (2/3) of the votes cast in a referendum of the Association, subject to the Quorum requirement may vote against such increase, vote to increase the annual assessment by a greater amount or vote to decrease the annual assessment.

(i) The Board of Directors by unanimous decision, may after consideration of current costs and future needs of the Association, fix the annual assessment for any year at an amount less than the then-applicable annual assessment, but such action shall not constitute a waiver by the Association of its right to revert to the maximum allowable annual assessment in subsequent years. However, if the Board of Directors fixes such annual assessment at an amount less than the base annual assessment (i.e., less than $731.00 per Residential Lot or Family Dwelling Unit) and it is subsequently determined by the Board of Directors that the amount assessed will not be sufficient for such assessment year, the Board of Directors shall have the power to make a supplemental assessment, but in no event shall the sum of the annual and supplemental assessments in any one (1) year exceed the base annual assessment as adjusted in accordance with paragraph (h) above.

(j) Any increase or decrease in the annual assessment shall be made in such a manner that the proportionate increase or decrease therein is the same for owners of Residential Lots and Family Dwelling Units, and likewise, any time the actual assessment levied by the Board of Directors is less than the minimum annual assessment, such decrease shall be apportioned among the owners of Residential Lots and Family Dwelling Units.

Section 5. Special Assessments for Improvements and Additions.

(a) In addition to the annual assessments authorized by PART THREE, Article III, Section 3 hereof, the Association, may levy Special Assessments, for the purpose of construction, reconstruction, repair or replacement of capital improvements upon the Open Space or the Common

Properties, including, without limitation, all necessary fixtures, equipment and personal property related thereto, for additions to the Open Space or Common Properties, to provide for all necessary facilities and equipment to offer the services authorized herein and to repay any loan made to the Association to enable it to perform the duties and functions authorized herein, provided that such Special Assessment must receive the approval of a majority or a higher percentage as may be established by the Board of the votes of the Members participating in a Referendum after a Quorum has been established, with any such Referendum conducted by mail to include a statement prepared by the directors favoring such assessments stating the reasons therefor, together with a statement prepared by the directors dissenting from such assessment; provided, however, that neither of such statements may exceed a maximum length of five (5) pages on each proposed assessment. This Section 5 shall be interpreted to mean that the Association may make, in any one (1) year, an annual assessment, plus an additional Special Assessment. The fact that the Association has made the maximum permissible annual assessment for any assessment year shall not affect its right to make a Special Assessment during such year.

(b) Such Special Assessment in any one (1) year may not exceed a sum equal to the amount of the maximum permissible annual assessment for such year, except for emergency and other repairs required as a result of storm, fire, natural disaster or uninsured casualty loss, or unless approved by a two-thirds (2/3) vote of all Members.

(c) The Association shall establish reserve funds equal to ten (10%) percent of receipts from annual assessments, to be held in reserve in an interest-bearing, Federally-insured account or similar investment in obligations of the United States Government as a reserve for (i) major rehabilitation or major repairs, and (ii) emergency and other repairs required as a result of storm, fire, natural disaster or uninsured casualty loss (the "Association Reserve Account"). The Association Reserve Account shall be controlled and managed by the Board of Directors.

Section 6. Change in Minimum and Maximum Amounts of Annual Assessments Upon Merger or Consolidation. The limitations of PART THREE, Article III shall apply to any merger or consolidation in which the Association is authorized to participate under PART ONE, Article II, Section 2(c), hereof and under the Bylaws of the Association.

Section 7. Duties of the Board of Directors.

(a) The Board of Directors, shall fix the amount of each annual assessment and Special Assessment against each Residential Lot and Family Dwelling Unit as provided hereinabove, and shall, at that time, direct the preparation of an index of the Property and all assessments applicable thereto, which shall be kept in the office of the Association and which shall be open to inspection by any Property Owner. Written notice of assessment shall thereupon be sent to every Property Owner by November 15 (45 days notice).

(c) The Association shall, upon demand at any time, furnish to any Property Owner liable for any assessment a certificate in writing setting forth whether or not said assessment has been paid. Such certificate shall be conclusive evidence against all but the Property Owner of payment of any assessment therein stated to have been paid.

Section 8. Effect of Non-Payment of Assessments; Personal Obligation of the Property Owner; Lien; Remedies of Association.

(a) If any annual assessment or Special Assessment is not paid on or before the thirtieth (30th) day after the due date specified in PART THREE, Article III, Section 4(e) hereof, as to annual assessments, or on or before the thirtieth (30th) day after notice of any Special Assessment is sent to a Property Owner at his, her or its last known address, then such assessment shall become delinquent and shall, together with interest thereon at the rate of sixteen percent (16%) per annum from the due date and all costs of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the subject Property Owner's Residential Lot or Family Dwelling Unit and all improvements thereon, against which such assessment was made. The personal obligation of the Property Owner at the time when such assessment first became due and payable to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to his, her or its successors-in-title unless expressly assumed by them, but notwithstanding the foregoing, the amount of such assessment shall remain a lien and charge against such Property Owner's property.

(b) If such assessment is not paid within thirty (30) days after the due date, the Association may, in its sole and absolute discretion, either

(i) bring an action at law or in equity against the Property Owner personally, and, for purposes thereof, there shall be added to the

amount of such assessment the costs of preparing and filing the complaint in such action, and in the event that a judgment is obtained, such judgment shall include interest on the assessment as above provided and attorney's fees, together with the costs of the action, or

(ii) bring an action to foreclose on such Property Owner's Residential Lot or Family Dwelling Unit and all improvements thereon, in which the Association may claim the amount of the past-due assessment plus all costs specified in clause (i) above.

(c) The Association, acting on behalf of the Property Owners, shall have the power to bid for any such Residential Lot or Family Dwelling Unit, at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period in which any such Residential Lot or Family Dwelling Unit is owned by the Association following foreclosure:

(i) no right to vote shall be exercised on its behalf;

(ii) no assessment shall be levied on it; and

(iii) each other Residential Lot or Family Dwelling Unit shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged any such Residential Lot or Family Dwelling Unit had it not been acquired by the Association as a result of foreclosure. Any suit to recover a money judgment for unpaid assessments, interest, costs and attorney's fees shall be maintainable without foreclosing or waiving the charge and lien securing the same.

Section 9. Subordination of Lien to Mortgage. The charge and perfected lien of past-due assessments provided for above shall be subordinate to the lien of all governmental taxes, bonds, assessments and other levies which would in any event be superior thereto by law and any mortgage or mortgages placed of record upon any portion of the Property subject to assessments prior to June 30, 1992, and shall also be subordinate to any first mortgage hereafter placed on any portion of the Property subject to assessments if and to the extent that, at the time such first mortgage is executed and delivered, no such assessments are due and owing hereunder; provided, however, that such subordination shall apply only to the annual assessments and Special Assessments which have become due and payable prior to a sale or transfer of any such portion of the Property pursuant to a decree of foreclosure or deed in lieu of foreclosure. Such sale or transfer shall not relieve any such Property from liability for any assessments accruing after conveyance to any mortgagee or to any subsequent owner.

Section 10. Exempt Property. The following property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from the annual assessments and Special Assessments, charges and liens created herein:

(a) Grantees in conveyances made for the purpose of granting utility easements;

(b) Owners of all Open Space;

(c) Woodland and other conservancies, including any lands subject to conservation or scenic easements duly recorded and held by appropriate public-interest agencies;

(d) utilities;

(e) medical clinics;

(f) All lands below the mean high water mark of Colleton River and all surrounding rivers and creeks; and

(g) All Club Property.

Section 11. Annual Statements. The Association Board shall each year, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement, showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association; provided, however, that this requirement shall be construed to apply only to creditors owed more than $1,000. The Association Board shall furnish to each Member of the Association who may make request therefor in writing a copy of such statement, within thirty (30) days after receipt of such request. Such copy may be furnished to the Member either in person or by mail.

Section 12. Annual Audit. The annual audit report shall be presented at the annual meeting and may be reviewed in the Association office. This report will be provided to any Property Owner upon request at reasonable cost.

ARTICLE IV
BINDING ARBITRATION

Section 1. When Arbitration is Applicable. Under certain circumstances the terms of this Declaration provide the mechanism of binding arbitration to resolve otherwise

irreconcilable differences between the Association and the Spring Island Property Owners Association (SIPOA). In those instances where binding arbitration is expressly provided for, and only in those instances, the provisions of this Article IV shall be applicable. Those instances are set forth in the following provisions of the Declaration:

(a) PART TWO, Article I, Section 26 (b).
(b) PART TWO, Article I, Section 26 (f).

Section 2. Appointment of Arbitrators. If an amicable resolution cannot be reached in matters subject to arbitration as specified above, the matter in dispute shall be referred to a Board of Arbitration to be composed of three (3) arbitrators. SIPOA shall appoint one (1) arbitrator and the Association shall appoint one (1) arbitrator. Each of said arbitrators should possess significant education and/or experience in the southeastern United States in one or more of the following fields:

(a) planned community development;

(b) community association management/administration; or

(c) significant legal, banking or accounting experience in the area of community development, planned community management, or property owner association management.

The two arbitrators thus appointed shall appoint a third arbitrator who shall possess qualifications within one or more of the categories described above for the first two arbitrators. If either SIPOA or the Association fails to appoint their arbitrator within a period of fifteen (15) days after the other party has appointed its arbitrator, or if the two arbitrators appointed by SIPOA and the Association cannot agree on a third arbitrator within a period of twenty (20) days after appointment of the second arbitrator, then the arbitrator of the non-appointing party or the third arbitrator, as the case may be, shall be appointed by the Chairman of the Board of Directors of the Community Association Institute located at 1630 Duke Street, Alexandria, Virginia 22314, at the request of the non-failing party.

Section 3. Conduct of Arbitration. The Board of Arbitration shall sit in Beaufort County, South Carolina, at a location to be mutually agreed upon between the arbitrators. Failing an agreement, the Board of Arbitration shall sit in the facilities of The Club Corporation on Callawassie Island, Beaufort County, South Carolina. Any decision shall be made by a majority of the arbitrators on points of substance, law and otherwise. The arbitrators shall apply the provisions of this Declaration except where no provision proves to be applicable, in which case the Board of Arbitration shall decide the dispute according to the principles of equity and fairness. The arbitration proceeding shall be governed by the

provisions of the Uniform Arbitration Act, Section 14-48-10, et. seq., Code of Laws of South Carolina, 1976, as amended, except as herein expressly specified.

Section 4. Binding Effect. All decisions of the Board of Arbitration shall be final and binding on SIPOA and the Association. All decisions of the Board must be rendered in writing no later than sixty (60) days following the commencement of the arbitration proceedings, which shall mean that date on which the party wishing to have recourse to arbitration serves a written notice on the other party including all of the following:

(a) A request for arbitration;

(b) The name of the arbitrator appointed by the party seeking arbitration;

(c) A statement of the party's position with regard to the matter for which arbitration is sought; and

(d) Such documentation or information as will serve clearly to establish the circumstances of the party's position with regard to such disputed matter.

If the Board of Arbitration determines that the matter is of such significant scope or complexity that it cannot be adequately and thoroughly reviewed and determined within such time constraints, it may extend the time for rendering a decision for a further time not to exceed thirty (30) additional days.

ARTICLE V
FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Properties and Open Space. The Association, subject to the rights of the Property Owners set forth in this Declaration, shall be authorized to own and maintain Common Properties and Open Space and equipment, furnishings, and improvements devoted to the following uses:

(a) for streets, roads, roadways and parkways along said streets, roads or roadways throughout the Property;

(b) for sidewalks, walking or jogging paths or trails and bicycle paths throughout the Property;

(c) for transportation facilities throughout the Property;

(d) for police and fire protection, including, without limitation, police stations, maintenance buildings, guardhouses, police equipment, security equipment, fire stations and fire fighting equipment; and

(e) buildings used in maintenance functions;

(f) for emergency health care, including, without limitation, ambulances and emergency care medical facilities and the equipment necessary to operate such facilities;

(g) for providing any of the services which the Association is authorized to offer under Section 3 of this PART THREE, Article V; and

(h) for lakes, playing fields, historic parks, wildlife areas, fishing facilities, community dock facilities and other facilities of any nature, including, without limitation, community meeting facilities serving the Property.

Section 2. Ownership and Maintenance of Common Properties and Open Space. The Company shall convey to the Association free and clear of any liens or encumbrances except easements and restrictions of record, reservations for utility and similar easements, and the provisions of this Declaration, and shall give the Association the rights to own and maintain all the Common Properties and the Open Space within Callawassie Island no later than the earlier to occur of the sale of more than seven hundred (700) units or sites for the Family Dwelling Units or April 30, 1997; provided, however, that the Association shall not be required to accept such conveyance and rights unless and until the assessments and the Special Assessments actually collected pursuant to this Declaration are sufficient to maintain all Common Properties and the Open Space, and provided, however, that the Company shall continue to be liable for any patent or latent defects therein caused by labor or materials contracted for by the Company or known to the Company at the time of such conveyance and not disclosed to the Association in writing. Following any such conveyance, the Association shall have exclusive management and control of all Common Properties and Open Space and all improvements thereon and furnishings and equipment related thereto.

Section 3. Services. The Association shall be authorized, but not required, to the extent that the assessments and the Special Assessments actually collected pursuant to this Declaration are sufficient to so do, to provide the following services and take the following actions:

(a) clean-up, maintenance, landscaping, and lighting of all streets, roads, medians, parkways, lagoons, signage, Open Spaces, Common Properties and also all public properties which are located within or in a reasonable proximity to the Property such that their deterioration would affect appearance of the Property as a whole;

(b) vehicles and equipment, other than privately owned automobiles, paid for by Special Assessments;

(c) police and fire protection and security, including, but not limited to, the employment of police and security guards, maintenance of electronic and other security devices, control centers and gatehouses for the protection of persons and property within the Property and to provide security for the Spring Island Easement and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Property;

(d) garbage, recycling and trash collection and disposal;

(e) insect and pest control, to the extent that it is necessary or desirable, in the judgment of the Board of Directors, to supplement the service provided by state and local governments;

(f) the real and personal property and services necessary or desirable, in the judgment of the Board of Directors, to carry out the Association's obligations and business under the terms of this Declaration;

(g) any and all actions necessary to enforce all covenants and restrictions affecting the Property, and to perform any of the functions or services reserved to the Association in this Declaration and in any other covenants or restrictions at any time applicable to the Property;

(h) set up and operate the Review Committee as provided for herein;

(i) conduct recreation, sport, craft, and cultural programs of interest to Members and their children, lessees and guests;

(j) provide safety equipment for storm emergencies;

(k) construct improvements on the Open Space for any of the purposes or as may be required to provide the services as authorized in this PART THREE, Article V;

(l) provide administrative services, including but not limited to, legal, accounting and financial, and communication services informing Members of activities, notice of meetings, referendums, etc. incident to the above listed services;

(m) provide liability and hazard insurance covering improvements and activities on the Open Space and Common Properties, independently or in collaboration with the Company or the Club;

(n) provide services to the Heron Walk Association; and

(o) pursue recourse against third parties as necessary and appropriate.

Section 4. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified or implied in this Declaration. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors, taking into consideration the funds available to the Association and the needs of the Members. Special Assessments, if required, shall be submitted for Referendum as herein provided. The functions and services which the Association is authorized to provide may be added or reduced at any time by a Referendum conducted by the Board of Directors under the same procedures as for a Special Assessment.

Section 5. Mortgage and Pledge. The Board of Directors shall have the power and authority to mortgage and/or pledge the real and personal property of the Association, and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association only in performing its authorized functions hereunder as provided for in the Bylaws.

Section 6. Rules and Regulations. The Association, through the Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Property, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote. The Board of Directors shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided in this Declaration and Bylaws of the Association.

The Association, through the Board of Directors, by contract or other agreement, shall have the right to enforce county or municipal ordinances and to permit

Beaufort County, South Carolina and all other state and local governmental agencies and instrumentalities to enforce ordinances on the Property for the benefit of the Association and the Members.

Section 7. Implied Rights. The Club and the Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE VI
INSURANCE AND CASUALTY LOSSES

Section 1. Insurance

(a) The Board of Directors, or its duly authorized agent, shall have the authority to obtain blanket all-risk casualty insurance, if reasonably available, for all insurable improvements on the Open Space and Common Properties. If blanket all-risk coverage is not reasonably available, then, at a minimum, to the extent that funds are available therefor, an insurance policy providing fire and extended coverage may be obtained. The face amount of such insurance shall be sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

(b) The Association shall have no insurance or other responsibility for any part of the Club Property.

(c) The Board of Directors shall also have the authority to obtain a public liability policy covering the Open Space and Common Properties, insuring all or any of the Association and its directors and officers and its Members for all damage or injury caused by the negligence of the Association, or its directors or officers, any of its Members or agents or any other person who has a right to occupy the Property. The public liability policy shall have at least a ONE MILLION AND 00/100 DOLLAR ($1,000,000.00) single person limit as respects bodily injury and property damage, a THREE MILLION AND 00/100 DOLLAR ($3,000,000.00) limit per occurrence, if reasonably available, and a FIVE HUNDRED THOUSAND AND 00/100 DOLLAR ($500,000.00) minimum property damage limit.

(d) Premiums for all insurance on the Open Space and Common Properties shall be expenses of the Association and shall be included in the

annual assessment made by the Association. All policies of insurance obtained hereunder may contain a reasonable deductible, and, in the case of casualty insurance, the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be liable for the loss or repair in the absence of insurance, and in the event of multiple parties, shall be allocated in relation to the amount each party's loss bears to the total.

(e) All insurance coverage obtained by the Board of Directors shall be written in the name of the Association, for itself and as trustee for the respective benefited parties, as further identified herein or in such insurance policies. Such insurance shall be governed by the provisions hereinafter set forth.

(f) All policies shall be written with a company authorized to do business in South Carolina which holds a Best's rating of A or better and is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available.

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

(h) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with insurance purchased by individual Property Owners, occupants or their mortgagees.

(i) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement, with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Beaufort County, South Carolina area.

(j) The Board of Directors may use reasonable efforts to secure insurance policies that will provide the following:

(i) a waiver of subrogation by the insurer as to any claims against the Board of Directors, its directors and officers, the Members,

the Property Owners and their respective tenants, servants, agents, independent contracts and guests;

(ii) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(iii) a statement that no policy may be canceled, invalidated, suspended or subject to non-renewal on account of any one or more individual Property Owners;

(iv) a statement that no policy may be canceled, invalidated, suspended or subject to non-renewal on account of the conduct of any director, officer, agent, independent contractor or employee of the Association without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any of its directors, officers, agents, independent contractors or employees, any Property Owner or any mortgagee of the Association's property;

(v) a statement that any "other insurance" clause in any policy exclude individual Property Owners' policies from consideration; and

(vi) a statement that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification or non-renewal.

(k) In addition to the other insurance required by this Section, the Board of Directors will obtain worker's compensation insurance and any other insurances as required by law, and if reasonably available, directors' and officers' liability coverage, a fidelity bond or bonds on directors, officers, agents, independent contractors and employees, and other persons handling or responsible for the Association's funds and flood insurance, if required. The amount of fidelity coverage shall be determined by the directors. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation, and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification or non-renewal.

Section 2. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of such damaged or destroyed Property. Repair or reconstruction, as used in this Section 2(a), means repairing or restoring such Property to substantially the same condition in which it existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) In the event that it should be determined in the manner described above that the damage or destruction to such Property shall not be repaired or reconstructed and that no alternative improvements are authorized, then and in that event the affected portion of the Property shall be restored to its natural state and maintained by the Association, in a neat and attractive condition.

Section 3. Disbursement of Proceeds. If the damage or destruction for which the proceeds of insurance policies held by the Association are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction shall be retained by and for the benefit of the Association. In the event that no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with any mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association. This is a covenant for the benefit of any mortgagee of the Association's property and may be enforced by such mortgagee.

Section 4. Repair and Reconstruction. If the damage or destruction to the Open Space or Common Properties for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds or reserves are not sufficient to defray the cost thereof, the Board of Directors may levy a Special Assessment to cover the cost thereof as provided for in Part Three, Article III, Section 5 .

ARTICLE VII

NO PARTITION

There shall be no judicial partition of the Open Space or Common Properties or any part thereof, nor shall any person acquiring any interest in the Property or any part thereof seek any judicial partition, unless such property has been removed from the provisions of this Declaration. This Article VII shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE VIII

CONDEMNATION

Whenever all or any part of the Open Space or Common Properties shall be taken (or conveyed in lieu of and under threat of condemnation by the Board of Directors acting on the written direction of at least sixty seven percent (67%) of the total voting Members of the Association) by any authority having the power of condemnation or eminent domain, each Property Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association, as trustee for all Property Owners, to be disbursed as follows:

(a) If the taking involves a portion of the Open Space or Common Properties on which improvements have been constructed, then, unless within sixty (60) days after such taking, at least seventy five percent (75%) of the total voting Members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Open Space or Common Properties, to the extent lands are available therefor, in accordance with plans approved by the Board of Directors. If such improvements are to be repaired or restored, the above provisions in PART THREE, Article VI, Sections 3 and 4 hereof, regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired, shall apply; or

(b) If the taking does not involve any improvements on the Open Space or Common Properties, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such net funds shall be disbursed to the Association and used for such purposes as the Board of Directors shall determine.

PART FOUR
SPECIAL RESTRICTIONS AFFECTING GOLF FAIRWAY RESIDENTIAL AREAS, COTTAGE AREAS, AND WATERFRONT AND MARSHFRONT LOTS

ARTICLE I
GOLF FAIRWAY RESIDENTIAL AREAS AND OTHER INTERIOR LOTS

Section 1. Landscaping. The landscaping plan for the areas of any Residential Lot or Duplex lot within fifty (50) feet of the boundary of any Residential Lot or Duplex lot line adjacent to the Club's golf fairway property shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the Club's golf course architect, and all individual Residential Lot or Duplex lot landscaping plans must be approved by the Review Committee before implementation.

Section 2. Golf Course Maintenance Easement. There is reserved to the Company and its agents, successors and assigns a "Golf Course Maintenance Easement Area" on each Residential Lot adjacent to the fairways or greens of any portion of the golf course developed on Callawassie Island. This reserved easement shall permit the Company and its agents, successors and assigns, at its election, to go onto any fairway Residential Lot at any reasonable hour and maintain or landscape the Golf Course Maintenance Easement Area. Such maintenance and landscaping shall include regular removal of underbrush, trees less than six (6) inches in diameter, stumps, trash or debris, planting of grass, watering, application of fertilizer and mowing of the Golf Course Maintenance Easement Area. The Golf Course Maintenance Easement Area shall be limited to the portion of such Residential Lot within thirty (30) feet of the lot line bordering any such fairway, or such lesser area as may be shown as the "Golf Course Maintenance Area" on the recorded plat of such Residential Lot; provided, however, that the above described maintenance and landscaping rights shall apply to the entire Residential Lot until there has been filed with the Review Committee a landscaping plan for such Residential Lot by the Property Owner thereof, or alternatively, a Family Dwelling Unit is constructed on such Residential Lot. The Company intends to assign its rights under this Section 2 to the Club Corporation at the time it conveys title to the golf course to the Club Corporation.

Section 3. Entry by Golfers. Until such time as a Family Dwelling Unit is constructed on a Residential Lot, the Company and its agents, successors and assigns, reserves an easement to permit and authorize registered golf course players and their caddies to enter upon a Residential Lot to recover a ball or play a ball, subject to the official rules of the golf course, without such entering and playing being deemed a trespass and without being liable to the affected Property Owner therefor. After a Family Dwelling Unit is constructed on any

such Residential Lot, such easement shall be limited to that portion of the Residential Lot included in the Golf Course Maintenance Easement Area, and recovery of balls only, not play, shall be permitted in such easement area. Registered players or their caddies shall not be entitled to enter on any such Residential Lot with a golf cart or other vehicle, nor spend unreasonable time on such Residential Lot, or in any way commit a nuisance while on such Residential Lot.

Section 4. Prohibited Activities. Owners of golf fairway Residential Lots shall be obligated to refrain from any actions which would detract from the playing qualities of the Callawassie Island golf course or the development of an attractive overall landscaping plan for the entire golf course area. Such prohibited actions shall include, but are not limited to, such activities as burning trash on a Residential Lot when the smoke would cross onto the fairway, and the maintenance of unfenced dogs or other pets on a Residential Lot under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play.

Section 5. Size of Residential Lots. Except for plats filed for record by the Company or its predecessors in title prior to June 30, 1992, no block of golf course property shall be subdivided into Residential Lots in the future which do not have either a minimum of ninety (90) feet of frontage on a golf fairway or similar golf course area, or alternatively, contain a minimum of twenty thousand (20,000) square feet of ground area, except where such smaller Residential Lot shall have been approved in writing by a declaration of the Company entered of record in connection with the filing of a subdivision plat showing a golf residential block divided into individual Residential Lots.

Section 6. Size of Dwelling Unit. Except as provided in Article III hereafter, no plans will be approved for an interior or golf course Residential Lot unless the proposed dwelling unit has a minimum of one thousand eight hundred (1,800) square feet of enclosed heated/air conditioned space.

ARTICLE II
WATERFRONT AND MARSHFRONT AREAS

Section 1. Size of Dwelling Unit. Except as provided in Article III hereafter, no plans will be approved for waterfront or marshfront Residential Lots unless the proposed dwelling unit has a minimum of two thousand (2,000) square feet of enclosed heated/air conditioned space.

Section 2. Docks.

(a) Property Owners owning Residential Lots, and the Club Corporation owning Club Property may erect docks (boat houses, gazebos, or other structures will not be permitted) upon the Common Properties or the Open Space located between the outer boundary of their Residential Lots or Club Property and contiguous to same, upon complying with the following terms and conditions:

(i) Complete plans and specifications, including site, color or finish, must be submitted to the Review Committee in writing;

(ii) Written approval of the Review Committee of such plans and specifications must be secured, the Review Committee reserving the right in its discretion to disapprove such plans and specifications on purely aesthetic reasons; and

(iii) Full compliance with all Pertinent Laws must be made.

(b) Any alterations of such plans and specifications or of the completed structure must also be submitted to the Review Committee in writing and the Review Committee's approval in writing must be similarly secured prior to construction based thereon, the Review Committee reserving the same rights to disapprove alterations as it retains for disapproving the original structures.

(c) Unless otherwise authorized in writing by the Review Committee, neither a Property Owner or the Club Corporation owning a Residential Lot or Club Property adjacent to any interior lake, pond or lagoon area shall be allowed to construct any dock or docking structure between the boundary of such Residential Lot or Club Property and such lake, pond or lagoon area, or upon such lake, pond or lagoon area.

Section 3. Maintenance of Docks. Any Property Owner or the Club Corporation who is permitted by the Review Committee to construct or cause to be constructed docks must maintain said structures in good repair and keep the same safe, clean and orderly in appearance at all times, and shall paint or otherwise treat with preservatives all wood or metal located above the high water mark, exclusive of pilings, and maintain such paint or preservatives in an attractive manner. The Review Committee shall determine whether such docks are safe, clean, orderly in appearance, and properly painted or preserved in accordance with reasonable standards. Where the Review Committee notifies a particular Property Owner or the Club Corporation in writing that his, her or its dock fails to meet acceptable standards,

said Property Owner or the Club Corporation shall thereupon remedy such conditions within thirty (30) days, to the reasonable satisfaction of the Review Committee. Failing to so remedy such conditions, the Property Owner or the Club Corporation hereby agrees that the Association may, but is not obligated to, make the necessary repairs. There is no obligation of the Association to make such repairs or take such actions as will bring said dock in compliance with reasonably acceptable standards. All such repairs and actions shall be at the sole cost and expense of the Property Owner in question or the Club Corporation, and any such cost and expense shall constitute a charge and perfected lien against such Property Owner's Residential Lot or Family Dwelling Unit or the Club Corporation's Club Property pursuant to PART THREE, Article III, Section 8 above.

Section 4. Trespass. Whenever the Association is permitted by this Declaration to correct, repair, clean, preserve, clear out or do any action on the property of any Property Owner, or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass, and neither the Company, nor the Association, nor the directors, officers, partners, agents, employees, independent contractors, successors or assigns of either shall be liable therefore.

ARTICLE III
COTTAGE AREAS

Section 1. Size of Dwelling Unit. Notwithstanding anything hereinabove to the contrary, no building plans may be approved by the Review Board for "Cottage Lots" (being defined as those Residential Lots upon which the Family Dwelling Units known as the "Cottages" are to be constructed in accordance with plans submitted to and approved by the Review Board) unless the proposed "Cottage" has a minimum of one thousand four hundred (1,400 sq. ft.) of enclosed heated/air conditioned space.

Section 2. Restrictions. In the event that a "Cottage Lot" also qualifies as a golf fairway Residential Lot or a waterfront/marshfront Residential Lot as described in Article I or II of this PART FOUR, such Cottage Lots shall be subject to the applicable restrictions and easements set forth in Sections 1 through 6 of Article I of this PART FOUR and in Sections 1 through 5 of Article II of this PART FOUR.

PART FIVE
GENERAL PROVISIONS

ARTICLE I
DURATION

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Company, any Property Owner and the Club Corporation (as applicable), or their respective personal or legal representatives, heirs, executors, administrators, successors and assigns, for a period of twenty-five (25) years from the date this Declaration, as amended and restated, is recorded. Upon the expiration of said twenty-five (25) year-period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10)-year renewal periods hereunder shall be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10)-year renewal period for an additional ten (10)-year period; provided, however, that there shall be no renewal or extension of this Declaration if, during the last year of the initial twenty-five (25)-year period, or any subsequent ten (10) year period, three-fourths (3/4) of the votes of all Members vote in favor of terminating this Declaration at the end of its then-current term. It shall be required that written notice of any meeting or Referendum at which a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given to each Member at least thirty (30) days in advance of said meeting. In the event that the Association votes to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the date of the meeting or Referendum of the Association at which such resolution was adopted, the date that notice of such meeting or Referendum was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at such meeting of the Association, if applicable, the number of votes necessary to adopt a resolution terminating this Declaration, the total number of votes cast in favor of such resolution and the total number of votes cast against such resolution. Said certificate shall be recorded in the REGISTER OF DEEDS Office, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Perpetuities.

(a) If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violating of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now-living descendants of Elizabeth II, Queen of England or as provided in the Uniform

Statutory Rule Against Perpetuities, Section 27-6-10 et seq., Code of Laws of South Carolina, 1976, as amended.

(b) If a Property Owner consents to any amendment to this Declaration or the Bylaws of the Association, it will be conclusively presumed that such Property Owner shall have the authority so to consent and no contrary provision in any mortgage or contract between such Property Owner and a third party will affect the validity of such amendment.

(c) No amendment may remove, revoke or modify any right or privilege of Declarant, the Company or the Club Corporation set forth herein as of the date of recording this Declaration, as hereby amended and restated, without the written consent of Declarant, the Company or the Club Corporation or the successor to or assignee of such right or privilege, which consent shall not be unreasonable withheld or delayed if the granting thereof is in the best interests of Callawassie Island.

