

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BEAUFORT COUNTY
Court of Common Pleas

Carmen T. Mullen, Circuit Court Judge

Case No. 2016-001194

Allenwood Owners
Association, Inc., Stephen
Seefeld, John Kovitch, Yvette
Smith, Everett Butler, and
Amanda Johansson, Plaintiffs,

Appellant,

Of Whom Allenwood Owners
Association, Inc. is Appellant,

v.

Mike Prince, Stacy Keller, Jeff
Miller, Debra Reed, Fran
Stevens, Meredith Florencio,
and Jacques Talbot,

Respondents.

RECORD ON APPEAL

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STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

ALLENWOOD OWNERS ASSOCIATION,)
INC., STEPHEN SEEFELD, JOHN KOVITCH,)
YVETTE SMITH, EVERETT BUTLER, AND)
AMANDA JOHANSSON,)

Plaintiffs,

vs.

MIKE PRINCE, STACY KELLER, JEFF)
MILLER, DEBRA REED, FRAN STEVENS,)
MEREDITH FLORENCIO, AND JACQUES)
TALBOT,)

Defendants.

IN THE COURT OF COMMON PLEAS

CASE NO.: 2014-CP-07-00968

ORDER

2015 OCT 13 PM 3:55

This matter came before the Court on August 4, 2015 for a hearing on several motions. The following counsel of record were present at the hearing: Christopher W. Lempesis for the Plaintiff Allenwood Owners Association, Inc. ("Allenwood"); Kirby D. Shealy, III, for the Involuntary Plaintiffs in their official capacity as Members of the Board of Allenwood; and Krista M. McGuire for the Defendants. After hearing from the parties and reviewing materials from the file relevant to the pending motions, I make the following findings and conclusions:

1. At the outset of the hearing, Mr. Shealy and Ms. McGuire informed the Court that the Motion to Compel Taking of Depositions filed by Plaintiffs on May 28, 2015, had been resolved. Additionally, Mr. Shealy and Ms. McGuire informed the Court that the Motion to Compel filed by Plaintiffs on July 29, 2015, had been resolved, with Defendants agreeing to produce a privilege log and emails requested from April 2014 to present.
2. Mr. Shealy and Ms. McGuire also reported that the Motion to Compel filed by Plaintiffs on July 10, 2015, had been resolved by way of a Consent Protective Order signed by all counsel

(C)

of record. The Court accepted the Consent Protective Order, and accordingly orders production under the following terms:

(a) The use of all designated documents produced or information provided or disclosed by any party in discovery in this action (the "Protected Information") shall be governed by the terms of this Order.

(b) The Protected Information shall be used only for the prosecution or defense of this action (including, but not limited to, any mediation, arbitration, or other settlement process, as well as appeals of this action) and shall not be used or employed for any other purpose whatsoever.

(c) The Protected Information shall not be disclosed or made available to anyone except:

1. the Court;
2. the parties to this action, to include any member of Allenwood Owners Association, Inc.
3. counsel of record for the parties to this action and employees of said counsel;
4. court reporters engaged to record depositions, hearings or trials in this action;
5. mediators and/or arbitrators assigned to this case or selected by agreement of the parties;
6. experts or consultants specifically retained by the parties or their attorneys to assist them in the preparation of this case or to serve as expert witnesses at the trial of this action;

(12)

7. third-party witnesses or potential witnesses whom counsel reasonably deem necessary for the preparation and trial of this action; and
8. in accordance with applicable law or any order, direction, rule or regulation of a public or governmental agency or the order of any court.

(d) Disclosure of the Protected Information pursuant to this Order shall be handled as follows:

1. Any person described in Paragraph (c) of this Order is bound by the provisions of this Order without the necessity of executing a separate agreement;
2. Before Protected Information is disclosed to any person as permitted by Paragraph (c), the party disclosing the information shall inform the person to whom the disclosure is to be made that the Protected Information shall be used for the purposes of the prosecution or defense of this action only (except for such disclosures among fellow members of Allenwood Owners Association, Inc., which shall not be subject to this provision); and
3. As long as Protected Information is handled in accordance with this Order, this Order shall not be construed as prohibiting or restricting the use of Protected Information during depositions, any hearing, the trial of this matter, or any appellate proceeding. Similarly, no party shall be deemed to have waived any objections as to the admissibility of any Protected Information into evidence in connection with any proceeding in this action.

(e) The use by one party of vendor information learned through discovery for the purpose of interfering with another party's contractual, working and/or potential relationship

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with said vendor shall be considered a violation of this Order. Examples of such improper use of vendor information include, but are not limited to, threats (verbal, written or otherwise) against vendors and/or the filing of a lawsuit wherein a vendor is a named party.

(f) Nothing in this Order shall prevent the disclosure of Protected Information beyond the terms of this Order if the party that originally produced the information consents in advance in writing, or if the party receiving the Protected Information has a right of access to the information irrespective of this litigation.

3. As to Defendants' Motion to Compel filed on July 9, 2015, I find as follows:

- As to Defendants' First Set of Interrogatories, Interrogatory No. 8, I find that such request is reasonably calculated to lead to the discovery of admissible evidence and hereby order Plaintiff Allenwood to state whether the listed individuals own an interest in excess of 1% in any entity that is a record property owner in this case, including LRS and Cay Holdings. Likewise, I hereby order Plaintiff Allenwood to respond to Request No. 18 of Defendants' First Set of Requests for Production and produce all documents showing any such ownership interest by said individuals.

- As to Defendants' First Set of Interrogatories, Interrogatory No. 9, I find that such request is reasonably calculated to lead to the discovery of admissible evidence and hereby order Plaintiff Allenwood to set forth the contact and employment information requested for the listed individuals from 2012-present.

- As to Defendants' First Set of Interrogatories, Interrogatory No. 13, I find that such request is reasonably calculated to lead to the discovery of admissible evidence and hereby order Plaintiff Allenwood to answer said Interrogatory, so as to include, among



other things, a statement as to whether Martin Werner has been employed by Stephen Seefeld or by any entity in which Stephen Seefeld owns an interest from 2012 to present.

- As to Defendants' First Set of Interrogatories, Interrogatory No. 14, I find that such request is reasonably calculated to lead to the discovery of admissible evidence and hereby order Plaintiff Allenwood to list the financial institution, type of account, and account number for all accounts Allenwood has held from 2012-present.

- As to Plaintiff Allenwood's responses to Defendants' First Set of Requests for Production, Allenwood produced certain minutes, which Defendants argue should be produced in native format pursuant to Rule 34, SCRCP. I agree and hereby order Allenwood to produce the following documents in their native form, including, to the extent available, the production of any metadata showing the date on which the documents were created and by whom: (1) Minutes dated January 10, 2013; (2) Minutes dated September 9, 2013; (3) Minutes dated August 2013; (4) Minutes dated November 28, 2013; (5) Minutes dated January 9, 2014; (6) Minutes dated February 28, 2014; (7) Minutes dated November 2014; and (8) Special Meeting Minutes dated December 23, 2014.

4. As to deficiencies claimed as to Plaintiffs' Responses to Defendants' Third Set of Requests for Production, on which the parties requested a ruling, I find as follows:

- As to Plaintiff Allenwood's Responses to Defendants' Third Set of Requests for Production, Request No. 2, I hereby order Allenwood to produce all documents that support any contention that Stephen Seefeld, LRS III, LLC, Cay Holdings, LLC, Cay Holdings SC, LLC, Cay Partners, LLC, LRS Group, LLC and/or any other entity related



to Stephen Seefeld is the declarant or declarants for Allenwood, as that term is defined in Allenwood's governing documents.

- As to Plaintiff Allenwood's Responses to Defendants' Third Set of Requests for Production, Request No. 3, I hereby order Allenwood to produce all documents related to Allenwood's review, consideration and/or approval of architectural, construction, and/or other plans or drawings for lots owned by the listed individuals and entities from 2014-present.

5. As to the Motion for Protective Order filed by Plaintiff Allenwood on July 31, 2015, I hereby find that the Motion is moot based on my rulings on Defendants' Motion to Compel filed on July 9, 2015, as set forth in Paragraph 2 of this Order.

6. All information and documents ordered to be produced herein shall be produced within thirty (30) days of this Order.

7. In addition to the foregoing, I hereby Order the parties in this case to participate in a mediation as soon as practicable, with one of the following individuals serving as mediator: Colden Battey, Ned Tupper or Mitch Griffith.

IT IS SO ORDERED.



The Honorable Carmen T. Mullin
Chief Administrative Judge
Beaufort County, South Carolina

10 - 12 - 15

STATE OF SOUTH CAROLINA

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

COUNTY OF BEAUFORT

ALLENWOOD OWNERS ASSOCIATION,)
INC., STEPHEN SEEFELD, JOHN)
KOVITCH, YVETTE SMITH, EVERETT)
BUTLER, AND AMANDA JOHANSSON,)

C/A No.: 2014-CP-07-00968

Plaintiffs,

ORDER

vs.

MIKE PRINCE; STACY KELLER; JEFF)
MILLER; DEBRA REED; FRAN STEVENS;)
MEREDITH FLORENCIO; AND JACQUES)
TALBOT,)

Defendants.

This matter came before the undersigned for hearing on January 15, 2016, on various motions, including the Defendants' Motion to Dismiss for Failure to Prosecute, Motion for Sanctions against Stephen Seefeld and Petition for Rule to Show Cause ("Motion to Dismiss for Failure to Prosecute").¹ Present at the hearing were Krista M. McGuire, Esquire, counsel for the Defendants, Harvey McCormick, III, Esquire, counsel for the Plaintiff, and Kirby D. Shealy, III, counsel for the Individual Plaintiffs in their capacity as Members of the Board of Directors for Allenwood Owners Association, Inc. Having carefully considered the pleadings and motions and all exhibits thereto, the applicable law, and the arguments of counsel, this Court grants Defendants' Motion to Dismiss for Failure to Prosecute.

¹ In addition to the Motion to Dismiss for Failure to Prosecute, the Court heard the following motions filed by Defendants: Motion to Compel 30(b)(6) Deposition of Plaintiff and Deposition of Purported President of Plaintiff, Stephen Seefeld; Motion to Compel; and Motion for Rule to Show Cause and for Civil Contempt. The Court was also scheduled to hear Plaintiff's counsel's Motion to be Relieved as counsel. At the hearing, Plaintiff's counsel, Mr. McCormick, asked the Court to continue the hearing as to the Motion to be Relieved and ultimately withdrew the Motion with leave to refile. The Court notes that Mr. McCormick is Plaintiff's third attorney in this case.

I. BACKGROUND

This case arises out of a dispute over the validity of certain Board of Director elections and the controlling leadership of the Allenwood Owners Association, Inc. ("Allenwood" or "Association"). Allenwood is located in Hilton Head, South Carolina. All Defendants reside in the Allenwood community; the individually named Plaintiffs reside out of state. Although the action was filed in the name of Allenwood, former and purported current Board President, Stephen Seefeld ("Mr. Seefeld"), initiated the action on its behalf. In so doing, Mr. Seefeld claims that on February 28, 2014, he and the other individually named Plaintiffs were elected to the Board. Defendants dispute that Mr. Seefeld had the authority to file this suit and claim that they were properly elected to the Board of Directors for Allenwood on March 1, 2014.

Plaintiff filed this action on April 23, 2014, seeking a declaratory judgment on the validity of the February 28, 2014 and March 1, 2014 meetings and asserting claims for conversion, constructive trust, injunction, conspiracy and an accounting. In response, Defendants denied all material allegations and asserted a Counterclaim in which they also sought declaratory relief as to the validity of the meetings in question. Defendants later amended their Answer and Counterclaim to seek judicial relief pursuant to S.C. Code 33-31-703, which allows members of a non-profit corporation to seek judicial relief in the form of a court supervised meeting and election and further amended to seek a declaration on the validity of a Special Meeting of the Association held on December 6, at which they contend they were again elected to the Board.

II. FINDINGS OF FACT

Plaintiff, through its purported President, Mr. Seefeld, has violated an Order of this Court and has disregarded the rules of court in several respects.

1. Plaintiff has twice failed to have a director or employee having full authority to settle physically attend required mediations. Mr. Seefeld, as the purported representative of Plaintiff, was required to attend two mediations, but failed to be physically present for both mediations.

2. On February 27, 2015, pursuant to the ADR Rules applicable to Beaufort County, the parties participated in a mediation in Charleston, South Carolina. Attorney Karl Folkens served as the mediator. Defendants Fran Stevens, Jacque Talbot and Mike Prince personally attended the mediation on behalf of and with full authority of all Defendants. In so doing, Ms. Stevens and Mr. Prince took the day off of work and all representatives traveled from Hilton Head, South Carolina to Charleston, South Carolina. Mr. Seefeld, with no advance notice, did not appear in person for the mediation; he claimed weather difficulties prevented him from traveling from Florida to South Carolina for the mediation. No person with authority for Plaintiff physically attended the mediation.²

3. On August 4, 2015, this case came before the undersigned for a hearing on several motions. At that time, the Court ordered the parties to again mediate the case with a mediator of the Court's choosing. The Court made clear that Mr. Seefeld needed to physically attend the mediation stating: "I can tell you, Mr. Seefeld needs to be here. He's the player, he needs to be here. He seems to be the one to have the greatest interest in it And, of course, I'm going to order that he be here." (See pp. 82-83, Transcript of Motion Hearing.) On October 13, 2015, the Court entered a written Order ("October 13, 2015 Order") expressly requiring "the parties in this case to participate in a mediation as soon as practicable."

² The parties ultimately mediated the case, with Mr. Seefeld attending by telephone; the mediation resulted in an impasse. Defendants have a Motion for Sanctions pending against Mr. Seefeld related to his disclosure of confidential communications made at the February 27, 2015 mediation. The Court held the Motion for Sanctions in abeyance, and Defendants renewed that Motion through their filing of the Motion to Dismiss for Failure to Prosecute.

4. The parties scheduled mediation with Ned Tupper, Esq., for November 11, 2015 in Beaufort, South Carolina. Once again, Plaintiff's representative, Mr. Seefeld, without explanation, did not physically appear for the mediation. As a result of Plaintiff's failure to have a representative with authority physically present at the mediation, the mediation did not go forward. Mr. Seefeld has offered no affidavit detailing why he failed to physically attend the mediation.

5. Defendants Fran Stevens and Jacque Talbot physically attended the second mediation on behalf of and with full authority of all Defendants. Ms. Stevens again took the day off of work and she and Mr. Talbot traveled from Hilton Head to Beaufort for the mediation. Defendants have incurred mediation costs for two mediations, travel costs, attorneys' fees, aggravation and personal inconvenience as a result of Plaintiff's purported President's failure to participate in the mediation process.

6. In addition to failing to physically attend mediation, Plaintiff has failed to comply with the October 13, 2016 Order in other regards. The Order required Plaintiff to respond to several Interrogatories and produce records within thirty (30) days. Specifically, Plaintiff was ordered to (1) answer Interrogatories 8, 9, 13 and 14 of Defendants' First Set of Interrogatories; (2) respond to Request 18 of Defendants' First Requests for Production; (3) produce certain minutes in native format, including the production of any metadata showing the date on which the documents were created and by whom; and (4) respond to Requests 2 and 3 of Defendants' Third Set of Requests for Production. Plaintiff, without explanation, has not produced any of the information or documents it was ordered to produce.

7. Plaintiff has failed to respond to written discovery served over six (6) months ago. On July 9, 2015, Defendants served a Third Set of Interrogatories on Plaintiff. To date, Plaintiff

has not answered the Third Set of Interrogatories and has caused Defendants to file a Motion to Compel.

8. Plaintiff and its purported representative, Mr. Seefeld, have failed to cooperate in the scheduling of depositions. Defendants first noticed the deposition of Plaintiff on March 3, 2015. The deposition did not go forward. Defendants have noticed the deposition of Plaintiff and Mr. Seefeld in his individual capacity a combined total of five (5) times. Each time, the deposition did not go forward at no fault of Defendants or their counsel. Plaintiff has failed to provide convenient alternative dates, despite numerous written and verbal requests to do so. Mr. Seefeld's failure to cooperate in the deposition process has caused Defendants to file a Motion to Compel deposition. Even with Defendants' filing of the Motion to Compel, Plaintiff has not provided any available dates for deposition.

III. CONCLUSIONS OF LAW

This Court has the inherent power to dismiss Plaintiff's claims for failure of the plaintiff to comply with the rules or any order of court. Rule 41(b), SCRPC; *Crestwood Golf Club, Inc. v. Potter*, 328 S.C. 201, 211, 493 S.E.2d 826, 832 (1997) ("[T]rial judges possess the inherent power to dismiss actions *sua sponte* for a party's failure to prosecute the relevant claims."); *Collins v. Sigmon*, 299 S.C. 464, 468, 385 S.E.2d 835, 837 (1989) ("The authority of a court to dismiss, *sua sponte*, for lack of prosecution has generally been considered an 'inherent power,' governed not by rule or statute but by the control necessarily vested in courts to manage their own affairs so as to achieve the orderly and expeditious disposition of cases." (citing *Link v. Wabash R.R. Co.*, 370 U.S. 626, 630-31 (1962))). A dismissal for failure to prosecute requires that the plaintiff have shown indifference to the rights of the defendant. *McComas v. Ross*, 368 S.C. 59, 62-63, 626 S.E.2d 902, 904 (Ct. App. 2006). Whether to dismiss for failure to prosecute is within the trial court's sound discretion and is subject to an abuse of discretion standard of

review on appeal. *Small v. Mungo*, 254 S.C. 438, 442, 175 S.E.2d 802, 803 (1970).

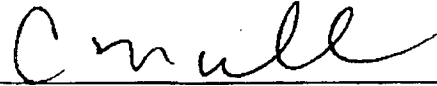
I hereby find and conclude that Plaintiff, through its purported President, Mr. Seefeld, has failed to comply with the rules and Orders of the Court and in so doing, has showed utter indifference to Defendants' rights.

- Plaintiff violated Rule 6, SCADRR, the South Carolina Court-Annexed Alternative Dispute Resolution Rules and this Court's Order entered on October 13, 2015 by failing to physically attend the mediation scheduled on November 11, 2015. Plaintiff has failed to show good cause as to why its representative, Mr. Seefeld, did not physically attend the mediation.
- Plaintiff violated this Court's Order entered on October 13, 2015 by failing to produce documents and information to Defendants within thirty (30) days as required by the Order. Plaintiff has not offered any justification or explanation that would excuse its failure to produce documents and information to Defendants.
- Mr. Seefeld, the purported President and representative of Plaintiff, has failed to cooperate in the scheduling of his deposition in both his individual and corporate capacities and has caused Defendants to file a Motion to Compel his deposition.
- Plaintiff has failed to respond to Interrogatories served over six months ago and has caused Defendants to file a Motion to Compel.

As evidence by the foregoing, Plaintiff has continually exhibited indifference to the rulings of this Court and Defendants' rights, subjected this Court and Defendants to wasteful expenditures of time and resources, and unreasonably delayed the resolution of this action through its disobedience and dilatory acts. Plaintiff's purposeful and continued refusal to cooperate in discovery and comply with this Court's Order has prohibited Defendants from preparing their defense. In sum, Plaintiff's failure to respect the authority of this Court and blatant disregard for the rules attendant to the litigation cannot be condoned and has earned Plaintiff a dismissal of its claims.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the Defendants' Motion to Dismiss for Failure to Prosecute is hereby granted and Plaintiff's case is dismissed, *with prejudice*. Defendants' counterclaims survive this dismissal.

AND IT IS SO ORDERED.



The Honorable Carmen T. Mullen
Chief Administrative Judge

2/8, 2016
Beaufort County, South Carolina

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

FORM 4

JUDGMENT IN A CIVIL CASE

CASE NO. 2014 CP-07-00968

Allenwood Owners Association, Inc.

Mike Prince et al.

PLAINTIFF(S)

DEFENDANT(S)

Submitted by: Leigh Ellen Gray

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

DISPOSITION TYPE (CHECK ONE)

- ☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- ☒ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ☐ **ACTION DISMISSED (CHECK REASON):** ☐ Rule 12(b), SCRPC; ☐ Rule 41(a), SCRPC (Vol. Nonsuit); ☐ Rule 43(k), SCRPC (Settled); ☐ Other
- ☐ **ACTION STRICKEN (CHECK REASON):** ☐ Rule 40(j), SCRPC; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other
- ☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other

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

IT IS ORDERED AND ADJUDGED: ☐ See attached order (formal order to follow) ☒ Statement of Judgment by the Court: Plaintiff's Motion to Alter or Amend Judgment came before the Court for a hearing on April 20, 2016. After considering the arguments of the attorneys, the Court denies Plaintiff's Motion.

ORDER INFORMATION

This order ☒ ends ☐ does not end the case.

Additional Information for the Clerk :

INFORMATION FOR THE PUBLIC INDEX

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

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
		\$
		\$
		\$

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

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

Circuit Court Judge

Judge Code

Date

SCRPC Form 4C (10/2011)

Page 1 of 2

For Clerk of Court Office Use Only

This judgment was entered on the 26 day of April, 2016 and a copy mailed first class or placed in the appropriate attorney's box on this 27 day of April, 2016 to attorneys of record or to parties (when appearing pro se) as follows:

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

CLERK OF COURT

Court Reporter:

Marlene Hixard
Judicial Clerk

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

Allenwood Owners Association, Inc,

Plaintiff,

vs.

Mike Prince; Stacy Keller; Jeff Miller; Debra
Reed; Fran Stevens; Meredith Florencio; and
Jacques Talbot,

Defendants.

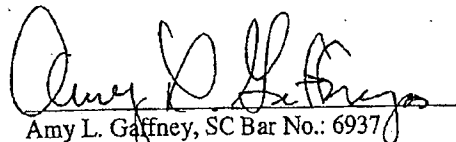
IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

Civil Action No. 2014-CP-07-

SUMMONS

968
2014 APR 23 PM 12:50
CLERK OF COURT
BEAUFORT COUNTY S.C.

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, a copy of which is herewith served upon you, and to serve a copy of your Answer to the Complaint on the attorneys for Plaintiff Allenwood Owners Association, Inc., at Gaffney Lewis and Edwards at their offices located at 3710 Landmark Drive, Suite 109, Columbia, South Carolina, 29201, within thirty days after the service hereof, exclusive of the day of such service, and if you fail to answer the Complaint within the time aforesaid, judgment by default will be rendered against you for the relief demanded in the Complaint.



Amy L. Gaffney, SC Bar No.: 6937

John H. Strom, SC Bar No.: 101382

GAFFNEY LEWIS & EDWARDS, LLC

3710 Landmark Drive, Suite 109

Columbia, South Carolina 29204

803.790.8838 (office)

803.790.8841 (fax)

April 22, 2014
Columbia, South Carolina

Attorneys for Defendants

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

Allenwood Owners Association, Inc,

Plaintiff,

vs.

Mike Prince; Stacy Keller; Jeff Miller; Debra
Reed; Fran Stevens; Meredith Florencio; and
Jacques Talbot,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

Civil Action No. 2014-CP-07-968

COMPLAINT
(Non-Jury)

Declaratory Judgment;
Temporary and Permanent Injunction;
Constructive Trust;
Conversion; and
An Accounting.

FILED
CLERK OF COURT
SOUTH CAROLINA
BEAUFORT COUNTY
2014 APR 23 PM 12:52

Plaintiff, Allenwood Owners Association, Inc., complaining of Defendants, Mike Prince;
Stacy Keller; Jeff Miller; Debra Reed; Fran Stevens; Meredith Florencio; and Jacques Talbot
would through its undersigned counsel respectfully show unto the Court as follows:

PARTIES

1. Plaintiff Allenwood Owners Association, Inc. is a corporation organized and existing under the laws of South Carolina with its principal offices in Beaufort County, South Carolina.
2. Defendant Mike Prince is, upon information and belief, a citizen and resident of Beaufort County, South Carolina.
3. Defendant Stacy Keller is, upon information and belief, a citizen and resident of Beaufort County, South Carolina.
4. Defendant Jeff Miller is, upon information and belief, a citizen and resident of Beaufort County, South Carolina.
5. Defendant Debra Reed is, upon information and belief, a citizen and resident of Beaufort County, South Carolina.

6. Defendant Fran Stevens is, upon information and belief, a citizen and resident of Beaufort County, South Carolina.

7. Defendant Meredith Florencio is, upon information and belief, a citizen and resident of Beaufort County, South Carolina.

8. Defendant Jacques Talbot is, upon information and belief, a citizen and resident of Beaufort County, South Carolina.

JURISDICTION

9. This Court has jurisdiction over these matters based upon Article V of the South Carolina Constitution, S.C. CODE ANN. §§ 15-53-10, *et seq.* (The Uniform Declaratory Judgments Act); Rule 65, SCRCP; 36-2-802; and 36-2-803 (1976), and its plenary powers.

VENUE

10. Venue is appropriate in Beaufort County, South Carolina as Defendants Mike Prince; Stacy Keller; Jeff Miller; Debra Reed; Fran Stevens; Meredith Florencio; and Jacques Talbot all are, upon information and belief, citizens and residents of Beaufort County, South Carolina; a substantial portion of Defendants' conduct alleged herein took place in Beaufort County, South Carolina; and a substantial number of witnesses expected to be called to testify in the trial of this case reside in Beaufort County, South Carolina.

FACTS

11. On or about May 3, 2004, Articles of Incorporation were filed with the South Carolina Secretary of State forming Plaintiff, ALLENWOOD OWNERS ASSOCIATION, INC. ("the Association") for the purpose of being responsible for the exclusive ownership, management, operation, control

and improvement of the Common Properties in the Allenwood subdivision located on Hilton Head Island, South Carolina.

12. On or about May 24, 2004, the "Declaration of Covenants, Restrictions and Provisions for The Single-Family Detached Lots and the Townhome Lots of Allenwood," which included as Exhibit D the By-Laws for the Association, were recorded in Beaufort County at Book 1959 Pages 1658-1699 ("the original Covenants"). The Covenants were amended on August 25, 2005 ("the First Amendment"); November 18, 2005 ("the Second Amendment"); February 3, 2006 ("the Third Amendment"); and again on November 13, 2006 ("the Fourth Amendment") (collectively the Covenants). Copies of the original Covenants, the First Amendment, the Second Amendment, the Third Amendment, and the Fourth Amendment are attached hereto and incorporated herein by reference as Exhibits 1 through 5.

13. The Articles of Incorporation, Covenants, and By-Laws of the Association control membership in, and the governance of, the organization, to the extent not in conflict or inconsistent with the South Carolina Code of Laws.

14. The By-Laws, Art. III Membership in Voting Rights in the Association, § 3.2 Voting Rights provides that "[a] Member shall be entitled to one (1) vote for each Lot in which the Member holds the interest required for membership by Section 1.

15. The By-Laws, Art. IV Meeting of Association, § 4.4 Notice of Meeting provides in relevant part that "[t]he Secretary shall mail a notice of each annual or special meeting

16. The Covenants, Art. VII Assessments, § 7.4 Computation of Annual Assessments provides in relevant part "It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming

year...The Board shall cause a copy of the budget and the proposed total of the annual assessments to be levied against Lots of Dwellings for the year to be delivered to each Owner at least fifteen (15) days prior to such a meeting."

17. The By-Laws, Art. IV Meeting of Association, § 4.6 Order of Business provides in relevant part that "The order of business at each annual meeting shall be...h. Election of Directors..."

18. The By-Laws, Art. V Board of Directors, § 5.1 Number provides in relevant part that "...each person shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified until 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots"

19. The By-Laws, Art. IV Meeting of Association, § 4.6 Quorum provides in relevant part that [a]t all meetings, regular or special, a quorum shall consist of the presence in person or by proxy, of Members holding greater than fifty percent (50%) of the total votes in the membership."

20. The By-Laws, Art. VII Assessments, § 7.9 Notice of Meeting and Quorum provides in relevant part that "Written notice of the annual meeting of the Association, as well as any other meeting called for the purpose of taking any action authorized in this Article shall be mailed to all Members not less than fifteen (15) days or more than forty-five (45) days in advance of such meeting. With respect to the annual meeting, the presence of Members or proxies entitled to cast over thirty (30%) percent of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be twenty-five (25%) percent of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting."

21. The By-Laws, Art. I Name, Location and Membership, § 1.4 Suspension of Membership in Voting Rights provides in relevant part that "[d]uring any period in which an Owner shall be in default of the payment of any Annual or Special Assessment levied by the Board, the voting rights of the Owner . . . may be suspended by the Board until such time as the Assessment and all changes associated therewith have been paid." (Emphasis added).

22. The By-Laws, Art. IV Meeting of Association, § 4 provides for the location of the Meetings of the Association and requirements for Special Meetings, including notice requirements and the quorum necessary to hold a meeting.

23. As of April 16, 2014, at least 22.43% of the Lots of Allenwood remain unsold to Third-Party retail consumers or investors by Declarant.

24. On or before February 2012, two entities known as CAY PARTNERS, LLC and LRS GROUP, LLC acquired fee simple interests in 58 properties of the 156 properties that exist in Allenwood subdivision, which gave them collective voting rights representing 37.18% of the votes available for the members of the Association. Mr. Stephen Seefeld is the Managing Member of both of those entities, of which Mr. Martin Werner and Mr. John Kovitch also have an ownership interest.

25. In or around February 2012, Mr. Seefeld, Mr. Martin Werner, Mr. John Kovitch, Defendant Mike Prince, and Defendant Stacy Keller were elected to the Board of Directors. Mr. Seefeld was elected to serve as its President for a two year term. Mr. Seefeld also served as Secretary, and duly carried out the duties of Secretary by calling meetings of the Board and recording minutes of those meetings.

26. At no point in time did the Board of Directors vote to suspend the voting privileges of any owner who had not paid owners' assessments that were otherwise due and payable.

27. At no point in time before or after the expiration of their terms did any Member of the Board of Directors, elected in February 2012, die, resign, or retire, nor were any members removed or disqualified. All members of the Board of Directors, including Mr. Seefeld, Mr. Werner, and Mr. Kovitch, continued to serve as Board Members after the expiration of their terms.

28. On or about December 26, 2013, Defendant Stacy Keller sent a letter, upon information and belief, to a select group of Allenwood owners inviting them to "attend an informal meeting for owners only concerning Allenwood matters" and inviting them to sign a petition "to force a meeting" or to hold a "Special Meeting to elect five new board members." A copy of the letter is attached hereto and incorporated herein by reference as **Exhibit 6**. The letter claimed, inaccurately, that among other things, Mr. Seefeld, Mr. Werner, and Mr. Kovitch were no longer Members of the Board of Directors and did not have voting rights, and claimed their voting rights had been suspended based on nonpayment of assessments by CAY PARTNERS, LLC and LRS GROUP, LLC. The letter also sought to have the owners of the Association vote to limit corporate owners, to have only "one designee to serve on the Board," and to "preclude a corporate owner from having more than one Board seat."

29. By January 9, 2014, over 50 Allenwood owners signed the "Petition for Special Meeting" prepared by or on behalf of Defendant Stacy Keller that was included in his letter dated December 26, 2013, which contained the false and inaccurate information mentioned in the preceding paragraphs.

30. On or before January 16, 2014, Defendant Mike Prince and Defendant Stacy Keller had Allenwood Owners Association Counsel, Robert M. Deeb, Jr., assist them in their efforts to usurp the power and control of the Allenwood Board of Directors.

31. On or about January 16, 2014, Mr. Deeb, on behalf of Defendant Prince and Defendant Keller, sent a letter to a lawyer retained by the Board of Directors. The letter acknowledged, among other things, that Defendant Prince and Defendant Keller had copies of the Association's bank account number, and also stated, inaccurately, that CAY PARTNERS, LLC and LRS GROUP, LLC would "be eligible to vote in Association matters" once their "assessment obligations" were current; with the implication that they were currently ineligible to vote. At no time had the Board of Directors ever voted to suspend the voting privileges of any owner, including CAY PARTNERS, LLC and LRS GROUP, LLC. This January 16, 2014 letter also included the "Petition for Special Meeting" and stated that "a Special Meeting must be held to vote on the three purposes stated" in the petition. A copy of Mr. Deeb's January 16, 2014 letter is attached hereto and incorporated herein by reference as **Exhibit 7**.

32. On or after January 16, 2014, Mr. Deeb, on behalf of Defendant Prince and Defendant Keller, circulated among certain Allenwood owners a Notice of Special Meeting and a Special Meeting Proxy Appointment and Ballot similar in content to Defendant Stacy Keller's December 26, 2013 letter. The Notice of Special Meeting and a Special Meeting Proxy Appointment and Ballot are replete with inaccurate statements of fact, misleading conclusions of corporate authority, and omissions of material facts necessary to truly inform an Allenwood owner of the actual facts and circumstances concerning the Board of Directors.

33. On or about January 25, 2014, Mr. Seefeld sent a letter to all of the Allenwood owners explaining the inaccuracies in Defendant Keller's December 26, 2013 letter. A copy of Mr. Seefeld's letter is attached hereto and incorporated herein by reference as **Exhibit 8**.

34. On or about February 11, 2014, Defendant Prince and Defendant Keller, and/or their agent, Mr. Deeb, caused the corporate property manager that had been operating Allenwood to send letters to all of the Allenwood owners using envelopes containing a return address claiming it was from the Association and providing "written Notice of a Special Meeting" scheduled for March 1, 2014. A copy of this correspondence is attached hereto and incorporated herein by reference as **Exhibit 9**.

35. Although a meeting to elect a new Board of Directors was needed, the alleged "Notice of a Special Meeting" was an *ultra vires* act and was of no force and effect concerning the Association. Furthermore, the content of the "notice" mailed on February 11, 2014 was not truthful or accurate, the source of the notice was not proper, and the manner in which it was delivered was not appropriate or authorized by the Board of Directors, and, upon information and belief, was not transmitted to all Allenwood owners.

36. On February 13, 2014, Stephen Seefeld, in his capacity as secretary of the Board, as required by Section § 4.4 of the By-Laws, sent to all Allenwood owners, by certified mail, the "Notice of Annual Meeting and Special Meeting," scheduled for February 28, 2014 at the Allenwood clubhouse, which contained the proposed annual budget for 2014 as required by Section § 7.4 of the Covenants. A copy of this Notice is attached hereto and incorporated herein by reference as **Exhibit 10**.

37. On February 28, 2014, an Annual Meeting and Special Meeting, with the required quorum present, was held on behalf of the Association at which Mr. Seefeld, and Mr. Kovitch were re-elected to serve as members of the Board of Directors for the Association, along with new Members Yvette Smith, Everett Butler and Amanda Johansson.

38. Upon information and belief, on March 1, 2014, a special meeting was held among certain Allenwood, not sufficient in number to constitute a quorum as required by the By-Laws. § 4.6, at which the owners present purported to elect a new Board of Directors.

39. On or after March 1, 2014 a memo was drafted by Robert M Deeb, Jr. and sent to all Allenwood Owners, which stated that 74 Association members were present in person or by proxy at the Special Meeting conducted March 1, 2014. The members present at this meeting represented 47% of the 156 Association membership votes and did not constitute the 50% quorum required by the By-Laws, Section § 4.6, to conduct business. A copy of this Notice is attached hereto and incorporated herein by reference as **Exhibit 11**.

40. On or after March 1, 2014, the Defendants (and/or their agents) provided TD Bank false and inaccurate information concerning the Association's ownership and control of the accounts and were able to obtain control of those accounts without the permission, consent, authorization, or permission of the Board of Directors for the Association.

41. The Defendants (and their agents) have created an inaccurate and confusing record among the owners of Allenwood as to the identity of the Board of Directors, its authority, and ability to operate the Association as per the Articles of Incorporation, Covenants, and By-Laws of the Association.

