

~~Greenville, SC 29604~~  
~~Attorneys for Respondent~~

|                                |   |                             |
|--------------------------------|---|-----------------------------|
| STATE OF SOUTH CAROLINA        | ) | COURT OF COMMON PLEAS       |
|                                | ) | FOURTEENTH JUDICIAL CIRCUIT |
| COUNTY OF BEAUFORT             | ) |                             |
|                                | ) |                             |
| The Callawassie Island Members | ) |                             |
| Club, Inc.,                    | ) |                             |
|                                | ) |                             |
| Plaintiff,                     | ) | TRANSCRIPT OF RECORD        |
| vs.                            | ) |                             |
|                                | ) |                             |
| Defendants:                    | ) |                             |
|                                | ) |                             |
| Michael J. Frey and Grace I.   | ) | CASE NO. 2012-CP-07-3209    |
| Frey,                          | ) |                             |
|                                | ) |                             |
| Mark K. Quinn and Sherry B.    | ) | CASE NO. 2012-CP-07-3216    |
| Quinn,                         | ) |                             |
|                                | ) |                             |
| Gregory L. Martin and          | ) | CASE NO. 2012-CP-07-3218    |
| Rebecca L. Martin.             | ) |                             |
|                                | ) |                             |

November 3, 2014

Beaufort, South Carolina

B E F O R E:

The Honorable J. Ernest Kinard, Jr.

A P P E A R A N C E S:

Stephen P. Hughes, Esquire  
For The Callawassie Island Members Club, Inc.

And Stacy S. Collins, Esquire

Steve Hughes, Esquire  
For Defendants

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1 THE COURT: Okay. Fire away.

2 MR. FORD: Good morning, Your Honor. My name is Ian  
3 Ford. I'm, I think, the new lawyer in the case. My  
4 predecessor, Brian McDaniel, filed the motions at issue  
5 today. And we have substituted counsel for him. So ---

6 THE COURT: With whom do you practice, Mr. Ford?

7 MR. FORD: The law firm is Ford, Wallace, Thomson. And  
8 my law partner, Neil Thomson, is here with me today.

9 THE COURT: Where do y'all practice?

10 MR. FORD: Charleston.

11 THE COURT: Okay. Fire away.

12 MR. FORD: All right. We are here on the motions to  
13 reconsider. And I believe we are in agreement that at least  
14 for initial purposes where there are three cases with  
15 motions to consider: the Frey case, 3209; Quinn case, 3216;  
16 and Martin case, 3218. And we are going to argue them  
17 altogether because -- if that is all right with Your Honor.

18 THE COURT: Well, that certainly suites me.

19 MR. FORD: We are trying to be efficient. And I will  
20 endeavor to be efficient, Your Honor.

21 THE COURT: All right.

22 MR. FORD: I have got four points I would like to make.  
23 And at the outset I will incorporate the briefs that Brian  
24 has filed by reference. And I won't repeat all of those.

25 THE COURT: I read the briefs, but what -- it has been

1 a month.

2 MR. FORD: Great. Four points, Your Honor; and I will  
3 try to make them efficiently.

4 Our understanding of Your Honor's order is that it's  
5 based in large part on the conclusion that the document are  
6 contracts and so on the issue are unambiguous and should be  
7 construed in favor of summary judgment at least as to the  
8 husband defendants in the case.

9 Our first point is that even in such a situation where  
10 the documents are construed as unambiguous the client, our  
11 clients, would still be entitled to a jury trial as to the  
12 applicability of the documents of the fact at issue. That  
13 is our first point.

14 The second point, Your Honor, is under the summary  
15 judgment standard the scintilla of evidence standard which  
16 Your Honor is very familiar with.

17 THE COURT: Oh, on the Hancock case.

18 MR. FORD: Yes, Your Honor.

19 THE COURT: I granted 52 summary judgments in one day  
20 in Richland. Didn't get a one of them reversed. Now 30 of  
21 them would be reversed.

22 MR. FORD: And that is our next argument. And Your  
23 Honor can see it coming. We argue given the tremendous  
24 amount of evidence that has been submitted in this case  
25 there is at least a scintilla of evidence that should allow



1 it to go to trial.

2 And as just one example of the issues that it should be  
3 allowed to go to trial is our client takes the position that  
4 he had the right to be expelled according to the documents.  
5 There is resignation and expulsion. And his understanding  
6 and representations were that after four months he would be  
7 entitled to be expelled from the club and his obligations  
8 would end.

9 Our argument is at the very least that, among the other  
10 things that are in the briefs, raise a scintilla of evidence  
11 that he should be permitted to be expelled and to have his  
12 obligations cease.

13 Another example is under the items cited in the  
14 plaintiff's brief. And they submitted one most recently.  
15 The date, I've got October 27th. So last week. And they  
16 submitted and they cite a bunch of sections that essentially  
17 they argue means these are unambiguous, these are super  
18 clear, it doesn't -- you know, summary judgment is clear.

19 And we disagree with that, Your Honor. And here is an  
20 example of why: When they cite for example the club rules  
21 and the bylaws, they are not as clear as we would -- as they  
22 submit.

23 For example, the 1994 rule says that the Club will be  
24 obligated to continue pay dues and food and beverage  
25 minimums. And they cite that to say, well, obligations

1 continue after resignation.

2 The next one, the 2008, says that obligation will  
3 continue to pay the club all charges. And the word is  
4 charges. The next one, 2013, obligation to continue paying  
5 charges.

6 And here is our argument on that point, Your Honor --  
7 and they don't cite the 2001 which we believe is applicable.  
8 And I can hand up if -- there are three types of financial  
9 obligations under the documents. There's dues; there's  
10 assessments; and there's charges.

11 And dues are annual fees. Assessments are if they want  
12 to upgrade the golf course they take a vote. And third is  
13 charges; and that is food and beverage, if you buy something  
14 from the shops and so forth. And that is what it says, and  
15 they are citing the charges continue if they have got  
16 charges.

17 So we believe that that should be read or at least it  
18 is ambiguous in the scintilla of evidence that charges mean  
19 that dues don't continue, assessments don't continue that  
20 have already occurred but if they have -- if they haven't  
21 paid their bar tab that is what they are referring to there.  
22 And we think there is significant evidence for that, at  
23 least to give us a trial.

24 The next point, attorney's fees. I'm on my third  
25 point. Your Honor ordered attorney's fees. And there's --

1 Mr. McDaniel made some arguments about the affidavits were  
2 untimely submitted and so on. I won't recite all of that.  
3 I will just refer to it generally. And it's in the briefs.

4 And there is this point as well: We think that it is  
5 very questionable under the law and under the documents and  
6 we should get a trial, there is a scintilla of evidence,  
7 that attorney's fees are not allowed in this situation under  
8 the documents.

9 And this is why: Under the documents they are allowed  
10 two courses of action. They can file a lien and foreclose  
11 on the lien. And in that situation the bylaws and so on  
12 allow attorney's fees. Okay. That is not what they have  
13 done.

14 They have done the second course - so it is an action  
15 at law - to collect on the debt, pay us the debt. And in  
16 that situation there is no provision for attorney's fees  
17 under the documents.

18 And it is a dichotomy. Some of the banks they are  
19 foreclosing on are making this argument. So we believe at  
20 least we should get a trial as to whether we are obligated  
21 for attorney's fees.

22 And I am wrapping it up, Your Honor. The fourth point,  
23 the nonprofit statute. And this reiterates a point made by  
24 Mr. McDaniel. We believe that under the nonprofit statute  
25 it should be read and it says that people should be able to

1 resign from a social club. And if they had accrued debts  
2 beforehand they are responsible for those, but they don't  
3 get to continue being charged from especially after they  
4 have been expelled and so on.

5 It is a little bit like being expelled from school but  
6 still having to pay tuition. We think that that is a  
7 misreading of the statute. We also respectfully assert we  
8 should be at least be allowed a trial on those issues.  
9 Thank you, Judge.

10 THE COURT: Okay. And of course y'all concede?

11 MS. COLLINS: No, Your Honor.

12 MR. HUGHES: Absolutely not, Your Honor.

13 MS. COLLINS: Your Honor, before we took up the hearing  
14 I had a few items to share with opposing counsel. And with  
15 no objection I would like to hand them up to you in case you  
16 need some of these for easier reference as we proceed  
17 through our arguments.

18 THE COURT: All right.

19 MR. FORD: No objection, Your Honor.

20 MS. COLLINS: I am handing up the plan for offering of  
21 memberships from 1994. These are all previously in the  
22 record, Your Honor. It is just a ---

23 THE COURT: I have already seen ---

24 MS. COLLINS: I just thought it would be easier than  
25 rummaging through the file.

1 THE COURT: That's all right.

2 MS. COLLINS: Bylaws from '94, general club rules from  
3 1994. And, Your Honor, from our --

4 THE COURT: You know the judge is a speed reader and  
5 that he has got a pretty good memory. So I don't need to  
6 look at those again. You passed them up before.

7 MS. COLLINS: Okay. A couple of new items we have ---

8 THE COURT: New items I will look at.

9 MS. COLLINS: In our memo we had referenced the order  
10 in the Dennis case in which Judge Mullin granted summary  
11 judgment against both the husbands and the wives, which we  
12 have asked that the judge take another look at that issue as  
13 we proceed.

14 And then I also have a copy of the complaint from the  
15 Downey versus Callawassie Island Members Club case  
16 indicating that Rebecca Martin who is one of the wives that  
17 we are seeking summary judgment against that she was a  
18 plaintiff advocating that she had a membership in the club  
19 and suing the club in that capacity.

20 And then lastly, Your Honor, we did order a transcript  
21 of the previous hearing; and as a courtesy I would hand that  
22 to the court as well.

23 THE COURT: All right.

24 MR. HUGHES: Your Honor, Steve Hughes on behalf of  
25 Callawassie Island Members Club. We obviously would take

1 issue with every single point articulated by the opposition  
2 in support of this motion. With regard to the contention  
3 that there is a scintilla of evidence which might give rise  
4 to a right to a jury trial the fact is we have argued  
5 consistently before this court and before numerous other  
6 courts that the documents when read as a whole leave no room  
7 for any contention that they are ambiguous.

8       The plan of offering in place since 1994, the bylaws in  
9 place since 1994, the general club rules in place since  
10 1994, clearly impose the ongoing obligations for payment of  
11 dues, fees, and assessments notwithstanding an attempt of  
12 resignation or termination.

13       They contend that those obligations are not clearly set  
14 forth. And they on any number of filings have contended  
15 that there is a distinction between and/or among  
16 resignation, expulsion and suspension and termination.

17       The fact is that those terms, termination, encompasses  
18 all of the above: resignation, expulsion, suspension. That  
19 is clearly in the documents in place since 2001.

20       More importantly here, each of these plaintiffs -- or  
21 these defendants, joined the club between 1994 and the early  
22 part of 2001. The documents in place and the documents to  
23 which each of them agreed were the 1994 documents, the plan  
24 of offering, the bylaws, and the general rules, and/or 1997  
25 amendments which contained exactly the same provisions.

1       The bottom line here is in response to that argument,  
2 there is not credible distinction among the terms which they  
3 argue here today; and I would direct the court's specific  
4 attention to the 1994 plan of offering for 19 -- 1994 plan  
5 of offering dated April 1st of 1994. The plan of offering  
6 at Paragraph 2 defines equity memberships in the club and  
7 refers to a transfer of membership.

8       Paragraph 9 of that says: An equity member who has  
9 resigned from the club will be obligated to continue to pay  
10 dues and food and beverage minimums to the club until his or  
11 her equity membership is reissued by the club. Shall  
12 continue to pay food and beverage minimum, dues, fees. Not  
13 just charges, as urged by the opposition, but food and  
14 beverage minimums, dues and fees, until his or her club  
15 membership is reissued.

16       Similarly the bylaws in place in 1994 at the time these  
17 defendants joined at Article 9 dealt with discipline --  
18 excuse me, Article 14. Article 14 dealt with discipline.  
19 Article 14, Subparagraph 4, specifically impressed upon the  
20 board, the board may request a resignation. If the member  
21 does not resign the board may request the member -- if the  
22 board -- if the member does not resign at the request of the  
23 board, the member may be expelled.

24       Paragraph 5 of that same Article 14 says that  
25 Expulsion -- upon expulsion an expelled member shall be so

1 notified and shall have the right and the obligation, the  
2 right and the obligation, to surrender his membership in for  
3 reissuance, for reissuance in accordance with the provisions  
4 of Article 10, Section 9.

5 That is important because Article 10, Section 9, says  
6 as follows: Any equity member may resign from the club by  
7 giving written notice to the secretary. Dues, fees, and  
8 charges shall accrue against a resigned equity member until  
9 the resigned equity member is -- membership is reissued by  
10 the club.

11 The specific terms of the 1994 plan and the specific  
12 terms of the general rules and the specific terms of the  
13 bylaws specifically contemplate that in the absence of a  
14 voluntary resignation for misconduct at the request of the  
15 board, the board could expel the membership.

16 The expelled member is then treated exactly the same as  
17 a voluntarily resigning member; and those members continue  
18 to have the ongoing obligation, the payment of dues, fees  
19 and charges, until such time as that membership is reissued.

20 There is no question under the 1994 documents that  
21 those obligations continue notwithstanding an attempted  
22 resignation.

23 Whether it is resignation, whether it is expulsion,  
24 whether it is suspension, all of those are terminations  
25 nonetheless requiring an ongoing obligation.



1        Equally importantly, the 2001 documents, and as enacted  
2 by the Callawassie Island Members Club, my client, continued  
3 to contain the same effective provisions.

4        The general club rules as enacted by the club at  
5 Article 14 again deal with discipline. Article 14.1.1, a  
6 member may be reprimanded, fined, suspended or expelled.

7        14.1.1 deals specifically with termination. Under the  
8 rubric of termination, termination, the language of the  
9 rules is the board may request the resignation of any member  
10 for cause. Under the rubric of termination it encompasses  
11 the word resignation. And it also says under the same  
12 rubric of termination if the member does not resign at the  
13 request of the board the member may be expelled.

14        Section 14.5 of the general rules also says -- deals  
15 with expulsion. An expelled member shall have the  
16 obligation to surrender his or her certificate of membership  
17 to the club for reissuance to a new member. Exactly the  
18 same provisions that were set forth in the 1994 documents in  
19 place at the time these members joined.

20        Section 14.2 deals with reprimand, suspension and  
21 expulsion and termination. And 14.2.1 says in two separate  
22 places: Notwithstanding termination the member shall remain  
23 liable for any unpaid club account, membership dues, and  
24 charges.

25        It reiterates this at 14.2.3: Notwithstanding

1 termination or suspension of membership the member shall  
2 remain liable for payment of membership dues, fees, and  
3 charges.

4       There is no effective distinction between the  
5 obligations imposed upon a member whether he voluntarily  
6 resigns or is forced to resign by expulsion. That argument  
7 is simply speechless. It has no place for consideration by  
8 this court.

9       With regard to a scintilla of evidence, I would urge  
10 the court that exactly the same thing -- the same  
11 considerations apply. As the court is well aware, the  
12 contract is to be construed as a whole. One does not pluck  
13 a provision from a contract and maintain that it dictates  
14 the determination of the intention of the parties.

15       The intention of the parties as set within that  
16 contract is determined by a construction of the contract as  
17 a whole.

18       And I would just say -- I would urge upon this court  
19 that the plans of offering from 1994 and thereafter, the  
20 general rules from 1994 and thereafter, and the bylaws from  
21 1994 and thereafter when properly construed give no -- give  
22 no reason, give no authorization to find any ambiguity which  
23 would give rise to a jury trial in this matter.

24       This is squarely within our previous court rulings  
25 which require that unambiguous contracts be determined by

1 the court and do not give rise to right to a jury trial.

2 And under those circumstances the previous rulings of  
3 this court granting summary judgment to my clients on all  
4 three matters is appropriate.

5 Mrs. Collins will address the attorney's fee issues. I  
6 would like to address briefly the arguments concerning the  
7 nonprofit corporation.

8 This court has heard arguments from me and other  
9 counsel on those matters previously, but the fact is under  
10 the South Carolina Nonprofit Corporations Act nonprofit  
11 corporate boards are endowed with expansive authority. They  
12 have authority under Section 12 -- 33-31-302 in a number of  
13 actions.

14 They have in fact the same powers as an individual to  
15 do all things necessary or convenient to carry out the  
16 affairs including without limitation, including without  
17 limitation, the power to sue, to make and amend bylaws, to  
18 elect and appoint directors, to impose dues, assessments,  
19 etc., to establish conditions for admission, to do all  
20 things necessary or convenient to further the activities and  
21 affairs of the corporation.

22 Consistent with those provisions -- and our actions  
23 have been completely consistent with the authorizations not  
24 only of Section 33-31-302 but also 31-31 -- 33-31-620.

25 As the court is aware, Section 30 -- 33-31-620 deals

1 with resignation. And that section provides specifically  
2 that the resignation does not relieve the member from  
3 obligation the member may have with the corporation as a  
4 result of obligations incurred or commitments made prior to  
5 resignation. Exactly the same condition we have here.

6 The comments to 33-31-620 note specifically that  
7 commitments may extend beyond the time the member resigns,  
8 resignation will not allow a member to avoid ongoing  
9 obligations to which that member has agreed prior to  
10 resignation.

11 Arguments to the contrary which contend that we cannot  
12 impose those sorts of obligations are simply not factually  
13 or legally based.

14 Section 33-31-621 relates to expulsion and suspension.  
15 Again, reiterates exactly the same authorization to  
16 corporate boards to impose ongoing obligations for payment,  
17 for dues and fees. Member may be expelled. May be  
18 expelled. The expelled member may be liable to the  
19 corporation for dues, assessments or fees as a result of  
20 obligations incurred or commitments made prior to expulsion  
21 or suspension.

22 Again, the reporter's comments: If the contract or  
23 agreement to make payments notwithstanding his status if a  
24 member enters into a contract or agreement to make those  
25 payments notwithstanding his status, whether it is resigned,

1 suspended, expelled or otherwise terminated, those  
2 obligations are ongoing. The mere fact of expulsion does  
3 not relieve the member of those ongoing payments.

4 Moreover, I would contend, and I believe appropriately  
5 so, that the actions of the board here with regard to  
6 collection of delinquent dues and fees are not subject to  
7 judicial review.

8 As this court is aware, our appellate opinions have  
9 demonstrated the consistent reluctance of our courts to  
10 question the actions taken intra vires by corporate boards.

11 Our boards have acted to collect dues and fees in order  
12 to serve the financial interests of the corporation and its  
13 members.

14 The reluctance of our courts to question the actions  
15 taken intra vires is specifically applicable in instances  
16 where the board action is one in agreement requiring the  
17 exercise of business judgment.

18 And as the court is aware, under those circumstances  
19 the court will not question intra vires action where that  
20 action is taken within the authority of the board, without  
21 corrupt motives, and in good faith and absent a showing of  
22 fraud, self dealing or unconscionable conduct, the judgment  
23 of the directors will not be questioned by the courts.

24 That is exactly what we have here. And I would note  
25 that the cases at issue clearly place the responsibility and

1 the burden of showing such an absence of fraud -- or  
2 fraud -- the presence of fraud or self-dealing or  
3 unconscionable conduct upon the party challenging the  
4 corporate action.

5 These cases have been pending, as I recall, for two or  
6 three years and have been subject to extensive discovery by  
7 both sides.

8 Counsel for the defendants has had more than adequate  
9 opportunity to demonstrate anything remotely close to fraud,  
10 self-dealing or unconscionable conduct; and there has not  
11 been one scintilla to demonstrate that sort of conduct.

12 And I would set forth that under the circumstances that  
13 there is no room for a contrary finding here. Generally  
14 speaking, Your Honor, that is the argument that I was  
15 prepared to make. And I believe other considerations will  
16 be argued by Ms. Collins. I appreciate the attention of the  
17 court.

18 THE COURT: Okay.

19 MS. COLLINS: Thank you, Your Honor. First, I would  
20 like to object to the argument that the documents -- that  
21 the applicability of the documents presents a question for a  
22 jury. That is something new that has not been argued  
23 previously.

24 And I think it is really disposed of in the answer  
25 where our verified complaint stated that the documents, the

1 application, the purchase agreement, were signed by the  
2 defendants in these cases. And their answer indicates that  
3 yes they did sign them. There is no question that the  
4 documents apply in this case. So irrespective of the fact  
5 that it is a new argument I think that is specious.

6 The next argument having to do with attorney's fees, we  
7 argue that they are applicable. We do object to an argument  
8 being introduced at this point in time that the documents  
9 don't provide for attorney's fees. I believe that is also a  
10 new argument.

11 Nevertheless, we feel that the documents do support  
12 attorney's fees. They provide for reasonable fees to be  
13 applied in a lien situation. But it also says whether or  
14 not legal proceedings are initiated I think clearly the club  
15 intended and it's provided for in the documents that whether  
16 you are enforcing it as a lien you should get attorney's  
17 fees regardless of the collection method applied.

18 Because there would have to necessarily be a suit to  
19 establish the fees before the lien could be perfected and  
20 foreclosed upon.

21 So if they are available in the instance where you are  
22 taking the remedy of applying the lien they should apply in  
23 an instance where you are taking some other course of action  
24 short of foreclosing on that lien.

25 And, Your Honor, the motion that was filed also

1 contested the attorney's fees on the ground -- or only  
2 contested the attorney's fees on the ground that they were  
3 not supported by proper affidavits.

4 I would submit that I reviewed the records of our -- of  
5 our firm, that our hours did in fact exceed 15 hours as the  
6 estimate that Your Honor was gracious enough to award us  
7 previously, and that if the court feels it is necessary we  
8 would be happy to submit an amended affidavit bringing it up  
9 to speed with where we are today which is considerably in  
10 excess of 15 hours.

11 THE COURT: Okay.

12 MS. COLLINS: And if I may confer with co-counsel just  
13 briefly.

14 THE COURT: Sure.

15 (Whereupon, counselors conferred.)

16 MS. COLLINS: And just briefly, Your Honor, with  
17 respect to 33-31-620, to read that statutory provision as  
18 defendants would have this court read, would render any  
19 association which basically is under the same rubric of  
20 Nonprofit Corporation Act would render any association  
21 incapable of charging dues, fees and assessments until the  
22 property transfers to a new buyer. And obviously we think  
23 that would be a gross miscarriage of the statute and an  
24 abuse of its intent.

25 Clearly, homeowners association can mandate that as



1 long as you own in their neighborhood you have to pay those  
2 dues, fees and assessments; when you sell, you get out from  
3 under the obligation.

4 That is similar to our situation here where the mandate  
5 is that you maintain your membership until it reissues  
6 either through coming off the resale list through an arm's  
7 length transaction negotiated by the parties or through the  
8 sale of the real estate.

9 And that's all I have, Your Honor.

10 THE COURT: Okay.

11 MR. FORD: Very briefly, Your Honor.

12 THE COURT: Sure.

13 MR. FORD: On the termination versus resignation point  
14 that Mr. Hughes so eloquently made, two points on that.  
15 There is evidence in the record that the club and its  
16 representatives told the defendants that they could -- that  
17 they could be terminated or resign after four months. So  
18 there is at least an estoppel issue, at least a scintilla of  
19 evidence. And I will reference just one is the deposition  
20 of Ellen Padgett which is cited in the briefs.

21 Second, as to the citation we heard of termination here  
22 and resignation here in the documents, I will concede that  
23 the documents are inartfully drafted and they confuse the  
24 point and they're ambiguous. And that is what I take from  
25 the argument that was just made on that point. And we would

1 argue that based on that ambiguity there -- a jury should be  
2 allowed to hear whether or not this was resignation or  
3 termination under those terms.

4 Under the Nonprofit Organization Act you heard again  
5 Mr. Hughes on that. We believe that it is a significant  
6 question as to whether if someone resigns but they still  
7 have to pay dues, fees, all obligations, whether that is  
8 indeed a resignation or not. And we believe there is a  
9 scintilla of evidence to get -- let that issue go to the  
10 jury. Did they resign; under the terms of the documents  
11 even if they are unambiguous was this a resignation or a  
12 termination. We believe there is a scintilla there.

13 My last point, Your Honor, on the attorney's fees. It  
14 was mentioned that this wasn't raised before. This issue is  
15 inherent in the documents which have been discussed at  
16 length. They are in the record. There is really no  
17 issue -- the issue of attorney's fees hasn't been fully  
18 briefed. And their rights under that are inherent in the  
19 record on this case, so the issue has been preserved. Thank  
20 you, Judge.

21 THE COURT: All right.

22 MR. HUGHES: May I respond, Your Honor?

23 THE COURT: All right.

24 MR. HUGHES: Your Honor, with regard to the  
25 representations, each of these defendants purchased

1 memberships either in 1995, 1997 or very, very early in  
2 2001. My client did not even undertake -- they did not  
3 receive transfer of the assets until the latter part of  
4 2001, six years, four years and ten months respectively  
5 following the acquisition of these memberships, by these  
6 members. My client could not possibly have made any  
7 representations.

8       Beyond that, there is no basis upon which these  
9 defendants can credibly claim that they relied upon any  
10 representations.

11       As we argued I think earlier before this court, at the  
12 time of their acquisition to memberships they were given  
13 copies of the relevant plan of memberships. Those plans  
14 incorporated the relevant bylaws and the relevant general  
15 rules.

16       The plan of membership in 1994 contained several  
17 admonitions to the various purchasers of memberships. At  
18 Page 2 of the plan of operation it advised the purchasers to  
19 carefully read all documents and to consider seeking  
20 professional advice. It also admonished specifically that  
21 no person was authorized to give any information or make any  
22 representation not contained within the membership plan. No  
23 person was authorized to make any representation or give any  
24 information not specifically contained within the membership  
25 plan.

1       And as I said earlier, the membership plan specifically  
2 notified purchasers that their obligations to pay dues, fees  
3 and charges would continue until those memberships were  
4 validly transferred to another member.

5       Thirdly, those -- the membership plan said that if  
6 given, if alternative representations were given, those  
7 representations should not be relied upon by the purchaser  
8 defendants.

9       Moreover, the plan specifically noted that the  
10 memberships were offered only for recreational purposes,  
11 they should not be acquired for investment, and that they  
12 should not expect to get any economic benefit there from.

13       More importantly, again, the table of contents  
14 specifically set forth that certain exhibits were part of  
15 the plan. Those included the club purchase agreement, the  
16 bylaws and the general rules to which I've been referring in  
17 my arguments today.

18       Page 9 specifically referenced the payment of dues by a  
19 resigned member and specifically advised the purchasers,  
20 these defendants, that they would have continuing  
21 obligations to pay dues, fees and assessments  
22 notwithstanding resignation until transfer of the  
23 memberships to alternative transferees.

24       Similar provisions were set forth in the bylaws.  
25 Similar provisions were set forth within the club rules.

1           And as I have said, notwithstanding the continuing  
2 attempts by the defendants to draw distinctions along  
3 resignation, suspension or expulsion, the fact is each of  
4 those terms is encompassed under the rubric termination and  
5 the documents state at multiple places that notwithstanding  
6 termination members, whether that termination be expulsion,  
7 resignation or suspension, the members would have the  
8 ongoing obligation to pay dues, fees and assessments until  
9 those members validly trans- -- memberships were validly  
10 transferred to new members.

11           I would submit that that is absolutely dispositive in  
12 this case. Those sorts of provisions were clearly set  
13 forth. Those provisions were authorized by the relevant  
14 Nonprofit Corporations Act. Those provisions were  
15 voluntarily undertaken by these defendants. And those  
16 provisions should be imposed by this Court.

17           Thank you, Your Honor.

18           MS. COLLINS: Your Honor, for the record I would like  
19 to renew the motion for summary judgment as to the spouses  
20 in this case in light of the Dennis opinion, the order that  
21 was granted in the Dennis case to avoid conflicting outcomes  
22 in this jurisdiction, as well as taking judicial notice of  
23 the complaint in the Downey case, which copy was provided to  
24 Your Honor, indicating that Rebecca Martin sued in her  
25 capacity as a member and should therefore be considered a

1 member having availed herself of the court. Thank you.