ARTICLE II
INDEMNIFICATION; SECURITY

Section 1. Indemnification. The Association shall indemnify every officer, director and committee member(s) (including, without limitation, all members of the Review Committee) 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 suit or proceeding, if approved by the Board of Directors) to which he or she may be a party by reason of being or having been an officer, director or committee member of the Association. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. 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 or committee members may also be Members of the Association), and the Association shall indemnify and forever hold each such officer, director and committee member free and harmless against any and all liability to others in account of any such contract or commitment. 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, director or committee member, may be entitled. The Association shall, at its sole cost and expense, provided that sufficient funds are available therefor, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 2. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Neither the Association, declarant, the Company nor any successor or assign of any thereof shall in any way be considered insurers or guarantors of security within the property and neither the Association, declarant, the Company, nor any successor or assigns of any thereof shall be held liable for any loss or damage by reason or failure to provide adequate security or ineffectiveness of security measures undertaken. All property owners and occupants of any residential lot or family dwelling unit and tenants, guests and invitees of any Property Owner, as applicable, acknowledge that neither the Association, nor the Board of Directors, nor the Company, nor any successor represents or warrants that any fire protection system, burglar alarm system or other security system designed by or installed according to guidelines established by it may not be compromised or circumvented, that any fire protection or burglar alarm system or other security system will prevent loss by fire, smoke, burglary, theft, hold-up or otherwise, nor that fire protection or burglar alarm systems or other security systems will in all cases provide the detection or protection for which the system is designed or intended. Each property owner, each occupant of any residential lot or family dwelling unit, and each tenant, guest and invitees of a Property Owner, as applicable, acknowledges and understands that the Association, the Board of Directors, the Committees thereof, Declarant, the Company and any successor are not insurers and further acknowledges that neither the Association, nor the Board of Directors, nor Committees thereof, nor the Company, nor any successor has so made the representation or warranty, nor any Property Owner, occupant, tenant, guest or invitee relied upon any representation or warranty, express or implied, including any warranty of merchantability of fitness for any particular purposes, relative to any fire and/or burglar alarm systems or other security systems recommended or installed or any security measures undertaken within the property.

ARTICLE III
AMENDMENTS

Subject to the provisions of PART FIVE, Article I, Section 2(c) hereof, all proposed amendments of this Declaration which are substantive in nature shall be submitted to a vote of the Members by Referendum, and any such proposed amendment shall be deemed approved if two-thirds (2/3) of the votes of all Members are in favor of the amendment. If any proposed substantive amendment of this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an addendum to this Declaration, which shall set forth the amendment, the effective date of the amendment, the date of the Referendum by which such amendment was adopted, the total number of votes of Members of the Association, the number of votes required to constitute a quorum at such meeting of the Association, if applicable, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of

votes cast against the amendment. Such addendum shall be recorded in the Register of Deeds Office.

Notwithstanding the foregoing, the Board of Directors shall have the absolute and sole authority to alter, amend, or supplement provisions of this Declaration which are merely technical and non-substantive in nature, provided such changes do not reduce or prejudice any right or privilege of the Members. Such alterations, amendments, or supplements shall not require a Referendum or any other approval by the Members but Members shall be notified of such changes.

ARTICLE IV
NOTICES

Section 1. Notices. Any notice required to be sent to any Member or Property Owner or the Club Corporation under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the person or entity who appears as such Property Owner or the Club Corporation in the public records of Beaufort County, South Carolina or as a Member in the records of the Association, as the case may be, on the first day of the calendar month in which said notice is mailed.

Section 2. Notices to Co-Owners. Notice to one of two or more co-owners of a Residential Lot or Family Dwelling Unit, shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address.

Section 3. New Members. Any person who becomes an owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor-in-title.

ARTICLE V
ENFORCEMENT, SEVERABILITY AND INTERPRETATION

Section 1. Who May Enforce Generally. In the event of a violation or breach of any of the affirmative obligations or restrictions contained in this Declaration by any Property Owner or agent of such Property Owner, the Company, the Association and any other Property Owners or the Club Corporation (as applicable), or any of them, jointly or severally, shall have the right to proceed at law or in equity, including, without limitation, by specific performance or injunction, to compel compliance with the terms hereof or to prevent the violation or breach hereof.

Section 2. Enforcement by the Association.

(a) In addition to the foregoing, the Association shall have the right to proceed at law or in equity, including, without limitation, by specific performance or injunction, to compel compliance with the terms hereof or to prevent the violation or breach hereof.

(b) The Association may engage a person or persons to respond to complaints received as to violations of this Declaration and shall inform the violators of such complaint. If the violation is not expeditiously cured, the Association may engage legal counsel to bring an appropriate specific performance or injunctive action, including any appeals, to enforce this Declaration. Violators shall be obligated to reimburse the Association in full for all of its direct and indirect costs, including, but not limited to, legal fees and court costs incurred by the Association in maintaining compliance with this Declaration.

Section 3. Against Whom May the Covenants Be Enforced. The obligations and benefits prescribed by this Declaration shall run with the Property and shall be enforceable against the Company and its successors or assigns, the Association and its successors and assigns, and against any Property Owner, or the Club Corporation (as applicable), or other person or entity whose activities bear a relation to the Property when the aforesaid parties engage in activities (including, without limitation, omissions and failures to act) which constitute violations or attempts to violate or circumvent the covenants and restrictions set forth in this Declaration.

Section 4. Means of Enforcement. Enforcement of this Declaration shall be by any proceeding available at law or in equity, whether it be to restrain violation, to recover damages or to create any charge or lien permitted by this Declaration.

Section 5. Severability. Should any covenants or restriction herein contained, or any Part, Article, Section, paragraph, sentence, clause, phrase or term in this Declaration, be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of any court or other tribunal having jurisdiction over the properties, parties affected hereby and the subject matter hereof, such judgment shall in no wise affect the other provisions hereof, which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Interpretation. In all cases, the provisions of this Declaration shall be given the interpretation of construction which will best tend toward the consummation of the general plan of development of the Property. The provisions of this Declaration shall be given

full force and effect, notwithstanding the existing of any zoning or development ordinance which allows a less restrictive use of the Property.

Section 7. Authorized Action. All action which the Association is allowed to take under this Declaration shall be authorized actions of the Association if approved by the Board of Directors in the manner provided for in the Bylaws of the Association, unless the terms of this Declaration provided otherwise.

ARTICLE VI
TERMINATION OF ASSOCIATION

Section 1. Invalidity of Declaration. In the event that this Declaration for any reason be declared to be void, invalid, illegal or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the properties and parties affected hereby and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recordation of this Declaration, all of the Open Space and Common Properties belonging to the Association at the time of such adjudication shall revert to such successor association ("successor association") as may be provided by law or as may be determined by a court of competent jurisdiction.

Section 2. "Successor Association" as Trustee. Following any such reversion, the "successor association" and its successors and assigns shall own and operate the Open Space and Common Properties as trustee for use and benefit of the Property Owners subject to the terms, covenants, conditions, restrictions and easements set forth herein. The "successor association" may, at any time, reconvey the Open Space and Common Properties to the Association.

Section 3. Association as Trustee. If the foregoing adjudication shall occur on a date more than ten (10) years after the date of recordation of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for herein, all of the Open Space and Common Properties owned by the Association at such time shall be retained by the Association, which shall own and operate the same for the use and benefit of the Property Owners subject to the terms, covenants, conditions, restrictions and easements set forth herein.

ARTICLE VII
CLUB PROPERTY

Section 1. General. Neither membership in the Association nor ownership or occupancy of any Residential Lot or Family Dwelling Unit shall confer any ownership interest

in or right to use the Club Property. Rights to use the Club Property will be granted only to such persons, and upon such terms and conditions, as may be determined from time to time by the owner(s) of the Club Property. The owner(s) of the Club Property shall have the right, from time to time and without notice to the Association or any Member, to amend or waive the terms and conditions of use of the Club Property, including, without limitation, eligibility for and duration of use rights, categories of use, extent of use privileges and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether.

Section 2. Callawassie Island Members Club Membership. Every Person or entity who purchases property on Callawassie Island after December 1, 2001 shall thereupon be required to purchase an Equity Membership ("Membership") in the Callawassie Island Members Club, Inc. ("Club") and remain an Equity Member in good standing in such Club for each property purchased or transferred after the approval date of this amendment for so long as such person or entity owns the subject property. Such Member shall thereafter be vested with all of the rights, privileges and obligations of Membership in the Club as set forth in the Plan for the Offering of Membership and Bylaws of the Club and Amendments thereto. The applicable Membership Contribution Fee shall be paid as of the date of such conveyance. The payment of such Membership Contribution Fee shall be a condition precedent to the delivery of a deed or any other form of conveyance.

In the event one or more property owners who are already equity members of the Club purchase all or a portion of an abutting lot to form a single lot, such property owners will not be required to purchase and hold an additional Equity Membership in the Club.

Pursuant to Part Three, Article I, Section 1 hereof, or in the event that a Lot or Dwelling is owned by one or more individuals, a partnership or a corporation, only one Owner with respect to any such Lot or Dwelling shall be an Equity Member of the Club, any such determination to be made in accordance with the Bylaws of the Club as from time to time constituted.

The provisions of this Section shall run with the title of and be appurtenant to all Lots and Dwellings transferred or otherwise conveyed after December 1, 2001 and shall be binding upon and inure to the benefit of all Owners of such Lots and Dwellings and their respective heirs, executors, legal representatives, successors and assigns. Each Owner, by acceptance of a deed or other conveyance pursuant to purchase of a Lot or Dwelling after the approval date of this amendment consents and agrees to the obligations of an Equity Member of the Club.

All other sections of this Declaration not herein specifically amended shall be automatically amended to conform with the spirit and intent of this Amendment to this Declaration.

Section 3. Cooperation. Notwithstanding the foregoing, the Company and the Association acknowledge that a cooperative relationship among the Company, the Association and the owner(s) of the Club Property is necessary and desirable, and thus, the Company and the Association, on their behalf and on behalf of their successors and assigns, hereby pledge such cooperation.

ARTICLE VIII

DISCLAIMER

The adoption of this Amended and Restated Declaration, while by its nature intended to recite matters and circumstance in their present state as a result of changed circumstances or intervening events as discussed in the recitals on the initial page hereof, is not intended to and shall not be construed as modifying, in and of itself, any separate or independent documents having their own existence or independent legal significance such as, for example, Property Records filed with Office of Interstate Land Sales and Registration, Department of Housing and Urban Development or Callawassie Members Club, Inc.

Dated this 1st day of December, 2001.

SIGNED, SEALED AND DELIVERED

IN THE PRESENCE OF:

CALLAWASSIE ISLAND PROPERTY OWNERS ASSOCIATION, INC.

By: _____

Its President

Attest: _____

Its Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

I, Cary A Kelley, Notary Public for South Carolina do hereby certify that W. F. Tulavitz as President and Betty Bayless as Secretary, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this the 1ST day of December, 2001.

Cary A Kelley
Notary Public for South Carolina
My Commission Expires: _____

CARY KELLEY
MY COMMISSION EXPIRES
SEPTEMBER 8, 2010

INDEX TO EXHIBITS

Exhibit "A"	Description of Property
Exhibit "B"	Bylaws of the Association
Exhibit "C"	Master Plan of Callawassie
Exhibit "D"	Spring Island Easement
Exhibit "E"	Country Club Easement

EXHIBIT "A"

TO THE AMENDED AND RESTATED GENERAL DECLARATION FOR
CALLAWASSIE ISLAND AND PROVISIONS FOR
THE CALLAWASSIE ISLAND PROPERTY
OWNERS ASSOCIATION, INC.

ALL that certain piece, parcel or tract of land, situate, lying and being in the County of Beaufort, State of South Carolina, known as Callawassie Island, said Island lying between the Chechessee and Colleton Rivers, including all of the highland above highwater mark of said Island, measuring and containing eight hundred eighty (880) acres, more or less, also shown as one thousand (1,000) acres on the deed from W. W. Fick of Colleton County to Energy Subsidiary, Inc.

ALSO, all of the Company's right, title and interest in and to the marshlands which are a part of Callawassie Island lying between the Chechessee and Colleton Rivers in Beaufort County, South Carolina, together with all and singular the improvements, ways, woods, water courses, rights and privileges.

ALSO, all of Company's right, title and interest in and to the causeway and the right-of-way for such causeway across the marshes of Chechessee Creek from the mainland in a southerly direction to Callawassie Island.

The interests of the Company in and to any portions of the above-described property lying below the mean highwater mark are specifically conveyed subject to claims or rights of the State of South Carolina and any other governmental entities, the citizens represented thereby and to any unrecorded riparian rights of others in and to and over the waters of Chechessee Creek and the Colleton River, and any tributaries thereof.

ALSO

ALL that certain piece, parcel or tract of land situate, lying and being in Beaufort County, South Carolina, consisting of 1.602 acres and being more particularly shown and described as Parcel D, 1.602 acres on a plat entitled "A Boundary Survey of Land N/F of the Heirs of Harriet Lee and Gilbert Mitchell" prepared by Richard Kesselring, S.C.R.L.S. #8105 dated August 6, 1984, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Plat Book 32 at Page 123.

For a more detailed description as to location, courses, metes, bounds and distances, reference may be had to the above-referred to Plat of Record.

ALSO

ALL those certain pieces, parcels or tracts of land situate, lying and being on Callawassie Island, Beaufort County, South Carolina, and being shown as the road rights-of-way on the following plats which are recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in the following Plat Books and at the following Page numbers:

PHASE 1 - Recorded in Plat Book 31 at Page 231; Plat Book 32 at Page 146; Plat Book 32 at Page 132; Plat Book 34 at Page 12 and Plat Book 32 at Page 227.

PHASE 2 - Recorded in Plat Book 32 at Page 245.

PHASE 3 - Recorded in Plat Book 33 at Page 189.

PHASE 4 - Recorded in Plat Book 34 at Page 180.

PHASE 5 - Recorded in Plat Book 35 at Page 54; Plat Book 35 at Page 323; Plat Book 36 at Page 163; Plat Book 36 at Page 199 and Plat Book 36 at Page 200.

PHASE 6A - Recorded in Plat Book 40 at Page 198.

PHASE 6B - Recorded in Plat Book 64 at Page 123.

PHASE 7A - Recorded in Plat Book 35 at Page 209; Plat Book 35 at Page 320 and Plat Book 36 at Page 164.

PHASE 8 - Recorded in Plat Book 37 at Page 14 and Plat Book 36 at Page 218.

PHASE 8B - Recorded in Plat Book 64 at Page 124.

PHASE 9A - Recorded in Plat Book 37 at Page 53; Plat Book 41 at Page 26; Plat Book 42 at Page 129 and Plat Book 47 at Page 200.

PHASE 9B - Recorded in Plat Book 45 at Page 15.

PHASE 10A - Recorded in Plat Book 49 at Page 112.

PHASE 10B - Recorded in Plat Book 55 at Page 142.

PHASE 11 - Recorded in Plat Book 55 at Page 143.

PHASE 12 - Recorded in Plat Book 54 at Page 28.

PHASE 13A - Recorded in Plat Book 58 at Page 117 and Plat Book 59 at Page 86.

PHASE 13B - Recorded in Plat Book 63 at Page 47.

PARCEL B (2.927 acres) - Recorded in Plat Book 44 at Page 143.

PHASE 6B - Lots 1-11, 13, and 15 recorded in Plat Book 70 at Page 36

PHASE 14 - Lots 1-23 recorded in Plat Book 70 at Page 167; revised in Plat Book 72 at Page 190.

PHASE 9C - Lots 1-13 recorded in Plat Book 71 at Page 44; revised in Plat Book 74 at Page 23.

PLAT OF OPEN SPACE - (formerly Lots 1-4 Links Lane) recorded in Plat Book 72 at Page 189.

PHASE 14 - Lots 1-15, 18-23 recorded in Plat Book 72 at Page 190.

PHASE 9C - Lots 1-13 recorded in Plat Book 74 at Page 23.

PHASE 13B - Lots 19-32 including Open Spaces and Pond recorded in Plat Book 77 at Page 5.

PHASE 13A - Lots 1-18 including Open Space recorded in Plat Book 77 at Page 6.

PHASE I - 1.13 Acres Open Space adjacent to Lot 19 recorded in Plat Book 77 at Page 7.

PHASE II - 2 Heron Walk Ponds recorded in Plat Book 77 at Page 8.

PHASE 8 - 8 Osprey Pond Circle Ponds recorded in Plat Book 77 at Page 9.

PHASE 6A and 6B - Open Space, Wetlands and Lagoon recorded in Plat Book 77 at Page 10.

CALLAWASSIE[illegible]AND CONTRACT FOR SALE A[illegible]URCHASE

This Agreement made this 15th day of November, 2003 by and between
Callawassie Island Company, L.P., ("Seller")

and ARTHUR H. APPLEGATE ("Purchaser")

1. PURCHASE AND SALE: Seller agrees to sell and convey and Purchaser agrees to purchase from Seller the Property (as described in Paragraph 2 below) for the consideration and upon and subject to the terms, provisions, and conditions hereinafter set forth (constituting the "Contract").

2. PROPERTY: Being all of Lot Number 2 Phase 9C, according to the Final Plat recorded in Plat Book 71/44 at Page 74/23, Beaufort County Records, South Carolina (the "Plat") hereinafter referred to as "Property".

3. PURCHASE PRICE AND PAYMENT:

A. Sale/Bid Price: $ 51,000.—

B. Additional 10% Buyer's Premium: (+) $ 5,100.—

C. Total Purchase Price: (=) $ 56,100.—

D. Initial down payment deposit held by Bethea, Jordan & Griffin, P.A.-Trust Account: $ 5,000.—

E. Additional personal check deposit payable to Bethea, Jordan & Griffin, P.A. -Trust Account due upon execution of this contract. This deposit combined with D above shall equal a total of 10% of the purchase price in C above: $ 610.—

PLAINTIFF'S EXHIBIT Applegate 1 1/24
PENGAD 800-631-6989

F. Total Down Payment Deposit of D and E above (equals 10% of C above) (the "Earnest Money") (-) $ 5,610.—

G. Balance to close in form of Cashier's Check: (=) $ 50,490.—

4. BINDING OFFER: (check one)

X **ABSOLUTE:** Purchaser agrees this is an Absolute Sale and is a binding and irrevocable offer.

_____ **RESERVE:** Purchaser agrees this is a Reserve Sale and agrees to allow Seller until five o'clock (5:00) pm, November 17, 2003 to accept or reject said offer. Upon acceptance of this offer by Seller, this offer shall be a binding agreement upon Purchaser and Seller, their heirs, successors, personal representatives and assigns to purchase and sell the property in accordance with the terms and conditions hereof.

5. CLOSING. The Closing on the sale and conveyance (the "Closing") shall take place on or before December 16, 2003 (being the "Closing Date") at the offices of Bethea, Jordan & Griffin, P.A., located at 5 Belfair Village Drive, Bluffton, South Carolina 29910 Tel:843.815.2171 Fax:843.815.5991.

A. At the Closing, Seller shall deliver to Purchaser, the following:

i) A duly executed and acknowledged Limited Warranty Deed conveying good and insurable title in fee simple to all of the land and improvements comprising the Property, free and clear of all liens and encumbrances, with the exception of: (a) the lien of Beaufort County, South Carolina taxes for the current year; (b) easements for utilities serving the Property and any easements shown on the Plat; (c) the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges contained in the Amended and Restated General Declaration for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc. of December 1, 2001 and all amendments thereto as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina (the "Covenants"); (d) the standard printed exceptions contained in the usual form of Owner's Title Policy; and (e) any other applicable covenants hereinafter referred to.

ii) A mechanic's lien and possession affidavit, in standard form reasonably acceptable to the Title Company

iii) Any and all documents required by the Internal Revenue Service, including an appropriate non-foreign affidavit, and the South Carolina Department of Revenue in connection with real property transfers;

iv) A closing statement;

v) All other documents that are necessary and appropriate to close this transaction; and

vi) An Owner's Policy of Title Insurance (the "Title Policy") issued by a title insurance company chosen by Seller which shall be licensed to do business in the State of South Carolina (the "Title Company") in the full amount of the Purchase Price, dated as of Closing, insuring Purchaser's fee simple title to the Property, subject only to the Mortgage, if any, and the Permitted Title Exceptions, and the standard printed exceptions contained in the usual form of Owner's Title Policy. (At closing, Seller will deliver a binding commitment for the Title Policy, with the actual policy to be issued and delivered to Purchaser after the recording of conveyancing documents and within a reasonable time after the Closing Date);

B. At the Closing, Purchaser shall:

i) Pay the cash portion of the Purchase Price, plus or minus prorations and adjustments;

ii) Execute closing statement counterparts;

iii) If Purchaser is a corporation, deliver to Seller:

a) certified resolutions of the board of directors or governing body of Purchaser authorizing all the transactions contemplated by this contract;

b) an incumbency certificate with respect to those officers of Purchaser executing any documents or instruments in connection with the transactions contemplated herein; and

c) certificate of good standing for the entity acquiring title from the Secretary of State or other appropriate governmental office of the state in which the Purchaser is domiciled.

iv) Execute all other documents necessary and appropriate to close this transaction.

6. POSSESSION: Possession of the vacant Property shall be delivered to Purchaser upon completion of the Closing.

7. CLOSING EXPENSES:

A. At closing, Seller will pay for a title update, premium for an owner's title policy from a title company selected by Seller, the South Carolina statutory recording fee, Purchaser's attorney fees for closing services to the attorney designated by Seller (except for expenses related to financing), and for the preparation of the deed and lien waiver.

B. At closing Purchaser will pay for document recording fees, financing costs (including attorney fees), any mortgagee title insurance, survey, and other expenses associated with this transaction. Notwithstanding the foregoing, it is expressly understood and acknowledged by Purchaser that Purchaser does have the right to select Purchaser's own attorney and title company and, in such event, agrees to be responsible for any fees or costs relating to such selection.

8. PRORATIONS:

A. Taxes for the year of Closing shall be prorated as of the Closing Date, on the amount of such taxes, with maximum discount allowed by law. If the millage and/or assessment for the then current year cannot be ascertained as of the Closing Date, then the millage and/or assessment for the preceding calendar year shall be used.

B. If, at the time of Closing, there shall exist any certified, confirmed and ratified special assessment liens, or pending liens for which the improvements have been substantially completed, for public improvements, or any special assessment for public or subdivision services benefiting the Property, the same shall be paid by the Seller or credited to the Purchaser at Closing.

9. PROPERTY SURVEY: Purchaser may order any survey of the Property which Purchaser desires, to be prepared at Purchaser's sole cost and expense. If a survey of the Property is provided by Purchaser, certified to and in a manner acceptable to the Title Company, the standard survey exception will be removed from the Title Policy.

10. DEFAULT:

A. In the event that the Purchaser shall fail, refuse or neglect to perform its obligations hereunder, and Purchaser shall further fail to cure such default within five (5) days of Notice thereof from the Seller, the Seller, as and for its sole and exclusive remedy for such default, shall have the right to terminate this Agreement and to immediately receive disbursement from the Escrow Agent of the Earnest Money and all interest earned thereon (if any), as agreed upon liquidated damages, and in settlement of all claims which Seller could have, by virtue of Purchaser's default.

B. In the event that the Seller shall fail, refuse, or neglect to perform its obligations hereunder, and shall further fail to cure such default within five (5) days of Notice thereof from the Purchaser, the Purchaser shall at its option either:

i) be entitled to terminate this Agreement and receive from the Escrow Agent a refund of the Earnest Money together with interest earned thereon (if any), as its sole remedy for Seller's default; or

ii) be entitled to seek specific performance of Seller's obligations hereunder as to the Property, as Purchaser's sole remedy or Seller's default, but Purchaser may not pursue any separate action for money damages against Seller.

11. TITLE DEFECTS: If Seller shall be unable to convey title to the Property at Closing in accordance with the status of Title required pursuant to this Contract, such failure shall not be considered a default of Seller, and Purchaser shall then elect to either accept such title as Seller can convey, without abatement of Purchase Price, or to terminate this Contract, whereupon the sole liability of Seller shall be to allow the refund of the Earnest Money and earned interest (if any), to Purchaser. Seller shall not be required to bring any action or proceeding or to incur any expense to cure any title defect, but the foregoing shall not permit Seller to refuse to pay off existing mortgages which are not Permitted Title Exceptions.

12. ESCROW: The Escrow Agent receiving the Earnest Money is authorized and agrees to deposit funds promptly in a non-interest bearing account at a commercial banking institution, hold same in escrow and, subject to clearance, disburse them in accordance with terms and conditions of this Contract. In the event of a dispute or if in doubt as to the Escrow Agent's duties or liabilities under the provisions of this Contract, the Escrow Agent may, at the Escrow Agent's option, either (a) continue to hold the subject matter of the escrow until the parties mutually agree to its disbursement or until a judgment of a court of competent jurisdiction shall determine the rights of the parties, or, (b) the Escrow Agent may interplead the funds into the registry of the clerk of the circuit court having jurisdiction of the dispute. Upon notifying all parties concerned of such action, the Escrow Agent shall be released from any further or continuing liability with respect to the disposition of Earnest Money. In such event only, the Escrow Agent will be entitled to reimbursement to the extent of all costs and expenses reasonable incurred to obtain an order of interpleader, including reasonable attorneys' fees, which may be secured by a lien upon the funds deposited with the court. The Escrow Agent shall exercise ordinary care with respect to the custody and delivery of the Earnest Money and any other duties of the Escrow Agent under this Contract. The Escrow Agent will not be liable for any act or omission that is undertaken in good faith and with ordinary care.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER:

A. Seller hereby represents and warrants to Purchaser the following which shall also be deemed made by Seller to Purchaser as the Closing Date, but prior to the conveyance of the Property:

i) There are no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers;

ii) Seller is duly authorized and empowered to sell the Property;

iii) Seller has paid or will pay, through the Closing, all taxes, charges, debts, and other assessments due by Seller with respect to the Property which are now or were previously due and payable;

iv) All obligations of Seller arising from the ownership and operation of the Property which accrue prior to the Closing Date, have been paid as they became due or will be paid at or prior to Closing. Except for obligations for which provisions are herein made for assumption by Purchaser, proration or other adjustments at Closing, there will be no obligations of Seller with respect to the Property outstanding as of the Closing Date.

v) Seller is not aware of any unrecorded liens caused by Seller against the Property which will not be satisfied out of the cash portion of the Purchase Price.

vi) Seller has received no notice of the commencement of any legal action against Seller for the damaging, taking or acquiring of all or any part of the Property, either temporarily or permanently, by condemnation or by exercise of the right of eminent domain.

vii) The Property is not subject to any lien, legal action or legal or administrative proceeding relating to Hazardous Substances or Environmental Law, as hereinafter defined, and the Seller has received no notice and has no knowledge of any such lien, legal action or proceedings, pending or threatened. The Seller represents and warrants that, to the best of its knowledge, no Hazardous Substances are located on or have been located, stored, processed or disposed of on, or released or discharged from (including ground water contamination) the Property; no portion of the Property has been used as a landfill site or burial pit or as a depository for any waste materials which were not removed prior to the construction of any improvements which may exist thereon; and, there are no violations of any Environmental Law relating to the Property. "Hazardous Substances" means and includes hazardous and toxic substances, wastes or materials, any pollutants or contaminants, including, without limitation, asbestos and raw materials that include hazardous constituents, or any similar substances, or materials that are included under or regulated by an "Environmental Law," except these substances used lawfully in accordance with manufacturer's recommendations in the daily operation of the Property, including by way of illustration but not by limitation substances such as fertilizer for grass, shrubbery or trees. "Environmental Law" means and includes all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, contamination or cleanup, including, without limitations, "CERCLA," "RCRA," and applicable state superlien and environmental clean up statutes.

B. From the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, Seller covenants to:

i) advise Purchaser promptly of any litigation, arbitration, administrative hearing, or legislation before any governmental body or agency of which Seller is notified, concerning or affecting the Property, which is instituted after the date hereof;

ii) not take, or omit to take any action that would have the effect of violating any of the representations, warranties, covenants and agreements of Seller contained in this Contract.

14. REPRESENTATION, WARRANTIES AND COVENANTS OF PURCHASER:

A. Purchaser represents, warrants and covenants to Seller as follows:

i) Purchaser is purchasing the Property in its "AS IS, WHERE IS" condition with no warranties by Seller as to merchantability, suitability or fitness for any particular use, it being understood and agreed that Purchaser is relying solely on its own inspections, engineering studies and reports, economic and feasibility studies and examinations of the Property and Purchaser's own determination of the condition of the Property and any improvements, fixtures and equipment to be purchased by Purchaser under this Contract;

ii) Purchaser has all requisite power and authority to consummate the transaction contemplated by this Contract and has by proper proceedings duly authorized the execution and delivery of this Contract and the consummation of the transaction contemplated hereby;

iii) This Contract when executed and delivered by Purchaser and Seller, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms; and

iv) To Purchaser's knowledge, neither the execution and delivery of this Contract nor the consummation of the transaction contemplated hereby will violate or be in conflict with (i) any applicable provisions of law, (ii) any order of any court or government agency having jurisdiction over the Purchaser, or (iii) any agreement or instrument to which Purchaser is a party or which Purchaser is bound.

B. From the Effective Date of this Contract, Purchaser covenants to Seller that, in addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Purchaser, the Purchaser shall perform, execute and deliver or cause to be performed, executed and delivered at, prior to, or after the Closing, any and all further reasonable acts, deeds, and assurances as Seller or the Title Company may reasonable require in order to consummate the transactions contemplated herein.

15. DISCLAIMER AND CONDITIONS:

A. Except as may otherwise be specifically stated in this Agreement, Seller hereby disclaims any warranty, guaranty, or representation, oral or written, past, present or future of, as to, or concerning the nature and condition of the property, including, without limitation, the water, soil and geology, and the suitability thereof and of the Property for any activities and uses which Purchaser may elect to conduct thereon.

B. Purchaser acknowledges that, having been given a sufficient opportunity to inspect the Property, Purchaser is relying solely on its own investigation of the Property and its own financial analysis of the revenue and expenses that may be received or incurred in arriving at its decision to purchase the Property and that Purchaser is purchasing the Property in its present condition, "AS IS, WHERE IS ", and Seller has no obligation to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

C. Any factual information such as property dimensions, floor plans, square footage or sketches shown to Purchaser related to the auction or set forth herein are or may be approximate and Purchaser represents to Seller that they have inspected and verified the facts and information to Purchaser's satisfaction based upon the Plat prior to the execution of this Contract. No liability for any inaccuracies, errors or omissions is assumed by the Seller or the Broker.

D. Neither the Seller, nor the Broker and salespersons for the Broker have any expertise with respect to environmental matters. Proper inspection of the Property by qualified experts may be necessary to determine whether or not there are any current or potential environmental concerns relating to the Property. The Broker and its salespersons have not made, nor will they make, any representations, either express or implied, regarding the existence or non-existence of any such environmental concerns in or on the Property.

16. CONDEMNATION: If, prior to the Closing Date, condemnation proceedings are commenced against any portion of the Property (except for road widenings not affecting any structure or parking on the Property), either party may, at its option, terminate this Contract by Notice to the other prior to Closing, whereupon the Earnest Money along with interest earned thereon (if any), shall be refunded to Purchaser. If not so terminated, Purchaser shall proceed to consummate the purchase of the Property, without reduction in the Purchase Price, and all rights to any award in connection with condemnation of the Property shall be assigned to Purchaser at the Closing. Seller shall give Purchaser prompt Notice of the institution of any condemnation proceeding of which it is notified.

17. CASUALTY LOSS: Risk of loss by damage or destruction to the Property prior to the Closing Date shall be borne by Seller. (Any damage or destruction to the natural vegetation on the land shall not give rise to a duty of Seller to repair, or restore unless caused by the act of Seller.) If Seller elects not to repair, or if Seller elects to repair and any such damage or destruction is not fully repaired prior to the Closing Date (which Purchaser agrees to extend for a period not to exceed forty-five (45) days in order to permit such repair), Purchaser, at its option by Notice to Seller prior to the Closing Date as the same may be extended, may either (a) terminate this Contract in which event the Earnest Money and earned interest (if any), shall be refunded to Purchaser and neither party shall have any further obligations pursuant to this Contract, or, (b) Purchaser may elect to close the transaction, in which event Seller's right to all insurance proceeds resulting from such damage or destruction to the Property shall be assigned in writing by Seller to Purchaser, without affecting the Purchase Price.

18. ASSIGNMENT: Purchaser may assign this Contract and all rights hereunder with Seller's consent, which shall not be unreasonably withheld, provided such assignee shall assume in writing all of the obligations of Purchaser herennder and further provided that Purchaser remains liable for the performance of this Contract.