FOR A FIRST CAUSE OF ACTION
(Declaratory Judgment)

42. The foregoing Paragraphs are reiterated and realleged as though set forth verbatim.

43. The Defendants (and their agents) have attempted to usurp control of the Association from the duly and properly elected Board of Directors of the Association in violation of the governing

Covenants, By-Laws, and the South Carolina Code of Laws and have also improperly gained control of the Association's bank accounts.

44. The Association seeks to have the Court enter an Order to determine the following:

- a) The identity of the lawful and proper Board of Directors for the Association;
- b) The dates during which the existing Board of Directors were duly and properly serving as members of the Board of Directors for the Association;
- c) Whether actions taken by the existing Board of Directors were effective and controlling for the Association;
- d) The date for the next election of members of the Board of Directors for the Association;
- e) Whether the votes taken on February 28, 2014 were effective for the election of members of the Board of Directors for the Association;
- f) Whether a quorum was present at the Special Meeting held March 1, 2014
- g) Whether any of the votes taken on March 1, 2014 were effective for the election of members of the Board of Directors for the Association;
- h) Whether the Defendants should be ordered to return control of Association matters to the Board of Director;
- j) Whether the Defendants should be ordered to return control of the Association's bank account to the lawful and proper Board of Directors;
- k) Whether the Defendants should be ordered to provide an accounting for all funds added or taken out of that account during their improper control of the Association's accounts; and

l) Whether the Defendants should pay to the Association the damages and costs they caused the Association to incur; and

m) To declare any other such relief as this Court deems just and proper.

FOR A SECOND CAUSE OF ACTION
(Temporary and Permanent Injunction)

45. The foregoing Paragraphs are reiterated and realleged as though set forth verbatim.

46. The Association has filed a motion for an Order of the Court granting a temporary injunction to require the Defendants to refrain from taking any action purportedly on behalf of the Association, attending or convening any Association meetings, and suspending all activity dispersing any funds from any account belonging to the Association

47. Pursuant to Rule 65, SCRPC, the Association moves for an injunction against Defendants, on a temporary basis, to preserve the status quo and to prevent Defendants from converting or continuing to convert funds belonging to the Association and/or taking other action purportedly on behalf of the Association, and on a permanent basis.

48. A temporary and permanent injunction are necessary for the protection of the Association from irreparable injury and harm during the course of this litigation.

49. The Association is likely to prevail on both the Complaint for Permanent Injunction and on the merits of this action.

50. The Association has no adequate remedy at law.

51. Due to the immediate and severe hardship imposed by Defendants' conduct and the nature of Defendants' actions, the Association respectfully request that this Court, within its discretion, refrain from imposing a bond in conjunction with the Temporary and Permanent Injunction, or in the alternative, to impose a bond in the least amount possible.

52. As a direct and proximate result of the actions of Defendants, the Association prays this Honorable Court issue an Order temporarily enjoining Defendants from taking any action purportedly on behalf of the Association, and after hearing, entering an Order permanently enjoining Defendants from taking any action purportedly on behalf of the Association and returning all funds that are due and belong to the Association.

FOR A THIRD CAUSE OF ACTION
(Constructive Trust)

53. The foregoing Paragraphs are reiterated and realleged as though set forth verbatim.

54. A constructive trust has arisen because the circumstances, including material misrepresentations as to their authority, bad faith, abuse of confidence or violation of a fiduciary duty, under which the Defendants or their agents convinced TD Bank to give them control over the account belonging to the Association, the collective sum of which makes it inequitable that those funds in the TD Bank account be retained / controlled by Defendants.

55. As a direct and proximate result of Defendants' acts and/or omissions, the Association requests the Court impose a constructive trust upon such funds and the bank account which was illegally, improperly, and tortiously obtained by Defendants.

FOR A FOURTH CAUSE OF ACTION
(Conversion)

56. The foregoing Paragraphs are reiterated and realleged as though set forth verbatim.

57. The Association owned, controlled, and/or had the right to the sole possession of the subject funds at the time such funds were obtained by Defendants.

58. Defendants converted the funds belonging to the Association by wrongful acts and/or disposition of the Association's property rights.

59. As a direct and proximate result of defendants' acts and/or omissions, the Association has been actually, specially, incidentally, and consequentially damaged in an amount to be more specifically determined at trial.

FOR A FIFTH CAUSE OF ACTION
(Accounting)

60. The foregoing Paragraphs are reiterated and realleged as though set forth verbatim.

61. Defendants have acted, are acting, and will continue to act in a manner that is illegal, fraudulent, and unfairly prejudicial to the Association and its duly and properly elected Board of Directors.

62. Defendants have misappropriated, taken, misapplied, or wasted corporate assets belonging to the Association.

63. Defendants should be ordered to provide an accounting of funds, other assets, or benefits received from and/or taken from the Association.

FOR A SIXTH CAUSE OF ACTION
(Civil Conspiracy)

64. The foregoing Paragraphs are reiterated and realleged as though set forth verbatim.

65. The Defendants did, on multiple occasions, in combination of two or more persons, join for the purpose of injuring the Association, by illicitly gaining control of its funds, and caused the Association special damages in an amount to be more specifically determined at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Allenwood Owners Association, Inc. prays for judgment against Defendants Mike Prince; Stacy Keller; Jeff Miller; Debra Reed; Fran Stevens; Meredith Florencio; and Jacques Talbot, jointly and severally where appropriate, for the following:

66. For an Order rendering a declaratory judgment on all matters set forth in the First Cause of Action alleged in this Complaint.

67. For an Order entering a temporary and permanent injunction enjoining Defendants from taking any action purportedly on behalf of the Association, and after hearing, entering an Order permanently enjoining Defendants from taking any action purportedly on behalf of the Association and returning all funds that are due and belong to the Association.

68. For an Order awarding Plaintiff the actual, special, incidental and consequential damages sustained in an amount to be more specifically proven at trial;

69. For the imposition of a constructive trust upon the assets belonging to Plaintiff that are presently in control of Defendants;

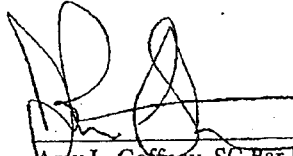
70. For and Order requiring Defendants to provide an accounting;

71. For an award of prejudgment interest;

72. For the costs of this action; and

73. For such other and further relief as this Honorable Court may deem just and proper.

Respectfully submitted,



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John H. Strom, SC Bar No.: 101382
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Columbia, South Carolina 29204
803.790.8838 (office)
803.790.8841 (fax)

April 18, 2014
Columbia, South Carolina

Attorneys for Defendants

EXHIBIT 1

42
48 RB
B. Johnson

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)
DECLARATION OF COVENANTS,
RESTRICTIONS AND PROVISIONS FOR
THE SINGLE-FAMILY DETACHED LOTS
AND THE TOWNHOME LOTS OF
ALLENWOOD

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND PROVISIONS FOR THE SINGLE-FAMILY DETACHED LOTS AND THE TOWNHOME LOTS OF ALLENWOOD (hereinafter "Covenants") is made this 21st day of May, 2004 by B C & W, L.L.C., a South Carolina Limited Liability Company (the "Declarant").

For the purpose of enhancing and protecting the value, attractiveness and desirability of the Property of the Subdivision known as Allenwood shown and described on the attached Exhibit "A" ("Property"), the Declarant hereby declares that the lots within Allenwood ("Lots", as hereinafter defined) as described on the attached Exhibit "B" and Exhibit "C," shall be held, sold, devised and conveyed subject to the within Declaration of Covenants, Restrictions and Provisions for The Single-Family Detached Lots and The Townhome Lots of Allenwood, which shall constitute covenants running with the land and shall be binding on all parties having any right, title or interest in said Lots or any part thereof, their heirs, executors, administrators, successors and assigns, and shall inure to the benefit of each Owner (as defined herein) thereof, or so many of the Owners as may be legally bound by this Declaration.

BEAUFORT COUNTY SC - ROD
BK 01059 PGS 1658-1660
FILE NUM 2004033720
05/24/2004 10:23:13 AM
RECTD BY B BING RCPT# 246047
RECORDING FEES 48.00

Book1959/Page1658

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ARTICLE I - DEFINITIONS

The following words and terms, when used in this Declaration, as amended, or any Supplemental Declaration (unless the context clearly shall indicate otherwise) shall have the following meanings:

- A. "Architectural Standards Committee" shall be and refer to any committee of the Board appointed pursuant to these covenants.
- B. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Allenwood Owners' Association, Inc., as amended from time to time.
- C. "Association" or "HOA" shall mean and refer to the Allenwood Owners' Association, Inc., a South Carolina non-profit corporation.
- D. "Assessments" is the mandatory financial amount payable by an Owner to enable the HOA to own, maintain and improve Common Property.
- E. "Board" or "Board of Directors" is the governing body of the HOA also known as the Board of Directors as defined in the By-Laws.
- F. "Buffer Zones" refer to those areas of Common Property designated as such on the plat referred to in Exhibit A, as recorded in the ROD Office for Beaufort County, S.C. in plat book 33 at page 211 and as set for in Article VIII.
- G. "By-Laws" refers to the document which prescribes the method by which the HOA will administer and manage itself.
- H. "Common Expense(s)" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration and/or the By Laws.
- I. "Common Property" or "Common Area" will mean and refer to those items of real property and personal property with any improvements thereon which are deeded to the HOA and designated in the deed as "Common Property" or "Common Area" or which are described as such in the Covenants. All Common Property and Common Area is to be devoted to and intended for the common use and enjoyment of the Owners of the Property, subject to these Covenants, the By-Laws and the rules adopted by the HOA, as amended from time to time.
- J. "Covenants" or "Declaration" shall mean this Declaration of Covenants, Restrictions and Provisions for the Single-Family Detached Lots and Townhome Lots of Allenwood, together with any amendments or supplements hereto.
- K. "Declarant" shall mean and refer to B C & W, LLC, a South Carolina limited liability company with its principal place of business located at Hilton Head Island, Beaufort County,

South Carolina, and its successors and assigns, or any party who acquires Declarant's entire interest with respect to the Property at the time of such acquisition pursuant to foreclosure of a mortgage encumbering Declarant's interest in the Property, or any party receiving an assignment of the rights of Declarant hereunder.

L. "Development" with an initial capital letter shall mean and refer to the Property and all improvements located or constructed thereon.

M. "Dwelling" with an initial capital letter shall mean and refer to any building or part of a building designed and occupied exclusively for residential purposes.

N. "Family Housing Program" ("FHP") shall mean and refer to those Lots which are or may be hereafter designated for inclusion in the Family Housing Program of the Town of Hilton Head Island, as now codified in Sec. 16-4-818 of the Land Management Ordinance of the Town of Hilton Head Island. Lots so designated shall comply in all respects with the lawful requirements of the Town of Hilton Head Island and shall be subject to the same covenants on exterior maintenance as the entire Development and shall be subject to enforcement by the Association.

O. "Future Development" shall mean and refer to any land area shown on any Exhibit hereto and any plat of record in Beaufort County, South Carolina which is so designated. Any such land area is reserved for future development in such manner, form and at such time as Declarant may determine; further, any such land area may be subdivided by Declarant into Lots and said Lots, so subdivided, may be subjected to this Declaration as either Single-Family Detached Lots or as Townhome Lots, as Declarant may determine.

P. "General Plan of Development" will mean that plan as publicly distributed and as approved by appropriate public agencies, including local planning and zoning authorities and governing bodies which shall represent the total general schedule and general uses of land in the Property, as such may be amended from time to time subject to approval of the public agencies.

Q. "HOA" shall mean and refer to the Allenwood Homeowners Association, Inc., a South Carolina limited liability company, its successors or assigns.

R. "Lot" will mean and refer to any improved or unimproved parcel of real property shown with a numerical designation upon any recorded final subdivision plat of any part of the Property (including "Additions" under Article II of this Declaration) with the exception of Common Property as heretofore defined and the roads.

S. "Owner" means and refers to the person of public record, whether one or more persons, firms, associations, corporations, or other legal entities, vested with the fee simple title to any home, situated upon the Property. The term "Owner" shall not mean or refer to any tenant of the Owner.

T. "Property" shall mean and refer to the existing property referred to in Article II, Section 1 hereof, and additions thereto, as are subject to this Declaration or any Supplemental Declaration under the provisions of Article II.

U. "Rules" will mean and refer to rules and regulations applicable to the Members of the HOA and/or their designees for use of the property within the boundaries of the Single-Family Detached Lots of Allenwood as adopted by the HOA.

V. "Single-Family Detached Lot" shall mean and refer to a Lot made subject to the provisions of this Declaration restricting use to a structure containing one Dwelling that is free standing, and structures and improvements ancillary thereto. Initially, such Lots are as shown and identified on Exhibit B hereto, and in the future, additional Lots may be so designated by Supplemental Declaration.

W. "Supplemental Declaration" will mean any declaration of covenants, conditions and restrictions that may be recorded by the HOA which extends or amends the provisions of this Declaration to additional parcels of real property pursuant to Article II or to all or portions of the property designated as "Future Development."

X. "Residential Structure" means any single family detached or townhome residential unit

Y. Ancillary structure:

a. any thing or object, the placement of which upon any Lot, may affect the appearance of such Lot, including by way of illustration and not limitation, any building or part thereof when used as an accessory to the primary structure such as a carport, garage, porch, deck, shed, greenhouse, parking area, balcony, swimming pool, fence, curbing, paving, wall, tree, shrub, hedges, plants, television antenna and/or receiving equipment.

b. any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Lot (or any body of water, shore or marshland contiguous or adjacent to any Lot), or which affects or alters the flow of any waters in any natural or artificial creek, stream, wash or drainage channel from, upon or across any Lot.

c. any item related to utility service delivered to a residence such as sewer, water, telephone, electrical or plumbing fixtures.

Z. "Member" shall mean any person or entity who is a record owner of a fee simple or undivided fee simple interest in any Lot.

AA. "Townhome Lot" shall mean and refer to a Lot made subject to the provisions of this Declaration restricting use to a structure containing one Dwelling attached to other such dwellings, on adjacent Townhome Lots and structure and improvements ancillary thereto. Initially, such Townhome Lots are shown and identified on Exhibit C hereto, and in the future, additional Lots may be so designated by Supplemental Declaration.

ARTICLE II - PROPERTY DESCRIPTIONS

2.1 Existing Property. The existing real property which is and will be held, transferred, sold, conveyed, leased and occupied, subject to these Covenants, is located in The Town of Hilton Head Island, Beaufort County, South Carolina, and is more particularly described in Exhibit "A" hereto attached. The Lots so identified on Exhibit B are and shall be Single-Family Detached Lots; the Lots so identified on Exhibit C are and shall be Townhome Lots.

2.2 Additions to Existing Property. Additional lands may become annexed to the existing property in the General Plan of Development and subject to this Declaration in the following manners:

a. Voluntary Additions. Upon approval in writing of ninety (90%) percent of the Members of the HOA at a duly called meeting for such purpose, the owner of any property who desires to add it to the plan of these Covenants and to subject it to the jurisdiction of the HOA, may file of record an adoption of these Covenants with respect to the additional property which shall extend the operation and effect of these Covenants of the Declaration to such additional property. Such adoption shall reflect in writing the required approval of (1) the HOA; (2) the Owner of the real property to be annexed; and (3) the lien holders of both.

b. Mergers. Upon a merger or consolidation of the HOA with another association as provided for in the By-Laws of the HOA, its properties, 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 another association may, by operation of law, be added to the properties of the HOA as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the existing property, together with the merged property as one plan or scheme. It shall take a vote of approval of ninety percent (90%) percent of the Members for a merger.

c. Method of Annexation. The methods of annexation authorized herein shall be effectuated by the recordation of a Supplemental Declaration executed by the Declarant under Section 2(a) above; by the Owner of the Real Property to be annexed and the President and Secretary of the HOA under Section 2(b) above; and by the Presidents and the Secretaries of both Associations under Section 2(c) above. In all three instances, the lien holder's approval in writing shall also be obtained.

d. Contents of Supplemental Declaration. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to Section 2 of Article II of this Declaration for the purpose of annexation and that the jurisdiction of this Declaration and of the HOA shall extend to and cover the real property to be annexed.

Upon recordation of the Supplemental Declaration, the owners of the real property annexed shall have a right and easement of enjoyment in and to the Common Property, incur an obligation of Assessments for the cost of ownership, improvement, operation, and maintenance of the Common Property which shall be personal and run with the real property annexed, and in all ways they will become a Member of the HOA

subject to the Covenants.

2.3 Common Property. The Common Property shall mean and refer to those areas of land with improvements thereon which are deceded or leased to the Association. Common Property may include personal property as well as real property. All Common Property is to be devoted to and intended for the common use and enjoyment of the Owners, their tenants, guests and invitees. The initial areas of Common Property are set forth in a plat prepared for B.C. & W., LLC, dated May 17, 1004 entitled "Subdivision Plat of Allenwood, Phase 1 Cotton Hope Plantation, Hilton Head Beaufort County, South Carolina" by Sea Island Land Survey No. C02180, Ralph O. Vanadore, SCRLS #7606. The Common Property may be supplemented, modified, added to at some time in the future by amendments hereto.

ARTICLE III - MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.1 Membership. Every person or entity who is a record owner of a fee simple or undivided fee simple interest in any Lot is subject by this Declaration to an Assessment by the HOA and will be a Member of the HOA; provided, that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a Member of the HOA.

3.2 Voting Rights. A Member shall be entitled to one (1) vote for each Lot in which the Member holds the interest required for membership by Section 1. When more than one person holds such interest or interests in any Lot all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot. When one or more co-Owners sign a proxy or purports to vote for his or her co-Owners, such vote shall be counted unless one or more of the other co-Owners is present and objects to such vote, or if not present, submits the proxy or objects in writing delivered to the Secretary of the Association before he vote is counted. If co-Owners disagree as to the vote, the vote shall be split equally among the co-Owners.

3.3 Government. The government of the HOA shall be in accordance with the By-Laws attached hereto as Exhibit D. Unless so indicated by the By-Laws as being otherwise, actions of the HOA shall be upon a majority vote of the Members, plus the vote of Declarant until such time as 90% of the Lots have been sold to third-party retail consumers and investors by the Declarant and builders to whom/which Declarant shall have sold Lots. Thereafter unless so indicated by the By-Laws as being otherwise, actions shall be upon a majority vote of the Members.

ARTICLE IV - PROPERTY RIGHTS IN THE COMMON PROPERTY

4.1 Rights and Responsibilities of the HOA. The HOA, subject to the rights of the Owners set forth in this Declaration, will be responsible for the exclusive ownership, management, operation, control and improvement of the Common Property and all improvements thereon (including the furnishings and equipment related thereto), and shall keep the same in clean, attractive and good repair. The HOA also has the right to establish reasonable rules and regulations for the use of the Common Property.

4.2 Member's Basement of Enjoyments. Subject to the provisions of the Declaration, the By-Laws, and the Rules, every Member shall have a right and easement of enjoyment in and to the Common Property and such easement shall be appurtenant to and shall pass with the title of the Lot of the Member.

4.3 Damage or Destruction by Member. In the event any Common Property is damaged or destroyed by a Member, or any of his guests, tenants, or a member of his family, such Member hereby authorizes the HOA, in its discretion, to repair such damaged area in a good and workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the HOA. The amount necessary for such repairs will become a Special Assessment upon the Lot of which the Member is an Owner.

ARTICLE V - INSURANCE AND CASUALTY LOSSES

5.1 Insurance.

Section 1. The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board of Directors deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

Section 2. The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its members, its directors and officers, or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board of Directors.

Section 3. The Board of Directors or its duly authorized agents shall have the authority and may obtain worker's compensation insurance to the extent necessary to comply with any applicable laws, and such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

Section 4. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for each of the Owners and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development shall be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related

thereto. Insofar as permitted by law, the Association shall be required to make every effort to secure insurance policies with the provisions hereinafter set forth.

Section 5. It shall be the individual responsibility of each Owner of a Lot or Dwelling at his own expense to provide, as he sees fit, public liability, property damage, title, and other insurance with respect to his own Lot and Dwelling.

Section 6. Damage or Destruction to Lots or Dwellings. In the event of damage or destruction by fire or other casualty to any Dwellings and in the further event that the Owner of such Dwelling, responsible for the repair and replacement thereof, elects not to repair or rebuild the damaged or destroyed Dwelling, such Owner making such election shall promptly clear away the ruins and debris of any damaged improvements or vegetation and leave the Lot in a clean, orderly, safe, and slightly condition. Should such Owner elect to repair or rebuild such Dwelling, such Owner shall repair or rebuilds such Dwelling to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions, and provisions of this Declaration. All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

ARTICLE VI ADMINISTRATION

6.1 Duties and Powers. The duties and powers of the Association shall be those set forth in the provisions of the Code of Laws of South Carolina relating to nonprofit corporations, this Declaration, the By-Laws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the South Carolina Code of Laws, this Declaration, the By-Laws, and the Articles of Incorporation, in that order, shall prevail, and each Owner of a Lot or Dwelling, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association shall have the power to purchase or otherwise receive title to one or more Lots, Dwellings, or Common Areas and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but shall not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to the Owner of any Lot and Dwelling, to furnish trash collections, water, and sewer services for the Common Areas.

6.2 Agreements.

(A) Subject to the prior approval of Declarant, as long as Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, all agreements and actions lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development or the privilege of possession and enjoyment of any part of the Development. In performing its responsibilities hereunder, the Association, through its Board, shall have the authority to delegate to persons of its choice such duties of the

Association as may be determined by the Board.

(B) In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager shall be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or members of the Association by this Declaration or the By-Laws. Such manager may be an individual, corporation, or other legal entity, as the Board of Directors shall determine, and may be bonded in such a manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for, such legal, accounting and other professional services as are necessary or desirable in connection with the operation of the Development or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

6.3 Management Agreement. The Declarant or an affiliate may be employed or retained as the manager of the Association and the Development for an initial period not to exceed five (5) years commencing with the recording of this Declaration. Provided, however, after giving sixty (60) days notice to the Association of such intention, the Declarant shall have the right to terminate such management. After any such termination, the Board of Directors of the Association shall select and employ an entity or individual to act as manager of the Association and the Development.

6.4 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire and hold tangible and intangible personal property and real property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of the Association.

6.5 Common Areas. The Association, subject to the rights of the Declarant, and the rights and duties of the Owners set forth herein, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon and shall keep the same in a good, clean, attractive and sanitary condition, order and repair pursuant to the terms and conditions hereof. Except to the extent otherwise required by the provisions of the Code of Laws of South Carolina, 1996, as amended, relating to non-profit corporations, this Declaration, the By-Laws, the Articles of Incorporation, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the Officers of the Association without any further consent or action on the part of the Owners.

ARTICLE VII - ASSESSMENTS

7.1 Purpose of Assessments. The assessments levied by the Association shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners, their respective families, guests, tenants, and invitees, and for the improvement, protection, replacement, operation and maintenance of the Development and any improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

7.2 Creation of Lien and Personal Obligation of Assessments. Subject to the provisions of Section 7.5 herein, each Owner of a Lot or Dwelling, by acceptance of a deed or other conveyance, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges for the operation and maintenance of the Common Areas, including such reasonable reserves as the Association may deem necessary, and to be established and collected as provided in this Article; (b) special assessments to be established and collected as provided in this Article; and (c) individual or specific assessments against any particular Lot or Dwelling, which are established pursuant to the terms of this Declaration, including, but not limited to, fines as may be imposed against such Lot or Dwelling. Any such assessments, together with late charges, simple interest at the maximum rate allowable by law per annum, court costs and attorney's fees incurred to enforce or collect such assessments, shall be an equitable charge and a continuing lien upon the Lot or Dwelling against which each such assessment is made. Each Owner shall be personally liable for assessments coming due while he is the Owner of a Lot or Dwelling. His grantee shall take title to such Lot or Dwelling, subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee. The lien for unpaid assessments shall not apply to the holder of any first priority Mortgage or to the holder of any Mortgage securing a loan made by Declarant, its affiliates, successors, or assigns, and who takes title to a Lot or Dwelling, through foreclosure or through conveyance of a deed in lieu of foreclosure or to any purchaser of such Lot or Dwelling at such foreclosure sale. In the event of co-ownership of any Lot or Dwelling, all of such co-Owners shall be jointly and severally liable for the entire amount of such assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors.

7.3 Association Capitalization Fees and Reserves. Upon closing of the sales of the Lots, either by Declarant or any designated speculative home builder, to a retail consumer, the Purchaser shall pay to the Association a Capitalization Fee, per Lot, of \$150.00, as a contribution to the Operating Capital and Reserves of the Association.

7.4 Computation of Annual Assessments. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year. The budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The Board shall cause a copy of the budget and the proposed total of the annual assessments to be levied against Lots or Dwellings for the following year to be delivered to each Owner at least fifteen (15) days prior to such meeting. The budget and the annual assessments shall become effective unless disapproved

at the annual meeting by either (i) Declarant, as long as Declarant has the authority to appoint and remove directors and officers of the Association, or (ii) a vote of a majority of the votes of the Owners who are voting in person or by proxy at such meeting. Notwithstanding the foregoing, in the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, the budget and annual assessments in effect for the current year shall be increased in proportion by the greater of either ten (10%) percent of the budget and assessments for the previous year or by the percentage increase, if any, over the previous year's Consumer Price Index (all Urban, Consumers, United States City Average, All Items 1967=100), or its successor index, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a special assessment as provided in Section 9.6 hereof. The Common Expenses to be funded by the Annual Assessments may include, but shall not necessarily be limited to, the following:

7.4.1 Management fees and expenses of administration, including legal and accounting fees;

7.4.2 Utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;

7.4.3 The cost of any policies of insurance purchased for the benefit of all the Owners and the Association as required or permitted by this Declaration, including fire, flood, and other hazard coverage, public liability coverage, and such other insurance coverage as the Board of Directors determines to be in the interests of the Association and the Owners;

7.4.4 The expenses of maintenance and repair of the Common Areas which are the responsibility of the Association under the provisions of this Declaration;

7.4.5 The expenses of maintenance, operation, and repair of other amenities and facilities serving the Development, the maintenance, operation, and repair of which the Board from time to time determines to be in the best interest of the Association;

7.4.6 Ad valorem real and personal property taxes assessed and levied against the Common Areas;

7.4.7 Such other expenses as may be determined from time to time by the Board of Directors of the Association to be Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against Lots or Dwellings; and

7.4.8 The establishment and maintenance of a reasonable reserve fund or funds: (a) for maintenance, repair, and replacement of the Common Areas which are the responsibility of the Association and which must be maintained, repaired, or replaced on a periodic basis, (b) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (c) arising from unpaid assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors.

7.5 Division of Annual Assessments. The total Annual Assessments shall be divided among (1) the Lots and (2) the Lots with Dwellings which have received a Certificate of Occupancy from The Town of Hilton Head Island, as hereinafter provided. Upon the addition of

the Additional Property or any portion thereof, or the subjection of Future Development property to the Development, the Lots and Dwellings being added to the Development shall thereafter pay assessments which are equal to those imposed previously in the Development. In such event, the Association's budget shall be accordingly revised by the Board without the necessity of approval by the Owners to include common expenses and assessments related to such additional Lots and Dwellings. The initial Annual Assessments for Lots purchased in 2004 from Declarant shall be \$50.00, without pro-ratio for calendar year 2004. (The Annual Assessments for each such Lot may thereafter be increased in accordance with Section 7.4 herein).

7.6 Annual Assessments to be Paid by Declarant. For Lots (without a Dwelling which has received a Certificate of Occupancy from The Town of Hilton Head Island) owned by the Declarant, the Declarant shall pay the Annual Assessments in accordance with Section 9.4.1 herein. For Lots (with a Dwelling which has received a Certificate of Occupancy from The Town of Hilton Head Island) owned by the Declarant, the Declarant shall pay an amount equal to that portion of the Annual Assessment for each Dwelling budgeted for the Common Expenses enumerated in Section 7.3.8(a) herein.

7.7 Special Assessments. The Association, acting through its Board of Directors, may levy, in any assessment year, special assessments for Common Expenses, applicable to that year only, provided that any such assessment shall be approved by: (i) Declarant, as long as Declarant owns any Lot primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, and (ii) by a majority of the votes of the Owners who are voting in person or by proxy at a meeting duly called for this purpose in accordance with the provisions of Section 7.6 hereof. The Board of Directors may make such special assessments payable in installments over a period which may, in the Board's discretion, extend in excess of the fiscal year in which adopted. Such special assessments are to be prorated among the Lots and Dwellings, as provided with respect to annual assessments.

7.8 Individual Assessments. Any expenses of the Association occasioned by the conduct of less than all of the Owners or by the family, tenants, agents, guests, or invitees of any Owner shall be specially assessed against such Owners and their respective Lots or Dwellings. The amount and due date of such assessment shall be established by the Board of Directors.

7.9 Notice of Meeting and Quorum. Written notice of the annual meeting of the Association, as well as any other meeting called for the purpose of taking any action authorized in this Article shall be sent to all Members not less than thirty (30) days or more than sixty (60) days in advance of such meeting. With respect to the annual meeting, the presence of Members or proxies entitled to cast over fifty (50%) percent of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be twenty-five (25%) percent of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

7.10 Liens. All sums assessed against any Lot, or Lot with Dwelling, pursuant to this Declaration, together with court costs, reasonable attorneys' fees, late charges, and interest as provided herein, shall be secured by an equitable charge and continuing lien on such Lot or Lot

with Dwelling, in favor of the Association. Such liens shall be superior to all other liens and encumbrances on such Lot or Lot with Dwelling, except only for: (i) liens of ad valorem taxes, and (ii) liens for all sums unpaid on a first priority mortgage and all amounts advanced pursuant to any such mortgage and secured thereby in accordance with the terms of such instrument. All other persons acquiring liens or encumbrances on any Lot or Dwelling, after this Declaration has been recorded shall be deemed to consent that such liens or encumbrances shall be inferior to such future liens for assessments and charges as provided herein, whether or not such prior consent shall be specifically set forth in the instruments creating such liens or encumbrances.

7.11 Effect of Nonpayment: Remedies of the Association. Any assessments or charges not paid when due shall be delinquent. Any assessment or charge delinquent for a period of more than thirty (30) days after the date when it is due shall incur a late charge in an amount as may be determined by the Board of Directors from time to time and shall also commence to accrue simple interest at the rate equal to the lesser of fifteen (15%) percent per annum or the maximum interest rate allowed by the laws of the State of South Carolina. A lien and equitable charge as herein provided for each assessment or charge shall attach simultaneously as the same shall become due and payable, and if an assessment or charge has not been paid within thirty (30) days, the entire unpaid balance of the assessment or charge may be accelerated at the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such assessment or charge shall include the late charge established by the Board and interest on the principal amount due at the rate equal to the lesser of fifteen (15%) percent per annum or the maximum interest rate allowed by the laws of the State of South Carolina, all costs of collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law. In the event that the assessment or charge remains unpaid after sixty (60) days from the original due date, the Association may, as the Board shall determine, institute suit to collect such amounts or to foreclose its lien, or both. The equitable charge and lien shall be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot or Lot with Dwelling, vests in the Association and its agents the right and power to bring all actions against them personally for the collection of such assessments and charges as a debt and/or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The Association shall have the power to bid on the Lot or Lot with Dwelling at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the assessments and charges provided for herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot or Lot with Dwelling, and an Owner shall remain personally liable for assessments, charges, interest, and late charges which accrue prior to a sale, transfer, or other conveyance of his Lot or Lot with Dwelling.

7.12 Certificate. The Treasurer, any Assistant Treasurer, or the manager of the Association shall, within ten (10) days of a written request and upon payment of such fee as is from time to time determined by the Board of Directors, furnish to any Owner or such Owner's mortgagee which requests the same, a certificate in writing signed by the Treasurer, Assistant Treasurer, or manager setting forth whether the assessments and charges for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, accrued interest, and other penalty charges and any applicable per diem rates and charges. Such certificate shall be conclusive evidence against all but such Owner of payment of any

assessments and charges stated therein to have been paid.

7.13 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to each Lot and Dwelling on the day on which such Lot or Dwelling is submitted to this Declaration and shall be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual assessments and any outstanding special assessments shall be adjusted for such Lot or Dwelling is first conveyed. Annual and special assessments for Lots and Dwellings in portions of the Additional Property hereafter submitted to the terms of this Declaration shall commence with respect to each such Lot and Dwelling on the day of the recording of the amendment to the Declaration so submitting such parcels, and annual and special assessments for each such Lot and Dwelling shall be adjusted according to the number of months then remaining in the fiscal year of the Association and the number of days then remaining in the month in which such assessments commence.

7.14 Exempt Property. The following Property, individuals, partnerships or corporations, subject to this Declaration, shall be exempted from the assessments, charge and lien created herein:

- a. The grantee of a conveyance to a public agency or utility; or,
- b. All Common Property.

ARTICLE VIII - COMMUNITY STANDARDS

8.1 Purpose, Powers and Duties. The purpose of establishing community standards is to assure that any installation, construction, location or alteration of any Structure will be submitted to the Board for prior approval as to whether the proposed installation, construction, location or alteration is in conformity and harmony of external design, aesthetics and general quality with the existing standards of the neighborhood and with the standards of the Allenwood Homeowners Association, Inc.. To the extent necessary to carry out such purpose, the Board shall have all of the powers and duties to do each and every thing necessary, suitable, convenient or proper for, or in connection with, or incidental to, the accomplishment of such purposes, including, without being limited to, the power and duty to approve or disapprove plans and specifications for any installation, construction, location or alteration of any Structure. The review process shall not be conducted in an arbitrary or capricious manner.

8.2 Design Standards. The Board may from time to time and in its sole discretion adopt, promulgate, amend, revoke and enforce rules, regulations and guidelines (the "Design Standards") for the purposes of:

- a. governing the form and content of plans and specifications to be submitted to the Board for approval pursuant to the provisions of this article;
- b. governing the procedure for such submission of plans and specifications;
- c. establishing guidelines with respect to the approval and disapproval of design

features that assure the conformity and harmony of external design and general quality with the standards of the Allenwood Homeowners Association, Inc..

d. assuring the conformity and harmony of external design and general quality with the standards of the Allenwood Homeowners Association, Inc.

8.3 Disapproval of Plans and Specifications. In any case in which the Board shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based. In any such case the Board shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal may be prepared and submitted for approval. In the event of an impasse the matter shall be presented to the ownership at a special meeting. A vote of 90% of all Owners of record shall be required to overturn the Board's decision.

8.4 Obligation to Act. The Board shall take action on any plans and specifications submitted as herein provided within thirty (30) days after receipt thereof. Approval and the date thereof by the Board, if granted, together with any conditions imposed by the Board, shall be placed in writing on the plans and specifications and shall be returned to the applicant. Upon receipt of the approval, the Owner shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations and excavations pursuant to the approved plans. If the Owner shall fail to do so within one (1) year after the date of such approval, such approval shall be deemed revoked unless time for such commencement is extended in writing by the Board pursuant to the written request of the Owner upon a finding by the Board that there has been no negative change in the circumstances upon which the original approval was granted. In any event, the Owner shall complete all site development work and the construction, reconstruction, refinishing or alteration of the foundation and all exterior surfaces (including the roof, exterior walls, windows and doors) of any Structure within one (1) year after commencing construction thereof, except that the one year period shall be extended for so long as completion is rendered impossible due to strikes, fires, national emergencies, natural calamities or other supervening forces beyond the control of the Owner or his agents. If the Owner fails to complete all site development work and such construction within the one year period, the Board shall provide written notice to the Owner by certified mail. If the Owner shall not have taken reasonable steps toward completion of site development work and construction within thirty (30) days after the mailing of the aforesaid notice of failure to complete, then the HOA shall have the Right of Abatement as provided in Article XII, Section 5.