2 THE COURT: All right.

3 MR. FORD: If they are making a motion for summary  
4 judgment we would ask for 10 days notice on that and the  
5 opportunity to respond, Your Honor, under the rule.

6 THE COURT: All right. Okay. Well, this year, I  
7 finished my 50th year having been admitted to the Bar. What  
8 about that. I have been a judge 26 years. You know, take  
9 the judge with his background and everything.

10 When I practiced in Camden for 24 years I got lucky  
11 when I got to Camden. DuPont, the company opened another  
12 plant. That required opening a bunch of subdivisions. All  
13 those subdivisions I drafted restricted covenants that tied  
14 everybody up that, you know, bought something. So they had  
15 to pay for pond maintenance. They had to pay for park  
16 maintenance. They had to pay for assessments whether they  
17 sold property or not.

18 I don't think any of them were ever reversed.. I  
19 established some expertise in it. I actually drafted lots  
20 of documents for lawyers in contiguous counties; because it  
21 was a new thing back there 50 years ago tying everybody up,  
22 you know.

23 And when we closed things out I explained to people,  
24 you know, you are going to get assessed whether you want to  
25 or not if you buy this property if the park needs a new

1 swing, you know, you get your -- you just have to pay that  
2 and so forth.

3 And so what might be ambiguous to a naïve layperson  
4 with a fourth-grade education is absolutely clear to me.  
5 And it looks like you can't possibly win under the  
6 circumstances.

7 So I mean I listened to everything. I know about the  
8 legal arguments about scintilla and about dues, assessments  
9 and charges. Well, that is why we draft them so they can't  
10 get out of paying dues, assessments and charges.

11 And the difference between expulsion and all of that I  
12 think it is pretty clear, tough luck. So the only issue  
13 that causes me some concern is on the attorney's fee after  
14 listening to it.

15 Obviously if they were foreclosing on the lien they  
16 would be entitled to attorney's fees. So I don't know about  
17 that. So just draft me an order confirming what I ruled  
18 before and address the attorney's fees. If there is some  
19 provision providing for attorney's fees, they win. If  
20 there's not, I think they lose on that. But so you draft  
21 one denying attorney's fees. Everything else is there.

22 And I am not ruling on that because I haven't studied  
23 that issue. I haven't studied that issue. Again, obviously  
24 if they were foreclosing on the lien they would get it; but  
25 historically unless it provides, you know a document

1 provides for attorney's fees for a lawsuit, you just don't  
2 get them; you know. So I don't know the answer to that. So  
3 there you go.

4 And on the summary judgment on spouses they need the 10  
5 days. I will be back, Ellie, in December?

6 (Court confers with law clerk).

7 THE COURT: We are back the week of December the 1st.  
8 Do y'all want to set it up for like Tuesday morning,  
9 Wednesday morning, for that week, 9:30?

10 MR. FORD: Can I check real quick, Judge?

11 THE COURT: Yeah.

12 MR. FORD: We are coming in from Charleston.

13 THE COURT: Right.

14 MR. HUGHES: Your Honor, the -- we had anticipated  
15 taking the motion -- the depositions of each of the parties  
16 in these matters ---

17 THE COURT: Well, I don't have to hear it --

18 MR. HUGHES: No ---

19 THE COURT: I will be back in January. I just --  
20 that's fine. That's my next available time.

21 MR. HUGHES: It's not an issue other than they -- well,  
22 they have made motions that appear to obstruct the taking of  
23 those deposition and I worry that they may not be completed  
24 prior to that time. Because if we have gotten them done  
25 absolutely, Your Honor, we want you to hear it as quickly as



1 possible.

2 THE COURT: Bottom line, I am willing to hear it that  
3 week.

4 MR. HUGHES: Thank you.

5 THE COURT: Or in January or whenever y'all get ready.

6 MR. HUGHES: Thank you.

7 MR. FORD: That's fine. Which day were y'all ...?

8 THE COURT: Just ---

9 MR. FORD: That's fine.

10 THE COURT: --- leave it up to y'all. Monday is not a  
11 good day. It worked out this week. But, you know, Monday  
12 you have got to qualify juries, pick juries and all that  
13 kind of stuff. Because I am just in Common Pleas.

14 But, you know, even if I have got a trial going it  
15 won't take but 30 minutes to argue this motion.

16 MR. HUGHES: Sure. December 3rd, 4th, or 5th would be  
17 fine.

18 THE COURT: Tuesday or Wednesday -- Tuesday or  
19 Wednesday for that week. You can just let us know.

20 MR. FORD: Okay.

21 THE COURT: We are not pushing for it. We just need to  
22 know before we come down so we can tell them we will be  
23 hearing that motion on Tuesday or Wednesday. All right.

24 (Whereupon the hearing concluded.)

(NOTE: A transcript which has been certified by the court reporter will bear an original signature on the below certification sheet. Please contact the court reporter for additional certified transcripts.)

## CERTIFICATE

I, the undersigned Phyllis Norton, Official Court Reporter for the Ninth Judicial Circuit of the State of South Carolina, do hereby certify that the foregoing is a true, accurate, and complete transcript of record of all the proceedings had and evidence introduced in the captioned case, relative to appeal, in General Sessions for Beaufort County, South Carolina, on November 3, 2014.

I do further certify that I am neither of kin, counsel, nor interest to any party hereto.

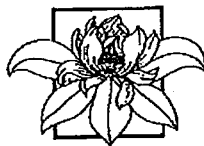
  
PHYLLIS NORTON, CVR  
(Signature in blue ink.)

Date: 1/9/2015

Certified Transcript Provided For: Ian Ford

Certification Reference # 1/9/2015 Ford

PLAN FOR THE OFFERING OF MEMBERSHIPS



CALLAWASSIE  
ISLAND  
CLUB

April 1, 1994

**PLAN FOR THE OFFERING OF MEMBERSHIPS  
IN THE CALLAWASSIE ISLAND CLUB**

**GENERAL DESCRIPTION OF MEMBERSHIP PLAN**

**PURPOSE OF THE CLUB**

This Membership Plan and its exhibits offer persons the opportunity to acquire an equity membership in The Callawassie Island Club, Inc., a South Carolina non-profit corporation (the "Club"). The Club is an equity, member-owned club, which will own and operate golf, tennis, swimming and social facilities on Callawassie Island, South Carolina.

**DESCRIPTION OF THE  
CLUB FACILITIES**

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;
- 4 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; and
- a river club, which is located on the Colleton River and which includes a swimming pool, a bathhouse, a club room, a snack bar, a barbecue area and a boat dock.

**CLUB FACILITIES WILL BE  
TRANSFERRED TO THE CLUB**

All of the Club Facilities are owned by Callawassie Island Company, L.P., a Delaware limited partnership (the "Partnership"). The Club has the option to acquire the Club Facilities in accordance with the terms and conditions of the Club Purchase Agreement between the Partnership and the Club. On the "Closing Date" (as hereinafter defined), all of the Club Facilities will be transferred to the Club, subject to the Mortgage which will be assumed by the Club (as hereinafter described more fully).

#### **CONTROL OF THE CLUB**

Control of the operation of the Club and its facilities will also be turned over to the equity members on the Closing Date as described more fully in the section entitled "Operation of the Club".

#### **EQUITY MEMBERSHIPS**

Two categories of equity membership will be 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 the election of the Board of Directors after the Closing Date.

#### **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.

#### **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 U.S. funds) for the required membership contribution.

#### **MEMBERSHIP DIRECTOR AVAILABLE TO ANSWER INQUIRIES**

If you have any questions concerning this Membership Plan or the membership opportunities available in the Club, please call the Membership Director at (803) 522-2700 or visit the Membership Office at the Callawassie Reception Center, Monday through Friday from 9:00 A.M. to 5:00 P.M.

#### **CAREFULLY REVIEW ALL DOCUMENTS**

This Membership 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 or to purchase a residential unit or lot in the Callawassie community ("Callawassie") should carefully read all of the attached documents and should consider seeking professional advice to evaluate these documents.

#### **RELY ONLY ON INFORMATION IN THIS MEMBERSHIP PLAN AND ITS EXHIBITS**

No person has been authorized to give any information or make any representation not contained in this Membership Plan and, if given or made, such information or representation must not be relied upon as having been authorized by the Partnership or the Club.

**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.

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## SCHEDULE OF EXHIBITS

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## GENERAL DESCRIPTION OF MEMBERSHIP PLAN

### MEMBERSHIP PLAN

The Club proposes to implement this Membership Plan and the exhibits hereto (collectively, the "Membership Plan"), pursuant to which persons may acquire an equity membership in the Club. Persons who acquire an equity membership in the Club will be entitled to use the Club Facilities in accordance with this Membership Plan and the General Club Rules established by the Club from time to time.

## DESCRIPTION OF THE CLUB FACILITIES

### DESCRIPTION OF THE CLUB FACILITIES

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;
- 4 tennis courts;
- a clubhouse facility, which includes a pro shop, dining room, bar, snack shop, locker rooms, club rooms and administrative offices;
- a swimming pool and deck area, located adjacent to the clubhouse; and
- a river club, which is located on the Colleton River and which includes a swimming pool, bathhouse, club room, snack bar, barbeque area and boat dock.

## MAINTENANCE OF THE CLUB FACILITIES

### CLUB FACILITIES MAINTAINED IN GOOD WORKING ORDER

Prior to the Closing Date, the Club Facilities will be maintained by the Partnership, at its sole cost and expense, in good working order, ordinary wear and tear excepted. After the Closing Date, the Club Facilities will be maintained by the Club, at the Club's sole cost and expense, in good working order, ordinary wear and tear excepted. The Club will at all times be responsible for any and all extraordinary repairs to the Club Facilities.



**CAPITAL REPLACEMENT  
RESERVE**

A capital replacement reserve will be established in the budget each year for property and equipment replacements to the Club Facilities. If the aggregate total of the reserve budgeted in any membership year prior to the Closing Date remains unused during that year, the unused portion may be used by the Partnership in subsequent years for any such property and equipment replacements.

**THE CLUB WILL ACCEPT  
THE CLUB FACILITIES AS IS**

On the Closing Date, the Club will accept the Club Facilities in their "where is, as is" condition. The Partnership and the Club make no representations or warranties concerning the final design, fitness, condition, construction, accuracy, completeness, location, adequacy of the size or capacity in relation to the utilization or the future economic performance or operation of, or the material, furniture or equipment which has been or will be used in the Club Facilities, except as specifically set forth in this Membership Plan.

**EQUITY MEMBERSHIPS IN THE CLUB**

**A. IN GENERAL**

**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 after the Closing Date. Each Golf Membership will entitle the Golf Member to five votes, while each Social Membership will entitle the Social Member to one vote. In addition, the Club may issue a total of forty Spring Island Founder Memberships. Spring Island Founder Members will have all of the same privileges, and will be required to pay the same dues, fees, charges (including any food and beverage minimums) and assessments, as a Golf Member.

**NUMBER OF EQUITY  
MEMBERSHIPS**

The total number of equity memberships permitted to be issued in the Club will be limited as follows:

| CATEGORY OF<br>EQUITY MEMBERSHIP    | MEMBERSHIP<br>LIMITS                     |
|-------------------------------------|------------------------------------------|
| Golf Membership                     | 595                                      |
| Spring Island Founder<br>Membership | 40                                       |
| Social Membership                   | 850 less outstanding<br>Golf Memberships |

**THE NUMBER OF EQUITY  
MEMBERSHIPS MAY BE  
INCREASED**

The total number of equity memberships permitted to be issued in the Club may be increased by two hundred for each additional nine holes of golf added to the Club Facilities by the Partnership or the Club. These additional equity memberships may be issued either as Golf Memberships, Social Memberships or a combination of the two as determined by the Partnership or the Club. If such additional golf facilities are added to the Club Facilities prior to the Closing Date, the approval of a majority of the votes associated with the outstanding equity memberships will be required. If the additional golf facilities are added by the Partnership, the Partnership will be entitled to all of the membership contributions from the sale of the additional memberships. Any additional golf facilities added to the Club Facilities will be substantially of the same quality as the existing golf course and, if located off-site, will be located within five miles of the Club.

**B. ELIGIBILITY**

**ELIGIBILITY FOR  
EQUITY MEMBERSHIPS**

The Club will offer equity memberships to purchasers of residential units or lots in Callawassie and such other persons as the Club determines appropriate from time to time.

**EXISTING EQUITY MEMBERS**

Each existing equity member as of the date of this Membership Plan will be entitled to continue his or her equity membership under this Membership 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 Club.

**EXISTING PROPERTY OWNERS  
WHO ARE NOT MEMBERS**

Each existing property owner in Callawassie who is not an equity member as of the date of this Membership Plan will have until July 31, 1994 to apply for and acquire an equity membership in the Club. After that date, an existing 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 by the Partnership or the Club.

**PURCHASERS OF A  
RESIDENTIAL UNIT OR  
LOT IN CALLAWASSIE**

Each initial retail purchaser of a residential unit or lot in Callawassie will have sixty days from the date of the closing of his or her residential unit or lot to apply for and acquire an equity membership in the Club. An initial retail purchaser who does not acquire an equity membership within sixty 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 by the Partnership or the Club.

**PERSONS WHO DO NOT  
OWN PROPERTY  
IN CALLAWASSIE**

The Club may offer equity memberships to such other persons who do not own property in Callawassie as the Partnership or the Club determines appropriate from time to time.

**OWNERS OF TWO OR MORE  
RESIDENTIAL UNITS OR LOTS  
IN CALLAWASSIE**

If a person owns or acquires two or more residential units or lots in Callawassie, the person may acquire an equity membership for each residential unit or lot for which membership privileges are desired. If the person does not acquire an equity membership for each of his or her residential units or lots by July 31, 1994, or within sixty days from the date of his or her closing on the residential units or lots, as the case may be, the person will be entitled to acquire equity memberships for such units or lots at a later date only if equity memberships are available and not otherwise reserved by the Partnership or the Club. Prior to the Closing Date, an equity member who acquires an additional equity membership will not be required to pay dues on the additional equity membership until the additional equity membership is either activated by the member or is transferred to another person, whichever occurs first. After the Closing Date, an equity member must pay dues on all of his or her equity memberships regardless of whether such equity memberships have been activated by the member.

**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 by the Partnership or the Club.

**RESERVED MEMBERSHIPS  
NOT AVAILABLE**

The Club may, in its 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. Reserved memberships are not considered to be available and neither the Partnership nor the Club may be compelled to sell them.

**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.

### **SOCIAL MEMBERS MAY UPGRADE TO A GOLF MEMBERSHIP**

Social Members may, at all times subject to availability, upgrade to a Golf Membership upon the payment of the difference between the membership contribution for a Golf Membership, and the membership contribution for a Social Membership, at the time of the upgrade. The downgrade of a Golf Membership to a Social Membership is not permitted unless there is another equity member who desires to upgrade into the Golf Membership. Prior to the initial sale of all of the 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.

### **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.

### **C. MEMBERSHIP PRIVILEGES**

#### **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. The membership privileges associated with each category of equity membership are as follows:

#### **GOLF MEMBERSHIP**

*Golf Membership.* Golf Members will be entitled to use all of the Club Facilities. Golf Members will be entitled to reserve tee times fourteen days in advance and tennis court times six days in advance 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.

## **SOCIAL MEMBERSHIP**

*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 be entitled to reserve tee times one day in advance and tennis court times six days in advance. 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.

## **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.

## **GOLF AND SOCIAL MEMBERS MAY EXCHANGE THEIR MEMBERSHIP PRIVILEGES**

Golf Members and Social Members may exchange their respective membership privileges 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 to pay the other member's dues for the year of the exchange. All exchanges will be on a membership year basis and will not affect the exchanging members' underlying memberships.

## **FAMILY PRIVILEGES**

An equity member's immediate family may use the Club Facilities in accordance with the member's category of membership. 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.

## **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 equity member will be responsible for all charges incurred by his or her guests which remain unpaid after the customary billing and collection procedure of the Club and for the deportment of his or her guests.

#### **LESSEE PRIVILEGES**

An equity member who leases his or her residential unit in Callawassie (or such other community designated by the Club) 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 which remain unpaid after the customary billing and collection procedure of the Club and the deportment of his or her lessee. All lessees will be subject to the approval of the Club.

#### **MEMBERSHIPS MAY BE TRANSFERRED ONLY TO THE CLUB**

#### **D. TRANSFER OF EQUITY MEMBERSHIP**

A member may transfer his or her membership only to the Club. A member who owns a residential unit or lot in Callawassie or such other community designated by the Club 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 or the other designated community.

#### **REISSUANCE OF RESIGNED EQUITY MEMBERSHIPS**

If an equity member resigns 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 or one of the other designated communities, then the resigned membership will, subject to the Partnership's right of first refusal, be placed on the waiting list to be reissued by the Club on a first-resigned, 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 resigned member's category of membership, every fourth equity membership issued in that category will be a resigned membership from the waiting list for that category. The other three equity memberships will be issued from the Club's unissued equity memberships.
- (b) After the issuance of all of the equity memberships permitted to be issued in the resigned member's category of membership, every equity membership issued in that category will be a resigned equity membership from the waiting list for that category.

**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.

**PORTION OF MEMBERSHIP  
CONTRIBUTION RETAINED  
BY CLUB**

The remaining twenty percent of the membership contribution will be retained by the Club and deposited in a Club Fund. Prior to the Closing Date, the Club Fund may be used by the Partnership to fund any operating deficits, the capital replacement reserve and any capital improvements to the Club Facilities. Any proceeds remaining in the Club Fund on the Closing Date will be turned over to the Club on the Closing Date and may, after the Closing Date, be used by the Board of Directors of the Club in any manner which the Board determines appropriate. Neither the Partnership nor any of its shareholders, officers, directors, agents or affiliates will have any responsibility for the Club Fund or for any amounts previously retained by the Partnership or the Club upon the reissuance of an equity membership prior to the date of this Membership Plan.

**EQUITY MEMBERS MAY  
TAKE THEIR MEMBERSHIPS  
WITH THEM TO ANOTHER  
RESIDENTIAL UNIT OR  
LOT IN CALLAWASSIE**

If an equity member acquires another residential unit or lot in Callawassie or one of the other designated communities, 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.

#### 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 any unpaid dues, fees, charges and assessments 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.

#### 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 dues, fees, charges (including any food and beverage minimums) and assessments associated with the equity membership.

#### PAYMENT OF DUES BY RESIGNED EQUITY MEMBER

An equity member who has resigned from the Club will be obligated to continue to pay dues and food and beverage minimums to the Club until his or her equity membership is reissued by the Club. These dues will accrue against and 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 dues and any food and beverage minimums on the resigned membership.

7 ACCME



**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 any dues, fees and charges paid in advance for the remainder of the membership year.

**RIGHT TO PURCHASE A  
RESIGNED GOLF MEMBERSHIP**

Prior to the initial sale of all of the residential units and lots in Callawassie and the designated communities, 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 or the designated communities. 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. The Partnership will not be required to pay any dues, fees, charges (including food and beverage minimums) or assessments on the membership and may reserve and have such membership reissued to any person which the Partnership deems appropriate.

**MEMBERSHIP APPLICATION**

**APPLICATION FOR  
MEMBERSHIP**

Each person who desires to acquire an equity membership in the Club must submit to the Club an Application for Membership, a Membership Purchase Agreement and the required membership contribution in effect at the time the person acquires the equity membership.

**AMOUNT OF REQUIRED  
MEMBERSHIP CONTRIBUTION**

Prior to the initial sale of all equity memberships permitted to be issued in the Club, the Partnership will determine the required membership contribution. After the initial sale of all of the equity memberships permitted to be issued in the Club, the Board of Directors will determine the required membership contribution.

**REVIEW OF APPLICATION  
FOR MEMBERSHIP**

Upon receipt of the Application for Membership, the Membership Purchase Agreement and the required membership contribution, the Club will determine whether the applicant has satisfied the relevant conditions of membership. If the applicant has satisfied the relevant conditions of membership, the applicant will be notified in writing that his or her application has been acted upon favorably. If the applicant has not satisfied the requirements of membership, the applicant will be notified that the application has not been acted upon favorably and will be returned his or her membership contribution without interest.

**MEMBERS' RIGHTS TO USE  
THE CLUB FACILITIES  
ARE GOVERNED ONLY BY  
THIS MEMBERSHIP PLAN**

If approved for membership in the Club, the applicant agrees to be bound by the terms and conditions of this Membership Plan and irrevocably agrees to fully substitute the membership privileges acquired pursuant to this Membership Plan for any present or prior rights in or to use the Club Facilities.

**DUES, FEES AND CHARGES**

**DUES, FEES AND CHARGES**

Prior to the Closing Date, all dues, fees, charges (including any food and beverage minimums) will be determined by the Partnership. Each year after the Closing Date, 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.

**RESIDENT AND  
NON-RESIDENT DUES**

Resident and non-resident dues will be available in 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.

**MEMBERSHIP YEAR**

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

**OPERATING AND CAPITAL ASSESSMENTS**

**OPERATING ASSESSMENTS**

Members of the Club will not be subject to any operating assessments prior to the Closing Date. After the Closing Date, 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 after the Closing Date. Prior to the Closing Date, the Partnership may use the Club Fund to fund any deficits from the operation of the Club Facilities. Any assessments to cover operating deficits which occur after the Closing Date 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.

#### **CAPITAL ASSESSMENTS**

Prior to the Closing Date, there will be no assessments for capital expenditures unless approved by a majority of the votes associated with the equity members subject to the assessment. Assessments for any capital expenditures to the golf course will be voted on by and prorated equally among the Golf Members. Social Members will not be subject to any assessment for capital expenditures to the golf course. All other assessments for capital expenditures to the Club Facilities will be voted on by and prorated equally among all of the equity members.

#### **MEMBERSHIPS HELD BY THE PARTNERSHIP OR THE CLUB NOT SUBJECT TO ASSESSMENTS, DUES OR MINIMUMS**

Any equity membership which is held by or on behalf of the Partnership or the Club will not be subject to any capital or operating assessments nor charged any dues, fees, charges or food and beverage minimums.

#### **CLUB PURCHASE AGREEMENT**

##### **A. IN GENERAL**

#### **PURCHASE OF THE CLUB FACILITIES**

The Club has the option to acquire the Club Facilities in accordance with the terms and conditions of the Club Purchase Agreement. Following the Club's exercise of the option, the Partnership will transfer the Club Facilities to the Club on the Closing Date.

##### **B. PURCHASE PRICE OF THE CLUB FACILITIES**

#### **THE PURCHASE PRICE OF THE CLUB FACILITIES**

The purchase price for the Club Facilities will be equal to the sum of: (a) the total membership contributions received or to be received from the initial sale of all of the equity memberships permitted to be issued in the Club, (b) the amount of the mortgage on the Club Facilities, and (c) the book value of the inventory and supplies on hand as of the Closing Date.

##### **C. MORTGAGE**

#### **MORTGAGE ON THE CLUB FACILITIES**

At any time on or before the Closing Date, the Partnership may cause the Club to obtain a mortgage on the Club Facilities which on the Closing Date will not exceed Two Million and No/100 Dollars (\$2,000,000) (the "Mortgage"). The Partnership will be entitled to all of the proceeds from the Mortgage. After the Closing Date, the Club will be responsible for making all payments on the Mortgage.

**MEMBERSHIP CONTRIBUTIONS  
PAID TO THE PARTNERSHIP AS  
OPTION DEPOSITS**

**D. OPTION DEPOSITS**

All membership contributions received by the Club from the initial sale of equity memberships will be paid to the Partnership as a nonrefundable deposit on the Club's option to acquire the Club Facilities. Upon the exercise of the option, the option deposits paid to the Partnership will be applied to and credited against the purchase price for the Club Facilities. Any membership contributions paid to the Partnership may be used by the Partnership in any manner which the Partnership, in its sole and absolute discretion, determines appropriate.

**CONDITIONS PRECEDENT  
TO THE EXERCISE OF  
THE OPTION**

**E. EXERCISE OF THE OPTION**

The Club may exercise the option to acquire the Club Facilities upon the approval of a majority of the votes associated with the outstanding equity memberships. The equity members may vote to exercise the option within sixty days after the occurrence of the earliest of the following events: (i) the initial sale of all of the equity memberships permitted to be issued in the Club; (ii) December 31, 2010; or (iii) such earlier date as the Partnership determines appropriate, provided the equity members approve such earlier date or the Club Facilities have been operated with a positive cash flow for the twelve-month period immediately preceding such date.

**UNISSUED EQUITY  
MEMBERSHIPS DELIVERED  
IN ESCROW**

If the closing occurs prior to the initial sale of all of the equity memberships permitted to be issued by the Club, the Club will deliver to the Partnership on the Closing Date any unissued equity memberships so that such unissued equity memberships may be issued to persons designated by the Partnership who will become members of the Club subject only to the approval of the Partnership. The Club will cooperate and use its best efforts in good faith, as and to the extent requested by the Partnership, to sell these equity memberships as quickly as practicable.

**CLOSING DATE WILL BE  
WITHIN SIXTY DAYS OF  
EXERCISE OF OPTION**

The closing of the purchase and sale of the Club Facilities will take place on the Closing Date (the "Closing Date"). The Closing Date will occur on such date as may be mutually determined by the Partnership and the Club but in no event later than sixty days after the exercise of the option by the Club.

**TRANSFER OF FEE SIMPLE  
OWNERSHIP BY SPECIAL  
WARRANTY DEED**

On the Closing Date, the Partnership will convey the Club Facilities, subject to the Mortgage, in their "where is, as is" condition to the Club, pursuant to a special warranty deed from the Partnership to the Club, and the Club will assume the liability for payment of the Mortgage, any lines of credit or loans used to acquire any supplies and/or inventories of the Club and any contracts or obligations (including any equipment leases) which benefit the Club after the Closing Date.

**IF OPTION NOT EXERCISED,  
ALL RIGHTS TERMINATED**

If the equity members do not approve the exercise of the option in accordance with the Club Purchase Agreement, the Partnership may, in its sole discretion, terminate this Membership Plan and retain all of the membership contributions paid to it under the Club Purchase Agreement.

**BOARD OF DIRECTORS  
RESPONSIBLE FOR  
MANAGEMENT OF THE CLUB**

**OPERATION OF THE CLUB**

A 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 Membership Plan.

**CONTROL OF THE BOARD  
OF DIRECTORS**

Prior to the Closing Date, all of the members of the Board of Directors will be appointed by the Partnership and need not be equity members of the Club. After the Closing Date, all members of the Board of Directors will be elected by the equity members and must be equity members of the Club.

**TURNOVER OF CONTROL  
OF THE BOARD TO THE  
EQUITY MEMBERS**

At the meeting where the equity members approve the exercise of the option, the equity members will elect nine equity members who will serve as the Board of Directors commencing on the Closing Date. On the Closing Date, the members of the Board of Directors who were appointed by the Partnership will resign and the nine members elected by the equity members will replace them. Three of these equity members will be designated to serve for a term of three years, three for a term of two years and three for a term of one year. Each year after the Closing Date, the equity members will elect, for a term of three years, three equity members to replace those directors whose terms have expired.

**ADVISORY BOARD OF  
GOVERNORS TO ACT AS  
LIAISON**

**ADVISORY BOARD OF GOVERNORS**

Prior to the Closing Date, the Club will establish a member's advisory Board of Governors (the "Board of Governors") to serve as a liaison between the management and the members of the Club. All of the members of the advisory Board of Governors will be designated by the Partnership from time to time. The advisory Board of Governors will serve only in an advisory capacity and will not have the power to negotiate or otherwise act on behalf of the members or the Club. The advisory Board of Governors will meet with the management of the Club on a regular basis to discuss the operation of the Club Facilities. On the Closing Date, the advisory Board of Governors will be terminated.

