

22747

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM BEAUFORT COUNTY
Court of Common Pleas

The Honorable Marvin H. Dukes, III
Beaufort County Master-In-Equity

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SC Court of Appeals

Case No.: 2011-CP-07-02497

Appellate Case No.: 2015-001568

Quartermaster at Broad Creek Landing
Owner's Association, Inc.....Appellant,

vs.

Broad Creek Landing Horizontal Property Regime,.....Respondent.

RECORD ON APPEAL

VOLUME II

September 1, 2016

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INDEX

VOLUME II

Plaintiff's Exhibits:

Exhibit #1: Letter from Broad Creek Landing Property Manager, Ryan P. Gumlock to owners (undated)	227
Exhibit #2: Diagram Quartermaster Condominium Units	228
Exhibit #3: Notebook prepared by Charles Vienne.....	229
Exhibit #7: Deposition of Thomas Arthur Waters dated August 15, 2012.....	230

Defendant's Exhibits:

Exhibit #1: Broad Creek Landing/Quartermaster Detailed Financial Documents & Quartermaster Fee per Reciprocal.....	314
Exhibit #2: Assessment Formula.....	345

Joint Exhibits:

Exhibit #1: Reciprocal Easement Agreement and Amenity Use Agreement dated December 20, 1990 and Amended Reciprocal Easement Agreement dated May 28, 1993.....	346
Exhibit #2: Secretary of State Report dated May 26, 2013 showing Respondent's dissolution.....	383
Exhibit #3: Secretary of State Report dated June 24, 2011 showing Appellant's dissolution.....	384
Exhibit #4: Articles of Incorporation of Quartermaster at Broad Creek Landing Owners Association, Inc. filed on May 16, 2013.....	385

Miscellaneous Exhibits:

Declaration of Dissolution by Forfeiture of Broad Creek Landing Horizontal Property Regime dated August 31, 1990	388
Application for Reinstatement of Corporation Dissolved by Administrative Action for Broad Creek Landing Horizontal Property Regime dated January 7, 1991	389
Declaration of Dissolution by Forfeiture of Quartermaster at Broad Creek Landing Owners Association, Inc. dated December 28, 1998.....	390
Affidavit of Ron Fenstermaker with attached exhibit "How our Quartermaster Fee is calculated" dated May 2, 2013:.....	391

Certificate of Counsel.....	394
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BCL-2002

Dear New Owner:

Congratulations on the purchase of your townhome or lot at Quartermaster!! IMC Resort Services, LLC is the regime management company for Broad Creek Landing, HPR. We are available to you for any regime questions or concerns you may have.

Briefly, we will detail what falls under the responsibility of the regime for maintaining your lot or townhouse:

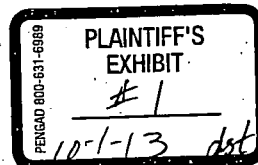
- * ♦ All common areas – pools, pool houses, roadways, common grounds, common area lighting, tennis courts, and playground.
- ♦ Garbage removal up and recycling is paid for in your monthly regime fee. Garbage is picked up on **Tuesdays and Fridays**. There is a recycling area behind the Forest Cove pool and it is picked up on an as needed basis.
- ♦ Monthly exterminating service is paid for in your monthly regime fee as well. The exterior of your unit is sprayed every month, while the interiors are sprayed bimonthly, following the enclosed schedule. You will need to provide a key to your townhome at the on-site office of Broad Creek Landing to insure service.

The Quartermaster documents are enclosed in this package for your review. The regime fees are due on the first day of the month and are considered late after the 10th day of the month. Once the fiscal year ends, July 1 to June 30, you will receive a new coupon booklet for your monthly regime payments.

Please feel free to contact our on-site office with any questions or concerns you may have at (843) 842-6010. We are happy to serve you and are glad to be of assistance.

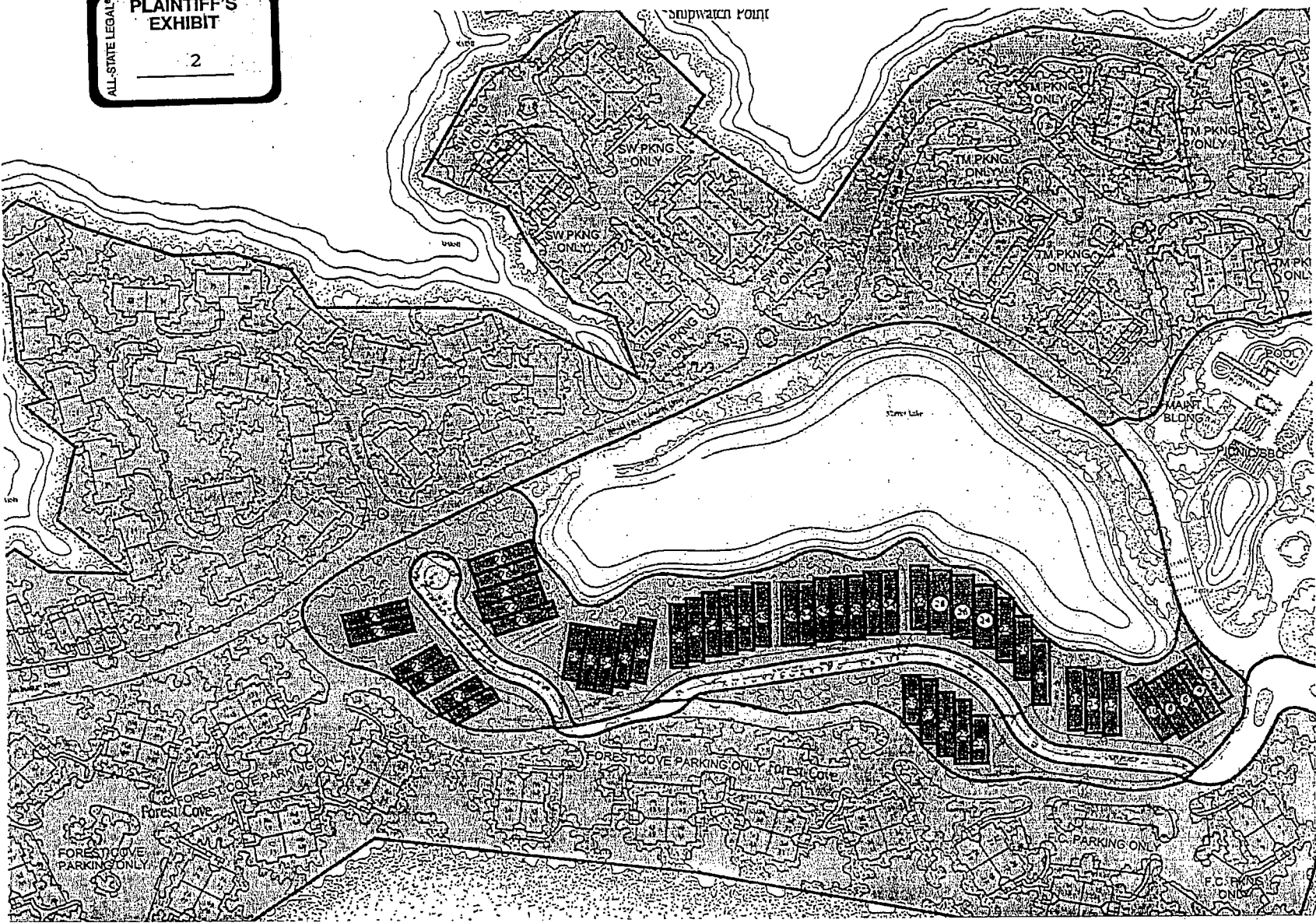
Sincerely,

Ryan P. Gumlock
Property Manager
Broad Creek Landing



Point Comfort Road, Hilton Head Island, SC 29928 (843) 842-6010 • fax (843) 842-7460

ALL-STATE LEGAL
**PLAINTIFF'S
EXHIBIT**
2



APPELLATE CASE NO.: 2015-001568

RECORD ON APPEAL

PLAINTIFF'S EXHIBIT #3

NOTEBOOK PREPARED BY

CHARLES E. VIENNE

(NOTEBOOK HAS BEEN SUBMITTED

AS A SEPARATE ATTACHMENT

IN ACCORDANCE WITH SCACR 210(f)



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IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT
STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

QUARTERMASTER AT BROAD CREEK LANDING
OWNERS ASSOCIATION, INC.,

Plaintiff,

vs.

CIVIL ACTION NUMBER
2011-CP-07-2497

BROAD CREEK LANDING
HORIZONTAL PROPERTY REGIME,

Defendant.

COPY

-----/

The deposition of THOMAS ARTHUR WATERS,
III, a witness in the above-entitled cause,
taken pursuant to Notice and agreement, before
Kyle J. Saniga, Certified Court Reporter and
Notary Public, at the Law Offices of Finger &
Fraser, P.A., 35 Hospital Center Common, Suite
200, Hilton Head, South Carolina, on the 15th
day of August 2012, commencing at or about the
hour of 1:50 p.m.

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I N D E X

	<u>PAGE</u>
EXHIBIT INDEX	3
OPENING REMARKS AND STIPULATIONS	4
DIRECT EXAMINATION:	
By Mr. Finger	4
CROSS-EXAMINATION:	
By Ms. Hawk	70
REDIRECT EXAMINATION:	
By Mr. Finger	74
RE-CROSS-EXAMINATION:	
By Ms. Hawk	77
CERTIFICATE	80

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DOCUMENTARY EVIDENCE

<u>NUMBER</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
PX-1	Formula	27
PX-2	Broad Creek Landing Approved Budget 7/1/04-6/3/05	63

1 FINGER - WATERS (DIRECT EXAMINATION)

2 THOMAS ARTHUR WATERS, III,

3 having been produced and first duly sworn as a

4 witness, testified as follows:

5 DIRECT EXAMINATION

6 BY MR. FINGER:

7 Q Sir, could you state your full name for
8 the record.

9 A Full name?

10 Q Yeah.

11 A Thomas Arthur Waters the III.

12 Q Mr. Waters, my name is Terry Finger.

13 We met just a moment ago. I'm representing the
14 plaintiffs in this matter. Have you had your
15 deposition taken before?

16 A One other time years ago.

17 Q Okay.

18 A It was a federal issue but --

19 Q Okay.

20 A So this is a little different.

21 Q Under our Circuit Court rules the rules
22 require me to tell you that if you don't
23 understand one of my questions or if I've
24 confused you or something like that you must ask
25 me to clarify it as opposed to your counsel.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Okay?

3 A Okay, that is very good.

4 Q Could you very briefly -- let's do some
5 background questions.

6 A Sure.

7 Q What is your date of birth, please,
8 sir.

9 A November 6th 1951.

10 Q And your current address?

11 A 31 Shipwatch Point, Hilton Head Island,
12 29928.

13 Q And that's in Broad Creek?

14 A That's in Broad Creek, yes.

15 Q How long have you lived there?

16 A About 12 years.

17 Q How long have you been here in Beaufort
18 County?

19 A 14 years.

20 Q Okay. Where did you move in from?

21 A Old South Apartments.

22 Q Okay. And before you got to Old South
23 Apartments, where were you living?

24 A Sarasota, Florida.

25 Q Are you a Florida native?

1 FINGER - WATERS (DIRECT EXAMINATION)

2 A No, I'm a Georgia boy.

3 Q Okay.

4 (Whereupon, an off-the-record
5 discussion was held.)