8.5 Inspection Rights. Any employee or agent of the HOA may, after reasonable notice, at any reasonable time enter upon any Lot and Structure thereon for the purpose of ascertaining whether the installation, construction, location, alteration, maintenance or use of any Structure or Lot is in compliance with the provisions of these covenants; and neither the HOA, nor any such agent shall be deemed to have committed a trespass or other wrongful act solely by reason of such entry or inspection, provided such inspection is carried out in accordance with the terms of this Section.

8.6 Violations. Any Structure erected, placed, maintained or altered upon any Lot or on any body of water contiguous or adjacent to such Lot that is not in accordance with the plans and specifications approved by the Board shall be in violation of this Article. If in the opinion of the Board a violation has occurred, then the Board shall provide written notice to the Owner by certified mail, setting forth in reasonable detail the nature of the violation and the specific action or actions required to remedy the violation. If the Owner shall not have taken reasonable steps toward the required remedial action within thirty (30) days after the mailing of the aforesaid notice of violation, then the HOA shall have the Right of Abatement as provided in Article X-6 hereof.

8.7 HOA Certificate of Compliance.

a. Upon a completion of the installation, construction or alteration of any Structure in accordance with plans and specifications approved by the Board, the Board shall, upon written request of the Owner thereof, issue an "Allenwood Owners' Association Inc. Certificate of Compliance," identifying such Dwelling or Structure and the Lot upon which such Dwelling or Structure is placed and stating that the plans and specifications have been approved and that such Dwelling or Structure complies with such plans and specifications. A copy of said Certificate shall be filed for permanent record with the Board.

b. Any such Certificate of Compliance issued in accordance with the provisions of this Section shall be prima facie evidence of the facts therein stated; and as to any purchaser or encumbrancer in good faith and for value, or as to any title insurer, such Certificate shall be conclusive evidence that a Dwelling and all Structures on the Lot comply with all the requirements of this Declaration; provided, however, that the Certificate shall in no way be construed to certify the acceptability, sufficiency or approval by the Board of the actual construction of the Dwelling and/or Structures or of the workmanship, or to represent or warrant to anyone the safety, quality, function or operation of the Structure or of any construction, workmanship, engineering, materials or equipment; or its compliance with applicable building codes.

c. The Board may impose and collect from an Owner reasonable and appropriate fees to cover any and all costs incurred hereunder regarding that Owner, including Attorney's fees, costs and expenses, and fees of consulting architects and engineers, etc.

ARTICLE IX - GENERAL COVENANTS AND RESTRICTIONS FOR ALL LOTS AND DWELLINGS

9.1 Permitted Use.

(A) Single-Family Detached Lots may be used for single family, detached, residential purposes only and for no other purpose.

(B) Townhome Lots may be used for single family, attached, residential purposes only and for no other purpose.

9.2 Permitted Structures. No building, Dwelling or other Structure shall be erected, altered, placed or permitted to remain on a Lot except one designed for occupancy by a single family. For Single-Family Detached Lots only, one building accessory to the Structure, designed for use in conjunction therewith as a private garage, storage or combination of both, and being compatible with the main building in size, design, quality of construction and location, as well as appurtenances to the main house and accessory structure, are permitted. Mobile homes are not considered permitted structures. A guest suite may be included as part of the residential structure or accessory structure provided that the guest suite shall not contain a kitchen and shall not result in overcrowding of the site. Neither the accessory building nor any appurtenance shall be constructed or occupied prior to the construction and occupancy of the main house. Neither the accessory building, the guest suite nor any appurtenance shall be rented or leased separate and apart from the main house, provided, however, that Declarant reserves the right unilaterally permit such rental or lease on a case-by-case basis.

9.3 Maximum Height. No Structure shall be erected, altered, placed or permitted to remain on any Lot in excess of the height limits allowed by The Town of Hilton Head.

9.4 Service Facilities. Each main Structure or accessory building shall include a fenced service yard enclosing from view all containers for garbage, trash or other refuse, clothes lines and all other maintenance and service facilities on the Lot. No incinerators for garbage, trash or other refuse shall be placed, used or permitted to remain on any Lot, and the maintenance of accumulated waste plant materials is prohibited except as part of an established compost pile fenced or screened from view.

9.5 Utility Facilities. No air conditioning compressors, window air conditioning units, solar heating devices or other heating and cooling equipment, fuel tanks, electrical transformers and meters, gas valves, telephone junction boxes or other utility equipment, devices or facilities shall be erected, altered, placed or permitted to remain on any Lot except on the interior of the main Structure or accessory building, or behind a fence or shrubbery sufficient to hide all such devices and facilities from view.

9.6 Pipes, Wires and Antennas. All water and sewer pipes, electrical service, cable television and telephone wires and other wires and pipes shall be placed underground and no pole, tower, antenna or other device for the transmission or reception of television signals, radio signals or any other form of electromagnetic radiation, or for any other purpose, shall be erected, placed, maintained or permitted to remain on any Lot. Satellite dishes for television service of a size three (3) feet or less in diameter shall be permitted provided such installation conforms to the aesthetic values of the Allenwood Homeowners Association, Inc.

9.7 Sewer. Prior to occupancy of any Structure on a Lot, property and suitable provisions shall be made for the disposal of sewage by means of a septic tank or tanks constructed on the Lot or by means of connection to any off-site sewage disposal system available to the Lot. No sewage, garbage or trash shall be emptied or discharged into any creek, marsh, lake, drainage ditch or shoreline thereof. No septic tank or other independent sewage disposal works or facilities permitted by this Section shall be placed, installed, used or permitted to remain on any Lot unless it is designed, located, constructed, maintained in accordance with the standards and

requirements of the appropriate public health authority.

9.8 Lighting. No lighting shall be located, directed or of such intensity to affect adversely the nighttime environment of any adjacent property.

9.9 Signs. No sign shall be installed, altered, maintained or permitted to remain on any Lot, except:

a. During approved construction of the main Structure only, not more than one professionally-lettered job identification sign having a maximum face area of four square feet; and

b. No sign shall be permitted on any Common Property unless approved by the Board.

9.10 Mailboxes. No mailbox or other Structure used as a receptacle for the delivery or dispatch of mail, packages, newspapers, periodicals or similar matter shall be constructed, altered, maintained or allowed to remain on any Lot except a mailbox or receptacle consistent with the standards of the Allenwood Homeowners Association, Inc.

9.11 Resubdividing. No Lot may be split, divided or subdivided or have its boundaries changed unless approved in writing by the Board with appropriate approval of public governing bodies.

9.13 Maintenance.

(A) Each Owner will keep and maintain his Lot and the exterior of all his Dwellings and Structures, as well as all landscaping located on such Lot, in good condition and repair, including, but not limited to, (i) the repairing and painting (or other appropriate external care) of all Dwellings and Structures; (ii) the seeding, watering and mowing of all lawns; and (iii) the pruning, trimming and care of all trees, hedges, shrubs and planted areas so that the same are aesthetically in harmony with the standards of the Allenwood Homeowners Association, Inc.'s community and are not obstructive of vehicle or pedestrian traffic. If, in the opinion of any Board, any Owner shall fail to perform the duties imposed by this Section, the Board shall give written notice to the Owner to remedy the condition in question, setting forth in reasonable detail the nature of the condition and the specific action or actions needed to be taken to remedy the condition. If the Owner shall fail to take reasonable steps to remedy the condition within thirty (30) days after the mailing of the written notice by certified mail, then the HOA shall have the Right to Abatement as provided in Article XII, Section 5.

(B) The Association shall maintain and keep in good repair all portions of the Common Areas, which responsibility shall include the maintenance, repair and replacement of: (1) all common areas, walks, trails, lagoons, ponds, lakes, pools, parking lots, landscaped areas, Clubhouse, and other improvements situated within the Common Areas; and (2) such security systems and utility lines, pipes, plumbing, wires, conduits and related systems as are a part of the Common Areas and which are not maintained by the Declarant or a public authority, public service district, public or private utility or other person. The Association shall not be liable for

injury or damage to any person or property (a) caused by the elements or by any Owner or any other person, (b) resulting from any rain or other surface water which may leak or flow from any portion of the Common Areas, or (c) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. The Association shall not be liable to any Owner for personal injury or harm, loss or damage, by theft or otherwise, of any property of such Owner which may be stored or left in or upon any portion of the Common Areas or any other portion of the Development. No diminution or abatement of assessments, or any dues, fees or charges shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments being a separate and independent covenant on the part of each Owner.

9.14 Outside Storage. Except during approved construction, no outside storage of personal property shall be permitted unless screened from view by enclosures, fences, shrubbery or other devices. During approved construction, no construction material or device shall be stored on any Lot except for the purposes of such construction or for longer than the length of time reasonably necessary for such construction. All construction debris, excess materials, stumps and other matter discarded during construction shall be removed from the Lot as often as necessary to keep the Lot and all Structures neat, clean and attractive in appearance.

9.15 Recreational Vehicles. No recreational trailer, trailer house, boat, raft, canoe, boat trailer, recreational vehicle, personal water craft or similar device of any description shall be kept, maintained or allowed to remain on any Lot for more than 24 consecutive hours prior to or after a planned use thereof, at any time. Exceptions will require the approval of the Board. Under no circumstances shall the maintenance of such devices and conveyances be permitted which would violate the Allenwood Homeowners Association, Inc.'s aesthetic standards.

9.16 Temporary Buildings. No house trailer, recreation vehicle, mobile home or other Dwelling or Structure of a temporary or transient character shall be kept, placed, maintained or permitted to remain on any Lot except as a shelter used by a building contractor during the course of construction of the main Dwelling or Structure or accessory building. The design and location upon a Lot of any such shelter shall at any time be subject to approval by the Board and no temporary Structure will be used as a residence or be permitted to remain on the Lot after completion of construction.

9.17 Unsightly Activities. No pursuit of hobbies or other activities (including without limitation the repair, maintenance, assembly and disassembly of motor vehicles and other mechanical devices) which might tend to cause disorderly, unsightly or unkept conditions shall be pursued unless screened from view from the street, the lake and neighboring property. For example, except when in actual use, driveways shall be kept free of temporary items (bicycles, tricycles, portable basketball hoops, lawnmowers, etc). Garage doors will be kept open for short periods of actual use (typically no more than 1 hour at a time) and are to remain fully closed at

all other times

9.18 Solid Waste. No person shall dump rubbish, garbage or any other form of solid waste on any Lot or on Common Property. No person shall burn rubbish, garbage or any other form of solid waste on any Lot or on Common Property. If rubbish, garbage or any other form of solid waste is to be disposed of by being collected and removed from the Lot on a regular and recurring basis, the Owner shall provide access for such pickup.

9.19 Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other Owners in the enjoyment of their Lots or in their enjoyment of Common Property. Without limiting the foregoing, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of private property, shall be used in a noxious offensive manner.

9.20 Animals and Pets. No animals, wildlife, livestock, reptiles or poultry of any kind shall be raised, bred or pastured within the residential areas or kept on any portion of Allenwood except that a reasonable number of dogs, cats or other usual and common household pets may be permitted in Allenwood. No dog's size shall exceed forty (40) pounds, without written approval of the Board. All pets shall be controlled by their Owner at all times. Those pets which, in the sole discretion of the HOA, endanger safety and health, make objectionable noise or constitute a nuisance or inconvenience to the other Owners shall be removed upon request of the Board within three (3) days of written request. Household pets shall at all times, whenever they are not on the Lot owned by the Owner of the pet, be confined on a leash held by a responsible person. Pets shall only be permitted on the Common Areas in such portions thereof, if any, as are so designated by the Board.

In order to preserve the aesthetic qualities of the Common Property, to maintain sanitary conditions on the Property, to prevent the spread of worms and infectious diseases on the Common Property, and to maintain a proper respect for other Owners and users within The Single-Family Detached Lots of Allenwood, each person who keeps a pet within a 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 best efforts to not allow the pets to excrete upon property owned by others or the HOA, or to excrete in any area within the Common Property, which are regularly traversed or in which children may be expected to play.
- c. The Owner of such animals shall use a scoop or other device to clean up any defecation or solid excrement left by their pet upon the Common Property or the property of other Members.
- d. The Owner of an animal shall not allow it to roam unattended on the Property, it being the responsibility of each pet owner to either leash their animal or retain voice control or electronic control while the animal is outdoors.

e. The Owner shall muzzle any animal which consistently barks or makes any noises which might be reasonably expected to disturb other Owners.

9.21 Firearms and Firing. No firearm or other weapon (including but not limited to air guns, paint ball guns, and bow and arrow) and no fireworks shall be discharged on any Lot or Common Property; provided, however, that this Section shall not prohibit the HOA from instituting wildlife population control programs which may include the use of firearms or weapons. No outdoor flame or fire (except cooking grills) shall be permitted.

ARTICLE X - BUFFER ZONES

10.1 Purposes. In order to preserve and enhance the natural appearance and aesthetically pleasing view of the Lots of Allenwood, to provide buffers, and to provide an area for growth of plants and animals which live in this type of rural environment, there are hereby established "Buffer Zones".

10.2 Uses. These Buffer Zones will be preserved substantially in their present state and condition except for moderate clearing by the HOA for view, breeze, landscaping and access to Common Property. No Structure may be built on any Buffer Zone at a place that is contiguous to a public roadway. HOA may use such for wildlife feeding stations, to plant trees, shrubs and other plants for landscaping and beautification, access trails and paths for the purpose of observation of wildlife and for hiking and exercise, and for such other uses as are reasonable and property to further the aims and purposes thereof.

10.3 Location. Buffer Zones are specifically described in Exhibit A, as recorded in the Register of Deeds Office of Beaufort County, South Carolina in Plat Book 99 at Page 108.

ARTICLE XI - LAKE EASEMENT

11.1 Lake. The Lake as shown on Exhibit A is defined as Common Property for exclusive use as a storm water and drainage reservoir.

11.2 Lake Easement. The real property constituting the Lake will include the area shown and described as the "Lake Easement" being a ten (10) foot strip around the lake.

11.3 Insurance Maintenance and Repairs. The insurance maintenance and repairs of the Lake and Lake Easement will be by the HOA.

ARTICLE XII - GENERAL PROVISIONS

12.1 Duration and Amendments. The Covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the HOA, the Declarant or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

This Declaration may be amended by the Declarant at any time until such time as 90% of the Lots have been sold to Third Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots. Thereafter, this Declaration may be amended if seventy-five (75%) percent of the Members at a duly called meeting for such purpose approve the amendment. Any amendments to this Declaration must be duly recorded in the Register of Deeds Office for Beaufort County, SC, setting forth the agreed changes.

12.2 Notices. Any notice that is required to be sent to any Owner under the provisions of this Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, postpaid, to the last known address of the person who appears as Owner on the records of the HOA at the time of the mailing. Notice to one or more Co-Owners of a Lot shall constitute notice to all Co-Owners. It shall be the obligation of every Owner to continuously keep the Secretary of the HOA informed of their current address and the current status of ownership of Lots.

12.3 Enforcement; Attorney's Fees, Etc. Enforcement of the terms and conditions of this Declaration will be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damage, and against the land of such person to enforce any lien created hereby; and failure by the HOA, the Declarant, or any Owner to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce the same thereof.

In the event any party must bring legal action to enforce the terms of this Agreement, the prevailing party in such legal action, suit, or arbitration shall be entitled to collect from the non prevailing party all its reasonable attorneys' fees and court costs, both prior to and on appeal.

12.4 Severability. Should any covenant or restriction herein contained, or any Article, Subsection, sentence, clause, phrase, word or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall not affect the other provisions hereof which are hereby declared to be severable, and which shall remain in full force and effect.

12.5 Right of Abatement. In the event of a violation or breach of any Restriction contained in this Declaration, the Board shall give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of the written notice, then the HOA shall have the Right of Abatement, which right shall be in addition to all other rights available to the Declarant, the HOA and each Owner.

The Right of Abatement, as used in this Declaration, means the right of the HOA, through its agents and employees, to enter at all reasonable times with reasonable notice upon any Lot or Dwelling or Structure, as to which a violation, breach or other condition to be

remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Section, and with the costs thereof, including all costs of collection and reasonable attorneys' fees, together with interest thereon at eighteen (18%) percent per annum, to be a binding personal obligation of such Owner enforceable in accordance with law, as well as a lien on such Owner's Lot enforceable pursuant to the provisions hereof as an Assessment.

12.6 Standard of Reasonableness. The rights reserved unto the Association in this Declaration shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

WITNESSES:

Helen S. Kidd
Barry L. Johnson

B C & W, L.L.C.

By: Christopher P. Gannon
Christopher P. Gannon

Its: Managing Member

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me Barry L. Johnson who being duly sworn, says that she/he saw the signature affixed to the foregoing instrument and that she/he also saw B C & W, L.L.C., By: Christopher P. Gannon Its: Managing Member sign the within Declaration, and attest the same, and that he/she witnessed the execution and delivery thereof as the act and deed of the said B C & W, L.L.C.

Barry L. Johnson
Witness

Sworn to before me this 21
day of May, 2004.

Helen S. Kidd
Notary Public for South Carolina
My Commission Expires: 4-26-05

EXHIBITS A, B, and C TO DECLARATION OF COVENANTS

- A Description of The Property
- B Description of The Single-Family Detached Lots of Allenwood
- C Description of the Townhome Lots of Allenwood

Exhibit A

Phase 1, Allenwood

Phase 1 of Allenwood consisting of Lots 1 - 10, 65 - 93 and 151 - 156, as shown on that certain plat prepared by Sea Island Land Survey (Certificate No. C02180), dated May 17, 2004 entitled "Subdivision Plat of Allenwood, Phase 1 Cotton Hope Plantation, Hilton Head Beaufort County, South Carolina" certified to by Ralph O. Vanadore, SCRLS No. 7606, which plat is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 99 at Page 108.

Exhibit B

Phase 1, Allenwood Single-Family Detached Home Lots

All those certain pieces and parcels of land known as Lots "1", "2", "3", "4", "5", "6", "7", "8", "9" and "10", Phase 1 of Allenwood, as shown on that certain plat prepared by Sea Island Land Survey (Certificate No. C02180), dated May 17, 2004 entitled "Subdivision Plat of Allenwood, Phase 1, Cotton Hope Plantation, Hilton Head Beaufort County, South Carolina" certified to by Ralph O. Vanadore, SCRLS No. 7606, which plat is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 99 at Page 108.

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Phase 1, Allenwood Townhome Lots

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EXHIBIT D TO DECLARATION OF COVENANTS

By-Laws of The Allenwood Homeowners Association, Inc.

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ARTICLE I - NAME, LOCATION AND MEMBERSHIP

1.1 Name. The name of this association is Allenwood Homeowners Association, Inc. ("Association").

1.2 Location. The principal office of the Association shall be determined by the Board and this address conveyed at least annually to all owners at the annual meeting.

1.3 Membership. Each and every record Owner or Owners, ("Owner") of a fee or undivided fee interest in any lot (hereinafter "Lot") located in The Single-Family Detached Lots and Townhome Lots of Allenwood, in the Town of Hilton Head Island, in Beaufort County, South Carolina is and will be a member of the Association, excluding persons who hold such interest under a deed to secure debt, mortgage or deed of trust. The Owner of each Lot shall designate in writing and deliver to the Secretary from among such Owner or Owners of such Lot, or a member of the immediate family of such Owner or Owners the name of the voting member and their address, and such member shall represent the Owner or Owners of such Lot in connection with the activities of the HOA and exercise the voting rights thereof. Such designation shall be valid until revoked by such Owner or Owners in writing and delivered to the Secretary or until such Owner sells his Lot, whichever event shall first occur. Owners are designated as Members and the collective body of membership is designated the HOA or Association.

1.4 Suspension of Membership and Voting Rights. During any period in which an Owner shall be in default of the payment of any Annual or Special Assessment levied by the Board, the voting rights of the Owner and the rights of the Owner and his tenants or family members who use such Owner's Lot to use and enjoy the Common Property may be suspended by the Board until such time as the Assessment and all charges associated therewith have been paid. Such rights may also be suspended by the Board for the violation of the published rules and regulations ("Rules of Conduct") with respect to the use of the Common Property as published from time to time by the Board. Such Rules shall be kept in the office of the HOA as a matter of record, and copies thereof shall be furnished to any Owner on request. A reasonable fee may be charged for reproduction of any documents.

1.5 Applicability. These By-Laws are applicable to all Lots of The Single-Family Detached Lots of Allenwood, the Common Property, and the Association, and are binding on all present or future Owners, their families, tenants, guests, employees, and any other person residing in or occupying a Lot. Each and every person who accepts a deed to, a lease of, or who occupies any Lot, thereby consents to be bound by the provisions of these By-Laws, the Rules of Conduct and the Declaration.

1.6 Notification of Non-Owners. Each Owner shall be responsible for informing his/her families, tenants, guests, employees, and any other person residing in or occupying a Lot of the current Declaration, By-Laws and Rules of Conduct.

ARTICLE II - DEFINITIONS

The terms used in these By-Laws, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as in the recorded Declaration of Covenants, Restrictions and Provisions for The Single-Family Detached Lots and Townhome Lots of Allenwood ("Declaration" or "Covenants") to which these By-Laws are annexed.

ARTICLE III - PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

3.1 Delegation of Property Rights. Each member of the Association shall be entitled to the use and enjoyment of the Common Property as provided in the Declaration. Any Owner may assign his rights of enjoyment and use of the Common Property to the members of his immediate family, to his guests or to his tenants who reside on his/her Lot. Such Member shall notify the Secretary in writing of the name or names of any such assignees. The rights and privileges of such assignees are subject to suspension to the same extent as those of the Member.

ARTICLE IV - MEETING OF ASSOCIATION

4.1 Place of Meeting. Meetings of the Association shall be held at a place to be determined by the Board.

4.2 Annual Meeting. Annual meetings of members shall be held on the first Saturday in November at 9:00 o'clock a.m., unless changed by the Board with appropriate notice.

4.3 Special Meetings. Special meetings may be called at any time by (a) the President, (b) by resolution of the Board, or upon (c) the receipt by the Secretary of a petition signed by Members holding greater than twenty-five percent (25%) of the total vote of the Association. The call of a special meeting shall be by notice stating the date, time, place, purpose and order of business of such special meeting. Only the business stated in the notice may be transacted at a special meeting.

4.4 Notice of Meetings. The Secretary shall mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member at the last address of such member furnished to the Secretary at least fifteen (15) days but not more than forty-five (45) days prior to such meeting. Mailing notice as herein provided shall be deemed delivery thereof. Any Member may waive notice of the meeting in writing either before or after the meeting. Attendance of a Member at a meeting, either in person or by proxy, except for the purpose of stating, at the beginning of the meeting, any objection to the transaction of the business, shall constitute waiver of notice and any objection of any nature whatsoever as to the transaction of any business at such meeting. Notice given to one tenant in common or to one tenant with rights of survivorship, shall be deemed notice to all. It is the responsibility of each Owner to maintain a current mailing address with the Secretary.

4.5 Order of Business. The order of business at each annual meeting shall be as follows:

- a. Roll call and certification of proxies.
- b. Proof of notice of meeting or waiver of notice.

- c. Reading of minutes of preceding meeting.
- d. Reports of officers and/or committees.
- e. Unfinished business.
- f. New business.
- g. Election of committee, if any.
- h. Election of Directors.
- i. Adjournment.

The order of business at a special meeting shall include items a through c above, and thereafter, the items specified in the meeting notice.

4.6 Quorum. At all meetings, regular or special, a quorum shall consist of the presence in person or by proxy, of Members holding greater than fifty percent (50%) of the total votes in the membership. If a quorum shall not be present at any meeting, a majority vote of those present, in person or by proxy, may adjourn the meeting from time to time until a quorum can be obtained. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.7 Voting Rights. The Association shall have one class of voting membership as set forth in Article III, Section 2 of the Covenants.

4.8 Proxy. Votes may be cast in person or by written proxy. Proxies must be dated and filed with the Secretary prior to any voting action at any meeting.

4.9 Majority Vote. Acts authorized, approved or ratified by the Declarant and by the casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be the acts of the Association, except where a higher percentage vote is required by these By-Laws, the Declaration, or by law, and shall be binding for all purposes; provided, however, that such consent by Declarant is not required after 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots.

4.10 Actions without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by the Declarant and by other persons who would be entitled to cast seventy-five percent (75%) of the votes of membership of the Association at a meeting and such consent is filed with the Secretary of the Association and is inserted in the Minute Book thereof; provided, however, that such consent by Declarant will no longer be required after 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots.

ARTICLE V - BOARD OF DIRECTORS

5.1 Number. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"). The Board shall initially consist of three duly-elected individuals. Each shall be at least twenty-five (25) years of age and any

qualified person may be re-elected. Except as hereafter provided, each person shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified until 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots. Declarant shall have the unilateral right and power to elect all Board Members. At the next Annual Meeting of Members thereafter, Declarant will relinquish control of the Board to the Members, who shall elect five Board Members. Thereafter, the Board shall consist of five individuals.

5.2 Power and Duties. The Board shall manage and direct the affairs of the Association and, subject to any restrictions imposed by law, by the Declaration, or these By-Laws, may exercise all the powers of the Association. The Board shall exercise such duties and responsibility as shall be incumbent upon it by law, the Declaration, or these By-Laws as it may deem necessary or appropriate in the exercise of its powers, including without limitation, (a) the determining of annual assessments, (b) the collection of assessments and charges for the owners, (c) the establishment and amendment from time to time of reasonable Rules of Conduct governing the use of the Common Property, and (d) the employment and dismissal of personnel necessary for the maintenance and operation of the Common Property. Additionally, the Board may require that all employees handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

5.3 Management. Subject to the provisions of the Declaration, the Board may employ for the Association a manager or managing agent under such terms and conditions as the Board may authorize; provided, however, the Board shall not delegate to such agent the complete and total responsibility of the Association. Such managing agent shall have such duties and shall receive such compensation as determined by the Board.

5.4 Election and Term of Office. Three directors will be elected for a term of three (3) years. Two directors will be elected for a term of two (2) year. No cumulative voting will be permitted. This section is subject to the provisions of Section 1 of this Article V.

5.5 Vacancies. Vacancies on the Board caused by any reason other than the removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Board, even though they may constitute less than a quorum, and each person so elected shall serve until a successor is elected at the next annual meeting. Vacancies caused by removal shall be filled by vote at the same meeting at which a Board member is removed.

5.6 Removal. After 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots, at any regular or special meeting of the Association duly called, any one or more of the Board may be removed with or without cause by a vote of seventy-five percent (75%) of the total votes of the Association with five (5) days written notice being given by the Secretary, and a successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been proposed by an Owner shall be given an opportunity to be heard at such meeting. After 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots, sale of his Lot by a Director shall automatically terminate his term of office.

5.7 Regular Meetings. The regular annual meeting of the Board shall be held immediately following the annual meeting of the Members of the Association and regular meetings thereafter shall be held on such dates and at such place and hour, but not less frequently then biannually, as may be fixed from time to time by resolution of the Board. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day of such meeting.

5.8 Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the date, time, place (as herein above provided) and purpose of the meeting. Special meetings of the Board may also be called by the Secretary in like manner and on like notice upon the written request of at least two (2) Board Members.

5.9 Waiver of Notice. Before or at any meeting of the Board a Board Member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the date, time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.10 Quorum. At all meetings of the Board, a majority of the then qualified Board shall constitute a quorum for the transaction of business, and the acts of the majority of the administrators present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.11 Compensation. No director shall receive compensation for any service he may render to the Association nor shall the Association make any loan, directly or indirectly, to a director; provided, however, a Director may be reimbursed for reasonable costs and expenses incurred on behalf of the Association.

5.12 Action by Board Without a Meeting. The Board shall have the right to take any action which it could take at a meeting by obtaining the written approval or ratification of all directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

5.13 Liability. To the extent permitted by the South Carolina law in effect at the applicable time, no director shall be liable to any Owner for injury or damage caused by such director in the performance of his duties unless due to the willful misfeasance or malfeasance of such director. Furthermore, each director shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a part or in which he becomes involved by reason of his being or having been a director whether or not he is a director at the times such expenses and liabilities are incurred, except in such cases where the director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the

event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by the laws of South Carolina.

ARTICLE VI - OFFICERS

6.1 Number and Election. There shall be elected annually by and from the Board a President, a Secretary and a Treasurer. The office of Secretary and Treasurer may be filled by the same person. The Board may also elect from time to time such other officers as in their judgment may be needed, which officers need not be Board Members.

6.2 Removal and Vacancies. Except as herein provided to the contrary, the officers shall be elected annually and hold office at the pleasure of the Board. A vacancy in any office may be filled by the Board at its next meeting. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

6.3 Duties. The duties of the officers shall be as follows, to-wit:

A. President. The President shall be the chief executive officer and shall preside at all meetings of the Board and the Association, shall see that orders and resolutions of the Board are carried out, shall appoint committees consisting of members of the Association as in his opinion is necessary, shall co-sign with another officer all contracts, checks, promissory notes, mortgages and similar documents, if any, and shall perform such other duties as may be delegated to him by the Board. He shall have all the general powers and duties which are incident to the office of the President of a corporation organized under the laws of South Carolina.

B. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the Association; keep appropriate current records, showing the members of the Association together with their addresses and designating those members entitled to vote; and perform such other duties as may be required of him by the Board or incident to the office of the Secretary of a corporation organized under the laws of South Carolina. In the event the President is unable to perform his duties at a meeting, the Secretary shall perform those duties.

C. Treasurer. The Treasurer shall be responsible for the funds of the Association, shall prepare financial reports of the activities of the Association, and shall maintain full and accurate duties as may be designated by the Board or incident to the laws of South Carolina.

6.4 Compensation. Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to their offices, nor shall the Association make loans, directly or indirectly, to any officer. The officers may be reimbursed for reasonable out of pocket business expenses incurred on behalf of the Association.

6.5 Liability. To the extent permitted by South Carolina law in effect at the applicable time, no officer shall be liable to any Owner for injury or damage caused by such officer in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer. Furthermore, each officer shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been an officer of the Association, whether or not he is an officer of the Association at the times such expenses and liabilities are incurred, except in such cases where the officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when required by South Carolina law.

ARTICLE VII - OBLIGATIONS OF THE OWNERS

7.1 Assessments. All Owners are obligated to pay Assessments imposed by the Board as provided in the Declaration to meet Common Expenses, which may include, but is not limited to, the expense of liability insurance coverage and/or hazard insurance coverage for repair and reconstruction. An Owner is required to reimburse the Association for any expenses incurred by it in repairing or replacing Common Property damaged by such Owner in accordance with the Declaration.

7.2 Right of Entry. Each and every Owner by accepting a deed to a Lot thereby grants the managing agent or such other person designated by the Board, the right to enter the same upon reasonable notice or in the event of an emergency.

7.3 Mortgage Notices. An Owner who mortgages his dwelling or executes and delivers a mortgage, deed to secure a debt, deed of trust or other security instrument which may become a lien on his Lot, authorizes the Association to furnish such information as such mortgagees may request respecting unpaid assessments, taxes or other reasonable information concerning such Lot.

7.4 Conduct of Members.

A. All Owners, their families, guests, visitors and tenants, and each and every occupant of a Lot shall at all times observe the published Rules of Conduct which may be established from time to time by the Board.

B. The Board shall promulgate and amend rules and regulations for the use of the Lots and the Common Property which shall be called the Rules of Conduct and shall be kept by the Secretary in a separate book for such purpose.

C. The initial Rules of Conduct are set forth below and shall be effective until amended by the Board.

D. Property of the Association shall not be removed and shall be effective until amended by the Board.

E. No reprimand shall be given by Owners to employees of the Association. Complaints shall be made in writing to the Secretary giving the name of the employee, date, and subject matter of the complaint requesting action by the Board.

F. Neither beer, wine, liquor nor any unlawful drugs shall be sold on any Lot or Common Property except lawful items in a lawful manner by the Association.

G. No pets or children are allowed in the lake.

H. The Association shall not be responsible for valuables lost or stolen.

I. No garments, towels, rags, mops, clotheslines, or similar objects shall be hung from or placed on windows, balconies or any outside facade.

J. Boats, trailers and vehicles other than cars shall be parked as designated in the Rules and Regulations.

K. Owners and residents shall act so as not to unreasonably interfere with the peace, quiet and enjoyment of the other residents and shall exercise care to avoid unnecessary noise. This includes, but is not limited to, use of musical instruments, radios, televisions, and amplifiers that may disturb other residents.

L. Parents or guardians shall be responsible for all actions of their minor children.

M. Owners are at all times responsible for the conduct and behavior of their family members, invitees and guests and a violation by them shall be considered a violation by the Lot Owner.

N. No boats may be allowed in the lake except for maintenance purposes.

O. The discharge of firearms, bows and arrows, cross bows, explosive devices and other such deadly weapons within The Single-Family Detached Lots of Allenwood is prohibited. The term "firearms" includes "BB" guns, pellet guns, paint ball guns and other firearms of all types, regardless of size or caliber. Use of firecrackers and fireworks of all types is prohibited within The Single-Family Detached Lots of Allenwood.

P. It shall be the responsibility of each Owner, tenant, guest and invitee to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkept condition of buildings or grounds on any Parcel either before, during or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the specific area or the community as a whole.

Q. Subject to the limitations in the Declaration, the Board shall have the full power and authority to fine or take appropriate action for an infraction of the Rules of Conduct. Any complaint by one Owner against another shall be in writing and signed.

R. Pursuant to written notice being given forty-eight (48) hours in advance of the nature of the complaint, an Owner is entitled to a hearing before the Board with an opportunity for the Owner to be heard with cross examination. A majority vote shall be necessary to fine or take other appropriate action.

S. The privilege given to family members and tenants or guests shall not be construed as granting membership to such persons.

T. The rights reserved unto the Association in this Declaration shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

ARTICLE VIII - AMENDMENTS

8.1 Amendments. Until such time as 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots, these By-Laws may be amended only by the Declarant. Thereafter, by a vote of not less than eighty percent (80%) of the total vote of the Association at a duly constituted meeting for such purpose, in strict accordance with the recorded Declaration to which they are attached, and the laws of South Carolina. Any amendments shall be set forth in proper form and duly recorded as an amendment to the Declaration. Each and every Owner by accepting a deed therefor thereby agrees to be bound by and benefit from any such amendment hereto.

8.2 Conflicts. The By-Laws may be amended by a 2/3 vote if unanimous approval is given by the Board of Directors.

WITNESSES:

ALLENWOOD HOMEOWNERS ASSOCIATION, INC.

By: _____

Attest: _____

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me _____ who

being duly sworn, says that she/he saw the signature affixed to the foregoing instrument and that she/he also saw _____, secretary, of the Allenwood Homeowners Association, Inc. sign the within Declaration, and attest the same, and that she witnessed the execution and delivery thereof as the act and deed of the said Allenwood Homeowners Association, Inc.

Witness

Sworn to before me this _____
day of _____, 2004.