**SPRING ISLAND PROPERTY  
OWNERS MAY ACQUIRE  
NON-EQUITY SOCIAL  
MEMBERSHIP PRIVILEGES**

**OTHER MEMBERSHIP PRIVILEGES**

Each Spring Island Property Owner as of the date of this Membership Plan will have until July 31, 1994 to acquire non-equity social membership privileges in the Club. Each purchaser of a residential unit or lot on Spring Island after the date of this Membership Plan will, subject to availability, have sixty 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 the same dues, fees, charges (including any food and beverage minimums) and operating assessments as 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 the required dues, fees, charges (including any food and beverage minimums) and operating assessments 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 two hundred fifty.

#### 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 outstanding 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.

#### DAILY FEE PLAY

Daily fee play may be permitted by the Club from time to time. All daily fee play will be discontinued by the Club once the Club Facilities have been operated at a breakeven level (after debt service) for twelve consecutive months. This breakeven level will be confirmed by a nationally recognized certified public accounting firm, in accordance with generally accepted accounting principles, consistently applied, taking into account the capital replacement reserve in lieu of any depreciation or amortization expense.

#### THE MARKETING, ACCESS AND USE AGREEMENT

In order to promote the sale and resales of residential units and lots in Callawassie, Spring Island and such other communities as may be developed by the Partnership or its affiliates, and to promote the sale of memberships in the Club, the Partnership and its successors, assigns and affiliates will be permitted to use the Club Facilities in accordance with the terms and conditions of the Marketing, Access and Use Agreement between the Partnership and the Club, a copy of which is available for review in the Membership Office. Under the Marketing, Access and Use Agreement, the Partnership and its agents will be responsible for any operating deficits and will be entitled to retain any operating profits from the operation of the Club Facilities prior to the Closing Date.

**THE PARTNERSHIP MAY  
AMEND MEMBERSHIP PLAN**

**CERTAIN PROVISIONS OF  
THE MEMBERSHIP PLAN  
MAY NOT BE AMENDED**

**MODIFICATION OF MEMBERSHIP PLAN**

Prior to the Closing Date, the Partnership may, in its sole discretion, amend or modify this Membership 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.

After the Closing Date, this Membership Plan may be amended in accordance with the By-Laws; provided, however, that neither the Club nor its members may at any time change, modify or delete any of the following items without the prior written consent of the Partnership, which consent may be withheld by the Partnership, in its sole and absolute discretion:

- (a) the total number of memberships permitted to be issued in the Club or in any particular category of membership as described in this Membership Plan as of the Closing Date;
- (b) the restrictions or limitations on assessments as described in this Membership 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, charges (including any food and beverage minimums) and assessments as described in this Membership 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 this Membership 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 Membership Plan as of the Closing Date;
- (f) the rights of a lessee of an equity member's residential unit in Callawassie (or one of the other designated communities) as described in this Membership Plan as of the Closing Date;
- (g) the eligibility to acquire an equity membership as described in this Membership Plan as of the Closing Date; or
- (h) Section 3, Article XVIII, of the By-Laws of the Club as described in the By-Laws as of the Closing Date.



## CLUB PURCHASE AGREEMENT





## EXHIBIT A

### CLUB PURCHASE AGREEMENT

*THIS CLUB PURCHASE AGREEMENT*, made as of the 1st day of April, 1994, by and between *CALLAWASSIE ISLAND COMPANY, L.P.*, a Delaware limited partnership (the "Partnership") and *THE CALLAWASSIE ISLAND CLUB, INC.*, a South Carolina non-profit corporation (the "Club").

#### STATEMENT OF BACKGROUND INFORMATION

A. The Club is a private golf, tennis, swimming and social club, which has been organized to provide services for the pleasure and recreation of its members and their families and guests.

B. The Partnership is the owner of certain golf, tennis, swimming and social facilities located on Callawassie Island, which are described more fully below (the "Club Facilities"):

(1) that certain real property described on Exhibit 1 attached hereto and incorporated herein, together with all buildings, fixtures and improvements thereon and all tenements, hereditaments and appurtenances thereto (the "Real Property");

(2) all machinery and equipment and other personalty used in the operation of the Club Facilities and owned or leased by the Partnership as of the Closing Date (the "Equipment");

(3) all food, beverages, supplies and materials used in the operation of the Club Facilities and owned by the Partnership as of the Closing Date (the "Supplies");

(4) all items for sale in the pro shop and owned by the Partnership as of the Closing Date (the "Inventory");

(5) all assignable licenses, permits, leases, employment agreements and service agreements which relate to the Club Facilities as of the Closing Date; and

(6) any warranties which may have been received and are assignable from manufacturers or suppliers as to any of the Club Facilities as of the Closing Date, without recourse, excluding any warranties from the Partnership.

The parties hereby acknowledge that the maintenance facilities will be transferred to the Club subject to a cost sharing agreement with the Callawassie Island Property Owners Association, who will be entitled to use and share the maintenance facilities with the Club, a copy of which is attached hereto as Exhibit 2.

C. The Club is desirous of obtaining an option to acquire the Club Facilities upon the terms and conditions as are hereinafter more particularly set forth.

D. The Partnership is desirous of granting to the Club an option to acquire the Club Facilities upon the terms and conditions as are hereinafter more particularly set forth.

## STATEMENT OF AGREEMENT

In consideration of the foregoing premises and the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties, intending to be legally bound, agree as follows:

### 1. *Option to Purchase the Club Facilities.*

The Partnership hereby grants to the Club an option to purchase the Club Facilities as the same shall exist at the close of business on the Closing Date and to acquire the management and control of the Club Facilities on the Closing Date, subject to the terms and conditions set forth in this Agreement. The Partnership will retain ownership of all other assets of its business which are not connected with or related to the Club Facilities and shall specifically retain all cash, accounts receivable and notes receivable.

### 2. *Purchase Price of the Club Facilities.*

The purchase price for the Club Facilities (the "Purchase Price") shall be equal to the sum of: (a) all of the membership contributions received and to be received from the initial sale of all of the equity memberships permitted to be issued in the Club; (b) the amount of the Mortgage on the Club Facilities (as described more fully below); and (c) the book value of all of the Supplies and Inventory on hand as of the Closing Date. The Partnership may, at any time on or before the Closing Date, cause the Club to place a mortgage on the Club Facilities (the "Mortgage"). The amount of the Mortgage as of the Closing Date shall be Two Million and No/100 Dollars (\$2,000,000.00). The Partnership shall be entitled to all of the proceeds from the Mortgage. After the Closing Date, the Club shall be responsible for making all payments on the Mortgage.

### 3. *Maintenance of the Club Facilities.*

Prior to the Closing Date, the Club Facilities shall be maintained by the Partnership, at its sole cost and expense, in good working order, ordinary wear and tear excepted. After the Closing Date, the Club Facilities shall be maintained by the Club, at its sole cost and expense, in good working order, ordinary wear and tear excepted. The Club shall at all times be responsible for any extraordinary repairs to the Club Facilities. Each year in the budget, a capital replacement reserve equal to four percent (4%) of the gross revenues from the operation of the Club Facilities (excluding any membership contributions) shall be established for property and equipment repairs and replacements to the Club Facilities. In the event that the aggregate total of the reserve budgeted in any membership year prior to the Closing Date remains unused during that year, the unused portion may be used by the Partnership in subsequent years for any such property and equipment repairs and replacements.

### 4. *Structural and Design Changes of the Club Facilities.*

After the Closing Date, and as long as the Partnership is engaged in any sales and marketing activity of equity memberships or residential units or lots in Callawassie, the Partnership shall have the right to approve or disapprove all proposed architectural and landscaping plans and the location of any improvements with respect to the Club Facilities, and any changes thereof. The Club shall submit all plans in detail and obtain the written consent of the Partnership prior to commencement of any such work.

5. *Force Majeure.*

If the construction or repair of any of the Club Facilities is prevented, in whole or in part, by any law, rule, regulation, order or other action adopted or taken by any federal, state or local governmental authority or by any acts of God, fire or other casualty, floods, storms, explosions, accidents, epidemics, war, civil disorders, strikes or other labor difficulties, shortages or failure of supply of materials, labor, fuel, power, equipment, supplies or transportation, or by any other cause not reasonably within the control of the Partnership or the Club, whether or not specifically mentioned herein, the Partnership and the Club shall be excused, discharged and released from performance to the extent that the performance or obligation is so limited or prevented by the occurrence without liability of any kind.

6. *Disclaimer of Warranties.*

THE CLUB HEREBY AGREES THAT THE CLUB FACILITIES AND ANY OTHER ASSETS ACQUIRED UNDER THIS AGREEMENT SHALL BE SOLD, PURCHASED AND ACCEPTED BY THE CLUB ON THE CLOSING DATE, SUBJECT TO THE MORTGAGE, IN THEIR "WHERE IS, AS IS," CONDITION, WITHOUT RECOURSE, AND THE PARTNERSHIP DISCLAIMS AND MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, BY FACT OR LAW, WITH RESPECT THERETO, INCLUDING WITHOUT LIMITATION REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY OR FITNESS FOR THE ORDINARY OR ANY PARTICULAR PURPOSE AND REPRESENTATIONS AND WARRANTIES REGARDING THE EXTENT, DESIGN, FITNESS, CONDITION, CONSTRUCTION, ACCURACY, COMPLETENESS, LOCATION, ADEQUACY OF THE SIZE OR CAPACITY IN RELATION TO THE UTILIZATION OR THE FUTURE ECONOMIC PERFORMANCE OR OPERATION OF, OR THE MATERIALS, FURNITURE OR EQUIPMENT WHICH HAS BEEN OR WILL BE USED IN, THE CLUB FACILITIES. THE PARTNERSHIP DOES NOT INTEND AND SHALL NOT BE OBLIGATED TO COMPLETE THE THIRD FLOOR OF THE CLUBHOUSE.

7. *Use of Membership Contributions.*

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 option deposit and shall be applied to and credited against the Purchase Price of the Club Facilities on the Closing Date. All such payments may be utilized by the Partnership in any manner which the Partnership, in its sole and absolute discretion, determines appropriate.

8. *Exercise of Option by the Club.*

The Club may exercise the option to acquire the Club Facilities within sixty days after the occurrence of the earliest of the following events: (i) the initial sale by the Club of all of the equity memberships permitted to be issued in the Club; (ii) December 31, 2010; or (iii) such earlier date as the Partnership may determine appropriate, provided such date is approved by the equity members or the Club has been operated with a positive cash flow for the twelve-month period immediately preceding such date. In order for the Club to exercise the option to purchase the Club Facilities, the equity members representing a majority of the votes associated with the outstanding equity memberships must approve the exercise of the option to purchase the Club Facilities. A meeting of the equity members for this purpose shall be called by the Club and held within sixty (60) days of the date specified above. If the equity members do not approve the exercise of the option, this Agreement and each equity membership in the Club shall promptly terminate and the Partnership shall be entitled to retain all of the equity membership contributions paid to it as deposits on the option.

In the event the closing of this Agreement takes place prior to the initial sale of all of the equity memberships permitted to be issued in the Club, then the Club shall deliver to the Partnership on the Closing Date all of the unissued equity memberships so that such equity memberships may be issued to persons designated by the Partnership who shall become members of the Club subject only to the approval of the Partnership. The Club agrees to cooperate and use its best efforts in good faith to sell these equity memberships as quickly as is practicable.

9. *The Closing.*

The closing of the sale of the Club Facilities to the Club shall take place on such date (the "Closing Date"), and at such place, as may be mutually agreed upon by the parties. The Closing Date shall occur no later than sixty (60) days after the exercise of the option.

On the Closing Date, the Partnership shall do the following:

(a) cause fee simple title to the Real Property to be conveyed to the Club, subject to the Mortgage, in its "where is, as is" condition, by special warranty deed, properly executed and acknowledged, subject to the zoning and other regulations imposed by governmental authorities, taxes for the year of the transfer and all subsequent years, a restriction that the Real Property shall only be used for recreational facilities or open space for a period of thirty (30) years, and all easements, dedications, agreements, licenses, restrictions, rights-of-way and other matters affecting title then applicable to the Real Property as granted, imposed or suffered to be placed upon the Real Property by predecessors in title and the Partnership; it being expressly understood by the parties hereto that the Partnership retains the right to develop the property around the Club Facilities and reserves the right to grant and reserve easements and other property interests as hereinafter set forth in Section 33 hereof, as is necessary or convenient for the development and marketing of such property, but free and clear of any of the liens and encumbrances except those reflected on the standard title insurance commitment and the Mortgage;

(b) cause to be issued, at the Partnership's sole expense, a standard coverage Owner's Title Insurance Policy in the amount of Seven Million and No/100 Dollars (\$7,000,000.00) insuring the Real Property, subject to those standard exceptions customarily contained in ALTA Form B, 1970 (as revised 10/17/70 and 10/17/84) and other matters referred to above and in the copy of the title insurance commitment attached hereto as Exhibit 3;

(c) deliver to the Club a Bill of Sale Absolute for the Equipment and any other personal property to be conveyed as part of the Club Facilities owned by the Partnership as of the Closing Date, and an assignment of all leases, employee agreements and service and other agreements relating to the operation of the Club Facilities held by the Partnership as of the Closing Date;

(d) assign all assignable licenses and permits which relate to the Club Facilities and any warranties which have been received by the Partnership as of the Closing Date from manufacturers or suppliers as to any of the Club Facilities, excluding any warranties from the Partnership, without recourse to the Partnership;

(e) execute and deliver to the Club the Non-Foreign Affidavit;

(f) deliver to the Club resignations of all of the members of the Board of Directors appointed by the Partnership; and

(g) relinquish the management and control of the Club Facilities to the equity members of the Club, except as otherwise set forth in this Agreement.

On the Closing Date, the Club shall do the following:

(a) deliver to the Partnership all of the unissued equity memberships in the Club as of the Closing Date as provided in Section 8 hereof;

(b) assume the liability for payment of the Mortgage, any line of credit or loan used to acquire Supplies and Inventories and any contracts or other obligations (including any equipment leases) which benefit the Club after the Closing Date;

(c) accept title to and management and control of the Club Facilities transferred from the Partnership; and

(d) pay to the Partnership within fifteen (15) days after the Closing Date the book value of the Inventory and Supplies owned by the Partnership or the Club on the Closing Date, by a working capital loan to be paid by the Club after the Closing Date. The book value of the Inventory and Supplies shall be determined in accordance with generally accepted accounting principles, consistently applied from year to year.

*10. Proration of Expenses and Funds on the Closing Date.*

The Partnership and the Club hereby agree that each of the following items shall be prorated as of the Closing Date:

(a) all water, sewer, electric and other utility charges;

(b) any property taxes, assessments or property owners association assessments on the Real Property and on any personal property being conveyed pursuant to this Agreement;

(c) all rents and revenues related to the Club Facilities;

(d) all wages and payroll taxes of employees of the Partnership or the Club which relate to the operation of the Club Facilities;

(e) service and other agreements, if applicable, or any other accrued expenses incurred in connection with the operation of the Club Facilities;

(f) all license and permit fees, where transferable, which are related to the Club Facilities; and

(g) any dues, fees and charges paid in advance.

*11. Assumption of Liabilities by the Club.*

The Club hereby agrees that, on the Closing Date, the Club shall assume and perform and pay when due, and defend and hold the Partnership and its partners, directors, officers, agents, employees and affiliates harmless against, all the debts, liabilities, obligations and contracts existing on the Closing Date in connection with the Club Facilities (including, without limitation any equipment leases). The assumption by the Club of the debts, liabilities, obligations and contracts shall expressly exclude any of the costs or

expenses incurred by the Partnership in carrying out its obligations under this Agreement. After the Closing Date, the Club shall be required to pay when due all amounts owed on the Mortgage.

*12. Offering of Equity Memberships.*

The Club shall offer the equity memberships in accordance with the Plan Documents (as hereinafter defined). Prior to the initial sale of all of the equity memberships permitted to be issued in the Club, the membership contribution for equity memberships (including any resigned equity memberships) shall be fixed by the Partnership from time to time. After the initial sale of all of the equity memberships permitted to be issued in the Club, the membership contribution for equity memberships shall be determined by the Board of Directors of the Club.

*13. Total Number of Equity Memberships.*

The total number of Golf Memberships permitted to be issued in the Club shall be limited to five hundred ninety-five (595). The total number of Social Memberships permitted to be issued in the Club shall be limited to eight hundred fifty (850) less the total number of Golf Memberships which are outstanding. In addition, a total of forty (40) Spring Island Founder Memberships may be issued in the Club.

The total number of equity memberships permitted to be issued in the Club may be increased by two hundred (200) for each additional nine holes of golf added to the Club Facilities by the Partnership or the Club. These additional equity memberships may be issued as Golf Memberships, Social Memberships or a combination of the two as determined by the Partnership or the Club. If such additional golf facilities are added to the Club Facilities prior to the Closing Date, the approval of a majority of the votes associated with the outstanding equity memberships shall be required. If the additional golf facilities are added by the Partnership, the Partnership shall be entitled to all of the membership contributions from the sale of any additional equity memberships related to such additional golf facilities. Any additional golf facilities added to the Club Facilities will be substantially the same quality as the existing golf course and, if located off-site, shall be located within five miles of the Club.

*14. Repayment of Membership Contribution.*

An equity member shall 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 (80%) of the membership contribution paid by the purchaser of the resigned member's membership. The Club shall be entitled to deduct from the amount to be paid to the resigned member any amount which the resigned member owes to the Club. The remaining twenty percent (20%) of the membership contribution shall be retained by the Club and deposited in a Club Fund. Prior to the Closing Date, the Club Fund may be used by the Partnership to fund any operating deficits, the capital replacement reserve provided for in Section 3 hereof, and any capital improvements to the Club Facilities. Any remaining proceeds in the Club Fund on the Closing Date shall be turned over to the Club on the Closing Date and may be used by the Board of Directors of the Club after the Closing Date in any manner which the Board of Directors determines appropriate. Neither the Partnership nor any of its partners, directors, officers, agents or affiliates shall have any responsibility for the Club Fund or for any amounts previously retained by the Partnership or the Club upon the reissuance of an equity membership prior to the date of this Agreement.



15. *The Partnership's Right of First Refusal.*

Prior to the initial sale of all of the residential units and lots in Callawassie and the designated communities, the Partnership shall have the 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 or one of the other communities designated by the Partnership or the Club. The Partnership may exercise its right of first refusal by paying to the Club the required membership contribution within thirty (30) days after its receipt of written notice that a person desires to acquire the Golf Membership. The Partnership shall not be required to pay any dues, fees, charges (including food or beverage minimums) or assessments on any memberships acquired hereunder and may reserve or have such memberships reissued to any persons which the Partnership deems appropriate.

16. *Right of Social Members to Upgrade to a Golf Membership.*

Social Members may, at all times subject to availability, upgrade to a Golf Membership upon the payment of the difference between the membership contribution for a Golf Membership, and the membership contribution for a Social Membership, at the time of the upgrade. The downgrade of Golf Membership to a Social Membership is not permitted unless there is another equity member who desires to upgrade into the Golf Membership. Prior to the initial sale of all of the Golf Memberships permitted to be issued in the Club, the Partnership shall be entitled to all of the proceeds received or to be received by the Club upon the upgrade of a Social Membership to a Golf Membership.

17. *License to Use the "The Callawassie Island Club" Name.*

On the date hereof, the Partnership shall grant to the Club a license to utilize the name "The Callawassie Island Club" and the Club emblem in accordance with the terms of the License Agreement between the Partnership and the Club, a copy of which is attached hereto as Exhibit 4.

18. *Operation and Control of Club Facilities Prior to Closing Date.*

Prior to the Closing Date, all of the Club Facilities shall be operated by the Partnership, who shall be responsible for any operating deficits, and who shall be entitled to retain any operating profits, from the operation of the Club Facilities. After the Closing Date, all of the Club Facilities shall be operated by the Club.

The Partnership shall have the absolute right to buy or lease any equipment, supplies or other property or services used in connection with the operation of the Club Facilities. No claims shall be made against the Partnership by the Club or any member relating to any decisions of the Partnership or the Club to buy or lease any equipment, supplies or other property or services, including without limitation, any claim that questions the business judgment of the Partnership or the Club in making such decision.

19. *Board of Directors.*

The Club shall be governed by a Board of Directors. The Board of Directors shall be responsible for the government and administration of the affairs and the property of the Club. The Club may not be operated in contravention of the terms and conditions of the Plan Documents. The Board of Directors shall have the exclusive authority to accept members, set dues, fees and charges (including food or beverage minimums), establish rules and regulations and, in general, control the management and affairs of the Club. Prior to the Closing Date, all of the members of the Board of Directors shall be appointed by the Partnership and need not be equity members of the Club. After the Closing Date, all of the members of the Board of Directors shall be elected by the equity members and must be equity members of the Club.

At the meeting of the equity members, at which the equity members approve the exercise of the option to acquire the Club Facilities, the equity members shall elect nine equity members to replace the members of the Board of Directors appointed by the Partnership on the Closing Date. The Partnership agrees that the tenure of all directors appointed by it shall expire on the Closing Date. Each director appointed by the Partnership shall submit executed resignations to that effect, which resignations shall be delivered to the Club on the Closing Date. On the Closing Date, the nine members elected by the equity members shall replace the directors who were previously appointed by the Partnership. Three of the nine directors elected by the equity members shall be designated to serve for a term of three years, three to serve for a term of two years and three to serve for a term of one year. Each year thereafter, the equity members shall elect directors to replace those directors whose terms have expired.

#### *20. Advisory Board of Governors.*

Prior to the Closing Date, a member's advisory Board of Governors will be established to serve as a liaison between the management and the members of the Club (the "Board of Governors"). The Partnership will designate all of the members of the advisory Board of Governors. The advisory Board of Governors shall have no duty or power to negotiate or otherwise act on behalf of the members of the Club and shall serve only in an advisory capacity until the Closing Date. On the Closing Date, the advisory Board of Governors shall be terminated.

#### *21. Operating and Capital Assessments.*

Prior to the Closing Date, the equity members shall not be subject to any operating assessments. After the Closing Date, the Board of Directors may find it necessary to make assessments in addition to dues and food and beverage minimums to cover any operating deficits which occur from operation of the Club Facilities after the Closing Date. Assessments to cover operating deficits from operation of the Club Facilities shall be prorated among equity members based on the amount of dues charged each member during the year in which the deficit occurs.

Prior to the Closing Date, there shall be no assessments for capital expenditures unless approved by a majority of the votes associated with the equity members subject to the assessment. Assessments for any capital expenditures to the golf course shall be subject to the approval of, 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 subject to the approval of, and prorated equally among, all of the equity members.

Any equity membership which is held by or on behalf of the Partnership or the Club shall not be subject to any capital or operating assessments nor charged any dues, fees or charges (including food and beverage minimums). Non-equity memberships shall not be subject to capital or operating assessments.

#### *22. Spring Island Property Owners.*

Each Spring Island Property Owner as of the date of the Membership Plan shall have until July 31, 1994 to acquire non-equity social membership privileges in the Club. Each purchaser of a residential unit or lot on Spring Island after the date of the Membership Plan shall 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 shall be required to pay the same dues, fees, charges (including any food and beverage minimums) and operating assessments as a Social Member but shall 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 shall have all of the same rights as a Social Member, except the Spring Island Property Owner shall not be entitled to any ownership interest in the Club or its facilities, and shall not be entitled to vote on any club matters. A Spring Island Property Owner's non-equity social membership privileges shall 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 and agrees to pay the required dues, fees, charges (including any food and beverage minimums) and operating assessments associated with the membership privileges. The total number of non-equity social memberships to be offered to Spring Island Property Owners shall be limited to two hundred fifty.

#### *23. 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 shall be determined by the Club from time to time. At the beginning of each membership year, the total number of Associate Memberships shall be limited to the total number of Golf Memberships permitted to be issued in the Club, less the number of outstanding Golf Memberships. Associate Memberships shall be recalled at the end of each membership year on a first-issued, last-recalled basis to the extent necessary so that the total number of Associate Memberships does not exceed the limit. 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 shall not be subject to any operating or capital assessments. Associate Members shall not be entitled to any ownership interest in the Club or its facilities or to vote on any club matters.

#### *24. Marketing, Access and Use Agreement.*

In order to promote the sale and resales of residential units and lots in Callawassie, Spring Island and such other communities as may be developed by the Partnership or its affiliates, and to promote the sale of memberships in the Club, the Partnership and its successors, assigns and affiliates shall be permitted to use the Club Facilities in accordance with the terms and conditions of the Marketing, Access and Use Agreement between the Partnership and the Club, a copy of which is attached hereto as Exhibit 5. Under the Marketing, Access and Use Agreement, the Partnership and its agents shall be responsible for any operating deficits and shall be entitled to retain any operating profits, from the operation of the Club Facilities prior to the Closing Date.

#### *25. Bulk Sales Act.*

The Club waives the Partnership's compliance with the requirements of the Uniform Commercial Code relating to bulk transfers in connection with this sale of assets, including the requirements that the Partnership furnish the Club with a list of creditors. Nothing in this Section shall prevent the Club and/or the Partnership from asserting in any action or proceeding that this article of the Uniform Commercial Code is not applicable to the sale of assets contemplated by this Agreement.

#### *26. Subject to Plan Documents.*

This Agreement shall incorporate by reference the terms and conditions of the following documents (hereinafter collectively referred to as the "Plan Documents"):

- a. Plan for the Offering of Memberships in The Callawassie Island Club;

- b. By-Laws for The Callawassie Island Club;
- c. General Club Rules for The Callawassie Island Club; and
- d. Membership Purchase Agreement and Application for Membership in The Callawassie Island Club.

Copies of all of these documents are incorporated herein and attached hereto respectively as Exhibits 6 through 9.

#### *27. Modification of Plan Documents.*

The Partnership reserves the right prior to the Closing Date to amend or cause to be amended the terms of membership, to waive or modify the provisions of this Agreement or to make any other changes in the terms and conditions set forth in the Plan Documents, so long as such amendments and modifications do not materially and adversely affect the rights of the equity members of the Club. Any amendments or modifications which materially and adversely affect the equity members shall be subject to the approval of a majority of the votes eligible to be cast by such equity members.

Neither the Club nor its members may, at any time without the prior written consent of the Partnership, which consent may be withheld in the Partnership's sole and absolute discretion, alter, amend, or change the Plan Documents 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 Documents as of the Closing Date, (b) the restrictions or limitations on assessments as described in the Plan Documents 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 Documents 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 Documents as of the Closing Date, (e) the rules and regulations relating to use of the Club Facilities by guests of members as described in the Plan Documents as of the Closing Date, (f) the rights of a lessee of an equity member's residential unit in Callawassie or one of the other designated communities as described in the Plan Documents as of the Closing Date, (g) the eligibility to acquire an equity membership as described in the Plan Documents as of the Closing Date or (h) Section 3, Article XVIII, of the By-Laws as of the Closing Date.

#### *28. Reformation of Agreement.*

If by final decree of a court or administrative agency of competent jurisdiction it is determined at any time that any aspect of the transactions contemplated by this Agreement or the Plan Documents is contrary to any law or obligation of the Partnership or the Club, the Partnership and the Club shall reform this Agreement and the Plan Documents so as to bring them into compliance with the law or obligation determined to have been violated.

#### *29. Casualty Insurance.*

The Club agrees that, after the Closing Date and until the initial sale of all of the equity memberships permitted to be issued in the Club, the Club shall maintain replacement cost insurance on the improvements to the Club Facilities equal to the full replacement cost thereof.

30. *Liability of Partnership, Partners, Directors and Officers.*

Neither the Partnership, nor any of its partners, employees, agents or affiliates, nor any of the directors or officers appointed by the Partnership, shall have any liability to the Club or the members of the Club for decisions or actions taken regarding the operation of the Club or the Club Facilities, provided such persons act in good faith and in a manner they reasonably believe to be in the best interest of the Club and the development of Callawassie.