6 BY MR. FINGER:

7 Q Back on the record. Just very briefly,
8 your educational background, where you went to
9 high school, any post high school, etc.

10 A Okay. Background; Cochran High,
11 Cochran Elementary, which is Middle Georgia, by
12 the way, Middle Georgia College then about a six
13 year hiatus in high-rise structure steel iron
14 worker then back to school at Georgia Tech. And
15 then after three quarters I realized I may have
16 been a little bit over my head, academically,
17 and transferred to Southern Tech, Southern
18 Technical Institute, which is a branch or a
19 division of Georgia Tech and worked my way
20 through college as a maintenance man in
21 apartment complex. When I got out of school I
22 was making more money as a district supervisor
23 with a management company as a maintenance
24 supervisor than I would have that little piece
25 of paper I got from school and spent the next

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 18 years either in maintenance or sales, direct
3 construction or maintenance-related in sales,
4 supplies, things like that.

5 Q And could --

6 A That's when I was in Florida.

7 Q Okay.

8 A At that time and after a divorce of 18
9 years regrouped, came to Hilton Head and started
10 a company, pool company.

11 Q Okay. What's the name of your pool
12 company?

13 A Plantation Pool Services.

14 Q Our last witness, Mr. Fenstermaker, was
15 referring to as PPS. That's one in the same?

16 A Yeah, abbreviations.

17 Q Okay.

18 A Plantation -- PPS, Plantation Pool
19 Services.

20 Q And is that a South Carolina
21 corporation?

22 A LLC.

23 Q LLC, okay. And are you the sole
24 member?

25 A No, my brother-in-law is my partner.

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Okay. How is your membership split up,
3 proportionally? Is it 50/50 or what is it?

4 A I'm 50, he's 45 and my sister and his
5 wife is five percent.

6 Q Your sister and her husband?

7 A Her -- I said -- my brother-in-law's my
8 partner.

9 Q Right.

10 A And my sister has five percent, his
11 wife.

12 Q I'm with you, okay. I was confused
13 there for a second.

14 A I may not be explaining -- I didn't
15 explain that properly.

16 Q What is your brother-in-law's name?

17 A John Holmes.

18 Q And your sister's name?

19 A Mary Emma Holmes.

20 Q And do they live here in Hilton Head?

21 A They live here in Hilton Head.

22 Q Whereabouts?

23 A In Hilton Head Plantation.

24 Q Okay. And has your brother-in-law been
25 involved with PPS since the beginning?

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A It was -- yes, it was a co -- he's the
3 -- being counted spreadsheet guy, I'm the dirty
4 nails operations end.

5 Q Okay.

6 A Which compliments each other.

7 Q Got ya. How did you get into pool --
8 what got you into the pool business? Didn't
9 sound like I heard any pool experience when you
10 got here.

11 A When you're maintenance supervisor over
12 a 1,800 unit property and you have five swimming
13 pools --

14 Q Okay.

15 A -- that's where I became state,
16 Georgia, and then nationally certified for pool
17 operations and maintenance and then when I got
18 out of the maintenance end, went into sales we
19 were selling all types of pool -- pool supplies
20 and chemicals and things like that and just
21 decided -- my brother-in-law and sister had a
22 condo in Avian and Shipyard for almost 20 years
23 and John was President of the Board at Avian in
24 Shipyard and he was ready to retire, I was, as
25 I'd said, coming out of a marriage and after

1 FINGER - WATERS (DIRECT EXAMINATION)

2 18 years and was going to regroup and just found
3 a niche on the island in the pool business. And
4 if you're going to start from scratch, relocate,
5 start from scratch here.

6 Q How many employees do y'all have?

7 A At this time roughly 12 counting myself
8 and service manager and the --

9 Q Okay.

10 A -- guys that service the pools and
11 things like that.

12 Q Do you do -- you do service work?

13 A Service and repair.

14 Q And repair. How about new
15 installations or renovations?

16 A In the offseason because we specialize
17 in commercial pools.

18 Q Okay.

19 A Dealing basically with DHEC, OSHA, all
20 your government regulations.

21 Q Okay.

22 A So your hotels, motels. Homeowners
23 associations fall under the --

24 Q Right.

25 A -- regulation of DHEC, that's our

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 niche, just anyone that's going to deal with
3 government regulations and so and that's got to
4 be done seven days a week.

5 Q Right.

6 A So our construction end is in the
7 offseason. You don't replaster a pool or build
8 a pool for the Hilton in July.

9 Q Right. How many pools do you service
10 where the property's managed by IMC, currently?

11 A Don't hold me exactly because they swap
12 back and forth but I'd say possibly five.

13 Q Five?

14 A Maybe six, I -- that's one of those I
15 should have done -- if I'd known -- I'd asked,
16 I'd have some exact numbers for you.

17 Q No problem. Can you tell me what they
18 are?

19 A Going off top -- Tree Tops, Heritage
20 Villas, Broad Creek is one, oh, Lake Lyndon out
21 in Bluffton. Off the top of my head that's all.

22 Q Okay, good.

23 A If I had my route sheet and all my
24 custom -- I'd be able to give you an exact but
25 just off the top of my head those are the ones.

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Are you currently married?

3 A No.

4 Q You are -- are you on the Board at
5 Broad Creek Landing?

6 A I'm the President of the Board.

7 Q Okay. And how long have you been on
8 the Board?

9 A Oh, about -- there again, don't hold me
10 exactly because I came in the middle but I
11 believe it's been about five years. I was on
12 the Board and then the President sold his unit,
13 had to move and then I was nominated and took
14 over the President's position.

15 Q When was that?

16 A Let's see, we just had -- that would be
17 about -- what are our terms? Two years or
18 three? I think it's about four years ago, but
19 there again, don't hold me exactly because I did
20 a half a term and I was just elected a year ago
21 for the first full term by the open voting.

22 Q Okay. Who else is on the Board with
23 you?

24 A John McNichol, Donna Callahan.

25 Q Not this Donna Callahan?

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1 FINGER - WATERS (DIRECT EXAMINATION)
2 A No, not Donna Callahan, Donna what's --
3 may I ask my counsel, she probably has the list.
4 Q Unfortunately --
5 A What her last name is.
6 Q Unfortunately the law doesn't allow --
7 A She's from New York. She's a Board
8 member that's from New York.
9 Q She's from New York. Okay.
10 A Her mother's sick up there.
11 Q Okay.
12 A Aaron the other Board -- Aaron, that
13 shows you how formal we are, we know everyone by
14 first names, Aaron Burr I believe.
15 Q Aaron Burr?
16 A Aaron, I don't -- like I said I'm not
17 sure.
18 Q Okay.
19 A I know it's Aaron and Tim, which is the
20 newest member.
21 Q What's Tim's last name?
22 A (Witness shakes head.)
23 Q Don't know. Okay. How many on your
24 Board?
25 A There's five.

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Five, okay. And you're the President.

3 Who is the Vice President?

4 A Aaron.

5 Q Treasurer?

6 A That would be John McNichol.

7 Q And Secretary?

8 A That would be John Halstadt. We just
9 had an annual meeting and this upcoming meeting
10 was where we were going to be redividing the
11 positions.

12 Q Okay. When is your next Board meeting
13 scheduled?

14 A It's the third Thursday of each month.

15 Q At what time?

16 A 4:30, I believe.

17 Q And where are they typically held?

18 A One of the meeting rooms, one of the
19 Board rooms at IMC.

20 Q And are those Board meetings open to
21 the membership?

22 A They're closed meetings. Now,
23 membership if they want -- like to attend
24 they're welcome to submit -- and we do, from
25 time to time, have Board members because they

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 may have an architectural issue review, they
3 might want to do something to a unit or they
4 want to sound something out they are invited,
5 but normally it's just a closed meeting.

6 Q So if a member showed up at your Board
7 meeting, he would not --

8 A Just showed up out of the blue and
9 not --

10 Q He would not be allowed to sit in the
11 meeting?

12 A Our meetings go about an hour
13 and-a-half without outside interruptions. That
14 would have to be handled on a per case basis
15 because normal procedure is to send a written
16 request and we go through about 50e-mails a
17 month amongst the Board, it'd be Jo, our
18 onsite -- most of that's handled through Jo the
19 onsite manager who relays messages and gets in
20 touch -- since she's onsite all the time and all
21 the Board work regular jobs we're not there like
22 9:00 to 5:00 type of hours.

23 Q Right.

24 A So Jo handles the intermediary, if you
25 would, on that type of thing.

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q You say you had 50 e-mails. Is that
3 e-mails between you and --

4 A Everything from somebody's complaining
5 about the dog pooping on the grass, somebody's
6 parking in my parking spot, just the
7 miscellaneous things that come up during the
8 course of a month, property related.

9 Q Okay. And those e-mails would be
10 directed to you?

11 A They usually are either forwarded --
12 they're from Jo.

13 Q Right.

14 A Because she's like the funnel for it.

15 Q Okay.

16 A And then they're all forwarded to all
17 the Board members for input.

18 Q Okay.

19 A Response, whatever.

20 Q Okay. I took Mr. Fenstermaker's
21 deposition earlier today and -- let me backup a
22 little bit.

23 Where are the financial records of your
24 regime kept?

25 A The -- for the first year, as I

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 understand it, the first year are kept onsite at
3 IMC office.

4 Q On the onsite IMC office or in their
5 main office?

6 A Not the onsite, not the office, itself,
7 at the IMC office.

8 Q Okay.

9 A Main office I guess I should say.

10 Q Got ya.

11 A That's the first year. Then after that
12 on relevance they go into bulk storage, they're
13 in a, what, climate controlled --

14 Q And where did you --

15 A -- office.

16 Q Where did you gain that information?

17 A When they -- when they wanted -- I had
18 no idea, actually to begin with.

19 Q Right.

20 A And then when they wanted like
21 five years history, the plaintiff wanted five
22 years history of all, everything.

23 Q Right.

24 A That's when we found out because I
25 didn't know. I just -- I knew it like every

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 other business at the end of the year you put
3 everything in a big box and take it to storage.
4 Now, where they took it I wasn't sure.

5 Q Okay.

6 A And that's when -- when that came up
7 that's when I was kind of walked, some of it's
8 kept on -- after the first year some of it's
9 kept onsite at Broad Creek for a couple of
10 years. A lot of it goes to like a bulk storage
11 with all the IMC properties in like a big room
12 with however many properties they have we just
13 get a little cranny of that.

14 Q Right.

15 A But as far as which ones like
16 landscaping contracts and whatever may go in one
17 spot, that I'm not sure about what is kept
18 where.

19 Q Okay. Now, you're aware that various
20 members at Quartermaster have asked to see
21 financial documents, are you aware of that?

22 A I'm aware, yes.

23 Q Okay. Do you know who has asked?

24 A I'm not sure. I would think Callahans.

25 Q Okay.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A Miss Callahan. That goes back to the
3 original, the -- it goes back to the original
4 agreement of who's entitled to see the things.
5 I believe there was a rumor that they received
6 them with confidentiality, am I not correct in
7 that?