Notary Public for South Carolina
My Commission Expires: _____

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B. Johnson 7/24

BEAUFORT COUNTY SC-ROD
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DATE: 08/25/2004 12:01:28 PM
INST # 2004058795 RCPT# 288690

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

**FIRST AMENDMENT TO
DECLARATION OF COVENANTS,
RESTRICTIONS AND PROVISIONS FOR
THE SINGLE-FAMILY DETACHED LOTS
AND THE TOWNHOME LOTS
OF ALLENWOOD**

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS,
RESTRICTIONS AND PROVISIONS FOR THE SINGLE-FAMILY DETACHED LOTS AND
THE TOWNHOME LOTS OF ALLENWOOD (hereinafter "Covenants") is made this
20th day of August, 2004 by B C & W, L.L.C., a South Carolina Limited Liability
Company (the "Declarant").

For the purpose of enhancing and protecting the value, attractiveness and desirability of
the Property of the Subdivision known as Allenwood shown and described on the attached
Exhibit "A" ("Property"), the Declarant hereby declares that the lots within Allenwood ("Lots",
as hereinafter defined) as described on the attached Exhibit "B" and Exhibit "C," shall be held,
sold, devised and conveyed subject to the within Declaration of Covenants, Restrictions and
Provisions for The Single-Family Detached Lots and The Townhome Lots of Allenwood, which
shall constitute covenants running with the land and shall be binding on all parties having any
right, title or interest in said Lots or any part thereof, their heirs, executors, administrators,
successors and assigns, and shall inure to the benefit of each Owner (as defined herein) thereof,
or so many of the Owners as may be legally bound by this Declaration.

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ARTICLE I - DEFINITIONS

The following words and terms, when used in this Declaration, as amended, or any Supplemental Declaration (unless the context clearly shall indicate otherwise) shall have the following meanings:

- A. "Architectural Standards Committee" shall be and refer to any committee of the Board appointed pursuant to these covenants.
- B. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of Allenwood Owners' Association, Inc., as amended from time to time.
- C. "Association" or "HOA" shall mean and refer to the Allenwood Owners' Association, Inc., a South Carolina non-profit corporation.
- D. "Assessments" is the mandatory financial amount payable by an Owner to enable the HOA to own, maintain and improve Common Property.
- E. "Board" or "Board of Directors" is the governing body of the HOA also known as the Board of Directors as defined in the By-Laws.
- F. "Buffer Zones" refer to those areas of Common Property designated as such on the plat referred to in Exhibit A, as recorded in the ROD Office for Beaufort County, S.C. in plat book 33 at page 211 and as set for in Article X.
- G. "By-Laws" refers to the document which prescribes the method by which the HOA will administer and manage itself.
- H. "Common Expense(s)" shall mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration and/or the By Laws.
- I. "Common Property" or "Common Area" will mean and refer to those items of real property and personal property with any improvements thereon which are deeded to the HOA and designated in the deed as "Common Property" or "Common Area" or which are described as such in the Covenants. All Common Property and Common Area is to be devoted to and intended for the common use and enjoyment of the Owners of the Property, subject to these Covenants, the By-Laws and the rules adopted by the HOA, as amended from time to time.
- J. "Covenants" or "Declaration" shall mean this Declaration of Covenants, Restrictions and Provisions for the Single-Family Detached Lots and Townhome Lots of Allenwood, together with any amendments or supplements hereto.
- K. "Declarant" shall mean and refer to B C & W, LLC, a South Carolina limited liability company with its principal place of business located at Hilton Head Island, Beaufort County,

South Carolina, and its successors and assigns, or any party who acquires Declarant's entire interest with respect to the Property at the time of such acquisition pursuant to foreclosure of a mortgage encumbering Declarant's interest in the Property, or any party receiving an assignment of the rights of Declarant hereunder.

L. "Development" with an initial capital letter shall mean and refer to the Property and all improvements located or constructed thereon.

M. "Dwelling" with an initial capital letter shall mean and refer to any building or part of a building designed and occupied exclusively for residential purposes.

N. "Family Housing Program" ("FHP") shall mean and refer to those Lots which are or may be hereafter designated for inclusion in the Family Housing Program of the Town of Hilton Head Island, as now codified in Sec. 16-4-818 of the Land Management Ordinance of the Town of Hilton Head Island. Lots so designated shall comply in all respects with the lawful requirements of the Town of Hilton Head Island and shall be subject to the same covenants on exterior maintenance as the entire Development and shall be subject to enforcement by the Association.

O. "Future Development" shall mean and refer to any land area shown on any Exhibit hereto and any plat of record in Beaufort County, South Carolina which is so designated. Any such land area is reserved for future development in such manner, form and at such time as Declarant may determine; further, any such land area may be subdivided by Declarant into Lots and said Lots, so subdivided, may be subjected to this Declaration as either Single-Family Detached Lots or as Townhome Lots, as Declarant may determine.

P. "General Plan of Development" will mean that plan as publicly distributed and as approved by appropriate public agencies, including local planning and zoning authorities and governing bodies which shall represent the total general schedule and general uses of land in the Property, as such may be amended from time to time subject to approval of the public agencies.

Q. "HOA" shall mean and refer to the Allenwood Homeowners Association, Inc., a South Carolina limited liability company, its successors or assigns.

R. "Lot" will mean and refer to any improved or unimproved parcel of real property shown with a numerical designation upon any recorded final subdivision plat of any part of the Property (including "Additions" under Article II of this Declaration) with the exception of Common Property as heretofore defined and the roads.

S. "Owner" means and refers to the person of public record, whether one or more persons, firms, associations, corporations, or other legal entities, vested with the fee simple title to any home, situated upon the Property. The term "Owner" shall not mean or refer to any tenant of the Owner.

T. "Property" shall mean and refer to the existing property referred to in Article II, Section 1 hereof, and additions thereto, as are subject to this Declaration or any Supplemental Declaration under the provisions of Article II.

U. "Rules" will mean and refer to rules and regulations applicable to the Members of the HOA and/or their designees for use of the property within the boundaries of the Single-Family Detached Lots of Allenwood as adopted by the HOA.

V. "Single-Family Detached Lot" shall mean and refer to a Lot made subject to the provisions of this Declaration restricting use to a structure containing one Dwelling that is free standing, and structures and improvements ancillary thereto. Initially, such Lots are as shown and identified on Exhibit B hereto, and in the future, additional Lots may be so designated by Supplemental Declaration.

W. "Supplemental Declaration" will mean any declaration of covenants, conditions and restrictions that may be recorded by the HOA which extends or amends the provisions of this Declaration to additional parcels of real property pursuant to Article II or to all or portions of the property designated as "Future Development."

X. "Residential Structure" means any single family detached or townhome residential unit

Y. Ancillary structure:

a. any thing or object, the placement of which upon any Lot, may affect the appearance of such Lot, including by way of illustration and not limitation, any building or part thereof when used as an accessory to the primary structure such as a carport, garage, porch, deck, shed, greenhouse, parking area, balcony, swimming pool, fence, curbing, paving, wall, tree, shrub, hedges, plants, television antenna and/or receiving equipment.

b. any excavation, grading, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters from, upon or across any Lot (or any body of water, shore or marshland contiguous or adjacent to any Lot), or which affects or alters the flow of any waters in any natural or artificial creek, stream, wash or drainage channel from, upon or across any Lot.

c. any item related to utility service delivered to a residence such as sewer, water, telephone, electrical or plumbing fixtures.

Z. "Member" shall mean any person or entity who is a record owner of a fee simple or undivided fee simple interest in any Lot.

AA. "Townhome Lot" shall mean and refer to a Lot made subject to the provisions of this Declaration restricting use to a structure containing one Dwelling attached to other such dwellings, on adjacent Townhome Lots and structure and improvements ancillary thereto. Initially, such Townhome Lots are shown and identified on Exhibit C hereto, and in the future, additional Lots may be so designated by Supplemental Declaration.

ARTICLE II - PROPERTY DESCRIPTIONS

2.1 Existing Property. The existing real property which is and will be held, transferred, sold, conveyed, leased and occupied, subject to these Covenants, is located in The Town of Hilton Head Island, Beaufort County, South Carolina, and is more particularly described in Exhibit "A" hereto attached. The Lots so identified on Exhibit B are and shall be Single-Family Detached Lots; the Lots so identified on Exhibit C are and shall be Townhome Lots.

2.2 Additions to Existing Property. Additional lands may become annexed to the existing property in the General Plan of Development and subject to this Declaration in the following manners:

a. Voluntary Additions. Upon approval in writing of ninety (90%) percent of the Members of the HOA at a duly called meeting for such purpose, the owner of any property who desires to add it to the plan of these Covenants and to subject it to the jurisdiction of the HOA, may file of record an adoption of these Covenants with respect to the additional property which shall extend the operation and effect of these Covenants of the Declaration to such additional property. Such adoption shall reflect in writing the required approval of (1) the HOA; (2) the Owner of the real property to be annexed; and (3) the lien holders of both.

b. Mergers. Upon a merger or consolidation of the HOA with another association as provided for in the By-Laws of the HOA, its properties, 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 another association may, by operation of law, be added to the properties of the HOA as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the existing property, together with the merged property as one plan or scheme. It shall take a vote of approval of ninety percent (90%) percent of the Members for a merger.

c. Method of Annexation. The methods of annexation authorized herein shall be effectuated by the recordation of a Supplemental Declaration executed by the Declarant under Section 2(a) above; by the Owner of the Real Property to be annexed and the President and Secretary of the HOA under Section 2(b) above; and by the Presidents and the Secretaries of both Associations under Section 2(c) above. In all three instances, the lien holder's approval in writing shall also be obtained.

d. Contents of Supplemental Declaration. The Supplemental Declaration shall describe the real property to be annexed and shall state that it is being made pursuant to Section 2 of Article II of this Declaration for the purpose of annexation and that the jurisdiction of this Declaration and of the HOA shall extend to and cover the real property to be annexed.

Upon recordation of the Supplemental Declaration, the owners of the real property annexed shall have a right and easement of enjoyment in and to the Common Property, incur an obligation of Assessments for the cost of ownership, improvement, operation, and maintenance of the Common Property which shall be personal and run with the real property annexed, and in all ways they will become a Member of the HOA

subject to the Covenants.

2.3. Common Property. The Common Property shall mean and refer to those areas of land with improvements thereon which are deeded or leased to the Association. Common Property may include personal property as well as real property. All Common Property is to be devoted to and intended for the common use and enjoyment of the Owners, their tenants, guests and invitees. The initial areas of Common Property are set forth in a plat prepared for B C & W. LLC, dated May 17, 2004 entitled "Subdivision Plat of Allenwood, Phase 1 Cotton Hope Plantation, Hilton Head Island, Beaufort County, South Carolina" by Sea Island Land Survey No. C02180, Ralph O. Vanadore, SCRLS #7606. The Common Property may be supplemented, modified, added to at some time in the future by amendments hereto.

ARTICLE III - MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.1 Membership. Every person or entity who is a record owner of a fee simple or undivided fee simple interest in any Lot is subject by this Declaration to an Assessment by the HOA and will be a Member of the HOA; provided, that any such person or entity who holds such title or interest merely as a security for the performance of an obligation shall not be a Member of the HOA.

3.2 Voting Rights. A Member shall be entitled to one (1) vote for each Lot in which the Member holds the interest required for membership by Section 1. When more than one person holds such interest or interests in any Lot all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot. When one or more co-Owners sign a proxy or purports to vote for his or her co-Owners, such vote shall be counted unless one or more of the other co-Owners is present and objects to such vote, or if not present, submits the proxy or objects in writing delivered to the Secretary of the Association before he vote is counted. If co-Owners disagree as to the vote, the vote shall be split equally among the co-Owners.

3.3 Government. The government of the HOA shall be in accordance with the By-Laws attached hereto as Exhibit D. Unless so indicated by the By-Laws as being otherwise, actions of the HOA shall be upon a majority vote of the Members, plus the vote of Declarant until such time as 90% of the Lots have been sold to third-party retail consumers and investors by the Declarant and builders to whom/which Declarant shall have sold Lots. Thereafter unless so indicated by the By-Laws as being otherwise, actions shall be upon a majority vote of the Members.

ARTICLE IV - PROPERTY RIGHTS IN THE COMMON PROPERTY

4.1 Rights and Responsibilities of the HOA. The HOA, subject to the rights of the Owners set forth in this Declaration, will be responsible for the exclusive ownership, management, operation, control and improvement of the Common Property and all improvements thereon (including the furnishings and equipment related thereto), and shall keep the same in clean, attractive and good repair. The HOA also has the right to establish reasonable rules and regulations for the use of the Common Property.

4.2 Member's Easement of Enjoyments. Subject to the provisions of the Declaration, the By-Laws, and the Rules, every Member shall have a right and easement of enjoyment in and to the Common Property and such easement shall be appurtenant to and shall pass with the title of the Lot of the Member.

4.3 Damage or Destruction by Member. In the event any Common Property is damaged or destroyed by a Member, or any of his guests, tenants, or a member of his family, such Member hereby authorizes the HOA, in its discretion, to repair such damaged area in a good and workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the HOA. The amount necessary for such repairs will become a Special Assessment upon the Lot of which the Member is an Owner.

ARTICLE V - INSURANCE AND CASUALTY LOSSES

5.1 Insurance.

Section 1. The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board of Directors deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

Section 2. The Board of Directors or its duly authorized agents shall have the authority to and shall obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its members, its directors and officers, or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board of Directors.

Section 3. The Board of Directors or its duly authorized agents shall have the authority and may obtain worker's compensation insurance to the extent necessary to comply with any applicable laws, and such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

Section 4. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for each of the Owners and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development shall be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related

thereto. Insofar as permitted by law, the Association shall be required to make every effort to secure insurance policies with the provisions hereinafter set forth.

Section 5. It shall be the individual responsibility of each Owner of a Lot or Dwelling at his own expense to provide, as he sees fit, public liability, property damage, title, and other insurance with respect to his own Lot and Dwelling.

Section 6. Damage or Destruction to Lots or Dwellings. In the event of damage or destruction by fire or other casualty to any Dwellings and in the further event that the Owner of such Dwelling, responsible for the repair and replacement thereof, elects not to repair or rebuild the damaged or destroyed Dwelling, such Owner making such election shall promptly clear away the ruins and debris of any damaged improvements or vegetation and leave the Lot in a clean, orderly, safe, and sightly condition. Should such Owner elect to repair or rebuild such Dwelling, such Owner shall repair or rebuilds such Dwelling to substantially the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions, and provisions of this Declaration. All such work or repair or construction shall be commenced promptly following such damage or destruction and shall be carried through diligently to conclusion.

ARTICLE VI ADMINISTRATION

6.1 Duties and Powers. The duties and powers of the Association shall be those set forth in the provisions of the Code of Laws of South Carolina relating to nonprofit corporations, this Declaration, the By-Laws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the South Carolina Code of Laws, this Declaration, the By-Laws, and the Articles of Incorporation, in that order, shall prevail, and each Owner of a Lot or Dwelling, by acceptance of a deed or other conveyance therefore, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association shall have the power to purchase or otherwise receive title to one or more Lots, Dwellings, or Common Areas and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but shall not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to the Owner of any Lot and Dwelling, to furnish trash collections, water, and sewer services for the Common Areas.

6.2 Agreements.

(A) Subject to the prior approval of Declarant, as long as Declarant owns a Lot or Dwelling primarily for the purpose of sale or has the unexpired option to add the Additional Property or any portion thereof to the Development, all agreements and actions lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development or the privilege of possession and enjoyment of any part of the Development. In performing its responsibilities hereunder, the Association, through its Board, shall have the authority to delegate to persons of its choice such duties of the

Association as may be determined by the Board.

(B) In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the proper operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager shall be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or members of the Association by this Declaration or the By-Laws. Such manager may be an individual, corporation, or other legal entity, as the Board of Directors shall determine, and may be bonded in such a manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for, such legal, accounting and other professional services as are necessary or desirable in connection with the operation of the Development or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

6.3 Management Agreement. The Declarant or an affiliate may be employed or retained as the manager of the Association and the Development for an initial period not to exceed five (5) years commencing with the recording of this Declaration. Provided, however, after giving sixty (60) days notice to the Association of such intention, the Declarant shall have the right to terminate such management. After any such termination, the Board of Directors of the Association shall select and employ an entity or individual to act as manager of the Association and the Development.

6.4 Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire and hold tangible and intangible personal property and real property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of the Association.

6.5 Common Areas. The Association, subject to the rights of the Declarant, and the rights and duties of the Owners set forth herein, shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon and shall keep the same in a good, clean, attractive and sanitary condition, order and repair pursuant to the terms and conditions hereof. Except to the extent otherwise required by the provisions of the Code of Laws of South Carolina, 1996, as amended, relating to non-profit corporations, this Declaration, the By-Laws, the Articles of Incorporation, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the Officers of the Association without any further consent or action on the part of the Owners.

ARTICLE VII - ASSESSMENTS

7.1 Purpose of Assessments. The assessments levied by the Association shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners, their respective families, guests, tenants, and invitees, and for the improvement, protection, replacement, operation and maintenance of the Development and any improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

7.2 Creation of Lien and Personal Obligation of Assessments. Subject to the provisions of Section 7.5 herein, each Owner of a Lot or Dwelling, by acceptance of a deed or other conveyance, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges for the operation and maintenance of the Common Areas, including such reasonable reserves as the Association may deem necessary, and to be established and collected as provided in this Article; (b) special assessments to be established and collected as provided in this Article; and (c) individual or specific assessments against any particular Lot or Dwelling, which are established pursuant to the terms of this Declaration, including, but not limited to, fines as may be imposed against such Lot or Dwelling. Any such assessments, together with late charges, simple interest at the maximum rate allowable by law per annum, court costs and attorney's fees incurred to enforce or collect such assessments, shall be an equitable charge and a continuing lien upon the Lot or Dwelling against which each such assessment is made. Each Owner shall be personally liable for assessments coming due while he is the Owner of a Lot or Dwelling. His grantee shall take title to such Lot or Dwelling, subject to the equitable charge and continuing lien therefore, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee. The lien for unpaid assessments shall not apply to the holder of any first priority Mortgage or to the holder of any Mortgage securing a loan made by Declarant, its affiliates, successors, or assigns, and who takes title to a Lot or Dwelling, through foreclosure or through conveyance of a deed in lieu of foreclosure or to any purchaser of such Lot or Dwelling at such foreclosure sale. In the event of co-ownership of any Lot or Dwelling, all of such co-Owners shall be jointly and severally liable for the entire amount of such assessments. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors.

7.3 Association Capitalization Fees and Reserves. Upon closing of the initial sales of the Lots, the Purchaser shall pay to the Association a Capitalization Fee, per Lot, of \$150.00, as a contribution to the Operating Capital and Reserves of the Association.

7.4 Computation of Annual Assessments. It shall be the duty of the Board at least thirty (30) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year. The budget to include a capital contribution or reserve account if necessary for the capital needs of the Association. The Board shall cause a copy of the budget and the proposed total of the annual assessments to be levied against Lots or Dwellings for the following year to be delivered to each Owner at least fifteen (15) days prior to such meeting. The budget and the annual assessments shall become effective unless disapproved

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ARTICLE I - NAME, LOCATION AND MEMBERSHIP

1.1 Name. The name of this association is Allenwood Homeowners Association, Inc. ("Association").

1.2 Location. The principal office of the Association shall be determined by the Board and this address conveyed at least annually to all owners at the annual meeting.

1.3 Membership. Each and every record Owner or Owners, ("Owner") of a fee or undivided fee interest in any lot (hereinafter "Lot") located in The Single-Family Detached Lots and Townhome Lots of Allenwood, in the Town of Hilton Head Island, in Beaufort County, South Carolina is and will be a member of the Association, excluding persons who hold such interest under a deed to secure debt, mortgage or deed of trust. The Owner of each Lot shall designate in writing and deliver to the Secretary from among such Owner or Owners of such Lot, or a member of the immediate family of such Owner or Owners the name of the voting member and their address, and such member shall represent the Owner or Owners of such Lot in connection with the activities of the HOA and exercise the voting rights thereof. Such designation shall be valid until revoked by such Owner or Owners in writing and delivered to the Secretary or until such Owner sells his Lot, whichever event shall first occur. Owners are designated as Members and the collective body of membership is designated the HOA or Association.

1.4 Suspension of Membership and Voting Rights. During any period in which an Owner shall be in default of the payment of any Annual or Special Assessment levied by the Board, the voting rights of the Owner and the rights of the Owner and his tenants or family members who use such Owner's Lot to use and enjoy the Common Property may be suspended by the Board until such time as the Assessment and all charges associated therewith have been paid. Such rights may also be suspended by the Board for the violation of the published rules and regulations ("Rules of Conduct") with respect to the use of the Common Property as published from time to time by the Board. Such Rules shall be kept in the office of the HOA as a matter of record, and copies thereof shall be furnished to any Owner on request. A reasonable fee may be charged for reproduction of any documents.

1.5 Applicability. These By-Laws are applicable to all Lots of The Single-Family Detached Lots of Allenwood, the Common Property, and the Association, and are binding on all present or future Owners, their families, tenants, guests, employees, and any other person residing in or occupying a Lot. Each and every person who accepts a deed to, a lease of, or who occupies any Lot, thereby consents to be bound by the provisions of these By-Laws, the Rules of Conduct and the Declaration.

1.6 Notification of Non-Owners. Each Owner shall be responsible for informing his/her families, tenants, guests, employees, and any other person residing in or occupying a Lot of the current Declaration, By-Laws and Rules of Conduct.

ARTICLE II - DEFINITIONS

The terms used in these By-Laws, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as in the recorded Declaration of Covenants, Restrictions and Provisions for The Single-Family Detached Lots and Townhome Lots of Allenwood ("Declaration" or "Covenants") to which these By-Laws are annexed.

ARTICLE III - PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

3.1 **Delegation of Property Rights.** Each member of the Association shall be entitled to the use and enjoyment of the Common Property as provided in the Declaration. Any Owner may assign his rights of enjoyment and use of the Common Property to the members of his immediate family, to his guests or to his tenants who reside on his/her Lot. Such Member shall notify the Secretary in writing of the name or names of any such assignees. The rights and privileges of such assignees are subject to suspension to the same extent as those of the Member.

ARTICLE IV - MEETING OF ASSOCIATION

4.1 **Place of Meeting.** Meetings of the Association shall be held at a place to be determined by the Board.

4.2 **Annual Meeting.** Annual meetings of members shall be held on the first Saturday in November at 9:00 o'clock a.m., unless changed by the Board with appropriate notice.

4.3 **Special Meetings.** Special meetings may be called at any time by (a) the President, (b) by resolution of the Board, or upon (c) the receipt by the Secretary of a petition signed by Members holding greater than twenty-five percent (25%) of the total vote of the Association. The call of a special meeting shall be by notice stating the date, time, place, purpose and order of business of such special meeting. Only the business stated in the notice may be transacted at a special meeting.

4.4 **Notice of Meetings.** The Secretary shall mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member at the last address of such member furnished to the Secretary at least fifteen (15) days but not more than forty-five (45) days prior to such meeting. Mailing notice as herein provided shall be deemed delivery thereof. Any Member may waive notice of the meeting in writing either before or after the meeting. Attendance of a Member at a meeting, either in person or by proxy, except for the purpose of stating, at the beginning of the meeting, any objection to the transaction of the business, shall constitute waiver of notice and any objection of any nature whatsoever as to the transaction of any business at such meeting. Notice given to one tenant in common or to one tenant with rights of survivorship, shall be deemed notice to all. It is the responsibility of each Owner to maintain a current mailing address with the Secretary.

4.5 **Order of Business.** The order of business at each annual meeting shall be as follows:
a. Roll call and certification of proxies.
b. Proof of notice of meeting or waiver of notice.

- c. Reading of minutes of preceding meeting.
- d. Reports of officers and/or committees.
- e. Unfinished business.
- f. New business.
- g. Election of committee, if any.
- h. Election of Directors.
- i. Adjournment.

The order of business at a special meeting shall include items a through c above, and thereafter, the items specified in the meeting notice.

4.6 Quorum. At all meetings, regular or special, a quorum shall consist of the presence in person or by proxy, of Members holding greater than fifty percent (50%) of the total votes in the membership. If a quorum shall not be present at any meeting, a majority vote of those present, in person or by proxy, may adjourn the meeting from time to time until a quorum can be obtained. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.7 Voting Rights. The Association shall have one class of voting membership as set forth in Article III, Section 2 of the Covenants.

4.8 Proxy. Votes may be cast in person or by written proxy. Proxies must be dated and filed with the Secretary prior to any voting action at any meeting.

4.9 Majority Vote. Acts authorized, approved or ratified by the Declarant and by the casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be the acts of the Association, except where a higher percentage vote is required by these By-Laws, the Declaration, or by law, and shall be binding for all purposes; provided, however, that such consent by Declarant is not required after 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots.

4.10 Actions without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by the Declarant and by other persons who would be entitled to cast seventy-five percent (75%) of the votes of membership of the Association at a meeting and such consent is filed with the Secretary of the Association and is inserted in the Minute Book thereof; provided, however, that such consent by Declarant will no longer be required after 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots.

ARTICLE V - BOARD OF DIRECTORS

5.1 Number. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"). The Board shall initially consist of three duly-elected individuals. Each shall be at least twenty-five (25) years of age and any

qualified person may be re-elected. Except as hereafter provided, each person shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified until 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots; Declarant shall have the unilateral right and power to elect all Board Members. At the next Annual Meeting of Members thereafter, Declarant will relinquish control of the Board to the Members, who shall elect five Board Members. Thereafter, the Board shall consist of five individuals.

5.2 Power and Duties. The Board shall manage and direct the affairs of the Association and, subject to any restrictions imposed by law, by the Declaration, or these By-Laws, may exercise all the powers of the Association. The Board shall exercise such duties and responsibility as shall be incumbent upon it by law, the Declaration, or these By-Laws as it may deem necessary or appropriate in the exercise of its powers, including without limitation, (a) the determining of annual assessments, (b) the collection of assessments and charges for the owners, (c) the establishment and amendment from time to time of reasonable Rules of Conduct governing the use of the Common Property, and (d) the employment and dismissal of personnel necessary for the maintenance and operation of the Common Property. Additionally, the Board may require that all employees handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

5.3 Management. Subject to the provisions of the Declaration, the Board may employ for the Association a manager or managing agent under such terms and conditions as the Board may authorize; provided, however, the Board shall not delegate to such agent the complete and total responsibility of the Association. Such managing agent shall have such duties and shall receive such compensation as determined by the Board.

5.4 Election and Term of Office. Three directors will be elected for a term of three (3) years. Two directors will be elected for a term of two (2) year. No cumulative voting will be permitted. This section is subject to the provisions of Section 1 of this Article V.

5.5 Vacancies. Vacancies on the Board caused by any reason other than the removal of a member by a vote of the Association shall be filled by vote of the majority of the remaining members of the Board, even though they may constitute less than a quorum, and each person so elected shall serve until a successor is elected at the next annual meeting. Vacancies caused by removal shall be filled by vote at the same meeting at which a Board member is removed.

5.6 Removal. After 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots, at any regular or special meeting of the Association duly called, any one or more of the Board may be removed with or without cause by a vote of seventy-five percent (75%) of the total votes of the Association with five (5) days written notice being given by the Secretary, and a successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been proposed by an Owner shall be given an opportunity to be heard at such meeting. After 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots, sale of his Lot by a Director shall automatically terminate his term of office.

5.7 Regular Meetings. The regular annual meeting of the Board shall be held immediately following the annual meeting of the Members of the Association and regular meetings thereafter shall be held on such dates and at such place and hour, but not less frequently than biannually, as may be fixed from time to time by resolution of the Board. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day of such meeting.

5.8 Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the date, time, place (as herein above provided) and purpose of the meeting. Special meetings of the Board may also be called by the Secretary in like manner and on like notice upon the written request of at least two (2) Board Members.

5.9 Waiver of Notice. Before or at any meeting of the Board a Board Member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the date, time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.10 Quorum. At all meetings of the Board, a majority of the then qualified Board shall constitute a quorum for the transaction of business, and the acts of the majority of the administrators present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.11 Compensation. No director shall receive compensation for any service he may render to the Association nor shall the Association make any loan, directly or indirectly, to a director; provided, however, a Director may be reimbursed for reasonable costs and expenses incurred on behalf of the Association.

5.12 Action by Board Without a Meeting. The Board shall have the right to take any action which it could take at a meeting by obtaining the written approval or ratification of all directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

5.13 Liability. To the extent permitted by the South Carolina law in effect at the applicable time, no director shall be liable to any Owner for injury or damage caused by such director in the performance of his duties unless due to the willful misfeasance or malfeasance of such director. Furthermore, each director shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a part or in which he becomes involved by reason of his being or having been a director whether or not he is a director at the times such expenses and liabilities are incurred, except in such cases where the director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the

event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by the laws of South Carolina.

ARTICLE VI - OFFICERS

6.1 **Number and Election.** There shall be elected annually by and from the Board a President, a Secretary and a Treasurer. The office of Secretary and Treasurer may be filled by the same person. The Board may also elect from time to time such other officers as in their judgment may be needed, which officers need not be Board Members.

6.2 **Removal and Vacancies.** Except as herein provided to the contrary, the officers shall be elected annually and hold office at the pleasure of the Board. A vacancy in any office may be filled by the Board at its next meeting. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

6.3 **Duties.** The duties of the officers shall be as follows, to-wit:

A. **President.** The President shall be the chief executive officer and shall preside at all meetings of the Board and the Association, shall see that orders and resolutions of the Board are carried out, shall appoint committees consisting of members of the Association as in his opinion is necessary, shall co-sign with another officer all contracts, checks, promissory notes, mortgages and similar documents, if any, and shall perform such other duties as may be delegated to him by the Board. He shall have all the general powers and duties which are incident to the office of the President of a corporation organized under the laws of South Carolina.

B. **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the Association; keep appropriate current records, showing the members of the Association together with their addresses and designating those members entitled to vote; and perform such other duties as may be required of him by the Board or incident to the office of the Secretary of a corporation organized under the laws of South Carolina. In the event the President is unable to perform his duties at a meeting, the Secretary shall perform those duties.

C. **Treasurer.** The Treasurer shall be responsible for the funds of the Association, shall prepare financial reports of the activities of the Association, and shall maintain full and accurate duties as may be designated by the Board or incident to the laws of South Carolina.

6.4 **Compensation.** Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to their offices, nor shall the Association make loans, directly or indirectly, to any officer. The officers may be reimbursed for reasonable out of pocket business expenses incurred on behalf of the Association.

6.5 Liability. To the extent permitted by South Carolina law in effect at the applicable time, no officer shall be liable to any Owner for injury or damage caused by such officer in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer. Furthermore, each officer shall be indemnified by the Association against all liabilities and expenses, including attorneys' fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been an officer of the Association, whether or not he is an officer of the Association at the times such expenses and liabilities are incurred, except in such cases where the officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity shall be subject to approval by the members of the Association only when required by South Carolina law.

ARTICLE VII - OBLIGATIONS OF THE OWNERS

7.1 Assessments. All Owners are obligated to pay Assessments imposed by the Board as provided in the Declaration to meet Common Expenses, which may include, but is not limited to, the expense of liability insurance coverage and/or hazard insurance coverage for repair and reconstruction. An Owner is required to reimburse the Association for any expenses incurred by it in repairing or replacing Common Property damaged by such Owner in accordance with the Declaration.

7.2 Right of Entry. Each and every Owner by accepting a deed to a Lot thereby grants the managing agent or such other person designated by the Board, the right to enter the same upon reasonable notice or in the event of an emergency.

7.3 Mortgage Notices. An Owner who mortgages his dwelling or executes and delivers a mortgage, deed to secure a debt, deed of trust or other security instrument which may become a lien on his Lot, authorizes the Association to furnish such information as such mortgagees may request respecting unpaid assessments, taxes or other reasonable information concerning such Lot.

7.4 Conduct of Members.

A. All Owners, their families, guests, visitors and tenants, and each and every occupant of a Lot shall at all times observe the published Rules of Conduct which may be established from time to time by the Board.

B. The Board shall promulgate and amend rules and regulations for the use of the Lots and the Common Property which shall be called the Rules of Conduct and shall be kept by the Secretary in a separate book for such purpose.

C. The initial Rules of Conduct are set forth below and shall be effective until amended by the Board.

D. Property of the Association shall not be removed and shall be effective until amended by the Board.

E. No reprimand shall be given by Owners to employees of the Association. Complaints shall be made in writing to the Secretary giving the name of the employee, date, and subject matter of the complaint requesting action by the Board.

F. Neither beer, wine, liquor nor any unlawful drugs shall be sold on any Lot or Common Property except lawful items in a lawful manner by the Association.

G. No pets or children are allowed in the lake.

H. The Association shall not be responsible for valuables lost or stolen.

I. No garments, towels, rags, mops, clotheslines, or similar objects shall be hung from or placed on windows, balconies or any outside facade.

J. Boats, trailers and vehicles other than cars shall be parked as designated in the Rules and Regulations.

K. Owners and residents shall act so as not to unreasonably interfere with the peace, quiet and enjoyment of the other residents and shall exercise care to avoid unnecessary noise. This includes, but is not limited to, use of musical instruments, radios, televisions, and amplifiers that may disturb other residents.

L. Parents or guardians shall be responsible for all actions of their minor children.

M. Owners are at all times responsible for the conduct and behavior of their family members, invitees and guests and a violation by them shall be considered a violation by the Lot Owner.

N. No boats may be allowed in the lake except for maintenance purposes.

O. The discharge of firearms, bows and arrows, cross bows, explosive devices and other such deadly weapons within The Single-Family Detached Lots of Allenwood is prohibited. The term "firearms" includes "BB" guns, pellet guns, paint ball guns and other firearms of all types, regardless of size or caliber. Use of firecrackers and fireworks of all types is prohibited within The Single-Family Detached Lots of Allenwood.

P. It shall be the responsibility of each Owner, tenant, guest and invitee to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkept condition of buildings or grounds on any Parcel either before, during or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the specific area or the community as a whole.

Q. Subject to the limitations in the Declaration, the Board shall have the full power and authority to fine or take appropriate action for an infraction of the Rules of Conduct. Any complaint by one Owner against another shall be in writing and signed.

R. Pursuant to written notice being given forty-eight (48) hours in advance of the nature of the complaint, an Owner is entitled to a hearing before the Board with an opportunity for the Owner to be heard with cross examination. A majority vote shall be necessary to fine or take other appropriate action.

S. The privilege given to family members and tenants or guests shall not be construed as granting membership to such persons.

T. The rights reserved unto the Association in this Declaration shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of this Declaration.

ARTICLE VIII - AMENDMENTS

8.1 Amendments. Until such time as 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots, these By-Laws may be amended only by the Declarant. Thereafter, by a vote of not less than eighty percent (80%) of the total vote of the Association at a duly constituted meeting for such purpose, in strict accordance with the recorded Declaration to which they are attached, and the laws of South Carolina. Any amendments shall be set forth in proper form and duly recorded as an amendment to the Declaration. Each and every Owner by accepting a deed therefor thereby agrees to be bound by and benefit from any such amendment hereto.

8.2 Conflicts. The By-Laws may be amended by a 2/3 vote if unanimous approval is given by the Board of Directors.

WITNESSES:

ALLENWOOD HOMEOWNERS ASSOCIATION, INC.

By: _____

Attest: _____

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me _____ who

being duly sworn, says that she/he saw the signature affixed to the foregoing instrument and that she/he also saw _____, secretary, of the Allenwood Homeowners Association, Inc. sign the within Declaration, and attest the same, and that she witnessed the execution and delivery thereof as the act and deed of the said Allenwood Homeowners Association, Inc.

Witness

Sworn to before me this _____
day of _____, 2004.