19. NO RECORDING: Neither this Contract nor any type of memorandum thereof shall be recorded in the Public Records with any governmental agency, and any purported recordation or filing hereof by Purchaser shall constitute a default on the part of Purchaser.

20. ENTIRE AGREEMENT: This Contract represents the entire understanding between the Seller and the Purchaser and supersedes, incorporates and merges all prior negotiations, representations and agreements, whether oral or written. This Contract may be amended only by a written instrument signed by both the Seller and the Purchaser and dated on or subsequent to the Effective Date.

21. SUCCESSORS AND ASSIGNS: The provisions of this Contract shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

22. JOINT PURCHASERS. The term "Purchaser" shall be read as "Purchasers" if more than one person is the Purchaser of the Property, in which case their obligations shall be joint and several.

23. COOPERATION OF THE PARTIES: Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein at any time and from time to time after execution of this Contract, whether before or after the Closing, as such other party may reasonably request in order to effectuate the provisions of this Contract or the transactions contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to this transaction, provided that neither party shall be required to incur any material expense in connection therewith.

24. SEVERABILITY: If any clause or provision of this Contract is held to be invalid or unenforceable by any court of competent jurisdiction as against any person or under any circumstances, the remainder of this Contract and the applicability of any such clause or provision to other persons or circumstances shall not be affected thereby. All other clauses or provisions of this contract, not found invalid or unenforceable shall be and remain valid and enforceable.

25. TIME. Time is of the essence of this Contract.

26. STRICT COMPLIANCE/WAIVER: Any failure by either party to insist upon strict performance by the other party of any of the provisions of this Contract shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches that may occur, and each party, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by the other of any and all of the provisions of this Contract. Any waiver by either party of any provision of this Contract must be in writing and shall constitute a waiver of that provision, on that occasion only, and shall not operate or be construed as a waiver of any other provision or subsequent breach thereof.

27. NOTICES: Notices, elections, consents and demands (collectively "Notices" or individually "Notice") required or permitted to given hereunder shall be in writing and shall be sent by: United States mail, postage prepaid, certified, return receipt requested; or, by Federal Express or other overnight delivery service; or, by facsimile, with all Notices to be addressed to the parties at the addresses set forth in the signature blocks at the end of this Contract. Copies of Notices shall be sent to attorneys for the respective parties, if identified on the signature page. Notices shall be deemed given and received on the first to occur of (i) receipt as evidenced by return receipt, delivery receipt from an overnight delivery service or transaction/activity report from a facsimile machine, (ii) three (3) days after same is sent, or (iii) refusal.

28. APPLICABLE LAW AND VENUE: This Contract shall be interpreted, construed, controlled and governed by the substantive and procedural laws of the State of South Carolina. The parties agree that proper venue under this Contract shall be in Beaufort County, South Carolina.

29. ATTORNEYS' FEES AND COSTS: In connection with any litigation between the Seller and the Purchaser, either at law or in equity, arising out of this Contract the prevailing party shall be entitled to an award of its reasonable cost, and attorneys' fees incurred in trial, appellate or post judgment proceedings.

30. GENDER: A reference in this Contract to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context requires otherwise.

31. CERTAIN REFERENCES: the term "herein", "hereof", or "hereunder" or similar terms used in this Contract refer to this entire Contract and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to paragraphs, subparagraphs or other provisions are references to paragraphs, subparagraphs or other provisions of this Contract.

32. CAPTIONS: The captions and paragraph headings in this Contract are for convenience and reference only and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

33. EXHIBITS. All Exhibits described herein and attached hereto are incorporated herein by this reference for all purposes.

34. DATE OF PERFORMANCE: If any date for performance hereunder falls on a Saturday, Sunday or other day which is a holiday under Federal law or under the State law where the Property is located, the date for such performance shall be the next succeeding business day.

35. COUNTERPARTS: This Contract may be executed in multiple counterparts all of which when taken together shall constitute one Contract.

36. COUNTERPART FACSIMILE EXECUTION: For purposes of executing this Contract, a document signed and transmitted by facsimile or telecopier machine shall be treated as an original document. The signature of any party thereon shall be considered as an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. However, for convenience, at the request of either party, any facsimile or telecopy document shall be re-executed by both parties in original form. No party hereto may raise the use of a facsimile or telecopier machine or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Contract or any amendment executed in compliance with this paragraph. This paragraph does not supersede the requirements of the "Notices" paragraph.

37. BROKERAGE: Purchaser represents that Purchaser has dealt with no other broker or other intermediary with regard to this transaction except for Christenson-Elms Auction Company, Inc. and RON CHRISTENSON REAL ESTATE (the "Broker") Purchaser shall indemnify, defend and hold Seller harmless from and against any claims or damages to Seller occurring as the result of a breach of the foregoing representation. Purchaser acknowledges that the Broker represents the Seller.

38. BEAUFORT COUNTY IMPACT FEES: Beaufort County has ordinances which generally provide for the collection of certain fees at the time of building permit issuance for new residential construction and will be the expense of Purchaser. No fee is due at the time of closing on the lot, but rather is due at the time of issuance of the building permit.

39. WATER AND SEWER SERVICE: Purchaser acknowledges that arrangements for water and sewer service must be made by Purchaser independently with CUC, Inc. Purchaser shall be liable for the payment of periodic water availability fees to CUC, Inc., prior to connecting to the water system. Upon commencement of actual water service to the residence on the Property, Purchaser shall pay user fees to CUC, Inc. for water service. Purchaser expressly acknowledges that no wells may be drilled on said property other than those expressly permitted under the Covenants.

40. RIGHT OF FIRST REFUSAL: Purchaser hereby acknowledges and agrees that in the event Purchaser desires to sell the Property and any improvements thereon, it shall be offered for sale to Seller for the same price at which the highest bona fide offer has been made for the Property and improvements, and Seller shall have thirty (30) day from receipt of written notice of such offer within which to exercise this option to purchase the Property and improvements at this price. Should Seller fail to refuse within thirty (30) days to purchase the Property and improvements at the offered price, then Purchaser shall have the right to sell the Property, subject, however to all covenants, restrictions, limitations and affirmative obligations contained in this Contract, the Covenants and the Plat. This paragraph shall not be construed to impair the right of foreclosure of a mortgage on the Property and improvements thereon.

41. RIGHT OF ENTRY: In order to help maintain the attractiveness of the residential areas of Callawassie Island, Purchaser irrevocably waives notice as provided in the Covenants, and hereby requests the cutting of weeds and brush on the Property, and authorizes Seller, in its discretion, to mow and cut weeds and underbrush on the Property as a part of its regular maintenance program. In addition, Seller shall have the right to remove any stumps or debris and to thin or remove underbrush and thin out small trees under six (6") inches in diameter to the degree necessary to permit tractor drawn mowers to mow underbrush and weeds on the Property.

42. OILSR EXEMPTION: This transaction is exempt from the Interstate Land Sales Full Disclosure Act pursuant to the provisions of §1710.10. In that connection, Seller represents to Purchaser that:

A. The lot in question is located within Beaufort County which specifies minimum standards for the development and design of planned unit developments within its jurisdiction. Callawassie Island has been approved by Beaufort County as a single-family lot subdivision.

B. The Property is being sold subject to enforceable restrictive covenants that it be used for single family residences only.

C. The Property is or will be situated on a paved street, or bonded for, built to the standards applicable to streets and highways maintained by Beaufort County in the State of South Carolina.

D. The Association described below, pursuant to the Covenants, has accepted or is obligated to accept the responsibility for maintaining the streets in the subdivision described herein. The cost to maintain the streets in the subdivision is covered by the annual assessments collected by the Association. Seller has, prior to the execution of this Agreement, provided to the Purchaser a good faith written estimate of the cost of carrying out the maintenance responsibility over the first ten (10) years of the Association's ownership of the roads. (Exhibit "A" attached hereto).

E. Potable water and sanitary sewage disposal is or will be extended to the Property or will be bonded by the time for Closing. Purchaser expressly acknowledges that no wells may be drilled on said Property. Service will be provided by CUC, Inc., an independent utility company, which will be obligated to extend such service to the Property upon application for service and the payment of appropriate tap connection fees.

F. Electric lines have been, or will have been by Closing, extended, or bonded for, to each lot and service will be provided by South Carolina Electric & Gas Company.

G. Seller must deliver a limited warranty deed free of monetary liens and encumbrances to the Purchaser at Closing and in no event later than one hundred eighty (180) days from the date of this Agreement.

43. PURCHASER'S ACKNOWLEDGMENT: Purchaser acknowledges that Purchaser has received a copy of the Covenants. Further, Purchaser understands that the salesman who handled the sale does not have the authority to make any statements in conflict with or in addition to the information contained in this Contract and the documents and that Seller specifically disclaims any responsibility for such statements. Purchaser understands that if the salesman has made such statements that they are not binding on Seller unless incorporated in writing into this Contract. By execution of this Contract, Purchaser affirms that Purchaser has not relied upon any such statements, if any, and waives any rights that Purchaser might have as a result of such statements unless they are incorporated into this Contract. It is expressly understood and agreed by the Purchaser that the Property shall be conveyed subject to the recorded Plat and all easements as shown thereon and subject to the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges and the covenants and restrictions relating to Callawassie Island, all as specified in the Covenants, as amended from time to time, a copy of which has been provided to Purchaser simultaneously with the execution of this Agreement, the receipt of which is hereby acknowledged.

_____ (initials here). Seller urges Purchaser to read said Covenants. Purchaser does acknowledge that the Covenants do include the following provisions:

A. Architectural Requirements. The Covenants contain architectural controls wherein it is stated that no building, fence, sign or other structure will be erected, placed or altered on the Property until the proposed building plan and site plan have been approved in writing by the Seller or its Architectural Review Board ("ARB"). The actual construction of the Property will have no material variation from the plans approved unless the ARB shall have also approved these variations in writing. The ARB may grant or deny approval of Purchaser's plans on any grounds, including purely aesthetic considerations. The Covenants likewise require that the main residence constructed on the Property must contain a minimum square footage of enclosed dwelling area.

B. Assessments. In order to provide for the preservation, maintenance, security and operation of common facilities within Callawassie Island, as well as assist the Callawassie owners in the administration of said common facilities, there has been created the Callawassie Island Property Owners' Association, Inc. (the "Association"). As set forth in the Covenants, the Association is granted the right to assess property owners within its jurisdiction in order to carry out the prescribed functions. Purchaser hereby acknowledges that it is aware of the right of the Association to levy and enforce assessments against it and Purchaser hereby agrees to pay promptly all such assessments which are properly made against him by the Association. The 2003 annual assessment per lot is Eight Hundred Seventy-Five and No/100 Dollars ($875.00). This assessment shall be prorated as of Closing.

C. Phase 9 Properties. Purchaser acknowledges that if the Property is located in Phase 9 of Callawassie Island, special setback requirements and limited design options for improvements to be constructed on the Property apply. (initial here, if the Property is located in Phase 9: ____)

44. CALLAWASSIE ISLAND MEMBERS CLUB: Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included in the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

45. PERSONAL ON-SITE INSPECTION: Purchaser acknowledges that he/she/they have made a personal, on-the-lot inspection of the Property purchased prior to signing this Agreement. To evidence this affirmation Purchaser shall initial this Agreement: (Initials of Purchaser here) ____

PURCHASER:

Name 1:	NICHOLAS H. ARREGATE
SS # 1:	
Name 2:	
SS # 2:	
Address:	171 CHURCH SUITE 160
City, State, Zip:	CHARLESTON, S.C. 29401
Telephone:	(843) 577-3900 Fax No: (843) 577-3903
By Name 1:	
By Name 2:	
Date:	NOV. 15, 2003
Email:	ARREGO@BELLSOUTH.NET

Accepted by Seller this 15th day of November, 2003 (the "Effective Date").

SELLER:

Name:	Callawassie Island Company, L.P. By: CLL Associates, L.P., its General Partner By: Callawassie Development Corporation, its General Partner
Address:	176 Callawassie Drive
City, State, Zip:	Okatie, South Carolina 29909
Telephone:	843.987.2100
By:	
Date:	11/15/03

Initial Deposit in the amount of $ ____ received by ____ as representative for Bethea, Jordon & Griffen, P.A

Contract Personnel: BS Bidder Number: 203

EXHIBIT A
CALLAWASSIE ISLAND

GOOD FAITH ESTIMATE OF COSTS FOR MAINTAINING ROADS

Callawassie Island Company, L.P. hereby provides to the Purchaser described in the Contract for Sale and Purchase, to which this Exhibit is attached, pursuant to the requirements set forth in the Interstate Land Sales Full Disclosure Act and described in Paragraph 10.4 of said Agreement, the following good faith estimate of costs for maintaining the roads.

The average annual cost of maintaining the roads over a ten-year period, including a reserve for resurfacing after fifteen years, is estimated to be $60,000, based upon information currently available. However, no assurance could be made with respect to actual costs over a ten year period. These estimates are based on current costs.

The costs of road maintenance will be paid by Callawassie Island Property Owners' Association, from the proceeds of maintenance assessments to each lot as provided in the Covenants and Restrictions as described in the Agreement.

This Exhibit was prepared by Callawassie Island Company, L.P. and is dated this 15th day of Nov., 2003. Purchaser acknowledges receipt of this Exhibit by the execution thereof.

Acknowledged:

Purchaser

11/15/03
Date

EXHIBIT B
WAIVER OF DUES FOR 2004 AND 2005

Lot 2 Phase 9C

Seller agrees to pay on behalf of Purchaser annual dues for a non-resident Golf Membership to Callawassie Island Members club for 2004 and 2005.

This benefit shall be non-transferable by Purchaser.

Food and beverage minimums shall be the responsibility of Purchaser.

Purchaser Initials: _____ Date: 11/15/03

Seller Initials: _____ Date: 11/15/03

CALLAWASSIE ISLAND CONTRACT FOR SALE AND PURCHASE

This Agreement made this 15th day of November, 2003 by and between
Callawassie Island Company, L.P., ("Seller")

and ARTHUR H. HUDGENS ("Purchaser")

1. **PURCHASE AND SALE:** Seller agrees to sell and convey and Purchaser agrees to purchase from Seller the Property (as described in Paragraph 2 below) for the consideration and upon and subject to the terms, provisions, and conditions hereinafter set forth (constituting the "Contract").

2. **PROPERTY:** Being all of Lot Number 7 Phase 9C, according to the Final Plat recorded in Plat Book 71/74 at Page 44/23, Beaufort County Records, South Carolina (the "Plat") hereinafter referred to as "Property".

3. **PURCHASE PRICE AND PAYMENT:**

A. Sale/Bid Price: $ 33,000.

B. Additional 10% Buyer's Premium: (+) $ 3,300.

C. Total Purchase Price: (=) $ 36,300.

D. Initial down payment deposit held by Bethea, Jordan & Griffin, P.A.-Trust Account: $ 5,000.

E. Additional personal check deposit payable to Bethea, Jordan & Griffin, P.A. -Trust Account due upon execution of this contract. This deposit combined with D above shall equal a total of 10% of the purchase price in C above: $ 830.-

F. Total Down Payment Deposit of D and E above (equals 10% of C above) (the "Earnest Money") (-) $ 5,830.-

G. Balance to close in form of Cashier's Check: (=) $ 32,470.-

4. **BINDING OFFER:** (check one)

_____ **ABSOLUTE:** Purchaser agrees this is an Absolute Sale and is a binding and irrevocable offer.

_____ **RESERVE:** Purchaser agrees this is a Reserve Sale and agrees to allow Seller until five o'clock (5:00) pm, November 17, 2003 to accept or reject said offer. Upon acceptance of this offer by Seller, this offer shall be a binding agreement upon Purchaser and Seller, their heirs, successors, personal representatives and assigns to purchase and sell the property in accordance with the terms and conditions hereof.

5. **CLOSING.** The Closing on the sale and conveyance (the "Closing") shall take place on or before December 16, 2003 (being the "Closing Date") at the offices of Bethea, Jordan & Griffin, P.A., located at 5 Belfair Village Drive, Bluffton, South Carolina 29910 Tel:843.815.2171 Fax:843.815.5991.

A. At the Closing, Seller shall deliver to Purchaser, the following:

i) A duly executed and acknowledged Limited Warranty Deed conveying good and insurable title in fee simple to all of the land and improvements comprising the Property, free and clear of all liens and encumbrances, with the exception of: (a) the lien of Beaufort County, South Carolina taxes for the current year; (b) easements for utilities serving the Property and any easements shown on the Plat; (c) the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges contained in the Amended and Restated General Declaration for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc. of December 1, 2001 and all amendments thereto as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina (the "Covenants"); (d) the standard printed exceptions contained in the usual form of Owner's Title Policy; and (e) any other applicable covenants hereinafter referred to.

ii) A mechanic's lien and possession affidavit, in standard form reasonably acceptable to the Title Company

iii) Any and all documents required by the Internal Revenue Service, including an appropriate non-foreign affidavit, and the South Carolina Department of Revenue in connection with real property transfers;

iv) A closing statement;

v) All other documents that are necessary and appropriate to close this transaction; and

vi) An Owner's Policy of Title Insurance (the "Title Policy") issued by a title insurance company chosen by Seller which shall be licensed to do business in the State of South Carolina (the "Title Company") in the full amount of the Purchase Price, dated as of Closing, insuring Purchaser's fee simple title to the Property, subject only to the Mortgage, if any, and the Permitted Title Exceptions, and the standard printed exceptions contained in the usual form of Owner's Title Policy. (At closing, Seller will deliver a binding commitment for the Title Policy, with the actual policy to be issued and delivered to Purchaser after the recording of conveyancing documents and within a reasonable time after the Closing Date);

B. At the Closing, Purchaser shall:

i) Pay the cash portion of the Purchase Price, plus or minus prorations and adjustments;

ii) Execute closing statement counterparts;

iii) If Purchaser is a corporation, deliver to Seller:

a) certified resolutions of the board of directors or governing body of Purchaser authorizing all the transactions contemplated by this contract;

b) an incumbency certificate with respect to those officers of Purchaser executing any documents or instruments in connection with the transactions contemplated herein; and

c) certificate of good standing for the entity acquiring title from the Secretary of State or other appropriate governmental office of the state in which the Purchaser is domiciled.

iv) Execute all other documents necessary and appropriate to close this transaction.

6. **POSSESSION:** Possession of the vacant Property shall be delivered to Purchaser upon completion of the Closing.

7. **CLOSING EXPENSES:**

A. At closing, Seller will pay for a title update, premium for an owner's title policy from a title company selected by Seller, the South Carolina statutory recording fee, Purchaser's attorney fees for closing services to the attorney designated by Seller (except for expenses related to financing), and for the preparation of the deed and lien waiver.

B. At closing Purchaser will pay for document recording fees, financing costs (including attorney fees), any mortgagee title insurance, survey, and other expenses associated with this transaction. Notwithstanding the foregoing, it is expressly understood and acknowledged by Purchaser that Purchaser does have the right to select Purchaser's own attorney and title company and, in such event, agrees to be responsible for any fees or costs relating to such selection.

PENGAD 800-631-6989

PLAINTIFF'S EXHIBIT Applegate 3 1/24

8. PRORATIONS:

A. Taxes for the year of Closing shall be prorated as of the Closing Date, on the amount of such taxes, with maximum discount allowed by law. If the millage and/or assessment for the then current year cannot be ascertained as of the Closing Date, then the millage and/or assessment for the preceding calendar year shall be used.

B. If, at the time of Closing, there shall exist any certified, confirmed and ratified special assessment liens, or pending liens for which the improvements have been substantially completed, for public improvements, or any special assessment for public or subdivision services benefiting the Property, the same shall be paid by the Seller or credited to the Purchaser at Closing.

9. PROPERTY SURVEY: Purchaser may order any survey of the Property which Purchaser desires, to be prepared at Purchaser's sole cost and expense. If a survey of the Property is provided by Purchaser, certified to and in a manner acceptable to the Title Company, the standard survey exception will be removed from the Title Policy.

10. DEFAULT:

A. In the event that the Purchaser shall fail, refuse or neglect to perform its obligations hereunder, and Purchaser shall further fail to cure such default within five (5) days of Notice thereof from the Seller, the Seller, as and for its sole and exclusive remedy for such default, shall have the right to terminate this Agreement and to immediately receive disbursement from the Escrow Agent of the Earnest Money and all interest earned thereon (if any), as agreed upon liquidated damages, and in settlement of all claims which Seller could have, by virtue of Purchaser's default.

B. In the event that the Seller shall fail, refuse, or neglect to perform its obligations hereunder, and shall further fail to cure such default within five (5) days of Notice thereof from the Purchaser, the Purchaser shall at its option either:

i) be entitled to terminate this Agreement and receive from the Escrow Agent a refund of the Earnest Money together with interest earned thereon (if any), as its sole remedy for Seller's default; or

ii) be entitled to seek specific performance of Seller's obligations hereunder as to the Property, as Purchaser's sole remedy or Seller's default, but Purchaser may not pursue any separate action for money damages against Seller.

11. TITLE DEFECTS: If Seller shall be unable to convey title to the Property at Closing in accordance with the status of Title required pursuant to this Contract, such failure shall not be considered a default of Seller, and Purchaser shall then elect to either accept such title as Seller can convey, without abatement of Purchase Price, or to terminate this Contract, whereupon the sole liability of Seller shall be to allow the refund of the Earnest Money and earned interest (if any), to Purchaser. Seller shall not be required to bring any action or proceeding or to incur any expense to cure any title defect, but the foregoing shall not permit Seller to refuse to pay off existing mortgages which are not Permitted Title Exceptions.

12. ESCROW: The Escrow Agent receiving the Earnest Money is authorized and agrees to deposit funds promptly in a non-interest bearing account at a commercial banking institution, hold same in escrow and, subject to clearance, disburse them in accordance with terms and conditions of this Contract. In the event of a dispute or if in doubt as to the Escrow Agent's duties or liabilities under the provisions of this Contract, the Escrow Agent may, at the Escrow Agent's option, either (a) continue to hold the subject matter of the escrow until the parties mutually agree to its disbursement or until a judgment of a court of competent jurisdiction shall determine the rights of the parties, or, (b) the Escrow Agent may interplead the funds into the registry of the clerk of the circuit court having jurisdiction of the dispute. Upon notifying all parties concerned of such action, the Escrow Agent shall be released from any further or continuing liability with respect to the disposition of Earnest Money. In such event only, the Escrow Agent will be entitled to reimbursement to the extent of all costs and expenses reasonable incurred to obtain an order of interpleader, including reasonable attorneys' fees, which may be secured by a lien upon the funds deposited with the court. The Escrow Agent shall exercise ordinary care with respect to the custody and delivery of the Earnest Money and any other duties of the Escrow Agent under this Contract. The Escrow Agent will not be liable for any act or omission that is undertaken in good faith and with ordinary care.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER:

A. Seller hereby represents and warrants to Purchaser the following which shall also be deemed made by Seller to Purchaser as the Closing Date, but prior to the conveyance of the Property:

i) There are no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers;

ii) Seller is duly authorized and empowered to sell the Property;

iii) Seller has paid or will pay, through the Closing, all taxes, charges, debts, and other assessments due by Seller with respect to the Property which are now or were previously due and payable;

iv) All obligations of Seller arising from the ownership and operation of the Property which accrue prior to the Closing Date, have been paid as they became due or will be paid at or prior to Closing. Except for obligations for which provisions are herein made for assumption by Purchaser, proration or other adjustments at Closing, there will be no obligations of Seller with respect to the Property outstanding as of the Closing Date.

v) Seller is not aware of any unrecorded liens caused by Seller against the Property which will not be satisfied out of the cash portion of the Purchase Price.

vi) Seller has received no notice of the commencement of any legal action against Seller for the damaging, taking or acquiring of all or any part of the Property, either temporarily or permanently, by condemnation or by exercise of the right of eminent domain.

vii) The Property is not subject to any lien, legal action or legal or administrative proceeding relating to Hazardous Substances or Environmental Law, as hereinafter defined, and the Seller has received no notice and has no knowledge of any such lien, legal action or proceedings, pending or threatened. The Seller represents and warrants that, to the best of its knowledge; no Hazardous Substances are located on or have been located, stored, processed or disposed of on, or released or discharged from (including ground water contamination) the Property; no portion of the Property has been used as a landfill site or burial pit or as a depository for any waste materials which were not removed prior to the construction of any improvements which may exist thereon; and, there are no violations of any Environmental Law relating to the Property. "Hazardous Substances" means and includes hazardous and toxic substances, wastes or materials, any pollutants or contaminants, including, without limitation, asbestos and raw materials that include hazardous constituents, or any similar substances, or materials that are included under or regulated by an "Environmental Law," except those substances used lawfully in accordance with manufacturer's recommendations in the daily operation of the Property, including by way of illustration but not by limitation substances such as fertilizer for grass, shrubbery or trees. "Environmental Law" means and includes all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, contamination or cleanup, including, without limitations, "CERCLA," "RCRA," and applicable state superlien and environmental clean up statutes.

B. From the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, Seller covenants to:

i) advise Purchaser promptly of any litigation, arbitration, administrative hearing, or legislation before any governmental body or agency of which Seller is notified, concerning or affecting the Property, which is instituted after the date hereof;

ii) not take, or omit to take any action that would have the effect of violating any of the representations, warranties, covenants and agreements of Seller contained in this Contract.

14. REPRESENTATION, WARRANTIES AND COVENANTS OF PURCHASER:

A. Purchaser represents, warrants and covenants to Seller as follows:

i) Purchaser is purchasing the Property in its "AS IS, WHERE IS" condition with no warranties by Seller as to merchantability, suitability or fitness for any particular use, it being understood and agreed that Purchaser is relying solely on its own inspections, engineering studies and reports, economic and feasibility studies and examinations of the Property and Purchaser's own determination of the condition of the Property and any improvements, fixtures and equipment to be purchased by Purchaser under this Contract;

ii) Purchaser has all requisite power and authority to consummate the transaction contemplated by this Contract and has by proper proceedings duly authorized the execution and delivery of this Contract and the consummation of the transaction contemplated hereby;

iii) This Contract when executed and delivered by Purchaser and Seller, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms; and

iv) To Purchaser's knowledge, neither the execution and delivery of this Contract nor the consummation of the transaction contemplated hereby will violate or be in conflict with (i) any applicable provisions of law, (ii) any order of any court or government agency having jurisdiction over the Purchaser, or (iii) any agreement or instrument to which Purchaser is a party or which Purchaser is bound.

B. From the Effective Date of this Contract, Purchaser covenants to Seller that, in addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Purchaser, the Purchaser shall perform, execute and deliver or cause to be performed, executed and delivered at, prior to, or after the Closing, any and all further reasonable acts, deeds, and assurances as Seller or the Title Company may reasonable require in order to consummate the transactions contemplated herein.

15. DISCLAIMER AND CONDITIONS:

A. Except as may otherwise be specifically stated in this Agreement, Seller hereby disclaims any warranty, guaranty, or representation, oral or written, past, present or future of, as to, or concerning the nature and condition of the property, including, without limitation, the water, soil and geology, and the suitability thereof and of the Property for any activities and uses which Purchaser may elect to conduct thereon.

B. Purchaser acknowledges that, having been given a sufficient opportunity to inspect the Property, Purchaser is relying solely on its own investigation of the Property and its own financial analysis of the revenue and expenses that may be received or incurred in arriving at its decision to purchase the Property and that Purchaser is purchasing the Property in its present condition, "AS IS, WHERE IS ", and Seller has no obligation to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

C. Any factual information such as property dimensions, floor plans, square footage or sketches shown to Purchaser related to the auction or set forth herein are or may be approximate and Purchaser represents to Seller that they have inspected and verified the facts and information to Purchaser's satisfaction based upon the Plat prior to the execution of this Contract. No liability for any inaccuracies, errors or omissions is assumed by the Seller or the Broker.

D. Neither the Seller, nor the Broker and salespersons for the Broker have any expertise with respect to environmental matters. Proper inspection of the Property by qualified experts may be necessary to determine whether or not there are any current or potential environmental concerns relating to the Property. The Broker and its salespersons have not made, nor will they make, any representations, either express or implied, regarding the existence or non-existence of any such environmental concerns in or on the Property.

16. CONDEMNATION: If, prior to the Closing Date, condemnation proceedings are commenced against any portion of the Property (except for road widenings not affecting any structure or parking on the Property), either party may, at its option, terminate this Contract by Notice to the other prior to Closing, whereupon the Earnest Money along with interest earned thereon (if any), shall be refunded to Purchaser. If not so terminated, Purchaser shall proceed to consummate the purchase of the Property, without reduction in the Purchase Price, and all rights to any award in connection with condemnation of the Property shall be assigned to Purchaser at the Closing. Seller shall give Purchaser prompt Notice of the institution of any condemnation proceeding of which it is notified.

17. CASUALTY LOSS: Risk of loss by damage or destruction to the Property prior to the Closing Date shall be borne by Seller. (Any damage or destruction to the natural vegetation on the land shall not give rise to a duty of Seller to repair, or restore unless caused by the act of Seller.) If Seller elects not to repair, or if Seller elects to repair and any such damage or destruction is not fully repaired prior to the Closing Date (which Purchaser agrees to extend for a period not to exceed forty-five (45) days in order to permit such repair), Purchaser, at its option by Notice to Seller prior to the Closing Date as the same may be extended, may either (a) terminate this Contract in which event the Earnest Money and earned interest (if any), shall be refunded to Purchaser and neither party shall have any further obligations pursuant to this Contract, or, (b) Purchaser may elect to close the transaction, in which event Seller's right to all insurance proceeds resulting from such damage or destruction to the Property shall be assigned in writing by Seller to Purchaser, without affecting the Purchase Price.

18. ASSIGNMENT: Purchaser may assign this Contract and all rights hereunder with Seller's consent, which shall not be unreasonably withheld, provided such assignee shall assume in writing all of the obligations of Purchaser hereunder and further provided that Purchaser remains liable for the performance of this Contract.

19. NO RECORDING: Neither this Contract nor any type of memorandum thereof shall be recorded in the Public Records with any governmental agency, and any purported recordation or filing hereof by Purchaser shall constitute a default on the part of Purchaser.

20. ENTIRE AGREEMENT: This Contract represents the entire understanding between the Seller and the Purchaser and supersedes, incorporates and merges all prior negotiations, representations and agreements, whether oral or written. This Contract may be amended only by a written instrument signed by both the Seller and the Purchaser and dated on or subsequent to the Effective Date.

21. SUCCESSORS AND ASSIGNS: The provisions of this Contract shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

22. JOINT PURCHASERS. The term "Purchaser" shall be read as "Purchasers" if more than one person is the Purchaser of the Property, in which case their obligations shall be joint and several.

23. COOPERATION OF THE PARTIES: Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein at any time and from time to time after execution of this Contract, whether before or after the Closing, as such other party may reasonably request in order to effectuate the provisions of this Contract or the transactions contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to this transaction, provided that neither party shall be required to incur any material expense in connection therewith.

24. SEVERABILITY: If any clause or provision of this Contract is held to be invalid or unenforceable by any court of competent jurisdiction as against any person or under any circumstances, the remainder of this Contract and the applicability of any such clause or provision to other persons or circumstances shall not be affected thereby. All other clauses or provisions of this contract, not found invalid or unenforceable shall be and remain valid and enforceable.

25. TIME. Time is of the essence of this Contract.

26. STRICT COMPLIANCE/WAIVER: Any failure by either party to insist upon strict performance by the other party of any of the provisions of this Contract shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches that may occur, and each party, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by the other of any and all of the provisions of this Contract. Any waiver by either party of any provision of this Contract must be in writing and shall constitute a waiver of that provision, on that occasion only, and shall not operate or be construed as a waiver of any other provision or subsequent breach thereof.