8 Q Well, let's go back pre-litigation,
9 before this lawsuit was filed. Were you aware
10 that requests had been made by Broad -- by
11 Quartermaster residents --

12 A Uh-huh.

13 Q -- to look at financial data?

14 A Just before, pre pre-litigation.

15 Q Okay.

16 A I was aware and it was explained to me
17 the covenants do not allow Quartermaster to see
18 them.

19 Q And did Mr. Fenstermaker explain that
20 to you?

21 A I believe so.

22 Q Okay. So it was Mr. Fenstermaker who
23 said they're not entitled to the documentation,
24 is that correct?

25 A I believe it came from our lawyer and

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 from Mr. Fenstermaker, if I'm not mistaken.

3 Q Okay. Do you recall a meeting, before
4 the litigation at IMC's office, where I was
5 present along with Mr. Alford?

6 A Yes, I do.

7 Q Okay.

8 A I was present for that.

9 Q Okay. Do you recall Mr. Fenstermaker,
10 Ron Fenstermaker leaving that meeting at some
11 point either early on or about the middle of
12 that meeting, just getting up and walking out?

13 A About the middle of it, yes.

14 Q Okay. And do you recall, at that
15 meeting, we were told that we would receive
16 certain documents, do you recall that?

17 A I do not remember that part. I -- as I
18 remember it at that meeting at that point in
19 time it was turned over to the lawyers and I
20 remember you saying we're the only ones that
21 going to make money out of this is the lawyers.

22 Q Correct. Sounds like something I would
23 say.

24 A Sounds like something you'd say.

25 Q Right.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A But it was left between the lawyers,
3 your lawyers talking to my lawyers.

4 Q Right.

5 A Your people talked to my people and
6 that's where it stood on my understanding on
7 that meeting, you know, when we finally went
8 out.

9 Q Okay. And after that meeting, did your
10 lawyer write to me and say, 'you're not getting
11 any documents'?

12 A That I do not remember. Is that going
13 by --

14 Q Have you ever seen that letter? Take a
15 look at that one, first.

16 A Okay.

17 Q The first one you're looking at is a
18 letter from me to Greg Alford dated I think
19 April 23rd, is that right, 2011?

20 A March -- yeah, oh, April 28th '11.

21 Q Okay.

22 A 2011.

23 Q Okay. Have you seen that letter
24 before?

25 A I may have because we get PDFs e-mailed

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 constantly and it may be in there. I mean it
3 may be in the -- let me read this --

4 Q Okay.

5 A -- if I may. I don't remember
6 specifically.

7 Q Okay. You're now looking at a letter
8 from Greg Alford to me dated, what?

9 A This is on May the 10th --

10 Q Okay.

11 A -- of 2011. Okay. And he's just
12 restating his interpretation of the covenants
13 and bylaws and telling me -- okay. Like I said,
14 I do not remember this specifically but
15 obviously --

16 Q Did your Board, with you as President,
17 make a decision that the Quartermaster people
18 were not entitled to see any financial
19 documentation?

20 A On the advice of our lawyer as he
21 interpreted the -- as I said, the covenants and
22 bylaws, at that point in time everything was
23 turned over to the lawyers.

24 Q Okay. So the answer is?

25 A If you have a lawyer representing him

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 he says this is what you should do. If you're
3 smart, at all, you do what your lawyer tells you
4 or recommends that you do.

5 Q Do the Board minutes of your regime
6 reflect that decision in it anywhere?

7 A Oh, we're going back over a year. I
8 am -- I cannot say. I do not remember.

9 Q Have you read the complaint in this
10 action that was filed against the regime where
11 you're President?

12 A In toto -- in total? No.

13 Q Okay. In preparation for this
14 deposition today, did you talk with anyone other
15 than your counsel that's seated here today in
16 preparation for this deposition?

17 A No, I did not.

18 Q Didn't talk to Mr. Fenstermaker or
19 anybody from his office?

20 A No, no one from his office.

21 Q Did you talk with anybody on your Board
22 relative to your deposition today?

23 A We -- other than scheduling because one
24 of the other Board members is an employee of
25 mine.

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QUARTERMASTER

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Okay.

3 A And scheduling, okay, you have got to
4 get your work done before you come in for the
5 meeting.

6 Q Okay.

7 A But that's the depth of the
8 conversation.

9 Q Okay. When was the last time -- you
10 guys had a Board meeting the third Thursday of
11 July?

12 A Third Thursday of July, yes.

13 Q Was your lawyer present?

14 A I do not believe he was. We were going
15 over delinquencies and business of the property.

16 Q Was there any discussion in that Board
17 meeting about this lawsuit?

18 A I do not believe we had an update. We
19 usually would receive -- if there's something
20 pertinent happening we'll get either an
21 appearance or a letter from our lawyer and not
22 Ms. Hawk but the other --

23 Q From Greg Alford's office?

24 A From Greg.

25 Q Okay.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A Let's us know just basically updating
3 on the status of the suit, and until Ms. Hawk
4 contacted me two weeks ago, possibly three, I
5 wasn't aware -- it was still dead in the water,
6 as far as I knew, because it's been going on
7 over a year now I guess. Not dead in the water
8 but dormant I should say.

9 Q Are you aware that the Quartermaster
10 folks, through this litigation, have requested
11 certain documentation be produced?

12 A Yes.

13 Q Okay. How did -- did the Board elect
14 not to produce that information?

15 A On our lawyer's advice.

16 Q And how long ago was that?

17 A Around the 11th of -- obviously at or
18 just before the second letter you received.

19 Q Okay. Are you aware of any requests
20 for documentation that had been made since April
21 and May of 2011?

22 A I don't think so. I remember original
23 requests, and the timeline's very fuzzy here
24 because of Broad Creek's business and my own,
25 personal business, but I remember a request for

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 I believe it was as far as back as five years
3 records.

4 Q Right.

5 A And then it was brought before the
6 judge and it was whittled down to one year of
7 our records, I guess, I'm assuming. All of this
8 is secondhand knowledge and but as far as not
9 producing of records that was -- all of that was
10 based on our lawyer's professional advice and we
11 kind of rubber stamped it.

12 Q Okay. Are you aware that Quartermaster
13 people have asked to see financial documents
14 long before Mr. Alford and I got involved in
15 this deal?

16 A Yes and it was always referred to the
17 lawyers as far as I know. This is something --
18 everything three or four years going back over
19 the last 20 years every blue moon it'll pop up
20 again.

21 Q Do you think that the Quartermaster
22 owners do not have a right to see the financial
23 documentation that is utilized to set their
24 assessments?

25 A They receive the -- to my understanding

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 they understand and have gotten the formula on
3 how their assessment is arrived at.

4 (Whereupon, Plaintiff's Exhibit
5 Number 1 was marked for
6 identification.)

7 BY MR. FINGER:

8 Q I hand you what's been marked as
9 Plaintiff's Exhibit 1. Is this the formula that
10 you just referred to?

11 A I -- yes, I believe so.

12 Q Is this typically what's given to the
13 Quarter Masters people and they're supposed to
14 pay their assessments off this document?

15 A I would think that they receive -- is
16 this -- is this all that they receive, is my
17 question?

18 Q Unfortunately the questions only go one
19 way in depositions.

20 A Oh, okay.

21 Q What other documentation do you believe
22 they receive, other than this Plaintiff's 1?

23 A I am not sure.

24 Q Who prepares Plaintiff's Exhibit Number
25 1, do you know that?

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2 A IMC.

3 Q IMC?

4 A Uh-huh.

5 Q Does the Board approve it before it
6 goes out?

7 A Does it -- their assessments?

8 Q Does the Board approve their
9 assessments before it goes out?

10 A Does -- the assessment is done -- are
11 you talking -- now I need clarification from
12 you.

13 Q Okay.

14 A Are you talking about the formula?

15 Q No, I'm talking about, for instance,
16 this document you're looking at, Plaintiff's
17 Exhibit 1, this sets a monthly assessment of
18 \$162 --

19 A Uh-huh.

20 Q -- for the fiscal year beginning
21 July 1st 2002.

22 A Okay.

23 Q And you've indicated that IMC prepares
24 this document, correct?

25 A They interpret it or they and the

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 lawyer, there's a given formula --

3 Q Okay.

4 A -- which this is based on.

5 Q What is the formula?

6 A Off the top of my head without the
7 documentation I couldn't -- I don't have that
8 formula --

9 Q Okay.

10 A -- in my hand.

11 Q Tell me what you understand the formula
12 to be.

13 A Maintenance, a percentage of
14 maintenance, operations.

15 Q Maintenance?

16 A Common area.

17 Q Maintenance on what?

18 A On the property.

19 Q On what is property?

20 A Broad Creek Landing, the entire
21 community as a community, Broad Creek Landing.

22 Q Include the individual condominium
23 buildings, also?

24 A Common areas.

25 Q Common areas?

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2 A Yes.

3 Q Define common areas for me.

4 A Common areas, everything that is shared
5 by everyone in the community, walkways,
6 pathways, swimming pools, tennis courts, office
7 space, gazebos, roads, landscaping which is
8 common area, everyone sees the landscaping.

9 Q What landscaping is done by Broad Creek
10 Landing in Quartermaster?

11 A What is done by them?

12 Q What landscaping does Broad Creek
13 Landing provide within Quartermaster?

14 A Other than the common area in front of
15 Quartermaster there's a little island there,
16 that's all I'm aware. I know we're called by
17 Quarter Masters to have trees removed and
18 pruning of trees and things like that but it's
19 all common area. Anything outside of the
20 building is described.

21 Q When you say 'outside of the building'
22 what building are you -- what building or
23 buildings?

24 A Any and all buildings.

25 Q Okay. So the Quartermaster should not

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 be paying anything for any of the buildings, is
3 that what you're saying?

4 A Should not be paying anything for any
5 of their buildings?

6 Q Well, any of -- no, they own their
7 buildings and their houses, individually?

8 A Uh-huh.

9 Q Correct?

10 A Uh-huh.

11 Q So they're not a condominium?

12 A No.

13 Q All right. And everybody else in there
14 is in the condominium form of ownership, am I
15 correct?

16 A Yes.

17 Q Okay. Have you looked at the
18 Reciprocal Easement Agreement?

19 A Yes.

20 Q Have you read it before?

21 A Yes, I have it's --

22 Q I'm going to hand you Exhibit 1
23 which --

24 A Is this the Reciprocal or the -- oh
25 okay, I know what you're saying, yes.

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QUARTERMASTER

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Handing you Exhibit 1 to Mr.
3 Fenstermaker's deposition.

4 A Uh-huh.

5 Q What is -- are you familiar with this
6 document?

7 A Is this the Reciprocal?

8 Q Yes, it is.

9 A Oh, okay. That's -- I've seen it,
10 maybe not this exact copy but I have the seen
11 the Reciprocal.

12 Q Okay. What property is involved in
13 this Reciprocal Agreement?

14 A The Reciprocal is the agreement between
15 Broad Creek Landing and Quartermaster.

16 Q And what does it do?

17 A It sets guidelines and boundaries on
18 who pays what, how they -- the formula we're
19 referring to earlier.

20 Q Okay.

21 A Is set up in this and that's -- that's
22 it.

23 Q What is Quartermaster supposed to be
24 paying for under this agreement? What are the
25 Quartermaster owners supposed to be paying for?