Notary Public for South Carolina
My Commission Expires: _____

FAWPBC&W.LLC\Allenwood\Declaration of CCR.04.26.04JP.doc

Exhibit A

Phase I, Allenwood

Phase I of Allenwood consisting of Lots 1 - 10, 65 - 93 and 151 - 156, as shown on that certain plat prepared by Sea Island Land Survey (Certificate No. C02180), dated May 17, 2004 entitled "Subdivision Plat of Allenwood, Phase I Section Horse Plantation, Hilton Head Island, Beaufort County, South Carolina" certified to by Ralph O. Vandoren, SCRLS No. 7606, which plat is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 99 at Page 108.

Exhibit B**Phase 1, Allenwood Single-Family Detached Home Lots**

All those certain pieces and parcels of land known as Lots "1", "2", "3", "4", "5", "6", "7", "8", "9" and "10", Phase 1 of Allenwood, as shown on that certain plat prepared by Sea Island Land Survey (Certificate No. C02180), dated May 17, 2004 entitled "Subdivision Plat of Allenwood, Phase 1, Cotton Hope Plantation, Hilton Head Island, Beaufort County, South Carolina" certified to by Ralph O. Vanadore, SCRLS No. 7606, which plat is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 99 at Page 108.

PaVPBC&W LLC\Allenwood\COVENANTS\Phase 1 covenants.txd

Exhibit C**Phase I, Allenwood Townhome Lots**

All those certain pieces and parcels of land known as Lots 65 - 92 and 151 - 156, Phase I of Allenwood, as shown on that certain plat prepared by Sea Island Land Survey (Certificate No. C02180), dated May 17, 2004 entitled " Subdivision Plat of Allenwood, Phase I, Cotton Hope Plantation, Hilton Head Island, Beaufort County, South Carolina" certified to by Ralph O. Vanadore, SCRLS No. 7606, which plat is recorded in the Office of the Register of Deeds for Beaufort County, South Carolina in Plat Book 99 at Page 108.

P:\WPB\CAW\ILLO\Allenwood\COV\COV\NAT\73\w\j\corroast.mxd

EXHIBIT 3

2885
14
Buist
1359
5690
5601

BEAUFORT COUNTY SC - ROD
BK 02271 PGS 0540-0547
FILE NUM 2005088877
11/18/2005 09:20:50 AM
REC'D BY S FSMITH RCPT# 377184
RECORDING FEES 14.00

After recording, please return to:
Buist, Byars, Pearce & Taylor, LLC
P.O. Box 1470
Bluffton, SC 29910

Cross reference to Covenants recorded
in Book 01959, page 1658

STATE OF SOUTH CAROLINA)
)
)
COUNTY OF BEAUFORT)

**SECOND AMENDMENT TO THE DECLARATION OF COVENANTS,
RESTRICTIONS AND PROVISIONS FOR THE SINGLE-FAMILY DETACHED LOTS
AND THE TOWNHOME LOTS OF ALLENWOOD**

WHEREAS, B C & W, LLC, a South Carolina limited liability company, is the Declarant under that certain Declaration of Covenants, Restrictions and Provisions for the Single-Family Detached Lots and the Townhome Lots of Allenwood, dated May 21, 2004 and recorded May 24, 2004 in the Office of the RMC for Beaufort County, South Carolina in Book 01959, page 1658, as amended (the "Covenants"); and

WHEREAS, the Covenants, as amended from time to time, encumber certain real property located in the Allenwood Subdivision, Hilton Head Island, South Carolina; and

WHEREAS, pursuant to Article II, Section 2.2 of the Covenants, the Declarant retained the right to subject Future Development to the provisions of the Covenants by filing a Supplementary Declaration; and

WHEREAS, pursuant to the terms of Article XII, Section 12.1 of the Declaration, the Declarant may amend the Declaration at any time, by written instrument duly recorded in the Office of the Register of Deeds for Beaufort County, with or without the prior consent or approval of any Owner or mortgagee holding a lien on any Lot or Parcel; and

WHEREAS, the Declarant now desires to annex additional property located in Phases II, III, IV and V, Allenwood Subdivision, as more particularly described in Exhibit "A" (the "Additional Property") and to make certain other amendments; and

WHEREAS, Village Square Development Company, LLC, a South Carolina limited liability company, and Hilton Head Homes, LLC, a South Carolina limited liability company, are

{1146.00026301.DOC 3}

1

Book2271/Page540

the owners of portions of the Additional Property, and desire to join the Declarant in subjecting said property to the Declaration.

NOW THEREFORE KNOW ALL MEN BY THESE PRESENTS THAT B C & W, LLC, as Declarant, Village Square Development Company, LLC and Hilton Head Homes, LLC, as owners of portions of the Additional Property, and the Allenwood Homeowners Association, Inc., as required by Article II, Section 2.2(a) of the Covenants, hereby resolve and declare as follows:

1. All of the said Additional Property, as more particularly described in Exhibit "A", shall hereafter be owned, held, used, enjoyed and conveyed subject to the terms of the Covenants, which shall run with the title to all said Additional Property and shall be binding upon all Persons having any right, title or interest in such Additional Property, their heirs, successors, successor-in-title and assigns.
2. Exhibits "B" and "C" to the Covenants are amended and replaced in their entirety with Exhibits "B" and "C" hereto.
3. ARTICLE IX, Section 9.4, is amended to read as follows:

9.4 Garbage Removal. No containers for garbage, trash or other refuse, clothes lines and all other maintenance and service facilities shall be erected, altered, placed or permitted to remain on any Lot except on the interior of the main Structure or accessory building, or behind a fence or shrubbery sufficient to hide all such containers or facilities from view. No incinerators for garbage, trash or other refuse shall be placed, used or permitted to remain on any Lot, and the maintenance of accumulated waste plant materials is prohibited except as part of an established compost pile fenced or screened from view.
4. Any capitalized terms contained herein and not specifically defined herein shall have the meanings set forth in the Covenants.
5. Except as specifically amended and modified by this Amendment, the Covenants shall continue in full force and effect in accordance with its terms

[Signatures on following pages]

IN WITNESS WHEREOF, the Declarant has set its hand and seal this 9th day of November, 2005.

WITNESSES:

DECLARANT:

Claire Thomas
Broughton

B C & W, LLC, a South Carolina limited liability company

Christopher P. Gann
By:
Its: Manager

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

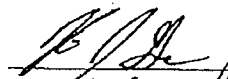
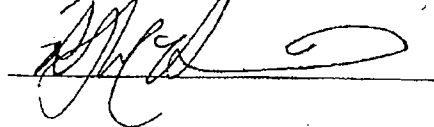
ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 9th day of November, 2005 on behalf of B C & W, LLC, by Christopher P. Gann, its Managing Member

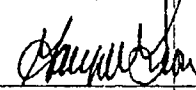
Broughton (SEAL)
Notary Public for South Carolina
My commission expires: 04/06/09

IN WITNESS WHEREOF, Village Square Development, LLC and Hilton Head Homes, LLC have set their hand and seal this 10th day of November, 2005.

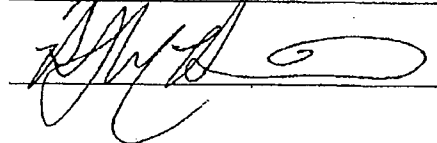
WITNESSES:

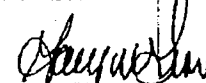
Village Square Development, LLC, a South
Carolina limited liability company
By: Lancaster Redevelopment Corporation, a
Pennsylvania corporation
Its: Member


By: Gary L. Grossman
Its: President

WITNESSES:

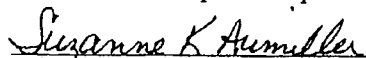
Hilton Head Homes LLC, a South Carolina
limited liability company
By: Lancaster Redevelopment Corporation, a
Pennsylvania corporation
Its: Member


By: Gary L. Grossman
Its: President

STATE OF Pennsylvania
COUNTY OF Snyder

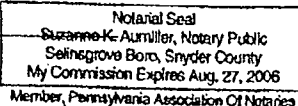
ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 10th day of November, 2005 on behalf of Village Square Development, LLC and Hilton Head Homes, LLC, by Lancaster Redevelopment Corporation, their Member, by Gary L. Grossman, its President.

 (SEAL)

Notary Public for

My commission expires:



IN WITNESS WHEREOF, the Allenwood Homeowners Association, Inc. has set its hand and seal this 9th day of November, 2005.

WITNESSES:

Laurie Thomas
Christy P. Ham

DECLARANT:

Allenwood Homeowners Association, Inc., a
South Carolina non-profit corporation

Christy P. Ham
By:
Its: President

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 9th day of November, 2005 on behalf of Allenwood Homeowners Association, Inc., by Christy P. Ham, its President.

Christy P. Ham (SEAL)
Notary Public for South Carolina
My commission expires: 04/05/09

EXHIBIT A

ALL those certain pieces, parcels or lots of land, situate, lying and being in the Town of Hilton Head Island, Beaufort County, State of South Carolina, and being shown and designated as Lots 11-23 on that certain plat entitled "SUBDIVISION PLAT OF: ALLENWOOD, PHASE II, SITUATE ON LOTS 113, 114, 115 & 116, COTTON HOPE PLANTATION, HITLON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA", prepared by Sea Island Land Survey, LLC, dated January 14, 2005 and recorded January 28, 2005 in the RMC Office for Beaufort County in Plat Book 104, Page 94.

AND

ALL those certain pieces, parcels or lots of land, situate, lying and being in the Town of Hilton Head Island, Beaufort County, State of South Carolina, and being shown and designated as Lots 24-51 and "OPEN SPACE 0.09 AC." on that certain plat entitled "SUBDIVISION PLAT OF: ALLENWOOD, PHASE III, SITUATE ON LOTS 113, 114, 115 & 116, COTTON HOPE PLANTATION, HITLON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA", prepared by Sea Island Land Survey, LLC, dated February 4, 2005 and recorded February 24, 2005 in the RMC Office for Beaufort County in Plat Book 104, Page 188.

AND

ALL those certain pieces, parcels or lots of land, situate, lying and being in the Town of Hilton Head Island, Beaufort County, State of South Carolina, and being shown and designated as Lots 93-108 and 123-133 on that certain plat entitled "SUBDIVISION PLAT OF: ALLENWOOD, PHASE IV, SITUATE ON LOTS 113, 114, 115 & 116, COTTON HOPE PLANTATION, HITLON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA", prepared by Sea Island Land Survey, LLC, dated June 29, 2005 and recorded July 5, 2005 in the RMC Office for Beaufort County in Plat Book 107, Page 120.

AND

ALL those certain pieces, parcels or lots of land, situate, lying and being in the Town of Hilton Head Island, Beaufort County, State of South Carolina, and being shown and designated as Lots 52-64 on that certain plat entitled "SUBDIVISION PLAT OF: ALLENWOOD, PHASE V, SITUATE ON LOTS 113, 114, 115 & 116, COTTON HOPE PLANTATION, HITLON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA", prepared by Sea Island Land Survey, LLC, dated August 9, 2005 and recorded August 26, 2005 in the RMC Office for Beaufort County in Plat Book 108, Page 128.

EXHIBIT B

Allenwood Single-Family Detached Home Lots

Phase I, Lots 1-10
Phase II, Lots 11-23
Phase III, Lots 24-51
Phase V, Lots 52-64

{1146,00026301.DOC 3}

7

Book2271/Page546

EXHIBIT C

Allenwood Townhome Lots

Phase I, Lots 65-92, 151-156

Phase II, Lots 11-23

Phase IV, Lots 93-108, 123-133

[1146.00026301.DOC 3]

8

Book2271/Page547

EXHIBIT 4

2-5
13
Johnson
979

BEAUFORT COUNTY SC - ROD
BK 02314 PGS 2528-2534
FILE NUM 2006009880
02/03/2008 09:20:52 AM
REC'D BY C SEABROOK RCPT# 304140
RECORDING FEES 13.00

After recording, please return to:

BARRY L. JOHNSON, PA
10 Pindney Colony Road, Suite 200
Okatie, SC 29909

Cross reference to Original Covenants recorded in Book 01959, Page 1658; First Amendment thereto recorded in Book 02009, Page 965; and Second Amendment thereto recorded in Book 02271, Page 540.

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

**THIRD AMENDMENT TO THE DECLARATION OF COVENANTS, RESTRICTIONS
AND PROVISIONS FOR THE SINGLE-FAMILY DETACHED LOTS AND THE
TOWNHOME LOTS OF ALLENWOOD**

WHEREAS, B C & W, LLC, a South Carolina limited liability company, is the Declarant under that certain Declaration of Covenants, Restrictions and Provisions for the Single-Family Detached Lots and the Townhome Lots of Allenwood, dated May 21, 2004 and recorded May 24, 2004 in the Office of the RMC for Beaufort County, South Carolina in Book 01959, page 1658, as amended (the "Covenants"); and

WHEREAS, the Covenants, as amended from time to time, encumber certain real property located in the Allenwood Subdivision, Hilton Head Island, South Carolina; and

WHEREAS, pursuant to Article II, Section 2.2 of the Covenants, the Declarant retained the right to subject Future Development to the provisions of the Covenants by filing a Supplementary Declaration; and

WHEREAS, pursuant to the terms of Article XII, Section 12.1 of the Declaration, the Declarant may amend the Declaration at any time, by written instrument duly recorded in the Office of the Register of Deeds for Beaufort County, with or without the prior consent or approval of any Owner or mortgagee holding a lien on any Lot or Parcel; and

WHEREAS, the Declarant now desires to annex additional property located in Phase VI, Allenwood Subdivision, as more particularly described in Exhibit "A" (the "Additional Property") and to make certain other amendments.

[[146.00026301.DOC2]]

1

NOW THEREFORE KNOW ALL MEN BY THESE PRESENTS THAT B C & W, LLC, as Declarant, and the Allenwood Homeowners Association, Inc., as required by Article II, Section 2.2(a) of the Covenants, hereby resolve and declare as follows:

1. All of the said Additional Property, as more particularly described in Exhibit "A", shall hereafter be owned, held, used, enjoyed and conveyed subject to the terms of the Covenants, which shall run with the title to all said Additional Property and shall be binding upon all Persons having any right, title or interest in such Additional Property, their heirs, successors, successor-in-title and assigns.
2. Exhibits "B" and "C" to the Covenants are amended and replaced in their entirety with Exhibits "B" and "C" hereto.
3. Any capitalized terms contained herein and not specifically defined herein shall have the meanings set forth in the Covenants.
4. Except as specifically amended and modified by this Amendment, the Covenants shall continue in full force and effect in accordance with its terms.

[Signatures on following pages]

{1146.00026301.DOC 2}

IN WITNESS WHEREOF, the Declarant has set its hand and seal this 2nd day of February, 2006.

WITNESSES:

DECLARANT:

B C & W, LLC, a South Carolina limited liability company

By: Christopher P. Gannon
Its: Managing Member

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 2nd day of February, 2006 on behalf of B C & W, LLC, by Christopher P. Gannon its Managing Member.

[Signature] (SEAL)
Notary Public for South Carolina
My commission expires: April 05, 2009

IN WITNESS WHEREOF, the Allenwood Homeowners Association, Inc. has set its hand and seal this 2nd day of February, 2006.

WITNESSES:

DECLARANT:

Allenwood Homeowners Association, Inc., a
South Carolina non-profit corporation

By: Christopher P. Gannon
Its: President

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 2nd day of February, 2006
on behalf of Allenwood Homeowners Association, Inc., by Christopher P. Gannon,
its Managing Member.

Notary Public for South Carolina

My commission expires: April 05, 2009

11146.00026301.DOC 2)

Book2314/Page2531

EXHIBIT A

ALL those certain pieces, parcels or lots of land, situate, lying and being in the Town of Hilton Head Island, Beaufort County, State of South Carolina, and being shown and designated as Lots 109-122 and 134-150 on that certain plat entitled "SUBDIVISION PLAT OF: ALLENWOOD, PHASE VI, SITUATE ON LOTS 113, 114, 115 & 116, COTTON HOPE PLANTATION, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA", prepared by Sea Island Land Survey, LLC, dated January 27, 2005 and recorded February 3, 2006 in the RMC Office for Beaufort County in Plat Book 111, Page 123.

(1146.00026301.DOC 2)

5

EXHIBIT B

Allenwood Single-Family Detached Home Lots

Phase I, Lots 1-10
Phase II, Lots 11-23
Phase III, Lots 24-51
Phase V, Lots 52-64

{1146 60026301.DOC2}

6

Book2314/Page2533

EXHIBIT C

Allenwood Townhome Lots

Phase I, Lots 65-92, 151-156

Phase II, Lots 11-23

Phase IV, Lots 93-108, 123-133

Phase VI, Lots 109-122, 134-150

(1146.00076301.DOC 2)

7

EXHIBIT 5

2 CS
10
Bryant Johnson
9/4/04

BEAUFORT COUNTY SC - ROD
BK 02473 PGS 1529-1632
FILE NUM 2006060751
11/13/2006 02:34:53 PM
REC'D BY C SEABROOK RCPT# 454848
RECORDING FEES 10.00

After recording, please return to:

BARRY L. JOHNSON, PA
10 Pinckney Colony Road, Suite 200
Okatie, SC 29909

Cross reference to Original Covenants recorded in Book 01959, Page 1658; First Amendment thereto recorded in Book 02009, Page 965; Second Amendment thereto recorded in Book 02271, Page 540; and Third Amendment thereto recorded in Book 2314, Page 2528.

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

**FOURTH AMENDMENT TO THE DECLARATION OF COVENANTS,
RESTRICTIONS AND PROVISIONS FOR THE SINGLE-FAMILY DETACHED LOTS
AND THE TOWNHOME LOTS OF ALLENWOOD**

WHEREAS, B C & W, LLC, a South Carolina limited liability company, is the Declarant under that certain Declaration of Covenants, Restrictions and Provisions for the Single-Family Detached Lots and the Townhome Lots of Allenwood, dated May 21, 2004 and recorded May 24, 2004 in the Office of the RMC for Beaufort County, South Carolina in Book 01959, page 1658, as amended (the "Covenants"); and

WHEREAS, the Covenants, as amended from time to time, encumber certain real property located in the Allenwood Subdivision, Hilton Head Island, South Carolina; and

WHEREAS, pursuant to the terms of Article XII, Section 12.1 of the First Amendment to the Declaration, the Declarant may amend the Declaration at any time until such time as ninety (90%) percent of the Lots have been sold to Third Party, retail consumers or investors by Declarant and builders to whom Declarant shall have sold Lots, such has not occurred.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS that B C & W, LLC, as Declarant, pursuant to Article XII, Section 12.1 of the First Amendment to the Declaration, hereby resolves and declares as follows:

1. Article VII, Section 7.4 Computation of Annual Assessments, is amended to read as follows:

"7.4 Computation of Annual Assessments. It shall be the duty of the Board at least fifteen (15) days prior to the Association's annual meeting to prepare a budget covering the estimated Common Expenses during the coming year. The budget shall include a capital contribution or reserve account if necessary

for the projected capital needs of the Association. The Board shall cause a copy of the budget and the proposed total of the annual assessments to be levied against Lots or Dwellings for the following year to be mailed to each Owner at least fifteen (15) days prior to such meeting. The budget and the annual assessments shall become effective unless disapproved at the annual meeting by either Declarant, as long as Declarant has the authority to appoint and remove directors and officers of the Association, or thereafter, by a vote of a majority of the members of Board voting in person or by proxy at such meeting. Notwithstanding the foregoing, in the event the proposed budget is not approved or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, the budget and annual assessments in effect for the current year shall be increased in proportion by the greater of either ten (10%) percent of the budget and assessments for the previous year or by the percentage increase, if any, over the previous year's Consumer Price Index (all Urban, Consumers, United States City Average, All Items 1967=100), or its successor index, and such increased budget shall be implemented for the succeeding year, until a new budget shall have been approved as provided above. If any budget at any time proves inadequate for any reason, then the Board may call a meeting of the Association for the approval of a special assessment as provided in Section 9.6 hereof. The Common Expenses to be funded by the Annual Assessments may include, but shall not necessarily be limited to, the following: (subparagraph 7.4.1 through 7.4.8 remain unchanged from the Declaration as heretofore amended)."

2. Article VII, Section 7.9 Notice of Meeting and Quorum, is amended to read as follows:

"7.9 Notice of Meeting and Quorum. Written notice of the annual meeting of the Association, as well as any other meeting called for the purpose of taking any action authorized in this Article shall be mailed to all Members not less than fifteen (15) days or more than forty-five (45) days in advance of such meeting. With respect to the annual meeting, the presence of Members or proxies entitled to cast over thirty (30%) percent of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be twenty-five (25%) percent of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting."

3. Exhibit D to the Declaration of Covenants (By-Laws of the Allenwood Homeowners Association, Inc.), is amended, in certain particulars, to read as follows:

"ARTICLE VIII - AMENDMENTS

8.1 Amendments. Until such time as 90% of the Lots have been sold to Third-Party retail consumers or investors by Declarant and builders to whom/which Declarant shall have sold Lots, these By-Laws may be amended only by the Declarant. Thereafter, by a vote of not less than fifty percent (50%) of the total vote of the membership of the Association, in person or by proxy, at a duly constituted meeting for such purpose, in strict accordance with the recorded Declaration to which these By-Laws are attached, and the laws of South Carolina. Any amendments to the By-Laws shall be set forth in proper form and duly recorded as an amendment to the Declaration. Each and every Owner by accepting a deed therefore thereby agrees to be bound by and benefit from any such amendment hereto.

8.2 Conflicts. Deleted."

4. Any capitalized terms contained herein, not specifically defined herein, shall have the meaning set forth in the Declaration, as amended, including the various attached exhibits.

5. Except as specifically amended and modified by this Amendment, the Declaration (including as heretofore amended) shall continue in full force and effect in accordance with the terms thereof.

IN WITNESS WHEREOF, the Declarant has set its hand and seal this 3 day of ~~October~~^{November}, 2006.

WITNESSES:

Ray C. Reed
James S. Reed

DECLARANT:

B C & W, LLC, a South Carolina limited liability company

Christopher P. Cannon
By: Christopher P. Cannon
Its: Managing Member

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 3 day of November 2006 on behalf of B C & W, LLC, by Christopher P. Gannon, its Managing Member.

James P. Gannon (SEAL)
Notary Public for South Carolina
My commission expires: 5/12/15

P:\WP\S&W, LLC\Allwood\COVENANTS\Fourth Amendment to Allwood CCRs 100506.DOC

EXHIBIT 6

MCNAIR
ATTORNEYS

January 16, 2014

Mail and Email (dfraser@fingerlaw.com)

Demy Fraser, Esquire
Finger & Frasier, P.A.
P.O. Box 24005
Hilton Head Island, SC 29925-4005

Robert M. Deeb, Jr.

rd@mcnair.net
T 843.786.2171
F 843.586.5991

Re: Allenwood Owners Association, Inc. ("Allenwood")
File No: 048918.00001

Dear Demy,

Thank you for taking the time to meet with me yesterday. Also, thank you for providing copies of the TD Bank business account number 4788222879 in the name of Allenwood. I note that the bank account is with a TD branch located in Palm Beach Gardens. I also note that the statement that you provided to me stated a balance of \$25,000.00 as of January 7, 2014. From our discussions, I believe that your client has deposited additional funds into that account. Please verify the amount currently held in the Allenwood account.

I do not know the exact assessment amount owed to Allenwood by LRS, LLC and Cay Holdings, LLC. I will get that figure from Mr. Prince and forward the same to you for verification by your client. As discussed, once LRS, LLC and Cay Holdings, LLC are brought current in their assessment obligations to the Association, both will be eligible to vote in Association matters.

In that regard, attached are copies of the petition for a Special Meeting that was distributed to local Allenwood owners. The petition was executed in several counterparts, and 63 Allenwood owners signed the petition. That amount exceeds the 25% requirement under the Allenwood Bylaws. So, under both the South Carolina Nonprofit Corporation Act and the Allenwood Bylaws, a Special Meeting must be held to vote on the three purposes stated in the attached petition.

I will forward a draft Notice of Special Meeting next week to you for your review. The Notice will specify the time, date and place of the Special Meeting and contain proposed Bylaw amendment language. There certainly are common interests shared by our clients in maintaining the Allenwood subdivision amenities to a high standard and devoting the owners' property values. As long as your client timely pays assessments, everyone should get along amicably. Please call me if you have any questions regarding these issues.

Best regards,
McNair Law Firm, P.A.



Robert M. Deeb, Jr.

RMD:see
Enclosure
cc: Mike Prince (via email: mjp@bunch@aol.com)
Stacy Keller (via email: mskeller246@gmail.com)

McNair Law Firm, P.A.
Shelter Cove Executive Park
73-B Shelter Cove Lane, Suite 400
Hilton Head Island, SC 29928

Mailing Address
Post Office Drawer J
Hilton Head Island, SC 29928

mcnair.net

HILTONHEAD 840333v1 048918-00001

KENTUCKY LEXINGTON | NORTH CAROLINA CHARLOTTE | SOUTH CAROLINA ANDERSON BLUFFTON CHARLESTON COLUMBIA GREENVILLE HILTON HEAD MYRTLE BEACH PAWLEY ISLAND

17 10

Allenwood Owners Association, Inc.
Petition for Special Meeting

Pursuant to South Carolina Code Section 33-31-702, a nonprofit corporation must hold a special meeting of its membership if the holders of at least 5% of the voting power of the corporation sign, date, and deliver to any officer written demand for a special meeting describing the purpose for which it should be held. The Allenwood Association Bylaws Section 4.3 specify that special meetings must be called by the secretary of the Association following a petition signed by members holding at least 25% of the vote of the Association. The undersigned Association members hereby request a special meeting of the Association for the following purposes:

Purpose 1. To elect five directors to the Association Board. Currently, the terms for all five Board seats have expired. Additionally, Board members Mr. Steve Seefeld, Mr. Martin Werner, Mr. John Kovitch do not have voting rights, as they are representatives of Association members LRS, LLC. and Cay Holdings, both of which are delinquent in Association assessments. Under Section 1.4 of the Association Bylaws, the voting rights of an owner are suspended when an owner is in default of paying any assessment. Accordingly, only members who are not delinquent in their Association assessments will be eligible to serve on the Board.

Purpose 2. To amend the Association Bylaws to clarify that directors must be owners of Allenwood property, and corporate or other entity owners may only have one designee to serve on the Board. This amendment would preclude a corporate owner from having more than one Board seat.

Purpose 3. Amend the Association Bylaws to clarify that the Board has no power to forgive or eliminate late fees, except in the event of short sales, tax sales or mortgage foreclosures.

There are a total of 156 properties in Allenwood. 58 of those properties are owned by either LRS, LLC or Cay Holdings, both which are over \$60,000 delinquent in Association assessments. Votes allocable to those properties are suspended until all back assessments are paid. Additionally, there are 15 other properties which are delinquent in Association assessments. The total numbers of eligible properties whose owners may vote is 83. If this petition is signed at by at least 39 owners, Mr. Michael Prince and Mr. Stacy Keller being the two serving directors current in their assessments will send notice of special meeting to all owners.

The undersigned owners have each signed and dated this petition.

NAME	ADDRESS	DATE
<i>Nurlin J. Feltner</i>	<i>246 Cessan PL</i>	<i>1-2-2014</i>
<i>Ronald K. Nelson</i>	<i>264 Cessan PL</i>	<i>1-2-2014</i>

HILTONHEAD 837604v1

Wine ZHME	234 CAESARS PLACE	1-2-2014
Heilermanns - E-Mail	268 Caesar Place	1-3-2014
Heilermanns - E-Mail	316 Caesar Place	1-3-2014
Concerto - Auto - E-Mail	260 Caesar Place	1-3-2014
Concerto - Auto - E-Mail	272 Caesar Place	1-3-2014
Brooklyn - E-Mail	139 Caesar Place	1-4-2014
Steve Sam	312 Caesar Place	1-6-2014
Michael Pilgreen	131 Caesar Place	1-7-2014
WALTER - EXAK	58	1-9-12
"	64	"
"	66	"
"	68	"
"	76	"
"	78	"
"	82	"

RE.TONHICAD 832604v1

17
18

Allenwood Owners Association, Inc.
Petition for Special Meeting

Pursuant to South Carolina Code Section 33-31-702, a nonprofit corporation must hold a special meeting of its membership if the holders of at least 5% of the voting power of the corporation sign, date, and deliver to any officer written demand for a special meeting describing the purpose for which it should be held. The Allenwood Association Bylaws Section 4.3 specify that special meetings must be called by the secretary of the Association following a petition signed by members holding at least 25% of the vote of the Association. The undersigned Association members hereby request a special meeting of the Association for the following purposes:

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The undersigned owners have each signed and dated this petition.

NAME	ADDRESS	DATE
Meredith Fiorano	178 Caesar Place	1/6/14
JOANNE TALBOT	153 Caesar Place	1/6/14

HILTONHEAD 437604-1

Lauren Walsh	2871 Caesar Pl	1/6/14
MJ Cui	222 Caesar Pl	1/4/2014
W. Williams	1994 Caesar Pl	1-7-14
E. Turner	236 Caesar Pl	1-7-14
~~James Smith~~	~~115 Caesar Pl~~	~~1-7-14~~
Steven O'Neil	71 Caesar Place	1-7-14
Pauline Allen	301 Caesar Place	1-8-14
Bob Smith	283 Caesar Place	1-7-14
Michael J. Dehl	174 Caesar Place	1/7/14
Michael J. Dehl	158 Caesar Place	1/7/14
Kelly Caplan	141 Caesar Pl	01/07/14
Michael J. Dehl	75 Caesar Pl	1-7-14
James Smith	170 Caesar Pl	1-7-14
James Smith	242 Caesar Place	1/7/14
James Smith	336 Caesar Place	1/7/14
Cynthia Brown	344 Caesar Place	1/7/14

HILTONHEAD 837604v1

Allenwood Owners Association, Inc.
Petition for Special Meeting

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The undersigned owners have each signed and dated this petition.

NAME	ADDRESS	DATE
JASON BISHOP	146 Caesar Pl	1/7/14

12

Allenwood Owners Association, Inc.
Petition for Special Meeting

Pursuant to South Carolina Code Section 33-31-702, a nonprofit corporation must hold a special meeting of its membership if the holders of at least 5% of the voting power of the corporation sign, date, and deliver to any officer written demand for a special meeting describing the purpose for which it should be held. The Allenwood Association Bylaws Section 4.3 specify that special meetings must be called by the secretary of the Association following a petition signed by members holding at least 25% of the vote of the Association. The undersigned Association members hereby request a special meeting of the Association for the following purposes:

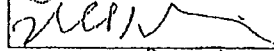
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The undersigned owners have each signed and dated this petition.

NAME	ADDRESS	DATE
	295 Craswell Pl.	1-6-14
 Ronald Danilowicz	313 Cozsay Pl.	1-6-14

HILTONHEAD 83769(v1)

4

**Allenwood Owners Association, Inc.
Petition for Special Meeting**

Pursuant to South Carolina Code Section 33-31-702, a nonprofit corporation must hold a special meeting of its membership if the holders of at least 5% of the voting power of the corporation sign, date, and deliver to any officer written demand for a special meeting describing the purpose for which it should be held. The Allenwood Association Bylaws Section 4.3 specify that special meetings must be called by the secretary of the Association following a petition signed by members holding at least 25% of the vote of the Association. The undersigned Association members hereby request a special meeting of the Association for the following purposes:

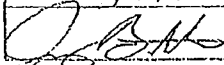
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The undersigned owners have each signed and dated this petition.

NAME	ADDRESS	DATE
Jeremy Bratcher	289 Censor Place Hilton Head Island, SC 29926	01/07/13
		

DLTOWHEAD 8/16/01



n 07 14 04:28p

Jacques talbot

819-347-3041

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2

Allenwood Owners Association, Inc.
Petition for Special Meeting

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The undersigned owners have each signed and dated this petition.

NAME	ADDRESS	DATE
Jasen Stevens	238 Caesar Place	1/7/2014
David MOORE	198 Caesar Place	1/7/2014

20140909.00:00:00

EXHIBIT 7

MCNAIR
ATTORNEYS

January 16, 2014

Mail and Email (dfraser@fingerlaw.com)

Denny Fraser, Esquire
Finger & Fraser, P.A.
P.O. Box 24005
Hilton Head Island, SC 29925-4005

Re: Allenwood Owners Association, Inc. ("Allenwood")
File No: 048918.00001

Robert M. Deeb, Jr.

rdeeb@mcnair.net
T 843.785.2171
F 843.886.5991

Dear Denny,

Thank you for taking the time to meet with me yesterday. Also, thank you for providing copies of the TD Bank business account number 4788222879 in the name of Allenwood. I note that the bank account is with a TD branch located in Palm Beach Gardens. I also note that the statement that you provided to me stated a balance of \$25,000.00 as of January 7, 2014. From our discussions, I believe that your client has deposited additional funds into that account. Please verify the amount currently held in the Allenwood account.

I do not know the exact assessment amount owed to Allenwood by LRS, LLC and Cay Holdings, LLC. I will get that figure from Mr. Prince and forward the same to you for verification by your client. As discussed, once LRS, LLC and Cay Holdings, LLC are brought current in their assessment obligations to the Association, both will be eligible to vote in Association matters.

In that regard, attached are copies of the petition for a Special Meeting that was distributed to local Allenwood owners. The petition was executed in several counterparts, and 63 Allenwood owners signed the petition. That amount exceeds the 25% requirement under the Allenwood Bylaws. So, under both the South Carolina Nonprofit Corporation Act and the Allenwood Bylaws, a Special Meeting must be held to vote on the three purposes stated in the attached petition.

I will forward a draft Notice of Special Meeting next week to you for your review. The Notice will specify the time, date and place of the Special Meeting and contain proposed Bylaw amendment language. There certainly are common interests shared by our clients in maintaining the Allenwood subdivision amenities to a high standard and devoting the owners' property values. As long as your client timely pays assessments, everyone should get along amicably. Please call me if you have any questions regarding these issues.

Best regards,
McNair Law Firm, P.A.



Robert M. Deeb, Jr.

RMD:sec
Enclosure
cc: Mike Prince (via email: mjpbunch@aol.com)
Stacy Keller (via email: mskeller246@gmail.com)

McNair Law Firm, P.A.
Shelter Cove Executive Park
23-B Shelter Cove Lane, Suite 400
Hilton Head Island, SC 29928

Mailing Address
Post Office Drawer 3
Hilton Head Island, SC 29928

mcnair.net

HILTONHEAD 840533v1 048918-00001

KENTUCKY LEXINGTON | NORTH CAROLINA CHARLOTTE | SOUTH CAROLINA ANDERSON BLUFFTON CHARLESTON COLUMBIA GREENVILLE HILTON HEAD MYRTLE BEACH PAVLEY'S ISLAND

EXHIBIT 8

Stephen Seefeld
LRSIII/Cay Holdings SC
11231 US HWY 1, #328
North Palm Beach, FL 33408

January 25, 2014

Name
___ Caesar Place
Hilton Head, SC

Dear _____,

Regarding Recent Allenwood HOA Issues and Concerns

Recently there were a series of meetings and letters sent out to the local members of the Allenwood community - this letter is to address their concerns and to inform the non resident members of what they have missed.

First, here is the state of the Allenwood HOA as of January 25, 2014 to the best of my information in comparison to that on February 2012 due to the actions of the LRS Group.

- The LRS Group **decreased the budget from \$253,000 to \$157,008 - a 38% decrease of \$95,992.**
- Assets of the HOA have **increased from \$79,535 to \$133,526 - a 67% increase of \$53,991**
- A full time position of community groundskeeper has been created, trained, and staffed which has **decreased the incidences of dog waste, rules violations, parking issues, landscape maintenance, and other community problems.** This role combined the previous expenses of pool maintenance, property management, and groundskeeping.
- No time consuming ponderous board meeting have been held.