31. *Indemnification by the Club.*

The Club shall indemnify, defend, and hold harmless the Partnership, its partners, employees, agents and affiliates (including any of the Club's directors or officers appointed by the Partnership) against and in respect of, and shall reimburse same on demand for, any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including, but not limited to, interest, penalties, attorneys' fees and disbursements (even if incident to any appeals), that such persons shall incur or suffer, which arise, result from, or relate to the ownership, operation or management of the Club Facilities subsequent to the Closing Date, the alteration or modification of the Plan Documents or any other contractual relationship with respect to the Club subsequent to the Closing Date, or any other activities of the Club subsequent to the Closing Date.

32. *Indemnification by the Partnership.*

The Partnership shall indemnify, defend and hold harmless the Club and its officers, directors, employees and agents against and in respect of, and reimburse same on demand for, any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including but not limited to interest, penalties, attorneys' fees and disbursements (even if incident to any appeals) that such persons shall incur or suffer, which arise, result from or relate to use of the Club Facilities by the Partnership, or the operation or management or use of the Club Facilities prior to the Closing Date.

33. *Future Easements, Dedications and Restrictions.*

The Club acknowledges that the development and marketing of Callawassie will continue and nothing in this Agreement 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 of these areas to modify the boundary lines of the Real Property and other property added to the Club in a manner which does not materially affect the use of this property as a country club facility, to grant easements, dedications, agreements, licenses, restrictions, reservations, covenants, rights-of-way, to plat or replat this property and to take such other actions which the Partnership may deem necessary or appropriate, and the Club agrees to execute and deliver and cause the holders of any liens upon and interest in property owned by the Club to execute and deliver any and all documents and instruments which the Partnership deems necessary or convenient in its sole and absolute discretion to accomplish the same.

34. *Miscellaneous Provisions.*

A. *Undefined Terms.* All terms used in this Agreement which are not specifically defined herein shall have the same meaning herein as ascribed to them in the Plan Documents.

B. *Entire Agreement.* This Agreement represents the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings and representations (if any) made by and between such parties.

C. *Amendments.* The provisions of this Agreement may not be amended, supplemented, waived or changed orally, but only in writing signed by the party as to whom enforcement of any such amendment, supplement, waiver or modification is sought and making specific reference to this Agreement.

D. *Definition of "Affiliate."* For purposes of the Plan Documents, the term "affiliate" shall have the same meaning as that set forth under Rule 144 promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933.

E. *Assignments.* The Club shall not assign its rights and/or obligations hereunder without the prior written consent of the Partnership, and such consent may be exercised in the sole and absolute discretion of the Partnership. The Partnership may assign its rights and/or obligations under this Agreement in whole or in part.

F. *Further Assurances.* The parties hereby agree from time to time to execute and deliver such further assurances and other transfers, assignments and documents and do all matters and things which may be convenient or necessary to more effectively and completely carry out the intentions of this Agreement.

G. *Brokers.* Each of the parties represents and warrants that such party has dealt with no broker or finder in connection with any of the transactions contemplated by this Agreement, and, insofar as such party knows, no broker or other person is entitled to any commission or finder's fee in connection with any of these transactions. The parties each agree to indemnify and hold harmless one another against any loss, liability, damage, cost, claim or expense incurred by reason of any brokerage commission or finder's fee alleged to be payable because of any act, omission or statement of the indemnifying party.

H. *Binding Effect.* All of the terms and provisions of this Agreement, whether so expressed or not, shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective legal representatives, successors and permitted assigns.

I. *Notices.* All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing (including telex and telegraphic communication) and shall be (as elected by the person giving such notice) delivered, telecommunicated, or mailed by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to the Partnership:

Callawassie Island Company, L.P.  
P.O. Box 2297  
Beaufort, South Carolina 29901  
Attention: President

If to the Club:

The Callawassie Island Club, Inc.  
P.O. Box 2297  
Beaufort, South Carolina 29901  
Attention: President

or to such other address as any party may designate by notice complying with the terms of this Section. Each such notice shall be deemed delivered on the date: (a) delivered if by personal delivery, (b) telecommunicated if by telegraph, (c) of transmission with confirmed answer back if by telex, and (d) upon which

the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed.

J. *Headings.* The headings contained in this Agreement are for convenience of reference only, and shall not limit or otherwise affect in any way the meaning or interpretation of this Agreement.

K. *Severability.* If any part of this Agreement or any other agreement entered into pursuant hereto is contrary to, prohibited by or deemed invalid under applicable law or regulation, the provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible.

L. *Survival.* All covenants, agreements, representations and warranties made herein or otherwise made in writing by any party pursuant hereto shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

M. *Waivers.* The failure or delay of any party at any time to require performance by another party of any provision of this Agreement, even if known, shall not affect the right of that party to require performance of that provision or to exercise any right, power or remedy hereunder, and any waiver by any party of any breach of any provision of this Agreement should not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement.

N. *Third Parties.* Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons or entities other than the parties hereto and their respective legal representatives, successors and permitted assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision give any third persons any right of subrogation or action over or against any party to this Agreement. All parties acknowledge that this Agreement does not give any rights to any or all of the members of the Club, and such members are not intended to be third party beneficiaries to this Agreement or any of the provisions herein.

O. *Governing Law.* This Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of South Carolina without regard to principles of conflicts of laws.

P. *Jurisdiction and Venue.* The parties acknowledge that a substantial portion of negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Beaufort, South Carolina, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the parties irrevocably and unconditionally: (a) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement may be brought in the courts of records in the State of South Carolina in Beaufort County or the District Court of the United States, Charleston Division, South Carolina; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in said State.

Q. *Specific Performance.* Each of the parties acknowledges that the parties will be irreparably damaged (and damages at law would be an inadequate remedy) if this Agreement is not specifically enforced. Therefore, in the event of a breach or threatened breach by any party of any provision of this Agreement

(including, without limitation, the failure of the Partnership to transfer control of the management of the Club Facilities to its members or deliver the Club Facilities or the failure of the Club to accept transfer of its management or delivery of the Club Facilities), then the other party shall be entitled, as its sole and exclusive remedy, to sue for injunctions restraining such breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance of the provisions of this Agreement. Under no circumstances shall the Club be entitled to sue the Partnership for damages in connection with this Agreement.

*IN WITNESS WHEREOF*, the parties hereto have caused this Agreement to be duly executed on the date first above written.

*WITNESSES:*

*CALLAWASSIE ISLAND COMPANY, L.P.*,  
a Delaware limited partnership

By: CLL Associates, L.P., a South Carolina  
limited partnership, its general partner

By: Callawassie Development Corporation,  
its general partner

By: /s/ James A. Anthony, Jr.  
Its: President

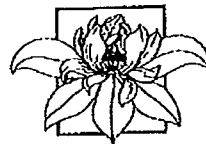
*THE CALLAWASSIE ISLAND CLUB, INC.*,  
a South Carolina non-profit corporation

By: /s/ James A. Anthony, Jr.  
Its: President



1227  
Comptroller

## BY-LAWS



CALLAWASSIE  
ISLAND  
CLUB

EXHIBIT B

BY-LAWS

THE CALLAWASSIE ISLAND CLUB

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## ARTICLE I PURPOSE OF CLUB

The nature and purpose of The Callawassie Island Club, Inc. f/k/a The Country Club of Callawassie, Inc. (hereinafter referred to as the "Club") is to own and operate a private country club for the recreation, pleasure and benefit of its 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, to elect directors, and for such other business as may be properly brought before the meetings.

2. *Date and Place of Annual Meeting.* The first annual meeting of the members shall be held within one (1) year from the date of the Closing Date of the Club's purchase of the Club Facilities from Callawassie Island Company, L.P., a Delaware limited partnership (the "Partnership"). Each annual meeting shall be held at such 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, the Chairman of the Board of Directors, a majority of the members of the Board of Directors or, after the Closing Date, 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 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.

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 special 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 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.

6. *Proxies.* Members may vote by proxy. The Board of Directors will determine the form and procedures for the use of proxies.

7. *Voting Percentage.* Except for election of members of the Board of Directors, a majority of the votes is necessary for passage of any motion.

#### ARTICLE IV BOARD OF DIRECTORS

1. *Number and Qualifications.* The government and administration of the affairs and the property of the Club shall be vested in a Board of Directors. The Board of Directors shall consist of not more than twelve (12) and not less than two (2) members. Prior to the Closing Date, the members of the Board of Directors need not be equity members. After the Closing Date, all of the members of the Board of Directors must be 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, 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.

c. Prior to the Closing Date, the Partnership shall appoint all the members of the Board of Directors. After the Closing Date, all of the members of the Board of Directors shall be elected by the equity members.

d. Within one hundred twenty (120) days prior to the Closing Date, the equity members shall elect nine (9) members to replace the Board of Directors appointed by the Partnership. On the Closing Date, the directors appointed by the Partnership shall resign, and the nine (9) directors elected by the equity members shall replace them. Of the nine (9) directors elected by the equity members to serve as the Board of Directors on the Closing Date, the equity members shall designate three (3) to serve for a term of three (3) years, three (3) to serve for a term of two (2) years and three (3) to serve for a term of one (1) year.

e. At the members' annual meeting each year, after the Closing Date, 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.

f. 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.

g. The Partnership and the initial and interim directors and officers appointed by the Partnership shall have no fiduciary or other obligation to act on behalf of the members or the Club, and it is specifically understood that said persons will act on behalf of the Partnership.

## 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. After the Closing Date, 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.* After the initial sale of all of the equity memberships permitted to be issued in the Club, 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;
- c. Fill vacancies on the Board of Directors due to death, resignation, inability to perform duties, or otherwise, until the next election of directors by the equity members;
- 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;
- h. Have the power to expend funds to the extent of the amount in the Club Treasury or owing to the Club, to make contracts, or create indebtedness, and to borrow money or incur indebtedness for purposes of the Club, and to cause promissory notes, bonds, mortgages or other evidences of indebtedness to be executed and issued provided that, except in the case of an emergency and with respect to the Club's acquisition of the Club Facilities in accordance with the Club Purchase Agreement, no amount in excess of Two Hundred Thousand Dollars (\$200,000.00) shall be authorized, obligated or expended for capital improvements without the concurrence of a majority of the equity members; and
- i. Have the power to exchange rights to use the Club Facilities with members of other country clubs.

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 non-profit corporations by law, by statute, 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 be Chairman of the Finance Committee. 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 any proposed budgets and financial statements, when and in the form requested by the Board of Directors. The Treasurer shall deposit or cause to be deposited 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 as 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 after the Closing Date, 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, Greens, Tennis, Pool, Entertainment, 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.

c. The Finance Committee shall, in general, supervise, direct and control all matters pertaining to the Club's finances including, but not limited to, the placing of insurance, the filing of tax returns and the payment of taxes, the preparation of the annual operating budget, the preparation of the current reports for the Board of Directors on the Club's financial condition and the issuance to the equity members of a condensed quarterly operating statement. The Finance Committee shall have the power, with the approval of the Board of Directors, to direct the manager to employ, at the expense of the Club, such clerical aid and assistance as may be necessary to handle the accounts. The account books and vouchers shall at all times be open to inspection by any member of the Board of Directors.

d. Each of the following committees, subject to the approval of the Board of Directors, shall formulate programs and submit them with recommendations to the Board of Directors for approval. The officers of the Club 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 mat-

ters concerning the operations of the Clubhouse and 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.

(ii) *Golf Committee.* The Golf Committee shall advise the Board of Directors on matters concerning the employment of a Golf Professional and 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) *Greens Committee.* The Greens Committee shall consist of not more than nine (9) members. The Greens Committee shall advise the Board of Directors on matters concerning the employment of a Greens Superintendent and the scope of the Greens 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 matters concerning the employment of a Tennis Professional, the scope of the Tennis Professional's operations, 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.

(v) *Pool Committee.* The Pool Committee shall advise the Board of Directors on matters concerning the promulgation of rules regarding the use of the pools at the Clubhouse and the River Club. The committee shall advise the Board of Directors on the conditions of the pools.

(vi) *Entertainment Committee.* The Entertainment Committee shall consist of not more than fifteen (15) members. It shall advise the Board of Directors on matters concerning the social activities and entertainment of members and their guests. It shall coordinate with the House Committee all activities having to do with the Clubhouse and food and beverage service.

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 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 sub-committees as the chairman deems desirable. Such sub-committees shall report directly to the committee as a whole, which shall approve, amend or disapprove the report of the sub-committee.

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 EQUITY MEMBERSHIPS

1. *Categories of Equity Membership.* Two categories of equity membership shall be offered in the Club: Golf Membership and Social Membership. Each equity membership shall represent an ownership interest in the Club. In addition, the Club may issue a total of forty Spring Island Founder Memberships. Spring Island Founder Members shall have all of the same privileges, and shall be required to pay the same dues, fees, charges (including any food and beverage minimums) and assessments, as a Golf Member.

2. *Number of Equity Memberships.* The total number of Golf Memberships permitted to be issued in the Club shall be limited to five hundred ninety-five (595). The total number of Social Memberships permitted to be issued in the Club shall be limited to eight hundred fifty (850) less the total number of Golf Memberships which are outstanding. The total number of Spring Island Founder Memberships permitted to be issued in the Club shall be limited to forty (40). The total number of equity memberships permitted to be issued in the Club may be increased by two hundred (200) for each additional nine holes of golf added to the Club Facilities by the Partnership or the Club. These additional equity memberships may be issued either as Golf Memberships, Social Memberships or a combination of the two as determined by the Partnership or the Club. If such additional golf facilities are added to the Club Facilities prior to the Closing Date, the approval of a majority of the votes associated with the outstanding equity memberships shall be required. If the additional golf facilities are added by the Partnership, the Partnership shall be entitled to all of the membership contributions from the sale of the additional memberships. Any additional golf facilities added to the Club Facilities shall be substantially the same quality as the existing golf course and, if located off-site, shall be located within five miles of the Club.

3. *Eligibility for Equity Memberships.*

The Club shall offer equity memberships to purchasers of residential units or lots in Callawassie and such other persons as the Club determines appropriate from time to time as described more fully below:

a. Each existing equity member as of the date of the Plan Documents shall be entitled to continue his or her equity membership under the Plan Documents without having to pay any additional or new membership contribution to the Club. Existing equity members shall, however, continue to be obligated to pay any portion of their original membership contributions which are owed to the Club.

b. Each existing property owner in Callawassie who is not an equity member as of the date of the Plan Documents shall have until July 31, 1994 to apply for and acquire an equity membership in the Club. After that date, an existing property owner who is not an equity member shall be entitled to acquire an equity membership only if one is available and not otherwise reserved by the Partnership or the Club.

c. Each initial retail purchaser of a residential unit or lot in Callawassie shall have sixty days from the date of the closing of his or her residential unit or lot to apply for and acquire an equity membership in the Club. An initial retail purchaser who does not acquire an equity membership within sixty 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 by the Partnership or the Club.

d. Equity memberships may also be offered to persons who do not own property in Callawassie as the Club or the Partnership determines appropriate from time to time.

e. If a person owns or acquires two or more residential units or lots in Callawassie, the person may acquire an equity membership for each residential unit or lot for which membership privileges are desired. If the person does not acquire an equity membership for each of his or her residential units or lots by July 31, 1994, or within sixty days from the date of his or her closing on the residential units or lots, as the case may be, the person shall be entitled to acquire equity memberships for such units or lots at a later date only if equity memberships are available and not otherwise reserved by the Partnership or the Club. Prior to the Closing Date, an equity member who acquires an additional equity membership shall not be required to pay dues on the additional equity membership until the additional equity membership is either activated by the member or transferred to another person, whichever occurs first. After the Closing Date, an equity member must pay dues on all of his or her equity memberships regardless of whether such equity memberships have been activated by the member.

f. If a person does not acquire an equity membership in the Club, then the purchaser of his or her residential unit or lot in Callawassie shall be entitled to acquire an equity membership only if an equity membership is available and not otherwise reserved by the Partnership or the Club.

g. The Club may, in its 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. Reserved memberships are not considered to be available and neither the Partnership nor the Club may be compelled to sell them.

h. If any category of equity membership is not available, the Club shall establish a waiting list for those persons who desire to acquire an equity membership in that category.

i. Social Members may, at all times subject to availability, upgrade to a Golf Membership upon the payment of the difference between the membership contribution for a Golf Membership, and the membership contribution for a Social Membership, at the time of the upgrade. The downgrade of a Golf Membership to a Social Membership is not permitted unless there is another equity member who desires to upgrade to the Golf Membership. Prior to the initial sale of all of the Golf Memberships permitted to be issued in the Club, the Partnership shall be entitled to the proceeds from the upgrade of a Social Membership to a Golf Membership.

j. For the convenience of members and to facilitate the acquisition of a membership 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 shall 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 shall be subject to the approval of the Club.

#### 4. *Membership Privileges.*

a. Each person who acquires an equity membership in the Club shall be entitled to use the Club Facilities in accordance with the member's category of membership and the General Club Rules. The membership privileges associated with each category of equity membership are as follows:

*Golf Membership.* Golf Members shall be entitled to use all of the Club Facilities. Golf Members shall be entitled to reserve tee times fourteen days in advance and tennis court times six days in advance and shall not be required to pay any greens fees or court fees for their use of the golf and tennis facilities. Golf Members shall be required to pay golf cart fees or trail pass fees for their use of the golf course.

*Social Membership.* Social Members shall be entitled to use all of the Club Facilities. Social Members shall 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 shall be entitled to reserve tee times one day in advance and tennis court times six days in advance. Social Members shall not be required to pay any court fees for their use of the tennis facilities, but shall 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.

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.

b. Golf Members and Social Members may exchange their respective membership privileges in accordance with the General Club Rules and payment of the administrative fee established by the Club from time to time. Each exchanging member shall be required to submit such forms as may be required by the Club from time to time and to pay the other member's dues for the year of the exchange. All exchanges shall be on a membership year basis and shall not affect the exchanging members' underlying memberships.

c. An equity member's immediate family may use the Club Facilities in accordance with the member's category of membership. 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.

5. *Voting Privileges.* Each equity membership shall entitle the equity member to vote on various club matters, including the election of the Board of Directors after the Closing Date. 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.

#### 6. *Application for Membership.*

a. All Applications for Membership shall be in a form prescribed by the Board of Directors and shall be signed by the applicant.

b. All applicants must be approved by a vote of the Board of Directors except with respect to any equity memberships delivered to the Partnership on the Closing Date. The Board of Directors, either directly or through its Membership Committee, shall undertake the necessary procedures in investigation and appraisal of the applicant. This may include an interview with the applicant at the sole discretion of the Board of Directors. Three (3) dissenting votes of board members shall constitute disapproval.

c. Within thirty (30) days after receiving the Application for Membership, Membership Purchase Agreement and the required membership contribution, the Board of Directors will determine whether the applicant has satisfied the relevant conditions. If the Board of Directors determines that the applicant has satisfied those conditions, it shall notify the applicant in writing that the application has been accepted. If the Board of Directors determines that the applicant has not satisfied those requirements, the Board of Directors shall notify the applicant that the application has not been acted upon favorably and shall return the applicant's payment without any interest thereon.

d. Any applicant approved by the Board of Directors for membership who fails to pay the membership contribution and dues, as prescribed by the Board of Directors, within thirty (30) days after notice that they are due and payable may forfeit his or her right to membership.

e. Comments from the members with respect to an applicant shall be privileged communications and only the Board of Directors (and no one else) shall have access to such communications.

7. *Membership Contributions.* Persons desiring to be equity members shall be required to make a membership contribution to the Club. Prior to the initial sale of all of the equity memberships permitted to be issued in the Club, the Partnership shall determine the required membership contribution. After the initial sale of all of the equity memberships permitted to be issued in the Club, the Board of Directors shall determine the required membership contribution.

8. *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 same 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 these By-Laws 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 these 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 these By-Laws.

9. *Resignation—Redemption of Membership Certificate.*

a. Any equity member may resign from the Club by giving written notice to the Secretary. Dues, fees and charges shall accrue against a resigned equity membership until the resigned equity membership is reissued by the Club.

b. The Club shall be obligated to repurchase a resigned equity membership only in accordance with these By-Laws and only if an individual, who is acceptable to the Club, is willing to purchase the resigned member's membership. The amount to be paid to the resigned equity member of the Club shall be equal to the greater of: (1) the amount of the membership contribution actually paid by the resigned member, or (2) eighty (80%) percent of the amount of the membership contribution paid by the purchaser of the resigned membership. If a resigned member's membership is reissued during a membership year, the member shall be reimbursed for any annual dues paid for that year on a pro rata basis. If a member resigns from the Club and does not arrange for the purchaser of his or her residential unit or lot in Callawassie or one of the other designated communities to purchase the resigned membership, then the resigned membership shall, subject to the Partnership's right of first refusal described in Section 12 hereof, be placed on the waiting list to be reissued by the Club on a first-resigned, first-reissued basis in accordance with the following:

(i) Prior to the issuance of all of the equity memberships permitted to be issued in the resigned member's category of membership, every fourth equity membership issued in that category shall be a resigned membership from the waiting list for that category. The other three equity memberships shall be issued from the Club's unissued equity memberships.

(ii) After the issuance of all of the equity memberships permitted to be issued in the resigned member's category of membership, every equity membership issued in that category shall be a resigned equity membership from the waiting list for that category.

c. If a member does not arrange for the purchaser of his or her residential unit or lot in Callawassie or one of the other designated communities to acquire his or her resigned membership, then the purchaser of the residential unit or lot shall be entitled to acquire an equity membership only if an equity membership is available and not otherwise reserved by the Partnership or the Club.

#### 10. *Transferability and Reissuance of Equity Membership.*

a. Equity membership certificates are not transferable or assignable except as provided in this Section 10 or Section 11 of this Article.

b. An equity member who sells his residential unit or lot in Callawassie or one of the other designated communities may direct the Club to transfer his or her membership certificate to the purchaser of his or her residential unit or lot in accordance with the following:

(i) 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 or one of the other designated communities 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.

(ii) The purchaser of the residential unit or lot must submit to the Club an Application for Membership, a Membership Purchase Agreement and the required membership contribution.

(iii) Upon the resignation becoming effective as hereinabove 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.



(iv) 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 Section 9(b) of this Article 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 equity member and issue a new membership certificate to the purchaser of the resigned membership.

#### 11. *Transfer Upon Death or Divorce.*

a. Upon the death of an equity member, the deceased member's membership shall 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 (120) days after his or her right to the equity membership has been determined and pay to the Club any unpaid dues, fees, charges and assessments 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 (120) days after acquiring the right to the equity membership, the equity membership shall be deemed to have been resigned and shall 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 shall be entitled to receive the amount of the membership contribution which would otherwise have been payable to the deceased member.

b. In the event equity members are legally separated or divorced, title to the equity membership shall 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 shall 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 (5) days after the divorce or legal separation is declared final. Until written notice has been provided to the Club, both spouses shall be responsible for the payment of all dues, fees, charges (including any food and beverage minimums) and assessments associated with the equity membership.

12. *The Partnership's Right of First Refusal.* Prior to the initial sale of all of the residential units and lots in Callawassie and the designated communities, the Partnership shall 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 or the other designated communities. The Partnership may exercise its right of first refusal by paying to the Club within thirty (30) days after its receipt of written notice that a person desires to acquire the Golf Membership the required membership contribution. The Partnership shall not be required to pay any dues, fees, charges (including food and beverage minimums) or assessments on the membership and may reserve or have such membership reissued to any person which the Partnership deems appropriate.

13. *Access to Facilities.* In order to provide the utmost playing pleasure for all members, the Club reserves the right, from time to time, to establish rules governing access and starting times with respect to the golf course, tennis courts and the other Club facilities. In addition, the Club reserves the right to adjust, from time to time, the sign-up or playing privileges of the Social Members and their annual dues, charges and fees accordingly.

## ARTICLE XI GUEST AND LESSEE PRIVILEGES

1. *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 equity member shall be responsible for all charges incurred by his or her guests which remain unpaid after the customary billing and collection procedure of the Club and for the deportment of his or her guests.

2. *Lessee Privileges.* An equity member who leases his or her residential unit in Callawassie (or one of the other designated communities) 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 shall not be entitled to use that membership but shall continue to be obligated to pay dues. The equity member shall also be responsible for all charges incurred by his or her lessee which remain unpaid after the customary billing and collection procedure of the Club and the deportment of his or her lessee. All lessees shall be subject to the approval of the Club.

## ARTICLE XII DUES, FEES AND CHARGES

Each year the Board of Directors of the Club shall determine the dues, fees and charges (including any food and beverage minimums) for each category of membership in the Club. All dues shall be payable in advance, on or before the first day of each month during the membership year, unless otherwise determined by the Club.

Resident and non-resident dues shall be available in 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, shall be considered to be a "resident" and shall be required to pay the resident category of dues.

Such dues and fees shall be applied against the Club's operating costs. It shall be the policy of the Club that the dues, plus other receipts of the Club shall be sufficient, insofar as possible to project, to meet the annual operating needs of the Club. The dues, as they are established from time to time by the Board of Directors, shall insofar as possible reflect this stated policy.

## ARTICLE XIII DELINQUENCIES

1. *Statement.* An itemized statement of any dues, fees, charges and assessments shall be mailed monthly to each member. Any member failing to pay his or her indebtedness to the Club within thirty (30) days from the date of such statement shall be notified in writing by the Treasurer.

2. *Unpaid Accounts—Suspension.* If payment is not received within thirty (30) days after such notice, the delinquent member's credit and membership privileges may be suspended by the Board of Directors. Suspended members may be reinstated by the Board of Directors within (6) months of the suspension upon payments of all indebtedness plus all dues, assessments and charges (including any food and beverage minimums) accrued since the initial time of delinquency, plus a sum calculated at the rate of eighteen percent (18%) annually.

3. *Liens.* The Club shall have a lien against each membership for any unpaid 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 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 annual dues or other charges without thereby waiving the lien securing the same.

#### ARTICLE XIV DISCIPLINE

1. *Improper Conduct.* Any member whose conduct, or whose family's or guests' conduct, shall be deemed by the appropriate committee 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.

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 be heard, the Board of Directors shall set a time and date for such hearing, which is not less than ten (10) days after the Board sets the date. While such complaint is being considered by the Board, the member shall enjoy the privileges of the Club.

3. *Suspension.* The Board of Directors may suspend a member and his or her family or guests from some or all of the privileges of the Club 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.

4. *Resignation—Request by Board.* 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.

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 in accordance with the provisions of Article X, Section 9 of these By-Laws.

ARTICLE XV  
OTHER MEMBERSHIP AND USE PRIVILEGES

1. *Spring Island Property Owners.* Each Spring Island Property Owner as of the date of this Membership Plan shall have until July 31, 1994 to acquire non-equity social membership privileges in the Club. Each purchaser of a residential unit or lot on Spring Island after the date of this Membership Plan shall, subject to availability, have sixty 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 shall be required to pay the same dues, fees, charges (including any food and beverage minimums) and operating assessments as a Social Member but shall 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 shall have all of the same rights as a Social Member, except the Spring Island Property Owner shall not be entitled to any ownership interest in the Club or its facilities, and shall not be entitled to vote on any club matters. A Spring Island Property Owner's non-equity social membership privileges shall 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 the required dues, fees, charges (including any food and beverage minimums) and operating assessments associated with the membership privileges. The total number of non-equity social memberships to be offered to Spring Island Property Owners shall be limited to two hundred fifty.

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 shall be determined by the Club from time to time. At the beginning of each membership year, the total number of Associate Memberships shall be limited to the total number of Golf Memberships permitted to be issued in the Club, less the number of outstanding Golf Memberships. Associate Memberships shall be recalled at the end of each membership year, on a first-issued, last-recalled basis to the extent necessary so that the total number of Associate Memberships does not exceed the limit. 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 shall not be subject to any operating or capital assessments. Associate Members shall not be entitled to any ownership interest in the Club or its facilities or to vote on any club matters.