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A That's what the lawyers are for to
3 determine that.

4 Q Do you know whether the assessments
5 that are imposed on Quartermaster, annually, are
6 in compliance with this agreement or not?

7 A To -- it goes back to IMC.

8 Q Right.

9 A And the way they -- they do, they take
10 it -- I have total trust that it's applied
11 correctly as per the agreement and as per the
12 covenants.

13 Q Has your Board ever sat down as a Board
14 and gone through this document to see whether it
15 is being compiled with relative to
16 Quartermaster?

17 A No.

18 Q Since this litigation, your Board still
19 has never done that, am I correct?

20 A I'm -- no, they have not. We have --
21 on -- that's where the dispute is coming up is
22 that it's an interpretation of the formula --

23 Q Okay.

24 A -- is not agreed upon.

25 Q If I could get you to go to the third

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 to the last page of that Fenstermaker Exhibit 1.

3 It should say Exhibit A at the top, do you see
4 that?

5 A That's correct, I see that.

6 Q Definition of --

7 A Uh-huh.

8 Q -- regime amenity area. Have you ever
9 seen that portion of the -- this agreement?

10 A I may have seen it but any time you're
11 reading something as big as the New York yellow
12 pages it's one of those parts that was breezed
13 over, I'm sure.

14 Q Okay. If I can get you to look at the
15 last little clause down there beginning with
16 'save and accept'. Just read that quickly, if
17 you would, please.

18 A Okay.

19 Q Does that mean that the residential
20 structures are not part of the amenity area, do
21 you know?

22 A It's not up to me to determine it.

23 Q Do you have an opinion, after having
24 just read that?

25 A No.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Okay. And your Board has -- has your
3 Board ever looked at this definition?

4 A At this particular definition? No.

5 Q Do you know whether there are any
6 ambiguities in this agreement, the Reciprocal
7 Agreement?

8 A This -- well, this is an agreement that
9 was done a little over 20 years ago.

10 Q Right.

11 A Under initial construction.

12 Q Right.

13 A Was built.

14 Q Uh-huh.

15 A What was done at that time, this is way
16 before I was on the island.

17 Q Right.

18 A Or had anything to do that's -- had
19 anything to do with any of it.

20 Q Right.

21 A I know that they have applied regime
22 fees and assessments as per the formula set out
23 in this 20 year old document.

24 Q Okay. Go to --

25 A Now, whether we -- and that's what the

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 dispute is, as I understand, is the
3 clarification of it.

4 Q So, you understand there's --

5 A As I understand they're disputing
6 things like I know I've met with -- I've spoken
7 with several -- their definition of common areas
8 and our definition or the document's definition
9 of common areas, they're not agreeing with the
10 covenant and bylaws definition and we'll whittle
11 it back down -- whittle it down that is my
12 interpretation of it, if you will.

13 Q If you go to page 9 for me for a
14 moment, please.

15 A Page 9. All right, sir.

16 Q Section 4.1, which is down towards the
17 bottom.

18 A Got ya.

19 Q Okay. Have you had an opportunity to
20 read that?

21 A There again, we have -- not in detail,
22 not to consume and digest it.

23 Q It indicates that the Quartermaster
24 residents are going to bear a portion of the
25 expenses for the operation and management of the

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 common areas.

3 A Uh-huh.

4 Q Is that correct?

5 A Yes.

6 Q Have you -- Mr. Fenstermaker, earlier
7 today, indicated that he has never prepared a
8 budget for the common areas.

9 MS. HAWK: Object to the form.

10 BY MR. FINGER:

11 Q Have you ever seen a budget for just
12 the common areas?

13 A No, there's not a budget item for the
14 common areas.

15 Q Okay. Would you look at page --

16 A It's under maintenance, general
17 maintenance.

18 Q Would you look --

19 A If I'm not mistaken.

20 Q Okay. Look at page 12, please, Section
21 4.3.

22 A Okay.

23 Q If you would just read the first
24 portion of that section, please.

25 A Okay.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Have you ever seen an annual budget for
3 the common areas?

4 A No, I have not.

5 Q You have a budget for -- you do have a
6 budget for the year, is that correct?

7 A Yeah, it's -- the budget is
8 landscaping, pools, general property; for
9 example, our wells, irrigation, there's one for
10 the fountains and lagoons because we have a
11 couple of fountains in the big lake there.

12 Q Right.

13 A It's broken down instead of one big pie
14 of common area it's broken into a series of
15 smaller slices to control it. It would be a
16 nightmare to -- pet stations. I'm trying to
17 think of what else would come under that but it
18 would be lighting, for example, security
19 lighting.

20 It's -- common area what would be
21 considered common area budget is probably
22 divided into as many as off the top of my head I
23 would say at least 15 or 20 sub budget items, if
24 you will, but not a general common area budget
25 item.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Okay. You mentioned lighting a second
3 ago. Y'all have some Palmetto Electric lights
4 on your property?

5 A Posts.

6 Q Is that right?

7 A Yes.

8 Q And I'm just showing you pictures of
9 two of them, correct?

10 A Yes, those are two over in the Forest
11 Cove if I'm not mistaken.

12 Q And were they installed within the last
13 couple of years or when were they installed, do
14 you know?

15 A Those were -- don't hold me to this, I
16 would say that they're about three, possibly
17 four years have been installed.

18 Q Okay. So they were installed while you
19 were on the Board?

20 A While we were on the Board, yeah.

21 Q Okay. Did you install any in
22 Quartermaster?

23 A Not that I'm aware of.

24 Q Okay. And why was that?

25 A The ones that were installed were --

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 we'd had -- what brought that up -- coming with
3 things three and four years ago -- we had a rash
4 of break-ins into properties, into cars, things
5 like that, and we rode the property at night for
6 the darkest spots and I believe we had -- I
7 would have to go out and ride the property again
8 and do a total count.

9 Q Okay.

10 A But I believe we had six, I believe we
11 either had five or six installed throughout the
12 property.

13 Q Okay.

14 A In the common areas and those were
15 based on the darkest areas most inviting for
16 crime prevention, that type of thing. Actually,
17 I think even Palmetto Electric came out and gave
18 us recommendations on where they would recommend
19 putting them.

20 Q Okay, very good, all right. If I can
21 get you to go back to the Reciprocal Agreement
22 again for a minute.

23 Beginning on the bottom of page 9 over
24 to page 10 we're going to have you please look
25 at Section 4.2.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A From the bottom of 9?

3 Q Bottom of 9 spilling over to 10.

4 A Oh common areas, yes.

5 Q Right.

6 A On into the next or stop at A?

7 Q We can stop at A.

8 A Okay.

9 Q I'm going to ask you to focus, if you
10 would, please, about eight lines down beginning
11 with the line, account.

12 A Okay.

13 Q Do you see that? It says --

14 A Account to be used --

15 Q 'To be used exclusively for.'

16 A Okay.

17 Q Okay? And you see a number of items
18 listed out after that.

19 A -- landscape and security, pool,
20 supplies, maintenance --

21 Q Do you see insurance in there?

22 A I see include termite bond, that would
23 be a type of insurance.

24 Q You see anything on building insurance
25 or liability insurance or anything like that?

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A Huh-uh, no.

3 Q The termite bond you're referring to
4 was excluded, is that correct?

5 A Excluded the termite bond. That's the
6 only reference to any type of insurance that I
7 see.

8 Q And even that slight reference is
9 excluded, is that correct?

10 A Correct.

11 Q Okay. So if the Quartermaster
12 assessment has an insurance component in it is
13 that in compliance with this portion of the
14 agreement?

15 MS. HAWK: Objection.

16 BY MR. FINGER:

17 Q First off, do you know whether
18 the Quartermaster assessment has insurance in
19 it?

20 A No, I do not.

21 Q Okay. If it did have insurance in it,
22 is it in compliance with this portion of the
23 Reciprocal Agreement?

24 MS. HAWK: Objection.

25 THE WITNESS: You're asking

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 interpretation on a lot of things which
3 it's not -- I don't believe it -- I do
4 not know.

5 BY MR. FINGER:

6 Q Okay. Would you agree with me that
7 this document, in several areas, could contain
8 ambiguities?

9 MS. HAWK: Objection.

10 THE WITNESS: Even with an
11 objection I still get to answer?

12 BY MR. FINGER:

13 Q Yes, yes.

14 A Okay. There are ambiguities in it but
15 we're also looking at over a 20-year old
16 document.

17 Q Has your regime done any reserve
18 studies, at all, that you're aware of?

19 A We have one that we're working off of.
20 I believe it is over -- the regime study that we
21 currently have uses a basic guideline, I believe
22 it's 15 years old, I'd have -- don't hold me to
23 the exact date, it may be 16 or 17, it may be a
24 little less but I believe it's -- I know there
25 is a regime study, I mean there is a reserve.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 study.

3 Q Yeah, a reserve study, right, okay.

4 A There is a reserve study.

5 Q And have you seen it before? You've
6 had your hands on it?

7 A Yes.

8 Q Okay. And does IMC have that document?

9 A Yes, they do.

10 Q Do you know who did that reserve study?

11 A That I do not -- that's one that was
12 inherited.

13 Q Inherited, IMC inherited?

14 A Yeah, I believe -- now you can't hold
15 me to that. I believe IMC inherited it to when
16 Broad Creek Landing was being done in-house.
17 I'm not positive about that but I know it's
18 been -- it's a reserve study that's been very
19 old.

20 Q Okay. Prior to this lawsuit being
21 filed, are you aware of any requests by Ms.
22 Callahan, Charlie or anybody else to look at
23 financial data from Broad Creek relative to the
24 assessment at issue?

25 A Isn't this about the 12th time you've

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 asked me that question?

3 Q It might be. Unfortunately you have a
4 better memory than me.

5 A It may only be ten. As I said yes.

6 Q Okay.

7 A They have had -- I don't know if it was
8 the Callahans or.

9 Q Right.

10 A But I know that periodically it's been
11 done, it's been asked for and it's always been
12 referred to the lawyers.

13 Q At any time were they ever given access
14 to any financial data?

15 A That I could not -- I believe they've
16 been allowed to view but not to take home.

17 Q What is the basis of that belief?

18 A It -- that I may be thinking
19 post-litigation here. I'm not positive on that.
20 I'm -- and pre and post-litigation time thing is
21 kind of running together on me to be honest with
22 you.

23 Q Okay. Your company, PPS currently does
24 the pool maintenance at Broad Creek?

25 A Broad Creek, yes, sir.

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QUARTERMASTER

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q And how long have you held that
3 contract?

4 A Don't -- there again, roughly
5 eight years.

6 Q Okay.

7 A I believe.

8 Q Is that an annual contract? Is it
9 renewed, annually?

10 A It's renewed annually.

11 Q Okay. And when that comes up, does
12 that get voted on by the Board?

13 A Yes, I abstained.

14 Q Okay.

15 A Since I am a member of it.

16 Q Right.

17 A A member of the Board and they go out
18 forbid.

19 Q Right.

20 A Just like our landscaping and the
21 other, their critter control and things like
22 that.

23 Q Okay.

24 A And I'm totally out of that picture.

25 Actually the last year, last two years I even

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 left the meeting for discussions and left it up
3 to the other members.