27. NOTICES: Notices, elections, consents and demands (collectively "Notices" or individually "Notice") required or permitted to given hereunder shall be in writing and shall be sent by: United States mail, postage prepaid, certified, return receipt requested; or, by Federal Express or other overnight delivery service; or, by facsimile, with all Notices to be addressed to the parties at the addresses set forth in the signature blocks at the end of this Contract. Copies of Notices shall be sent to attorneys for the respective parties, if identified on the signature page. Notices shall be deemed given and received on the first to occur of (i) receipt as evidenced by return receipt, delivery receipt from an overnight delivery service or transaction/activity report from a facsimile machine, (ii) three (3) days after same is sent, or (iii) refusal.

28. **APPLICABLE LAW AND VENUE:** This Contract shall be interpreted, construed, controlled and governed by the substantive and procedural laws of the State of South Carolina. The parties agree that proper venue under this Contract shall be in Beaufort County, South Carolina.

29. **ATTORNEYS' FEES AND COSTS:** In connection with any litigation between the Seller and the Purchaser, either at law or in equity, arising out of this Contract the prevailing party shall be entitled to an award of its reasonable cost, and attorneys' fees incurred in trial, appellate or post judgment proceedings.

30. **GENDER:** A reference in this Contract to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context requires otherwise.

31. **CERTAIN REFERENCES:** the term "herein", "hereof", or "hereunder" or similar terms used in this Contract refer to this entire Contract and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to paragraphs, subparagraphs or other provisions are references to paragraphs, subparagraphs or other provisions of this Contract.

32. **CAPTIONS:** The captions and paragraph headings in this Contract are for convenience and reference only and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

33. **EXHIBITS.** All Exhibits described herein and attached hereto are incorporated herein by this reference for all purposes.

34. **DATE OF PERFORMANCE:** If any date for performance hereunder falls on a Saturday, Sunday or other day which is a holiday under Federal law or under the State law where the Property is located, the date for such performance shall be the next succeeding business day.

35. **COUNTERPARTS:** This Contract may be executed in multiple counterparts all of which when taken together shall constitute one Contract.

36. **COUNTERPART FACSIMILE EXECUTION:** For purposes of executing this Contract, a document signed and transmitted by facsimile or telecopier machine shall be treated as an original document. The signature of any party thereon shall be considered as an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. However, for convenience, at the request of either party, any facsimile or telecopy document shall be re-executed by both parties in original form. No party hereto may raise the use of a facsimile or telecopier machine or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Contract or any amendment executed in compliance with this paragraph. This paragraph does not supersede the requirements of the "Notices" paragraph.

37. **BROKERAGE:** Purchaser represents that Purchaser has dealt with no other broker or other intermediary with regard to this transaction except for Christenson-Elms Auction Company, Inc. and Fine Hideaway Realty (the "Broker"). Purchaser shall indemnify, defend and hold Seller harmless from and against any claims of damages to Seller occurring as the result of a breach of the foregoing representation. Purchaser acknowledges that the Broker represents the Seller.

38. **BEAUFORT COUNTY IMPACT FEES:** Beaufort County has ordinances which generally provide for the collection of certain fees at the time of building permit issuance for new residential construction and will be the expense of Purchaser. No fee is due at the time of closing on the lot, but rather is due at the time of issuance of the building permit.

39. **WATER AND SEWER SERVICE:** Purchaser acknowledges that arrangements for water and sewer service must be made by Purchaser independently with CUC, Inc. Purchaser shall be liable for the payment of periodic water availability fees to CUC, Inc., prior to connecting to the water system. Upon commencement of actual water service to the residence on the Property, Purchaser shall pay user fees to CUC, Inc. for water service. Purchaser expressly acknowledges that no wells may be drilled on said property other than those expressly permitted under the Covenants.

40. **RIGHT OF FIRST REFUSAL:** Purchaser hereby acknowledges and agrees that in the event Purchaser desires to sell the Property and any improvements thereon, it shall be offered for sale to Seller for the same price at which the highest bona fide offer has been made for the Property and improvements, and Seller shall have thirty (30) day from receipt of written notice of such offer within which to exercise this option to purchase the Property and improvements at this price. Should Seller fail to refuse within thirty (30) days to purchase the Property and improvements at the offered price, then Purchaser shall have the right to sell the Property, subject, however to all covenants, restrictions, limitations and affirmative obligations contained in this Contract, the Covenants and the Plat. This paragraph shall not be construed to impair the right of foreclosure of a mortgage on the Property and improvements thereon.

41. **RIGHT OF ENTRY:** In order to help maintain the attractiveness of the residential areas of Callawassie Island, Purchaser irrevocably waives notice as provided in the Covenants, and hereby requests the cutting of weeds and brush on the Property, and authorizes Seller, in its discretion, to mow and cut weeds and underbrush on the Property as a part of its regular maintenance program. In addition, Seller shall have the right to remove any stumps or debris and to thin or remove underbrush and thin out small trees under six (6") inches in diameter to the degree necessary to permit tractor drawn mowers to mow underbrush and weeds on the Property.

42. **OILSR EXEMPTION:** This transaction is exempt from the Interstate Land Sales Full Disclosure Act pursuant to the provisions of §1710.10. In that connection, Seller represents to Purchaser that:

A. The lot in question is located within Beaufort County which specifies minimum standards for the development and design of planned unit developments within its jurisdiction. Callawassie Island has been approved by Beaufort County as a single-family lot subdivision.

B. The Property is being sold subject to enforceable restrictive covenants that it be used for single family residences only.

C. The Property is or will be situated on a paved street, or bonded for, built to the standards applicable to streets and highways maintained by Beaufort County in the State of South Carolina.

D. The Association described below, pursuant to the Covenants, has accepted or is obligated to accept the responsibility for maintaining the streets in the subdivision described herein. The cost to maintain the streets in the subdivision is covered by the annual assessments collected by the Association. Seller has, prior to the execution of this Agreement, provided to the Purchaser a good faith written estimate of the cost of carrying out the maintenance responsibility over the first ten (10) years of the Association's ownership of the roads. (Exhibit "A" attached hereto).

E. Potable water and sanitary sewage disposal is or will be extended to the Property or will be bonded by the time for Closing. Purchaser expressly acknowledges that no wells may be drilled on said Property. Service will be provided by CUC, Inc., an independent utility company, which will be obligated to extend such service to the Property upon application for service and the payment of appropriate tap connection fees.

F. Electric lines have been, or will have been by Closing, extended, or bonded for, to each lot and service will be provided by South Carolina Electric & Gas Company.

G. Seller must deliver a limited warranty deed free of monetary liens and encumbrances to the Purchaser at Closing and in no event later than one hundred eighty (180) days from the date of this Agreement.

43. **PURCHASER'S ACKNOWLEDGMENT:** Purchaser acknowledges that Purchaser has received a copy of the Covenants. Further, Purchaser understands that the salesman who handled the sale does not have the authority to make any statements in conflict with or in addition to the information contained in this Contract and the documents and that Seller specifically disclaims any responsibility for such statements. Purchaser understands that if the salesman has made such statements that they are not binding on Seller unless incorporated in writing into this Contract. By execution of this Contract, Purchaser affirms that Purchaser has not relied upon any such statements, if any, and waives any rights that Purchaser might have as a result of such statements unless they are incorporated into this Contract. It is expressly understood and agreed by the Purchaser that the Property shall be conveyed subject to the recorded Plat and all easements as shown thereon and subject to the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges and the covenants and restrictions relating to Callawassie Island, all as specified in the Covenants, as amended from time to time, a copy of which has been provided to Purchaser simultaneously with the execution of this Agreement, the receipt of which is hereby acknowledged.

_____ (initials here). Seller urges Purchaser to read said Covenants. Purchaser does acknowledge that the Covenants do include the following provisions:

A. Architectural Requirements. The Covenants contain architectural controls wherein it is stated that no building, fence, sign or other structure will be erected, placed or altered on the Property until the proposed building plan and site plan have been approved in writing by the Seller or its Architectural Review Board ("ARB"). The actual construction of the Property will have no material variation from the plans approved unless the ARB shall have also approved these variations in writing. The ARB may grant or deny approval of Purchaser's plans on any grounds, including purely aesthetic considerations. The Covenants likewise require that the main residence constructed on the Property must contain a minimum square footage of enclosed dwelling area.

B. Assessments. In order to provide for the preservation, maintenance, security and operation of common facilities within Callawassie Island, as well as assist the Callawassie owners in the administration of said common facilities, there has been created the Callawassie Island Property Owners' Association, Inc. (the "Association"). As set forth in the Covenants, the Association is granted the right to assess property owners within its jurisdiction in order to carry out the prescribed functions. Purchaser hereby acknowledges that it is aware of the right of the Association to levy and enforce assessments against it and Purchaser hereby agrees to pay promptly all such assessments which are properly made against him by the Association. The 2003 annual assessment per lot is Eight Hundred Seventy-Five and No/100 Dollars ($875.00). This assessment shall be prorated as of Closing.

C. Phase 9 Properties. Purchaser acknowledges that if the Property is located in Phase 9 of Callawassie Island, special setback requirements and limited design options for improvements to be constructed on the Property apply. (initial here, if the Property is located in Phase 9: XXXX)

44. CALLAWASSIE ISLAND MEMBERS CLUB. Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included in the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

45. PERSONAL ON-SITE INSPECTION: Purchaser acknowledges that he/she/they have made a personal, on-the-lot inspection of the Property purchased prior to signing this Agreement. To evidence this affirmation Purchaser shall initial this Agreement. (Initials of Purchaser here: XXXX)

PURCHASER:

Name 1:	ARTHUR H. HARGATE
SS # 1:	
Name 2:	XXXXXXXX
SS # 2:	
Address:	171 Church St. Ste # 160
City, State, Zip:	Charleston, SC 29401
Telephone:	(843) 577 3906 Fax No: (843) 577-3403
By Name 1:	
By Name 2:	
Date:	11-15-03
Email:	[illegible]

Accepted by Seller this 15th day of November, 2003 (the "Effective Date").

SELLER:

Name:	Callawassie Island Company, L.P. By: CLL Associates, L.P., its General Partner By: Callawassie Development Corporation, its General Partner
Address:	176 Callawassie Drive
City, State, Zip:	Okatie, South Carolina 29909
Telephone:	843.987.2100
By:	[signature]
Date:	11/15/03

Initial Deposit in the amount of $ 5,950 received by SF 11/15/03 as representative for Bethea, Jordon & Griffen, P.A

Contract Personnel: Lonny Hill Bidder Number: 203

EXHIBIT A
CALLAWASSIE ISLAND

GOOD FAITH ESTIMATE OF COSTS FOR MAINTAINING ROADS

Callawassie Island Company, L.P. hereby provides to the Purchaser described in the Contract for Sale and Purchase, to which this Exhibit is attached, pursuant to the requirements set forth in the Interstate Land Sales Full Disclosure Act and described in Paragraph 10.4 of said Agreement, the following good faith estimate of costs for maintaining the roads.

The average annual cost of maintaining the roads over a ten-year period, including a reserve for resurfacing after fifteen years, is estimated to be $60,000, based upon information currently available. However, no assurance could be made with respect to actual costs over a ten year period. These estimates are based on current costs.

The costs of road maintenance will be paid by Callawassie Island Property Owners' Association, from the proceeds of maintenance assessments to each lot as provided in the Covenants and Restrictions as described in the Agreement.

This Exhibit was prepared by Callawassie Island Company, L.P. and is dated this 15th day of November, 2003. Purchaser acknowledges receipt of this Exhibit by the execution thereof.

Acknowledged:

Purchaser

11/15/03
Date

EXHIBIT B
WAIVER OF DUES FOR 2004 AND 2005

Lot 7 9C

Seller agrees to pay on behalf of Purchaser annual dues for a non-resident Golf Membership to Callawassie Island Members club for 2004 and 2005.

This benefit shall be non-transferable by Purchaser.

Food and beverage minimums shall be the responsibility of Purchaser.

Purchaser Initials: _____ Date: 11/15/03

Seller Initials: _____ Date: 11/15/03

CALLAWASSIE ISLAND CONTRACT FOR SALE AND PURCHASE

This Agreement made this 15th day of November, 2003 by and between
Callawassie Island Company, L.P., ("Seller")

and Arthur H. Woodcock ("Purchaser")

1. **PURCHASE AND SALE:** Seller agrees to sell and convey and Purchaser agrees to purchase from Seller the Property (as described in Paragraph 2 below) for the consideration and upon and subject to the terms, provisions, and conditions hereinafter set forth (constituting the "Contract").

2. **PROPERTY:** Being all of Lot Number 8 Phase 9C, according to the Final Plat recorded in Plat Book 71/74 at Page 44/23, Beaufort County Records, South Carolina (the "Plat") hereinafter referred to as "Property".

3. **PURCHASE PRICE AND PAYMENT:**

A. Sale/Bid Price: $ 53,000.

B. Additional 10% Buyer's Premium: (+) $ 5,300.

C. Total Purchase Price: (=) $ 58,300.

D. Initial down payment deposit held by Bethea, Jordan & Griffin, P.A.-Trust Account: $ 5,000.

E. Additional personal check deposit payable to Bethea, Jordan & Griffin, P.A. -Trust Account due upon execution of this contract. This deposit combined with D above shall equal a total of 10% of the purchase price in C above: $ 830.

F. Total Down Payment Deposit of D and E above (equals 10% of C above) (the "Earnest Money") (-) $ 5,830.

G. Balance to close in form of Cashier's Check: (=) $ 52,470.

4. **BINDING OFFER:** (check one)

✓ **ABSOLUTE:** Purchaser agrees this is an Absolute Sale and is a binding and irrevocable offer.

____ **RESERVE:** Purchaser agrees this is a Reserve Sale and agrees to allow Seller until five o'clock (5:00) pm, November 17, 2003 to accept or reject said offer. Upon acceptance of this offer by Seller, this offer shall be a binding agreement upon Purchaser and Seller, their heirs, successors, personal representatives and assigns to purchase and sell the property in accordance with the terms and conditions hereof.

5. **CLOSING.** The Closing on the sale and conveyance (the "Closing") shall take place on or before December 16, 2003 (being the "Closing Date") at the offices of Bethea, Jordan & Griffin, P.A., located at 5 Belfair Village Drive, Bluffton, South Carolina 29910 Tel:843.815.2171 Fax:843.815.5991.

A. At the Closing, Seller shall deliver to Purchaser, the following:

i) A duly executed and acknowledged Limited Warranty Deed conveying good and insurable title in fee simple to all of the land and improvements comprising the Property, free and clear of all liens and encumbrances, with the exception of: (a) the lien of Beaufort County, South Carolina taxes for the current year; (b) easements for utilities serving the Property and any easements shown on the Plat; (c) the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges contained in the Amended and Restated General Declaration for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc. of December 1, 2001 and all amendments thereto as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina (the "Covenants"); (d) the standard printed exceptions contained in the usual form of Owner's Title Policy; and (e) any other applicable covenants hereinafter referred to.

ii) A mechanic's lien and possession affidavit, in standard form reasonably acceptable to the Title Company

iii) Any and all documents required by the Internal Revenue Service, including an appropriate non-foreign affidavit, and the South Carolina Department of Revenue in connection with real property transfers;

iv) A closing statement;

v) All other documents that are necessary and appropriate to close this transaction; and

vi) An Owner's Policy of Title Insurance (the "Title Policy") issued by a title insurance company chosen by Seller which shall be licensed to do business in the State of South Carolina (the "Title Company") in the full amount of the Purchase Price, dated as of Closing, insuring Purchaser's fee simple title to the Property, subject only to the Mortgage, if any, and the Permitted Title Exceptions, and the standard printed exceptions contained in the usual form of Owner's Title Policy. (At closing, Seller will deliver a binding commitment for the Title Policy, with the actual policy to be issued and delivered to Purchaser after the recording of conveyancing documents and within a reasonable time after the Closing Date);

B. At the Closing, Purchaser shall:

i) Pay the cash portion of the Purchase Price, plus or minus prorations and adjustments;

ii) Execute closing statement counterparts;

iii) If Purchaser is a corporation, deliver to Seller:

a) certified resolutions of the board of directors or governing body of Purchaser authorizing all the transactions contemplated by this contract;

b) an incumbency certificate with respect to those officers of Purchaser executing any documents or instruments in connection with the transactions contemplated herein; and

c) certificate of good standing for the entity acquiring title from the Secretary of State or other appropriate governmental office of the state in which the Purchaser is domiciled.

iv) Execute all other documents necessary and appropriate to close this transaction.

6. **POSSESSION:** Possession of the vacant Property shall be delivered to Purchaser upon completion of the Closing.

7. **CLOSING EXPENSES:**

A. At closing, Seller will pay for a title update, premium for an owner's title policy from a title company selected by Seller, the South Carolina statutory recording fee, Purchaser's attorney fees for closing services to the attorney designated by Seller (except for expenses related to financing), and for the preparation of the deed and lien waiver.

B. At closing Purchaser will pay for document recording fees, financing costs (including attorney fees), any mortgagee title insurance, survey, and other expenses associated with this transaction. Notwithstanding the foregoing, it is expressly understood and acknowledged by Purchaser , that Purchaser does have the right to select Purchaser's own attorney and title company and, in such event, agrees to be responsible for any fees or costs relating to such selection.

PLAINTIFF'S EXHIBIT Aggregate 4 1/24

PENGAD 800-631-6989

8. PRORATIONS:

A. Taxes for the year of Closing shall be prorated as of the Closing Date, on the amount of such taxes, with maximum discount allowed by law. If the millage and/or assessment for the then current year cannot be ascertained as of the Closing Date, then the millage and/or assessment for the preceding calendar year shall be used.

B. If, at the time of Closing, there shall exist any certified, confirmed and ratified special assessment liens, or pending liens for which the improvements have been substantially completed, for public improvements, or any special assessment for public or subdivision services benefiting the Property, the same shall be paid by the Seller or credited to the Purchaser at Closing.

9. PROPERTY SURVEY: Purchaser may order any survey of the Property which Purchaser desires, to be prepared at Purchaser's sole cost and expense. If a survey of the Property is provided by Purchaser, certified to and in a manner acceptable to the Title Company, the standard survey exception will be removed from the Title Policy.

10. DEFAULT:

A. In the event that the Purchaser shall fail, refuse or neglect to perform its obligations hereunder, and Purchaser shall further fail to cure such default within five (5) days of Notice thereof from the Seller, the Seller, as and for its sole and exclusive remedy for such default, shall have the right to terminate this Agreement and to immediately receive disbursement from the Escrow Agent of the Earnest Money and all interest earned thereon (if any), as agreed upon liquidated damages, and in settlement of all claims which Seller could have, by virtue of Purchaser's default.

B. In the event that the Seller shall fail, refuse, or neglect to perform its obligations hereunder, and shall further fail to cure such default within five (5) days of Notice thereof from the Purchaser, the Purchaser shall at its option either:

i) be entitled to terminate this Agreement and receive from the Escrow Agent a refund of the Earnest Money together with interest earned thereon (if any), as its sole remedy for Seller's default; or

ii) be entitled to seek specific performance of Seller's obligations hereunder as to the Property, as Purchaser's sole remedy or Seller's default, but Purchaser may not pursue any separate action for money damages against Seller.

11. TITLE DEFECTS: If Seller shall be unable to convey title to the Property at Closing in accordance with the status of Title required pursuant to this Contract, such failure shall not be considered a default of Seller, and Purchaser shall then elect to either accept such title as Seller can convey, without abatement of Purchase Price, or to terminate this Contract, whereupon the sole liability of Seller shall be to allow the refund of the Earnest Money and earned interest (if any), to Purchaser. Seller shall not be required to bring any action or proceeding or to incur any expense to cure any title defect, but the foregoing shall not permit Seller to refuse to pay off existing mortgages which are not Permitted Title Exceptions.

12. ESCROW: The Escrow Agent receiving the Earnest Money is authorized and agrees to deposit funds promptly in a non-interest bearing account at a commercial banking institution, hold same in escrow and, subject to clearance, disburse them in accordance with terms and conditions of this Contract. In the event of a dispute or if in doubt as to the Escrow Agent's duties or liabilities under the provisions of this Contract, the Escrow Agent may, at the Escrow Agent's option, either (a) continue to hold the subject matter of the escrow until the parties mutually agree to its disbursement or until a judgment of a court of competent jurisdiction shall determine the rights of the parties, or, (b) the Escrow Agent may interplead the funds into the registry of the clerk of the circuit court having jurisdiction of the dispute. Upon notifying all parties concerned of such action, the Escrow Agent shall be released from any further or continuing liability with respect to the disposition of Earnest Money. In such event only, the Escrow Agent will be entitled to reimbursement to the extent of all costs and expenses reasonable incurred to obtain an order of interpleader, including reasonable attorneys' fees, which may be secured by a lien upon the funds deposited with the court. The Escrow Agent shall exercise ordinary care with respect to the custody and delivery of the Earnest Money and any other duties of the Escrow Agent under this Contract. The Escrow Agent will not be liable for any act or omission that is undertaken in good faith and with ordinary care.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER:

A. Seller hereby represents and warrants to Purchaser the following which shall also be deemed made by Seller to Purchaser as the Closing Date, but prior to the conveyance of the Property:

i) There are no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers;

ii) Seller is duly authorized and empowered to sell the Property;

iii) Seller has paid or will pay, through the Closing, all taxes, charges, debts, and other assessments due by Seller with respect to the Property which are now or were previously due and payable;

iv) All obligations of Seller arising from the ownership and operation of the Property which accrue prior to the Closing Date, have been paid as they became due or will be paid at or prior to Closing. Except for obligations for which provisions are herein made for assumption by Purchaser, proration or other adjustments at Closing, there will be no obligations of Seller with respect to the Property outstanding as of the Closing Date.

v) Seller is not aware of any unrecorded liens caused by Seller against the Property which will not be satisfied out of the cash portion of the Purchase Price.

vi) Seller has received no notice of the commencement of any legal action against Seller for the damaging, taking or acquiring of all or any part of the Property, either temporarily or permanently, by condemnation or by exercise of the right of eminent domain.

vii) The Property is not subject to any lien, legal action or legal or administrative proceeding relating to Hazardous Substances or Environmental Law, as hereinafter defined, and the Seller has received no notice and has no knowledge of any such lien, legal action or proceedings, pending or threatened. The Seller represents and warrants that, to the best of its knowledge; no Hazardous Substances are located on or have been located, stored, processed or disposed of on, or released or discharged from (including ground water contamination) the Property; no portion of the Property has been used as a landfill site or burial pit or as a depository for any waste materials which were not removed prior to the construction of any improvements which may exist thereon; and, there are no violations of any Environmental Law relating to the Property. "Hazardous Substances" means and includes hazardous and toxic substances, wastes or materials, any pollutants or contaminants, including, without limitation, asbestos and raw materials that include hazardous constituents, or any similar substances, or materials that are included under or regulated by an "Environmental Law," except those substances used lawfully in accordance with manufacturer's recommendations in the daily operation of the Property, including by way of illustration but not by limitation substances such as fertilizer for grass, shrubbery or trees. "Environmental Law" means and includes all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, contamination or cleanup, including, without limitations, "CERCLA," "RCRA," and applicable state superlien and environmental clean up statutes.

B. From the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, Seller covenants to:

i) advise Purchaser promptly of any litigation, arbitration, administrative hearing, or legislation before any governmental body or agency of which Seller is notified, concerning or affecting the Property, which is instituted after the date hereof;

ii) not take, or omit to take any action that would have the effect of violating any of the representations, warranties, covenants and agreements of Seller contained in this Contract.

14. REPRESENTATION, WARRANTIES AND COVENANTS OF PURCHASER:

A. Purchaser represents, warrants and covenants to Seller as follows:

i) Purchaser is purchasing the Property in its "AS IS, WHERE IS" condition with no warranties by Seller as to merchantability, suitability or fitness for any particular use, it being understood and agreed that Purchaser is relying solely on its own inspections, engineering studies and reports, economic and feasibility studies and examinations of the Property and Purchaser's own determination of the condition of the Property and any improvements, fixtures and equipment to be purchased by Purchaser under this Contract;

ii) Purchaser has all requisite power and authority to consummate the transaction contemplated by this Contract and has by proper proceedings duly authorized the execution and delivery of this Contract and the consummation of the transaction contemplated hereby;

iii) This Contract when executed and delivered by Purchaser and Seller, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms; and

iv) To Purchaser's knowledge, neither the execution and delivery of this Contract nor the consummation of the transaction contemplated hereby will violate or be in conflict with (i) any applicable provisions of law, (ii) any order of any court or government agency having jurisdiction over the Purchaser, or (iii) any agreement or instrument to which Purchaser is a party or which Purchaser is bound.

B. From the Effective Date of this Contract, Purchaser covenants to Seller that, in addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Purchaser, the Purchaser shall perform, execute and deliver or cause to be performed, executed and delivered at, prior to, or after the Closing, any and all further reasonable acts, deeds, and assurances as Seller or the Title Company may reasonable require in order to consummate the transactions contemplated herein.

15. DISCLAIMER AND CONDITIONS:

A. Except as may otherwise be specifically stated in this Agreement, Seller hereby disclaims any warranty, guaranty, or representation, oral or written, past, present or future of, as to, or concerning the nature and condition of the property, including, without limitation, the water, soil and geology, and the suitability thereof and of the Property for any activities and uses which Purchaser may elect to conduct thereon.

B. Purchaser acknowledges that, having been given a sufficient opportunity to inspect the Property, Purchaser is relying solely on its own investigation of the Property and its own financial analysis of the revenue and expenses that may be received or incurred in arriving at its decision to purchase the Property and that Purchaser is purchasing the Property in its present condition, "AS IS, WHERE IS ", and Seller has no obligation to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

C. Any factual information such as property dimensions, floor plans, square footage or sketches shown to Purchaser related to the auction or set forth herein are or may be approximate and Purchaser represents to Seller that they have inspected and verified the facts and information to Purchaser's satisfaction based upon the Plat prior to the execution of this Contract. No liability for any inaccuracies, errors or omissions is assumed by the Seller or the Broker.

D. Neither the Seller, nor the Broker and salespersons for the Broker have any expertise with respect to environmental matters. Proper inspection of the Property by qualified experts may be necessary to determine whether or not there are any current or potential environmental concerns relating to the Property. The Broker and its salespersons have not made, nor will they make, any representations, either express or implied, regarding the existence or non-existence of any such environmental concerns in or on the Property.

16. CONDEMNATION: If, prior to the Closing Date, condemnation proceedings are commenced against any portion of the Property (except for road widenings not affecting any structure or parking on the Property), either party may, at its option, terminate this Contract by Notice to the other prior to Closing, whereupon the Earnest Money along with interest earned thereon (if any), shall be refunded to Purchaser. If not so terminated, Purchaser shall proceed to consummate the purchase of the Property, without reduction in the Purchase Price, and all rights to any award in connection with condemnation of the Property shall be assigned to Purchaser at the Closing. Seller shall give Purchaser prompt Notice of the institution of any condemnation proceeding of which it is notified.

17. CASUALTY LOSS: Risk of loss by damage or destruction to the Property prior to the Closing Date shall be borne by Seller. (Any damage or destruction to the natural vegetation on the land shall not give rise to a duty of Seller to repair, or restore unless caused by the act of Seller.) If Seller elects not to repair, or if Seller elects to repair and any such damage or destruction is not fully repaired prior to the Closing Date (which Purchaser agrees to extend for a period not to exceed forty-five (45) days in order to permit such repair), Purchaser, at its option by Notice to Seller prior to the Closing Date as the same may be extended, may either (a) terminate this Contract in which event the Earnest Money and earned interest (if any), shall be refunded to Purchaser and neither party shall have any further obligations pursuant to this Contract, or, (b) Purchaser may elect to close the transaction, in which event Seller's right to all insurance proceeds resulting from such damage or destruction to the Property shall be assigned in writing by Seller to Purchaser, without affecting the Purchase Price.

18. ASSIGNMENT: Purchaser may assign this Contract and all rights hereunder with Seller's consent, which shall not be unreasonably withheld, provided such assignee shall assume in writing all of the obligations of Purchaser hereunder and further provided that Purchaser remains liable for the performance of this Contract.

19. NO RECORDING: Neither this Contract nor any type of memorandum thereof shall be recorded in the Public Records with any governmental agency, and any purported recordation or filing hereof by Purchaser shall constitute a default on the part of Purchaser.

20. ENTIRE AGREEMENT: This Contract represents the entire understanding between the Seller and the Purchaser and supersedes, incorporates and merges all prior negotiations, representations and agreements, whether oral or written. This Contract may be amended only by a written instrument signed by both the Seller and the Purchaser and dated on or subsequent to the Effective Date.

21. SUCCESSORS AND ASSIGNS: The provisions of this Contract shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

22. JOINT PURCHASERS. The term "Purchaser" shall be read as "Purchasers" if more than one person is the Purchaser of the Property, in which case their obligations shall be joint and several.

23. COOPERATION OF THE PARTIES: Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein at any time and from time to time after execution of this Contract, whether before or after the Closing, as such other party may reasonably request in order to effectuate the provisions of this Contract or the transactions contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to this transaction, provided that neither party shall be required to incur any material expense in connection therewith.

24. SEVERABILITY: If any clause or provision of this Contract is held to be invalid or unenforceable by any court of competent jurisdiction as against any person or under any circumstances, the remainder of this Contract and the applicability of any such clause or provision to other persons or circumstances shall not be affected thereby. All other clauses or provisions of this contract, not found invalid or unenforceable shall be and remain valid and enforceable.

25. TIME. Time is of the essence of this Contract.

26. STRICT COMPLIANCE/WAIVER: Any failure by either party to insist upon strict performance by the other party of any of the provisions of this Contract shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches that may occur, and each party, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by the other of any and all of the provisions of this Contract. Any waiver by either party of any provision of this Contract must be in writing and shall constitute a waiver of that provision, on that occasion only, and shall not operate or be construed as a waiver of any other provision or subsequent breach thereof.

27. NOTICES: Notices, elections, consents and demands (collectively "Notices" or individually "Notice") required or permitted to given hereunder shall be in writing and shall be sent by: United States mail, postage prepaid, certified, return receipt requested; or, by Federal Express or other overnight delivery service; or, by facsimile, with all Notices to be addressed to the parties at the addresses set forth in the signature blocks at the end of this Contract. Copies of Notices shall be sent to attorneys for the respective parties, if identified on the signature page. Notices shall be deemed given and received on the first to occur of (i) receipt as evidenced by return receipt, delivery receipt from an overnight delivery service or transaction/activity report from a facsimile machine, (ii) three (3) days after same is sent, or (iii) refusal.

28. **APPLICABLE LAW AND VENUE:** This Contract shall be interpreted, construed, controlled and governed by the substantive and procedural laws of the State of South Carolina The parties agree that proper venue under this Contract shall be in Beaufort County, South Carolina.

29. **ATTORNEYS' FEES AND COSTS:** In connection with any litigation between the Seller and the Purchaser, either at law or in equity, arising out of this Contract the prevailing party shall be entitled to an award of its reasonable cost, and attorneys' fees incurred in trial, appellate or post judgment proceedings.

30. **GENDER:** A reference in this Contract to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice verse, unless the context requires otherwise.

31. **CERTAIN REFERENCES:** the term "herein", "hereof", or "hereunder" or similar terms used in this Contract refer to this entire Contract and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to paragraphs, subparagraphs or other provisions are references to paragraphs, subparagraphs or other provisions of this Contract.

32. **CAPTIONS:** The captions and paragraph headings in this Contract are for convenience and reference only and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

33. **EXHIBITS.** All Exhibits described herein and attached hereto are incorporated herein by this reference for all purposes.

34. **DATE OF PERFORMANCE:** If any date for performance hereunder falls on a Saturday, Sunday or other day which is a holiday under Federal law or under the State law where the Property is located, the date for such performance shall be the next succeeding business day.

35. **COUNTERPARTS:** This Contract may be executed in multiple counterparts all of which when taken together shall constitute one Contract.