TO REPEAT THE ABOVE - ALLENWOOD SPENT 38% LESS PER YEAR (\$95,992) while increasing reserves by \$53,991 and having a full time on site person for maintenance and other issues under the LRS Group.

From my perspective, and I believe any rational perspective this is a big win. If members of the HOA would like to return to the days of almost \$200 per townhouse assessments and talk of raising special assessments to pay for capital projects the choice is clearly not LRS Group. As a non resident long term investor both rental rates and tenant quality have dramatically increased and I have personally had less than ten persons from the community complain of issues.

Please note that there is a distinction that I have made above between the HOA board and the LRS Group. The LRS group "took over" the board during February 2012, at which time Mike and Stacy expressed their desire to immediately quit. They did not - but I personally wish they had. I believe that there are deep differences between my philosophy and theirs. My philosophy of the role of an HOA is as follows:

- spend less and spend wisely, keep costs and fees down
- Objective rules enforcement with limited fines -don't go crazy enforcing rules,
- Fairness and Impartiality

A letter was circulated and meetings were held among local homeowners which contained several material misstatements, allegations and misrepresentations which represent actionable items according to my attorney. Anyone who has issues or questions regarding these matters can reach me anytime on my cell phone at 561 685 0678. However, I will briefly address a few of those issues here.

1. As of the date of this letter January 24, 2014 the LRS Groups HOA fees have been paid in full to the best of my knowledge.
2. The amount of these past due balances from the LRS Group was greatly exaggerated in the letter.
3. **Late fees were waived for the LRS Group, as they have been in the past for most other homeowners who have asked, by a vote of the board at which 4 of the 5 directors (including NON LRS Group directors) agreed to waive them for LRS and others.** This adjustment was finally reflected in the records in December and the arrearage was paid.
4. The members of the non LRS Group (Mike and Stacy) board were aware of and initially agreed with the delayed payments of LRS Group dues into the Associa account due to the anticipated movement of the accounts from Associa to another source such as TD Bank and the possible interruption of cash flows to pay the bills of the HOA during this time.
5. The bylaws of the Allenwood HOA Section 1.4 speaks to the suspension of voting rights - stating that the Board "may suspend voting rights" in cases where HOA fees are in arrears. As the President of the board, I can speak to the fact that the Board since March 2013 has never suspended anyone's voting rights. Since HOA fees become a very senior lien on property, the collection of those fees from any homeowner who has equity is almost assured to occur through legal action.
6. The nature of the letter, its false content, and its limited distribution should speak volumes of the character of those who sent it.

All board seats are up for election in the next few weeks - it was always my intention to defer most on site issues to the two directors who live in the community- unfortunately this situation has gone from an initial lack of support to outright animosity and potential litigation on my part due to libelous actions.

A HOA has a very broad scope of powers - unfortunately, as an investor in many properties with HOA in several states i have seen the HOA powers abused to play favorites among neighbors, act as a club for a few, turn communities into "Condo Commandos" which interfere with private property rights, and unfortunately cut what appear to be deals with friends or associates. It is my strong belief that a HOA should have a very limited role - maintain the community facilities in excellent condition as economically as possible, enforce the rules in a neutral and gradual manner without turning into a police state, and maintain an fair and not excessive level of reserves to fund replacements for community facilities. Over the past 2 years I have personally spent several hundred hours hiring, provisioning and training two on site persons who have provided what I believe has been good service - i have had few criticisms. It is not my desire to oversee the daily maintenance of personnel - there should be a group in the community which oversee the on site person - ie monitor his hours and set an agenda for work to be done please step up if you would like help.

As an off site owner with a long term view towards Allenwood it is my strong desire to see the community thrive. Contrary to representations made by others, **It is my desire to see the community have a board which consists of people living in the community who share a philosophy of a limited roles for a HOA.** Please step forward and give me a call at 561 685 0678 if you would like to be involved on the board and you will have my support.

Regards,

Steve Seefeld

EXHIBIT 9

228785-59-14

ALLENWOOD OWNERS ASSOC
1040 WILLIAM HILTON PARKWAY # 200
HILTON HEAD SC 29928
843-785-7090

228785 0030FCMP 59 1 1



CLORINDA E RABON
PO BOX 964
BLUFFTON SC 29910-0964



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ALLENWOOD OWNERS ASSOCIATION, INC.

NOTICE OF SPECIAL MEETING



This correspondence constitutes written Notice of a Special Meeting of the Allenwood Owners Association, Inc. ("Allenwood"). A petition calling for a Special Meeting of Allenwood was signed by over 50 Allenwood owners. Pursuant to South Carolina law and Allenwood's Bylaws, there must be a Special Meeting of when at least 25% of the Allenwood owners request one. Therefore, the Special Meeting will be held at 10 am on March 1, 2014 at the Allenwood Clubhouse.

The Special Meeting is being held for the the following purposes only:

Purpose 1. To elect five directors to the Association Board. Currently, the terms for all five Board seats have expired. Board member terms are to be staggered under the Bylaws. Therefore two Board members shall be elected for two year terms and three members shall be elected for three year terms. Enclosed with this Notice is a Proxy Appointment and Ballot which lists the candidates for Board members. Please circle the names of five candidates on the enclosed ballot. The five candidates receiving the most votes will become Board members.

Purpose 2. To amend the Association Bylaws to clarify that directors must be owners of Allenwood property, and corporate or other entity owners may only have one designee to serve on the Board. This amendment would preclude a corporate owner from having more than one Board seat. Enclosed with this Notice is a Proxy Appointment and Ballot which has the proposed Bylaw amendment language.

Purpose 3. Amend the Association Bylaws to clarify that the Board has no power to forgive or eliminate late fees, except in the event of short sales, tax sales or mortgage foreclosures. Enclosed with this Notice is a Proxy Appointment and Ballot which has the proposed Bylaw amendment language.

Pursuant to the Association's Bylaws, this correspondence is being mailed to all Association owners more than 15 days and less than 45 prior to the Special Meeting date. If you are unable to attend the Special Meeting, the Association's Board strongly urges to review and execute the enclosed Special Meeting Proxy Appointment and Ballot, and return your executed Proxy Appointment and Ballot to the McNair Law Firm, care of attorney Robert M. Deeb, Jr., by either mailing it in the enclosed self-addressed envelope, faxing it to (843) 686-5991, or emailing it to gedmonds@mcnair.net. Alternatively, you may give the original Proxy Appointment and Ballot to the Proxy agent you name on the Proxy Appointment and Ballot. If you have any further questions, feel free to call Mr. Deeb (843) 785-2171.



ALLENWOOD OWNERS ASSOCIATION, INC. SPECIAL MEETING PROXY APPOINTMENT AND BALLOT

If you will not be attending the Special Meeting, please complete this Proxy Appointment and Ballot and return it to the McNair Law Firm according to the instructions below.

Proxy Appointment. The undersigned Member of Allenwood Owners Association, Inc. has received notice of the Special Meeting of the Association to be held on March 1, 2014 at 10:00 am at the Allenwood Clubhouse. Further the undersigned Member hereby appoints Mike Prince or _____ (complete if another individual is to hold your proxy) to be the undersigned's Proxy agent with full power of substitution. The Proxy agent shall vote all Association votes held by the undersigned in his/her discretion if the Ballot below is not completed.

More than 50% of those Members eligible to vote must be present in person or by proxy to satisfy Special Meeting quorum requirements. This Ballot and Proxy Appointment must be received not later than February 28, 2014 if you do not plan on attending the Special Meeting. If you do not vote below, then your proxy holder stated above may vote for you.

BOARD OF DIRECTOR ELECTIONS - The six candidates listed below in alphabetical order have volunteered to fill the positions of the five Board members whose terms have expired. Please indicate candidates you wish to fill these five Board positions by circling no more than five names below, or writing in another candidate of your choice. The five candidates with the most votes will comprise the new Board, with the three candidates having the most votes having three year terms and the next two candidates having two year terms.

Please circle no more than five candidates

Meredith Florencio _____

Jeff Miller _____

Debra Reed _____

Steven Seefold _____

Fran Stevens _____

Jacques Talbot _____

Should you wish to cast your vote for a candidate other than the above, you may do so by writing in one or more candidates here: Write in Candidate: _____ Write in Candidate: _____

BYLAW AMENDMENTS - Please vote on each of the two proposed Bylaw amendments below. Fifty percent of the Members' votes are required for the following Bylaws amendments to pass.

FOR AGAINST

- () () A) To add the following sentences to the end of Bylaw Section 5.1: *All directors must be Owners as defined in these Bylaws, or the spouse of an Owner. Corporate or other entity owners may only have one designee to serve on the Board, so no entity Owner may have more than one individual to serve as a member of the Board.*
- () () B) To add the following sentences to the end of Bylaw Section 7.1: *No late fees imposed for nonpayment of assessments under Section 7.11 of the Covenants may be forgiven by the Board except in the event of short sale, foreclosure, or tax sale. Notwithstanding the preceding, the Board may reduce or finance late fees in the Board's discretion for Owners other than Board members.*

Return Instructions: Please complete this Proxy and Ballot and complete the information below. Either fax this Proxy and Ballot to (843) 686-5991, email to sedmonds@mcnair.net, or mail it to McNair Law Firm c/o Robert Deeb, PO Drawer 3, and Hilton Head Island, SC 29938 for receipt by February 28, 2014. Any Proxy and Ballots not received previously and presented at the Special Meeting will also be counted. When signing as attorney, executor, administrator, or trustee, please give your full title. If the Owner is a corporation, sign the full corporate name by a duly authorized officer of the corporation. If title is held in the name of two or more persons, one owner only may be the designated Member or the Association and, therefore, that owner should sign as the designated Member.

Allenwood Owner Name: _____

Allenwood Owner Signature: _____

Allenwood Owner Property Address: _____

EXHIBIT 10

ALLENWOOD OWNERS ASSOCIATION, INC.

NOTICE OF ANNUAL MEETING AND SPECIAL MEETING

This correspondence constitutes a written Notice of an Annual Meeting and Special Meeting of the Allenwood Owners Association, Inc. ("Allenwood"). Pursuant to South Carolina law and Allenwood's Bylaws, the president of the association has called an Annual Meeting and the secretary of the association which has received a petition with over 25% of the total votes of the Allenwood owners have called a Special Meeting at the time and place below to be held for the following purposes only:

Purpose 1: To elect five directors to the Association Board as currently all of the seats are expired. Two board members shall be elected for two year terms and three directors shall be elected for three year terms. Enclosed with this Notice is a Proxy Appointment and the Ballot which lists the candidates for Board Members. Please circle the names of five candidates on the enclosed ballot. The five candidates receiving the most votes shall become board members.

Purpose 2: To amend the Bylaws, Article 8, Section 8.1 to read as follows:

"These bylaws shall be amended only by a vote of two thirds (66.66%) of the total vote of the Association, in person or by proxy, at a duly constituted meeting for such purpose, in strict accordance with the recorded Declaration to which these By Laws are attached, and the laws of South Carolina. Any amendments to the By Laws shall be set forth in proper form and duly recorded as an amendment to the Declaration. Each and every Owner by accepting a deed therefore agrees to be bound by and benefit from any such amendment hereto."

Pursuant to the Associations Bylaws this correspondence is being mailed to all Association owners not less than 15 days nor more than 45 days prior to the either the Annual Meeting or Special Meeting Date. If you are unable to attend the Annual and Special Meeting, the Association's Board strongly urges you to review and execute the enclosed Annual and Special Meeting Proxy Appointment and Ballot, and return your executed proxy by mail to the law firm of Finger and Fraiser, care of attorney Denny Frasier, 35 Hospital Center Commons, Hilton Head Isle, SC 29926, or emailing it to dfrasier@fingerlaw.com. In the alternative you may give the Original Proxy Appointment and Ballot to the proxy agent which you name on the Proxy Appointment and Ballot. If you have any questions, feel free to call Denny Frasier at (843) 681-7000.

EXHIBIT 11

MCNAIR
ATTORNEYS

Robert M. Daeb, Jr.

rddeb@mcnair.net
T 843.785.2171
F 843.686.5991

To: All Allenwood Owners

RE: Allenwood Owners Association, Inc. ("Association")
Special Meeting of March 1, 2014

Dear Allenwood Owner:

As most of you will recall, the Association held a Special Meeting on March 1, 2014 as called for in a petition signed by over 60 Allenwood home owners in January of this year. One of the purposes of the Special Meeting was to elect directors to the Association Board, as the terms for all five previous directors expired in 2013. The two other purposes were to vote on proposed Association By-law Amendments.

The Special Meeting was held at 10:00 am on March 1, 2014. 74 Association members were present in person or by proxy, which exceeded the 30% quorum requirement in the Association's covenants. The Special Meeting was chaired by former Board member Mr. Michael Prince. Mr. Craig Lester of Association Services, Inc. ("ASI") and I assisted Mr. Prince. Nearly all of the ballots cast for the candidates for the Board of Directors were in favor of the following five individuals which now serve as the Board of Directors and hold the following offices: Frances Stevens-President, Meredith Florencio-Vice President, Debra Reed-Secretary, Jeff Miller-Co Treasurer and Jacque Talbot-Co Treasurer.

The proposed By-law Amendments did not pass, as the number of votes approving them did not meet the 80% approval required by the By-laws. Immediately after the Special Meeting, the Board of Directors met and resolved to consolidate the Association's bank accounts. Several years ago, the Association's funds were deposited in a single bank managed in part by ASI. During the last few years the Association's funds were taken from the ASI managed account and moved to several TD Bank accounts. Both the TD Bank accounts were closed, and the Association's funds from both accounts are now consolidated in one bank managed by the Board and ASI.

The Board also resolved to reinstate late fees for unpaid Association assessments. Last year, late fees were temporarily waived by the Board. Effective April 1, 2014 late fees will again be imposed on all assessments more than 30 days late. The Allenwood covenants require late fees to be imposed on those who don't pay their Association assessments on time. The Association has had difficulty in timely receiving assessments. It is important for all owners pay their Association assessments on time, so Allenwood can be properly operated and maintained.

Attached is a letter from the Board of Directors discussing other Association issues. The Association Board of Directors intend on regularly meeting and communicating with all Allenwood owners. If you have any questions regarding Association matters,

McNair Law Firm, P. A.
Shelter Cove Executive Park
23-B Shelter Cove Lane, Suite 400
Hilton Head Island, SC 29928

Mailing Address
Post Office Drawer 3
Hilton Head Island, SC 29929

mcnair.net

HILTONHEAD, 84638741 048918 .00001

KENTUCKY LEXINGTON | NORTH CAROLINA CHARLOTTE | SOUTH CAROLINA BLUFFTON CHARLESTON COLUMBIA GREENVILLE HILTON HEAD MYRTLE BEACH PAWLEYS ISLAND

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

ALLENWOOD OWNERS ASSOCIATION,
INC.,

Plaintiff,

vs.

MIKE PRINCE; STACY KELLER; JEFF
MILLER; DEBRA REED; FRAN STEVENS;
MEREDITH FLORENCIO; AND JACQUES
TALBOT,

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

C/A No.: 2014-CP-07-00968

**AMENDED ANSWER AND
COUNTERCLAIM OF DEFENDANTS
MIKE PRINCE; STACY KELLER;
JEFF MILLER; DEBRA REED;
FRAN STEVENS; AND
MEREDITH FLORENCIO**

2014 DEC 12 AM 12:08
JONATHAN ROBERTSON
CLERK OF COURT
BEAUFORT COUNTY, S.C.

Defendants Mike Prince, Stacy Keller, Jeff Miller, Debra Reed, Fran Stevens, and Meredith Florencio (hereinafter collectively "Defendants"), by and through their undersigned counsel, submit this Amended Answer and Counterclaim in response to the Complaint of Plaintiff Allenwood Owners Association, Inc. ("Plaintiff" or "Allenwood") and state as follows:

1. Defendants deny each and every allegation of the Complaint not hereinafter specifically admitted.

2. Defendants deny that this action is properly filed in the name of Allenwood. In responding to this Complaint, Defendants do not waive the right to argue that this legal action was not authorized by the Board of Directors of Allenwood, nor was it filed in a derivative capacity. Defendants object to the characterization of the Plaintiff as "Allenwood" and reserves its rights to challenge the same.

PARTIES

3. As to the allegations of Paragraph 1 of the Complaint, Defendants admit only that Allenwood Owners Association, Inc., is a non-profit organization in good standing with and organized and existing under the laws of South Carolina, with its principal office in Beaufort County, South Carolina, and deny all remaining allegations.

4. Defendants admit the allegations of Paragraphs 2 through 7 of the Complaint.

5. Defendants lack knowledge and information sufficient to form a belief as to the allegations of Paragraph 8 of the Complaint and therefore, deny the same and demand strict proof thereof.

JURISDICTION

6. The allegations of Paragraph 9 of the Complaint constitute conclusions of law to which Defendants are required neither to admit nor deny; to the extent a response is required, Defendants admit that jurisdiction is proper, but deny all allegations and implications of wrongdoing and deny any liability to Plaintiff.

VENUE

7. The allegations of Paragraph 10 of the Complaint constitute conclusions of law to which Defendants are required neither to admit nor deny; to the extent a response is required, Defendants admit that venue is proper as to them, but deny all allegations and implications of wrongdoing and deny any liability to Plaintiff.

FACTS

8. As to the allegations of Paragraph 11 of the Complaint, Defendants crave reference to the Articles of Incorporation, which speak for themselves and are the best evidence of the filing date and information contained therein and deny any allegations of said Paragraph inconsistent therewith.

9. As to the allegations of Paragraph 12 of the Complaint, Defendants crave reference to the referenced Declaration of Covenants and the various referenced Amendments thereto, which speak for themselves and are the best evidence of the filing dates and information contained therein and deny any allegation of said Paragraph inconsistent therewith.

10. As to the allegations of Paragraph 13 of the Complaint, Defendants crave reference to the Articles of Incorporation, Covenants and By-Laws referenced, which speak for themselves and are the best evidence of information and authority contained therein and deny any allegation of said Paragraph inconsistent therewith.

11. As to the allegations of Paragraph 14 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

12. As to the allegations of Paragraph 15 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

13. As to the allegations of Paragraph 16 of the Complaint, Defendants crave reference to the referenced Covenants, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

14. As to the allegations of Paragraph 17 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

15. As to the allegations of Paragraph 18 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

16. As to the allegations of Paragraph 19 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

17. As to the allegations of Paragraph 20 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

18. As to the allegations of Paragraph 21 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

19. As to the allegations of Paragraph 22 of the Complaint, Defendants crave reference to the referenced By-Laws, which speak for themselves and are the best evidence of information contained therein and deny any allegation of said Paragraph inconsistent therewith.

20. Defendants deny the allegations of Paragraph 23 of the Complaint.

21. Defendants lack information sufficient to form a belief as to the allegations of Paragraph 24 of the Complaint and therefore, deny the same and demand strict proof thereof.

22. As to the allegations of Paragraph 25 of the Complaint, Defendants crave reference to the Association's meeting minutes and the minutes maintained by the Board of Directors, which speak for themselves and are the best evidence of election results, terms, duties and other information and deny any allegation of said Paragraph inconsistent therewith.

23. Defendants deny the allegations of Paragraphs 26 and 27 of the Complaint.

24. As to the allegations of Paragraph 28 of the Complaint, Defendants crave reference to the referenced letter sent by Mr. Keller, which speaks for itself and is the best evidence of the information contained therein and deny any allegation of said Paragraph inconsistent therewith. Defendants deny all remaining allegation of said Paragraph.

25. Defendants deny the allegations of Paragraphs 29 and 30 of the Complaint.

26. As to the allegations of Paragraph 31 of the Complaint, Defendants crave reference to the referenced letter sent by Mr. Deeb, which speaks for itself and is the best evidence of the information contained therein and deny any allegation of said Paragraph inconsistent therewith. Defendants deny all remaining allegation of said Paragraph.

27. As to the allegations of Paragraph 32 of the Complaint, Defendants crave reference to the referenced Notice of Special Meeting and Special Meeting Proxy Appointment and Ballot, which speak for themselves and are the best evidence of the information contained therein and deny any allegation of said Paragraph inconsistent therewith. Defendants further deny all remaining allegation of said Paragraph.

28. As to the allegations of Paragraph 33 of the Complaint, Defendants crave reference to the referenced letter sent by Mr. Seefeld, which speaks for itself and is the best evidence of the information contained therein and deny any allegation of said Paragraph inconsistent therewith. Defendants deny that Mr. Keller's December 26, 2013 letter contained any inaccuracies, and deny all remaining allegation of said Paragraph.

29. As to the allegations of Paragraph 34 of the Complaint, Defendants crave reference to the referenced letters and Notice of Special Meeting, which speaks for themselves and are the best evidence of the information contained therein and deny any allegation of said Paragraph inconsistent therewith. Defendants further deny any allegation or inference of impropriety and deny all remaining allegations of said Paragraph.

30. Defendants deny the allegations of Paragraph 35, 36, 37 and 38 of the Complaint.

31. As to the allegations of Paragraph 39 of the Complaint, Defendants crave reference to the referenced memorandum authored by attorney Deeb, which speaks for itself and is the best evidence of the information contained therein and deny any allegations of said

Paragraph inconsistent therewith. Defendants admit that the information in the referenced memorandum is accurate and deny all remaining allegations of said Paragraph.

32. Defendants deny the allegations of Paragraphs 40 and 41 of the Complaint.

AS TO THE FIRST CAUSE OF ACTION
(Declaratory Judgment)

33. Responding to the allegations of Paragraph 42 of the Complaint, Defendants reassert the responses in the previous paragraphs and incorporate the same as if restated verbatim herein.

34. Defendants deny the allegations of Paragraph 43 of the Complaint.

35. The allegations of Paragraph 44, and all subparts thereto, constitute Plaintiff's characterization of its claims and the requests it makes of this Court and therefore, no response is required. To the extent a response is required, Defendants submit that Defendants Jeff Miller, Debra Reed, Fran Stevens, Meredith Florencio and Jacques Talbot were properly elected to the Association's Board of Directors at the Special Meeting held on March 1, 2014, and that they have had authorized and proper control of the Association since that time. Defendants deny any contrary allegation, deny any wrongdoing or culpability and deny causing any damage. Defendants further agree that a declaration of their authority is appropriate.

AS TO THE SECOND CAUSE OF ACTION
(Temporary and Permanent Injunction)

36. Responding to the allegations of Paragraph 45 of the Complaint, Defendants reassert the responses in the previous paragraphs and incorporate the same as if restated verbatim herein.

37. Defendants deny the allegations of Paragraph 46 and state that they are not aware of any Motion having been filed, as none is reflected on Beaufort County Public Index.

38. Defendants deny the allegations of Paragraphs 47 through 52. Further, Defendants state that any injunction would be detrimental to the Allenwood community, would cripple and paralyze the Association's operations, would impede the day to day functioning of the community, and would cause irreparable harm to the community and its members.

AS TO THE THIRD CAUSE OF ACTION
(Constructive Trust)

39. Responding to the allegations of Paragraph 53 of the Complaint, Defendants reassert the responses in the previous paragraphs and incorporate the same as if restated verbatim herein.

40. Defendants deny the allegations of Paragraphs 54 and 55 of the Complaint.

AS TO THE FOURTH CAUSE OF ACTION
(Conversion)

41. Responding to the allegations of Paragraph 56 of the Complaint, Defendants reassert the responses in the previous paragraphs and incorporate the same as if restated verbatim herein.

42. As to the allegations of Paragraph 57 of the Complaint, Defendants admit that the Association was entitled to the referenced funds, deny any impropriety in taking control of the funds on behalf of the Association upon their election to the Board of Directors, deny that Mr. Seefeld had authority to segregate the funds to which the Association was entitled, and deny all remaining allegations of said Paragraph.

43. Defendants deny the allegations of Paragraphs 58 and 59 of the Complaint.

AS TO THE FIFTH CAUSE OF ACTION
(Accounting)

44. Responding to the allegations of Paragraph 60 of the Complaint, Defendants reassert the responses in the previous paragraphs and incorporate the same as if restated verbatim herein.

45. Defendants deny the allegations of Paragraphs 61, 62 and 63.

AS TO THE SIXTH CAUSE OF ACTION
(Civil Conspiracy)

46. Responding to the allegations of Paragraph 64 of the Complaint, Defendants reassert the responses in the previous paragraphs and incorporate the same as if restated verbatim herein.

47. Defendants deny the allegations of Paragraph 65 of the Complaint.

48. Defendants deny the allegations of Paragraphs 66, 67, 68, 69, 70, 71, 72 and 73 of the Complaint and deny the allegations of the WHEREFORE clause attendant to said Paragraphs and deny any and all wrongdoing and liability to Plaintiff.

FOR A SECOND DEFENSE
(Failure to State a Claim)

Defendants allege that the Complaint fails to state any claim upon which relief can be granted, and should be dismissed pursuant to Rule 12(b)(6) of the South Carolina Rules of Civil Procedure.

FOR A THIRD DEFENSE
(Affirmation)

Defendants allege that all actions taken by them were ratified and affirmed by Plaintiff, through its principals, agents or otherwise, and Defendants plead affirmation as a complete defense to Plaintiff's claims.

FOR A FOURTH DEFENSE
(Negligence and/or Fraud of Third Parties)

Defendants allege that any injuries and damages allegedly suffered by Plaintiff was due to or caused by third persons over whom Defendants had no control, whose actions caused the alleged damages, if any, which are denied.

FOR A FIFTH DEFENSE
(Estoppel)

Defendants allege that Plaintiff is estopped by its own conduct, by and through its principals and agents, from asserting a claim for the recovery sought herein.

FOR A SIXTH DEFENSE
(Waiver)

Defendants allege that Plaintiff has waived any claims against Defendants by and through the conduct of its principals and agents as to bar recovery herein.

FOR A SEVENTH DEFENSE
(Immunity)

Defendants are immune from this lawsuit pursuant to S.C. Code Ann. § 33-31-834.

FOR AN EIGHTH DEFENSE
(Business Judgment Rule)

The Business Judgment Rule bars the claims alleged against Defendants.

FOR A NINTH DEFENSE
(Intracorporate Conspiracy Doctrine)

Defendants would show that under the intracorporate conspiracy doctrine, and other applicable law, Defendants could not have conspired with each other, which conspiracy is denied, and, therefore, Plaintiff's conspiracy claims fail.

FOR A TENTH DEFENSE
(Good Faith)

Defendants would show that at all times relevant to this action, they acted in good faith and without malice in their actions and in the best interest of the Association.

FOR AN ELEVENTH DEFENSE
(No Special Damages)

Defendants would show that Plaintiff's claim for civil conspiracy fails because Plaintiff has failed to show special damages.

FOR A TWELFTH DEFENSE
(Failure to Join Necessary Parties)

Plaintiff has failed to join one or more necessary and/or indispensable parties, and its claims should be dismissed pursuant to Rule 19, SCRCP.

FOR A THIRTEENTH DEFENSE
(Standing)

Plaintiff lacks standing to prosecute this action. The filing of the action in the name of Allenwood was not authorized by Allenwood's Board of Directors. Additionally, the Complaint fails to meet the pleading requirements for establishment of a derivative claim under rule 23, SCRCP. Thus, the Complaint should be dismissed.

FOR A FOURTEENTH DEFENSE
(Indemnity)

Defendants, having acted in good faith without misfeasance or malfeasance, shall be entitled to indemnification by the Association against all liabilities and expenses, including attorneys' fees, as set forth in the By-Laws.

FOR A FIFTEENTH DEFENSE
(Reservation of Rights)

Defendants hereby give notice that they reserve the right to assert, and do not waive, any additional or further defenses as may be revealed by additional information acquired during

discovery or otherwise, and reserve the right to further amend this Answer to assert any such defenses.

WHEREFORE, having fully answered the Complaint herein, Defendants pray that the Complaint be dismissed and the relief demand by Plaintiff be denied, that judgment be entered in favor of Defendants, and that costs and fees be awarded to Defendants and for such other relief as this Court deems just and proper.

FURTHER ANSWERING THE COMPLAINT AND BY WAY OF COUNTERCLAIM

1. The Defendants are owners of property in the Allenwood subdivision and residents of Beaufort County, South Carolina.

2. This counterclaim is brought pursuant to the South Carolina Declaratory Judgment Act and seeks a declaration that, as of March 1, 2014, Defendants Jeff Miller, Debra Reed, Fran Stevens, Meredith Florencio and Jacques Talbot ("Current Board") are the legitimate and duly elected Board of Directors for the Association and are therefore, authorized to act on behalf of the Association in accordance with governing documents.

3. The Current Board was elected by way of a quorum vote at a properly noticed and authorized Special Meeting held on March 1, 2014.

4. Since their election, Defendants have been serving as Board Members and working for their community in that capacity. As Plaintiff has requested declaratory relief, so too, do Defendants.

5. In the two years prior to the election of the Current Board, the Association had stopped conducting business as required by the Covenants and By-Laws and the South Carolina Nonprofit Corporation Act, SC Code Sections 33-31-101 et. seq.

6. On or before February 2012, upon information and belief, two entities known as LRS III, LLC and Cay Holdings SC, LLC, acquired fee simple interests in 58 properties of the

156 properties in the Allenwood subdivision. Upon information and belief, Mr. Seefeld is the Managing Member of both of those entities, of which Mr. Martin Werner and Mr. John Kovitch also have an interest.

7. In February 2012, Mr. Seefeld unilaterally appointed certain of his colleagues, Messrs. Werner and Kovitch, to the Allenwood Board. Mr. Seefeld refers to the group that controlled the Board as of February 2012 as the "LRS Group".

8. Mr. Seefeld admits that the "LRS group 'took over' the board during February 2012" (See Exhibit 8 to the Complaint, p. 2.)

9. Mr. Seefeld admits that, during the time period he controlled the Board, "No time consuming ponderous board meeting (sic) have been held." (See Exhibit 8 to the Complaint, p. 1.)

10. Under the LRS Group's control, the Board did not hold annual meetings during the years 2012 and 2013. Failure to hold annual meetings is contrary to the requirements of the governing documents and South Carolina law.

11. Mr. Seefeld admits that annual meetings were not held as required. (See Counterclaim Exhibit 1, p. 2.)

12. During the LRS Group's control, no budget was presented to the Allenwood owners for approval in 2012 or 2013 as required.

13. Because no annual meetings were held in 2012 and 2013, no directors were elected.

14. The terms of the Association's Directors expired as of Fall 2013.

15. During the time the LRS Group controlled the Association, it failed to pay assessments; at one point, arrearage amounts totaled in excess of \$76,000. Additionally, during that same time, the LRS controlled Board waived late fees and penalties for owners delinquent

on assessments, including fees incurred by it. During that same time the LRS Group was in control, Allenwood's reserve account was significantly depleted to pay for the operating expenses and shortfall incurred by the non-payment of assessments.

16. In January 2014, Mr. Seefeld deposited approximately \$75,000 in a TD Bank account in Florida and claimed those funds were Association funds. The Association had not previously held an account with TD Bank, but rather at all times held an account with Associa. Allenwood's management company Association Services, Inc. ("ASI"), did not have access to the funds, and non-LRS Group Board Members were not initially told about the TD Bank account.

17. Because the LRS Group allowed a non-functioning and expired Board, and in light of the LRS Group's practice of self-dealing and failure to adhere to the governing documents and South Carolina law, more than 25% of the Allenwood owners signed a petition requesting a special meeting, the purpose of which was, among other things, to elect a board of directors.

18. Notice of the Special Meeting was sent in accordance with the By-Laws. (See Exhibit 9 to the Complaint.)

19. As noticed, the Special Meeting was held at 10:00 a.m. on March 1, 2014.

20. Robert Deeb, an attorney with the McNair Law Firm, assisted in ensuring that the petition, Notice of Special Meeting and the meeting itself were conducted in accordance with the Association's governing documents.

21. Seventy-four (74) Association members were present in person or by proxy at the Special Meeting, which exceeded the quorum requirement.

22. Craig Lester of ASI and attorney Deeb assisted with and presided over the meeting.

23. Mr. Seefeld's name was included on the ballot for the election of directors.

24. Nearly all of the ballots cast for the candidates for the Board of Directors were in favor of the following individuals: Frances Stevens, Meredith Florencio, Debra Reed, Jeff Miller and Jacques Talbot. As of March 1, 2014, the majority vote holders have been serving as the Current Board.

25. At no time did the LRS Group object to the election results, either through the property management company or otherwise.

26. Since their election, the Current Board has taken swift and affirmative steps to bring order back to the governing body of the Association and implement positive change and improvements.

27. Following the election, the Current Board sent a letter to all members introducing the Current Board. (See Counterclaim Exhibit 2.) The LRS Group neither objected to nor countered the letter.

28. Under the leadership of the Current Board, the following, among other things, have been accomplished: (a) late fees for unpaid assessments have been reinstated; (b) the Allenwood reserve account has increased significantly; (c) the community lagoon is being treated and maintained; (d) the parking lot has been resealed and striped; (e) certain amenities have been painted; (f) wood rot on the Clubhouse has been replaced; (g) an ARB has been created; and (h) there has been written communication to the membership. (See Counterclaim Exhibit 3.)

29. The LRS Group purported to hold an annual/special meeting on February 28, 2014 and purported to elect a board of directors at that meeting. The meeting was not properly noticed and the election was not legitimate.

30. The board members purportedly elected at the February 28, 2014 meeting are Stephen Seefeld, John Kovitch, Yvette Smith, Everett Butler and Amanda Johansson. None of the members supposedly elected to the board live in the Allenwood subdivision.

31. Since the LRS Group purported to elect a board of directors, it has not communicated with the membership, nor has the board purportedly elected at the meeting held by the LRS Group taken any action on behalf of the Association.

FOR A FIRST CAUSE OF ACTION
(Declaratory Judgment)

32. Defendants re-allege the allegations contained in Paragraphs 1 through 33 as if fully set forth herein.

33. Defendants are informed and believe that this Honorable Court has the power pursuant to the South Carolina Declaratory Judgment Act to decide and determine the issues presented in this counterclaim and may enter a final judgment with respect to these issues.

34. Defendants are entitled to an order and judgment declaring that (a) Defendants Frances Stevens, Meredith Florencio, Debra Reed, Jeff Miller and Jacques Talbot constitute the authorized Board of Directors for the Association by way of the election held on March 1, 2014; (b) all actions taken by the Current Board were authorized; and (c) the LRS Group has no authority to take action on behalf of the Association, specifically, Stephen Seefeld, John Kovitch, Yvette Smith, Everett Butler and Amanda Johansson do not constitute the board of directors, as the election held on February 28, 2014 was not properly noticed and did not meet the requirements of the governing documents.

FOR A SECOND CAUSE OF ACTION
(Indemnity)

35. Defendants re-allege the allegations contained in Paragraphs 1 through 36 as if fully set forth herein.

36. Section 5.13 of the By-Laws provides for indemnity to directors against all liabilities for any claim based on injury or damage caused by said directors in the performance of their duties, unless due to the willful misfeasance or malfeasance. Additionally, the South Carolina Nonprofit Act provides for indemnification.

37. Defendants have at all times acted in good faith and in the scope of their duties as Directors of the Association.

38. Defendants have not acted with willful misfeasance or malfeasance.

39. Defendants have been damaged by the filing of this action and are entitled to damages, expenses and attorneys' fees under South Carolina law and the By-laws

FOR A THIRD CAUSE OF ACTION
(Alternative Request for Court Supervised Meeting and Election)

40. Defendants re-allege the allegations contained in Paragraphs 1 through 39 as if fully set forth herein.

41. Defendants Mike Prince, Stacy Keller, Jeff Miller, Debra Reed, Fran Stevens, and Meredith Florencio are members of Allenwood.