4 Q How many bids did you understand that
5 they have obtained the last couple of years, do
6 you know?

7 A In landscape or in pools?

8 Q For pools?

9 A Oh, that I could not tell you. I'm in
10 the loop on how many landscaping.

11 Q Right.

12 A How many termite.

13 Q Okay.

14 A How many others but that is -- I'm kept
15 out of the loop on that is, intentionally.

16 Q But you recall submitting --

17 A It may be one, it may be three, I
18 cannot --

19 Q You recall submitting a bid, though,
20 annually for?

21 A Oh yes.

22 Q For your contract?

23 A We submit one annually on an annual
24 basis.

25 Q Okay. How many bidders do you get for

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 landscaping each year?

3 A Sometimes none. This year we've gotten
4 four.

5 Q Four.

6 A It all -- it varies on satisfactory,
7 you know, how happy you are with the people, if
8 they're messing up.

9 Q Okay.

10 A You know, economics. It behooves us to
11 get the best price on the services for the
12 property that we can get.

13 Q Who was the accountant for your regime,
14 do you know? Do you have a certified public
15 accountant that does work for the regime?

16 A Our CPA is -- he does my taxes, I
17 should know.

18 Q Drawing a blank?

19 A She's right around the corner from you.

20 Q That would be Pat Carry or Bobby

21 Tillison.

22 A Bobby Tillison.

23 Q All right.

24 A Bobby Tillison --

25 Q Okay.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A -- is the account for the property.

3 Q And he also your personal accountant?

4 A And on that -- actually because Broad
5 Creek, that's the reason I went there if IMC
6 recommends, actually my brother-in-law and a
7 number of people I know throughout the office --
8 the island does but he does our company, PPS's
9 taxes.

10 Q Okay.

11 A So it behooves me to stick with who
12 does the company taxes to do who does mine.

13 Q Okay. Do you know how many units there
14 are in Quartermaster?

15 A Under 20 I believe.)

16 Q Okay.

17 A I'm not positive.

18 Q Let me -- if you would look, again, at
19 the Reciprocal Agreement, second page, first
20 whereas.

21 A The first -- in order to develop?

22 Q Yes.

23 A Okay. 50, there's 50 lots.

24 Q Okay. Does that give you any better
25 information on how many lots there are in

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QUARtermaster

1 FINGER - WATERS (DIRECT EXAMINATION)

2 Quartermaster? You said under 20 a moment ago.

3 A I was thinking you're referring to
4 developed.

5 Q Oh, okay. So you think --

6 A As far as vacant and, you know.

7 Q Okay, thank you for explaining that or
8 clarifying that for me.

9 A But they -- the terminology between
10 developed and undeveloped is --

11 Q Okay. Other than the reserve study 15
12 or 16 years ago, you're not aware of any other
13 reserve studies that have been done for the
14 regime?

15 A No, there hasn't been anything.

16 Q When you do your annual -- when Broad
17 Creek does its annual budget, how do you -- do
18 you have a reserve component in the -- in your
19 budget?

20 A We try. It's not a budget item. We
21 try to make donations to the reserves.

22 Q Right.

23 A But our -- of course, our operations
24 takes precedent. We try to make donations
25 quarterly to the roof reserve, for example.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Right.

3 A I know for two years, because of the
4 number of foreclosures and the economy, we
5 weren't able to make any donations to it, just
6 it took it just to make maybe a -- because I'm
7 not sure if -- well, I'm sure you're aware of
8 the economy, the way things have been going.

9 Q Very much so.

10 A And we have 400 -- not 400, we have
11 probably without my financials in front of me,
12 we have been running over 300 percent of what
13 our delinquencies have been prior to the last
14 say three-year period and the last three or
15 four years have been just between the number of
16 foreclosures, delinquencies and so forth, like
17 most businesses and companies we've been
18 struggling to just keep the costs low and we
19 have -- we're able to make deposits into our
20 reserves.

21 Q Okay.

22 A The last -- I think our last couple of
23 quarters we have been but not the full amount.
24 I would have to go back and check the exact
25 amounts but just recently we've been able to

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 deposit into our -- I can see an uptake in the
3 economy but it's not near -- it's not there yet.

4 Q You mentioned that you don't have your
5 financials with you. What financials would you
6 be referring to?

7 A That's part of our hour-long meeting
8 where we receive our budget, all your budget
9 items where we're standing on each budget item,
10 month-to-date and then year-to-date and those
11 columns then we receive a total list of all
12 owners on the property where they're standing on
13 their fees, delinquency if they paid, how
14 delinquent they are and that's what eats up a
15 lot of the meeting time is how to approach them,
16 whether they go into collections whether they --
17 they may be on foreclosure with the bank, Broad
18 Creek can bring foreclosure against the unit.

19 Q Right.

20 A How we approach each individual one,
21 each individual delinquency, if you will.

22 Q So each month you get financials from
23 who, IMC?

24 A From IMC.

25 Q And it tells you where you are for the

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 month, where you are relative to budget and
3 where you are relative to year-end, is that --

4 A Yes.

5 Q Did I understand that correctly?

6 A And reality, yeah, budgeted --

7 Q Versus actual?

8 A Versus actual, exactly.

9 Q Okay. And you get that every month as
10 a Board member?

11 A We get a full page it's probably about
12 a 20-page depending on the amount of
13 delinquencies it's as much as 20, 25 pages.

14 Q You get the little budget snapshot and
15 you get the --

16 A Cover --

17 Q -- accounts receivable?

18 A Yeah, there's a cover, which is a
19 quick --

20 Q Right.

21 A -- snapshot, if you will.

22 Q Okay.

23 A And then a detail which is usually
24 pretty close to this.

25 Q Okay.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A This would be --

3 Q As I understand your regime fiscal year
4 ends June 30th?

5 A Correct.

6 Q Is that correct?

7 A July the 1st is our January the 1st for
8 our --

9 Q And when do you start the budget
10 process? What month do you typically start?

11 A Budget usually begins and IMC usually
12 does that -- they will start about six months
13 out.

14 Q Okay.

15 A Six to seven months out and about three
16 to four months before the end of the fiscal year
17 they will come with a proposed budget and that's
18 when we go down the items because at that same
19 time if a particular vendor hasn't been doing a
20 good job or we're getting complaints on that
21 particular vendor and we're not -- I'm making
22 general terms here -- being in the pool company
23 business. The pool turned green three times
24 last week --

25 Q Right.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A -- yeah, we're going to be looking for
3 another pool company.

4 Q Right.

5 A The tree limb was down in my yard for
6 two weeks before they finally moved it, we'll go
7 -- you know, so that's when -- about
8 three months out is when we start doing --
9 they've got a rough draft pretty close to what
10 our budget will be in place and then the last
11 three months prior to year-end is when we start
12 tweaking it as far as jumping ship on vendors,
13 things like that.

14 Q Okay. Is the Board involved in
15 soliciting bids from the independent contractors
16 that work there like the landscapers and things
17 of that sort?

18 A To an extent.

19 Q Okay.

20 A The majority of it is left with Jo --

21 Q Right.

22 A -- and Broad Creek, the onsite manager.

23 Q Right.

24 A Myself, I deal with a lot of HOAs and
25 POAs and, for example, landscaping or critter

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 control I'll be on some of my Sea Pines or
3 Shipyard property and I'll see a certain
4 vendor --

5 Q Right.

6 A -- a lot and I'm like, hey, use these
7 landscapers, they don't blow the leaves in the
8 pool when they clean, good God, so I might
9 recommend, hey, let's go let's -- you throwing
10 out bids, give Ocean Woods and I'm just making
11 -- pulling that name --

12 Q Right.

13 A -- totally out of the air but say Ocean
14 Woods a call but usually they'll come up with,
15 you know, several bids on something. Most of
16 the time if -- as long as they're competitively
17 priced we usually get a bid or so just to make
18 sure people are staying in line price wise but
19 we usually don't go into three, four, five bids
20 unless we're really -- wanting to dump the
21 vendor.

22 Q Okay.

23 A Change the landscaper, we recently went
24 into that with our exterminator.

25 Q Are you changing exterminators there?

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A Changing exterminators.

3 Q From who to who?

4 A Just had -- we went from Lane --
5 Palmetto Exterminating, I'm not positive about
6 the new company but we -- they had -- their
7 references were in order, a number of comparable
8 properties because just because someone has the
9 lowest price you don't want to necessarily go
10 with them.

11 Q Right.

12 A You want to make sure their customers
13 are happy, too, so we always go references as
14 well as pricing.

15 Q Okay.

16 A Price bids.

17 Q What is the status of your regime
18 contract with IMC?

19 A The last year, I believe it was last
20 year they're -- they have a -- I believe it's a
21 three-year contract that they run every
22 three years if I'm not mistaken and it was
23 renewed last year and it was frozen. I think
24 they came in -- I would have to do -- I would
25 have to do research to make sure I'm telling you

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 correctly but if my memory serves correct we
3 received this year's contract at the same as the
4 previous.

5 Q Same rate?

6 A Same rate.

7 Q Okay.

8 A We didn't get a rate increase.

9 Q Okay.

10 A In multi-housing they called it per
11 door charge, per door, the number of units
12 managed.

13 Q Okay.

14 A And if I'm not mistaken we did not get
15 an increase on the upcoming contract on the
16 existing contract I'd say because I believe it's
17 a year old.

18 Q I hand you what was marked as Exhibit 2
19 in Mr. Fenstermaker's deposition and ask you if
20 you've seen that before.

21 A Yes, this is -- this is basically what
22 I was telling you that we do at each Board
23 meeting, I think minus a couple -- I don't know.
24 Yeah, this is -- when I was referring to
25 financials earlier.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q Right.

3 A This is the -- one of the reports I
4 think ours when it goes into a aged receivables
5 and delinquencies depending sometimes we'll have
6 more detail on a per unit basis.

7 Q Okay.

8 A But, yes, this was what I was referring
9 to earlier.

10 Q You get reports similar to this on a
11 monthly basis?

12 A Yes, sir.

13 Q Okay.

14 A And Garrett, our -- the guy that goes
15 and collects he deals if certain units are
16 delinquent he will give them a call, contact
17 them, see if they'll setup payments depending,
18 but yeah, this is a copy of what we're referring
19 to.

20 Q Okay. If you could go, please, go down
21 in the lower right-hand corner it says page
22 0026, which I think is the first actual page.

23 A Okay. Second page, got ya.

24 Q Yeah, second page. Up at the top under
25 assets it has a roof reserve, a paint reserve, a

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 roof CDARS and then under that than INS DED, do
3 you see those four --

4 A Uh-huh.

5 Q -- entries? The roof reserve, is that
6 something that the Board has indicated is
7 specifically designated for roofs at this time?

8 A That's -- yeah, that's what I was
9 referring to earlier.

10 Q Oh.

11 A And telling you sometimes we --
12 depending on how the fiscal year is going --

13 Q Okay.

14 A We try to donate quarterly to this fund
15 but sometimes you can, sometimes you can't and
16 CDs are just part of the roof reserves.

17 Q That roof CD, that's part of roof
18 reserve, also?

19 A Right.

20 Q Okay.

21 A That's trying to do something other
22 than laying dormant.

23 Q Okay.

24 A Let it sit dormant.

25 Q And if you go up to the entry, 1300,

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 replacement fund, what is that?