3. *Daily Fee Play.* Daily fee play may be permitted by the Club from time to time. All daily fee play shall be discontinued by the Club once the Club Facilities have been operated at a breakeven level (after debt service) for twelve consecutive months. This breakeven level shall be confirmed by a nationally recognized certified public accounting firm, in accordance with generally accepted accounting principles, consistently applied, taking into account the capital replacement reserve in lieu of any depreciation or amortization expense.

## ARTICLE XVI CORPORATE SEAL

The Corporate Seal of the Club shall be circular in form and shall bear the words "The Callawassie Island Club, Inc., Callawassie Island" and the Magnolia Logo. 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 XVII 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. *Operating Assessments.* Prior to the Closing Date, members of the Club shall not be subject to any operating assessments. Prior to the Closing Date, the Club Fund may be used by the Partnership to fund any operating deficits which are incurred from the operation of the Club Facilities prior to the Closing Date. After the Closing Date, 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 after the Closing Date. Any assessments to cover operating deficits which occur after the Closing Date shall 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.

3. *Capital Assessments.* Prior to the Closing Date, there shall be no assessments for capital expenditures unless approved by a majority of the votes associated with the equity members subject to the assessment. Assessments for any capital expenditures 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 to the Club Facilities shall be voted on by and prorated equally among all of the equity members.

4. *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 XVIII AMENDMENTS

1. *By Equity Members.* After the Closing Date, these By-Laws may be altered, amended, or repealed by a majority vote of all of the members of the Board of Directors and a majority of the votes cast by the equity members of the Club entitled to vote, in person or by proxy, at any duly called and constituted annual or special meeting of the equity members of the Club at which a quorum of equity members is present. A proposed amendment must be set forth in the notice of the meeting.

2. *By The Partnership.* Prior to the Closing Date, the Partnership may, in its sole discretion, amend or modify the Plan Documents 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.

3. *Restrictions on Amendments.* After the Closing Date, the Membership Plan may be amended by the equity members and the Board of Directors in accordance with these By-Laws; provided, however, neither the Club nor its members may at any time change, modify or delete any of the following items without the prior written consent of the Partnership, which consent may be withheld by the Partnership in its sole and absolute discretion:

(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 Documents as of the Closing Date;

(b) the restrictions or limitations on assessments as described in the Plan Documents 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, charges (including any food and beverage minimums) and assessments as described in the Plan Documents 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 Documents as of the Closing Date;

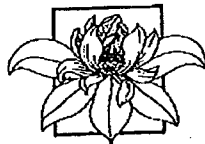
(e) the General Club Rules relating to use of the Club Facilities by guests of members as described in the Plan Documents as of the Closing Date;

(f) the rights of a lessee of an equity member's residential unit in Callawassie (or one of the other designated communities) as described in the Plan Documents as of the Closing Date;

(g) the eligibility to acquire an equity membership as described in the Plan Documents as of the Closing Date; or

(h) this Section 3, Article XVIII, of these By-Laws of the Club as described in these By-Laws as of the Closing Date.

## GENERAL CLUB RULES



CALLAWASSIE  
ISLAND  
CLUB





EXHIBIT C  
THE CALLAWASSIE ISLAND CLUB  
GENERAL CLUB RULES

CLUB RULES

1. 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.
2. No committee shall plan or set dates for dining room activities without prior approval of the Board of Directors or the House Committee.
3. No performance by entertainers will be permitted on Club's property without permission of the Board of Directors or the Entertainment Committee.
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.
5. Except as permitted by the Board of Directors, no commercial advertisements shall be posted or circulated in the Club, or shall business of any kind be solicited or transacted on Club's property or upon Club's stationery.
6. 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 any Club property.
7. It is contrary to Club's policies to have the facilities used for functions which are in any way related to past, present or future fund raising efforts for the benefit of a political cause. The Club's facilities also shall not be used in connection with organized religious services.
8. Club employees are not permitted to deliver food or liquor to locations away from the immediate area of the Clubhouse without permission of the Club Manager.
9. All catered food and beverages consumed on the Club's facilities shall be furnished by the Club.
10. Members must not request special or personal services from employees of the Club who are on duty.
11. Members must not request staff to use the Club's copying machine for personal purposes on their behalf.
12. Dogs or other pets are not permitted in the Clubhouse or at the pool and members may not walk their dogs on Club's premises, except in areas and at times approved by the Board of Directors.
13. All complaints or suggestions must be in writing, signed and addressed to the Chairman of the appropriate committee.

14. It is unbecoming for any members or guests to abuse any of the Club's employees, verbally or otherwise. No member shall discipline any employee, nor shall a member request an employee to leave the Club's premises for any purpose whatsoever. Any employee not rendering courteous and prompt service should be reported to the Club Manager immediately.
15. The roster or list of members in the Club shall not be used or given to anyone by a member of the Club for any reason whatsoever and shall be furnished only to members.
16. Violation of any of the above rules 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.
17. The Board of Directors reserves the right to amend or modify these rules when necessary and will notify the membership of such changes.
18. All rules and regulations contained herein shall be subject to and controlled by the applicable provisions of the By-Laws.

#### MEMBERSHIP CARDS

1. A membership card indicating a club account number, type of membership and expiration date, will be issued to the member as well as other eligible members of the family entitled to membership privileges upon payment of the annual dues by the member. Membership cards are not transferable. Presentation of a membership card is required prior to use of the golf, tennis, pool, dining and recreational facilities.
2. A membership card may not be used by any person other than the member to whom it is issued.
3. In the event of a lost or stolen membership card, the membership office must be notified in writing immediately. The account will be cancelled and placed on "call security". This procedure reduces the risk that unauthorized persons will be able to charge items to the account. 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 new card replaced, a \$5.00 charge, per card, will be placed on the member's club account.
4. Annual membership dues are payable monthly in advance. The charging of membership dues to the member's account is not permitted.
5. 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 after receipt of statement.
6. If payment is not received within thirty (30) days after such notice, the delinquent member's card and membership privileges shall be automatically suspended.
7. Any member whose account is delinquent for sixty (60) days or more may be suspended by the Board of Directors. Suspended members may be reinstated by the Board of Directors within six (6) months of the 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 a sum calculated at the rate of eighteen percent (18%) annually.

8. The Club shall have a lien against the membership for any unpaid annual dues or other charges made by the member of the Club.
9. If the Club commences any legal action to collect any amount owed, or to enforce any liability of a member to the Club and, if judgment is obtained by 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.

#### SUSPENSION AND TERMINATION OF MEMBERSHIP

1. Any member may terminate membership in the Club by delivering to the Club's Secretary written notice of termination in accordance with the By-Laws. Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums).
2. A member may be terminated or suspended by the Club if, in the sole judgment of the Club, the member:
  - a. Exhibits unsatisfactory behavior, deportment and appearance.
  - b. Fails to pay the required membership contribution, dues, fees, charges (including any food and beverage minimum) or assessments in a proper and timely manner.
  - c. 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.
  - d. Abuses the personnel or employees of the Club.
  - e. Submits false information on his or her Application or with respect to his or her guests or lessees.

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.

3. Any member who has had his or her membership terminated for any reason other than failure to meet the eligibility requirements shall not again be admitted to the Club's facilities under any circumstances.

#### LOSS OR DESTRUCTION OF PROPERTY OR INSTANCES OF PERSONAL INJURY

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.
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.

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, Callawassie Island Company, L.P. (the "Partnership") and their partners, 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, the Partnership and their partners, 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.

#### DINING ROOM RESERVATIONS

1. Dinner reservations are required. Members are asked to assist in maintaining required service levels by making reservations for dining prior to 5:00 p.m. on the day involved. For a party of ten or more, a minimum additional twenty-four (24) hour notice is requested, and it is further suggested that for these larger parties, a set menu be arranged 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.
2. For all functions at the Club, tables will be assigned on a first-call, first-choice basis.

#### GRATUITIES

1. A service charge of sixteen percent (16%) or such other percentage as may be customary from time to time will be added to all food and beverage sales which will be distributed to the waitress, busboys and beverage department employees. No member shall offer any payment or any gratuity of any kind to any employee of the Club, nor shall any employee accept a gratuity, other than the Golf Bag Attendants, Locker Room Attendants and the Doorman, under penalty of disciplinary action by the Board of Directors.
2. In November it is customary to send a letter from the President, providing an opportunity for the membership to contribute to a Holiday Fund for employees and a suggested contribution, whose payment will be voluntary and shall be included on each member's November bill. As you know, there are many people employed, ranging from those in office administration to Clubhouse services to golf course workers, and this provides the membership with an opportunity to show our appreciation of their efforts. The Board of Directors is responsible for the distribution of funds.

#### CHILDREN

Children under thirteen years of age are not allowed in the Clubhouse or pool unless accompanied by and supervised by an adult. Children under the applicable minimum legal drinking age are not allowed in the bar unless accompanied by a parent. The Golf Course may be used by Juniors under thirteen years of age with the permission of the Golf Professional.

### ATTIRE

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.
2. Casual dress is permitted at lunch. Appropriate evening attire is expected for dinner. The dress code for special events will be as announced. Shirts are required on all of the Club's premises except in the pool area and locker room.

### CLUB SERVICES AND ACTIVITIES

1. The Club Services and Activities Department provides a variety of social, cultural and recreational events for youth and adult members and all members entitled to participate. Activities are publicized in the monthly club bulletin.
2. Reservations are required for most club activities and are taken on a first-come, first-served basis by pre-registering with the club services staff.
3. 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 Board of Directors.
4. 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. Members are requested to make reservations with the Club for available dates and arrangements. Private parties on the Club's premises will be catered solely by the Club.
5. Private parties are not permitted on the Club's premises without the prior approval of the Club Manager and a member assumes full responsibility for the conduct of his or her guests. The sponsoring member shall be responsible for the cost of removing any party decor.

### MAILING ADDRESSES

1. Each member shall be responsible to inform and file with the Club Secretary in writing, preferably on a form provided, 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 Secretary.
2. In the absence of an address filing with the Club Secretary, any club mailing may with like effect be deposited in the post office, addressed as the Club Secretary may think most likely to cause its prompt delivery.

## POOL

1. The pools are for the exclusive use of members and their guests.
2. Members and guests must register at the pools prior to using the facilities.
3. Use of pool facilities at any time is at the swimmer's own risk.
4. Swimming is permitted only during open hours of the pool.
5. Children under thirteen (13) years of age are not allowed to use the Main Club pool facilities unless accompanied by an adult. Children under eight (8) years of age are not allowed to use the River Club pool unless accompanied by an adult.
6. Showers are required before entering the pools.
7. Glass bottles, glasses and sharp objects are not permitted in the pool areas.
8. 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.
9. Dogs and other pets are not permitted in the pool areas.
10. All persons using the 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 plastic strappings. Pool furniture must not be removed from the pool deck area.
11. Running, ball playing, noisy or hazardous activity will not be permitted in the pool areas. Pushing, dunking and dangerous games are forbidden.
12. Unauthorized diving is prohibited.
13. Fishing, spear fishing and snorkeling equipment, other than a mask, are not to be used in the River Club pool area except as part of an organized course of instruction.
14. Out of consideration for others, volume of radios and recorders must be kept at a reasonable level at the River Club. There shall be no radios and recorders at the Main Club pool.
15. Picnic lunches are forbidden in the pool areas.
16. All persons using the pool areas and washrooms are urged to cooperate in keeping the areas clean by properly disposing of towels, cans, paper plates, cigarettes, etc.
17. Smoking is prohibited in the pool areas except as authorized.
18. The Pool Committee 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 pleasant facilities of the pools.

## GOLF RULES

1. All persons must register in the Golf Pro Shop prior to beginning play.
2. "Cutting-in" is not permitted at any time. Specific approval of the Golf Pro Shop is required to begin play at the 10th tee.
3. Practice is not allowed on the golf course proper. The practice range and the practice putting green should be used for practice.
4. If a group fails to keep its place on the course and loses more than one clear hole on the players ahead, it must allow the following group to play through.
5. Players who stop after the 9th hole for any reason may not delay the following foursome and are expected to give way in order to maintain continuity of play.
6. All tournament play must be approved in advance by the Board of Directors.
7. Each player must have his or her own set of clubs.
8. Children under age sixteen (16) must be accompanied by an adult unless certified by the Golf Professional.

## GOLF STARTING TIMES

1. All players must have a starting time.
2. The Golf Pro Shop will assign the starting times.
3. All sign-up privileges will be determined by the Club from time to time.
4. Any abuse of starting times shall be reported to the Golf Professional and such offending member shall be disciplined in accordance with the General Club Rules and the By-Laws of the Club.
5. Starting time changes must be approved by the Golf Pro Shop.
6. The person calling for a starting time must be a member of the playing party.
7. Groups of five or more players shall not be allowed at any time.
8. The Golf Pro Shop may permit members to walk the golf course after 2:00 p.m.

### RAIN-CHECK POLICY

1. When rain prevails and causes termination of play, a credit for that day's greens fees and cart fees will be provided based on the number of holes played as follows:
  - a. Less than 3 holes played — full 18-hole credit
  - b. Less than 12 holes played — 9-hole credit
2. It will be the sole responsibility of the player to apply for a rain check from the Golf Pro Shop. There will be no rain check policy for outside play.

### DRIVING RANGE

1. Range balls are for use on the driving range only. Range balls will not be permitted for use on the golf course.
2. Range balls are provided at the bag drop area.

### PRIVATE GOLF CART RULES

1. Members with a residential unit in Callawassie can own or lease a private golf cart.
2. No private carts will be stored on the Club's facilities other than those belonging to the cart owner.
3. Private golf carts will be permitted by the Club and an annual trail fee will be charged.
4. To preserve uniformity, all golf carts shall be purchased or leased through the Club. All carts will be electric and white in color. Head and tail lights are required for use on the private roads of Callawassie.
5. Use of private carts without payment of additional fees is limited to the member's immediately family. A member's immediate family includes the member, his or her spouse and their unmarried children under the age of twenty-five (25), living at home or attending school on a full-time basis.
6. Private carts shall be registered with the Golf Pro Shop each time they are used on the golf course.
7. Private golf carts should use the private roads of Callawassie to reach the Golf Pro Shop prior to beginning a round of golf.
8. For safety reasons, private golf carts shall not be allowed on the bridge and causeway connecting Callawassie Island to the mainland.



### CLUB GOLF CART RULES

1. No golf cart shall be used by a member or guest without proper assignment and registration in the Golf Pro Shop.
2. Children under the age of sixteen (16) are not permitted to drive the Club's golf carts unless accompanied by an adult accepting responsibility.
3. The Club's golf carts are for use on the golf course only and must not be driven to residential units.
4. Operation of the Club's golf carts is at the risk of the operator. Cost of repair to a damaged cart will be charged to the member, or in the case of a guest, to the sponsoring member. Damage to a cart should be reported as soon as possible.

### GENERAL GOLF CART RULES

1. No more than two people and no more than two sets of clubs per cart are allowed.
2. Obey all traffic signs.
3. Always use cart paths where provided, especially near tees and greens. Players are required to remain on cart paths, without exception, on Par 3 holes.
4. Except on a path, do not drive a cart within fifty (50) feet of a green or a tee.
5. Never drive a cart through a hazard.
6. Be careful to avoid soft areas on fairways, especially after rain. Use the roughs wherever possible.
7. Avoid well-worn areas when entering and exiting fairways. Seek lush areas to avoid making unsightly beaten paths.
8. Do not drive carts under low hanging branches of trees.
9. When "Special cart directional signs" are posted, they are to be followed.
10. "Course Closed" and "Hole Closed" signs are to be adhered to without exception.

Repeated abuse of the above rules may result in loss of cart privileges.

### HANDICAPS

1. Handicaps are computed under the supervision of the Golf Professional in accordance with current USGA recommendations.
2. Accurate records are to be kept of scores turned in and recorded for all full rounds played. The Golf Professional will determine if there are violations by members in turning in their scores. If there are violations, the Golf Professional shall arbitrarily assign a score two (2) strokes lower than the lowest score on the computer sheet and shall continue to do so as long as these violations occur.

## GOLF COURSE ETIQUETTE

Each person using the course should do his or her part to make a round of golf at the Club a pleasant experience for everyone. Here are some suggestions.

1. Don't waste time. Be ready to make your shot when it is your turn to play, and don't be afraid to shoot out of turn if doing so will contribute to the progress of your group.
2. When approaching a green, drive your cart to the side or rear of the green on the best direct path to the next tee. This can save about one half hour per round. Never leave that cart in front of the green where you will have to go back to get it while the following players wait for you to get out of the way.
3. When play of a hole is completed, leave the green promptly and proceed to the next tee without delay. Do the scoring for the completed hole while the others are playing from the next tee.
4. If you are not holding your place on the course (see Golf Rule No. 4), allow the players behind to play through. Do the same if you stop to search for a lost ball.
5. Repair your ball marks on the greens.
6. Carefully rake sand traps after use.
7. Proper golf attire is required at all times. Swimming attire, tank tops and gym shorts are not considered appropriate for golf course or golf practice area participation. Everyone must wear golf shoes or tennis shoes. Shirts must have collars and shorts must be within two inches of the knees.

## TENNIS RULES AND REGULATIONS

1. Players without a prearranged game are encouraged to come to the courts where the Tennis Professional will assist in forming matches.
2. All sign-up privileges will be determined by the Club from time to time.
3. All players must check in and register at the Tennis Pro Shop at least ten (10) minutes prior to their starting times, or the court will be released to the first name on the waiting list. Failure to register at the Tennis Pro Shop will result in a \$25.00 penalty fee.
4. Each member may reserve two courts per day as long as the same individual is not using both courts.
5. Once a member is off the court, the member may sign up for the next available hour.
6. Playing on a court constitutes having that court reserved, i.e., Smith may not play on Jones' court at 9:00 a.m. and have a court in his name at 10:00 a.m.
7. Doubles may reserve a court for an hour and a half, singles for an hour (except for times designated by the Tennis Professional when doubles will be an hour and singles possibly eliminated). More than one hour may be reserved after 5:00 p.m. on the day of play.

8. Proper tennis attire is required at all times. Colors are permitted; however, cut-offs, bermudas, bathing suits, gym shorts, slacks, running shorts, etc. are not permitted. Smooth sole tennis shoes, as distinguished from basketball or jogging shoes, are required.
9. Proper tennis etiquette should be observed at all times. No excessive noise, racquet throwing or profanity will be permitted at any time.

#### GUESTS

1. Residents of Callawassie who are not members cannot use the Club's facilities as a guest of a member.
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 (or such other community designated by the Club). All other guests shall be considered to be Day Guests.
3. The same Day Guest may be invited to use the golf course no more than six (6) times per year and no more than two (2) times during any one month.
4. Day Guests may not use the Club's facilities unless in the company of a member.
5. All Day Guests and their sponsoring members must first register at the Club's office for a guest pass in order to gain access to the Club's facilities.
6. The sponsoring member is responsible for charges incurred by his or her Day Guests.
7. All House Guests must acquire a House Guest membership.
8. The sponsoring member must initiate the application for House Guest membership at least five (5) business days prior to the anticipated arrival date of the House Guest. Each House Guest must be escorted personally to the Club's office by the sponsoring member or such member must advise the Club's office in writing or by telephone of such House Guest's plans.
9. In order to issue a House Guest Visitor's Card, the following information is to be provided in advance of the House Guest's arrival:
  - a. Guest's Name.
  - b. Required Club usage dates.
  - c. Callawassie residence and telephone number.
10. The sponsoring member must indicate whether all charges and fees incurred by the House Guest are to be charged solely to the House Guest's account or to the member's own club account. Members are responsible for their House Guest's accounts if such accounts are not paid in full within thirty (30) days of billing.

11. After application for House Guest membership and payment made of the applicable House Guest fee, a Visitor's Card will be issued to each House Guest evidencing his or her rights and entitling him or her to use the Club's facilities. This Visitor's Card must be carried at all times and presented upon request for the use of the Club's facilities. Under no circumstances shall a House Guest use a member's or Visitor's Card other than the card issued specifically to that House Guest.
12. A House Guest may use the Club's facilities without being accompanied by the member.
13. In the event of a cancellation by a House Guest, the Club's office must be notified at least two (2) business days in advance to be eligible for a rebate of fees. Otherwise, the appropriate fees will be charged to the sponsoring member's club account.
14. A sponsoring member shall be responsible for the conduct of all of his or her guests while at the Club. If the manner, deportment or appearance of any guest is deemed by the Club to be unsatisfactory, the sponsoring member shall, at the request of the Club, cause such guest to surrender his or her guest card and leave the Club's premises. The Club may at any time suspend or terminate the guest sponsorship privileges of any member or members of the Club.

#### LESSEE PRIVILEGES

1. Members shall have the right to designate the lessee their residential unit in Callawassie (or such other community designated by the Club) as the beneficial user of their membership.
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, prior to the lessee's use of the Club's facilities.
3. During the period when a lessee is designated as the beneficial user of the member's membership, the member shall not have the right or privileges to use the membership.
4. Lessees shall pay the designated fees for use of the Club's facilities.
5. Lessee 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.

# **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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**The Callawassie Island Members Club, Inc.**

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8/8/01

## **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 be 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.



6-29-01

**CALLAWASSIE ISLAND MEMBERS CLUB**  
**BY-LAWS**

**June 29, 2001**

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 statute, 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.

**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.

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**The Callawassie Island Members Club, Inc.**

# PLAN FOR THE OFFERING OF MEMBERSHIPS

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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 its 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 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. 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 waiving 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.

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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  
BK 01505 PG 0850  
FILE NUM 2001074988  
RECORDING FEES 133.00  
RECORDED BY B BING RCPT# 26394  
RECORDED 12/03/2001 02:09:19 PM

After Recording Return To:  
James P. Scheider, Jr.  
Jones, Scheider & Patterson, P.A.  
P.O. Box 1938  
Bluffton, South Carolina 29910  
(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 | ) | AMENDED AND RESTATED        |
|                         | ) | GENERAL DECLARATION FOR     |
|                         | ) | CALLAWASSIE ISLAND          |
|                         | ) | AND PROVISIONS FOR THE      |
| COUNTY OF BEAUFORT      | ) | 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 29<sup>th</sup> 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 overcrowding 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



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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.

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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 29<sup>th</sup> 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

## THE CALLAWASSIE ISLAND MEMBERS CLUB, INC. GENERAL CLUB RULES

These General Club Rules were adopted by the Board of Directors on December 3, 2007.

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EXHIBIT W

©The Callawassie Island Members Club, Inc.

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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. "Swimpees" 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 or a house guest may be invited to use the golf course, tennis or pool facilities up to twelve (12) times per calendar year.

5.1.4. An individual may be a guest of a member or a combination of members a maximum of twelve (12) times per membership year for a maximum of thirty (30) days' use of club facilities. 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. Guests must observe Club rules with regard to food, beverage, and amenity reservations. 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.

#### 5.2. 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 department 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. 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.

9.4. 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.

9.5. 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.

## 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:

- 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

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 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 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.

# 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 A

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.

| <u>CATEGORY</u>                                                 | <u>MEMBERSHIP LIMITS</u> |
|-----------------------------------------------------------------|--------------------------|
| 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

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 1<sup>st</sup> and ending on December 31<sup>st</sup>.

## **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 waiving 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.~~

01 - Callawassie Island Club  
Member History Jan 01/00 - Jan 22/13

Pg 1

01734 - First Service SunTrust  
365 Douglas Ave Suite 3400  
Altamonte Springs, FL 32714

Main Phone : 407-644-4500  
Alt. Phone : EXT 7276  
Status : FORECLOSUR

| Date     | Ty | Chit/Inv   | Description    | Charges   | Tax/Grat | Amount Due | Date     | BusArea |
|----------|----|------------|----------------|-----------|----------|------------|----------|---------|
| Apr30/11 | DU | SJ8295/95  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Paid     |         |
| Apr30/11 | DU | SJ8295/95  | Club Amenities | 44.00     | 0.00     | 44.00      | Paid     |         |
| Apr30/11 | DU | SJ8295/96  | Monthly Dues   | -350.00   | 0.00     | -350.00    | Paid     |         |
| Apr30/11 | DU | SJ8295/96  | Club Amenities | -44.00    | 0.00     | -44.00     | Paid     |         |
| Apr30/11 | DU | SJ8297/97  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Paid     |         |
| Apr30/11 | DU | SJ8297/97  | Club Amenities | 44.00     | 0.00     | 44.00      | Paid     |         |
| Apr30/11 | IN | 2010 DUES  | 2010 Dues      | 3,396.00  | 0.00     | 3,396.00   | Apr30/11 |         |
| Apr30/11 | IN | 2011 DUES  | Jan. - April 2 | 1,400.00  | 0.00     | 1,400.00   | Apr30/11 |         |
| Apr30/11 | IN | MBRSHP/98  | Social Members | 22,500.00 | 0.00     | 22,500.00  | Apr30/11 |         |
| Apr30/11 | IN | RECLASS/89 | Bill 2010 Asse | 352.00    | 0.00     | 352.00     | Apr30/11 |         |
| May31/11 | DU | SJ8314/14  | Monthly Dues   | 350.00    | 0.00     | 350.00     | May31/11 |         |
| May31/11 | DU | SJ8314/14  | Club Amenities | 44.00     | 0.00     | 44.00      | May31/11 |         |
| May31/11 | LP | SJ8330/30  | Finance Charge | 415.35    | 0.00     | 415.35     | May31/11 |         |
| Jun30/11 | DU | SJ8351/51  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Jun30/11 |         |
| Jun30/11 | DU | SJ8351/51  | Club Amenities | 44.00     | 0.00     | 44.00      | Jun30/11 |         |
| Jun30/11 | LP | SJ8353/53  | Finance Charge | 427.49    | 0.00     | 427.49     | Jun30/11 |         |
| Jul01/11 | CH | 009302/64  | Semi-Annual F& | 500.00    | 0.00     | 500.00     | Jul01/11 |         |
| Jul31/11 | DU | SJ8380/80  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Jul31/11 |         |
| Jul31/11 | DU | SJ8380/80  | Club Amenities | 44.00     | 0.00     | 44.00      | Jul31/11 |         |
| Jul31/11 | LP | SJ8387/87  | Finance Charge | 439.81    | 0.00     | 439.81     | Jul31/11 |         |
| Aug31/11 | DU | SJ8409/09  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Aug31/11 |         |
| Aug31/11 | DU | SJ8409/09  | Club Amenities | 44.00     | 0.00     | 44.00      | Aug31/11 |         |
| Aug31/11 | LP | SJ8411/11  | Finance Charge | 459.82    | 0.00     | 459.82     | Aug31/11 |         |
| Sep30/11 | DU | SJ8429/29  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Sep30/11 |         |
| Sep30/11 | DU | SJ8429/29  | Club Amenities | 44.00     | 0.00     | 44.00      | Sep30/11 |         |
| Sep30/11 | LP | SJ8430/30  | Finance Charge | 472.63    | 0.00     | 472.63     | Sep30/11 |         |
| Oct31/11 | DU | SJ8454/54  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Oct31/11 |         |
| Oct31/11 | DU | SJ8454/54  | Club Amenities | 44.00     | 0.00     | 44.00      | Oct31/11 |         |
| Oct31/11 | LP | SJ8458/58  | Finance Charge | 485.63    | 0.00     | 485.63     | Oct31/11 |         |
| Nov30/11 | DU | SJ8460/80  | Monthly Dues   | 350.00    | 0.00     | 350.00     | Nov30/11 |         |
| Nov30/11 | DU | SJ8460/80  | Club Amenities | 44.00     | 0.00     | 44.00      | Nov30/11 |         |
| Nov30/11 | LP | SJ8462/82  | Finance Charge | 498.82    | 0.00     | 498.82     | Nov30/11 |         |
| Dec31/11 | DU | SJ8508/08  | Monthly Dues   | 367.00    | 0.00     | 367.00     | Dec31/11 |         |
| Dec31/11 | DU | SJ8508/08  | Club Amenities | 44.00     | 0.00     | 44.00      | Dec31/11 |         |