36. **COUNTERPART FACSIMILE EXECUTION:** For purposes of executing this Contract, a document signed and transmitted by facsimile or telecopier machine shall be treated as an original document. The signature of any party thereon shall be considered as an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. However, for convenience, at the request of either party, any facsimile or telecopy document shall be re-executed by both parties in original form. No party hereto may raise the use of a facsimile or telecopier machine or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Contract or any amendment executed in compliance with this paragraph. This paragraph does not supersede the requirements of the "Notices" paragraph.

37. **BROKERAGE:** Purchaser represents that Purchaser has dealt with no other broker or other intermediary with regard to this transaction except for Christenson-Elms Auction Company, Inc. and Coastal Realty Group (the "Broker") Purchaser shall indemnify, defend and hold Seller harmless from and against any claims or damages to Seller occurring as the result of a breach of the foregoing representation. Purchaser acknowledges that the Broker represents the Seller.

38. **BEAUFORT COUNTY IMPACT FEES:** Beaufort County has ordinances which generally provide for the collection of certain fees at the time of building permit issuance for new residential construction and will be the expense of Purchaser. No fee is due at the time of closing on the lot, but rather is due at the time of issuance of the building permit.

39. **WATER AND SEWER SERVICE:** Purchaser acknowledges that arrangements for water and sewer service must be made by Purchaser independently with CUC, Inc. Purchaser shall be liable for the payment of periodic water availability fees to CUC, Inc., prior to connecting to the water system. Upon commencement of actual water service to the residence on the Property, Purchaser shall pay user fees to CUC, Inc. for water service. Purchaser expressly acknowledges that no wells may be drilled on said property other than those expressly permitted under the Covenants.

40. **RIGHT OF FIRST REFUSAL:** Purchaser hereby acknowledges and agrees that in the event Purchaser desires to sell the Property and any improvements thereon, it shall be offered for sale to Seller for the same price at which the highest bona fide offer has been made for the Property and improvements, and Seller shall have thirty (30) day from receipt of written notice of such offer within which to exercise this option to purchase the Property and improvements at this price. Should Seller fail to refuse within thirty (30) days to purchase the Property and improvements at the offered price, then Purchaser shall have the right to sell the Property, subject, however to all covenants, restrictions, limitations and affirmative obligations contained in this Contract, the Covenants and the Plat. This paragraph shall not be construed to impair the right of foreclosure of a mortgage on the Property and improvements thereon.

41. **RIGHT OF ENTRY:** In order to help maintain the attractiveness of the residential areas of Callawassie Island, Purchaser irrevocably waives notice as provided in the Covenants, and hereby requests the cutting of weeds and brush on the Property, and authorizes Seller, in its discretion, to mow and cut weeds and underbrush on the Property as a part of its regular maintenance program. In addition, Seller shall have the right to remove any stumps or debris and to thin or remove underbrush and thin out small trees under six (6") inches in diameter to the degree necessary to permit tractor drawn mowers to mow underbrush and weeds on the Property.

42. **OILSR EXEMPTION:** This transaction is exempt from the Interstate Land Sales Full Disclosure Act pursuant to the provisions of §1710.10. In that connection, Seller represents to Purchaser that:

A. The lot in question is located within Beaufort County which specifies minimum standards for the development and design of planned unit developments within its jurisdiction. Callawassie Island has been approved by Beaufort County as a single-family lot subdivision.

B. The Property is being sold subject to enforceable restrictive covenants that it be used for single family residences only.

C. The Property is or will be situated on a paved street, or bonded for, built to the standards applicable to streets and highways maintained by Beaufort County in the State of South Carolina.

D. The Association described below, pursuant to the Covenants, has accepted or is obligated to accept the responsibility for maintaining the streets in the subdivision described herein. The cost to maintain the streets in the subdivision is covered by the annual assessments collected by the Association. Seller has, prior to the execution of this Agreement, provided to the Purchaser a good faith written estimate of the cost of carrying out the maintenance responsibility over the first ten (10) years of the Association's ownership of the roads. (Exhibit "A" attached hereto).

E. Potable water and sanitary sewage disposal is or will be extended to the Property or will be bonded by the time for Closing. Purchaser expressly acknowledges that no wells may be drilled on said Property. Service will be provided by CUC, Inc., an independent utility company, which will be obligated to extend such service to the Property upon application for service and the payment of appropriate tap connection fees.

F. Electric lines have been, or will have been by Closing, extended, or bonded for, to each lot and service will be provided by South Carolina Electric & Gas Company.

G. Seller must deliver a limited warranty deed free of monetary liens and encumbrances to the Purchaser at Closing and in no event later than one hundred eighty (180) days from the date of this Agreement.

43. **PURCHASER'S ACKNOWLEDGMENT:** Purchaser acknowledges that Purchaser has received a copy of the Covenants. Further, Purchaser understands that the salesman who handled the sale does not have the authority to make any statements in conflict with or in addition to the information contained in this Contract and the documents and that Seller specifically disclaims any responsibility for such statements. Purchaser understands that if the salesman has made such statements that they are not binding on Seller unless incorporated in writing into this Contract. By execution of this Contract, Purchaser affirms that Purchaser has not relied upon any such statements, if any, and waives any rights that Purchaser might have as a result of such statements unless they are incorporated into this Contract. It is expressly understood and agreed by the Purchaser that the Property shall be conveyed subject to the recorded Plat and all easements as shown thereon and subject to the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges and the covenants and restrictions relating to Callawassie Island, all as specified in the Covenants, as amended from time to time, a copy of which has been provided to Purchaser simultaneously with the execution of this Agreement, the receipt of which is hereby acknowledged.

_____ (initials here). Seller urges Purchaser to read said Covenants. Purchaser does acknowledge that the Covenants do include the following provisions:

A. Architectural Requirements. The Covenants contain architectural controls wherein it is stated that no building, fence, sign or other structure will be erected, placed or altered on the Property until the proposed building plan and site plan have been approved in writing by the Seller or its Architectural Review Board ("ARB"). The actual construction of the Property will have no material variation from the plans approved unless the ARB shall have also approved these variations in writing. The ARB may grant or deny approval of Purchaser's plans on any grounds, including purely aesthetic considerations. The Covenants likewise require that the main residence constructed on the Property must contain a minimum square footage of enclosed dwelling area.

B. Assessments. In order to provide for the preservation, maintenance, security and operation of common facilities within Callawassie Island, as well as assist the Callawassie owners in the administration of said common facilities, there has been created the Callawassie Island Property Owners' Association, Inc. (the "Association"). As set forth in the Covenants, the Association is granted the right to assess property owners within its jurisdiction in order to carry out the prescribed functions. Purchaser hereby acknowledges that it is aware of the right of the Association to levy and enforce assessments against it and Purchaser hereby agrees to pay promptly all such assessments which are properly made against him by the Association. The 2003 annual assessment per lot is Eight Hundred Seventy-Five and No/100 Dollars ($875.00). This assessment shall be prorated as of Closing.

C. Phase 9 Properties. Purchaser acknowledges that if the Property is located in Phase 9 of Callawassie Island, special setback requirements and limited design options for improvements to be constructed on the Property apply. (initial here, if the Property is located in Phase 9: X MF)

44. CALLAWASSIE ISLAND MEMBERS CLUB: Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included in the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

45. PERSONAL ON-SITE INSPECTION: Purchaser acknowledges that he/she/they have made a personal, on-the-lot inspection of the Property purchased prior to signing this Agreement. To evidence this affirmation Purchaser shall initial this Agreement: (Initials of Purchaser here) MF

PURCHASER:

Name 1:	Wayne M. Markert
SS # 1:	
Name 2:	[illegible]
SS # 2:	
Address:	171 Church Street, #160
City, State, Zip:	Charleston, SC 29401
Telephone:	(843) 577-2900 Fax No: (843) 577-2903
By Name 1:	
By Name 2:	
Date:	11-15-03
Email:	[illegible]

Accepted by Seller this 15th day of November, 2003 (the "Effective Date").

SELLER:

Name:	Callawassie Island Company, L.P. By: CLL Associates, L.P., its General Partner By: Callawassie Development Corporation, its General Partner
Address:	176 Callawassie Drive
City, State, Zip:	Okatie, South Carolina 29909
Telephone:	843.987.2100
By:	[signature]
Date:	11/15/03

Initial Deposit in the amount of $ [illegible] received by SFC as representative for Bethea, Jordon & Griffen, P.A

Contract Personnel: Tommy Kline Bidder Number: 203

EXHIBIT A
CALLAWASSIE ISLAND

GOOD FAITH ESTIMATE OF COSTS FOR MAINTAINING ROADS

Callawassie Island Company, L.P. hereby provides to the Purchaser described in the Contract for Sale and Purchase, to which this Exhibit is attached, pursuant to the requirements set forth in the Interstate Land Sales Full Disclosure Act and described in Paragraph 10.4 of said Agreement, the following good faith estimate of costs for maintaining the roads.

The average annual cost of maintaining the roads over a ten-year period, including a reserve for resurfacing after fifteen years, is estimated to be $60,000, based upon information currently available. However, no assurance could be made with respect to actual costs over a ten year period. These estimates are based on current costs.

The costs of road maintenance will be paid by Callawassie Island Property Owners' Association, from the proceeds of maintenance assessments to each lot as provided in the Covenants and Restrictions as described in the Agreement.

This Exhibit was prepared by Callawassie Island Company, L.P. and is dated this 14th day of April, 2003. Purchaser acknowledges receipt of this Exhibit by the execution thereof.

Acknowledged:

X _____
Purchaser

11/15/03
Date

EXHIBIT B
WAIVER OF DUES FOR 2004 AND 2005

Lot 8 Phase 9C

Seller agrees to pay on behalf of Purchaser annual dues for a non-resident Golf Membership to Callawassie Island Members club for 2004 and 2005.

This benefit shall be non-transferable by Purchaser.

Food and beverage minimums shall be the responsibility of Purchaser.

Purchaser Initials: _____ Date: 11/15/03

Seller Initials: _____ Date: 11/15/03

CALLAWASSIE ISLAND CONTRACT FOR SALE AND PURCHASE

This Agreement made this 15th day of November, 2003 by and between
Callawassie Island Company, L.P., ("Seller")

and ARTHUR H. APPLEGATE ("Purchaser")

1. **PURCHASE AND SALE:** Seller agrees to sell and convey and Purchaser agrees to purchase from Seller the Property (as described in Paragraph 2 below) for the consideration and upon and subject to the terms, provisions, and conditions hereinafter set forth (constituting the "Contract").

2. **PROPERTY:** Being all of Lot Number 25 Phase 96, according to the Final Plat recorded in Plat Book 45 at Page 15, Beaufort County Records, South Carolina (the "Plat") hereinafter referred to as "Property".

3. **PURCHASE PRICE AND PAYMENT:**

A. Sale/Bid Price: $ 51,000.—

B. Additional 10% Buyer's Premium: (+) $ 5,100.—

C. Total Purchase Price: (=) $ 56,100.—

D. Initial down payment deposit held by Bethea, Jordan & Griffin, P.A.-Trust Account: $ 5,000.—

E. Additional personal check deposit payable to Bethea, Jordan & Griffin, P.A. -Trust Account due upon execution of this contract. This deposit combined with D above shall equal a total of 10% of the purchase price in C above: $ 610.—

F. Total Down Payment Deposit of D and E above (equals 10% of C above) (the "Earnest Money") (-) $ 5,610.—

G. Balance to close in form of Cashier's Check: (=) $ 50,490.—

4. **BINDING OFFER:** (check one)

X **ABSOLUTE:** Purchaser agrees this is an Absolute Sale and is a binding and irrevocable offer.

____ **RESERVE:** Purchaser agrees this is a Reserve Sale and agrees to allow Seller until five o'clock (5:00) pm, November 17, 2003 to accept or reject said offer. Upon acceptance of this offer by Seller, this offer shall be a binding agreement upon Purchaser and Seller, their heirs, successors, personal representatives and assigns to purchase and sell the property in accordance with the terms and conditions hereof.

5. **CLOSING.** The Closing on the sale and conveyance (the "Closing") shall take place on or before December 16, 2003 (being the "Closing Date") at the offices of Bethea, Jordan & Griffin, P.A., located at 5 Belfair Village Drive, Bluffton, South Carolina 29910 Tel:843.815.2171 Fax:843.815.5991.

A. At the Closing, Seller shall deliver to Purchaser, the following:

i) A duly executed and acknowledged Limited Warranty Deed conveying good and insurable title in fee simple to all of the land and improvements comprising the Property, free and clear of all liens and encumbrances, with the exception of: (a) the lien of Beaufort County, South Carolina taxes for the current year; (b) easements for utilities serving the Property and any easements shown on the Plat; (c) the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges contained in the Amended and Restated General Declaration for Callawassie Island and Provisions for the Callawassie Island Property Owners Association, Inc. of December 1, 2001 and all amendments thereto as recorded in the Office of the Register of Deeds for Beaufort County, South Carolina (the "Covenants"); (d) the standard printed exceptions contained in the usual form of Owner's Title Policy; and (e) any other applicable covenants hereinafter referred to.

ii) A mechanic's lien and possession affidavit, in standard form reasonably acceptable to the Title Company

iii) Any and all documents required by the Internal Revenue Service, including an appropriate non-foreign affidavit, and the South Carolina Department of Revenue in connection with real property transfers;

iv) A closing statement;

v) All other documents that are necessary and appropriate to close this transaction; and

vi) An Owner's Policy of Title Insurance (the "Title Policy") issued by a title insurance company chosen by Seller which shall be licensed to do business in the State of South Carolina (the "Title Company") in the full amount of the Purchase Price, dated as of Closing, insuring Purchaser's fee simple title to the Property, subject only to the Mortgage, if any, and the Permitted Title Exceptions, and the standard printed exceptions contained in the usual form of Owner's Title Policy. (At closing, Seller will deliver a binding commitment for the Title Policy, with the actual policy to be issued and delivered to Purchaser after the recording of conveyancing documents and within a reasonable time after the Closing Date);

B. At the Closing, Purchaser shall:

i) Pay the cash portion of the Purchase Price, plus or minus prorations and adjustments;

ii) Execute closing statement counterparts;

iii) If Purchaser is a corporation, deliver to Seller:

a) certified resolutions of the board of directors or governing body of Purchaser authorizing all the transactions contemplated by this contract;

b) an incumbency certificate with respect to those officers of Purchaser executing any documents or instruments in connection with the transactions contemplated herein; and

c) certificate of good standing for the entity acquiring title from the Secretary of State or other appropriate governmental office of the state in which the Purchaser is domiciled.

iv) Execute all other documents necessary and appropriate to close this transaction.

6. **POSSESSION:** Possession of the vacant Property shall be delivered to Purchaser upon completion of the Closing.

7. **CLOSING EXPENSES:**

A. At closing, Seller will pay for a title update, premium for an owner's title policy from a title company selected by Seller, the South Carolina statutory recording fee, Purchaser's attorney fees for closing services to the attorney designated by Seller (except for expenses related to financing), and for the preparation of the deed and lien waiver.

B. At closing Purchaser will pay for document recording fees, financing costs (including attorney fees), any mortgagee title insurance, survey, and other expenses associated with this transaction. Notwithstanding the foregoing, it is expressly understood and acknowledged by Purchaser that Purchaser does have the right to select Purchaser's own attorney and title company and, in such event, agrees to be responsible for any fees or costs relating to such selection.

PLAINTIFF'S EXHIBIT Applegate 5
PENGAD 800-631-6989
RA 383
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8. PRORATIONS:

A. Taxes for the year of Closing shall be prorated as of the Closing Date, on the amount of such taxes, with maximum discount allowed by law. If the millage and/or assessment for the then current year cannot be ascertained as of the Closing Date, then the millage and/or assessment for the preceding calendar year shall be used.

B. If, at the time of Closing, there shall exist any certified, confirmed and ratified special assessment liens, or pending liens for which the improvements have been substantially completed, for public improvements, or any special assessment for public or subdivision services benefiting the Property, the same shall be paid by the Seller or credited to the Purchaser at Closing.

9. PROPERTY SURVEY: Purchaser may order any survey of the Property which Purchaser desires, to be prepared at Purchaser's sole cost and expense. If a survey of the Property is provided by Purchaser, certified to and in a manner acceptable to the Title Company, the standard survey exception will be removed from the Title Policy.

10. DEFAULT:

A. In the event that the Purchaser shall fail, refuse or neglect to perform its obligations hereunder, and Purchaser shall further fail to cure such default within five (5) days of Notice thereof from the Seller, the Seller, as and for its sole and exclusive remedy for such default, shall have the right to terminate this Agreement and to immediately receive disbursement from the Escrow Agent of the Earnest Money and all interest earned thereon (if any), as agreed upon liquidated damages, and in settlement of all claims which Seller could have, by virtue of Purchaser's default.

B. In the event that the Seller shall fail, refuse, or neglect to perform its obligations hereunder, and shall further fail to cure such default within five (5) days of Notice thereof from the Purchaser, the Purchaser shall at its option either:

i) be entitled to terminate this Agreement and receive from the Escrow Agent a refund of the Earnest Money together with interest earned thereon (if any), as its sole remedy for Seller's default; or

ii) be entitled to seek specific performance of Seller's obligations hereunder as to the Property, as Purchaser's sole remedy or Seller's default, but Purchaser may not pursue any separate action for money damages against Seller.

11. TITLE DEFECTS: If Seller shall be unable to convey title to the Property at Closing in accordance with the status of Title required pursuant to this Contract, such failure shall not be considered a default of Seller, and Purchaser shall then elect to either accept such title as Seller can convey, without abatement of Purchase Price, or to terminate this Contract, whereupon the sole liability of Seller shall be to allow the refund of the Earnest Money and earned interest (if any), to Purchaser. Seller shall not be required to bring any action or proceeding or to incur any expense to cure any title defect, but the foregoing shall not permit Seller to refuse to pay off existing mortgages which are not Permitted Title Exceptions.

12. ESCROW: The Escrow Agent receiving the Earnest Money is authorized and agrees to deposit funds promptly in a non-interest bearing account at a commercial banking institution, hold same in escrow and, subject to clearance, disburse them in accordance with terms and conditions of this Contract. In the event of a dispute or if in doubt as to the Escrow Agent's duties or liabilities under the provisions of this Contract, the Escrow Agent may, at the Escrow Agent's option, either (a) continue to hold the subject matter of the escrow until the parties mutually agree to its disbursement or until a judgment of a court of competent jurisdiction shall determine the rights of the parties, or, (b) the Escrow Agent may interplead the funds into the registry of the clerk of the circuit court having jurisdiction of the dispute. Upon notifying all parties concerned of such action, the Escrow Agent shall be released from any further or continuing liability with respect to the disposition of Earnest Money. In such event only, the Escrow Agent will be entitled to reimbursement to the extent of all costs and expenses reasonable incurred to obtain an order of interpleader, including reasonable attorneys' fees, which may be secured by a lien upon the funds deposited with the court. The Escrow Agent shall exercise ordinary care with respect to the custody and delivery of the Earnest Money and any other duties of the Escrow Agent under this Contract. The Escrow Agent will not be liable for any act or omission that is undertaken in good faith and with ordinary care.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER:

A. Seller hereby represents and warrants to Purchaser the following which shall also be deemed made by Seller to Purchaser as the Closing Date, but prior to the conveyance of the Property:

i) There are no parties in possession of any portion of the Property as lessees, tenants at sufferance, or trespassers;

ii) Seller is duly authorized and empowered to sell the Property;

iii) Seller has paid or will pay, through the Closing, all taxes, charges, debts, and other assessments due by Seller with respect to the Property which are now or were previously due and payable;

iv) All obligations of Seller arising from the ownership and operation of the Property which accrue prior to the Closing Date, have been paid as they became due or will be paid at or prior to Closing. Except for obligations for which provisions are herein made for assumption by Purchaser, proration or other adjustments at Closing, there will be no obligations of Seller with respect to the Property outstanding as of the Closing Date.

v) Seller is not aware of any unrecorded liens caused by Seller against the Property which will not be satisfied out of the cash portion of the Purchase Price.

vi) Seller has received no notice of the commencement of any legal action against Seller for the damaging, taking or acquiring of all or any part of the Property, either temporarily or permanently, by condemnation or by exercise of the right of eminent domain.

vii) The Property is not subject to any lien, legal action or legal or administrative proceeding relating to Hazardous Substances or Environmental Law, as hereinafter defined, and the Seller has received no notice and has no knowledge of any such lien, legal action or proceedings, pending or threatened. The Seller represents and warrants that, to the best of its knowledge; no Hazardous Substances are located on or have been located, stored, processed or disposed of on, or released or discharged from (including ground water contamination) the Property; no portion of the Property has been used as a landfill site or burial pit or as a depository for any waste materials which were not removed prior to the construction of any improvements which may exist thereon; and, there are no violations of any Environmental Law relating to the Property. "Hazardous Substances" means and includes hazardous and toxic substances, wastes or materials, any pollutants or contaminants, including, without limitation, asbestos and raw materials that include hazardous constituents, or any similar substances, or materials that are included under or regulated by an "Environmental Law," except those substances used lawfully in accordance with manufacturer's recommendations in the daily operation of the Property, including by way of illustration but not by limitation substances such as fertilizer for grass, shrubbery or trees. "Environmental Law" means and includes all federal, state and local statutes, ordinances, regulations and rules relating to environmental quality, contamination or cleanup, including, without limitations, "CERCLA," "RCRA," and applicable state superlien and environmental clean up statutes.

B. From the Effective Date of this Contract until the Closing Date or earlier termination of this Contract, Seller covenants to:

i) advise Purchaser promptly of any litigation, arbitration, administrative hearing, or legislation before any governmental body or agency of which Seller is notified, concerning or affecting the Property, which is instituted after the date hereof;

ii) not take, or omit to take any action that would have the effect of violating any of the representations, warranties, covenants and agreements of Seller contained in this Contract.

14. REPRESENTATION, WARRANTIES AND COVENANTS OF PURCHASER:

A. Purchaser represents, warrants and covenants to Seller as follows:

i) Purchaser is purchasing the Property in its "AS IS, WHERE IS" condition with no warranties by Seller as to merchantability, suitability or fitness for any particular use, it being understood and agreed that Purchaser is relying solely on its own inspections, engineering studies and reports, economic and feasibility studies and examinations of the Property and Purchaser's own determination of the condition of the Property and any improvements, fixtures and equipment to be purchased by Purchaser under this Contract;

ii) Purchaser has all requisite power and authority to consummate the transaction contemplated by this Contract and has by proper proceedings duly authorized the execution and delivery of this Contract and the consummation of the transaction contemplated hereby;

iii) This Contract when executed and delivered by Purchaser and Seller, will constitute the valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms; and

iv) To Purchaser's knowledge, neither the execution and delivery of this Contract nor the consummation of the transaction contemplated hereby will violate or be in conflict with (i) any applicable provisions of law, (ii) any order of any court or government agency having jurisdiction over the Purchaser, or (iii) any agreement or instrument to which Purchaser is a party or which Purchaser is bound.

B. From the Effective Date of this Contract, Purchaser covenants to Seller that, in addition to the acts and deeds recited herein and contemplated to be performed, executed, and delivered by Purchaser, the Purchaser shall perform, execute and deliver or cause to be performed, executed and delivered at, prior to, or after the Closing, any and all further reasonable acts, deeds, and assurances as Seller or the Title Company may reasonable require in order to consummate the transactions contemplated herein.

15. DISCLAIMER AND CONDITIONS:

A. Except as may otherwise be specifically stated in this Agreement, Seller hereby disclaims any warranty, guaranty, or representation, oral or written, past, present or future of, as to, or concerning the nature and condition of the property, including, without limitation, the water, soil and geology, and the suitability thereof and of the Property for any activities and uses which Purchaser may elect to conduct thereon.

B. Purchaser acknowledges that, having been given a sufficient opportunity to inspect the Property, Purchaser is relying solely on its own investigation of the Property and its own financial analysis of the revenue and expenses that may be received or incurred in arriving at its decision to purchase the Property and that Purchaser is purchasing the Property in its present condition, "AS IS, WHERE IS ", and Seller has no obligation to construct or repair any improvements thereon or to perform any other act regarding the Property, except as expressly provided herein.

C. Any factual information such as property dimensions, floor plans, square footage or sketches shown to Purchaser related to the auction or set forth herein are or may be approximate and Purchaser represents to Seller that they have inspected and verified the facts and information to Purchaser's satisfaction based upon the Plat prior to the execution of this Contract. No liability for any inaccuracies, errors or omissions is assumed by the Seller or the Broker.

D. Neither the Seller, nor the Broker and salespersons for the Broker have any expertise with respect to environmental matters. Proper inspection of the Property by qualified experts may be necessary to determine whether or not there are any current or potential environmental concerns relating to the Property. The Broker and its salespersons have not made, nor will they make, any representations, either express or implied, regarding the existence or non-existence of any such environmental concerns in or on the Property.

16. CONDEMNATION: If, prior to the Closing Date, condemnation proceedings are commenced against any portion of the Property (except for road widenings not affecting any structure or parking on the Property), either party may, at its option, terminate this Contract by Notice to the other prior to Closing, whereupon the Earnest Money along with interest earned thereon (if any), shall be refunded to Purchaser. If not so terminated, Purchaser shall proceed to consummate the purchase of the Property, without reduction in the Purchase Price, and all rights to any award in connection with condemnation of the Property shall be assigned to Purchaser at the Closing. Seller shall give Purchaser prompt Notice of the institution of any condemnation proceeding of which it is notified.

17. CASUALTY LOSS: Risk of loss by damage or destruction to the Property prior to the Closing Date shall be borne by Seller. (Any damage or destruction to the natural vegetation on the land shall not give rise to a duty of Seller to repair, or restore unless caused by the act of Seller.) If Seller elects not to repair, or if Seller elects to repair and any such damage or destruction is not fully repaired prior to the Closing Date (which Purchaser agrees to extend for a period not to exceed forty-five (45) days in order to permit such repair), Purchaser, at its option by Notice to Seller prior to the Closing Date as the same may be extended, may either (a) terminate this Contract in which event the Earnest Money and earned interest (if any), shall be refunded to Purchaser and neither party shall have any further obligations pursuant to this Contract, or, (b) Purchaser may elect to close the transaction, in which event Seller's right to all insurance proceeds resulting from such damage or destruction to the Property shall be assigned in writing by Seller to Purchaser, without affecting the Purchase Price.

18. ASSIGNMENT: Purchaser may assign this Contract and all rights hereunder with Seller's consent, which shall not be unreasonably withheld, provided such assignee shall assume in writing all of the obligations of Purchaser hereunder and further provided that Purchaser remains liable for the performance of this Contract.

19. NO RECORDING: Neither this Contract nor any type of memorandum thereof shall be recorded in the Public Records with any governmental agency, and any purported recordation or filing hereof by Purchaser shall constitute a default on the part of Purchaser.

20. ENTIRE AGREEMENT: This Contract represents the entire understanding between the Seller and the Purchaser and supersedes, incorporates and merges all prior negotiations, representations and agreements, whether oral or written. This Contract may be amended only by a written instrument signed by both the Seller and the Purchaser and dated on or subsequent to the Effective Date.

21. SUCCESSORS AND ASSIGNS: The provisions of this Contract shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

22. JOINT PURCHASERS. The term "Purchaser" shall be read as "Purchasers" if more than one person is the Purchaser of the Property, in which case their obligations shall be joint and several.

23. COOPERATION OF THE PARTIES: Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein at any time and from time to time after execution of this Contract, whether before or after the Closing, as such other party may reasonably request in order to effectuate the provisions of this Contract or the transactions contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to this transaction, provided that neither party shall be required to incur any material expense in connection therewith.

24. SEVERABILITY: If any clause or provision of this Contract is held to be invalid or unenforceable by any court of competent jurisdiction as against any person or under any circumstances, the remainder of this Contract and the applicability of any such clause or provision to other persons or circumstances shall not be affected thereby. All other clauses or provisions of this contract, not found invalid or unenforceable shall be and remain valid and enforceable.

25. TIME. Time is of the essence of this Contract.

26. STRICT COMPLIANCE/WAIVER: Any failure by either party to insist upon strict performance by the other party of any of the provisions of this Contract shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches that may occur, and each party, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by the other of any and all of the provisions of this Contract. Any waiver by either party of any provision of this Contract must be in writing and shall constitute a waiver of that provision, on that occasion only, and shall not operate or be construed as a waiver of any other provision or subsequent breach thereof.

27. NOTICES: Notices, elections, consents and demands (collectively "Notices" or individually "Notice") required or permitted to given hereunder shall be in writing and shall be sent by: United States mail, postage prepaid, certified, return receipt requested; or, by Federal Express or other overnight delivery service; or, by facsimile, with all Notices to be addressed to the parties at the addresses set forth in the signature blocks at the end of this Contract. Copies of Notices shall be sent to attorneys for the respective parties, if identified on the signature page. Notices shall be deemed given and received on the first to occur of (i) receipt as evidenced by return receipt, delivery receipt from an overnight delivery service or transaction/activity report from a facsimile machine, (ii) three (3) days after same is sent, or (iii) refusal.

28. **APPLICABLE LAW AND VENUE:** This Contract shall be interpreted, construed, controlled and governed by the substantive and procedural laws of the State of South Carolina The parties agree that proper venue under this Contract shall be in Beaufort County, South Carolina.

29. **ATTORNEYS' FEES AND COSTS:** In connection with any litigation between the Seller and the Purchaser, either at law or in equity, arising out of this Contract the prevailing party shall be entitled to an award of its reasonable cost, and attorneys' fees incurred in trial, appellate or post judgment proceedings.

30. **GENDER:** A reference in this Contract to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context requires otherwise.

31. **CERTAIN REFERENCES:** the term "herein", "hereof", or "hereunder" or similar terms used in this Contract refer to this entire Contract and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to paragraphs, subparagraphs or other provisions are references to paragraphs, subparagraphs or other provisions of this Contract.

32. **CAPTIONS:** The captions and paragraph headings in this Contract are for convenience and reference only and in no way define, limit or describe the scope of this Contract or the intent of any provision hereof.

33. **EXHIBITS.** All Exhibits described herein and attached hereto are incorporated herein by this reference for all purposes.

34. **DATE OF PERFORMANCE:** If any date for performance hereunder falls on a Saturday, Sunday or other day which is a holiday under Federal law or under the State law where the Property is located, the date for such performance shall be the next succeeding business day.

35. **COUNTERPARTS:** This Contract may be executed in multiple counterparts all of which when taken together shall constitute one Contract.

36. **COUNTERPART FACSIMILE EXECUTION:** For purposes of executing this Contract, a document signed and transmitted by facsimile or telecopier machine shall be treated as an original document. The signature of any party thereon shall be considered as an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. However, for convenience, at the request of either party, any facsimile or telecopy document shall be re-executed by both parties in original form. No party hereto may raise the use of a facsimile or telecopier machine or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Contract or any amendment executed in compliance with this paragraph. This paragraph does not supersede the requirements of the "Notices" paragraph.

37. **BROKERAGE:** Purchaser represents that Purchaser has dealt with no other broker or other intermediary with regard to this transaction except for Christenson-Elms Auction Company, Inc. and Ron Letizia / Broker / Pete Tel (the "Broker") Purchaser shall indemnify, defend and hold Seller harmless from and against any claims or damages to Seller occurring as the result of a breach of the foregoing representation. Purchaser acknowledges that the Broker represents the Seller.

38. **BEAUFORT COUNTY IMPACT FEES:** Beaufort County has ordinances which generally provide for the collection of certain fees at the time of building permit issuance for new residential construction and will be the expense of Purchaser. No fee is due at the time of closing on the lot, but rather is due at the time of issuance of the building permit.

39. **WATER AND SEWER SERVICE:** Purchaser acknowledges that arrangements for water and sewer service must be made by Purchaser independently with CUC, Inc. Purchaser shall be liable for the payment of periodic water availability fees to CUC, Inc., prior to connecting to the water system. Upon commencement of actual water service to the residence on the Property, Purchaser shall pay user fees to CUC, Inc. for water service. Purchaser expressly acknowledges that no wells may be drilled on said property other than those expressly permitted under the Covenants.