3 A Replacement fund is what we used to
4 call in the business capital improvements and
5 the way that's determined is if it's something
6 that breaks, for example, like irrigation went
7 down it's one thing -- normal maintenance is
8 replacement of the irrigation heads were on the
9 property.

10 Q Right.

11 A Last six months ago we had the well go
12 down which the entire well it was almost
13 20 years old.

14 Q Right.

15 A So we get our monies out of it, that
16 was several, several thousand dollars worth.
17 That's what your capital would come out of.
18 Something that is a maintenance item but not a
19 regular maintenance item.

20 Q Okay.

21 A Maintenance would be changing light
22 bulbs, changing irrigation heads. Capital
23 expenditures or capital are items that break,
24 air-conditioner condensing unit for the office
25 per se, an example.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q I understand. That would all come out
3 of the replacement fund?

4 A Replacement fund.

5 Q Okay.

6 A The well pump came out of the
7 replacement fund.

8 Q Okay. And are these various reserves
9 and replacement numbers, are they budgeted each
10 year?

11 A They're budgeted. We -- up and down.
12 When setting up a budget we do -- there are
13 things that you're going to have to have which
14 you set it up on your stable items, your
15 electrical, your phones, your -- of course a lot
16 of your contractors you know what that's going
17 to be.

18 Q Right.

19 A Replacement funds for pools, you set a
20 small amount aside for motors and things like
21 that.

22 Q Uh-huh.

23 A That go out in the normal wear and
24 tear.

25 Q Right.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A And then that amount is played with, if
3 I'm not mistaken because you only have a certain
4 amount of money and that's when we budget for to
5 go into the roof reserve or to go into the -- I
6 don't think anything's come in the paint reserve
7 and -- in a good while but that figure may be
8 adjusted up or down depending on how the year is
9 and what money's at hand.

10 Q Okay. And just for instance, a
11 document had not been produced but this -- had
12 you seen documents similar to this in your role
13 and I'm looking at --

14 A Yeah, it looks like.

15 Q -- '04 and '05 budget?

16 A Uh-huh.

17 Q Okay. You've seen that? And I guess
18 let's mark it that may be the easiest way to do
19 it so we're not wondering what we were talking
20 about.

21 (Whereupon, Plaintiff's Exhibit
22 Number 2 was marked for
23 identification.)

24 BY MR. FINGER:

25 Q I'm handing you Exhibit 2 to your

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 deposition which is a -- that appears to be a
3 cover sheet from an approved budget, is that
4 correct?

5 A Yes.

6 Q And you've seen documents like this in
7 your role?

8 A Similar, yes, it looks like and as I
9 said it looks like the -- I wasn't around in
10 '05.

11 Q Right.

12 A But very similar. It looks like the
13 final after we got the proposal when I was
14 giving you the --

15 Q Okay. If you look down at the bottom
16 of that document, capital expenditures.

17 A Okay.

18 Q It looks -- it appears that in fiscal
19 year from '04 through '05 y'all had approved
20 \$90,000 going into the reserve fund, is that
21 correct?

22 A Uh-huh.

23 Q As part of your budgetary process?

24 A That looks like what they did, yes.

25 Q Okay.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A Of course, in the '05 that was when the
3 island was going full tilt and everybody was fat
4 and happy.

5 Q I understand.

6 A There was no budgetary problems in '05.
7 Everybody was happy with what they had and what
8 they were doing.

9 Q Okay. Bear with me one second. I may
10 be almost done.

11 With this Reciprocal Agreement in front
12 of you, can you tell me what the formula is to
13 set the assessment at Quartermaster?

14 A No.

15 Q Can anybody on your Board tell me that?

16 A Probably not.

17 Q Okay. Have you ever asked?

18 A It's been explained to me before.

19 Q Okay.

20 A Been walked through with me on the
21 bylaws and covenants and the reciprocal and I go
22 onto the next order of business. I say, okay,
23 understood. The next order of business, what's
24 burning down now that I need to take care of,

25 Q Okay. And who typically makes that.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 explanation? Who has made that explanation to
3 you in the past?

4 A Ron Fenstermaker and our -- Ron has, in
5 the past, and so has our lawyer.

6 Q Bear with me one second.

7 (Whereupon, a short break was
8 taken.)

9 BY MR. FINGER:

10 Q You were just mentioning about
11 something going from 90,000 to 32,000, what are
12 you talking about there?

13 A The capital.

14 Q The reserves?

15 A The reserves, yeah.

16 Q Okay.

17 A And that's where we were sidetracked
18 into --

19 Q And you're talking about --

20 A -- '04 '05 were the good years on the
21 island.

22 Q And what years are you looking at here?

23 A I was looking at the '04 '05.

24 Q Okay. So '05 was better, is that what
25 you're saying?

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 A Yeah, it looks -- that's what it looks
3 like.

4 Q Okay. How much of a contribution --
5 how much of a reserve did you budget in 2010 and
6 '11, can you tell from that document?

7 A This is budgeted as opposed to actual
8 where we're looking with actual but it looks
9 like we budgeted the -- well, that's the
10 insurance of '98. Actual accounting year, I'm
11 not looking at budget, I'm looking at actually
12 balance sheet.

13 Q If you look at page 0032, is that what
14 page --

15 A Actual reserves -- 0028.

16 Q 28, okay.

17 A Capitals, I'm looking at capital
18 exterior cap. Which one were you looking at?
19 That was the 32,000.

20 Q 32,000 and I'm looking over on page on
21 0032.

22 A 32. Budget variance, okay.

23 Q Again, that same \$32,000 number appears
24 there?

25 A Right, okay.

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 Q So y'all contributed \$32,000 last year
3 to your reserve?

4 A Yeah, as opposed to the 90 before.

5 Q Correct.

6 A That's what I was --

7 Q Okay.

8 A -- referring to.

9 Q Have you ever heard Mr. Fenstermaker or
10 anybody else affiliated with Broad Creek
11 indicate to anyone at Quartermaster that this
12 agreement is unfair to them or they're getting
13 screwed?

14 A I did not hear, firsthand, but I've
15 heard it stated what was it, how would I say --
16 Ron had said he had made that statement.

17 Q Okay. And he told you that?

18 A Well, it was a group of people. It
19 was -- well, actually that statement was made at
20 the last Board meeting.

21 Q Mr. Fenstermaker, at the last Board
22 meeting said --

23 A Had said that he had said that.

24 Q Okay. In what context did he bring
25 that up?

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1 FINGER - WATERS (DIRECT EXAMINATION)

2 MS. HAWK: Can I just interject
3 here. I was present at that meeting on
4 the telephone and this was a -- this is
5 subject to attorney/client privilege.

6 MR. FINGER: Are you asserting
7 attorney/client privilege for something
8 Mr. Fenstermaker said?

9 MS. HAWK: Well, as far as the
10 Board meeting that was --

11 THE WITNESS: We had a Board
12 meeting and she had -- was conference
13 calling. That statement was made
14 during the call.

15 MR. FINGER: I'll probably back
16 off.

17 THE WITNESS: During the actual --

18 MR. FINGER: Thank you. I have no
19 further questions. I appreciate your
20 time this afternoon. Your lawyer may
21 have a few questions.

22 MS. HAWK: I do have actually a
23 few questions for you.

24 THE WITNESS: Sure, sure.

25 CROSS-EXAMINATION

1 FINGER - WATERS (DIRECT EXAMINATION)

2 MS. HAWK: Can I just interject
3 here. I was present at that meeting on
4 the telephone and this was a -- this is
5 subject to attorney/client privilege.

6 MR. FINGER: Are you asserting
7 attorney/client privilege for something
8 Mr. Fenstermaker said?

9 MS. HAWK: Well, as far as the
10 Board meeting that was --

11 THE WITNESS: We had a Board
12 meeting and she had -- was conference
13 calling. That statement was made
14 during the call.

15 MR. FINGER: I'll probably back
16 off.

17 THE WITNESS: During the actual --

18 MR. FINGER: Thank you. I have no
19 further questions. I appreciate your
20 time this afternoon. Your lawyer may
21 have a few questions.

22 MS. HAWK: I do have actually a
23 few questions for you.

24 THE WITNESS: Sure, sure.

25 CROSS-EXAMINATION

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1 HAWK - WATERS (CROSS-EXAMINATION)

2 BY MS. HAWK:

3 Q Mr. Waters, is it your understanding
4 that the documents in this case, being the
5 Reciprocal Treatment and the Master Deed, they
6 actually define what is a -- considered a common
7 area, common elements?

8 MR. FINGER: Note my objection to
9 the form. Go ahead, you can answer.

10 THE WITNESS: Between the
11 Reciprocal Agreement and the covenants
12 and bylaws it is covered. I think it
13 explains everything in detail, it's
14 covered well.

15 Now, you have to go to -- jump
16 from your reciprocal to the actual
17 bylaws for some of the descriptions but
18 I think -- I believe that they're all
19 explained pretty well.

20 BY MS. HAWK:

21 Q Okay. Can you turn with me to page 4
22 of the Reciprocal Agreement. In there in
23 Section 2.5, does that look like a --

24 A Common areas.

25 Q Yeah, common areas. Yeah, just take a

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1 HAWK - WATERS (CROSS-EXAMINATION)

2 second to read it.

3 A Okay, all righty.

4 Q And is that -- would you agree that
5 this Reciprocal Agreement is actually referring
6 to the Master Deed, your definition of --

7 A I think it may be referring to the
8 Master but I think it defines it there; all
9 common roadways, sidewalks, landscape areas and
10 amenities including parking, including parking
11 areas.

12 Q And this common area also refers to --
13 could you just read that first sentence there.

14 A What, 'all areas and improvements
15 thereof', is that --

16 Q Thereon.

17 A Thereon, oh. 'Thereunder with the
18 exterior boundaries of the regime property',
19 which means the entire property as I understand
20 it.

21 Q Do you see where it says 'as identified
22 as common area under the Master Deed'?

23 A As identified under the Master Deed,
24 that's what I said, I think --

25 Q So would you agree with me that you

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1 HAWK - WATERS (CROSS-EXAMINATION)

2 have to look at the Master Deed, also, to
3 determine what is a common area?

4 A Oh absolutely.

5 Q Okay.

6 A They didn't put a source in the back of
7 this so you have to refer to the Master Deed.

8 Q Okay.

9 A Which came with this.

10 Q And Mr. Finger asked you, at the
11 beginning of your deposition, to define a common
12 area. Would you agree with me that the
13 documents in this case is what should govern
14 what is a common area rather than your own
15 personal definition?

16 MR. FINGER: Note my objection,
17 please. You can answer now.

18 THE WITNESS: My definition is
19 irrelevant. What the documents say and
20 between this and the Master Deed is
21 pretty well designed as I understand
22 that's why I agreed with it.

23 BY MS. HAWK:

24 Q And as far as the -- and sticking with
25 the Reciprocal Agreement here for just a second,

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1 HAWK - WATERS (CROSS-EXAMINATION)

2 Mr. Finger asked you about a formula in this
3 agreement that's used to calculate Quartermaster
4 assessments, do you recall that question?