January 22, 2013 2:04pm

User: ERIC Term: A1

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01 - Callawassie Island Club  
Member History Jan 01/00 - Jan 22/13

Pg 2

01734 - First Service SunTrust  
385 Douglas Ave Suite 3400  
Altamonte Springs, FL 32714

Main Phone : 407-644-4500  
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Status : FORECLOSUR

| Date     | Ty | Chit/Inv  | Description    | Charges | Tax/Grat | Amount Due | DueDate  | BusArea |
|----------|----|-----------|----------------|---------|----------|------------|----------|---------|
| Dec31/11 | LP | SJ8510/10 | Finance Charge | 512.21  | 0.00     | 512.21     | Dec31/11 |         |
| Jan01/12 | MH | SJ8511/11 | Annual Food &  | 500.00  | 0.00     | 500.00     | Jan01/12 |         |
| Jan31/12 | DU | SJ8532/32 | Monthly Dues   | 367.00  | 0.00     | 367.00     | Jan31/12 |         |
| Jan31/12 | DU | SJ8532/32 | Club Amenities | 44.00   | 0.00     | 44.00      | Jan31/12 |         |
| Jan31/12 | LP | SJ8529/29 | Finance Charge | 526.06  | 0.00     | 526.06     | Jan31/12 |         |
| Feb29/12 | DU | SJ8555/55 | Monthly Dues   | 367.00  | 0.00     | 367.00     | Feb29/12 |         |
| Feb29/12 | DU | SJ8555/55 | Club Amenities | 44.00   | 0.00     | 44.00      | Feb29/12 |         |
| Feb29/12 | LP | SJ8557/57 | Finance Charge | 547.62  | 0.00     | 547.62     | Feb29/12 |         |
| Mar15/12 | CN | ADJ/19    | Remove 1/2 Mar | -205.50 | 0.00     | -205.50    | Paid     |         |
| Mar31/12 | DU | SJ8577/77 | Monthly Dues   | 367.00  | 0.00     | 367.00     | Mar31/12 |         |
| Mar31/12 | DU | SJ8577/77 | Club Amenities | 44.00   | 0.00     | 44.00      | Mar31/12 |         |
| Mar31/12 | LP | SJ8579/79 | Finance Charge | 562.00  | 0.00     | 562.00     | Mar31/12 |         |
| Mar31/12 | CN | ADJ/21    | Remove Dues    | -367.00 | 0.00     | -367.00    | Paid     |         |
| Mar31/12 | CN | ADJ1/21   | Remove Assessm | -44.00  | 0.00     | -44.00     | Paid     |         |
| Apr30/12 | DU | SJ8601/01 | Monthly Dues   | 367.00  | 0.00     | 367.00     | Apr30/12 |         |
| Apr30/12 | DU | SJ8601/01 | Club Amenities | 44.00   | 0.00     | 44.00      | Apr30/12 |         |
| Apr30/12 | LP | SJ8604/04 | Finance Charge | 576.60  | 0.00     | 576.60     | Apr30/12 |         |
| Apr30/12 | CN | ADJ/22    | Remove Dues    | -367.00 | 0.00     | -367.00    | Paid     |         |
| Apr30/12 | CN | ADJ2/22   | Remove Assmnt  | -44.00  | 0.00     | -44.00     | Paid     |         |
| May31/12 | DU | SJ8621/21 | Monthly Dues   | 367.00  | 0.00     | 367.00     | May31/12 |         |
| May31/12 | DU | SJ8621/21 | Club Amenities | 44.00   | 0.00     | 44.00      | May31/12 |         |
| May31/12 | LP | SJ8626/26 | Finance Charge | 591.42  | 0.00     | 591.42     | May31/12 |         |
| May31/12 | CN | ADJ/23    | Remove Dues    | -367.00 | 0.00     | -367.00    | Paid     |         |
| May31/12 | CN | ADJ2/23   | Remove Assmnt  | -44.00  | 0.00     | -44.00     | Paid     |         |
| Jun30/12 | DU | SJ8651/51 | Monthly Dues   | 367.00  | 0.00     | 367.00     | Jun30/12 |         |
| Jun30/12 | DU | SJ8651/51 | Club Amenities | 44.00   | 0.00     | 44.00      | Jun30/12 |         |
| Jun30/12 | MH | SJ8652/52 | Annual Food &  | 500.00  | 0.00     | 500.00     | Jun30/12 |         |
| Jun30/12 | LP | SJ8654/54 | Finance Charge | 606.46  | 0.00     | 606.46     | Jun30/12 |         |
| Jun30/12 | CN | ADJ/24    | Remove Dues    | -367.00 | 0.00     | -367.00    | Paid     |         |
| Jun30/12 | CN | ADJ2/24   | Remove Assmnt  | -44.00  | 0.00     | -44.00     | Paid     |         |
| Jun30/12 | CN | ADJ/25    | ProRate F&B Mi | -250.00 | 0.00     | -250.00    | Paid     |         |
| Jul31/12 | DU | SJ8671/71 | Monthly Dues   | 367.00  | 0.00     | 367.00     | Jul31/12 |         |
| Jul31/12 | DU | SJ8671/71 | Club Amenities | 44.00   | 0.00     | 44.00      | Jul31/12 |         |
| Jul31/12 | LP | SJ8678/78 | Finance Charge | 629.23  | 0.00     | 629.23     | Jul31/12 |         |
| Jul31/12 | CN | ADJ/26    | Remove Dues    | -367.00 | 0.00     | -367.00    | Paid     |         |

January 22, 2013 2:04pm

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01 - Callawassie Island Club  
Member History Jan 01/00 - Jan 22/13

Pg 3

01734 - First Service SunTrust  
385 Douglas Ave Suite 3400  
Altamonte Springs, FL 32714

Main Phone : 407-644-4500  
Alt. Phone : EXT 7276  
Status : FORECLOSUR

| Date     | Ty | Chit/Inv   | Description    | Charges | Tax/Grat    | Amount Due | Date     | BusArea |
|----------|----|------------|----------------|---------|-------------|------------|----------|---------|
| Jul31/12 | CN | ADJ2/26    | Remove Assmnt  | -44.00  | 0.00        | -44.00     | Paid     |         |
| Aug01/12 | IN | BILL/02    | 2010/2011 Club | 704.00  | 0.00        | 704.00     | Aug01/12 |         |
| Aug01/12 | IN | BILL 1/02  | 2009 Deficit B | 400.00  | 0.00        | 400.00     | Aug01/12 |         |
| Aug31/12 | DU | SJ8696/96  | Monthly Dues   | 367.00  | 0.00        | 367.00     | Aug31/12 |         |
| Aug31/12 | DU | SJ8696/96  | Club Amenities | 44.00   | 0.00        | 44.00      | Aug31/12 |         |
| Aug31/12 | LP | SJ8704/04  | Finance Charge | 650.12  | 0.00        | 650.12     | Aug31/12 |         |
| Aug31/12 | CN | ADJ/27     | Remove Dues    | -367.00 | 0.00        | -367.00    | Paid     |         |
| Aug31/12 | CN | ADJ2/27    | Remove Assmnt  | -44.00  | 0.00        | -44.00     | Paid     |         |
| Sep30/12 | LP | SJ8730/30  | Finance Charge | 638.78  | 0.00        | 638.78     | Sep30/12 |         |
| Sep30/12 | AJ | AutoAdjust | Auto Account A | 0.00    | 0.00        | 0.00       |          |         |
| Oct31/12 | LP | SJ8754/54  | Finance Charge | 648.36  | 0.00        | 648.36     | Oct31/12 |         |
| Nov30/12 | LP | SJ8791/91  | Finance Charge | 658.09  | 0.00        | 658.09     | Nov30/12 |         |
| Dec31/12 | LP | SJ8827/27  | Finance Charge | 667.96  | 0.00        | 667.96     | Dec31/12 |         |
| Total:   |    |            |                |         |             | 45,195.96  |          |         |
| Current  |    | 1 Mths     | 2 Mths         | 3 Mths  | Over 4 Mths |            |          |         |
| 0.00     |    | 667.96     | 658.09         | 648.36  | 43,221.55   |            |          |         |

January 22, 2013 2:04pm

User: ERIC Term: A1

# **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. "Swimpees" 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 (30) 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 department 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 trail 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 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 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 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.

# CALLAWASSIE ISLAND MEMBERS CLUB

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## By-Laws

March, 2009

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# AMENDED AND RESTATED BY-LAWS OF CALLAWASSIE ISLAND MEMBERS CLUB

March, 2009

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## 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 1<sup>st</sup> of each year. All written ballots must be returned to the Club by March 1<sup>st</sup> 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 1<sup>st</sup> 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 15<sup>th</sup> 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 statute, 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 1<sup>st</sup> day of January and conclude on the 31<sup>st</sup> 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.



# CALLAWASSIE ISLAND MEMBERS CLUB

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By-Laws

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 1<sup>st</sup> of each year. All written ballots must be returned to the Club by March 1<sup>st</sup> 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 1<sup>st</sup> 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 15<sup>th</sup> 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 statute, 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.

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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.

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(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:

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(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 1<sup>st</sup> day of January and conclude on the 31<sup>st</sup> 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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EXHIBIT C

## 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 trail 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 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 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 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.

# THE CALLAWASSIE ISLAND MEMBERS CLUB PLAN FOR THE OFFERING OF MEMBERSHIPS

Amended as of February 2, 2012

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*material amendments  
require majority vote of  
all equity members  
no attorney's fee provision  
for suit for money judgment*

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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 RE SALE 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 1<sup>st</sup> and ending on December 31<sup>st</sup>.

## 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.

STATE OF SOUTH CAROLINA )

COUNTY OF BEAUFORT )

THE CALLAWASSIE ISLAND, )  
MEMBERS CLUB, INC. )

Plaintiff, )

vs. )

MICHAEL J. FREY and )  
GRACE I. FREY, )  
Defendants. )

IN THE COURT OF COMMON PLEAS  
FOURTEENTH JUDICIAL CIRCUIT

C.A. No.: 2012-CP-07-3209

DEFENDANTS MICHAEL J. FREY  
AND GRACE I. FREY'S  
SUPPLEMENTAL REQUEST FOR  
PRODUCTION TO THE PLAINTIFF

**TO: EHRICK K. HAIGHT, JR., ATTORNEY FOR PLAINTIFF THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.:**

The Defendants, Michael J. Frey and Grace I. Frey, by and through their undersigned counsel, pursuant to Rule 34 of the South Carolina Rules of Civil Procedure, hereby requests that within thirty (30) days from the date of service hereof, the Plaintiff, The Callawassie Island Members Club, Inc. (hereinafter "the Club"), provide a copy or make available for inspection the following:

1. Please provide itemization and supporting documentation for all attorney fees and expenses which you are seeking to be awarded to the Plaintiff as part of the judgment against the Defendants in this action. *The material provided should include sufficient detail to permit the Defendant to ascertain if the time expended was reasonably necessary, redundant or excessive.* Such disclosures would include, but are not limited to, the following:
  - A. Itemized billing records indicating the time spent on all billed time you are asserting in this case which provides the amount
  - B. All invoices provided to the Plaintiff by its legal counsel in this matter.
  - C. Any documentation supporting the "Estimated Additional Fees of \$4,500.00".

**Law Office of Brian McDaniel, LLC**

BY:   
BRIAN D. MCDANIEL  
2015 Boundary St., Suite 216  
Post Office Box 2085  
Beaufort, South Carolina 29901  
PHONE (843) 379-5117  
FAX (843) 379-5118

**ATTORNEY FOR THE DEFENDANTS  
MICHAEL J. FREY AND  
GRACE I. FREY**

Beaufort, South Carolina  
May 7, 2014

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF BEAUFORT )  
 )  
THE CALLAWASSIE ISLAND, )  
MEMBERS CLUB, INC. )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
MICHAEL J. FREY and )  
GRACE I. FREY, )  
 )  
Defendants. )  
\_\_\_\_\_ )

IN THE COURT OF COMMON PLEAS  
FOURTEENTH JUDICIAL CIRCUIT

C.A. No.: 2012-CP-07-03209

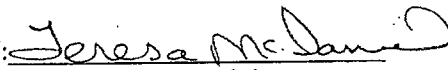
**CERTIFICATE OF SERVICE**

I, Teresa McDaniel, Legal Assistant of the Law Office of Brian McDaniel, LLC,  
Attorney for the Defendants do hereby certify that on this 7<sup>th</sup> day of May, 2014, I  
served a copy of the **Defendants Michael J. Frey and Grace I. Frey's Supplemental  
Request for Production to the Plaintiff** upon the Plaintiff by mailing via First Class  
US Mail postage prepaid to its attorneys at the following addresses:

Howell Gibson & Hughes, P.A.  
William T. Young, III, Esquire  
Stephen P. Hughes, Esquire  
P.O. Box 40  
Beaufort, SC 29901-0040

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

**Law Office of Brian McDaniel, LLC**

BY:   
Teresa McDaniel

Beaufort, South Carolina  
May 7, 2014

STATE OF SOUTH CAROLINA                    ) IN THE COURT OF COMMON PLEAS  
                                                      )  
COUNTY OF BEAUFORT                        ) CIVIL ACTION NO: 2012-CP-07-03209

THE CALLAWASSIE ISLAND                    )  
MEMBERS CLUB, INC.,                        )  
                                                      )  
                                                      ) Plaintiff,                        ) THE CALLAWASSIE ISLAND  
                                                      )                                ) CLUB MEMBERS, INC.'S  
vs.                                                ) ANSWERS TO DEFENDANTS'  
                                                      ) INTERROGATORIES  
MICHAEL J. FREY and GRACE I.                )  
FREY,                                            )  
                                                      )  
                                                      ) Defendants.                    )

TO: BRIAN D. McDANIEL, ESQUIRE, ATTORNEY FOR MICHAEL J. FREY  
AND GRACE I. FREY:

The Plaintiff, The Callawassie Island Members Club, Inc., above named,  
answering the Interrogatories propounded by the Defendants would show unto  
this Honorable Court:

1. Designate an officer, director, manager agent, or other person who is  
designated and consents to testify on behalf of the Plaintiff as to the matters  
asserted in the Plaintiffs Complaint.

ANSWER: G. Harman Switzer, 3<sup>rd</sup> has previously been designated as a  
representative of the Plaintiff, and has provided deposition testimony in that  
capacity. The Plaintiff reserves the right to designate additional representatives  
as it deems appropriate.

2. Give the names and addresses of persons known by the Plaintiff or  
Plaintiff's counsel to be witnesses concerning the facts of the case and indicate  
whether or not written or recorded statements have been taken from each such  
witness.



ANSWER: G. Harman Switzer, 3<sup>rd</sup>  
c/o Callawassie Island Members Club, Inc.  
174 Callawassie Island Drive  
Okatie, SC 29909Mr

Mr. Switzer has previously provided testimony, both individually and in the capacity as designated representative of CIMC, and upon information and belief, that testimony is in the possession of counsel for the defendants.

Jeff Spencer  
Craig Simonson  
Any current or former CIMC board member  
c/o Callawassie Island Members Club, Inc.  
174 Callawassie Island Drive  
Okatie, SC 29909

These persons are expected to offer testimony concerning their knowledge of the facts and circumstances giving rise to the allegations in the Summons and Complaint, the amounts owed by the Defendants, contractual obligations entered into by the Defendants, and any other issues raised in the instant litigation.

Michael J. Frey  
Grace I. Frey

These persons are expected to offer testimony concerning their knowledge of the facts and circumstances giving rise to the instant litigation.

This Plaintiff reserves the right to identify additional witnesses at a later date. The Plaintiff further incorporates herein by reference any persons identified as a potential witness by the Defendant.

3. Set forth a list of photographs, plats, sketches or other prepared documents in the possession of the party that relate to the claim or defense in the case.

ANSWER: a. Defendants' Application of Membership;  
b. Purported resignation of Defendants;  
c. Warranty Deed, from Callawassie Island Company, LP (Grantors), to Michael J. Frey and Grace I. Frey (Grantees), for Lot 16, Callawassie Island, and DMP No: R600 015 00B 0344;  
d. Contract for the Defendants' purchase of lot on Callawassie Island;  
h. CIMC Articles of Incorporation, filed November 16, 1999;

- j. The Callawassie Island Club Plan for Offering of Memberships of 1994 (April and July versions);
- k. The Callawassie Island Members Club Plan for Offering of Memberships of August 8, 2001;
- l. The Callawassie Island Members Club Plan for Offering of Memberships of September 1, 2007;
- m. The Callawassie Island Members Club Plan for Offering of Memberships of February 1, 2008;
- n. The Callawassie Island Members Club Plan for Offering of Memberships of February 2, 2012;
- o. The Callawassie Island Members Club Plan for Offering of Memberships of July 1, 2013;
- p. The Callawassie Island Members Club General Club Rules dated June 29, 2001;
- q. The Callawassie Island Members Club General Club Rules dated August 8, 2001;
- r. The Callawassie Island Members Club General Club Rules dated December 3, 2007;
- s. The Callawassie Island Members Club General Club Rules dated February 1, 2008;
- t. The Callawassie Island Members Club General Club Rules dated February 23, 2009;
- u. The Callawassie Island Club General Club Rules of 1994;
- v. The Amended and Restated General Declaration for Callawassie Island of December 1, 2001;
- w. The First Amendment to Amended and Restated General Declaration for Callawassie Island of July 8, 2008;
- x. 2012 & 2013 Amendments to the General Declaration for Callawassie Island
- y. The Callawassie Island Members Club By-Laws of June 2001;
- x. The Callawassie Island Members Club By-Laws of January 1, 2014;
- y. The Callawassie Island Club By-Laws of 1994;
- z. The CIPOA By-Laws of 1997;
- aa. The Club Purchase Agreement dated October 26, 1999;  
The Letter of Understanding dated June 27, 2001;
- bb. The Addendum to Letter of Understanding, dated December 30, 2001;
- cc. Letter of Understanding, dated April 4, 2007;
- dd. Omnibus Settlement and Security Agreement;
- ee. Any other amendments to CIMC Plan for Offering of Memberships, the CIMC General Club Rules, CIMC By-Laws, and CIPOA Declaration;
- ff. Any other documents contained within the Defendants' membership file;

gg. Any other documents produced in connection with litigation between any other member of CIMC and CIMC.

4. List the names and addresses of any expert witnesses whom the party proposes to use as a witness in the trial in the case.

ANSWER: The Plaintiff has not identified an expert witness at this time, but reserves the right to do so in the future.

5. List all litigation in which the Plaintiff has been a party in the past 6 years and designate the following:

- a. The parties to the action
- b. The nature of the litigation
- c. The outcome of the litigation
- d. The county in which the litigation was filed
- e. The attorneys of all parties to the litigation.

ANSWER: The Plaintiff objects to Interrogatory No. 5 upon the grounds that the Interrogatory is overly broad, seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence, and seeks information that is a matter of public record and equally available to all parties.

6. Give the date of all versions, amendments, revisions, and changes to the "Plan for Offering of Memberships" (referenced in paragraph 5 of your complaint) which you contend have been in force or effect at anytime during the membership of the Defendants.

ANSWER: Please see the Plaintiff's answer to Interrogatory No. 3.

7. At paragraph 8 in the Complaint the Plaintiff asserts that "The Defendants' purchase of the membership and their purchase and ownership of Lot 101, Phase B, require them to remain members in good standing under the terms and conditions of the governing document, including the Plan and Declaration".

A. Does the plaintiff contend that the "Declarations" create a contractual obligation for these Defendants to maintain their membership in good standing pursuant to Section 5.7.2 of those "Declarations"?

B. Specify any section of the "Declaration", other than Section 5.7.2 that the Plaintiff contends creates a contractual obligation upon these Defendants to maintain their membership in good standing, as alleged at paragraph 8 in the Complaint.

ANSWER: The Plaintiff objects to Interrogatory No. 7 upon the grounds that the interrogatory seeks a legal conclusion. The Plaintiff further responds by craving reference to its Summons and Complaint. Finally the Plaintiff craves reference to Section 5.7.2 of the Declaration, in reference to the specific inquiry regarding the terms of that provision, and specifically responding to Interrogatory

7B, notes that Section 5.7.2 provides "all 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."

8. List all Club members currently delinquent with regard to dues, fees, assessment and other charges specifying the amount and length of any such delinquency.

ANSWER: The Plaintiff objects to Interrogatory No. 8 upon the grounds that the information sought is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Plaintiff further objects upon the grounds that the interrogatory is overly broad, unduly burdensome, insufficiently specific, oppressive, ambiguous, and vague.

9. For each person known by counsel to be a witness concerning the facts in the case, set forth either a summary sufficient to inform the Defendant of the important facts known to or observed by the witness.

ANSWER: The Plaintiff craves reference to its answer to Interrogatory No. 2.

10. Provide a list of all documents which are in the possession or control of the Plaintiff which relate to the Defendants and/or the membership of either or both of the Defendants, including but not limited to, all applications, resignations, correspondence, contracts, agreements, ballots, files, emails, and notices.

ANSWER: The Plaintiff objects to Interrogatory No. 10 upon the grounds that the information sought is overly broad, insufficient specific, oppressive, ambiguous, and vague. The Plaintiff further objects upon the grounds that the information sought is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objection, the Plaintiff craves reference to the Freys' membership file and all records, ballots or other votes taken during the course of the Freys' membership in CIMC or CIC.

11. Did the Plaintiff ever provide these Defendants with notice that some other members were given the option to enter into concession agreements to relinquish their membership(s)?

ANSWER: CIMC is empowered, pursuant to its governing documents and laws of the State of South Carolina, to enter into negotiated resolutions of debts by delinquent members. CIMC is unaware of any obligation to notify other club members of the resolution and/or nature of these settlements. Under the circumstances, it is unaware of any instance where the Freys would have been notified of these negotiated settlements.

12. If you answered in the affirmative to Interrogatory 11 then provide the method, date and person(s) giving such notice.

ANSWER: Please see the answer to the foregoing interrogatory.

13. Is the Plaintiff aware of any membership-wide notice or notification being given, at anytime during the course of membership of these Defendants, regarding offers being made to certain members (or types of members) to concede their memberships?

ANSWER: Please see the Plaintiff's answer to Interrogatory No. 11.

14. If the Plaintiff answered affirmatively to Interrogatory 13 then provide the date, method and person providing such notice or notification.

ANSWER: Please see the Plaintiff's answer to Interrogatory No. 11.

15. On what basis or criteria were some members given offers to concede their memberships during the time the Defendants were alleged to be members?

ANSWER: CIMC craves reference to deposition testimony of Harman Switzer. Further responding to Interrogatory No. 15, CIMC would show that any agreements regarding concession were made within CIMC's power and authority granted to it by its governing documents and the laws of the State of South Carolina. Upon information and belief, any such arrangements made would have related to memberships unassociated with real property, and not subject to the mandatory membership requirement imposed in 2001.

16. On what basis or criteria were members expelled during the time the Defendants were alleged to be members?

ANSWER: Please see the Plaintiff's answer to Interrogatory No. 11.

17. How many members either conceded their membership or were expelled from membership of the Plaintiff Club between the years, 2001 and the present.

ANSWER: The Plaintiff objects to Interrogatory No. 17 upon the grounds that the Interrogatory seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

18. For each person numbered in Interrogatory 17 set forth the following:

- a. The full name of the member
- b. The date of the concession or expulsion
- c. The reason for the concession or expulsion

ANSWER: The Plaintiff objects to Interrogatory No. 18 upon the grounds that the Interrogatory seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

19. For members that joined a predecessor Club, of which the Plaintiff now claims it purchased and is the successor in interest, does the Plaintiff believe it is obligated to uphold the promises and agreements made by its predecessor Club to its members?

ANSWER: The Plaintiff objects to Interrogatory No. 19 upon the grounds that the Interrogatory incorrectly states its position and makes incorrect assumptions, and therefore is ambiguous, vague, oppressive, and insufficiently specific. Notwithstanding the foregoing objections, the Plaintiff would crave reference to CIC governing documents and CIMC governing documents referenced in this Plaintiff's answer to Interrogatory No. 3.

20. Identify the specific documents identified as "governing documents" in the Complaint (including at paragraph 8 of the Complaint).

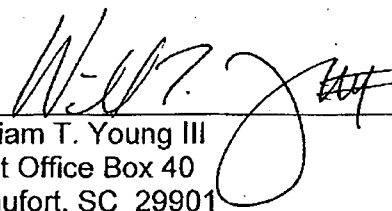
ANSWER: a. CIPOA Declaration (and all amendments thereto);  
b. CIMC Plan for Offering of Memberships (and all amendments thereto);  
c. CIMC General Club Rules (and all amendments thereto);  
d. CIMC By-Laws (and all amendments thereto).

21. For each document listed in response to Interrogatory 20 give the date of all versions, revisions, amendments and changes to each.

ANSWER: Please see this Plaintiff's answers to Interrogatories No. 3 and 20.

**(Signature Page to Follow)**

HOWELL, GIBSON & HUGHES, P.A.

By:   
William T. Young III  
Post Office Box 40  
Beaufort, SC 29901  
(843) 522-2400  
Bar No: 75153  
Attorney for

And:

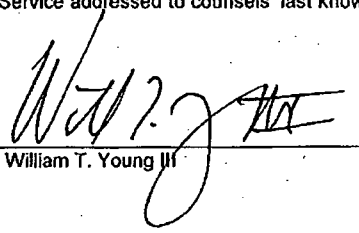
Ehrick K. Haight, Jr.  
MINOR, HAIGHT & ARUNDELL, P.C.  
P.O. Drawer 6067  
Hilton Head Island, SC 29938  
(843) 785-8040  
Attorneys for The Callawassie Island  
Members Club, Inc

Beaufort, South Carolina

April 24, 2014

CERTIFICATE OF SERVICE

I certify that I served the foregoing Answers to Interrogatories 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 24<sup>th</sup> day of April, 2014.

By:   
William T. Young III





craves reference to its Answers to Defendant's Interrogatories and would state, upon information and belief, that counsel for the Defendant is in possession of these documents. In the event, however, that counsel for the Defendant believes that documents identified within the Answers to Interrogatories have not been produced, counsel for CIMC will produce the same upon a specific request and/or make said documents available for review at a mutually convenient time and place.

2. Provide a copy of the CV and any report or communication with any expert retained by the Plaintiff in this matter.

RESPONSE: CIMC objects to the Defendant's Request for Production No. 2 upon the grounds that the request, as phrased, is overly broad, unduly burdensome, insufficiently specific, oppressive, ambiguous, and vague. CIMC further objects upon the grounds that the request seeks information and/or documentation that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. CIMC further objects upon the grounds that the request seeks information and/or documentation that is protected against discovery as a result of its status as attorney work product, trial preparation material, and/or the attorney-client privilege. CIMC further objects upon the grounds that the request seeks information and/or documentation without a prior demonstration of those showings mandated by the relevant Rules of Civil Procedure. CIMC has not designated an expert at this time, but reserves the right to do so in the future. Upon any such designation, the requested information will be produced.

3. Provide a copy of all letters, faxes, emails, text messages, or other communications from the Plaintiff, or Plaintiff's representative(s), to the Defendant(s)

RESPONSE: CIMC objects to the Defendant's Request for Production No. 3 upon the grounds that the request, as phrased, is overly broad, unduly burdensome, insufficiently specific, oppressive, ambiguous, and vague. CIMC further objects upon the grounds that the request seeks information and/or documentation that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. CIMC further objects upon the grounds that the request seeks information and/or documentation that is protected against discovery as a result of its status as attorney work product, trial preparation material, and/or the attorney-client privilege. CIMC further objects upon the grounds that the request seeks information and/or documentation without a prior demonstration of those showings mandated by the relevant Rules of Civil Procedure. Subject to and without waiving the foregoing objects, CIMC craves reference to its Answers to Interrogatories and would state, upon information and belief, that counsel for the Defendant is in possession of these documents. In the event, however, that counsel for the Defendant believes that documents identified within the Answers to Interrogatories have not been produced, counsel

for CIMC will produce the same upon a specific request and/or make said documents available for review at a mutually convenient time and place.