42. Allenwood is a nonprofit corporation governed by the South Carolina Nonprofit Corporations Act, codified at Title 33, Chapter 31 of the South Carolina Code.

43. Allenwood's principal office is located within Beaufort County, South Carolina.

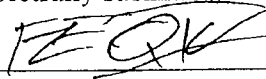
44. It is impractical or impossible for Allenwood to call a meeting of its members and hold a vote for directors because two competing groups, the LRS Group and Defendants' group, both claim to be the legal board of directors empowered to call a meeting and hold a vote of Allenwood's members. By way of illustration, in November 2014, both groups sent notices for competing Special Meetings for the election of officers in reaction to a Petition signed by over 25% of the membership. The competing Special Meetings have been noticed on different dates

to occur at different locations, with the LRS Group noticing the meeting two days before Christmas in Palm Beach Gardens, Florida.

45. To the extent the Court determines that neither the LRS Group nor Defendants' group are the legal board of directors and/or to the extent the Court otherwise deems necessary, and given that is impractical or impossible for Allenwood to hold a meeting and hold a vote for directors, Defendants request that pursuant to Section 33-31-160 of the South Carolina Code and the equitable powers of this Court, the Court enter an order requiring that a meeting of Allenwood be held, order that a method of notice of the meeting reasonably designed to give actual notice to Allenwood's members be given, adjust the quorum requirements to the extent necessary, and order that a vote for directors be held at the meeting.

WHEREFORE, Defendants pray that this Honorable Court issue an Order declaring that Defendants Frances Stevens, Meredith Florencio, Debra Reed, Jeff Miller and Jacques Talbot constitute the authorized Board of Directors, declaring that all Defendants are entitled to indemnification, and, in the alternative, requiring that a meeting and election be held, and for such other and further relief as this Honorable Court may deem just and proper.

Respectfully submitted,



Krista M. McGuire

Elliottte Quinn

Email: kristamcguire@parkerpoe.com

elliotttequinn@parkerpoe.com

PARKER POE ADAMS & BERNSTEIN LLP

200 Meeting Street, Suite 301

Charleston, SC 29401

Phone: 843-727-2650

Fax: 843-727-2680

ATTORNEYS FOR DEFENDANTS MIKE PRINCE;
STACY KELLER; JEFF MILLER; DEBRA REED;
FRAN STEVENS; AND MEREDITH FLORENCIO

December 8, 2014
Charleston, South Carolina

From: Stephen Seefeld.
To: Allenwood Homeowners
February 20, 2014

In a ridiculous fashion, common among perhaps grade school children, the matters of the Allenwood HOA have been recently been conducted in secret meetings, backroom conversations, slander and lies against myself and companies that I represent. I have tried to remain above the fray, but still I feel that I must respond to a letter sent via email today (Feb 20, 2014).

Neither Mr. Deeb nor his law firm represent the Allenwood HOA. According to the rules of the Allenwood HOA, while my term and those of other board members may have expired, I still hold the office of president and secretary of the board. As such I have made explicit that Mr Deeb and his firm, **and their associated expenses and fees, not be incurred by the Allenwood HOA.** Directly due to their actions, I have incurred several thousand dollars of legal expenses which I have personally paid to date responding to what I believe are various untruths, falsehoods and worse directed at myself and the companies that I represent. *However, due to the actions of Mr. Prince, Mr. Keller, and others that Mr Deeb's firm claims to represent i am sure that the Allenwood HOA will get a hefty bill for his work on their behalf.*

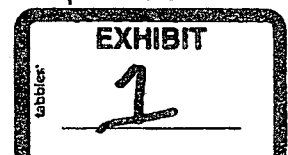
Speaking for myself, I view such reckless disregard for the funds of other persons as akin to a sin, and everything I have done as president and secretary - without exception - reflects this view.

Since I have litigation pending on these matters - I will limit my comments to a response to the letter circulated Feb 20, 2014 from Mr Deeb; However, I will also attach a letter to this response showing the impressive financial results achieved over the last 22 months during which I have been board President and Secretary, as well as the statement from the TD Bank account holding association funds.

Mr Deeb, Mike Prince and Stacy Keller have gone to great lengths to spread half truths and selective facts about myself and the companies that I represent, and have tried to eliminate any opportunity for me to respond directly to their allegations; I invite every owner to either call me directly at 561 685 0678 or attend the Annual and Special Meeting on February 28, 2014 with any and all questions they may have.

Simply put, if you think that the fiscal responsibility and neutral management over the last two years have improved the community, please attend the Annual and Special Meeting on February 28, 2014 where I will be looking for local volunteers to join the board who share my views.

If you cannot attend please fill out the proxy with the assurance that it is my intention to fill out the board of the HOA with non related, fiscally responsible, non partisan persons.



Here is my response to this letter:

1) The annual meeting for 2011 was held during 2012 - at which time Stephen Seefeld was elected president of the board. The 2013 Meeting was to be held during the fall but a lack of coordination between the directors prevented that, and the 2013 Annual meeting was envisioned to take place in early 2014 as evidenced by emails circulated among the directors. However, while preparing to hold the 2013 Annual Meeting which is to be held Feb 28, 2014 secret meetings were held under the guise of the Allenwood HOA board during January 5 and 6, 2013. To be clear, these January meeting were completely unknown to Mr Seefeld, other members of the Board, and many if not all off-site owners. These secret meetings, seeking to disenfranchise many voters and with an stated invitation list of "on site" owners mark the degeneration of the Allenwood HOA to an unprofessional level which I hope represents only a temporary setback for the community. Furthermore, Mr Deeb and other parties were aware of many objections to the form and substance of the materials associated with the announcement of a Special Meeting on March 1, 2014 and instead of resolving them, Mr Deeb chose to send off the announcement anyways, precipitating likely legal action.

2) The budget for 2012 was set in March 2013, right after the meeting in which Mr Seefeld became president. According to the Bylaws and acknowledged in an email among the directors, the 2013 budget remained the same as that for 2012. See the attached letter showing the strong financial performance of the changes that Mr Seefeld brought to Allenwood, **decreasing regime fees over 38% while growing the assets of the HOA by 67%.**

3) No comment.

4) What is missing from this statement is the fact that Mr Seefeld withheld dues with the full knowledge of the other directors, and for the purpose of helping the Allenwood HOA transition away from the management services which ASI had previously been providing and which cost over \$20,000 per year. While Mr Seefeld and Stacy Keller labored to find another bank which would charge (hopefully) a small percentage what ASI charged, and due to the lockup of association funds during a time of transition between banks, Mr Seefeld volunteered to help the HOA remain solvent by withholding funds from the companies he represents until a replacement could be found. After a period of over one year, during which several alternative services for collecting dues were evaluated, it became clear that due to ASI offering to lower its fees from \$1800 per month to under \$400, alternative services were not worth the time and effort.

To be clear, ASI now represents the Allenwood HOA for the limited purpose of collecting regime fees, and keeping ownership records, and minor bookkeeping. **ALLENWOOD IS SELF-MANAGED** - ASI is not the management company for Allenwood - they are a service provider only, like the lawn company or garbage service.

During October 2013, Mr Seefeld and other members of the board met with Mr Prince via

telephone and it was agreed to waive late fees for ALL OWNERS UNTIL JAN 2014. **This was NOT just Mr. Seefeld's action, but one of the board, including Mr. Prince.**

5) Yes - see above. This was a board action to waive fees for ALL OWNERS (ASI and Craig Lester were aware of this at the time). Mr Seefeld's companies paid all of their past due fees during December 2013, having struggled with ASI to reconcile the incorrect accounting for several months. This amount was deposited into TD Bank, where the ENTIRE Allenwood Board had authorized bank accounts to be established over one year prior. As the world's strongest bank, TD Bank has held tens of thousands of the Allenwood HOA funds since June 2012, **and the accounts at TD bank are all titled in the name of the Allenwood HOA, with the Allenwood tax id and with Mr Seefeld and Mr Prince as signatories.** Accounts at any self managed association are typically held this way; for Mr Deebs to allege that Allenwoods accounts or Mr Seefelds involvement is somehow unusual is purposefully incorrect.

6) Not apparently, **factually.** In fact, it was \$77,500 representing payment in full for the entire period of arrearage. Mr. Deebs is well aware of this fact, since he had the bank statement since the first week of January 2014 when his unpaid interference in the matters of the Allenwood HOA became clear. As stated earlier, ASI is not a property manager, it is only an agent for processing regime fees and keeping the books, as such ASI is neither required to be on the accounts nor should it be. As stated earlier, ASI can take weeks to cut a check, and also cannot issue credit cards for payments like gas for lawn mowers, plants, items from Home Depot and other incidentals. Furthermore, TD Bank represents a secure repository for funds, unlike the bank or banks which ASI choose to employ on behalf of their associations.

There is so much wrong with Mr Deebs interpretation of the Allenwood Bylaws and other facts, that rather than belabor these points here I will make the full series of emails between my myself, Mr Deeb and other managing partners at his firm, my attorneys, and other parties available at the Allenwood Annual and Special Meeting on February 28, 2014 or sooner upon request.

Thank You.

Steve Seefeld

Stephen Seefeld
LRSIII / Cay Holdings SC
11231 US HWY 1, #328
North Palm Beach, FL 33408

January 25, 2014

Homeowner
Ceasar Place
Hilton Head, SC

Dear Homeowner,

Regarding Recent Allenwood HOA Issues and Concerns

Recently there were a series of meetings and letters sent out to the local members of the Allenwood community - this letter is to address their concerns and to inform the non resident members of what they may have missed.

First, here is the state of the Allenwood HOA as of January 25, 2014 to the best of my information in comparison to that on February 2012 due to the my dedicated leadership as President of the board

- As President of the board, I decreased the budget from \$253,000 to \$157,008 - a 38% decrease of \$95,992.
- Assets of the HOA have increased from \$79,535 to \$133,526 - a 67% increase of \$53,991
- A full time position of community groundskeeper has been created, trained, and staffed which has decreased the incidences of dog waste, rules violations, parking issues, landscape maintenance, and other community problems. This role combined the previous expenses of pool maintenance, property management, and groundskeeping.
- No time consuming ponderous board meeting have been held. Email and telephone communication has allowed our board to function efficiently.
- Allenwood owners enjoy one of the lowest monthly regime fees on the island and the neighborhood looks great.

Overall, Allenwood spend 38% less each year (\$95,992) while increasing reserves by \$53,991 and having a full time on site person for maintenance and other issues due to my actions as President of the board. I believe, and I hope all other owners do as well that this is a big win for the Allenwood community; excess funds in the hands of any HOA is wasteful, unfair, and an invitation to excess spending. As a non resident long term investor in Allenwood, both rental rates and tenant quality have dramatically increased and, since joining the board of

Allenwood, and I have personally had less than ten persons from the community complain of issues.

I came on the Allenwood Board in February of 2012 by virtue of my ownership interest in Cay Partners, LLC and LRS Group, LLC. Three of the duly elected Board members are owners of both Cay Partners and LRS. The other two Board members are Mike Prince and Stacy Keller. Allenwood has at all times had a functioning Board although some Board members are currently beyond terms as contemplated in the Bylaws. Since joining the Board two years ago my philosophy has been simple as stated;

- spend less and spend wisely, keep costs and fees down,
- Objective rules enforcement with limited fines -don't go crazy enforcing rules,
- Fairness and Impartiality

Recently a letter and petition which was drafted by Mr. Prince and Mr. Keller was circulated to a "select" group of Allenwood owners. This letter contained several material misstatements, allegations and misrepresentations which appear to be intended to damage my character and reputation as well as prevent some owners from voting in upcoming board elections. Anyone who has issues or questions regarding these matters can reach me anytime on my cell phone at 561 685 0678 and I will gladly and respectfully discuss the governance of the Allenwood HOA. However, for clarification, I will briefly address a few of the statement made in the letter and petition of Mr. Prince and Mr. Keller:

1. As of the date of this letter January 24, 2014 the LRS Groups HOA fees have been paid in full to the best of my knowledge.
2. The amount of these past due balances from the LRS Group was greatly exaggerated in the letter.
3. **Late fees were waived for the LRS Group, as they have been in the past for all other homeowners who have asked, by a vote of the board at which 4 of the 5 directors (including NON LRS Group directors) agreed to waive them for LRS and others.** This adjustment was finally reflected in the records in December and the arrearage was paid.
4. The members of the non LRS Group (Mike and Stacy) board were aware of and initially agreed with the delayed payments of LRS Group dues into the Associa account due to the anticipated movement of the accounts from Associa to another source such as TD Bank and the possible interruption of cash flows to pay the bills of the Allenwood HOA during this time.
5. The bylaws of the Allenwood HOA Section 1.4 speaks to the suspension of voting rights - stating that the Board "may suspend voting rights" in cases where HOA fees are in arrears. As the President of the board, I can speak to the fact that the Board since March 2013 has never suspended anyones voting rights and in accordance with the bylaws of Allenwood ALL owners are entitled to vote in any upcoming elections and until such time as a new duly elected board votes to suspend any owners voting rights this will continue

to be the case .

All board seats are up for election in the next few weeks, and pursuant to the Bylaws of Allenwood all current owners are entitled to vote. I can also assure all owners of Allenwood, that until the upcoming election for a new board, there will be not be any Board action to suspend any owner's voting right.

A HOA has a very broad scope of powers - unfortunately, as an investor in many properties which have an HOA I have seen the HOA powers abused to play favorites among neighbors, act as a club for a few, turn communities into "Condo Commandos" which interfere with private property rights, and unfortunately make deals with friends or associates. It is my strong belief that a HOA should have a very limited role - maintain the community facilities in excellent condition as economically as possible, enforce the rules in a neutral and gradual manner without turning into a police state, and maintain a fair and not excessive level of reserves to fund replacements for community facilities. Over the past two years I have personally spent several hundred hours hiring, provisioning and training two on site persons who have provided what I believe has been good service - i have had few criticisms. It is not my desire to oversee the daily maintenance of personnel - there should be a personnel and grounds committee and I welcome resident volunteers to help keep Allenwood looking as good as it does now.

As an off site owner with a long term view towards Allenwood it is my strong desire to see the community thrive. Contrary to representations made by others, **It is my desire to see the community have a board which consists of people living in the community who share a philosophy of a limited roles for a HOA.** Please step forward and give me a call at 561 685 0678 if you would like to be involved on the board and you will have my support.

Regards,

Steve Seefeld



Bank

America's Most Convenient Bank®

ALLEN WOOD OWNERS ASSOCIATION INC
11231 US HWY 1 UNIT 328
PALM BCH GARDENS FL 33408

350 / Business Savings Stmt 00004788222879

Statement Beginning Balance As Of: 03/31/2014

Plus	3	Deposits and Other Credits	\$0.00
Less	0	Checks and Other Debits	\$77,500.00
			\$0.00

Statement Balance As Of: 01/14/2014

\$77,500.00

Interest Rate As Of 01/14/2014:

0.050000

Transactions By Date

Date	Description	Debit	Credit	Balance
01/03/2014	DEPOSIT		\$25,000.00	\$25,000.00
01/07/2014	DEPOSIT		\$7,500.00	\$32,500.00
01/07/2014	DEPOSIT		\$45,000.00	\$77,500.00



Bank

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ALLEN WOOD OWNERS ASSOCIATION INC
11231 US HWY 1 UNIT 328
PALM BCH GARDENS FL 33408

717 / TD Bus Convenience Plus Ckg

4269186180

Statement Beginning Balance As Of: 2/1/2014

Plus	2	Deposits and Other Credits
Less	4	Checks and Other Debits

\$1,208.50

\$7,000.00

\$4,042.45

Statement Balance As Of: 02/10/2014

\$4,166.05

Transactions By Date

Date	Description	Debit	Credit	Balance
02/03/2014	VISA DDA PUR 449215 SMARTSIGN	\$179.89		\$1,028.61
02/04/2014	DEPOSIT		\$3,500.00	\$4,528.61
02/04/2014	VISA DDA PUR 449215 JOHN DEERE LANT	\$285.67		\$4,242.94
02/05/2014	DEPOSIT		\$3,500.00	\$7,742.94
02/05/2014	DEBIT	\$3,500.00		\$4,242.94
02/07/2014	VISA DDA PUR 475542 SIGN D SIGN	\$76.89		\$4,166.05

Sent 3/2014

Hello Neighbor,

On behalf of the new Home Owners Association Board, I would like to extend warm greetings to all Allenwood owners. A special thanks to everyone who participated in this year's election and to the previous Board for their service to our community. On behalf of the new board we would like to say that we are excited to have been chosen to serve and are looking forward to a very productive future together.

Your new HOA Board Officers are:

Fran Stevens – President - ftshhi@aol.com

Jeff Miller – Vice President

Merêdith Florencio – Vice President

Debra Reed – Treasurer

Jacque Talbot – Secretary

We love our neighborhood and truly feel that it's one of the greatest neighborhoods in the area. Allenwood has so much potential to be a premier community and that can only mean positive futures for all of us as homeowners. We are dedicated to the roles entrusted to us. As members of your new board, we are committed to working to improve communication, transparency and market value. Each member has new ideas and goals for the board and the community, but we also welcome any additional advice, opinions and yes criticisms that you have as well. **Make no mistake, this is YOUR association and YOUR community and it needs YOU to succeed.**

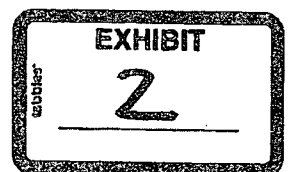
Please consider playing an important role in the future success of Allenwood and contacting us with any ideas, suggestions or areas of expertise that you feel could help us continue in moving forward! Most importantly you will be able to make a positive and direct impact on the future direction of your community and hopefully a positive impact on the value of your investment and your home. There are no limits to what we can do as a team!

Folks, it is important for us to be able to communicate with each and every owner as much as needed to keep you apprised of developments, meetings, concerns, etc. It is equally important to use the Association funds wisely. In lieu of using a postal service, it would be cost effective and in the communities best interest to use electronic communication. In this day and age, with smart phones, l-pads and computers, there really is no reason to spend money on envelopes and postage. If you agree, please send your current email address to Debbie (her email address is listed above). There are certain communiqué that has to be delivered via postal service as stipulated in the By-laws and that will continue and for those of you that prefer mail we will continue that communication for you.

Please feel free to contact any one of us; I have included our email addresses above.

Thank you, again, for choosing us to serve our community!

Sincerely,



Allenwood Homeowner Owners Association

Board of Directors:

- Meredith Florencio - Vice President
- Jeffrey Miller - co-Treasurer
- Debra Reed - Secretary
- Jacque Talbot - co-Treasurer
- Frances Stevens - President



May 30, 2014

Dear Allenwood Homeowner,

Now that we have been on the Board for approximately 90 days, we are excited to inform you of the improvements taking place in our community. . . ALL WITHOUT RAISING THE HOA FEES A DIME!

- The financials are much improved! The Allenwood reserve account now has a balance \$77,000 in comparison to the \$2000 as of the December 2013 financial statement.
- We were able to hire a new landscaping firm that will assist in getting the job done in one morning. (no roar of Paul's lawnmower engine 3 days a week).
- The lagoon is now being treated on a monthly basis.
- The parking lot has been resealed and striped. This was important to do for two reasons; the asphalt was deteriorating and the town made mention that our handicap parking space was not indicated due to fading.
- We have a 24/7 property manager Paul Thornton on duty in our community.
- The bridge decking will soon be re-stained and the railing replaced. (no more splinters)
- Both the men's and ladies pool rest rooms have been painted and new soap and hand towel dispensers will soon be installed.
- The wood rot on the Clubhouse front columns was replaced and the back columns are next to be addressed.
- Currently we are making minor adjustments around the lagoon.

***There are more improvements yet to come!**

At this point in time, only 90 of the 156 ownerships pay their fees faithfully. The loyal payers have to subsidize 66 ownerships of those that refuse to pay. Just imagine what our community would be like and the projects accomplished with the additional funds. Matter of fact, if **all** Allenwood owners paid their HOA fees on a monthly basis and dependably, **we could actually lower the cost of the monthly fees for everyone.**

We are in a much healthier state as of our 90 days on the board. The financials are finally to a point where Banks now look favorably at approving mortgages in our community. Prior to taking our seats on the board we were held hostage by those individuals not paying their fees at all. The debt to income ratio was so extensive that even if an individual buyer qualified for mortgage funding the HOA did not



and a potential buyer was denied a mortgage. We also found that cash buyers were reluctant to purchase because the appraisals of the properties were coming in lower than the selling price.

We are also very happy to report that several real estate agents and banks are impressed with the current balance in the HOA reserve account as well as the low regime fees and the fact that this community has a full time property manager. Matter of fact, a tenant was so impressed with the community under the new management that they purchased a dwelling in the neighborhood. Finally, the reputation of our wonderful community is now island wide as many folks have approached owners and the Property Manager inquiring if there were homes for sale.

Speaking of improvements – We are delighted to introduce the ARB Committee

From the ARB members which are currently composed of three homeowners:
Nick Gosdin, Brian Cosacci, and Jason Stevens

Greetings to all residents of Allenwood!

The Allenwood Community Architectural Review Board's (ARB) main basic goal is to make and keep Allenwood a wonderful, safe, and positive environment to live in, most importantly, to work and assist with all residents living in Allenwood in the fairest way possible in obtaining these goals. The purpose of the ARB is to evaluate the future building projects adhering to the community guidelines, and to identify areas of the neighborhood that may be in violation of the by-laws.

As one of the ARB members coming to you from a direct personal note my name is Nick Gosdin. I am honored as a family resident to be able to participate in the ARB committee, and currently serve as chairman. It is truly an exciting time to see how the new board is making things happen and getting people like me involved. Having an Engineering background both mechanically and architecturally, being involved in building construction, and past HOA president for four years at Cotton Point Circle HHI, has led me towards this position as an ARB member. Currently I am employed as a Mechanical Engineer at Maptech Packaging Inc. of Hilton Head for Modified Atmosphere Packaging style equipment. For me and my family we are happy living in such a nice community and give thanks to everyone who keeps a positive aesthetically pleasing look in Allenwood.

Sincerely Nick Gosdin

Both the Board and ARB Committee are excited to see so many homes and townhomes enhancing their curb appeal. What a difference a coat of paint on the shutters and doors makes. We are very impressed with the creative gardening/landscaping seen throughout the community. Keep up the good work, it's so nice to take a walk around and see the flowered balconies and different landscapes in front of the homes.

It is important to remember, we each have a mutual respect for our neighbors and our community. We ask that you consider each other with respect to maintaining your home/townhome and property from all directions: front/back yards and sides. We the Board volunteer numerous hours in guiding the community to a higher value and we are hoping you will join us in taking some time to take a look at your property to be sure it is maintained properly and esthetically curb appealing so as to enhance the value of the entire community. Remember it is the buying and selling of residences that raises the worth of each of our investments. And it takes the village working together and responsibly maintaining

their dwellings to raise the value. If you need help or have any questions please contact Paul the Property Manager pthornhhi@yahoo.com. He has made numerous contacts with service vendors and has obtained excellent group quotes for many services (power washing, painting, landscaping). We want to work with you to make any corrections so your property as well as all properties rises higher in value, NOT LOWER!

ARB BOARD

The new ARB board has assessed all dwellings and composed a list of items that need some attention. Please take a look at the list below to see if there are items on the list that apply to your home. We very much would appreciate your making the needed repair and thank you in advance for your time and effort.

THANK YOU MR. SATO

We want to extend a huge heartfelt thank you to Mr. Sato of 324 Ceasar Place. He graciously donated his expertise and applied spider control pesticide to the exterior of the clubhouse, in particular the mailbox area. Believe me, those spiders are not itsy, bitsy, and thanks to Mr. Sato, we don't have to worry about them attacking while fetching the mail.

VOLUNTEER - If anyone would like to volunteer a special skill or some time, we sure would appreciate it. Contact Paul and he will hook you up☺

LIST OF MAINTENANCE ISSUES FOR HOMES AND TOWNHOMES

- ☐ Paint faded shutters and doors. Please contact Paul for the vendor and paint color.
- ☐ Powerwash dwelling if dirt and mold exist. This applies to both the townhomes and homes.
- ☐ Irrigation must be operating.
- ☐ Shrubbery and trees must be pruned and dead branches removed.
- ☐ Grass must be maintained and or replaced so as to be lush and green.
- ☐ Grass must be mowed and edged at all times.
- ☐ Grass clippings must be removed from driveways, sidewalks and roads.

- ☐ Replace pine straw if bare spots and old.
- ☐ Patios, decks, porches and yards may only contain outdoor furniture and plants.
- ☐ Storage of any kind is not allowed anywhere where visible. NO storage on decks, patios, porches or yards.
- ☐ All pet waste must be picked up and not allowed to collect anywhere in the community, not even in private back yards. NO one wants to sit on their patio on a hot summer day smelling your pet's waste.
- ☐ Barbecue grills and fire pits must be stored in the lower patio and not used under a covered porch or patio.
- ☐ Garage doors must be completely closed and not cracked open.

As directed by the Board, the Property Manager has begun to contact the out of state owners to inform them of maintenance and landscaping issues pertaining to their dwelling that need attention. Please help us raise the value of our community and your home site and work with Paul to accomplish this. He will gladly email photos of your home and the particular issue to be addressed. Please remember –united we stand...divided we fail. Thank you in advance for your support in this matter.

Many owners have more than expressed concern and distress with the excessive dog waste throughout the community. We on the board all love dogs and 3 of the board members have dogs themselves. We all agree that this has been an ongoing issue in Allenwood and it is getting worse by the day. I have listed below 10 reasons why every dog owner must be responsible. Please read it. The ramifications from not picking up dog waste are very alarming. Please help us combat this unhealthy problem!!!

Currently, the cost of maintaining the dog stations is \$3000 per year for doggie bags and last year it cost a whopping \$17,000 to replace a small percentage of grass that was destroyed due to constant dog urination. Many non-dog owners have expressed the unfairness in having to subsidize the dog related product and services.

The Board members have been trying to figure out a way to combat the irresponsible owners who are not picking up their dog's waste. 1. We can try to engage and encourage each and every dog owner to be self-policing and pick up after their pets. 2. Utilize a new service available called "Dog DNA" that will identify the culprits by collecting the DNA of each and every dog in the community. If that does not work we will have to resort to a pet regime fee per month, per dog that will be used to replace the grass and supply the doggie bags. We are seriously hoping we can avoid the latter, so please, if you see someone not picking up after their dog remind them of the alternatives. We want to be decent with our approach to this situation and we certainly do not want to add a pet regime fee per dog. So, please, please help us out here and be proactive and clean up after your pet. It has been noticed by several owners that some children are not picking up after their pets. Please help your child understand the seriousness of the problem and teach them to clean up the waste.

We encourage the responsible dog owners to carry their phone with them while walking their dog and take a photo of those not picking up and forward the photo on to Paul the property manager. We will then deal directly with that irresponsible owner.

.....
Owners with tenants PLEASE stress the importance of being a responsible dog owner, the effects of dog waste in the community and environment and most importantly the consequences that may
.....

If you would like to be part of the solution in addressing the dog issues, avoiding pet regime fees and fines please contact Debbie or Jeff, two of the dog owners on the board. We welcome your ideas and suggestions. We look forward to your involvement and working together.

10 REASONS WHY EVERY DOG OWNER MUST BE RESPONSIBLE

1. It's the law

Just like littering, it's unlawful not to pick up after your dog - if you don't, you could be fined.

2. It's common courtesy

Cleaning up after your dog shows respect for your neighbors and community. Only irresponsible dog owners leave their dog's mess for other people to look at, step in or clean up.

3. Dog mess is unhealthy

Abandoned dog mess can host diseases and / or parasites which can infect other dogs that come into contact with it. It can also be transmitted to people who accidentally step in it and track it home. Particularly at risk, of course, are children who play on the ground. Disposing of dog mess immediately helps all dogs stay healthier and reduces feces-borne parasites and illnesses.

If your dog has diarrhea, and you cannot clean it up, you should not allow your dog to defecate in places where dogs or children may come in contact with it. If your dog has prolonged diarrhea (more than 2 days), you should take your pet to the vet.

All dogs should have a stool sample tested by a veterinarian every year. Vets often recommend that dogs who regularly go to places that are visited by many different dogs should have their stool tested twice a year.

4. Dog mess biodegrades slowly

Some people think it's fine to leave dog mess because it will break down naturally. However, the biodegrading process is very slow, and, especially in places where the dog population is high, abandoned dog mess can accumulate faster than it breaks down. In cold weather, dog mess freezes and, because it's then almost impossible to clean up, it will remain where you left it for several weeks to several months.

5. It's not fertilizer

In fact, dog mess impedes landscaping efforts - leaving it there encourages other dogs to mark that spot (by urinating over the previous dog's scent). Dog mess left on the grass contributes to the problem of 'nitrogen burn'.

6. Dog mess pollutes the water

Dog mess, like any feces, contains high levels of nutrients, like nitrogen and phosphorus, which actually pollute the water supply. Dog feces and urine contain relatively large amounts of nitrogen and phosphorus. These nutrients feed and stimulate the growth of algae in water bodies in much the same way as fertilizers help lawns to grow. This can cause the water body to become depleted in oxygen, making it less healthy for fish. Large levels of algae growth can impede the recreational and aesthetic value of water, too. Cleaning up after your dog is environmentally responsible. Please do not dispose of dog mess into drains.

7. Dog mess is unsightly

Everybody knows that. It's disgusting. Pick it up. We all deserve to live in a clean environment where we can be proud and walk along without worrying what we might step into.

8. Dog mess is among the top complaints about dogs

Most complaints about dogs involve people not cleaning up after their dogs. There are more complaints about dog mess than dog aggression, nuisance barking and unsupervised dogs.

People complain about dog mess in our parks, beaches, pavements and even neighbors' gardens.

9. Dog mess makes owners look bad

One of the worst things about dog mess is that it's bad for public relations. Dog mess is the number 1 reason for negative public sentiment against dogs. Every time you don't pick up after your dog, you are giving 1 more reason for others to dislike dogs and dog owners.

10. Your actions set an example for others

When you pick up after your dog, you are part of the solution. Your actions will help convey the message that it's the right thing to do. Many people even carry extra bags to offer to others as a subtle and neighborly hint that cleaning up after our dogs is what responsible dog owners do.

More and more people are taking it upon themselves to pick up 'orphaned' dog mess. These people are true ambassadors. You can set a good example, too. If you see orphaned dog mess, pick it up with one of those extra bags you're carrying. Your actions will encourage others to do the same, and soon this will be a non-issue, because everybody will simply pick up without giving it a second thought.

Please remember: The State of SC clearly states that it is unlawful in any county or municipality in South Carolina to allow a dog to run at large. The Board has received numerous complaints concerning owners allowing their dogs to roam. One of the Board member's dog was attacked by a dog roaming freely. What if it was a child!!! Here is the phone # for Animal Control 843-255-5010. Keep it handy, when you see a dog running freely dial the number immediately. Also, remember SC imposes a stiff fine of \$1062 if a dog is caught running at large.

The town of Hilton Head clearly states that a fine of \$1092 will be imposed for those who do not dispose of their pet's waste. We the Board want to avoid fines. There really is no need to go down this road if all dogowners were responsible. Please help us fight this fight.

PLEASE KEEP ALLENWOOD CLEAN

As always, we welcome any suggestions, ideas, comments or criticisms; please do not hesitate to contact the board with any concerns. We are trying our hardest to make cost effective and efficient improvements. So, if you have any thoughts please let us know. We would love to hear from you.

Also, please check out our website: www.allenwoodhiltonhead.com. It is a work in progress. Meredith Florencio has done a wonderful job re-creating the site. It will be used as a primary tool in communicating with the owners. Meredith continually adds new items and will keep you abreast of updates and any news associated with our community. Hopefully, if we all become accustomed to assessing and utilizing the site it will cut down on using costly postage. She has some new additions to the site up her sleeve that will make this communication tool very informative. Be sure to check it out.

The Allenwood Board of Directors wishes you a happy ☺ and safe summer.

Meredith Florencio - merah2006@yahoo.com

Jeff Miller - jeff.miller2@marriott.com

Debbie Reed - pieladyreed@gmail.com

Fran Stevens - ftshhi@aol.com

Jacque Talbot - jtalbot17@gmail.com

Communication with each and every owner is very important to this Board. We look forward to communicating with you on a quarterly basis and more so if necessary. It is equally important to be cost efficient and communicate via e-mail saving costly postage fees. Please send your email address to Debbie, we very much appreciate it. Thank you!

STATE OF SOUTH CAROLINA
14TH JUDICIAL CIRCUIT
COUNTY OF BEAUFORT
COURT OF COMMON PLEAS
CASE NUMBER 2014-CP-07-00968

ALLENWOOD OWNERS ASSOCIATION,
INC., ET AL

PLAINTIFFS

VERSUS

ORIGINAL

JANUARY 15, 2016

TRANSCRIPT OF HEARING

BEAUFORT, SOUTH CAROLINA

MIKE PRINCE, ET AL

DEFENDANTS

B E F O R E:

CARMEN T. MULLEN, JUDGE

WANDA H. ROWE, CVR-CM
OFFICIAL COURT REPORTER

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ON BEHALF OF PLAINTIFFS
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EXHIBITS

No exhibits were admitted.

1 BEGINNING 10:43 A.M.

2 BY THE COURT:

3 THE COURT: And then, I have all the Allenwood
4 cases, which I think you all are here. Give me an idea,
5 you all, how long that's going to take.

6 MS. MCGUIRE: Your Honor, Krista McGuire here for
7 defendants. I have several motions. I don't anticipate
8 they will take too long to argue. Mr. McCormick has a
9 motion to be relieved. It may depend on whether or not
10 he wants to move forward with that motion as to what
11 happens with the remainder of my motion.

12 MR. MCCORMICK: Your Honor, the motion to be
13 relieved has been mostly satisfied. I'm trying to get
14 one thing -- one more thing taken care of. And I would
15 ask -- it was added to the roster. I'd ask that it be
16 carried over, and I will most probably withdraw that
17 motion. But if you will not agree to carry it over, I
18 will withdraw it.

19 THE COURT: Okay. What I would like to do is,
20 we'll just go ahead and dismiss it with leave to re-
21 filed if you need to.

22 MR. MCCORMICK: Thank you, your Honor.

23 THE COURT: So, let's do that. Okay? And if that
24 will take care of that, that's helpful.

25 MR. MCCORMICK: And my response will be about three

1 minutes, your Honor.

2 THE COURT: Okay. All right. Well, I think, Ms.
3 McGuire, since you all are in your spot, if you all are
4 ready. Mr. Twombly, do you have anywhere you need to
5 be? Mr. McDaniel, Mr. Horton, are you all okay? You're
6 all?

7 MR. TWOMBLY: Yes, ma'am.

8 THE COURT: Okay. I appreciate it. Thank you.
9 Yes, sir.

10 OFF-THE-RECORD DISCUSSION.

11 PROCEED WITH HEARING.

12 THE COURT: Well, it looks like, Ms. McGuire, you
13 are up.

14 MS. MCGUIRE: Thank you, your Honor. Just by way
15 of introductory matters, I do have several members of
16 the Allenwood community here today, including the
17 current president, Fran Stevens.

18 Your Honor, we spent a lot of time together at a
19 hearing on August 4. I don't know if you need any
20 reminder of the facts of this case, so I'll spare you.