40. **RIGHT OF FIRST REFUSAL:** Purchaser hereby acknowledges and agrees that in the event Purchaser desires to sell the Property and any improvements thereon, it shall be offered for sale to Seller for the same price at which the highest bona fide offer has been made for the Property and improvements, and Seller shall have thirty (30) day from receipt of written notice of such offer within which to exercise this option to purchase the Property and improvements at this price. Should Seller fail to refuse within thirty (30) days to purchase the Property and improvements at the offered price, then Purchaser shall have the right to sell the Property, subject, however to all covenants, restrictions, limitations and affirmative obligations contained in this Contract, the Covenants and the Plat. This paragraph shall not be construed to impair the right of foreclosure of a mortgage on the Property and improvements thereon.

41. **RIGHT OF ENTRY:** In order to help maintain the attractiveness of the residential areas of Callawassie Island, Purchaser irrevocably waives notice as provided in the Covenants, and hereby requests the cutting of weeds and brush on the Property, and authorizes Seller, in its discretion, to mow and cut weeds and underbrush on the Property as a part of its regular maintenance program. In addition, Seller shall have the right to remove any stumps or debris and to thin or remove underbrush and thin out small trees under six (6") inches in diameter to the degree necessary to permit tractor drawn mowers to mow underbrush and weeds on the Property.

42. **OILSR EXEMPTION:** This transaction is exempt from the Interstate Land Sales Full Disclosure Act pursuant to the provisions of §1710.10. In that connection, Seller represents to Purchaser that:

A. The lot in question is located within Beaufort County which specifies minimum standards for the development and design of planned unit developments within its jurisdiction. Callawassie Island has been approved by Beaufort County as a single-family lot subdivision.

B. The Property is being sold subject to enforceable restrictive covenants that it be used for single family residences only.

C. The Property is or will be situated on a paved street, or bonded for, built to the standards applicable to streets and highways maintained by Beaufort County in the State of South Carolina.

D. The Association described below, pursuant to the Covenants, has accepted or is obligated to accept the responsibility for maintaining the streets in the subdivision described herein. The cost to maintain the streets in the subdivision is covered by the annual assessments collected by the Association. Seller has, prior to the execution of this Agreement, provided to the Purchaser a good faith written estimate of the cost of carrying out the maintenance responsibility over the first ten (10) years of the Association's ownership of the roads. (Exhibit "A" attached hereto).

E. Potable water and sanitary sewage disposal is or will be extended to the Property or will be bonded by the time for Closing. Purchaser expressly acknowledges that no wells may be drilled on said Property. Service will be provided by CUC, Inc., an independent utility company, which will be obligated to extend such service to the Property upon application for service and the payment of appropriate tap connection fees.

F. Electric lines have been, or will have been by Closing, extended, or bonded for, to each lot and service will be provided by South Carolina Electric & Gas Company.

G. Seller must deliver a limited warranty deed free of monetary liens and encumbrances to the Purchaser at Closing and in no event later than one hundred eighty (180) days from the date of this Agreement.

43. **PURCHASER'S ACKNOWLEDGMENT:** Purchaser acknowledges that Purchaser has received a copy of the Covenants. Further, Purchaser understands that the salesman who handled the sale does not have the authority to make any statements in conflict with or in addition to the information contained in this Contract and the documents and that Seller specifically disclaims any responsibility for such statements. Purchaser understands that if the salesman has made such statements that they are not binding on Seller unless incorporated in writing into this Contract. By execution of this Contract, Purchaser affirms that Purchaser has not relied upon any such statements, if any, and waives any rights that Purchaser might have as a result of such statements unless they are incorporated into this Contract. It is expressly understood and agreed by the Purchaser that the Property shall be conveyed subject to the recorded Plat and all easements as shown thereon and subject to the general easements, equitable restrictions, limitations on use and affirmative obligations to pay charges and the covenants and restrictions relating to Callawassie Island, all as specified in the Covenants, as amended from time to time, a copy of which has been provided to Purchaser simultaneously with the execution of this Agreement, the receipt of which is hereby acknowledged.

_____ (inititals here). Seller urges Purchaser to read said Covenants. Purchaser does acknowledge that the Covenants do include the following provisions:

A. Architectural Requirements. The Covenants contain architectural controls wherein it is stated that no building, fence, sign or other structure will be erected, placed or altered on the Property until the proposed building plan and site plan have been approved in writing by the Seller or its Architectural Review Board ("ARB"). The actual construction of the Property will have no material variation from the plans approved unless the ARB shall have also approved these variations in writing. The ARB may grant or deny approval of Purchaser's plans on any grounds, including purely aesthetic considerations. The Covenants likewise require that the main residence constructed on the Property must contain a minimum square footage of enclosed dwelling area.

B. Assessments. In order to provide for the preservation, maintenance, security and operation of common facilities within Callawassie Island, as well as assist the Callawassie owners in the administration of said common facilities, there has been created the Callawassie Island Property Owners' Association, Inc. (the "Association"). As set forth in the Covenants, the Association is granted the right to assess property owners within its jurisdiction in order to carry out the prescribed functions. Purchaser hereby acknowledges that it is aware of the right of the Association to levy and enforce assessments against it and Purchaser hereby agrees to pay promptly all such assessments which are properly made against him by the Association. The 2003 annual assessment per lot is Eight Hundred Seventy-Five and No/100 Dollars ($875.00). This assessment shall be prorated as of Closing.

C. Phase 9 Properties. Purchaser acknowledges that if the Property is located in Phase 9 of Callawassie Island, special setback requirements and limited design options for improvements to be constructed on the Property apply. (initial here, if the Property is located in Phase 9: ____)

44. CALLAWASSIE ISLAND MEMBERS CLUB: Purchaser acknowledges that the Callawassie Island Members Club (the "Club") on Callawassie Island is a private, equity club pursuant to the Callawassie Island Club Plan (the "Club Plan"). As a condition to Purchaser's purchase of the Property, Purchaser is required (a) to purchase a golf Equity Membership in the Club for a Membership Contribution Fee of $45,000.00, which Membership Contribution Fee is included in the Purchase Price, and (b) to remain an Equity Member in good standing in the Club for so long as Purchaser owns the Property.

45. PERSONAL ON-SITE INSPECTION: Purchaser acknowledges that he/she/they have made a personal, on-the-lot inspection of the Property purchased prior to signing this Agreement. To evidence this affirmation Purchaser shall initial this Agreement: (Initials of Purchaser here) ____

PURCHASER:

Name 1:	ARTHUR H. APPLEGATE
SS # 1:	
Name 2:	
SS # 2:	
Address:	171 CHURCH SUITE 160
City, State, Zip:	CHARLESTON, S.C. 29401
Telephone:	(843) 577-3900 Fax No: (843) 577-3903
By Name 1:	
By Name 2:	
Date:	NOV. 15, 2003
Email:	APPLEGO@BELLSOUTH.NET

Accepted by Seller this 15th day of November, 2003 (the "Effective Date").

SELLER:

Name:	Callawassie Island Company, L.P. By: CLL Associates, L.P., its General Partner By: Callawassie Development Corporation, its General Partner
Address:	176 Callawassie Drive
City, State, Zip:	Okatie, South Carolina 29909
Telephone:	843.987.2100
By:	
Date:	11/17/03

Initial Deposit in the amount of $____ received by ____ as representative for Bethea, Jordon & Griffen, P.A (11/17/03)

Contract Personnel: EK Bidder Number: 203

EXHIBIT A
CALLAWASSIE ISLAND

GOOD FAITH ESTIMATE OF COSTS FOR MAINTAINING ROADS

Callawassie Island Company, L.P. hereby provides to the Purchaser described in the Contract for Sale and Purchase, to which this Exhibit is attached, pursuant to the requirements set forth in the Interstate Land Sales Full Disclosure Act and described in Paragraph 10.4 of said Agreement, the following good faith estimate of costs for maintaining the roads.

The average annual cost of maintaining the roads over a ten-year period, including a reserve for resurfacing after fifteen years, is estimated to be $60,000, based upon information currently available. However, no assurance could be made with respect to actual costs over a ten year period. These estimates are based on current costs.

The costs of road maintenance will be paid by Callawassie Island Property Owners' Association, from the proceeds of maintenance assessments to each lot as provided in the Covenants and Restrictions as described in the Agreement.

This Exhibit was prepared by Callawassie Island Company, L.P. and is dated this 15 day of NOV, 2003. Purchaser acknowledges receipt of this Exhibit by the execution thereof.

Acknowledged:

Purchaser

11/15/02
Date

EXHIBIT B
WAIVER OF DUES FOR 2004 AND 2005

25 9B 10

Seller agrees to pay on behalf of Purchaser annual dues for a non-resident Golf Membership to Callawassie Island Members club for 2004 and 2005.

This benefit shall be non-transferable by Purchaser.

Food and beverage minimums shall be the responsibility of Purchaser.

Purchaser Initials: _____ Date: 11/15/03

Seller Initials: _____ Date: 11/15/03

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.

PLAN FOR THE OFFERING OF MEMBERSHIPS

8/8/01

This Plan was adopted by the Board of Directors on 8 August 2001 to become effective on the Closing Date as defined in the Club Purchase Agreement of 11/23/99.

This Plan for the Offering of Memberships is copyrighted proprietary property of the Callawassie Island Members Club, Inc. Distribution is authorized only to Club members, Candidates for membership and others directly affiliated with or retained by the Club.

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The Callawassie Island Members Club, Inc.

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1.0 GENERAL DESCRIPTION OF PLAN FOR THE OFFERING OF MEMBERSHIPS

1.1 PURPOSE OF THE CLUB

This Plan for the Offering of Memberships (the "Plan") and its exhibits offer persons the opportunity to acquire an equity membership in The Callawassie Island Members Club, Inc., a South Carolina non-profit corporation (the "Club"). The Club is an equity, member-owned club, which owns and operates golf, tennis, swimming and social facilities on Callawassie Island ("Callawassie"), South Carolina.

1.2 DESCRIPTION OF THE CLUB FACILITIES

The Club Facilities owned by the Club (the "Club Facilities") which are available to the members and their families and guests include the following:

- a 27-hole championship golf course designed by Tom Fazio;
- a driving range and practice green;
- 6 tennis courts;
- a clubhouse facility, which includes locker rooms, a pro shop, a dining room, a bar, a snack shop, club rooms and administrative offices;
- a swimming pool and deck area, located adjacent to the clubhouse;
- a river club, which is located on the Colleton River and which includes a swimming pool, a bathhouse, a club room, a kitchen, a barbecue area and a boat dock;
- auxiliary buildings used for maintenance, equipment storage, administration;
- parking facilities; and
- such other facilities as may be added from time to time.

1.3 EQUITY MEMBERSHIPS

Two categories of equity membership are offered by the Club: Golf Membership and Social Membership. Each equity membership will entitle the member to an ownership interest in the Club and to vote on various matters, including election of the Board of Directors.

1.4 MEMBERSHIP PRIVILEGES

Each person who acquires an equity membership will be entitled to use the Club Facilities in accordance with his or her category of membership and the General Club Rules established by the Club from time to time.

1.5 PROCEDURES TO APPLY FOR MEMBERSHIP

Each person who desires to acquire an equity membership must deliver or mail to the Club a completed and signed Application for Membership, a Membership Purchase Agreement and a check (in US. funds) for the required membership contribution.

1.6 MEMBERSHIP DIRECTOR AVAILABLE TO ANSWER INQUIRIES

If you have any questions concerning the Plan or the membership opportunities available in the Club, please call the Membership Director at, or visit the Club Office Monday through Friday from 9:00 A.M. to 5:00 P.M. No appointment is necessary.

1.7 CAREFULLY REVIEW ALL DOCUMENTS

This Plan is a summary of the membership opportunities offered by the Club and is qualified by the definitive information set forth in the attached exhibits. Every person who desires to purchase a membership in the Club should carefully read the Plan and all of the attached documents and should consider seeking professional advice to evaluate these documents.

1.8 RELY ONLY ON INFORMATION IN THIS MEMBERSHIP PLAN

No person has been authorized to give any information or make any representation not contained in the Plan and, if given or made, such information or representation must not be relied upon as having been authorized by the Club.

1.9 MEMBERSHIPS OFFERED ONLY FOR RECREATIONAL PURPOSES

MEMBERSHIPS ARE BEING OFFERED EXCLUSIVELY FOR THE PURPOSE OF PERMITTING PERSONS ACQUIRING MEMBERSHIPS TO OBTAIN RECREATIONAL USE OF THE CLUB FACILITIES. MEMBERSHIPS SHOULD NOT BE VIEWED OR ACQUIRED AS AN INVESTMENT AND NO PERSON PURCHASING A MEMBERSHIP SHOULD EXPECT TO DERIVE ANY ECONOMIC PROFITS FROM MEMBERSHIP IN THE CLUB. NO FEDERAL OR STATE AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS MEMBERSHIP PLAN.

2.0 EQUITY MEMBERSHIPS IN THE CLUB

2.1 IN GENERAL

2.1.1 DESCRIPTION OF EQUITY MEMBERSHIPS

Two categories of equity membership will be offered in the Club: Golf Membership and Social Membership. Each equity membership will represent an ownership interest in the Club and will entitle the equity member to vote on various club matters, including the election of the Board of Directors. Each Golf Membership will entitle the Golf Member to five votes, while each Social Membership will entitle the Social Member to one vote. Spring Island Founder Members will have all of the same privileges including voting privileges, and will be required to pay the same dues, fees, charges (including any food and beverage minimums) and assessments (collectively the "Charges") as a Golf Member. Only members may exercise proxies for member voting purposes.

2.1.2 NUMBER OF EQUITY MEMBERSHIPS

The total number of equity memberships permitted to be issued in the Club will be limited as follows:

CATEGORY	MEMBERSHIP LIMITS
Golf Membership	595
Spring Island Founder Membership	40
Social Membership	255

2.2 ELIGIBILITY

2.2.1 ELIGIBILITY FOR EQUITY MEMBERSHIPS

The Club will offer equity memberships within the limits of the membership parameters indicated above to initial purchasers of residential units or lots in Callawassie and such other persons as the Club determines appropriate from time to time.

2.2.2 EXISTING EQUITY MEMBERS

Each existing equity member as of the date of this Plan will be entitled to continue his or her equity membership under this Plan without having to pay any additional or new membership contribution to the Club. Existing equity members will, however, continue to be obligated to pay any portion of their original membership contributions which are owed to the Partnership.

2.2.3 EXISTING PROPERTY OWNERS WHO ARE NOT MEMBERS

An existing Callawassie property owner who is not an equity member will be entitled to acquire an equity membership only if one is available and not otherwise reserved.

2.2.4 PURCHASERS OF A RESIDENTIAL UNIT OR LOT IN CALLAWASSIE

Each initial retail purchaser of a residential unit or lot in Callawassie will have sixty (60) days from the date of the closing of his or her residential unit or lot to apply for and acquire an equity membership, if available, in the Club. An initial retail purchaser who does not acquire an equity membership within sixty (60) days after the closing of his or her residential unit or lot may acquire an equity membership at a later date only if one is available and not otherwise reserved.

2.2.5 PERSONS WHO DO NOT OWN PROPERTY IN CALLAWASSIE

The Club and/or the Callawassie Island Company, Inc. (the " Partnership") may offer equity memberships to such other persons who do not own property in Callawassie as the Club or the Partnership determines appropriate from time to time.

2.2.6 SUBSEQUENT PURCHASER OF RESIDENTIAL UNIT OR LOT

If a person does not acquire an equity membership in the Club, then the subsequent purchaser of his or her residential unit or lot in Callawassie will be entitled to acquire an equity membership only if an equity membership is available and not otherwise reserved.

2.2.7 RESERVED MEMBERSHIPS

The Partnership may, in it's sole discretion, reserve equity memberships for sale to future purchasers of residential units or lots in Callawassie and such other persons as the Partnership determines appropriate from time to time. Following the completion of the initial sale of 595 golf equity memberships by the Partnership, the Club may, in its sole discretion, acquire and reserve equity memberships for persons such as it determines appropriate from time to time. Reserved memberships are not considered to be available and neither the Partnership nor the Club may be compelled to sell them.

2.2.8 WAITING LIST FOR EQUITY MEMBERSHIPS

If any category of equity membership is not available, the Club will establish a waiting list for those persons who desire to acquire an equity membership in that category.

2.2.9 SOCIAL MEMBERSHIP UPGRADE TO A GOLF MEMBERSHIP

Social Members may, at all times, subject to availability, upgrade to a Golf Membership. A Social Member who desires to upgrade shall resign the Social Membership and acquire the Golf Membership by paying the then-current membership contribution for a Golf Membership in full. The Club shall reissue the resigned Social Membership and upon reissuance, shall refund to the upgrading member the amount to be repaid upon a reissuance of a Social Membership as provided herein. The downgrade of a Golf Membership to a Social Membership is not permitted unless there is a social equity member who desires to upgrade into the Golf Membership. Prior to the initial sale of the 595 Golf Memberships permitted to be issued in the Club, the Partnership will be entitled to the proceeds from the upgrade of a Social Membership to a Golf Membership.

2.2.10 TITLE TO MEMBERSHIP

For the convenience of members and to facilitate the acquisition of memberships in the Club, an equity membership may be held in the name of a company, partnership, trust or other form of multiple ownership (collectively, the "entity"). The entity may designate one individual or family who will have the right to use the equity membership. The entity may change the designated user from time to time upon the payment of the redesignation fee established by the Club from time to time. The Club may establish rules from time to time governing the designation of an individual or family to use the equity membership, including a limit on the number of times the entity may change the designated user. All designated users will be subject to the approval of the Club.

2.3 MEMBERSHIP PRIVILEGES

2.3.1 MEMBERSHIP PRIVILEGES IN THE CLUB

Each person who acquires an equity membership in the Club will be entitled to use the Club Facilities in accordance with the member's category of membership and the General Club Rules as long as the member remains a member in good standing as determined in accordance with the Club rules by the Board of Directors. Any suspension or expulsion of a member shall result in loss of all membership privileges including the right to vote on matters brought before the membership. The membership privileges associated with each category of equity membership are as follows.

2.3.2 GOLF MEMBERSHIP

Golf Members will be entitled to use all of the Club Facilities. Golf Members will be entitled to reserve tee times and tennis court times in accordance with Club rules then in effect and will not be required to pay any greens fees or court fees for their use of the golf and tennis facilities. Golf Members will be required to pay golf cart fees or trail pass fees for their use of the golf course.

2.3.3 SOCIAL MEMBERSHIP

Social Members will be entitled to use all of the Club Facilities. Social Members will be entitled to play golf as a Social Member one time per month during the season (i.e., 3/1 - 5/15 and 10/1 - 11/30) and two times per month in the off-season. Social Members will not be required to pay any court fees for their use of the tennis facilities, but will be required to pay greens fees at the same rate as the guests of a Golf Member and golf cart fees or trail pass fees for their use of the golf course.

2.3.4 THE CLUB MAY CHANGE PLAYING PRIVILEGES

In order to provide the utmost playing pleasure for all members, the Club reserves the right to establish different rules governing access, sign-up privileges and starting times with respect to the golf, tennis and other recreational facilities of the Club.

2.3.5 GOLF AND SOCIAL MEMBERSHIP EXCHANGES

Golf Members and Social Members may exchange their respective memberships permanently or membership privileges temporarily in accordance with the General Club Rules and payment of the administrative fee established by the Club from time to time. Each exchanging member will be required to submit such forms as may be required by the Club from time to time and, in the case of temporary privilege exchange, to pay the other member's dues for the year of the exchange. All temporary exchanges will be on a membership year basis and will not affect the exchanging members' underlying memberships.

2.3.6 FAMILY PRIVILEGES

An equity member's immediate family may use the Club Facilities in accordance with the member's category of membership as defined in the Club rules. An equity member's immediate family includes the equity member's spouse and their unmarried children under the age of twenty-five, living at home or attending school on a full-time basis.

2.3.7 GUEST PRIVILEGES

An equity member may have guests use the Club Facilities in accordance with the member's category of membership and the General Club Rules. The sponsoring equity member will be responsible for all Charges incurred by his or her guests and for the deportment of his or her guests.

2.3.8 LESSEE PRIVILEGES

An equity member who leases his or her residential unit in Callawassie may designate the lessee of the unit as the beneficial user of his or her equity membership. During the period when the lessee is designated as the beneficial user of the membership, the equity member will not be entitled to use that membership but will continue to be obligated to pay dues. The equity member will also be responsible for all Charges incurred by his or her lessee and the deportment of his or her lessee. All lessees will be subject to the approval of the Club.

2.4 TRANSFER OF EQUITY MEMBERSHIP

2.4.1 MEMBERSHIPS MAY BE TRANSFERRED ONLY TO THE CLUB

Until such time as the partnership has sold 595 initial golf equity memberships, a membership may only be transferred to the Partnership. Subsequent to that event, a member may transfer his or her membership only to the Club. A member who owns a residential unit or lot in Callawassie may arrange for the Club to reissue his or her resigned membership to the purchaser of his or her residential unit or lot in Callawassie provided the purchaser is approved for membership by the Membership Committee.

2.4.2 REISSUANCE OF RESIGNED EQUITY MEMBERSHIPS

If an equity member indicates their intention to resign from the Club and his or her equity membership is not reissued to the purchaser of his or her residential unit or lot in Callawassie, then the membership will, subject to the Club's and the Partnership's right of first refusal, be placed on the waiting list to be reissued by the Club on a first-listed, first-reissued, basis in accordance with the following:

(a) Prior to the issuance of all of the equity memberships permitted to be issued in the member's category of membership, every fourth equity membership issued in that category will be a membership from the waiting list for that category. The other three equity memberships will be issued from the Partnership's unissued equity memberships.

(b) After issuance of all of the equity memberships permitted to be issued in the member's category of membership, every equity membership issued in that category will be an equity membership from the waiting list for that category.

The Club shall be obligated to repurchase a resigning member's equity membership only in accordance with this Plan and only if an individual, who is acceptable to the Club, is willing to purchase the membership.

2.4.3 RESALE OF MEMBERSHIP TO PURCHASER OF RESIDENTIAL UNIT OR LOT AT CALLAWASSIE

(a) The resigning member shall submit his or her resignation in writing stating that he or she is selling his or her residential unit or lot in Callawassie and that the resignation shall become effective following the closing of title and the acceptance of the purchaser of his or her residential unit or lot.

(b) The purchaser of the residential unit or lot must submit to the Club a signed and completed Application for Membership, a Membership Purchase Agreement and the required membership contribution.

(c) Upon the resignation becoming effective as herein above provided, the resigning member shall deliver to the Secretary of the Club the membership certificate for the resigned membership together with an assignment thereof, properly endorsed by the resigning member.

(d) The amount to be paid to the Club by the purchaser of the resigned membership shall be the amount of the membership contribution in effect on the date the resigned membership is acquired. After the purchaser becomes an equity member and upon receipt of his or her membership contribution, the Club shall promptly remit the amount due to the resigned member as provided pursuant to Paragraph 2.4.4 below, less any amount which the resigned member owes to the Club. As soon as practicable thereafter, the Secretary of the Club shall cancel the membership certificate of the resigned member and issue a new membership certificate to the purchaser of the resigned membership.

2.4.4 REPAYMENT OF MEMBERSHIP CONTRIBUTION
An equity member will be entitled to receive upon the reissuance of his or her resigned equity membership an amount equal to the greater of: (a) the membership contribution which the resigned member paid to the Club or (b) eighty percent of the membership contribution paid by the purchaser of the resigned member's membership. The Club will be entitled to deduct from the amount to be paid to the resigned member any amount which the resigned member owes to the Club.

2.4.5 PORTION OF MEMBERSHIP CONTRIBUTION RETAINED BY CLUB
All proceeds from the re-issuance (resale) of each equity membership in excess of the amount refunded to the resigning member shall be retained by the Club and deposited in a Club Fund. The Board of Directors will direct the investment of the Club Fund. The Club Fund may be used to fund any operating deficits, the capital replacement reserve and any capital additions, repairs or improvements to the Club Facilities or such other manner as the Board of Directors determines appropriate.

2.4.6 EQUITY MEMBERS MAY TAKE THEIR MEMBERSHIPS WITH THEM TO ANOTHER RESIDENTIAL UNIT OR LOT AT CALLAWASSIE
If an equity member acquires another residential unit or lot in Callawassie, the equity member may take his or her equity memberships to the other unit or lot; provided, however, that if the other unit or lot is being sold by another equity member, then the prior written approval of both equity members is required to be delivered to the Club on such forms as may be designated by the Club from time to time.

2.4.7 TRANSFER UPON DEATH
Upon the death of an equity member, the deceased member's membership will automatically pass to the surviving spouse without payment of any new membership contribution. If the deceased member is not survived by a spouse, then the legatee or heir of the equity membership may acquire the deceased member's membership without payment of any new membership contribution. If the legatee or heir desires to acquire the equity membership, the legatee or heir must apply for the membership within one hundred twenty days after his or her right to the equity membership has been determined and pay to the Club all Charges from the date of the member's death to the date of the application. If the legatee or heir does not apply for the membership within one hundred twenty days after acquiring the right to the equity membership, the equity membership will be deemed to have been resigned and will be reissued by the Club in the same manner as any other resigned equity membership. Upon the reissuance of the equity membership, the estate of the deceased member will be entitled to receive the amount of the membership contribution which would otherwise have been payable to the deceased member less all Charges associated with the equity membership.

2.4.8 SEPARATION OR DIVORCE OF EQUITY MEMBERS
In the event equity members are legally separated or divorced, title to the equity membership will vest in the spouse awarded the equity membership, provided such spouse fulfills the eligibility requirements for membership in the Club. Both of the divorced or legally separated members will be required to give written notice to the Club designating the person who is entitled to the rights and privileges of the equity membership within five days after the divorce or legal separation is declared final. Until written notice has been provided to the Club, both spouses will be responsible for the payment of all Charges associated with the equity membership.

2.4.9 PAYMENT OF DUES BY RESIGNED EQUITY MEMBER
An equity member who in on the waiting list to sell their Club membership will be obligated to continue to pay all Charges to the Club until his or her equity membership is reissued by the Club. Any unpaid Charges plus interest accrued under the then prevailing terms of the General Club rules will be deducted from the amount to be paid to the resigned member upon the reissuance of his or her resigned membership. A resigned member will be entitled to use the Club Facilities so long as the resigned member is obligated and continues to pay all Charges on the resigned membership.

2.4.10 DUES, FEES AND CHARGES PRORATED UPON REISSUANCE OF RESIGNED MEMBERSHIP
If a resigned equity membership is reissued by the Club during a membership year, the resigned equity member will be entitled to receive a pro-rata refund of all Charges paid in advance for the remainder of the membership year.

2.4.11 RIGHT TO PURCHASE A RESIGNED GOLF MEMBERSHIP
Prior to the initial sale of 700 of the residential units and lots in Callawassie, the Partnership will have a right of first refusal to purchase any resigned Golf Membership which is not being reissued to the purchaser of the resigned member's residential unit or lot in Callawassie. Following the initial sale of 700 residential units and lots in Callawassie, the Club will assume that right of first refusal. The Partnership may exercise its right of first refusal by paying to the Club the required membership contribution within thirty days after its receipt of written notice that a person desires to acquire the Golf Membership.

3.0 MEMBERSHIP ADMISSION

3.1 APPLICATION FOR MEMBERSHIP

Each person who desires to acquire an equity membership in the Club must submit to the Club Membership Office a completed and signed Application for Membership, a Membership Purchase Agreement and the required membership contribution in effect at the time the person acquires the equity membership as a check made payable to the Callawassie Island Members Club, Inc.

3.2 AMOUNT OF REQUIRED MEMBERSHIP CONTRIBUTION

Prior to the initial sale of the 595 golf equity memberships permitted to be issued in the Club, the Partnership will determine the required membership contribution. After the initial sale of the 595 golf equity memberships permitted to be issued in the Club, the Board of Directors will determine the required membership contribution.

3.3 REVIEW OF APPLICATION FOR MEMBERSHIP

Prior to the initial sale of 595 golf equity memberships in the Club, the Partnership shall have the exclusive right to determine the qualifications of a membership candidate. Following the initial sale of 595 golf equity memberships in the Club, the Club will exercise sole authority to determine the qualifications of a membership candidate.
Subject to the above, upon receipt of the Application for Membership, the Membership Purchase Agreement and the required membership contribution, the Partnership or the Club will determine within thirty (30) days after receipt of the Application for Membership, Membership Purchase Agreement and required Membership Deposit whether the candidate has satisfied the conditions of membership. If the candidate has satisfied the conditions of membership, the candidate will be notified in writing that his or her application has been acted upon favorably. If the candidate has not satisfied the requirements of membership, the candidate will be notified that the application has not been acted upon favorably and will be returned with his or her membership contribution without interest. In addition, subsequent to the initial sale of 595 golf equity Memberships, the above and following procedures will be adhered to by the Club.
(a) The Membership process will be regarded by the Board of Directors and the Membership Committee to be confidential. The identity of any nominee and any information gathered in the nomination process will not be disclosed until posting for acceptance. Records of all Membership deliberations will be considered to be and retained as confidential. If an invitation for Membership is not approved, neither the sponsor nor the nominee will be given a specific reason for denial. The Club will follow, without exception, the same procedures for every Membership candidate. No exceptions will be made to qualifications required of prospective members.
(b) A majority vote of Board of Director members against the nominee shall constitute disapproval.

3.4 MEMBERS' RIGHTS TO USE THE CLUB FACILITIES GOVERNED ONLY BY THE PLAN

If approved for membership in the Club, the candidate agrees to be bound by the terms and conditions of the Plan and irrevocably agrees to fully substitute the membership privileges acquired pursuant to the Plan for any present or prior rights in or to use the Club Facilities. All new members and their spouses will be required to sign an acknowledgment that they have been provided a copy of, read and agree to abide by the Club's By-Laws, the Plan and the General Club Rules.

3.5 MEMBERSHIP CERTIFICATES

(a) Every equity member who has paid the required membership contribution for equity membership shall receive a membership certificate. Such certificate shall be in a form approved by the Board of Directors and shall state that the sale is issued subject to the By-Laws of the Club as they now are or may be amended and shall be subscribed by the President or Vice president and the Secretary and under the Seal of the Club
(b) Membership Certificates are not redeemable or transferable, except as specifically provided by this Plan and then only through the Treasurer of the Club. Whenever any person shall cease to be an equity member, whether by death, resignation, recall, expulsion or other provisions of the Club By-Laws or this Plan, such cessation shall operate to authorize the Treasurer of the Club to effectuate the redemption, cancellation, purchase or reissuance of the membership certificate of such equity member in accordance with and in the manner prescribed by the By-Laws and this Plan.

4.0 INITIAL SALE MEMBERSHIP CONTRIBUTION

4.1 MEMBERSHIP CONTRIBUTIONS PAID TO THE PARTNERSHIP

The Partnership will receive all proceeds from the initial sale of all equity memberships (the "Membership Contribution").

4.2 UNISSUED EQUITY MEMBERSHIPS DELIVERED IN ESCROW

The Partnership shall sell all of the unissued equity memberships and the Club shall cooperate with the Partnership in good faith to assist with the sale of these unissued equity memberships. In consideration for the ongoing obligation of Partnership to pay dues as herein provided, the Partnership will be entitled to vote on any equity membership it is holding for initial sale.

4.3 MEMBERSHIP CONTRIBUTION PRICE DETERMINATION

Prior to the initial sale of the 595 golf equity memberships permitted to be issued in the Club the Membership Contribution for equity memberships (including any resigned memberships) shall be fixed by the Partnership from time to time except that all golf and social membership re-sales shall be sold at a price of not less than the then current offering price for initial sale memberships of the same category or at such price as may be approved by the Club, with such approval not to be unreasonably withheld or delayed. All memberships sold by Partnership or the Club shall include an obligation to pay full membership dues, fees and assessments. After the initial sale of the 595 golf equity memberships permitted to be issued in the Club, the Membership Contribution for equity membership shall be determined by the Board of Directors.