5 A Yes, I remember that. I remember that.

6 Q You -- I believe I don't want to
7 misstate you but I -- you understand that there
8 is a formula within this document to
9 calculate --

10 A Yes.

11 Q -- the Quartermaster fees?

12 A (Witness nods head.)

13 Q Okay. And my understanding of your
14 testimony has been that you just -- you don't
15 know it by heart but you know where it is?

16 A I knew it -- I know where to find it.
17 One of the things that mom taught was that you
18 don't have to know everything, you need to know
19 where to go to find out.

20 Q Okay.

21 A That's how I got through college.

22 Q Okay. And it's your understanding that
23 the formula within the Reciprocal Agreement has
24 been used to calculate the Quartermaster fees in
25 an appropriate manner?

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1 FINGER - WATERS (REDIRECT EXAMINATION)

2 MR. FINGER: Note my objection to
3 form. You can't answer now.

4 THE WITNESS: For over 20 years.

5 MS. HAWK: Okay. That's all the
6 questions.

7 MR. FINGER: Okay. A couple of
8 followup questions.

9 REDIRECT EXAMINATION

10 BY MR. FINGER:

11 Q You're still looking at Section 2.5,
12 definition of common area, correct, which is on
13 page --

14 A Next page 12. Now, I am.

15 Q Okay. And see the last thing that's in
16 there it says amenities area?

17 A Uh-huh.

18 Q Do you recall one of the first things I
19 talked to you was the definition of amenities
20 area, do you remember that?

21 A I recall going -- I remember you asking
22 about it.

23 Q Okay. Go back a page if you would,
24 Section 2.1.

25 A 2.1.

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QUARTERMASTER

1 FINGER - WATERS (REDIRECT EXAMINATION)

2 Q There's the definition of amenities
3 area, right? And it refers to you exhibit --

4 A Exhibit A.

5 Q Right. And we went back to Exhibit A,
6 remember that, third page from the back?

7 A Okay.

8 Q Okay.

9 A Third page from the back?

10 Q Third page from the back, right. See
11 Exhibit A?

12 A Okay, yes.

13 Q Remember you looked at the last section
14 of that where it says, 'save and accept'?

15 A Save and accept, okay.

16 Q It says, 'save and accept therefrom the
17 area actually occupied by residential structures
18 of Broad Creek Landing Horizontal Property
19 Regime or areas reserved as limited common
20 elements of residents thereof'.

21 You agree that the amenities area
22 specifically excludes any buildings in Broad
23 Creek, isn't that correct, under this analysis?

24 MS. HAWK: Object to the form.

25 THE WITNESS: I -- that would

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1 FINGER - WATERS (REDIRECT EXAMINATION)

2 exclude -- using that, that would
3 exclude the office.

4 BY MR. FINGER:

5 Q Right.

6 A Which is -- if there's ever an amenity,
7 that's one.

8 Q Right.

9 A That is kind of --

10 Q Kind of confusing, isn't it?

11 A That is kind of confusing.

12 Q So if you take that definition and put
13 it back into page 4 in the amenities area,
14 right, common area definition of 2.5, if you use
15 that amenity area definition it excludes the
16 buildings from the common areas, doesn't it?

17 MS. HAWK: Objection.

18 THE WITNESS: It would seem.

19 BY MR. FINGER:

20 Q It would seem to, right?

21 A It would seem.

22 Q Just one followup question.

23 You indicated that you would know where
24 to find the formula for the Quartermaster Regime
25 in this document?

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1 FINGER - WATERS (REDIRECT EXAMINATION)

2 A Yeah, I would say in this document.
3 Where in this document it may -- I may have to
4 take it home and study it tonight.

5 Q So you don't know where it is right
6 now, you must just know --

7 A I know it's right there.

8 Q You think it's in there somewhere?

9 A I know it's right there.

10 Q Okay. So as far as you find it, it
11 might take you a little bit of studying?

12 A It might take a little bit of studying
13 but it could be found.

14 Q I'm not going to put you through that.

15 MR. FINGER: Thank you for your
16 attention this afternoon.

17 THE WITNESS: Okay.

18 RE-CROSS-EXAMINATION

19 BY MS. HAWK:

20 Q Would you agree with me that reading
21 this section entitled 'common area' on page 4 of
22 the Reciprocal Agreement and it having the word
23 'amenities area' in there -- actually you know
24 what, scratch that.

25 A All areas -- you know, my thing is this

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1 HAWK - WATERS (RE-CROSS-EXAMINATION)

2 has been running for 20 years and --

3 MR. FINGER: Go ahead, running for
4 20 years.

5 THE WITNESS: For over 20 years.
6 It goes back to original construction,
7 all of this does.

8 MR. FINGER: Right.

9 THE WITNESS: And excess of
10 20 years finally coming to light it's
11 fine but no one -- it's -- as I made
12 the statement, earlier, it's like
13 running down the interstate at 75 miles
14 an hour in a 60 miles an hour zone, you
15 can do that for 20 years until you get
16 stopped and I just -- on and on, not
17 being a lawyer or a judge, it's all
18 well -- pretty well explained and I'm
19 -- now I'm not a real estate guy, I'm
20 not a property management person and
21 there were some pretty odd things going
22 on over 20 years ago on this island.

23 MR. FINGER: You've been here 12,
24 correct?

25 THE WITNESS: I've only been here

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1 HAWK - WATERS (RE-CROSS-EXAMINATION)

2 12, right, so I'm kind of the new kid
3 on the block on a lot of it. I used to
4 come and visit from Atlanta but --

5 MR. FINGER: No further questions.

6 Thank you very much.

7 (Whereupon, the deposition of
8 Thomas A. Waters, III, was
9 concluded at approximately
10 3:15 p.m.)

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C E R T I F I C A T E

STATE OF GEORGIA:
CHATHAM COUNTY:

I, Kyle J. Saniga, Court Reporter and Notary Public in and for the above county and state, do hereby certify that the foregoing testimony was taken before me at the time and place herein-before set forth; that the witness was by me first duly sworn to testify to the truth, the whole truth, and nothing but the truth, that thereupon the foregoing testimony was later reduced by computer transcription; and I certify that this is a true and correct transcript of my stenographic notes so taken.

I further certify that I am not of counsel to either party, nor interested in the event of this cause.

Kyle J. Saniga, CCR
Notary Public, B-2038
Savannah, Georgia

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Tuster

How your Quatermaster fee is calculated
(per reciprocal agreement)
July 1, 2002 - June 30, 2003

Total Budgeted expenses @ Broad Creek landing	\$ 823,724.00
Minus Maintenance Expense line item	\$ (60,000.00)
Minus any Termite Bonds	\$ (815.00)
Minus 2/3 Property Insurance	<u>\$ (220,457.00)</u>
	\$ 542,452.00
\$525,172.00 divided by 278 units (# of units in Broad Creek Landing)	\$ 1,951.27 avg /unit /year
\$1,889.00 divided by 12 months	\$ 162.00 monthly fee
An unimproved pays 25% of \$162.00 or \$41.00	

PLAINTIFF'S EXHIBIT

2 Tucker

Date Prepared: 3/22/04
 Prepared By: TE
 Date Approved: 4/26/04

Broad Creek Landing Approved Budget 7/1/04 thru 6/30/05

	2004/2005 Approved Monthly	2004/2005 Approved Annual
INCOME		
5120 *Regime Fees	\$ 67,042.00	\$ 804,504.00
5121 Quarter Master Fees	\$ 5,081.00	\$ 60,972.00
5410 Interest Income	\$ 32.42	\$ 389.00
Total	\$ 72,155.42	\$ 865,865.00

	<u>Monthly</u>	
EXPENSES		
<u>Administrative Expenses</u>		
6216 Bank Service Charges	\$ 26.25	\$ 315.00
6230 Management Fee	\$ 5,368.00	\$ 64,416.00
6325 Administrative Expenses	\$ 683.67	\$ 8,204.00
6235 Professional Fees	\$ 420.00	\$ 5,040.00
6320 Telephone	\$ 517.00	\$ 6,204.00
6710 Misc., Taxes, Licenses, & Permits	\$ 125.00	\$ 1,500.00
6800 Site Manager	\$ 4,125.00	\$ 49,500.00
<u>Insurance</u>		
6720 Property & Liability	\$ 23,833.33	\$ 286,000.00
6721 Flood	\$ 3,583.33	\$ 43,000.00
<u>Contract Expenses</u>		
6530 Security	\$ 2,600.00	\$ 31,200.00
6531 Rent Subsidy-Beaufort Sheriffs Dept	\$ 350.00	\$ 4,200.00
6540 Pest Control	\$ 1,239.00	\$ 14,868.00
6550 Refuse Contract	\$ 2,000.00	\$ 24,000.00
6585 Landscape Contract	\$ 8,070.00	\$ 96,840.00
6640 Pool Contract	\$ 1,306.50	\$ 15,678.00
6525 Janitorial Contract	\$ 500.00	\$ 6,000.00
<u>Maintenance Expenses</u>		
6535 Pest Other	\$ 1,000.00	\$ 12,000.00
6595 Landscape Other	\$ 1,000.00	\$ 12,000.00
6620 General Maintenance	\$ 5,000.00	\$ 60,000.00
6655 Other Pool & Grounds	\$ 200.00	\$ 2,400.00
<u>Utilities</u>		
6425 Electric	\$ 1,833.00	\$ 21,996.00
6430 Water & Sewer	\$ 292.00	\$ 3,504.00
6426 Security Lights	\$ 583.33	\$ 7,000.00
<u>Capital Expenditures</u>		
7000 Exterior Capital Expenditures/Reserve	\$ 7,500.00	\$ 90,000.00
Total Expenses/Reserve	\$ 72,155.42	\$ 865,865.00

* No change to Regime Fees

How Your Quartermaster fee is calculated
(Per reciprocal agreement)
2003-2004 Budget Year

Total budgeted expenses @ Broad Creek landing	\$ 865,865.00
Minus maintenance expense line item	\$ (60,000.00)
Minus any termite bonds	\$ (655.00)?
Minus 2/3 property insurance	<u>\$ (219,311.40)</u>
Basis for QM Fees	\$ 585,898.60
\$585,898.60 divided by 278 units (# units in Broad Creek Landing)	\$ 2,107.55 avg/unit/year
\$2,107.55 divided by 12 months	\$ 175.63 monthly fee improved
An unimproved pays 25% of \$175.63	\$ 43.91 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2003/2004)

So using above:

23 QM improved @ 100% = 23

25 QM unimproved @ 25% = 6.25

Total QM "Prorata Share"/"Average Unit" = 29.25

"Prorata Share"/"Average Unit" BCL 278 + 29.25 QM = 307.25

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 307.25 Units.

$585,898.60 / 307.25 = \$1,906.91$ avg./unit/year or $\$158.91$ monthly

$\$2,107.55$ minus $\$1,906.91 = \200.64 Overcharged to all improved QM Ea.

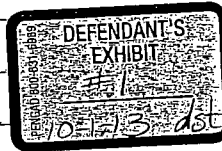
Unimproved Overcharged $\$50.16$ Ea. ($200.64 \times 25\%$)

$\$4,614.72$ Total over on improved + $\$1,254.00$ total over on unimproved = $\$5,868.72$

If "basis for QM fees" are properly contested the "over" amount will increase!