4. Provide a copy of all items, documents and materials received by the Plaintiff pursuant to a subpoena in the case.

RESPONSE: CIMC objects to the Defendant's Request for Production No. 4 upon the grounds that the request, as phrased, is overly broad, unduly burdensome, insufficiently specific, oppressive, ambiguous, and vague. CIMC further objects upon the grounds that the request seeks information and/or documentation that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. CIMC further objects upon the grounds that the request seeks information and/or documentation that is protected against discovery as a result of its status as attorney work product, trial preparation material, and/or the attorney-client privilege. CIMC further objects upon the grounds that the request seeks information and/or documentation without a prior demonstration of those showings mandated by the relevant Rules of Civil Procedure. Subject to and without waiving the foregoing objects, CIMC craves reference to its Answers to Interrogatories and would state, upon information and belief, that counsel for the Defendant is in possession of these documents. In the event, however, that counsel for the Defendant believes that documents identified within the Answers to Interrogatories have not been produced, counsel for CIMC will produce the same upon a specific request and/or make said documents available for review at a mutually convenient time and place.

5. Provide a copy of all written or recorded statements from any and all witnesses in this matter.

RESPONSE: CIMC is informed and believes that counsel for the defendant is in the possession of any such statements.

6. A copy of any and all video, photographs, documents or other materials which CIMC plans to introduce in the trial in this matter.

RESPONSE: CIMC objects upon the grounds that Request No. 6 of Defendant's Requests for Production seeks to limit the introduction of evidence at trial. CIMC further objects upon the grounds that the request is overly broad, unduly burdensome, insufficiently specific, oppressive, ambiguous, and vague. CIMC further objects upon the grounds that the request seeks information and/or documentation protected against discovery as a result of its status as attorney work product, trial preparation material, and/or the attorney-client privilege. CIMC further objects upon the grounds that the request seeks to limit the introduction of evidence at trial. Subject to and without waiving the foregoing objections, CIMC would show that it has not yet determined what items would be introduced at trial.

7. All communication by and between board members, including all letters, emails, notes, text message or otherwise, related to the charges, fees and assessments against the Defendants herein, or related in any way to the current litigation or the decision to bring the current litigation.

RESPONSE: CIMC objects to Request No. 7 of the Defendant's Requests for Production upon the grounds that the request seeks information and/or documentation that is protected against discovery as a result of its status as attorney work product, trial preparation material, and/or the attorney-client privilege. CIMC further objects upon the grounds that the request seeks information and/or documentation prepared in anticipation of litigation. CIMC further objects upon the grounds that the request is overly broad, unduly burdensome, insufficient specific, oppressive and vague. CIMC further objects upon the grounds that the request seeks information and/or documentation that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

8. All documentation as to the current fair market value of the memberships of the Defendant herein.

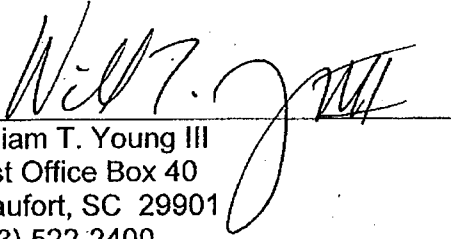
RESPONSE: CIMC objects to Request No. 8 of the Defendant's Requests for Production upon the grounds that the request seeks information and/or documentation that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence.

9. Copy of all documents and materials you intend to introduce in trial in this matter.

RESPONSE: Please see CIMC's responses to Request No. 6.

**(Signature Page to Follow)**

HOWELL, GIBSON & HUGHES, P.A.

By:   
William T. Young III  
Post Office Box 40  
Beaufort, SC 29901  
(843) 522-2400  
Attorney for The Callawassie Island  
Members Club, Inc.

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 24, 2014

CERTIFICATE OF SERVICE

I certify that I served the foregoing Reply to Defendant's Request for Production 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 24 day of April, 2014.

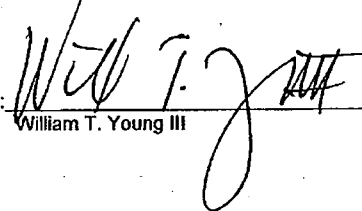
By:   
William T. Young III

Exhibit D

CONFIDENTIAL

11/1/51 'The Government's Expenditure on the Jews' (1951)

Frey ROA 1557

## Post Settlement

## Golf Membership Resale List:

5/22/2012  
Confidential

| NAME                                   | STATUS   | PRICE       | DATE       | NUMBER      | ORIGINAL       | ORIGINAL       | OWED TO  | PROPERTY             | Comments                 |
|----------------------------------------|----------|-------------|------------|-------------|----------------|----------------|----------|----------------------|--------------------------|
| Owned by Owner:                        |          | WHEN PLACED | PLACED     | WHEN PLACED | DATE PURCHASED | PURCHASE PRICE | SELLER   |                      | For Internal Use Only    |
| 1 Membership Pool (Perry)              | Expelled | \$29,000    | 6/3/1988   | 50          | 11/30/1990     | \$16,000       | \$36,000 | SOLO                 |                          |
| 2 Buavogard                            |          | \$29,000    | 6/24/1989  | 51          | 4/20/1987      | \$10,000       | \$36,000 | SOLO                 |                          |
| 3 Membership Pool (McCormack)          | Conceded | \$28,000    | 7/15/1988  | 48          | 1/26/1994      | \$18,000       | \$36,000 | conceded 3/27/03     | concession offer pending |
| 4 Membership Pool (Harrison, S.)       | Expelled | \$28,000    | 8/8/1988   | 49          | 12/20/1988     | \$12,500       | \$36,000 | SOLO                 |                          |
| 5 Membership Pool (Zezza)              | Expelled | \$31,000    | 10/20/1988 | 50          | 1/28/1994      | \$18,000       | \$36,000 | SOLO                 |                          |
| 6 Brown, Brian                         |          | \$31,000    | 11/2/1988  | 52          | 1/17/1989      | \$12,600       | \$36,000 | lot                  |                          |
| 7 Membership Pool (Leffers)            | Conceded | \$31,000    | 12/8/1988  | 57          | 8/30/1988      | \$12,500       | \$36,000 | lot                  |                          |
| 8 Membership Pool (Knecht)             | Conceded | \$31,000    | 12/11/1988 | 58          | 12/11/1988     | \$31,000       | \$36,000 | conceded 10/7/02     |                          |
| 9 Membership Pool (B. Burke)           | Conceded | \$31,000    | 12/23/1988 | 59          | 4/30/1987      | \$26,000       | \$36,000 | conceded 1/22/02     |                          |
| 10 Williams, Dick                      |          | \$31,000    | 1/7/1989   | 59          | 10/1/1988      | \$10,000       | \$36,000 | SOLO                 |                          |
| 11 Membership Pool (Provost)           | Conceded | \$31,000    | 1/12/1989  | 60          | 7/1/1988       | \$1,500        | \$36,000 | conceded 2/18/02     | concession offer pending |
| 12 Membership Pool (Shedder)           | Conceded | \$31,000    | 1/27/1989  | 61          | 7/26/1993      | \$12,500       | \$36,000 | conceded 10/7/02     |                          |
| 13 Membership Pool (Osby)              | Expelled | \$31,000    | 3/23/1989  | 62          | 3/13/1988      | \$18,000       | \$36,000 | SOLO                 |                          |
| 14 Membership Pool (Scheppa)           | Expelled | \$31,000    | 3/25/1989  | 63          | 3/25/1989      | \$10,000       | \$36,000 | SOLO                 |                          |
| 15 Membership Pool (Aziz)              | Conceded | \$31,000    | 4/5/1989   | 63          | 1/20/1990      | \$12,500       | \$36,000 | conceded 9/20/01     |                          |
| 16 Membership Pool (Bowen)             | Conceded | \$31,000    | 4/7/1989   | 65          | 9/12/1985      | \$12,500       | \$36,000 | SI                   |                          |
| 17 Hobson, W.                          |          | \$31,000    | 4/26/1989  | 71          | 5/16/1986      | \$24,000       | \$36,000 | LOT FOR SALE         |                          |
| 18 Membership Pool (Butcher)           | Conceded | \$31,000    | 6/2/1989   | 71          | 5/11/1989      | \$15,000       | \$36,000 | SOLO                 |                          |
| 19 Membership Pool (Banks)             | Expelled | \$31,000    | 6/16/1989  | 72          | 3/20/1989      | \$12,500       | \$36,000 | conceded 3/9/03      |                          |
| 20 Membership Pool (Hite)              | Conceded | \$31,000    | 7/26/1989  | 70          | 4/15/1987      | \$10,000       | \$36,000 | SOLO                 |                          |
| 21 Membership Pool (Broder)            | Conceded | \$31,000    | 8/7/1989   | 71          | 5/17/1989      | \$12,500       | \$36,000 | conceded 11/03       |                          |
| 22 Membership Pool (Morgan, JF)        | Conceded | \$31,000    | 11/15/1989 | 69          | 2/1/1990       | \$12,500       | \$36,000 | conceded 4/15/02     |                          |
| 23 Membership Pool (Dixon, J)          | Conceded | \$31,000    | 12/7/1989  | 72          | 9/20/1986      | \$19,000       | \$36,000 | 2nd mem              |                          |
| 24 Membership Pool (Glebeimer)         | Conceded | \$31,000    | 12/29/1989 | 74          | Feb 90         | \$12,500       | \$36,000 | conceded 12/14/01    | Per Hawkins-8/03         |
| 25 Membership Pool (Wagner, Laurie)    | Conceded | \$31,000    | 1/2/2000   | 74          | 6/21/1991      | \$24,000       | \$36,000 | conceded 11/1/01     |                          |
| 26 Hope                                |          | \$31,000    | 1/10/2000  | 76          | 5/14/1987      | \$10,000       | \$36,000 | lot                  |                          |
| 27 Membership Pool (Ducater)           | Conceded | \$31,000    | 1/12/2000  | 77          | 2/1/1990       | \$12,500       | \$36,000 | SI                   |                          |
| 28 Membership Pool (Linen)             | Conceded | \$31,000    | 1/20/2000  | 81          | Feb 00         | \$12,500       | \$36,000 | conceded 5/13/03     |                          |
| 29 Membership Pool (Shinn)             | Conceded | \$31,000    | 1/25/2000  | 82          | Feb 90         | \$12,500       | \$36,000 | conceded 2/5/03      |                          |
| 30 Membership Pool (Dotzler)           | Conceded | \$31,000    | 2/8/2000   | 84          | 12/8/1987      | \$10,000       | \$36,000 | conceded 4/24/03     |                          |
| 31 Membership Pool (Comish)            | Expelled | \$31,000    | 4/6/2000   | 80          | 12/28/1996     | \$22,000       | \$36,000 | SOLO                 |                          |
| 32 Membership Pool (Davis, E.)         | Conceded | \$31,000    | 5/17/2000  | 81          | Feb 90         | \$12,500       | \$36,000 | conceded 3/4/03      |                          |
| 33 Membership Pool (Garrison)          | Expelled | \$31,000    | 7/18/2000  | 83          | 1/1/1992       | \$12,500       | \$36,000 | SOLO                 |                          |
| 34 Membership Pool (Rothrock)          | Conceded | \$31,000    | 8/21/2000  | 84          | 12/18/1986     | \$24,000       | \$36,000 | conceded 11/5/01     |                          |
| 35 Updgrd                              |          | \$31,000    | 11/23/2000 | 79          | 5/30/1995      | \$22,000       | \$36,000 | home                 |                          |
| 36 Membership Pool (Caulfield)         | Conceded | \$31,000    | 12/22/2001 | 89          | 5/10/1997      | \$22,000       | \$36,000 | conceded 10/3/02     |                          |
| 37 Membership Pool (Field)             | Conceded | \$31,000    | 2/6/2001   | 91          | 2/6/1998       | \$29,000       | \$36,000 | lot                  |                          |
| 38 Hyden                               |          | \$31,000    | 3/12/2001  | 84          | 5/26/2000      | \$31,000       | \$36,000 | LOT FOR SALE         |                          |
| 39 Membership Pool (McGough)           | Conceded | \$31,000    | 4/30/2001  | 84          | 5/19/1998      | \$29,000       | \$36,000 | lot                  |                          |
| 40 Membership Pool (King, John) (Ship) | Expelled | \$31,000    | 6/4/2001   | 80          | 5/10/1986      | \$1,500        | \$36,000 | SOLO                 |                          |
| 41 Wadsworth                           |          | \$31,000    | 6/26/2001  | 88          | 7/1/1994       | \$18,000       | \$36,000 | home                 |                          |
| 42 Membership Pool (Richardson, JF)    | Conceded | \$31,000    | 7/12/2001  | 86          | May 88         | \$10,000       | \$36,000 | SOLO                 |                          |
| 43 Membership Pool (Kemp)              | Conceded | \$45,000    | 7/16/2001  | 67          | 11/7/1980      | \$10,000       | \$36,000 | lot                  |                          |
| 44 Membership Pool (Harris, Neal)      | Expelled | \$29,000    | 5/18/1988  | 47          | 2/1/1990       | \$12,500       | \$36,000 | SI                   |                          |
| 45 Membership Pool (Katz)              | Conceded | \$45,000    | 8/2/2001   | 80          | 6/30/1995      | \$22,000       | \$36,000 | SOLO                 |                          |
| 46 Membership Pool (Roy)               | Expelled | \$45,000    | 8/14/2001  | 67          | 5/27/1980      | \$1,500        | \$36,000 | SOLO                 |                          |
| 47 Membership Pool (R. Taylor)         | Conceded | \$45,000    | 10/16/2001 | 80          | 5/4/1988       | \$12,500       | \$36,000 | conceded 9/23/03     |                          |
| 48 Membership Pool (Gallup)            | Conceded | \$45,000    | 1/10/2002  | 89          | Feb 90         | \$12,500       | \$36,000 | conceded 1/2/02      |                          |
| 49 Membership Pool (Riverson)          | Conceded | \$45,000    | 5/16/2002  | 83          | Feb 90         | \$12,600       | \$36,000 | home                 | second membership        |
| 50 Rutledge                            |          | \$45,000    | 3/12/2003  | 88          | 11/23/1987     | \$10,600       | \$36,000 | HOME FOR SALE        |                          |
| 51 Membership Pool (Larino)            | Conceded | \$45,000    | 3/13/2003  | 80          | 7/26/1985      | \$1,200        | \$36,000 |                      |                          |
| 52 Membership Pool (Jones)             | Conceded | \$45,000    | 4/12/2003  | 90          | 4/10/1987      | \$20,000       | \$36,000 | conceded 6/2/03      |                          |
| 53 Membership Pool (M. Stines)         | Conceded | \$45,000    | 4/9/2003   | 91          | 2/1/1990       | \$12,500       | \$36,000 | SI                   |                          |
| 54 Kawan                               |          | \$45,000    | 9/18/2003  | 91          | 12/27/1998     | \$24,000       | \$36,000 | home                 |                          |
| 55 Membership Pool (Thomas, Philip)    |          | \$45,000    | 10/1/2003  | 92          | 9/8/1986       | \$12,500       | \$36,000 | SOLO                 |                          |
| 56 Membership Pool (Tempest)           | Expelled | \$45,000    | 10/13/2003 | 91          | 5/11/1990      | \$12,500       | \$36,000 | lot                  |                          |
| 57 Aulten                              |          | \$45,000    | 1/4/2003   | 80          | 12/18/2003     | \$45,000       | \$36,000 | LOT FOR SALE         |                          |
| 58 Membership Pool (A. J. Glenn)       | Conceded | \$45,000    |            | 87          | Feb 90         | \$12,500       | \$36,000 | SI member concede    |                          |
| 59 Sanders, James                      |          | \$45,000    | 5/19/2004  | 86          | 10/1/1989      | \$31,000       | \$36,000 | Rensley lot for sale | transfer fee agreement   |
| 60 Jordan, Jim                         |          | \$45,000    | 8/9/2004   | 88          | 8/1/1981       | \$12,500       | \$36,000 | home                 |                          |
| 61 Membership Pool (Outkers)           | Conceded | \$45,000    | 8/10/2004  | 89          | 2/27/1990      | \$26,000       | \$36,000 | SOLO                 |                          |
| 62 Membership Pool (Ellis)             | Conceded | \$45,000    | 11/15/2004 | 90          | 12/8/2003      | \$45,000       | \$45,000 | lot                  |                          |
| 63 Membership Pool (Shaw, William)     | Expelled | \$45,000    | 2/7/2005   | 92          | 10/2/2000      | \$31,000       | \$36,000 | SOLO                 |                          |
| 64 Schwabert, Markellen                |          | \$45,000    | 4/7/2005   | 94          | 1/10/2001      | \$21,000       | \$36,000 | home                 |                          |
| 65 Swack, John                         |          | \$45,000    | 10/31/2000 | 95          | 10/31/2000     | \$31,000       | \$36,000 | home                 |                          |
| 66 Membership Pool (Oakley)            | Expelled | \$29,000    | 2/4/1998   | 42          | 5/14/1990      | \$12,500       | \$36,000 | SOLO                 |                          |
| 67 Ferris, III                         |          | \$45,000    | 6/24/2005  | 97          | 12/10/1997     | \$10,000       | \$36,000 | lot                  |                          |
| 68 Walsh, Joan                         |          | \$45,000    | 8/31/2005  | 93          | 3/22/1993      | \$19,000       | \$36,000 | home                 |                          |
| 69 Membership Pool (Long)              | Expelled | \$45,000    | 9/18/2005  | 94          |                |                |          |                      |                          |
| 70 Membership Pool (Reid, John W)      |          | \$45,000    | 9/8/2006   | 85          |                |                |          |                      |                          |
| 71 Membership Pool (Cameron, T)        |          | \$45,000    | 8/27/2007  | 76          | 12/28/2008     | \$45,000       | \$36,000 | membership only      |                          |
| 72 Dennis, Ron                         |          | \$45,000    | 3/18/2008  | 76          | 1/1/2001       | \$31,000       | \$36,000 | home                 |                          |
| 73 Applegate, Arthur                   |          | \$45,000    | 11/20/2008 | 76          | 12/15/2003     | \$45,000       | \$45,000 | membership only      |                          |
| 74 Applegate, Arthur                   |          | \$45,000    | 11/20/2008 | 76          | 12/15/2003     | \$45,000       | \$45,000 | lot                  |                          |

75 permanently exchanged with the Green's (11/10)

EXHIBIT E

To Def SJ Motions

Exhibit E  
CIMC Produced 496



*Zeza*

May 13, 2002

Mr. Ralph M. Zeza.  
410 E. Jones Street  
Savannah, Georgia 31401

Dear Mr. Zeza:

Your failure to adhere to the agreement that was verbally negotiated and accepted in good faith by Callawassie Island Club on October 25, 2002 has again been fractured.

This communication is to inform you that the Board of Directors has directed me to move forward with the commencement of legal proceedings. The full cost and expense of any collection effort specifically including attorneys fees, will be charged to you and made part of any judgment. It should be noted that your outstanding debt will be registered with Equifax.

I am sorry that it is necessary to take this legal action, but continual reminders are not longer prudent.

Respectfully,

*Bruce E. McMillin*

Bruce E. McMillin  
General Manager

BEM/nlb

cc: Wm. Weston J. Newton, Esquire  
Bill Hawkins, President, Board of Directors  
Steve Rosder, Treasurer, Board of Directors  
✓ Ellen Padgett, C.I.C. Membership Coordinator  
Craig Simonson, C.I.C. Controller

22 Callawassie Club Drive Callawassie Island, South Carolina 29910  
Clubhouse (843) 987-2142 Pro Shop (843) 987-2161 Toll Free (800) 221-8431 Fax (843) 987-2160

EXHIBIT E

EXHIBIT Q 6  
To Def SJ Motions



CIMC Produced:488

*Knearl*  
FILE COPY

November 13, 2002

Mr. and Mrs. Homer Knearl  
3684 W. Torreys Peak Drive  
Superior, CO 80027-4042

Dear Mr. and Mrs. Knearl:

I am happy to inform you your application to concede from the Callawassie Island Members Club, Inc. has been accepted. I am enclosing a copy of the completed document releasing you from further obligation regarding this membership.

Please don't hesitate to contact me if you have any questions.

Sincerely,

William F. Hawkins  
President, CIMC

Cc: Bruce McMillin, General Manager, CIMC  
Ellen Padgett, Membership Administrator, CIMC

170 Callawassie Drive Callawassie Island, South Carolina 29910 Telephone (843) 987-2100 Fax (843) 987-2121



CALLAWASSIE ISLAND MEMBERS CLUB, INC.  
MEMBERSHIP CONCESSION FORMTo: Membership Administrator, Callawassie Island Members Club, Inc.  
176 Callawassie Drive, Callawassie Island SC 29909From: Name Homer L. & Katherine Knearl  
Address 3684 W. Tarreys Peak Drive  
Superior, CO 80027-4642  
Phone # 303 - 854 - 9647Reference: Callawassie Island Club Golf/Social Membership Certificate # 243

I am the registered owner of the referenced membership certificate. This membership was placed on the membership resale list on 12/11/98 (prior to 1 July 2001) and is currently in position # 25 on said list. I wish to and hereby do offer to relinquish all my rights and privileges in the membership represented by this certificate and, furthermore, to specifically forego any interest in and rights to any and all proceeds from the future sale or sales of this membership. I understand that I will not be charged for any dues, assessments or other charges associated with this membership from the date of acceptance of this offer by the Callawassie Island Members Club (the "Club") henceforth and will be forgiven all accrued charges and interest thereto currently owing on the membership.

I have been informed of my alternatives to this course of action by the Club and specifically am aware of the following:

- The rights and restrictions applying to resale of this membership as contained in the Club Plan for the Offering of Memberships.
- The current selling prices of memberships are:  
Equity Golf Memberships - \$45,000.  
Equity Social Memberships - \$15,000.
- The Callawassie Island Property Owners Association (CIPOA) requires all new future property purchasers to buy a club membership at time of purchase of their real property. *under this certificate*
- I am foregoing all future rights of access to and use of all the Club facilities except as a guest of a member in accordance with the Plan for the Offering of Memberships and General Club Rules. *HSK KTR*

Enclosed is the referenced membership certificate. I do furthermore hereby irrevocably convey to the Club title to my membership subject only to acceptance by the Club of this offer. I recognize and agree to the sole right of the Club to accept or reject this offer. I state hereby the membership certificate, and the underlying membership, to be free of all encumbrances or claims.

(Signatures of all owners are required.)

Homer L. Knearl  
Katherine T. Knearl

Dated 10/07/02Dated 1 Oct 02

\*\*\*\*\*NOTARY PUBLIC STATEMENT\*\*\*\*\*

Signed in my presence this 7<sup>th</sup> day of October, 2002.

William D. Priddy Notary Public for the State of SC

**EXHIBIT E**

**EXHIBIT Q 6  
To Def SJ Motions**

CIMJ Produced: 490

\*\*\*\*\*ACCEPTANCE\*\*\*\*\*

On behalf of the Club, the undersigned accepts this resignation and agrees to the contents of the same.

Callawassie Island Members Club

By William F. Brearley

Title President

EXHIBIT E

EXHIBIT Q 3  
To Def SJ Motions

00/05/2 01:43 0439872156

CALLAWASSIE ISLAND

CIMC Produced: 193  
PAGE 133/06



Thomas

April 14, 2010

Mr. Phillip Thomas  
185 Chechessee Road  
Okatie, SC 29909

Dear Mr. Thomas,

The Callawassie Island Members Club (CIMC) is aware that your membership is not related to ownership of any real estate on Callawassie Island. Consequently, as number 58 on the resale list, it is unlikely that your membership will be sold in the near future. Therefore, CIMC is willing to accept return of this membership to CIMC as part of a negotiated settlement which also includes payment of the equivalent of one year's dues \$8,672, subject to your agreement that this transaction shall remain confidential. Please let us know if you want to exercise this option by signing below, and returning this letter with your payment.

Very truly yours,

Brian Lasota  
Club General Manager  
Callawassie Island Members Club

\_\_\_\_\_  
Phillip Thomas

22 Callawassie Club Drive, Callawassie Island, South Carolina 29909  
Clubhouse (843) 987-2142 ~ Fax (843) 987-2166 ~ Golf Pro Shop (843) 987-2161

EXHIBIT E

EXHIBIT Q 1  
To Def SJ Motions

CIMC Produced:476

Brice

Bulst • Moore • Smythe • McGee • P.A.

June 26, 2010

WILLIAM T. DAWSON III  
ATTORNEY AT LAW  
E-Mail: wdawson@bulstmoore.com  
Direct Dial: (843) 720-4646  
Fax: (843) 723-7398

Callawassie Island Members Club  
Attention: Brian Lasota, General Manager  
22 Callawassie Club Drive  
Callawassie Island, South Carolina 29909

RE: Margaret Brice  
Settlement Agreement  
BMSM File No. 14842.0000

Dear Brian:

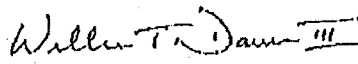
Please find enclosed a Settlement Agreement and Release (the "Agreement") in connection with the dispute arising out of Margaret Brice's membership in the Callawassie Island Members Club (the "Club"). The effect of the Agreement is to document the settlement terms between Mrs. Brice and the Club. As a summary, Mrs. Brice has agreed to pay \$3,500 to the Club and relinquish her membership in the Club in exchange for a release of any and all claims the Club might have against Mrs. Brice. If the form of the Agreement meets with your satisfaction, please have an authorized person at the Club execute the same and return the executed original to my attention in the enclosed, self-addressed envelope.

Mrs. Brice has delivered the settlement funds (\$3,500) to me and the funds are currently in our firm's trust account. Delivery of the settlement funds to the Club is conditioned upon receipt of the Agreement executed by an authorized person at the Club. Upon my receipt of an executed Agreement, the settlement funds will be wired or otherwise transmitted to the Club. If a wire is preferred, please provide wiring instructions for the Club.

Please do not hesitate to contact me with any questions.

Sincerely,

BUIST MOORE SMYTHE MCGEE P.A.

  
William T. Dawson III

(01861668.) 5 EXCHANGE STREET • CHARLESTON, S.C. 29401-2593 • P.O. BOX 999 • CHARLESTON, S.C. 29402-0999  
843-723-3400 • FAX 843-723-7398  
www.bulstmoore.com

EXHIBIT Q 1  
To Def SJ Motions

CRMC Produced 473

Brice

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is made and entered into as of this \_\_\_\_ day of June, 2010, by and between Margaret R. Brice ("Brice") and the Callawassie Island Members Club, Inc., a South Carolina non-profit corporation ("Callawassie" or the "Club").

RECITALS

WHEREAS, in 1987, Brice and her husband purchased real property in the Callawassie Island development and a membership in the predecessor to the Club;

WHEREAS, in 1998, Brice notified the Club of her desire to sell the membership and placed the membership in the Club for sale;

WHEREAS, since 1998, the Club has offered Brice's membership in the Club for resale;

WHEREAS, Brice's membership in the Club has not been sold;

WHEREAS, between 1998 and April 2006, Brice paid all dues, fees, charges and other amounts owed in connection with her membership in the Club;

WHEREAS, by letter dated April 20, 2006, Brice resigned from the Club and informed the Club that she would no longer make any payments to the Club associated with her membership;

WHEREAS, by letter dated October 23, 2006, the Club informed Brice that failure to settle her account with the Club would result in expulsion from the Club on November 23, 2006;

WHEREAS, Brice was expelled from the Club effective as of November 23, 2006;

WHEREAS, the Club has demanded Brice make payment of amounts allegedly owed in connection with Brice's membership in Club from April 2006 to present day;

WHEREAS, as of March 31, 2010, the Club alleges Brice owes Thirty Three Thousand Eight Hundred Twenty-Two and 58/100ths Dollars (\$33,822.58) in monthly dues, amenity assessments, club fees, assessments, food and beverage minimums, and other charges, fees, penalties and assessments associated with Brice's membership;

WHEREAS, Brice disputes the Club's allegations that any dues, assessments, fees, minimums, or other charges or penalties are owed to the Club; and

WHEREAS, the parties desire to settle all disputes as more particularly set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged the parties agree as follows:

**EXHIBIT E**

**EXHIBIT Q 1  
To Def SJ Motions**

CIMC Produced 474

*Brice*

1. Recitals. The above recitals are incorporated herein and form a substantive part of this Agreement.

2. Payment. Brice shall pay to the Club Three Thousand Five Hundred and No/100ths Dollars (\$3,500.00). This payment shall be held in escrow by counsel for Brice until such time as all conditions required pursuant to this Agreement have been satisfied.