4.4 USE OF MEMBERSHIP CONTRIBUTION

All Membership Contributions received or to be received by the Club from the initial sale of all of the equity memberships permitted to be issued in the Club shall be paid directly to the Partnership as a non-refundable purchase payment. All such payments shall be utilized by the Partnership in any manner which the Partnership, in its sole and absolute discretion determines appropriate.

5.0 DUES, FEES, CHARGES AND LIENS

5.1 SETTING OF DUES, FEES AND CHARGES

Members are and will continue to be the primary source of operating and capital funds for the Club. Each year the Board of Directors of the Club will determine the dues, fees and charges (including any food and beverage minimums) for each category of membership in the Club. All dues will be payable in advance, on or before the first day of each month during the membership year, unless otherwise determined by the Club.

5.2 RESIDENT AND NONRESIDENT DUES

Resident and nonresident dues categories will be established by the Club. Each member who has a completed residential unit, or who resides for three or more months during any membership year in Beaufort or Jasper Counties, South Carolina, or Chatham County, Georgia, will be considered to be a "resident" and will be required to pay the resident category of dues.

5.3 BUDGET

Until such time as the Club operates at least at break-even cash flow for the preceding 12 month period, the Partnership and the Club will annually establish a mutually agreed upon budget for the operation of the Club. For these purposes, the term "break-even cash flow" shall be defined as a positive excess of revenues over all mutually agreed upon operating expenses including capital repair and replacement, capital improvements, and capital lease expenditures. Such operation to be determined by an independent CPA firm.

5.4 MEMBERSHIP YEAR

The Club's membership year will constitute the twelve-month period commencing on January 1 and ending on December 31.

5.5 LIENS

The Club shall have a lien against each membership for any unpaid annual dues, assessments, fees or other Charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. The lien may, but need not, be recorded among the public records of Beaufort County, South Carolina, by filing a claim therein which states the name of the member, the number of the membership and the amount claimed to be due, and said lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing said lien, shall have been paid. Such claims of lien may be signed by an officer of the Club. Upon full payment, the member making payment shall be entitled to be reinstated as a member in good standing of the Club and shall be entitled to a satisfaction of lien to be prepared and recorded at the member's expense. All such liens may be foreclosed by the Club, in any action at law or in equity, with or without five (5) days prior written notice of the intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid dues or other charges without thereby waving the lien securing the same.

Any other liens placed against such equity membership shall be junior to Club's lien.

6.0 OPERATING AND CAPITAL ASSESSMENTS AND DEBTS

6.1 OPERATING ASSESSMENTS

From time to time the Board of Directors may find it necessary to assess the members, in addition to dues and food and beverage minimums, to cover any operating deficits which may occur. Any assessments to cover operating deficits will be prorated among all of the equity members in relation to the amount of dues charged to their respective membership categories during the membership year in which the deficit occurs.

6.2 CAPITAL ASSESSMENTS

In accordance with the By-Laws there shall be no one time assessments for capital expenditures in excess of $200,000 except in the case of a declared emergency unless approved by a majority of the votes cast by the equity members subject to the assessment. Assessments for any capital expenditures to the golf course shall be voted on and prorated equally among the Golf Members. Social Members shall not be subject to any assessment for capital expenditures to the golf course. All other assessments for capital expenditures to the Club Facilities shall be voted on and prorated equally among all of the equity members.

6.3 DUES AND ASSESSMENTS REGARDING PARTNERSHIP'S UNSOLD MEMBERSHIPS

The Partnership has agreed that the unsold Equity Golf Membership certificates issued to the Partnership on the Closing Date shall be subject to nonresident Equity Golf Membership dues, and assessments. Payments of monthly dues/fees or assessments by the Partnership on the unsold golf equity memberships are to be stopped when a positive cash flow is achieved on a monthly basis. The unissued Social Memberships shall not pay dues and assessments until sold. Such payments by the Partnership will resume if positive cash flow is not achieved and maintained on a monthly basis to ensure positive cash flow which maintains working capital as 45 days average payables, maintenance of budgeted capital repair and replacement reserves and payment of all capital leases. As the Partnership sells a membership, the dues and charges for such membership shall be prorated as of the date of purchase of the membership on the basis of the number of months left in the membership year.

6.4 DEBT

The Club will be responsible for making payments on any debt incurred on behalf of the Club. The Club shall allocate the cost of all payments on any debt service for capital expenditures among the members in such a manner that:

a) Any debt service payments for capital expenditures to the golf course shall be prorated equally among all golf equity members, and;

b) Social Members shall not be assessed for any debt service for capital expenditures to the golf course, and;

c) All other debt service payments for capital expenditures to the club facilities shall be prorated equally among all of the equity members.

7.0 OPERATION OF THE CLUB

7.1 BOARD OF DIRECTORS RESPONSIBLE FOR MANAGEMENT OF THE CLUB

The Board of Directors will be responsible for the government and administration of the affairs and property of the Club and will have the authority to accept members, set dues, fees and charges (including any food and beverage minimums), establish rules and regulations and, in general, control the overall management and affairs of the Club. The Club may not be operated in contravention of the terms and conditions of the Plan or the By-Laws.

7.2 CONTROL OF THE BOARD OF DIRECTORS

The Board of Directors shall consist of nine directors, all of whom shall be elected by the equity members and must be equity members of the Club. Directors shall serve a term of three years.

8.0 OTHER MEMBERSHIP PRIVILEGES

8.1 SPRING ISLAND PROPERTY OWNERS MAY ACQUIRE NON-EQUITY SOCIAL MEMBERSHIP PRIVILEGES

Each purchaser of a residential unit or lot on Spring Island will, subject to availability, have sixty (60) days from the date of his or her closing on the residential unit or lot to acquire non-equity social membership privileges in the Club. Any Spring Island Property Owner who acquires non-equity social membership privileges in the Club will be required to pay all Charges paid by a Social Member but will not be required to pay any membership contribution or capital assessments to the Club. Any Spring Island Property Owner who acquires non-equity social membership privileges in the Club will have all of the same rights as a Social Member, except the Spring Island Property Owner will not be entitled to any ownership interest in the Club or its facilities and will not be entitled to vote on any club matters. A Spring Island Property Owner's non-equity social membership privileges will terminate upon the death or resignation of the Spring Island Property Owner, or the sale of his or her residential unit or lot on Spring Island, unless the purchaser of the residential unit or lot elects to continue the non-equity social membership privileges by agreeing to pay all Charges associated with the membership privileges. The total number of non-equity social memberships to be offered to Spring Island Property Owners will be limited to fifty (50).

8.2 ASSOCIATE MEMBERSHIPS

In order to promote the sale of residential units and lots in Callawassie and to introduce the Club to prospective members, the Club may offer non-equity associate memberships ("Associate Memberships") on an annual or seasonal recallable basis to persons who do not own a residential unit or lot in Callawassie. The rights and privileges of Associate Members will be determined by the Club from time to time. At the beginning of each membership year, the total number of Associate Memberships will be limited to the total number of Golf Memberships permitted to be issued in the Club, less the number of issued Golf Memberships. Associate Memberships will be recalled at the end of each membership year, as necessary, on a first-issued, last-recalled basis. Associate Members may be required to pay such dues, fees and charges (including food and beverage minimums) as may be determined by the Club from time to time, but will not be subject to any operating or capital assessments. Associate Members will not be entitled to any ownership interest in the Club or its facilities or to vote on any club matters.

8.3 NONMEMBER USE OF FACILITIES

Use of the Club facilities by nonmembers may be permitted from time to time as may be authorized by the Board of Directors.

9.0 PARTNERSHIP ACCESS, FACILITY DESIGN AND EASEMENT RIGHTS

In order to promote the sale and resales of residential units and lots in Callawassie, to promote the sale of golf memberships in the Club and to protect its remaining assets and interests in Callawassie and the Club, the Partnership has retained certain rights to and concerning the Club Facilities. These rights lapse when certain conditions have been met. The details of these rights are contained in Attachment A hereto.

10.0 MODIFICATION OF MEMBERSHIP PLAN

10.1 BOARD OF DIRECTORS MAY AMEND THE PLAN

The Board of Directors may, in its sole discretion, amend or modify this Plan from time to time, so long as such amendments or modifications do not materially and adversely affect the rights of the equity members. Any amendment or modification which materially and adversely affects the rights of the equity members must be approved by a majority of the votes held by the equity members so affected. Certain terms of the Plan as listed below may not be amended without concurrence of the Partnership.

10.2 CERTAIN PROVISIONS OF THE PLAN MAY NOT BE AMENDED

The Plan may be amended in accordance with the By-Laws; provided, however, that until (a) the Partnership has sold 595 golf equity memberships or, (b) 700 of its residential lots and units at Callawassie or, (c) December 31, 2010, whichever shall last occur, neither the Club nor its members may at any time, without the prior consent of the Partnership, which consent may not be unreasonably withheld, alter, amend or change the Plan with regard to any of the following items:

(a) the total number of memberships permitted to be issued in the Club or in any particular category of membership as described in the Plan as of the Closing Date;
(b) the restrictions or limitations on assessments as described in the Plan as of the Closing Date;
(c) the restrictions or limitations on any unissued memberships held by or on behalf of the Partnership for dues, fees, assessments and other charges as described in the Plan as of the Closing Date;
(d) the right of the Partnership to use the Club Facilities pursuant to the Marketing, Access and Use Agreement as described in the Plan as of the Closing Date;
(e) the rules and regulations relating to use of the Club Facilities by guests of members as described in this Plan as of the Closing Date.
(f) the rights of a lessee of an equity member's residential unit in Callawassie as described in the Plan as of the Closing Date; and
(g) the eligibility to acquire an equity membership as described in the Plan as of the Closing Date.

ATTACHMENTS A (3/20/01) AND B (6/21/01) ARE INCLUDED AS AN INTEGRAL PART OF THIS MEMBERSHIP PLAN.

ATTACHMENT A (3/20/01)
PARTNERSHIP RIGHTS

APPLICABLE SECTIONS FROM CLUB PURCHASE AGREEMENT DATED 10/22/99

USE OF CLUB FACILITIES BY PROSPECTIVE PURCHASERS OR MEMBERS

The Club shall permit the Partnership, its successors, affiliates and assignees to use the dining and lounge facilities for the purpose of entertaining prospective retail purchasers of homes or lots on Callawassie, including resales, and prospective Club Members. Club shall permit such prospective purchasers or members to use the golf and tennis facilities in accordance with current practices accorded the Partnership and its successors assignees and affiliates (including without limitation tee access) and otherwise in accordance with the same rules and regulations prescribed for guest of golf members. These rights include the ability of the Partnership to hold promotional events and tournaments at the Club Facilities with the Approval of the Board of Directors with such approval not to be unreasonably withheld or delayed. This right to use the Club facilities becomes null and void when 700 developer lots are sold.

The Partnership will establish an account for charges incurred by the Partnership's affiliates, assignees, employees and agents in connection with the entertainment of such prospective purchasers, including green fees and cart fees. The amount of said charges shall be the same as those charged, from time to time, for guest(s) of member(s) of the Club.

The Club shall bill the Partnership and its affiliates, successors and assignees, as the case may be, monthly for such charges,

MARKETING ACCESS AND USE RIGHTS

In order to promote the sale and resales of residential units and lots in Callawassie, and to promote the sale of golf memberships in the Club, the Partnership and its successors, assigns and affiliates shall be permitted to use the Club Facilities until such time as Partnership has sold 595 initial golf equity memberships (the Access Term"). Such Access Term may be extended upon mutual agreement of Members Club and Partnership.

The Partnership shall have the right to designate individuals to use the Club Facilities on a space available basis during the Access Term, subject to the approval of the Club and without regard as to whether such individuals are employees of the partnership, prospective members of the Club or prospective purchasers of property in Callawassie or one of the other designated communities. Access and use of the Club Facilities shall be subject to such terms and conditions as are reasonably established by the Members Club from time to time.

During the access term, Partnership shall have the right, upon the prior approval of Club, and payment of appropriate user fees, to schedule and hold marketing and promotional events using the Club Facilities, including without limitation, golf and tennis tournaments and other exhibitions and the right to promote the development of and to otherwise market residential units and lots in Callawassie and memberships in the Club in Advertisements, promotional materials and other promotional media by making reference to the Club (including but not limited to pictures or drawings thereof) and the availability of equity memberships herein.

The Club shall establish a separate account for each of those individuals designated by the Partnership to use the Club Facilities during the Access Term. The individuals designated by the Partnership shall charge their fees, charges and food and beverages purchases to their Club account with payment of such charges to be guaranteed by the Partnership. Individuals designated by the Partnership shall pay the same fees and charges that are charged to the guests of a golf member. The Club shall bill the Partnership directly for each such Club account. Individuals designated by the Partnership to use the Club Facilities shall not have any voting rights, nor shall they be obligated to pay any membership contribution, annual dues, food and beverage minimums or assessments, and shall not count against the total number of memberships permitted to be issued in the Club.

STRUCTURE AND DESIGN CHANGES OF THE CLUB FACILITIES

As long as the Partnership is engaged in any sales and marketing activity of equity memberships or residential units or lots on Callawassie, the Partnership shall have the right to approve or disapprove all proposed architectural and landscaping plans and location of any improvements with respect to the Club Facilities, and any changes thereof with such review and approval not to be unreasonably withheld or delayed. The Club shall submit all the plans in detail and obtain the written consent of the Partnership prior to commencement of any such work. This condition becomes null and void when the initial sale of 700 lots owned by the Partnership is completed

FUTURE EASEMENTS

The Club acknowledges that the development and marketing of Callawassie will continue and nothing in this Plan shall be construed to limit or restrict such development and marketing of Callawassie. The Club agrees that it may be necessary or convenient for the development to grant easements, dedications, agreements, licenses, restrictions, reservations, covenants, right-of-way, to plat or replat this property and to take such other actions which the Partnership and the Club may mutually deem necessary or appropriate, in a manner which does not materially affect the use of the Real Property as a country club facility. This section becomes null and void when the initial sale of 700 lots owned by the Partnership is completed.

ATTACHMENT B 6/21/01

CONDITIONAL ADDENDUM TO MEMBERSHIP PLAN

The following changes to the Plan for the Offering of Memberships, dated 21 June 2001, are included herewith and will automatically become effective upon approval of a CIPOA covenant change requiring property purchasers to acquire Club memberships simultaneously with their property purchase and to retain them during their tenure as Callawassie Island property owners.

1. Para 2.2.1 **ELIGIBILITY FOR EQUITY MEMBERSHIPS –**
   Delete word "initial"

2. Para 2.2.4 CHANGE TO READ AS FOLLOWS -

2.2.4 PURCHASERS OF A RESIDENTIAL UNIT OR LOT IN CALLAWASSIE
Every person or entity which purchases or takes legal title to a Lot or Dwelling on Callawassie Island shall be required to purchase an Equity Membership in the Club and remain an Equity Member in good standing for so long as such person or entity owns a Lot or Dwelling on Callawassie Island. The applicable Membership Contribution shall be payable by such person or entity concurrently with the purchase of a Lot or Dwelling with such Membership Contribution Fee to be paid as of the date of such conveyance.

3. Para 2.2.6 - DELETE IN ENTIRETY

4. Para 3.3 to be changed as follows and new 3.4 to be inserted as follows.

3.3 REVIEW OF APPLICATION FOR MEMBERSHIP (EXCLUSIVE OF PROPERTY SALE RELATED MEMBERSHIP TRANSFERS)
Prior to the initial sale of 595 golf equity memberships in the Club, the Partnership shall have the exclusive right to determine the qualifications of a membership candidate. Following the initial sale of 595 golf equity memberships in the Club, the Club will exercise sole authority to determine the qualifications of a membership candidate.
Subject to the above, upon receipt of the Application for Membership, the Membership Purchase Agreement and the required membership contribution, the Partnership or the Club will determine within thirty (30) days after receipt of the Application for Membership, Membership Purchase Agreement and required Membership Deposit whether the candidate has satisfied the conditions of membership. If the candidate has satisfied the conditions of membership, the candidate will be notified in writing that his or her application has been acted upon favorably. If the candidate has not satisfied the requirements of membership, the candidate will be notified that the application has not been acted upon favorably and will be returned with his or her membership contribution without interest.
In addition, subsequent to the initial sale of 595 golf equity Memberships, the above and following procedures will be adhered to by the Club.
(a) The Membership process will be regarded by the Board of Directors and the Membership Committee to be confidential. The identity of any nominee and any information gathered in the nomination process will not be disclosed until posting for acceptance. Records of all Membership deliberations will be considered to be and retained as confidential. If an invitation for Membership is not approved, neither the sponsor nor the nominee will be given a specific reason for denial. The Club will follow, without exception, the same procedures for every Membership candidate. No exceptions will be made to qualifications required of prospective members.
(b) A majority vote of Board of Director members against the nominee shall constitute disapproval.

3.4 MEMBERSHIP APPLICATIONS ASSOCIATED WITH PROPERTY TRANSFERS OR SALES
Approval of membership applications by the Partnership and the Club directly associated with property transfers or sales shall be limited solely to determination of the ability of the member candidate to fulfill the financial requirements necessary to maintain the membership in good standing.

CALLAWASSIE ISLAND MEMBERS CLUB

BY-LAWS

June 29, 2001

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THE CALLAWASSIE ISLAND CLUB
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ARTICLE I
PURPOSE OF CLUB

The nature and purpose of the Callawassie Island Members Club, Inc., (hereinafter referred to as the "Club" is to own and operate a private country club for the recreation, pleasure and benefit of its equity members.

ARTICLE II
CLUB EMBLEM

The emblem of the Club shall be of a style and design to be approved by the Board of Directors.

ARTICLE III
MEMBERS MEETING

1. *Annual Meeting.* An annual meeting of the equity members of the Club shall be held for the purposes of receiving reports of officers and others, electing directors, and for such other business as may be properly brought before the meetings.

2. *Date and Place of Annual Meeting.* The annual meeting of the Equity members shall be held at such appropriate time and place in South Carolina as the board of Directors may designate.

3. *Special Meetings.* Special meetings of the equity members may be called by the President of the Board of Directors, a majority of the members of the Board of Directors or, upon the written request of ten (10%) percent or more of the votes of the equity members then entitled to be voted. Such request shall be submitted to the President who shall then call a special meeting within (30) days of the date of such request. Notices of any special meeting must contain a statement of the purpose for which such special meeting is called and no other business may be transacted at that meeting.

4. *Notices.* The Secretary shall give not less than fifteen (15) days nor more than fifty (50) days prior notice, by mail, prepaid, to all equity members of the Club, stating the time, place, and purpose of any meeting. Notice of any such meeting shall be posted on the official bulletin board of the Clubhouse on the date of its mailing to the equity members.

5. *Quorum.* The presence, either in person or by written proxy, of equity members having a majority of the votes then entitled to be voted shall constitute a quorum at any meeting of the equity members. Except for the election of Directors, a quorum must be present to constitute a legal vote of the Equity members.

6. *Proxies.* Members may vote by proxy. The Board of Directors will determine the form and procedures for the use of the proxies authorized in writing.

7. *Voting Percentage.* Except for election of members of the Board of Directors, a majority of the votes cast is necessary for passage of any motion.

8. *Memberships.* Each equity membership shall entitle the equity member to vote on various club matters, including the election of the Board of Directors. Each Golf membership shall entitle the golf member to five (5) votes, while each social membership shall entitle the social member to one (1) vote. Spring Island founder members shall have the same voting privileges as a golf member.

ARTICLE IV
BOARD OF DIRECTORS

1. *Number and Qualifications.* The government and administration of the affairs of the Club shall be vested in a Board of Directors. The Board of Directors shall consist of nine (9) equity members of the Club.

2. *Nominating.*

a. At a meeting of the Board of Directors held not more than sixty (60) days before the annual membership meeting, the Board of Directors shall appoint a Nominating Committee consisting of five (5) members entitled to vote, three (3) of whom shall be members of the Board of Directors. Members of the Nominating Committee shall serve for a term of one (1) year or until their successors are appointed and qualified. Unless specifically requested by a majority of the Board of Directors, the Nominating Committee shall not nominate candidates to fill any vacancies occurring by reason of death, resignation or otherwise, for any unexpired term.

b. The Nominating Committee shall recommend to the Board of Directors at least thirty (30) days prior to the members' annual meeting, the names of equity members of the Club to be submitted to the equity members of the Club at their annual meeting for election to the Board of Directors.

c. Ten (10%) percent or more of the total equity members entitled to vote who are not on the Nominating Committee or the Board of directors may also nominate candidates for the Board of Directors by petition, signed by them, and filed with the Secretary at least thirty (30) days prior to the members' annual meeting. The names of such nominees, after having been certified by the Secretary or any other officer as qualified for election and as having been nominated in accordance with the provisions of these By-Laws, shall be posted on the official bulletin board of the Club and shall be included on any proxy mailing to the equity members of the Club.

3. *Elections.*

a. There shall be no cumulative voting and no preemptive rights.

b. Voting shall be either in person or by proxy authorized in writing.

c. The Board of Directors shall be nine (9) directors, all of whom shall be elected by the equity members and must be equity members of the Club in good standing.

d. At the members' annual meeting each year, the equity members shall elect directors for a term of three (3) years to replace those directors whose terms have expired. This number shall be adjusted to conform to the total number to be elected to the Board of Directors for the ensuing year, as determined by a vote of the equity members.

e. The number of candidates necessary to fill the vacancies on the Board of Directors receiving the highest number of votes at the annual meeting of the equity members for each designated term shall be declared elected.

f. A Board Member may serve for no more than two (2) consecutive terms.

g. The Board of Directors, at its option, may appoint a member to fill a Board vacancy for the unexpired term.

ARTICLE V
MEETINGS OF BOARD OF DIRECTORS

1. *Annual Meeting.* Each year the Board of Directors shall hold its annual meeting to elect officers and to consider any other matters that may be properly brought before the meeting. The annual meeting of the Board of Directors shall be held within ten (10) days after the annual meeting of the equity members.

2. *Duties at Annual Meeting.* The Board of Directors shall fix the membership contribution and terms for payment of any membership certificate. Such membership contribution and terms shall be in effect for the following calendar year or until changed sooner by the Board of Directors.

3. *Quorum.* A majority of the Board of Directors at any meeting shall constitute a quorum for the transaction of business.

4. *Action Without Meetings.* Any action which may be taken by the Board of Directors may be taken without a meeting if a written consent setting forth the action taken is signed by all of the directors entitled to vote and is filed in the minutes of the proceedings of the Board of Directors. A written consent shall have the effect of a unanimous vote.

5. *Notice of Meetings.* Notice of any meeting of the Board of Directors, regular or special, may be conveyed by written, telephonic or personal notice, at least seven (7) days prior to the meeting, except in the event of an emergency in which event such notice may be waived to the extent permitted by law.

6. *Voting Percentage.* A majority of all of the members of the Board of Directors must vote to approve any motion unless otherwise provided herein.

7. *Meetings.* The Board of Directors shall have a minimum of six (6) regular meetings each year, at such times as the Board of Directors shall determine.

ARTICLE VI
POWERS OF THE BOARD OF DIRECTORS

1. *Management of the Club.* The Board of Directors shall exercise all powers of the Club and do all acts and things necessary to carry out the purpose of the Club.

2. *Duties and Powers.* The Board of Directors shall:

a. Elect the officers of the Club;

b. Appoint committees and assign duties; at the Board's discretion;

c. At the Discretion of the Board, fill vacancies on the Board of Directors due to death, resignation, inability to perform duties, or otherwise, for the unexpired term.

d. Appoint managers and other employees and delegate such authority considered necessary for the proper operation and management of the Club;

e. Adopt, alter, amend or repeal the General Club Rules governing use of the Club and all its facilities by members and their families and guests;

f. Determine the amount of dues, fees, and other charges;

g. Have the power to replace any director who shall fail to attend fifty (50%) percent of the regular Board meetings in any one (1) fiscal year or who fails to be a member in good standing.

h. (a) Have the power to expend funds to the extent of the amount in the Club Treasury or owing to the Club Treasury or owing to the Club, to make contracts including those pertaining to general or specific lines of credit, or create indebtedness and to borrow money or incur indebtedness for purposes of the Club, and to cause promissory notes, bonds, mortgages or other evidence of indebtedness to be executed and issued in the ordinary course of the Club's business.

(b) Have the power to enter into any single capital expenditures project on behalf of the club involving total expenditures of up to $200,000 without prior approval of a majority vote of all the equity members of the Club entitled to vote except as permitted in paragraph (c) hereto.

(c) Assessments for any capital expenditures over $200,000 to the golf course shall be voted on by and prorated equally among the Golf Members. Social Members shall not be subject to any assessment for capital expenditures to the golf course. All other assessments for capital expenditures over $200,000 to the Club Facilities shall be voted on by and prorated equally among all of the equity members. Such assessments shall require a majority vote of the equity members entitled to vote and who are present in person or by written proxy

(d) hereto. Have the power to, by a majority vote of the Executive Committee, and without a specific Member vote, declare an emergency situation warranting an expenditure of amounts in excess of the limitation imposed in paragraph.

(e) Having so voted, the committee may then expend such sums, without limitation, as it determines necessary to counteract the emergency. Such situations are to include, but not be limited to, those which could be considered as "Force Majeure" under generally accepted interpretation of such.

i. Have the power to exchange rights to use the Club facilities with member of other Country Clubs.

j. Comply with all the terms and conditions of the Club Purchase Agreement dated October 26, 1999.

k. Maintain replacement cost insurance on the Club facilities equal to full replacement cost thereof if available at a commercially reasonable cost as determined by the Board.

l. Have the power to determine whether any member's conduct or whose families or guests conduct shall be deemed to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members. If so determined, the members may be reprimanded, fined, suspended or expelled from the Club by the action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony, or good reputation of the Club or its members. Any member suspended or terminated by action of the Board of Directors shall automatically lose all membership privileges including the right to a vote on Club matters during the period of suspension or termination.

m. Have the Power to suspend a member's credit and membership privileges in the event of a delinquency in payment of dues, assessments or other charges levied by the Board of Directors in accordance with notice of said delinquency.

n. Maintain a surety bond paid by the Club covering the Board of Directors and Contract Agents.

3. *Issuance of Membership Certificates.* The Board of Directors shall have sole authority to issue, cancel, and transfer membership certificates and shall have such certificates prepared in the form and content consistent with the provisions of these By-Laws of the Club.

4. *Compensation.* No director shall receive a salary or any other compensation whatsoever, but shall be entitled to reimbursement for all expenses reasonably incurred in performing any duties pursuant to these By-Laws.

5. *Interpretation of By-Laws.* The Board of Directors shall have the corporate powers to generally do everything permitted for nonprofit corporations by law, by statue, the Certificate of Incorporation, or these By-Laws, and to determine the interpretation or construction of these By-Laws or any parts thereof, which may be in conflict or of doubtful meaning, and their decisions shall be final and conclusive.

ARTICLE VII
OFFICERS

1. *Election of Officers.* The Board of Directors shall elect a President, a Vice President, a Treasurer, a Secretary and such other officers as the Board determines appropriate from time to time. Such officers shall be elected to serve for the term of one (1) year or until their successors shall be elected and shall carry out the duties described below.

2. *President.* The President shall preside at all meetings and enforce observance of the provisions of these By-Laws and all of the General Club Rules. The President may call special meetings of the Board of Directors, shall be an ex-officio member of all committees, and shall be empowered to execute all papers and documents requiring execution in the name of the Club.

3. *Vice President.* In the absence of the President, the vice President shall perform and carry out all duties and responsibilities of the President.

4. *Secretary.* The Secretary shall keep records and minutes of all meetings of the Board of Directors and the membership. The Secretary shall also be responsible for giving all required notices of such meetings. The Secretary shall have custody of the Seal of the Club and all membership records shall be kept under the Secretary's supervision.

5. *Treasurer.* The Treasurer shall cause to be collected, held and disbursed, under the direction of the Board of Directors, all monies of the Club and it shall be the Treasurer's duty to collect monies due the Club from the issuance of membership certificates, dues and charges from the members of the Club, and all amounts due from others. The Treasurer shall keep or cause to be kept regular books of accounts and all financial records of the Club, and shall have prepared for and submitted to the Board of Directors financial statements, when and in the form requested by the Board of Directors. The Treasurer shall deposit or cause to be deposited or invested all monies of the Club in an account or accounts in the Club's name in the bank or banks designated by the Board of Directors, and shall give a surety bond for faithful performance in the amount directed by the Board of Directors, which surety bond premium shall be paid by the Club.

6. *Other Officers.* The Board of Directors may appoint additional officers and assign their duties.

7. *Additional Duties of Officers.* Any officer may be given additional assignments and duties by the Board of Directors.

8. *Removal from Office.* Any officer may be removed from office by a two-thirds (2/3) vote of the members of the Board of Directors.

ARTICLE VIII
INSURANCE AND INDEMNIFICATION

1. *Insurance.* The Club shall obtain on behalf and for the benefit of the officers and directors of the Club such insurance as the Board of Directors deems appropriate and is permitted by law.

2. *Indemnification.* The Club shall, to the fullest extent permitted by the laws of South Carolina, as the same may be amended and supplemented, indemnify any and all of the directors and officers of the Club from and against any and all of the expenses, liabilities or other matters referred to in or covered by said laws, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of the members, disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE IX
COMMITTEES

1. *Standing Committees.* Each year the President, subject to the approval of the Board of Directors, shall designate the chairman and members of each of the following standing committees: Membership, Executive, Finance, House, Golf, Green, Tennis, and such other committees as may be deemed advisable by the Board of Directors from time to time.

a. The Membership Committee shall investigate all Applications for membership and shall report thereon to the Board of Directors with its recommendation as to approval or disapproval of each application.

b. The Executive Committee shall consist of the President, as Chairman, the Vice President, the Secretary, the Treasurer and in addition, one (1) member of the Board of Directors. The Executive Committee shall have the powers of the Board of Directors during the interval between Board meetings. A majority of the members of the committee shall constitute a quorum. Actions and resolutions shall require unanimous approval of the members present. Such actions shall be reported to the Board at its next regular meeting.

c. The Finance and Audit Committee shall review and recommend for adoption by the Board of Directors, the annual operating and capital budgets, prepared by Club Management, the monthly and annual financial reports as compared to said budgets, the employment of outside auditors, the financial reporting to Equity Members, and include itself in any other financial matters as determined by the Board of Directors from time to time including, but not restricted to, meeting with the outside auditors to investigate their independence, responding to their "letter of recommendations" and assist with presentations to lenders or members, if requested by the Board.

d. Each of the following committees, subject to the approval of the Board of Directors, shall submit recommendations to the Board of Directors for approval. The officers of the Club and Club Manager shall have control of the execution of such programs and recommendations as approved by the Board. The committees shall act only as a consultant and advisor to the Board of Directors and officers.

(i) House Committee. The House Committee shall advise the Board of Directors on matters concerning the operations of the Clubhouses, pools, the equipment, furnishings and property in the Clubhouse, specifically including, without limitation, utilities, building maintenance and repairs. The House Committee shall also advise the Board on all food and beverage operations and entertainment.

(ii) Golf Committee. The Golf Committee shall advise the Board of Directors on the scope of the Golf Professional's operation, the operation of the Golf Pro Shop and golf carts, the promulgation of playing rules for members and their guests, the programming of golfing events for members and their guests, and the maintenance of members' handicaps.

(iii) Green Committee. The Green Committee shall advise the Board of Directors on the scope of the Green Superintendent's operations, and the maintenance of the golf course, roads, facilities and equipment used in connection therewith. No live trees shall be removed nor shall any alteration be made in the golf courses except with the approval of the Board of Directors.