21 THE COURT: I don't.

22 MS. MCGUIRE: We're here today as a result of
23 numerous failures of Steven Seafeld, who purports to be
24 the plaintiff of Allenwood, to comply with not only the
25 rules of South Carolina court, but also with orders your

1 Honor entered. You may recall, the parties in this case
2 mediated in February of 2015. For that mediation, I had
3 client representatives present. They took off work.
4 These are volunteers in their community, who are having
5 to take their personal time to defend this litigation.
6 Mr. Seafeld failed to be physically present at that
7 mediation.

8 At August 4, we were all before you on various
9 motions, including motions to compel discovery from Mr.
10 Seafeld and other matters. During that hearing, the
11 parties, with your assistance, spoke at length about
12 scheduling. Your ultimate order from that hearing was
13 that we'd once again try mediation. Part of your order
14 included the thought that you would recommend some
15 mediators. We ultimately chose Mr. Tupper.

16 At the hearing, a transcript -- the transcript for
17 which is attached to my motion. Your Honor made clear
18 that Mr. Seafeld was the key player in this case and
19 that he needed to be physically present at any
20 mediation. I received a copy of the transcript from
21 that hearing, sent it to all counsel. Also, sent
22 correspondence informing counsel that your ruling was
23 that Mr. Seafeld be physically present as part of the
24 mediation scheduling.

25 Once again, my client representatives took time off

1 of work, traveled to Beaufort, got to the mediation, Mr.
2 Seafeld was not present. No explanation was provided to
3 us for his absence. And at that point, with the
4 involvement of Mr. Tupper, we made the decision not to
5 move forward with the mediation, because we did not feel
6 it would be productive with Mr. Seafeld once again not
7 being physically present.

8 As a result of Mr. Seafeld's failure to participate
9 in the mediation process, and his ultimate failure to
10 prosecute this case, you may note, on the roster I have
11 a motion to compel his deposition. He's failed to
12 present for deposition. He's failed to comply with
13 discovery rulings that you made on August 4. for all of
14 those reasons, we're asking that the Court dismiss
15 Plaintiff Allenwood's case for a lack of failure to
16 prosecute.

17 In addition, we would also seek to have the Court
18 hold Mr. Seafeld in contempt for violation of your order
19 to mediate, and by way of separate motion, we're also
20 seeking a ruling for contempt and sanctions for his
21 failure to cooperate with discovery and produce the
22 documents that you ordered be produced on August 4.

23 THE COURT: And attorney's fees, also?

24 MS. MCGUIRE: And attorney's fees. Any sanction
25 that your Honor would deem appropriate. Obviously,

1 we've paid mediator fees twice now, and my time spent in
2 preparing for the mediations and, ultimately, appearing
3 for the mediations.

4 THE COURT: Have you done any type of affidavit of
5 attorney's fees?

6 MS. MCGUIRE: I have not, but I'm happy to do so.

7 THE COURT: And also mediator fees. Okay.

8 MS. MCGUIRE: Sure.

9 THE COURT: Okay. All right. Well, why don't we
10 start with that motion. You never know, it might take
11 care of the whole case.

12 MR. MCCORMICK: Good morning, your Honor. Harvey
13 McCormick for the plaintiff.

14 THE COURT: Good morning.

15 MR. MCCORMICK: First of all, I'd like to note, I
16 became involved in this matter subsequent to the prior
17 August motion hearing. I was unaware of the order from
18 the Court -- or from the Bench, which required Mr.
19 Seafeld to appear in person. However, I understand he
20 should appear in person, and that was the plan. He was
21 unaware of that, as it was not included in the written
22 order. He was not made aware of that by either counsel,
23 and was not aware.

24 THE COURT: How do you explain him not showing up
25 for his deposition?

1 MR. MCCORMICK: Well, your Honor, -- for his
2 deposition? I was not there when it was initially
3 scheduled. I have no idea why he didn't schedule --
4 appear for that, but the second time it was scheduled --
5 the only time that I'm aware it was scheduled was a time
6 when I had a conflict, and I asked Ms. McGuire that we
7 continue it, and she agreed to do so.

8 My client will give you dates. I've got dates
9 right now where he's available for deposition. She
10 never contacted me subsequently to canceling that
11 deposition, which you agreed -- she agreed to cancel
12 while we were sitting at Judge Tupper's office. It was
13 for November 17, and I had a conflict on that day.

14 He is ready and willing to show up. He offered to
15 show up at this hearing. I told him it'd be
16 unnecessary. He does care about the case. It's very
17 important to him, and he will show up --

18 THE COURT: why did you tell him not to come to
19 this hearing? I mean, what --

20 MR. MCCORMICK: Your Honor, what good would it have
21 done for him to flown from Florida to Beaufort for this
22 hearing.

23 THE COURT: Well, it sounds like he hasn't come to
24 a deposition, nor to a mediation.

25 MR. MCCORMICK: Your Honor, and I'd like to address

1 that, as well. The mediation was scheduled for --

2 THE COURT: Just -- just -- I want to be clear
3 about something. I said he had to be there. Under the
4 mediation rules, under the ADR rules, he is a named
5 party. The rules are very clear that any named party --
6 and he is named personally -- is required to be at
7 mediation. So, regardless of whether it was in a
8 written order or not, it's in the ADR rules. He's
9 required to personally be here. So, again, that doesn't
10 excuse him because it wasn't in the written order. Go
11 ahead.

12 MR. MCCORMICK: If I may address it, your Honor.
13 What Ms. McGuire failed to tell you is that there were
14 no adjustors there either. We got emails two weeks
15 prior that there would be no adjustor present at the
16 hearing, and they were going to attend by telephone.
17 And I would like to add that we spent five hours at
18 Judge Tupper's office. My client was available by
19 telephone. Every time I called him, he picked up the
20 phone and was receptive. We had a very productive
21 settlement conference that lasted about five hours, as
22 you will see from the mediator's bill. And we are dang
23 close to settling this thing. And this is a case that
24 needs to be settled. There's no question about that.
25 And we have not filed a single motion. We have not

1 filed any discovery, because we feel that it is a
2 settleable case. We are, in good faith, trying to
3 settle it. He will be here whenever he is asked to be
4 here.

5 And again, if I'd have known that you would have
6 wanted here for this motion, I would have had him here.
7 He would have been glad to be here, and I can get him
8 here at your pleasure.

9 THE COURT: So, let me ask you, why did you have a
10 motion to be relieved?

11 MR. MCCORMICK: Um, --

12 THE COURT: I mean, are you having a problem with
13 your client, or, I mean, it can be nonpayment, it can be
14 a lot of things, but you have to bring it to the Court's
15 attention. You've got to get my leave. You've got to
16 tell me somehow. So, it was for nonpayment.

17 MR. MCCORMICK: Yes, ma'am.

18 MS. MCGUIRE: Your Honor, may I respond?

19 THE COURT: Sure.

20 MR. MCCORMICK: I have more. I mean, if you don't
21 mind. with regard -- let's see. And we also have asked
22 that the settlement conference reconvene, to which we
23 were met with a brick wall saying, no, we've got a
24 motion to dismiss. We'd like to reconvene the
25 settlement conference/mediation with Judge Tupper

1 present again. I feel that the settlement conference
2 that we had was very productive, and we got very close
3 to settling this case.

4 And with regard to the discovery request, I believe
5 the main issue in that is a meta data issue. And
6 honestly, I don't know what meta data is, and I'm
7 looking for guidance on that. And that's all I have.

8 THE COURT: You can Google what meta data is these
9 days on a computer.

10 MR. MCCORMICK: I have.

11 THE COURT: It's just the information behind every
12 email or any -- it's not difficult to learn, so, yes.

13 MS. MCGUIRE: Your Honor, I just feel compelled to
14 respond to --

15 THE COURT: Go ahead.

16 MS. MCGUIRE: -- what I consider to be
17 misrepresentations to the Court.

18 THE COURT: Okay.

19 MS. MCGUIRE: As a courtesy to Mr. McCormick, I did
20 not attach an email that I sent him on September 24 to
21 any of my motions, but in that email, I made clear,
22 because he was new counsel of record and wasn't present
23 at your hearing, that your ruling included physical
24 presence of Mr. Seafeld, and also sent him a transcript
25 from the hearing. Additionally, Mr. Seafeld is

1 represented by Mr. Shealy. Mr. Shealy was present at
2 the hearing, heard your oral ruling, and I don't think
3 there's any doubt that Mr. Seafeld should have been
4 present at the mediation.

5 With regard to discussion about any settlement
6 conference, as a courtesy to Mr. McCormick and Mr.
7 Shealy, and at the request of Mr. Tupper, I stayed at
8 the mediation that was adjourned because Mr. Seafeld was
9 not physically present, and allowed them to present
10 discussion and offers to me in attempt to have a
11 productive discussion among counsel. I never relayed
12 any offers to my clients. So, to say we were close to
13 settlement is just a complete misstatement and
14 misunderstanding of what happened that day.

15 Additionally, I sought permission for my adjustor
16 to be present remotely, and that permission was granted
17 by all counsel. Mr. Shealy's adjustor was also -- also
18 made a request to be present by telephone, and that
19 request was granted. This is not a case where adjustor
20 money is coming into play. We're talking about the
21 leadership of this community and so, it made sense for
22 our adjustors not to fly in from out of state, and Mr.
23 McCormick agreed to that request.

24 With regard to depositions, I have at least six
25 emails where I've made requests for dates. I've noticed

1 the deposition of Mr. Seafeld in his individual capacity
2 twice. I've noticed the 30(b)(6) of Allenwood three
3 times. I don't want there to be any confusion. None of
4 those have gone forward, because, each time, they've
5 been canceled or a requested the need for me to put them
6 over.

7 When I filed my motion to compel a deposition,
8 nobody gave me dates, even following the filing of my
9 motion. What I did receive was a letter from Mr.
10 McCormick suggesting that we participate in a third
11 mediation, and that, if the mediation wasn't successful,
12 he would produce his client for deposition. At that
13 point, there was no way we could entertain a third
14 mediation.

15 These poor people have taken off work two times
16 already. We did send a settlement proposal in writing,
17 to which we received no response. So, any thought that
18 this is a case that can be settled and should be
19 mediated again is simply without basis.

20 In terms of the order on discovery that you entered
21 on August 4, I think your order is clear. Numerous
22 things were ordered to be produced to us, including
23 answer to interrogatories and documents. Your order is
24 attached as Exhibit A to my motion to dismiss for
25 failure to prosecute. That order required production of

1 various information, including data information, but
2 that was not the sole matter at issue in your order.
3 All of that was to be produced within 30 days. On
4 December 8, having still not received the information, I
5 sent written correspondence to Mr. McCormick making
6 inquiry of the status of compliance with your order. I
7 received no response.

8 So, at this point, it is clear that Mr. Seafeld,
9 who purports to be a principal, or acts on behalf of the
10 plaintiff, is indifferent, if not defiant, to this
11 process. We've now been litigating for almost two
12 years. It just -- it's a waste of resources at this
13 point, and we would seek not only the sanctions, a
14 finding of contempt, but also, a dismissal of the case.

15 THE COURT: Do you need to respond?

16 MR. MCCORMICK: Your Honor, one other thing that I
17 left, it's my understanding -- I was not there during
18 the first mediation. It's my understanding that my
19 client had arranged private air transportation to the
20 mediation. However, weather prevented him from being
21 there. And so, that was not entirely his fault that he
22 was not there.

23 MS. MCGUIRE: We did ask -- I did ask for some
24 proof of the weather problems, because our search of the
25 weather records in Florida revealed that no flights were

1 grounded as a result of weather problems. We were not
2 provided any proof that there was, in fact, a weather
3 delay.

4 THE COURT: Okay. Anything else, Mr. McCormick,
5 you want to add?

6 MR. MCCORMICK: No, ma'am.

7 THE COURT: Mr. Shealy, anything you need to add?

8 MR. SHEALY: No, your Honor, just to remind the
9 Court -- forgive me; I'm recovering from a cold. Mr.
10 Seafeld and other individuals were named involuntarily
11 by the defendants.

12 THE COURT: Right.

13 MR. SHEALY: This case was brought in the name of
14 Allenwood Owners Association. All of these motions are
15 against the plaintiff, Allenwood Owners Association,
16 which is why I've not had any argument to make with
17 respect to that. And my role has been limited to
18 defending the counterclaims, which relate to declaratory
19 relief that the defendants seek.

20 THE COURT: Who makes up Allenwood Owners
21 Association? I mean, who are you dealing with, Mr.
22 McCormick?

23 MR. MCCORMICK: I'm dealing with Mr. Seafeld, your
24 Honor.

25 THE COURT: You are?

1 MS. MCGUIRE: And your Honor, of course, we take
2 the position that, as of March 2014, the defendants were
3 elected to the board. Just for your information,
4 they've twice been elected again. Not all of them have
5 run each of those times, but Ms. Stevens has been the
6 acting president since March 2014, and has twice been
7 elected, once in December, and once again recently.
8 Once December 2014.

9 THE COURT: And Ms. McGuire, additionally, you have
10 a motion to compel. Is it discovery pursuant to my
11 previous order? Is that --

12 MS. MCGUIRE: No, your Honor, that's separate
13 discovery that we served to which we never received
14 response. To the extent the case is not dismissed, we
15 are interested in the information. It does go to the
16 meta data information. You may recall, certain minutes
17 were produced in the case. We questioned their
18 authenticity to --

19 THE COURT: Right. You wanted to know who created
20 them and when they were created.

21 MS. MCGUIRE: Right.

22 THE COURT: Okay.

23 MS. MCGUIRE: And we just haven't received any
24 response to that discovery.

25 THE COURT: Which is the meta data.

1 MR. MCCORMICK: And your Honor, that may be
2 partially my fault, as I honestly thought this thing was
3 going to be settled. And again, we will comply with
4 whatever you see fit.

5 MS. MCGUIRE: One thing, your Honor, that may be
6 worth noting. To the extent the case is dismissed
7 either for lack of failure to prosecute or for any other
8 reason, I would think that my counterclaims would still
9 need to be heard on just the validity of the meetings.
10 Just so you're aware, there may still be issues that
11 survive a dismissal that would allow certainty to come
12 to the community.

13 THE COURT: Who's paying your bills, Ms. McGuire?

14 MS. MCGUIRE: There's coverage through a director's
15 and officer's policy.

16 THE COURT: Okay. Obviously, you're being covered.

17 MR. SHEALY: That's the -- it's the same --

18 THE COURT: Same policy, right.

19 MR. SHEALY: -- same policy.

20 THE COURT: Mr. Seafeld's paying you.

21 MR. MCCORMICK: Yes, ma'am.

22 THE COURT: So, that's what I have, is the
23 outstanding motions. I saw your motion to dismiss for
24 failure to prosecute; the motion to compel the
25 deposition, either the plaintiff or 30(b)(6), whoever it

1 is, is, I guess, what you're trying to say; and another
2 motion to compel a different discovery issue or it
3 sounds like the meta date; and then, your motion to
4 pursue a contempt kind of dovetails with that motion to
5 dismiss. Is that correct?

6 MS. MCGUIRE: That's correct, your Honor.

7 THE COURT: Okay. All right. I'm going to go
8 ahead and take just a very brief break. What I am going
9 to ask you all to do is sit back, wait on me, and then,
10 the next case that was up, I'm going to go ahead and
11 hear you.

12 OFF THE RECORD IN THIS CASE 10:53 A.M.

13 BACK ON THE RECORD IN THIS CASE 11:42 A.M.

14 THE COURT: Okay. Back to Allenwood. What I'm
15 going to do right now is this, -- quickly, I wanted to
16 ask. I'm sorry. What are the counterclaims that were
17 brought?

18 MS. MCGUIRE: Your Honor, the primary action
19 includes causes of action for declaratory relief as to
20 the validity of certain meetings.

21 THE COURT: Okay.

22 MS. MCGUIRE: In addition, the primary complaint
23 seeks personally causes of action against these people
24 personally for conspiracy, conversion, and I believe one
25 other, maybe -- maybe an accounting. In our

1 counterclaim, because the covenants allow for attorney's
2 fees, we simply mirrored the D.J. causes of action with
3 regard to the validity of meetings.

4 THE COURT: Okay.

5 MS. MCGUIRE: And I believe we added one additional
6 meeting that occurred during the life of the litigation.
7 A meeting that was held on December 6, 2014, we'd also
8 like a ruling as to the validity of that meeting. So,
9 our counterclaim is strictly on the validity of the
10 meetings.

11 MR. SHEALY: I completely agree with Ms. McGuire's
12 recitation.

13 THE COURT: What I think I'm going to do is this,
14 as to these motions, I'm going to take the first one
15 that I heard under advisement. I am going to ask you
16 both for proposed orders. And that may be dispositive
17 of the case, so we don't need to reach the other
18 motions. If that occurs, for which you're seeking in
19 your counterclaim, Ms. McGuire, that would simply be a
20 nonjury motion and a declaration, correct?

21 MS. MCGUIRE: Yes, and in fact, we discussed likely
22 filing cross-motions for summary judgment that would
23 allow the Court to decide on motions.

24 THE COURT: Okay, just on motions on memoranda?
25 That's how we'll do that, because we don't need a

1 hearing.

2 MR. SHEALY: In fact, some of this has been heard
3 -- has been argued more than once, so.

4 MS. MCGUIRE: It would be at your -- at your
5 discretion.

6 THE COURT: As much as I enjoy all three of you
7 here, again, I would suggest that, if we're at that
8 point, I would just have you do a memorandum, because I
9 don't want it to keep going.

10 MS. MCGUIRE: Okay.

11 MR. SHEALY: Yes, your Honor.

12 THE COURT: Okay. If that's where we get to.
13 Okay. Ten days for briefs? Okay?

14 MR. MCCORMICK: Thank you, your Honor.

15 THE COURT: All right. Thank you. Forward them to
16 Leigh Ellen. And for the rest of them, we're just going
17 to hold the rest of the motions in abeyance. And based
18 on whatever that order is, then, we'll speak about when
19 we're going to be able to do the rest of it. Okay?

20 MS. MCGUIRE: Thank you, your Honor.

21 THE COURT: Thank you.

22 MR. SHEALY: Thank you, your Honor.

END PROCEEDING 11:44 A.M.

CERTIFICATE OF REPORTER

JANUARY 15, 2016 TRANSCRIPT OF HEARING

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

I, Wanda H. Rowe, Official Court Reporter for the State of South Carolina, do hereby certify that the foregoing January 15, 2016 Transcript of Hearing is a true, accurate, and complete record of the proceedings had on said date, in the case of Allenwood Owners Association, Inc., et al, versus Mike Prince, et al, Beaufort County, Court of Common Pleas, Case Number 2014-CP-07-00968; that no exhibits were admitted; that I am of neither kin, counsel, nor interest to any party hereto.

THIS CERTIFICATE OF REPORTER CONTAINS MY ORIGINAL SIGNATURE AND IS ATTACHED TO THE ORIGINAL OF THIS TRANSCRIPT REQUESTED BY HON. BONUM S. WILSON III. PURSUANT TO SCACR 607, REQUESTS FOR COPIES OF THIS TRANSCRIPT MUST BE MADE TO THE COURT REPORTER. UNAUTHORIZED COPYING/EMAILING IS PROHIBITED.

Witness my signature July 11, 2016.


Wanda H. Rowe, CRR-CM
Official Court Reporter

ORIGINAL

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

IN THE COURT OF COMMON PLEAS

CIVIL ACTION NO. 14-CP07-00968

Allenwood Owners Association, Inc., and
Stephen Seefeld, John Kovitch, Yvette Smith,
Everett Butler, and Amanda Johansson, in
their official capacities as the members of the
Allenwood Owners Association, Inc., Board
of Directors,

Plaintiffs,

vs.

Mike Prince, Stacy Keller, Jeff Miller, Debra
Reed, Fran Stevens, Meredith Florencio, and
Jacques Talbot,

Defendant.

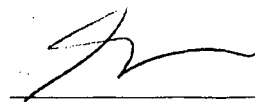
**MOTION TO ALTER OR AMEND
JUDGMENT**

FILED 18 FEB 18 PM 11:52
CLERK OF COURT
BEAUFORT, S.C.

TO: KRISTA MCGUIRE, ESQUIRE, ATTORNEY FOR THE DEFENDANTS:

YOU WILL PLEASE TAKE NOTICE that the Plaintiff, Allenwood Owners Association, Inc., by and through its undersigned attorneys, will move before the Honorable Carmen T. Mullen, Judge of Court of Common Pleas for the Fourteenth Judicial Circuit, on the tenth (10th) day of service hereof, or as soon thereafter as counsel may be heard, for:

Relief from, alteration to, or amendment of the Court's Order dated February 10, 2016 dismissing the Complaint of the Plaintiffs. This motion is based on Rule 59(e) S.C.R.C.P. and all controlling statutory and case law of the State of South Carolina.



HARVEY W. MCCORMICK, III

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(843) 525-0004

Attorneys for Allenwood Owners Association, Inc.

Beaufort, South Carolina
February 18, 2016

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

IN THE COURT OF COMMON PLEAS
CIVIL ACTION NO. 14-CP07-00968

Allenwood Owners Association, Inc., and
Stephen Seefeld, John Kovitch, Yvette Smith,
Everett Butler, and Amanda Johansson, in
their official capacities as the members of the
Allenwood Owners Association, Inc., Board
of Directors,

Plaintiffs,

vs.

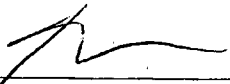
Mike Prince, Stacy Keller, Jeff Miller, Debra
Reed, Fran Stevens, Meredith Florencio, and
Jacques Talbot,

Defendant.

AFFIRMATION

2016 FEB 18 AM 11:52

Counsel for the Defendant hereby affirms that he consulted with opposing counsel and attempted in good faith to resolve the matter contained in the motion or counsel for the Defendant affirms that such consultation would serve no useful purpose or could not be timely held pursuant to Rule 11(a) of the South Carolina Rules of Civil Procedure.



Harvey W. McCormick, III

Beaufort, South Carolina
February 18, 2016

STATE OF SOUTH CAROLINA

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

2015 NOV 23 PM 3:29

COUNTY OF BEAUFORT

JERRI ANN ROSENBAU
BEAUFORT COUNTY, S.C.
CLERK OF COURT

ALLENWOOD OWNERS ASSOCIATION, INC.,

STEPHEN SEEFELD, JOHN

KOVITCH, YVETTE SMITH, EVERETT

BUTLER, AND AMANDA JOHANSSON,

Plaintiffs,

vs.

MIKE PRINCE; STACY KELLER; JEFF

MILLER; DEBRA REED; FRAN STEVENS;

MEREDITH FLORENCIO; AND JACQUES

TALBOT,

Defendants.

C/A No.: 2014-CP-07-00968

**MOTION TO DISMISS FOR FAILURE TO
PROSECUTE, MOTION FOR SANCTIONS
AGAINST STEPHEN SEEFELD, AND
PETITION FOR RULE TO SHOW CAUSE**

Defendants, Mike Prince, Stacy Keller, Jeff Miller, Debra Reed, Fran Stevens, and Meredith Florencio (collectively "Defendants"), pursuant to Rule 41 of the South Carolina Rules of Civil Procedure, Rules 6 and 10 of the South Carolina Court-Annexed Alternative Dispute Resolution (ADR) Rules, and the Court's inherent power to punish contempt, through undersigned counsel, hereby move the Court to dismiss the claims asserted herein by the plaintiff, the entity purporting to be the Allenwood Owners Association, Inc. ("Plaintiff"), sanction Stephen Seefeld ("Seefeld") as Plaintiff's purported President and representative, and issue a rule to show cause as to why Seefeld should not be held in contempt of court.

On August 4, 2015, this case came before the Court for a hearing on several motions, and as part of her ruling, the Honorable Carmen Mullin ordered the parties to promptly mediate the case with a mediator of her choosing. At that hearing, Judge Mullin ordered Seefeld to be

physically present for mediation.¹ On October 13, 2015, Judge Mullin entered a written Order, attached hereto as Exhibit A, providing: "I hereby Order the parties in this case to participate in a mediation as soon as practicable." The parties scheduled mediation with Ned Tupper, Esq., for November 11, 2015, but Plaintiff's representative, Seefeld, without explanation, disobeyed the Order of this Court by not appearing for the mediation, and as a result, the parties were unable to mediate. This is the *second* time Seefeld did not appear in person for mediation.² The parties previously voluntarily agreed to mediate the case on February 27, 2015, and Seefeld, with no advance notice, did not appear in person for that mediation.³

Defendants submit that Seefeld has failed to prosecute the claims he purports to bring on behalf of Plaintiff, disobeyed the Order of this Court, exhibited indifference to the rulings of this Court and Defendants' rights, subjected this Court and Defendants to wasteful expenditures of time and resources, and unreasonably delayed the resolution of this action through his disobedience and dilatory acts.⁴ Defendants further submit that this Court should dismiss Plaintiff's claims for failure to prosecute and as a sanction, sanction Seefeld personally through an award for Defendants of their attorneys' fees, neutral's fees, and expenses attendant to both mediations, and issue a rule to show cause as to why Seefeld should not be held in contempt.

¹ The Court stated in regard to mediation "I can tell you, Mr. Seefeld needs to be here. He's the player, he needs to be here. He seems to be the one to have the greatest interest in it . . . And, of course, I'm going to order that he be here." See pp. 82-83, Transcript of Motion Hearing, attached hereto as Exhibit B.

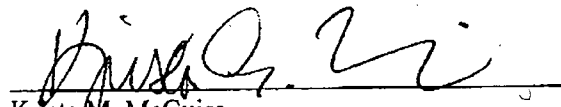
² Defendants have personally appeared at both mediations through representatives. Defendants Fran Stevens, Jacque Talbot and Mike Prince personally attended the first mediation on behalf of and with full authority of all Defendants. In so doing, Ms. Stevens and Mr. Prince took the day off of work and all representatives traveled from Hilton Head to Charleston. Fran Stevens and Jacque Talbot personally attended the second mediation on behalf of and with full authority of all Defendants. Ms. Stevens again took the day off of work and she and Mr. Talbot traveled from Hilton Head to Beaufort for the mediation.

³ Defendants also have a pending Motion for Sanctions against Seefeld related to his disclosure of confidential communications made at the February 27 mediation. The Court held the Motion for Sanctions in abeyance pending the outcome of the November 11 mediation, and Defendants renew that Motion for Sanctions.

⁴ Seefeld has also failed to cooperate in the scheduling of his deposition in his individual capacity and in his purported capacity as the 30(b)(6) corporate representative for Allenwood. As a result, Defendants have on this same date filed a Motion to Compel Deposition, in the event that the Court does not dismiss this case for Plaintiff's failure to prosecute.

WHEREFORE, Defendants respectfully request that this Court dismiss Plaintiff's claims, order Plaintiff to pay Defendants' attorneys' fees, neutral's fees, and expenses for both the February 27, 2015, and November 11, 2015 mediations, and issue a rule to show cause.

Respectfully submitted,



Krista M. McGuire
F. Elliotte Quinn IV
PARKER POE ADAMS & BERNSTEIN LLP
200 Meeting Street, Suite 301
Charleston, SC 29401
Phone: 843-727-2650
Fax: 843-727-2680

ATTORNEYS FOR DEFENDANTS MIKE PRINCE;
STACY KELLER; JEFF MILLER; DEBRA REED;
FRAN STEVENS; AND MEREDITH FLORENCIO

November 19, 2015

Charleston, South Carolina

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

ALLENWOOD OWNERS ASSOCIATION,)
INC., STEPHEN SEEFELD, JOHN)
KOVITCH, YVETTE SMITH, EVERETT)
BUTLER, AND AMANDA JOHANSSON,)

Plaintiffs,)

vs.)

MIKE PRINCE; STACY KELLER; JEFF)
MILLER; DEBRA REED; FRAN STEVENS;)
MEREDITH FLORENCIO; AND JACQUES)
TALBOT,)

Defendants.

IN THE COURT OF COMMON PLEAS

FOURTEENTH JUDICIAL CIRCUIT

C/A No. 2014-CP-07-00968

**MOTION TO COMPEL 30(b)(6)
DEPOSITION OF PLAINTIFF AND
DEPOSITION OF PURPORTED
PRESIDENT OF PLAINTIFF
STEPHEN SEEFELD**

2015 MAR 23 PM 3:30

TO: HARVEY W. MCCORMICK, III, ATTORNEY FOR PLAINTIFF ALLENWOOD OWNERS ASSOCIATION, INC.

Defendants Mike Prince, Stacy Keller, Jeff Miller, Debra Reed, Fran Stevens, and Meredith Florencio, by and through their undersigned counsel, pursuant to Rule 37, SCRPC, file this Motion to Compel the 30(b)(6) Deposition of Plaintiff Allenwood Owners Association, Inc. ("Plaintiff") and the deposition of its purported President, Stephen Seefeld ("Seefeld").

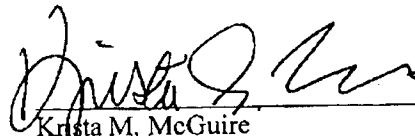
The grounds for this Motion are that Defendants have duly noticed the 30(b)(6) deposition of Plaintiff on three separate occasions (beginning in March 2015) and the deposition of Seefeld on two occasions. (See Notices attached hereto as Exhibit A.) Plaintiff has not agreed to attend on any of the dates noticed and has failed to provide convenient alternative dates as requested. Following a hearing in this case on August 4, 2015, during which, among other things, scheduling matters were discussed, counsel for Defendants began again requesting deposition dates and has done so at least six times in writing. (See Emails requesting deposition dates, attached hereto as Exhibit B.) To date, Plaintiff has not provided any dates. Because

PPAB 3000225v1

Plaintiff and its purported President, Seefeld, have failed to cooperate in the scheduling of depositions, Defendants respectfully request that this Court compel Plaintiff to produce a 30(b)(6) witness for deposition and that Seefeld appear for deposition in Beaufort County, South Carolina, as soon as practicable but not later than thirty (30) days or, in the alternative, preclude any testimony by Plaintiff or Seefeld at the trial of this case, and award sanctions against Plaintiff and the costs and fees associated with Plaintiff's refusal to appear for deposition and the filing of this Motion.

Pursuant to Rule 11, SCRCP, the undersigned, as counsel for Defendants, hereby affirms that conferring on this issue would be futile in light of previous attempts made.

Respectfully submitted,



Krista M. McGuire

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Telephone: (843) 727-2650

Facsimile: (843) 727-2680

Attorneys for Defendants Mike Prince, Stacy Keller, Jeff Miller, Debra Reed, Fran Stevens and Meredith Florencio

November 19, 2015

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

ALLENWOOD OWNERS ASSOCIATION,)
INC., STEPHEN SEEFELD, JOHN KOVITCH,)
YVETTE SMITH, EVERETT BUTLER, AND)
AMANDA JOHANSSON,)

Plaintiffs,)

vs.)

MIKE PRINCE, STACY KELLER, JEFF)
MILLER, DEBRA REED, FRAN STEVENS,)
MEREDITH FLORENCIO, AND JACQUES)
TALBOT,)

Defendants.)

IN THE COURT OF COMMON PLEAS

CASE NO.: 2014-CP-07-00968

MOTION TO COMPEL

2015 DEC 23 PM 2:20
JEROME ALPHONSEAU
CLERK OF COURT
BEAUFORT COUNTY, S.C.

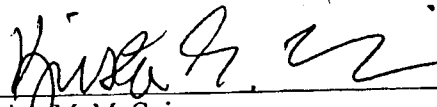
Defendants Mike Prince, Stacy Keller, Jeff Miller, Debra Reed, Fran Stevens, and Meredith Florencio (herein collectively referred to as "Defendants"), hereby move the Court, pursuant to Rule 37, SCRCP, for an Order compelling Plaintiff Allenwood Owners Association, Inc. ("Plaintiff") to provide responses to Defendants' Third Set of Interrogatories to Plaintiff Allenwood Owners Association, Inc. (the "Third Set of Interrogatories").

A copy of the Third Set of Interrogatories is attached hereto as Exhibit "A". Plaintiff has not answered the Third Set of Interrogatories as set forth in the attached letters to counsel for Plaintiff attached hereto as Exhibit "B".

As required by Rule 11(a) of the South Carolina Rules of Civil Procedure, the undersigned counsel communicated with opposing counsel and attempted in good faith to resolve the matter contained within this motion.

This Motion is based upon the pleadings, discovery and other documents filed with the Court, the applicable law, and such other materials as may be served upon you before or at the hearing of the Motion.

Respectfully submitted,



Krista M. McGuire
F. Elhotté Quinn IV
PARKER POE ADAMS & BERNSTEIN LLP
200 Meeting Street, Suite 301
Charleston, SC 29401
Phone: (843) 727-2650

*Attorneys for Defendants Mike Prince, Stacy
Keller, Jeff Miller, Debra Reed, Fran
Stevens and Meredith Florencio*

December 13, 2015

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March 2, 2015

Honorable Jerri Ann Roseneau
Beaufort County Clerk of Court
PO Box 1128
Beaufort, SC 29901-1128

Re: Allenwood Owners Association, Inc. v. Mike Prince, et al.
Docket No. 2014-CP-07-968
My File No. MA15-069

Dear Ms. Roseneau:

Enclosed please find the Proof of ADR in the above-referenced matter for filing with your office.

By copy to the attorneys, I am forwarding them this letter and a copy of the Proof of ADR.

Yours very truly,

A handwritten signature in black ink, appearing to be 'KAF', written over a horizontal line.

Karl A. Folkens

KAF/ngf

Enclosures (as stated)

cc: Kirby D. Shealy, III, Esq.
Krista M. McGuife, Esq.
F. Elliotte Quinn, IV, Esq.

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

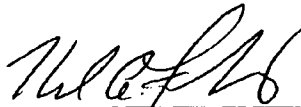
CIRCUIT COURT

ALLENWOOD OWNERS ASSOCIATION, INC. V. MIKE PRINCE, ET AL.

DOCKET NUMBER 2014-CP-07-968

PROOF OF ADR

1. Alternative Dispute Resolution (ADR) was conducted in the form of: **Mediation.**
2. The neutral was: **Karl A. Folkens.**
3. The ADR was conducted on **February 27, 2015.**
4. As a result of ADR, this case should be considered (please check one):
- _____ Fully Settled by Consent Judgment or a Voluntary Dismissal to be filed by the parties.
- _____ Partially Settled, with agreement of the parties on the following issues:
- X At an impasse.
- _____ In need of further ADR. I ___ am / ___ am not willing to mediate this case further. I recommend that ADR resume as of:
- _____ Continued to (Date):
5. Plaintiff _____ was/ X was not present.
Defendants X were/ _____ were not present (through representatives).
6. Other participants were:
- X Lawyer for Plaintiff: Kirby D. Shealy, III, Esq.
- X Lawyers for Defendants: Krista M. McGuire, Esq. & F. Elliott Quinn, IV, Esq.
- _____ Representative for insurance carrier:
- _____ Guardian ad Litem:
- _____ Experts:
- _____ Others:
7. Choice of the mediator was by:
- X Stipulation
- _____ Court Order
8. The total number of hours spent in ADR was: **6.5 hours, plus travel time.**
9. Further comments of the neutral: *Necessary parties were not able to physically attend. Stephen Seefield and his Florida counsel participated by phone.*

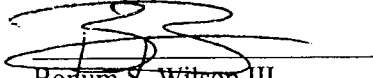

KARL A. FOLKENS, Mediator
P. O. Box 6139, Florence, SC 29502-6139
(843) 665-0100; FAX (843) 665-0500

March 2, 2015

MA15-069

Certificate of Counsel

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



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Attorneys for Appellant

December 28, 2016