3. Club Membership. Upon the complete execution of this Agreement, Brice shall automatically relinquish all right, title and interest in and to her membership in the Club identified as member number 02715.

4. Release of Brice. The Club, for the consideration identified above, on behalf of itself and all of its respective successors and assigns (the "Releasing Parties") hereby fully releases, remises, acquits, satisfies and forever discharges Brice of and from any and all past, present or future claims, counterclaims, demands, losses, contracts, promissory notes, damages, proceedings, judgments, actions, causes of action, suits (whether at law or in equity), expenses, costs, attorneys' fees, any manner of debts, accounting, bonds, warranties, representations, covenants, promises, contracts, controversies, agreements, liabilities, obligations, executions, and any and all other claims, liabilities, demands of whatsoever kind or nature, now existing or which may hereafter accrue, whether known or unknown, discovered or undiscovered, foreseen or unforeseen, arising out of, or are in any way connected to Brice's membership in the Club, and any other agreement or transaction between the Club and Brice. The Club, for itself and its successors and assigns, hereby covenants and agrees never to institute or cause to be instituted or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever against Brice by reason of or in connection with Brice's membership in the Club.

5. Confidentiality. The parties shall use reasonable efforts to maintain the confidentiality of the terms of this Agreement.

6. No Admission. The parties to this Agreement further agree that this settlement is the compromise of disputed claims and the terms of this Agreement are not to be construed as an admission of liability on the part of any party to the Agreement, and the parties deny liability of any nature or kind to each other.

7. Other Agreements. The parties to this Agreement guarantee that they: (i) have not assigned any claims, and (ii) have not reserved any claims from the effect of this Agreement. The parties to this Agreement further agree that the terms of this Agreement will be completely, absolutely, finally and permanently binding on each party's agents, heirs, successors, assigns, and any other person who, through the parties to the Agreement, might claim any interest in the matters addressed by this Agreement or any derivative thereof.

8. Binding Effect. This Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the parties hereto and their heirs, successors, or assigns. This Agreement shall be construed and enforced in accordance with the laws of the State of South Carolina.

9. Savings Clause. In the event that any portion of this Agreement shall be found to be invalid or otherwise unenforceable by a court of proper jurisdiction, the remaining portions of the Agreement shall remain valid and enforceable to the extent allowed under the law.

EXHIBIT E

EXHIBIT Q 1  
To Def SJ Motions

CIMC Produced 475

Brice

10. Paragraph Headings. Paragraph headings have been inserted for convenience only, and they shall not be given any substantive effect in the construction or interpretation of this Agreement.

11. Modifications. Neither this Agreement, nor any of the provisions hereof can be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

12. Construction. This Agreement shall not be construed more strongly for or against any party solely by reason of who was more responsible for the drafting of it.

13. Counterparts. This Agreement may be executed in more than one counterpart, each such counterpart shall be deemed an original, and all such counterparts shall constitute one and the same agreement. This Agreement shall be effective when executed by all parties, but all parties need not execute the original or the same counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of June, 2010.

WITNESSES:

PARTIES:

CALLAWASSIE ISLAND MEMBERS CLUB,  
INC., a South Carolina corporation

By: Club General Manager

Name: Brian Lister

Its: [Signature]

MARGARET R. BRICE

EXHIBIT E

EXHIBIT Q 4  
To Def SJ Motions

CMC Produced:479



CALLAWASSIE  
ISLAND

May 5, 2010

Mr. McBeo Butcher  
1218 Weybridge Lane  
Radnor, PA 19087-4635

Dear Mr. Butcher,

The terms of the proposed negotiated settlement and return of membership are satisfactory to the Callawassie Island Club as follows:

- (a) Mr. McBeo Butcher relinquishes and surrenders his membership in the Club;
- (b) Will pay normal dues and assessments through June 30, 2010;
- (c) Will pay on or about July 1, 2010, an additional \$4,336;
- (d) Will remain a member of the Club in good standing, and be responsible for Club charges for food and beverage and other extraneous expenses until December 31<sup>st</sup>, 2010.
- (e) Will return this letter signed below;
- (f) Will keep this transaction confidential.

Very truly yours,

Brian Lasota  
Club General Manager  
Callawassie Island Members Club

Accepted:

McBeo Butcher

22 Callawassie Club Drive, Callawassie Island, South Carolina 29909  
Clubhouse (843) 987-2142 ~ Inn (843) 987-2166 ~ Golf Pro Shop (843) 987-2161



EXHIBIT E

EXHIBIT Q 5  
To Def SJ Motions

CIMC Produced 1/85



April 14, 2010

Mr. Marshall Field  
980 N. Greenbay  
Lake Forest, IL 60045

Dear Mr. Field,

The Callawassie Island Members Club (CIMC) is aware that your membership is not related to ownership of any real estate on Callawassie Island. Consequently, as number 39 on the resale list, it is unlikely that your membership will be sold in the near future. Therefore, CIMC is willing to accept return of this membership to CIMC as part of a negotiated settlement which also includes payment of the equivalent of one year's dues \$6,524, subject to your agreement that this transaction shall remain confidential. Please let us know if you care to exercise this option by signing below, and returning this letter with your payment.

Very truly yours,

Brian Lasota  
Club General Manager  
Callawassie Island Members Club

  
Marshall Field

22 Callawassie Club Drive, Callawassie Island, South Carolina 29909  
Clubhouse (843) 987-2142 ~ Fax (843) 987-2166 ~ Golf Pro Shop (843) 987-2161

EXHIBIT E

EXHIBIT Q 2  
To Def SJ Motions

CIMC Produced:492



CALLAWASSIE  
ISLAND

*Leffers*

April 5, 2010

Mrs. Jacqueline Leffers  
7 Stonedge 100 Scenic Highway  
Lookout Mountain, TN 37350-1267

Mrs. Leffers,

It has come to the attention of the Callawassie Island Members Club Board of Directors that your membership while unassociated with property sits at number 7 on the Golf Membership resale list.

It is the clubs intention to allow you to cede your membership back to the club as part of a negotiated settlement. Subject to your agreement that this remains a confidential transaction the club would accept your membership and equity therein. In return you would have fulfilled your obligation of membership. If your membership were to sell before the equity amount was exhausted, the club would split the non accrued proceeds with you.

As you are a very important part of the community's rich history we would love for you to consider yourself our guest, and let us know anytime you would like to visit, so proper accommodations can be made.

If you accept this as a negotiated settlement, please sign the letter, and return it to us for our records.

Very Sincerely,

Brian Lasota  
Club General Manager  
Callawassie Island

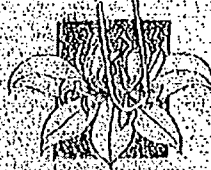
*Jacqueline Leffers*  
Jacqueline Leffers  
4-10-2010

22 Callawassie Club Drive, Callawassie Island, South Carolina 29909  
Clubhouse (843) 987-2142 ~ Fax (843) 987-2166 ~ Golf Pro Shop (843) 987-2161

EXHIBIT E

EXHIBIT U

To Def SJ Motions



CALLAWASSIE  
ISLAND  
CLUB

FILE COPY

December 23, 2004

Mr. & Mrs. John W. Reid  
66 Wyddfa Court  
Granville, OH 43023

Re: Callawassie Island Members Club

Dear Mr. & Mrs. Reid:

You recently received a letter informing you that if your account in the Callawassie Island Members Club, Inc. was not brought current, you would be expelled from the club. Our records indicate that you have not done so and according to the Club Rules, you are hereby expelled from membership in the Callawassie Island Members Club, Inc. Please surrender your membership certificate to the club to the attention of the Membership Director, Ellen Padgett at 177 Callawassie Drive, Okatie, SC 29909.

Sincerely,

For the Board of Directors  
Stephen L. Roeder  
Treasurer

22 Callawassie Club Drive, Okatie, South Carolina 29909  
Clubhouse (843) 987-2162 • Pro Shop (843) 987-2161 • Toll Free (800) 221-8481 • Fax (843) 987-2160



CALLAWASSIE  
ISLAND  
CLUB

October 17, 2003

Mrs. Jacquelyn Wallace  
5635 Woodland Pass  
Bloomfield Hills, MI 48301

Re: Callawassie Island Members Club

Dear Mrs. Wallace:

You recently received a letter informing you that if your account in the Callawassie Island Members Club, Inc. was not brought current, you would be expelled from the club. Our records indicate that you have not done so, and according to the Club Rules, you are hereby expelled from membership in the Callawassie Island Members Club, Inc. Please surrender your membership certificate to the club to the attention of the Membership Director, Ellen Padgett at 174 Callawassie Drive, Okatie, SC 29908.

Sincerely,

  
For the Board of Directors  
Stephen J. Roeder  
Treasurer

22 Callawassie Club Drive, Callawassie Island, South Carolina 29910  
Clubhouse (843) 987-2142 Pro Shop (843) 987-2161 Toll Free (800) 221-8481 Fax (843) 987-2100

EXHIBIT F

Exhibit F



**CALLAWASSIE  
ISLAND  
CLUB**

February 19, 2007

Via Certified Mail/RRR and Regular Mail

Mr. & Mrs. Bernard F. Carpenter  
23 Winding Oak Drive  
Callawassie Island, SC 29909

Re: Callawassie Island Members Club  
Delinquent Account: 02242  
Amount: \$2,622.58

Dear Mr. & Mrs. Carpenter,

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 14.1.3 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 resellance 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.

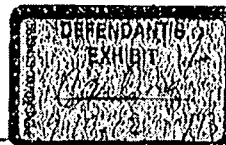
If you decide to pass on this opportunity, and do not bring your account up to date within ten (10) days of this correspondence, you will be expelled from membership in the Callawassie Island Members Club, Inc., and the following procedures will be put in motion to collect the debt:

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 Horry 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,

*Richard Carling*  
J. Richard Carling, Treasurer



**DEPENDANT'S  
EXHIBIT**

22 Callawassie Club Drive Okatie, South Carolina 29909  
Hhousse (848) 887-2142 Pro Shop (843) 887-2181 Toll Free (800) 221-8431 Fax (848) 887-2188

1/20  
1/23 RB  
1/20  
4649

EXHIBIT B

Exhibit B JS&P/JR

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  
BK 01505 PG 0850  
FILE NUM 2001074988  
RECORDING FEES 133.00  
RECORDED BY B BING RCPT# 26394  
RECORDED 12/03/2001 02:09:19 M

After Recording Return To:  
James P. Scheider, Jr.  
Jones, Scheider & Patterson, P.A.  
P.O. Box 1938  
Bluffton, South Carolina 29910  
(843) 706-6111

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.

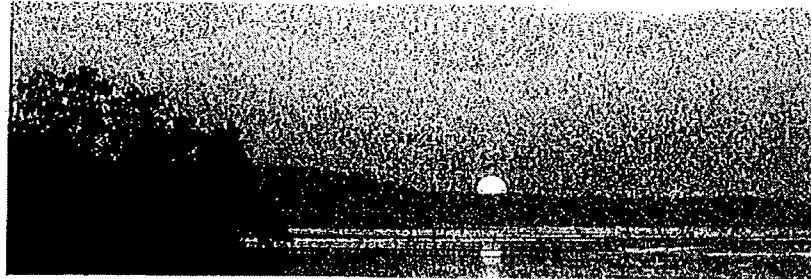
The provisions of this Section shall run with the title of and be appurtenant to all Lots and Dwellings transferred or otherwise conveyed after December 1, 2001 and shall be binding upon and inure to the benefit of all Owners of such Lots and Dwellings and their respective heirs, executors, legal representatives, 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.

EXHIBIT 'H'

[Contact Us](#) | [Log Out](#)

[CALENDAR](#)  
[MY ACCOUNT](#)  
[MY PROFILE](#)  
[MY PREFERENCES](#)  
[MEMBER DIRECTORY](#)  
[CLUB PERSONNEL](#)  
[CLUB HOURS](#)  
[TIDINGS ARCHIVES](#)  
[MESSAGE BOARD](#)  
[SUSPENDED MEMBERS](#)  
[SURVEYS](#)  
[PHOTO ALBUMS](#)



as of 11/15/11  
Arthur Applegate (5)  
Michael Aulton (3)  
Thomas Bayless  
Mary Jane Beauregard  
William Behan  
Philip Bennett  
Boswell  
Christopher Bowes  
Richard W. Carroll  
Joseph A. Cocola  
Rachael Cram  
Donald Cuskelly-Gibson  
Ron Dennis  
Michael Frey  
William Gavigan (2)  
Robert Godshalk  
Jeffrey Heeder  
William Hobson  
Robert Lambert  
Martha Lawrence  
John Leo  
Richard Herder  
Fran McKinney  
James Newcombe  
Edward Phelps  
Robert Queen  
Mark Quinn  
Leo Reed  
Dianne Sullivan  
Mortgago  
Bruce Turcolle  
Aldo M. Wilkins

Michael

SunTrust

[Home](#) | [Golf](#) | [Tennis](#) | [Club](#) | [Activities](#) | [CIRC](#) | [CIPOA](#) | [Contact Us](#) | [Log Out](#)

[Callawassie Island Club](#) | 22 Callawassie Club Drive, Okatie, SC 29909 | 843-987-2142 | [club@callawassieislandclub.com](mailto:club@callawassieislandclub.com)



STATE OF SOUTH CAROLINA )

COUNTY OF BEAUFORT )

THE CALLAWASSIE ISLAND,  
MEMBERS CLUB, INC. )

Plaintiff, )

vs. )

MICHAEL J. FREY and  
GRACE I. FREY, )

Defendants. )

IN THE COURT OF COMMON PLEAS

FOURTEENTH JUDICIAL CIRCUIT  
2014 APR 19 AM 10:34

CLERK OF COURT  
JEAN ANN ROSENEAU  
BEAUFORT COUNTY, S.C.  
C.A. No.: 2012-CP-07-03209

**NOTICE OF MOTION AND  
MOTION TO COMPEL  
DISCOVERY**

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

YOU WILL PLEASE TAKE NOTICE that as soon hereafter as counsel may be heard, the Defendant above-named, by and through their undersigned attorney, will move the Court at Chambers at the Beaufort County Courthouse, Beaufort, South Carolina, for an Order, pursuant to the South Carolina Rules of Civil Procedure, compelling the Plaintiff to provide responses to the Defendants Michael J. Frey and Grace I. Frey's Interrogatories and Request for Production to the Plaintiff, The Callawassie Island Members Club, Inc. served upon the Plaintiff on January 6, 2014 (see Attached Exhibit A).

This Motion is based upon the grounds that the discovery requests were served upon the Plaintiff on January 6, 2014, that more than thirty (30) days have elapsed since the date of such service, and that the Plaintiff has failed to provide responses to said

discovery requests. The Defendants will further move for the costs and reasonable attorney's fees for procuring this Order.

**LAW OFFICE OF BRIAN McDANIEL, LLC**

BY:   
BRIAN D. MCDANIEL  
Post Office Box 2085  
2015 Boundary Street, Suite 216  
Beaufort, South Carolina 29901  
PHONE: (843) 379-5117  
FAX: (843) 379-5118

**ATTORNEY FOR THE DEFENDANTS  
MICHAEL J. FREY and GRACE I. FREY**

Beaufort, South Carolina  
April 15, 2014

**RULE 11 CERTIFICATION**

The undersigned certifies that, pursuant to Rule 11, he has consulted with opposing counsel by letter March 20, 2014 and has been unable to resolve the matter.

BY:   
Brian D. McDaniel

STATE OF SOUTH CAROLINA )

COUNTY OF BEAUFORT )

THE CALLAWASSIE ISLAND  
MEMBERS CLUB, INC.,  
Plaintiff,

v.

MICHAEL J. FREY and  
GRACE I. FREY,

Defendants,

IN THE COURT OF COMMON PLEAS  
FOURTEENTH JUDICIAL CIRCUIT

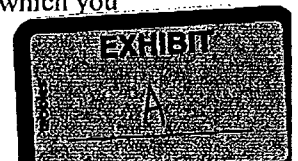
CASE NO.: 2012-CP-07-3209

DEFENDANTS MICHAEL J. AND  
GRACE I. FREY INTERROGATORIES  
TO PLAINTIFF, THE CALLAWASSIE  
ISLAND MEMBERS CLUB, INC.

TO: EHRICK K. HAIGHT, JR., ATTORNEY FOR PLAINTIFF THE CALLAWASSIE  
ISLAND MEMBERS CLUB, INC.:

The Defendants, Michael J. and Grace I. Frey, by and through their undersigned counsel, pursuant to Rule 33 of the South Carolina Rules of Civil Procedure, hereby requests that within thirty (30) days from the date of service hereof, the Plaintiff, The Callawassie Island Members Club, Inc. (hereinafter "the Club"), answer the following Interrogatories:

1. Designate an officer, director, manager agent, or other person who is designated and consents to testify on behalf of the Plaintiff as to the matters asserted in the Plaintiff's Complaint.
2. Give the names and addresses of persons known by the Plaintiff or Plaintiff's counsel to be witnesses concerning the facts of the case and indicate whether or not written or recorded statements have been taken from each such witness.
3. Set forth a list of photographs, plats, sketches or other prepared documents in the possession of the party that relate to the claim or defense in the case.
4. List the names and addresses of any expert witnesses whom the party proposes to use as a witness in the trial in the case.
5. List all litigation in which the Plaintiff has been a party in the past 6 years and designate the following:
  - a. The parties to the action
  - b. The nature of the litigation
  - c. The outcome of the litigation
  - d. The county in which the litigation was filed
  - e. The attorneys of all parties to the litigation.
6. Give the date of all versions, amendments, revisions, and changes to the "Plan for Offering of Memberships" (referenced in paragraph 4 of your complaint) which you

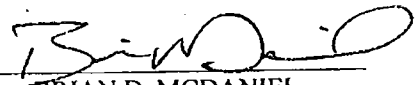


contend have been in force or effect at anytime during the membership of the Defendants.

7. At paragraph 8 in the Complaint the Plaintiff asserts that *"The Defendants' purchase of the membership and their purchase and ownership of Lot 16, Phase 11, require them to remain members in good standing under the terms and conditions of the governing document, including the Plan and Declaration"*.
  - A. Does the plaintiff contend that the "Declarations" create a contractual obligation for these Defendants to maintain their membership in good standing pursuant to Section 5.7.2 of those "Declarations"?
  - B. Specify any section of the "Declaration", other than Section 5.7.2 that the Plaintiff contends creates a contractual obligation upon these Defendants to maintain their membership in good standing, as alleged at paragraph 8 in the Complaint.
8. List all Club members currently delinquent with regard to dues, fees, assessment and other charges specifying the amount and length of any such delinquency.
9. For each person known by counsel to be a witness concerning the facts in the case, set forth either a summary sufficient to inform the Defendant of the important facts known to or observed by the witness.
10. Provide a list of all documents which are in the possession or control of the Plaintiff which relate to the Defendants and/or the membership of either or both of the Defendants, including but not limited to, all applications, resignations, correspondence, contracts, agreements, ballots, files, emails, and notices.
11. Did the Plaintiff ever provide these Defendants with notice that some other members were given the option to enter into concession agreements to relinquish their membership(s)?
12. If you answered in the affirmative to Interrogatory 11 then provide the method, date and person(s) giving such notice.
13. Is the Plaintiff aware of any membership-wide notice or notification being given, at anytime during the course of membership of these Defendants, regarding offers being made to certain members (or types of members) to concede their memberships?
14. If the Plaintiff answered affirmatively to Interrogatory 13 then provide the date, method and person providing such notice or notification.
15. On what basis or criteria were some members given offers to concede their memberships during the time the Defendants were alleged to be members?
16. On what basis or criteria were members expelled during the time the Defendants were alleged to be members?

17. How many members either conceded their membership or were expelled from membership of the Plaintiff Club between the years, 2001 and the present.
18. For each person numbered in Interrogatory 17 set forth the following:
  - a. The full name of the member
  - b. The date of the concession or expulsion
  - c. The reason for the concession or expulsion
19. For members that joined a predecessor Club, of which the Plaintiff now claims it purchased and is the successor in interest, does the Plaintiff believe it is obligated to uphold the promises and agreements made by its predecessor Club to its members?
20. Identify the specific documents identified as "governing documents" in the Complaint (including at paragraph 8 of the Complaint).
21. For each document listed in response to Interrogatory 20 give the date of all versions, revisions, amendments and changes to each.

**Law Office of Brian McDaniel, LLC**

BY: 

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

**ATTORNEY FOR THE DEFENDANTS**

Beaufort, South Carolina  
January 6, 2014

|                         |   |                              |
|-------------------------|---|------------------------------|
| STATE OF SOUTH CAROLINA | ) | IN THE COURT OF COMMON PLEAS |
|                         | ) | FOURTEENTH JUDICIAL CIRCUIT  |
| COUNTY OF BEAUFORT      | ) |                              |
|                         | ) | CASE NO.: 2012-CP-07-3209    |
| THE CALLAWASSIE ISLAND  | ) |                              |
| MEMBERS CLUB, INC.,     | ) | DEFENDANTS MICHAEL J. AND    |
| Plaintiff,              | ) | GRACE I. FREY'S              |
|                         | ) | REQUEST FOR PRODUCTION       |
| v.                      | ) | TO THE PLAINTIFF             |
|                         | ) | THE CALLAWASSIE ISLAND       |
| MICHAEL J. FREY and     | ) | MEMBERS CLUB, INC.           |
| GRACE I. FREY,          | ) |                              |
|                         | ) |                              |
| Defendants,             | ) |                              |

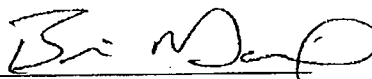
**TO: EHRICK K. HAIGHT, JR., ATTORNEY FOR PLAINTIFF THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.:**

The Defendants, Michael J. Frey and Grace I. Frey, by and through their undersigned counsel, pursuant to Rule 34 of the South Carolina Rules of Civil Procedure, hereby requests that within thirty (30) days from the date of service hereof, the Plaintiff, The Callawassie Island Members Club, Inc. (hereinafter "the Club"), provide a copy or make available for inspection the following:

1. A copy of all current by-laws, resolutions, Plan of Offering of Membership, Club Rules, contracts, amendments, covenants, articles, declarations or other governing documents with regard to members of the Club, including the Defendants herein, to which you contend the Defendants are obligated as set forth in paragraph 8 of the Complaint.
2. Provide a copy of the CV and any report or communication with any expert retained by the Plaintiff in this matter.
3. Provide a copy of all letters, faxes, emails, text messages, or other communications from the Plaintiff, or Plaintiff's representative(s), to the Defendant(s).
4. Provide a copy of all items, documents and materials received by the Plaintiff pursuant to a subpoena in the case.
5. Provide a copy of all written or recorded statements from any and all witnesses in this matter.
6. A copy of any and all video, photographs, documents or other materials which the Plaintiff plans to introduce in the trial in this matter.

7. All communication by and between board members, including all letters, emails, notes, text message or otherwise, related to the charges, fees and assessments against the Defendants herein, or related in any way to the current litigation or the decision to bring the current litigation.
8. All documentation as to the current fair market value of the memberships of the Defendants herein.
9. Copy of all documents and materials you intend to introduce in trial in this matter.

**Law Office of Brian McDaniel, LLC**

BY: 

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

**ATTORNEY FOR THE DEFENDANT**

Beaufort, South Carolina  
January 6, 2014

STATE OF SOUTH CAROLINA )

COUNTY OF BEAUFORT )

THE CALLAWASSIE ISLAND,  
MEMBERS CLUB, INC. )

Plaintiff, )

vs. )

MICHAEL J. FREY. and  
GRACE I. FREY, )

Defendants. )

IN THE COURT OF COMMON PLEAS  
FOURTEENTH JUDICIAL CIRCUIT

C.A. No.: 2012-CP-07-03209

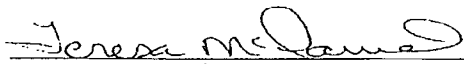
**CERTIFICATE OF SERVICE**

I, Teresa McDaniel, assistant at The Law Office of Brian McDaniel, LLC, Attorney for the Defendants, Michael Frey and Grace Frey, do hereby certify that on the 6<sup>th</sup> day of January, 2014, I served a copy of the **Defendants, Michael J. and Grace I. Frey Interrogatories to Plaintiff, The Callawassie Island Members Club, Inc. and the Defendants Michael J. and Grace I. Frey's Request for Production to the Plaintiff The Callawassie Island Members Club, Inc.** upon the Plaintiff by delivering the same via first class postage prepaid US Mail to the Plaintiff's attorneys at the following addresses:

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

Howell, Gibson and Hughes, P.A.  
William T. Young, III, Esquire  
Stephen P. Hughes, Esquire  
P. O. Box 40  
Beaufort, SC 29901-0040

**LAW OFFICE OF BRIAN McDANIEL, LLC**

  
Teresa McDaniel

Beaufort, South Carolina  
January 6, 2014



STATE OF SOUTH CAROLINA )

COUNTY OF BEAUFORT )

THE CALLAWASSIE ISLAND, )  
MEMBERS CLUB, INC. )

Plaintiff, )

vs. )

MICHAEL J. FREY and )  
GRACE I. FREY, )

Defendants. )

IN THE COURT OF COMMON PLEAS  
FOURTEENTH JUDICIAL CIRCUIT

C.A. No.: 2012-CP-07-03209

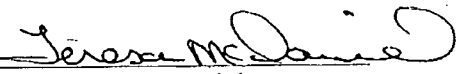
**CERTIFICATE OF SERVICE**

I, Teresa McDaniel, Legal Assistant of the Law Office of Brian McDaniel, LLC,  
Attorney for the Defendants do hereby certify that on this 15<sup>th</sup> day of April, 2014, I  
served copies of the filed **Notice of Motion and Motion to Compel** upon the Plaintiff  
by mailing via First Class US Mail postage prepaid to its attorneys at the following  
addresses:

Howell Gibson & Hughes, P.A.  
William T. Young, III, Esquire  
Stephen P. Hughes, Esquire  
P.O. Box 40  
Beaufort, SC 29901-0040

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

**Law Office of Brian McDaniel, LLC**

BY: 

Teresa McDaniel

Beaufort, South Carolina  
April 15, 2014

IN THE STATE OF SOUTH CAROLINA  
In the Court of Appeals

APPEAL FROM THE COURT OF COMMON PLEAS  
BEAUFORT COUNTY  
FOURTEENTH JUDICIAL CIRCUIT

J. Ernest Kinard, Jr., Judge

Appellate Case No. 2015-000002

**RECEIVED**

AUG 27 2015

SC Court of Appeals

The Callawassie Island Members Club, Inc.,

Respondent,

v.

Michael J. Frey,

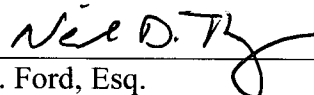
Appellant.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

FORD WALLACE THOMSON LLC

August 26, 2015

  
\_\_\_\_\_  
Ian S. Ford, Esq.  
Neil D. Thomson, Esq.  
715 King St.  
Charleston, SC 29403  
T. 843.277.2011  
Attorneys for Appellant