(iv) Tennis Committee. The Tennis Committee shall advise the Board of Directors on the scope of the Tennis Professional's operation, the operation of the Tennis Pro Shop, the promulgation of playing rules for members and their guests, and the programming of tennis events for members and their guests. The Committee shall advise the Board of Directors on the condition of, and make recommendations concerning, tennis courts, equipment and other related facilities.

2. *Ad Hoc Committee.* The President, subject to the approval of the Board of Directors, may appoint from time to time such ad hoc committees with such powers and composition as the President shall determine appropriate.

3. *Powers of Committees.* These committees shall act only as advisory committees and the individual members thereof shall have no power or authority. The chairman of each committee may appoint from the members of his or her committee such subcommittees as the chairman deems desirable. Such subcommittees shall report directly to the committee as a whole, which shall approve, amend or disapprove the report of the subcommittee.

4. *Terms of Committee Chairmen and Committee Members.* A committee chairman may not serve as a committee chairman on the same committee for more than three (3) successive years. A committee member may not serve as a member of the same committee for more than five (5) successive years. The term of a committee chairman or a committee member may be terminated at any time by the President with the approval of the Board of Directors.

ARTICLE X
PLAN OF MEMBERSHIP

The Board shall adopt, and administer as appropriate, a Plan of Membership for the Club, the Plan shall include, but not be limited to:

a. Description of the Club facilities
b. Membership application procedures and offering statement
c. Equity membership category description and numbers statement
d. Membership privileges statement

e. Membership transfer provisions
f. Dues, fees, charges and assessments rules and procedures
g. Plan amendment procedures

ARTICLE XI
DELINQUENCIES

Liens. The Club shall have a lien against each membership for any unpaid assessments, fees, annual dues or other charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such annual dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. The lien may, but need not, be recorded among the public records of Beaufort County, South Carolina, by filing a claim therein which states the name of the member, the number of the membership and the amount claimed to be due, and said lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing said lien, shall have been paid. Such claims of lien may be signed by an officer of the Club. Upon full payment, the member making payment shall be entitled to be reinstated as a member in good standing of the Club and all such liens may be foreclosed by the Club, in any action at law or in equity, with or without five (5) days prior written notice of the intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid annual dues or other charges without thereby waiving the lien securing the same.

Any other liens placed against such equity membership shall be junior to Club's lien.

ARTICLE XII
CORPORATE SEAL

The Corporate Seal of the Club shall be circular in form and shall bear the words "The Callawassie Island Members Club, Inc., non-profit 1999 South Carolina." A copy of said seal is affixed hereto. The Corporate Seal shall be in the possession of the Secretary and be affixed by the Secretary to all documents relating to the official acts of the Club, as authorized by the Board of Directors.

ARTICLE XIII
MISCELLANEOUS

1. *Fiscal Year.* The fiscal year of the Club shall commence on the 1st day of January and conclude on the 31st day of December.

2. *Conflict between By-Laws and the Certificate of Incorporation.* In the event of a conflict between the terms of these By-Laws and the Certificate of Incorporation, the latter shall prevail.

ARTICLE XIV
AMENDMENTS

These By-Laws may be amended by a majority vote of the Board of Directors and a majority vote of the Equity members voting once a quorum is established.

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THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.

GENERAL CLUB RULES

8/8/01

These General Club Rules were adopted by the Board of Directors on 8 August 2001

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1. GENERAL RULES

1.1. CLUB HOURS

The Callawassie Island Members Club, Inc. ("the Club") and its facilities shall be open on the days and during the hours as may be established by the Board of Directors from time to time.

1.2. RULES VIOLATIONS

Violation of any of the rules contained herein or conduct in a manner prejudicial to the best interests of the Club will subject one to disciplinary action in accordance with the By-Laws.

1.3. MODIFICATION OF THESE RULES

The Board of Directors reserves the right to amend or modify these rules when necessary and will notify the membership of such changes. Any such amendments or modifications shall be subject to and controlled by the applicable provisions of the By-Laws and the Plan for the Offering of Memberships.

1.4. MEMBER COMPLAINTS AND SUGGESTIONS

All member complaints or suggestions should be directed to and will be addressed by the Club General Manager, the chairman of the appropriate committee or the president of the Board of Directors.

1.5. MEMBER CONDUCT

Members should refrain from confronting members, guests, or visitors regarding the misuse or suspected misuse of Club property and amenities. The Club General Manager or Security should be promptly notified in such instances.

1.6. GUEST CONDUCT

Members are responsible for the conduct of their guests and must see that they comply with all Club rules. In order that all members may enjoy our facilities, the number of guests may be restricted by the Club General Manager.

1.7. PARTIES AND EVENTS

1.7.1. Private parties on the Club premises will be catered solely by the Club unless otherwise authorized by the Board of Directors or the Club General Manager.

1.7.2. Member sponsored and hosted events involving significant commitment of Club facilities and nonmember use will be preapproved by the Board of Directors.

1.7.3. Performance by entertainers will be permitted on the property of the Club only with the permission of the Board of Directors or the Club General Manager.

1.7.4. Alcoholic beverages will not be served or sold, or permitted to be consumed, on the premises during hours prohibited by law. No alcoholic beverages will be sold or served to any person not permitted to purchase the same under the laws of the State of South Carolina or be sold for off-premises consumption.

1.7.5. The Board of Directors or the Club General Manager will approve all nonmember sponsored functions to be held on Club premises prior to their authorization and will limit the number of such approved functions in accordance with then Club current policies.

1.8. EMPLOYEES

1.8.1. It is inappropriate for any members or guests to abuse or discipline any of the Club's employees, verbally or otherwise. Any employee not rendering courteous and prompt service should be reported to the Club General Manager.

1.8.2. No member shall request an employee to leave the Club's premises for any purpose whatsoever nor redirect an employee from their scheduled work activities. Notify the Club General Manager, the golf or tennis professionals or the golf course superintendent if a need occurs.

1.8.3. Members must not request special or personal services from employees of the Club who are on duty.

1.8.4. Club employees are not permitted to provide off-hour services away from the Club premises to members without pre-approval by the Club General Manager. Members wishing such services should speak to the Club General Manager.

1.8.5. Club employees are not permitted to deliver food or liquor to locations away from the immediate area of the Clubhouse without prior permission of the Club General Manager.

1.9. ADVERTISEMENTS AND PETITIONS

1.9.1. No commercial advertisements shall be posted or circulated in the Club.

1.9.2. Other than as permitted by the By-Laws of the Club, no petition shall be originated, solicited, circulated or posted within the Clubhouse or on Club property.

1.10. USE OF ELECTRONIC EQUIPMENT

1.10.1. Use of cell phones and pagers is prohibited within Club buildings, on or near the golf practice facility or while participating in sports or pool area activities except for emergency use.

1.10.2. Use of radios, tape players and CD players except with the use of headsets is prohibited in common areas, including dining rooms, bar, pool areas, on the golf course and tennis courts unless otherwise approved by the Board of Directors or the Club General Manager.

1.11. PETS

Dogs or other pets, with the exception of seeing-eye dogs, are not permitted in Club buildings or at the pools. Members may walk their pets on Club premises only in such areas and at such times as may be approved by the Board of Directors or the Club General Manager. Pets on Club premises shall be leashed at all times except on the golf course when the Pro Shop is closed and shall then be leashed or under voice control. Members are requested to dispose properly of any excrement produced by their pets.

1.12. GOLF CARTS AND CART PATHS

1.12.1. Use of the golf course or the cart paths by non-players is strictly forbidden at all times when the pro shop is open.

1.12.2 Golf carts are not to be driven on the cart paths by members driving to and from the Clubhouse area. Members are requested to use the roadways for this purpose.

1.12.3. Golf carts are to be white or near white in color and will be subject to the approval of the Golf Professional.

1.13. GOLF CART LIABILITY

Liability concerning privately owned golf carts is solely the individual responsibility of the owning member.

1.14. LAGOON FISHING

All fishing in the lagoons is strictly on a catch and release basis and not to be conducted in any areas abutting the golf course during hours in which the Pro Shop is open.

2. CLUB SERVICES AND ACTIVITIES

2.1. RESERVATIONS

Reservations are required for most Club activities and are taken on a first-come, first-serve basis by pre-registering with the appropriate Club personnel.

2.2. RESERVATION CANCELLATION

Cancellation of reservations for activities requiring prior payment may be made before the payment deadline without penalty. However, after that time, no refunds will be made except in emergencies as determined in the sole and absolute discretion of the Club General Manager.

2.3. PRIVATE PARTIES

The Club wishes to encourage the use of the Clubhouse by members for private parties on any day or evening, provided it does not interfere with the normal operation of the Club, or with the service regularly available to the members. Such parties require the prior written approval of the Club General Manager. The sponsoring member assumes full responsibility for the conduct of his or her guests and may be required to execute a written document so signifying.

3. DINING ROOM

3.1. DINING MINIMUMS

3.1.1. Each member will be charged a monthly food and beverage minimum as determined from time to time by the Board of Directors. All food and beverage charges exclusive of taxes and gratuities will be credited against the food and beverage minimum until such time as the minimum is completely used.

3.1.2. Any amount of the minimum unused in a membership year will not be carried over to the subsequent membership year.

3.2. RESERVATIONS

3.2.1. Dinner reservations are requested. Members are asked to assist in maintaining required service levels by making reservations for dining prior to noon on the day involved. For a party of ten or more, a minimum additional twenty-four (24) hour notice is required whenever possible. The courtesy of providing notice of necessary changes or cancellations is requested not later than 5:00 p.m. on the day involved.

3.2.2. For all functions at the Club, tables will be assigned on a first-call, first-choice basis.

3.3 GRATUITIES

3.3.1. A service charge in an amount determined by the Board of Directors from time to time will be added to all food and beverage sales which will be distributed to service personnel.

3.3.2. In November, it is customary to send a letter from the President of the Board of Directors providing an opportunity for the membership to contribute to a Holiday Fund for employees. Payment will be voluntary and, if elected, shall be included on each member's November bill.

4. ATTIRE

4.1. CLUBHOUSE

4.1.1. It is expected that members will dress in a fashion befitting the surroundings and atmosphere provided in the setting of the Club. It is also expected that members will advise their guests of the dress requirements. Special dress requirements may be established from time to time by the Board of Directors or the Club General Manager and made known to the members.

4.1.2. Appropriate attire for use of the dining facilities and Clubhouse for breakfast or luncheon consists of comfortable sportswear including tennis or golf clothes. No swimwear, even if accompanied by a robe or cover-up will be permitted.

4.1.3. Appropriate attire for dinner in the Clubhouse is expected to include collared shirts for gentlemen. Formal dining rooms require jackets for gentlemen.

4.1.4. Gentlemen may wear hats in the grillroom and lounge until 6 pm and are requested to remove their hats at other times and when elsewhere in the Main Clubhouse.

4.1.5. Dress standards of the Clubhouse may be waived or altered from time to time for special activities and functions.

4.2. GOLF

Proper golf attire is required at all times on the golf course and practice facility. Everyone must wear soft-spiked golf shoes. Men's shirts must have collars. Tank tops, gym shorts, cutoffs and denim jeans are not appropriate in these areas.

4.3. TENNIS

Proper tennis attire is required at all times when on the tennis courts. Smooth sole tennis shoes, as distinguished from basketball or jogging shoes, are required.

4.4. POOLS

All swimmers must wear bona fide swimming attire. Cutoffs, dungarees and Bermudas are not considered appropriate swimwear. Children wearing diapers are prohibited in the pools.

5. GUESTS

5.1. GENERAL

5.1.1. Callawassie Island property owners who are not members cannot use the Club facilities as a guest of a member except for attendance at private functions or other approved group activities.

5.1.2. All guests shall either be "day guests" or "house guests". A houseguest is defined as a guest temporarily residing in a member's unit at Callawassie. All other guests shall be considered to be day guests.

5.1.3. A day guest may be invited to use the golf course, tennis or pool facilities up to six (6) times per year.

5.2. REGISTRATION AND CHARGES

5.2.1. Guests may use the Club facilities either in the company of or unaccompanied by the sponsoring member, pursuant to conditions established by the Club from time to time including the payment of a guest fee if applicable.

5.2.2. If a guest is to use the Club facilities at any time without the accompaniment of the sponsoring member, the guest must be registered for a guest pass at the Club office by the sponsoring member prior to such unaccompanied usage. Information to be provided by the sponsoring member will include:

- Guest's name
- Club usage dates
- Callawassie residence and telephone number if applicable
- Whether or not the guest is to be authorized to sign for charges against the sponsoring member's Club account

5.2.3. Guest registration may be accomplished by the sponsoring member and guest personally appearing at the Club office or by letter, phone or fax. A registered guest may pick up his or her guest pass at the Club office during normal office hours.

5.2.4. Temporary charging privileges may be established at the Club office for guests.

5.2.5. Unaccompanied guests will not be allowed to use Club facilities without a guest pass which must be made available upon request at any time.

5.2.6. Member accompanied guests will not require a guest pass to use the Club facilities but must be registered with the appropriate professional prior to use of the Golf or Tennis facilities.

5.2.7. Guests may sign for charges against the hosting member's account if specifically authorized to do so in writing by the hosting member or they may charge to recognized personal charge cards. The hosting member will be responsible for any unpaid charges incurred by his or her guest(s).

5.2.8. The sponsoring member will at all times be responsible for the conduct of his or her guests while at the Club. If the manner, deportment and appearance of any guest is deemed by the Club to be unsatisfactory, the sponsoring member shall at the request of the Club General Manager, cause such guest to surrender his or her guest card and leave the Club premises. The Club may at any time suspend or terminate the guest sponsorship privileges of any member(s) of the Club.

6. CHILDREN

6.1 Children under fifteen years of age are not allowed in the Clubhouse pool, nor are they allowed in the Clubhouse unless accompanied by an adult.

6.2 Children under fifteen years old may use the River Club Pool when accompanied by an adult.

6.3 Children under the applicable minimum legal drinking age are not allowed in the bar unless accompanied by a parent.

6.4 The Golf Course may be used by juniors under thirteen years of age with the permission of the Golf Professional.

USE OF GOLF CARTS BY CHILDREN UNDER THE AGE OF FIFTEEN WITHOUT THE PRESENCE OF AN ADULT IN THE CART IS STRICTLY PROHIBITED.

7. LESSEE PRIVILEGES

7.1. Members shall have the right to designate the lessee of their residential unit in Callawassie as the beneficial user of their membership.

7.2. The sponsoring member must initiate the application for use privileges and furnish the Club with a copy of the lease, and the lessee's application must be approved by the Club General Manager prior to the lessee's use of the Club's facilities.

7.3. During the period when a lessee is designated as the user of the member's membership, the member shall not have the right or privileges of membership.

7.4. Lessees shall pay the designated fees for use of the Club's facilities.

7.5. Lessee member privileges may be denied, withdrawn, or revoked at any time for reasons considered sufficient by the Board of Directors in its sole and absolute discretion.

7.6. The Equity member will be responsible for the deportment of and for all unpaid charges of the lessee.

8. POOLS

USE OF THE CLUB POOL FACILITIES AT ANY TIME IS AT THE RISK OF THE SWIMMER

8.1. GENERAL

8.1.1. Only members and their guests may use the pools.

8.1.2. Showers are required prior to entering the pools.

8.1.3. Pool furniture must be kept on patio decks. All persons using pool furniture are required to cover the furniture with a towel when using suntan lotions. It has been found that these preparations stain and damage the vinyl strapping.

8.1.4. No running, jumping or boisterous playing is allowed.

8.1.5. All persons using the pool areas and washrooms are responsible for keeping the areas clean by properly disposing of towels, cans, paper plates, cigarettes, etc.

8.1.6. All swimmers must wear bona fide swimming attire. Cut-offs, dungarees and Bermudas are not considered appropriate attire.

8.1.7. Fishing, spear fishing and snorkeling equipment, other than a mask and/or fins are not to be used in the pool areas except as part of an organized course of instruction.

8.2. SAFETY

8.2.1. * No person under the influence of drugs or alcohol should use the pools.

8.2.2. * No spitting or blowing nose in pools.

8.2.3. * No person with communicable diseases allowed in pools.

8.2.4. * No person with skin, eye, ear or nasal infections allowed in pools.

8.2.5. * No animals or pets allowed in the pools or pool areas or on the marina docks.

8.2.6. * No glass or hard plastic allowed in the pools or pool areas.

8.2.7. * Pools are open from 8:00 a.m. to sundown.

8.2.8. * A FIRST AID KIT is located on the wall entering the restroom area at each pool.

8.2.9. * AN EMERGENCY PHONE is located on the wall entering the restroom area at each pool.

8.2.10. * NO SOLO SWIMMING. NO LIFEGUARD ON DUTY. SWIM AT YOUR OWN RISK.

8.3. RULES ENFORCEMENT

The Club General Manager has full authority to enforce these rules and regulations, and any infractions will be reported to the Board of Directors. By being mindful of these rules, all members and guests will be able to enjoy fully the pool facilities.

* All rules marked with an asterisk are required by DHEC.

8.4. CLUBHOUSE POOL

8.4.1. This pool is an ADULT pool. Persons must by fifteen years or older to use this pool.

8.4.2. Bringing food and beverages to the Clubhouse pool area is prohibited during Club service hours of 11:00 a.m. to 3:00 p.m. Tuesday through Sunday. The Club will serve food and beverages poolside during these hours.

8.4.3. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the tables under the arbor.

8.4.4. *The maximum number of swimmers allowed in the pool is 100.

8.5. RIVER CLUB POOL

8.5.1. Children under fifteen years old must be accompanied by a parent or guardian.

8.5.2. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the picnic tables on the back deck of the River Club.

8.5.3. Those wearing diapers are prohibited in the pool.

8.5.4. *The maximum number of swimmers allowed in the pool is 100.

9. GOLF

9.1. Rules concerning the use of the golf course and related facilities will be established from time to time by the Board of Directors with the advice of the Golf Committee, the Green Committee, the Golf Professional or the Club General Manager, will be made available to members as a printed booklet entitled, "Golf Rules and Guidelines," and will include the following:

- Starting times and weather associated policies
- Rain check policy
- Driving range rules
- Private golf cart rules
- Handicaps
- Golf course etiquette
- Attire

9.2. All members should familiarize themselves with and comply with the Club Golf Rules to ensure and enhance the enjoyment of the golf facilities by all members

9.3. Special rules and notices concerning golf facility usage will be posted on the bulletin boards in the Pro Shop from time to time as necessary and appropriate.

10. TENNIS

10.1. Rules concerning the use of the tennis facilities will be established from time to time by the Board of Directors with the advice of the Tennis Committee, the Tennis Professional or the Club General Manager, will be posted on the bulletin board at the tennis court or in the Tennis Pro Shop, and will include the following:

- Sign up privileges and restrictions
- Tennis attire
- Court etiquette
- Court maintenance

10.2. All club members are encouraged to familiarize themselves with and comply with the Club Tennis Rules to ensure and enhance the enjoyment of the tennis facilities by all members.

10.3. Special rules and notices concerning tennis facility usage will be posted on the bulletin board at the tennis courts or the Tennis Pro Shop from time to time as necessary and appropriate.

11. RIVER CLUB DOCK USAGE

11.1 The Club dock adjacent to the River Club is maintained and operated by the Club for the exclusive use of Club members and their guests. All other use of this facility, unless specifically authorized by the Club General Manager or the Board of Directors, is strictly prohibited and should be reported to the Club General Manager or Security.

11.2 THERE WILL GENERALLY BE NO ATTENDANT PRESENT AT OR NEAR THE DOCK FACILITY AND ALL MEMBERS AND GUESTS USE THE DOCK STRICTLY AND COMPLETELY AT THEIR OWN RISK FOR ANY PROPERTY DAMAGE, LOSS OR PERSONAL INJURY. FOR SAFETY REASONS UNACCOMPANIED CHILDREN ARE NOT PERMITTED ON THE DOCK FACILITY.

11.3 Club members or their guests are permitted to tie boats to the dock facility for a period not to exceed 72 consecutive hours unless otherwise approved by the Club General Manager.

11.4 In recognition of the severe river currents often present, rafting of a boat alongside another is not thought to generally be prudent and therefore, for safety reasons, extreme caution in doing so is recommended.

11.5 In compliance with dock permit restrictions, no persons are permitted to remain on docked boats overnight and any discharge of waste, garbage or other materials into the surrounding waters by any person at any time is strictly prohibited.

11.6 All Club members owning boats and who anticipate using the dock facility from time to time are required to list their boat registration number with the Club General Manager's office in order that any observed problems with a docked boat can be promptly reported to the owner. Any member guests docking boats for overnight stay are similarly requested to register boats with security for safety reasons.

11.7 Members using the facility for crabbing are required to clearly mark any traps left unattended at the dock with their names. Any baited trap placed in the water should be attended at least once every 24 hours.

11.8 The dock is an important Club facility operated for the pleasure of all Club members, both boat owners and others. Mutual consideration of and respect by all concerned for the rights and privileges of other members, including adjacent property owners, is requested and expected.

11.9 Callawassie Island Property Owners who are not Club members or their guests cannot use the dock facilities at any time including use as a guest of a member.

12. MEMBERSHIP CARDS

12.1. A membership card indicating a Club account number and type of membership will be issued to the member as well as other eligible members of the family entitled to membership privileges. Membership cards are not transferable. Presentation of a membership card may be required prior to use of the Club facilities.

12.2. A membership card may not be used by any person other than the member to whom it is issued.

12.3. In the event of a lost or stolen membership card, the Club General Manager must be notified in writing immediately. The member shall be responsible for all charges placed on the account until the Club is notified in writing that the membership card has been lost or stolen. For each card replaced, a $5.00 charge per card, will be placed on the member's account.

13. DUES, FEES, ASSESSMENTS AND CHARGES

13.1. BILLING

13.1.1. Annual membership dues are payable monthly in advance.

13.1.2. All charges incurred by the member to his or her Club account will be billed monthly and shall be deemed delinquent if not paid within thirty (30) days of the statement date.

13.2. PAYMENT

13.2.1. If payment is not received by the end of the month following the statement date, the outstanding balance will be subject to an interest charge of one and one half percent (1.5%) per month which will be added to the balance until payment is received.

13.2.2. Arrangement or payment for services will generally be expected to be made at the time the service is rendered.

13.2.3. Form of payment may be by use of Club account number by the member, member's immediate family or authorized guests of the member or recognized credit card. Purchases in the Pro Shop also may be made in cash.

13.2.4. Charges to a Club account will appear on the next monthly statement and payment will be expected in accordance with the terms spelled out above.

13.3. DELINQUENCIES

13.3.1. Any member whose account is delinquent for sixty (60) days from the statement date may be suspended by the Board of Directors. Suspended members may not use any Club facilities, participate in any Club activities, or vote on any Club matters. Suspended members may be reinstated by the Board of Directors within four (4) months of their suspension upon payment of all indebtedness plus all dues, fees, assessments and charges (including any food and beverage minimums) accrued since the initial time of delinquency, plus interest calculated at the rate of one and one half percent (1.5%) monthly. Any member whose account is not settled within the four (4) months' period following suspension shall be expelled from the Club.

13.3.2. Suspended members will have their names posted in a prominent place in the Clubhouse.

13.3.3. In accordance with the By-Laws, the Club shall have a lien against each membership for any unpaid dues or other charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. Any other liens placed against such equity membership shall be junior to Club's lien.

13.3.4. If the Club commences any legal action to collect any amount owed, or to enforce any liability of a member to the Club, the member shall also be liable for all costs and expenses of the legal action and reasonable attorneys' fees required in connection with appellate proceedings.

14. DISCIPLINE

14.1. GENERAL

14.1.1. Improper Conduct. Any member whose conduct, or whose family's or guests' conduct, shall be deemed by the Board of Directors to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members, may be reprimanded, fined, suspended or expelled from the Club by action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Club or its members.

14.1.2. Board Action. Any such member shall be notified of such proposed action and shall be given an opportunity to be heard by the Board of Directors to show cause why he or she should not be disciplined in accordance with this Article. If such member desires to appeal, the Board of Directors shall set a time and date for the appeal hearing, which is not less than ten (10) days after the Board sets the date. While such appeal is being considered by the Board, the member shall enjoy the privileges of the Club.

14.1.3. Suspension. The Board of Directors may suspend a member and his or her family or guests from some or all the Club privileges for a period of up to one (1) year. Dues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement to full privileges.

14.1.4. Termination. The Board of Directors may by a two-thirds (2/3) vote of the directors present request the resignation of any member of the Club for cause deemed sufficient to the Board. If the member does not resign at the request of the Board, the member may be expelled by the Board.

14.1.5. Expulsion. Any Member of the Club who has been expelled shall not again be eligible for membership nor admitted to Club Facilities under any circumstances. An expelled member shall be so notified by registered mail and shall have the obligation to surrender his or her membership certificate for reissuance by the Club to a new member.

14.1.6. Voting Rights. Any member suspended or terminated by action of the Board of Directors shall automatically lose all membership privileges including the right to a vote on Club matters during the period of suspension or termination.

14.2. REPRIMAND, SUSPENSION, EXPULSION AND TERMINATION OF MEMBERSHIP

14.2.1. Any member may terminate membership in the Club by delivering to the Membership Director written notice of termination in accordance with the Plan for the Offering of Club Memberships. Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums).

14.2.2. A member may be reprimanded, expelled or suspended by the Board of Directors if, in the sole judgment of the Board of Directors, the member, his or her family or guests:

- Exhibits unsatisfactory behavior, deportment and appearance
- Fails to pay the required membership contribution, dues, fees, charges (including any food and beverage minimums) or assessments in a proper and timely manner
- Fails to abide by the rules and regulations for the golf, tennis, pool and dining facilities or for any other recreational facilities of the Club
- Verbally or physically abuses the personnel or employees of the Club
- Submits false information on his or her Application or with respect to his or her guests or lessees

14.2.3. Notwithstanding any termination or suspension of membership, the member shall remain liable for any unpaid club account or membership dues, fees, charges and assessments and such member shall not be entitled to a refund of any part thereof paid by the member to the Club.

14.2.4. Any member who has had his or her membership terminated for any reason shall not again be admitted to the Club's Facilities under any circumstances while such suspension or termination is in force and shall not be permitted to vote on any matter brought before the members.

14.2.5. A suspended or terminated member may have full membership privileges restored only by specific Board of Directors action to restore such status until such time as the membership is reissued under the terms of the Plan for the Offering of Memberships.

15. LOSS OR DESTRUCTION OF PROPERTY OR INSTANCES OF PERSONAL INJURY

15.1. The Club shall not be responsible for any loss or damage to any property left or stored on the Club's premises, whether in lockers or elsewhere.

15.2. No person shall remove from the Club's premises any property belonging to the Club without proper authorization. Every member of the Club shall be liable for any property damage and/or personal injury at the Club, or at any activity or function operated, organized, arranged or sponsored by the Club, caused by the member, or his or her family, guests or lessees. The cost of any such damage may be charged to the member's club account.

15.3. Any member, guest or other person who, in any manner, makes use of or accepts the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club, or who engages in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club, either on or off the Club's premises, shall do so at his or her own risk, and shall hold the Club and its directors, officers, employees, representatives, and agents harmless for any and all loss, cost, claim, injury, damage or liability sustained or incurred by him or her, resulting therefrom and/or from any act or omission of any director, officer, employee, representative or agent of the same. Any member shall have, owe and perform the same obligation to the Club, and its directors, officers, employees, representatives and agents, hereunder in respect to any such loss, cost, claim, injury, damage or liability sustained or incurred by any guest of such member.

16. MAILING ADDRESSES

16.1. Each member shall be responsible to inform and file with the Club General Manager's office in writing, preferably on a form provided by the Club, his mailing address, or any changes thereof, to which the member wishes all notices and invoices sent. A member shall be held to have received his club mailings ten (10) days after they have been mailed to the address on file with the Club General Manager's office.

17. PRIVACY OF CLUB INFORMATION

17.1. The Club does not generally provide information concerning Club activities or membership to the media or to other third parties. When appropriate, the designated Club media representative will do so. Members are cautioned to avoid answering media questions and specifically from providing club documents or member information to individuals outside the membership.

17.2. The roster or list of members in the Club shall be furnished only to members and appropriate Club staff and shall not be used by or given to anyone else by a member of the Club for any reason whatsoever.

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BEAUFORT COUNTY
Court of Common Pleas

Edward W. Miller, Circuit Court Judge

Appellate Case No. 2013-001812

Callawassie Island Members Club, Inc.,..... Respondent

v.

Arthur H. Applegate, ...Appellant

SUPPLEMENTAL RECORD ON APPEAL

Brian D. McDaniel
Law Office of Brian McDaniel, LLC
Post Office Box 2085
Beaufort, South Carolina 29901
SC Bar # 68618
(843) 379-5117
Attorney for the Appellant

Other Counsel of Record:

Minor, Haight & Arundell, P.C.
Ehrick K. Haight, Jr., Esquire
P.O. Drawer 6067
Hilton Head Island, SC 29938
Attorney for the Plaintiff / Respondent

Howell, Gibson & Hughes, P.A.
Stephen P. Hughes, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Plaintiff/ Respondent

Howell, Gibson & Hughes, P.A.
William T. Young, Esquire
P. O. Drawer 40
Beaufort, SC 29901-0040
Attorney for the Plaintiff/ Respondent

Jennifer I. Campbell, Esquire
2008 Spectable Street
Beaufort, South Carolina 29902
Attorney for the Defendant

THE STATE OF SOUTH CAROLINA
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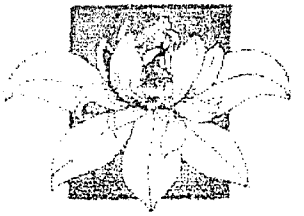
Callawassie Island Members Club, Inc.,..... Respondents

v.

Arthur Applegate, ...Appellant

INDEX TO SUPPLEMENTAL RECORD ON APPEAL

Letter from Respondent –Exhibit E to Appellant's Memo in Opposition to Summary Judgment Motion to Respondent..... SUPP ROA 2



CALLAWASSIE ISLAND CLUB

February 19, 2007

Via Certified Mail-RRR and Regular Mail

Mr. Arthur Applegate
4130 Faber Place Drive, Suite 201
North Charleston, SC 29405

~~FAXED~~ FEB 22 2007
Received

Re: **Callawassie Island Members Club**
Delinquent Account: 3683, 3687, 3688, 3689, 3690
Amount: $2,333.71, $7,626.33, $7,626.33, $7,626.33, $7,626.33

Dear Mr. Applegate,

As you know, your membership in the Callawassie Island Members Club, Inc. was suspended by the Board of Directors in accordance with Section 13.3.1 of the Callawassie Island Members Club, Inc. General Club Rules for failure to pay dues, fees, assessments and charges associated with your account.

Please refer to Paragraph 13.3.1 of the Club Rules that states "any member whose account is not settled within the four (4) months period following suspension shall be expelled from the club." Paragraph 13.3.5 states that "Any Member of the Club who has been expelled shall not again be eligible for membership nor admitted to Club Facilities under any circumstances. An expelled member shall be so notified by registered mail and shall have the obligation to surrender his or her membership certificate for reissuance by the Club to a new member.

As a result of current management changes we would like to offer delinquent members another opportunity to bring their accounts current. This correspondence serves as written notification that your account needs to be settled by March 1, 2007.

If you decide to pass on this opportunity, and do not bring your account up to date within ten (10) days of this correspondence, you will be expelled from membership in the Callawassie Island Members Club, Inc., and the following procedures will be put in motion to collect the debt:

1. We will commence a simple debt collection action seeking a money judgment including attorneys fees and all costs of collection.
2. Upon the successful prosecution of the lawsuit to a money judgment, the judgment will be filed in the Beaufort County Records and will attach to any and all property.
3. This judgment is capable of being collected through the Sheriff's execution of judgment process which includes the sale of the real property.

All attorney, collection and court costs will apply to the delinquent account. We strongly urge you to take advantage of this opportunity to bring your account current and avoid an unnecessary and costly legal process.

Sincerely,

J. Richard Carling, Treasurer