Cover Sheet

1999-2000	QM fee plus P/L commentary
2000-2001	missing
2001-2002	QM fee w/ P/L commentary
2002-2003	QM fee w/ budget attached
2003-2004	QM fee w/ budget + ^{P/L} commentary
2004-2005	QM fee w/ budget
2005-2006	QM fee
2006-2007	Budget
2007-2008	QM fee w/ budget + commentary
2008-2009	QM fee w/ budget + commentary
2009-2010	QM fee w/ budget
2010-2011	QM fee w/ budget
2011-2012	QM fee w/ budget
2012-2013	Budget



How Your Quartermaster fee is calculated
(Per reciprocal agreement)
1999-2000 Budget Year

Total budgeted expenses @ Broad Creek landing	\$	707,869.00
Minus maintenance expense line item	\$	(60,000.00)
Minus any termite bonds	\$	(655.00)?
Minus 2/3 property insurance	\$	<u>(144,200.00)</u>
Basis for QM Fees	\$	503,014.00
 \$503,014.00 divided by 278 units (# units in Broad Creek Landing)	\$	1,809.40 avg/unit/year
 \$1,809.40 divided by 12 months	\$	151.00 monthly fee improved
 An unimproved pays 25% of \$151.00	\$	38.00 monthly fee unimproved

There were 10 of 48 QM improved at time of this budget, (1999/2000)

So using above:

10 QM improved @ 100% = 10

38 QM unimproved @ 25% = 9.50

Total QM "Prorata Share"/"Average Unit" = 19.50

"Prorata Share"/"Average Unit" BCL 278 + 19.50 QM = 297.50

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 297.50 Units.

$503,014.00 / 297.50 = \$1,690.80$ avg./unit/year or \$140.90 monthly

\$1,809.40 minus \$1,690.80 = \$118.60 Overcharged to all improved QM Ea.

Unimproved Overcharged \$29.65 Ea. ($118.60 \times 25\%$)

\$1,186.00 Total over on improved + \$1,126.70 total over on unimproved = \$2,312.70

If "basis for QM fees" are properly contested the "over" amount will increase!

How Your Quartermaster fee is calculated
(Per reciprocal agreement)
2001-2002 Budget Year

Total budgeted expenses,@ Broad Creek landing	\$ 726,728.00
Minus maintenance expense line item	\$ (67,200.00)
Minus any termite bonds	\$ (655.00)?
Minus 2/3 property insurance	<u>\$ (166,200.00)</u>
Basis for QM Fees	\$ 492,673.00
 \$492,673.00 divided by 278 units (# units in Broad Creek Landing)	 \$ 1,772.21 avg/unit/year
 \$1,772.21 divided by 12 months	 \$ 147.68 monthly fee improved
 An unimproved pays 25% of \$147.68	 \$ 36.92 monthly fee unimproved

There were 22 of 48 QM improved at time of this budget, (2001/2002)

So using above:

21 QM improved @ 100% = 21

27 QM unimproved @ 25% = 6.75

Total QM "Prorata Share"/"Average Unit" = 27.75

"Prorata Share"/"Average Unit" BCL 278 + 27.75 QM = 305.75

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 305.75 Units.

$492,673.00 / 305.75 = \$1,611.36$ avg./unit/year or \$134.28 monthly

\$1,772.21 minus \$1,611.36 = \$160.85 Overcharged to all improved QM Ea.

Unimproved Overcharged \$40.21 Ea. (160.85 x 25%)

\$3,377.85 Total over on improved + \$1,085.67 total over on unimproved = \$4,463.52

If "basis for QM fees" are properly contested the "over" amount will increase!

How Your Quatermaster fee is calculated
(Per reciprocal agreement)
2001-2002 Budget Year

Total budgeted expenses @ Broad Creek landing	\$ 726,728.00
Minus maintenance expense line item	\$ (67,200.00)
Minus any termite bonds	\$ (655.00)?
Minus 2/3 property insurance	<u>\$ (166,200.00)</u>
Basis for QM Fees	\$ 492,673.00
 \$492,673.00 divided by 278 units (# units in Broad Creek Landing)	 \$ 1,772.21 avg/unit/year
 \$1,772.21 divided by 12 months	 \$ 147.68 monthly fee improved
 An unimproved pays 25% of \$147.68	 \$ 36.92 monthly fee unimproved

There were 22 of 48 QM improved at time of this budget, (2001/2002)

So using above:

21 QM, improved @ 100% = 21

27 QM unimproved @ 25% = 6.75

Total QM "Prorata Share"/"Average Unit" = 27.75

"Prorata Share"/"Average Unit" BCL 278 + 27.75 QM = 305.75

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 305.75 Units.

$492,673.00 / 305.75 = \$1,611.36$ avg./unit/year or \$134.28 monthly

\$1,772.21 minus \$1,611.36 = \$160.85 Overcharged to all improved QM Ea.

Unimproved Overcharged \$40.21 Ea. (160.85 x 25%)

\$3,377.85 Total over on improved + \$1,085.67 total over on unimproved = \$4,463.52

If "basis for QM fees" are properly contested the "over" amount will increase!

How your Quartermaster fee is calculated
(per reciprocal agreement)
July 1, 2002 - June 30, 2003

Total Budgeted expenses @ Broad Creek landing	\$ 823,724.00
Minus Maintenance Expense line item	\$ (60,000.00)
Minus any Termite Bonds	\$ (815.00)
Minus 2/3 Property Insurance	<u>\$ (220,457.00)</u> \$ 542,452.00
\$525,172.00 divided by 278 units (# of units in Broad Creek Landing)	\$ 1,951.27 avg /unit /year
\$1,889.00 divided by 12 months	\$ 162.00 monthly fee
An unimproved pays 25% of \$162.00 or \$41.00	

Broad Creek Landing Approved Budget 7/1/02 thru 6/30/03

		Last Yr Amount	Proposed	Annual Change
INCOME				
5120	Regime Fees	\$ 678,620.00	\$ 771,600.00	\$ 92,980.00
5121	Quarter Master Fees	\$ 48,108.00	\$ 52,124.00	\$ 4,016.00
Total		\$ 726,728.00	\$ 823,724.00	\$ 96,996.00

		Last Yr Amount	Proposed	Annual Change
EXPENSES				
<u>Administrative Expenses</u>				
6215	NSF Bank Charges	\$ -	\$ -	\$ -
6216	Bank Service Charges	\$ 315.00	\$ 315.00	\$ -
6230	Management Fee	\$ 62,370.00	\$ 64,152.00	\$ 1,782.00
6231	Administrative Expenses	\$ 8,204.00	\$ 8,204.00	\$ -
6235	Professional Fees	\$ 5,040.00	\$ 5,040.00	\$ -
6320	Telephone	\$ 6,204.00	\$ 6,204.00	\$ -
6710	Misc., Taxes, Licenses, & Permits	\$ 1,500.00	\$ 1,500.00	\$ -
6800	Site Manager	\$ 48,000.00	\$ 49,500.00	\$ 1,500.00
<u>Insurance</u>				
6720	Property & Liability	\$ 202,284.00	\$ 282,000.00	\$ 79,716.00
6721	Flood	\$ 47,040.00	\$ 47,040.00	\$ -
<u>Contract Expenses</u>				
6530	Security	\$ 30,000.00	\$ 30,000.00	\$ -
6531	Rent Subsidy-Beaufort Sheriff's Dept	\$ -	\$ 4,200.00	\$ 4,200.00
6540	Pest Control	\$ 18,552.00	\$ 19,108.00	\$ 556.00
6550	Refuse Contract	\$ 20,592.00	\$ 27,936.00	\$ 7,344.00
6585	Landscape Contract	\$ 94,020.00	\$ 96,840.00	\$ 2,820.00
6640	Pool Contract	\$ 15,276.00	\$ 15,734.00	\$ 458.00
6525	Janitorial Contract	\$ 4,800.00	\$ 5,200.00	\$ 400.00
<u>Maintenance Expenses</u>				
6535	Pest Other	\$ 6,504.00	\$ 12,000.00	\$ 5,496.00
6595	Landscape Other	\$ 13,464.00	\$ 12,992.00	\$ (472.00)
6620	General Maintenance	\$ 67,200.00	\$ 60,000.00	\$ (7,200.00)
6655	Other Pool & Grounds	\$ 2,004.00	\$ 2,400.00	\$ 396.00
<u>Utilities</u>				
6425	Electric	\$ 21,996.00	\$ 21,996.00	\$ -
6430	Water & Sewer	\$ 3,504.00	\$ 3,504.00	\$ -
<u>Capital Expenditures</u>				
7000	Exterior Capital Expenditures/Reserve	\$ 47,859.00	\$ 47,859.00	\$ -
Total Expenses/Reserve		\$ 726,728.00	\$ 823,724.00	\$ 96,996.00

How Your Quartermaster fee is calculated
 (Per reciprocal agreement)
 2002-2003 Budget Year

Total budgeted expenses @ Broad Creek landing	\$ 823,724.00
Minus maintenance expense line item	\$ (60,000.00)
Minus any termite bonds	\$ (655.00)?
Minus 2/3 property insurance	<u>\$ (219,338.00)</u>
Basis for QM Fees	\$ 543,731.00
 \$543,731.00 divided by 278 units (# units in Broad Creek Landing)	 \$ 1,955.87 avg/unit/year
 \$1,955.87 divided by 12 months	 \$ 163.00 monthly fee improved
 An unimproved pays 25% of \$163.00	 \$ 40.75 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2002/2003)

So using above:

23 QM improved @ 100% = 23

25 QM unimproved @ 25% = 6.25.

Total QM "Prorata Share"/"Average Unit" = 29.25

"Prorata Share"/"Average Unit" BCL 278 + 29.25 QM = 307.25

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 307.25 Units.

$543,731.00 / 307.25 = \$1,769.67$ avg./unit/year or $\$147.47$ monthly

$\$1,955.87$ minus $\$1,769.67 = \186.20 Overcharged to all improved QM Ea.

Unimproved Overcharged $\$46.55$ Ea. ($186.20 \times 25\%$).

$\$4,282.60$ Total over on improved + $\$1,163.75$ total over on unimproved = $\$5,446.35$

If "basis for QM fees" are properly contested the "over" amount will increase!

How Your Quartermaster fee is calculated
(per reciprocal agreement)
July 1, 2003 - June 30, 2004

Total Budgeted expenses @ Broad Creek Landing	\$ 865,865.00
Minus Maintenance Expense line item	\$ (60,000.00)
Minus any Termite Bonds	\$ (815.00)
Minus 2/3 Property Insurance	<u>\$ (220,457.00)</u>
	\$ 584,593.00
\$584,593.00 divided by 278 units (# of units in Broad Creek Landing)	\$ 2,102.85 avg/unit/year
\$2,103.00 divided by 12 months	\$ 175.00 monthly fee improved
An unimproved pays 25% of \$175.00	\$ 44.00 monthly fee unimproved

4/27/04

QM 0023

Broad Creek Landing Approved Budget 7/1/03 thru 6/30/04
 Approved 4/15/03

INCOME		Last Yr Amount	Approved
5120	Regime Fees	\$ 771,600.00	\$ 804,504.00
5121	Quarter Master Fees	\$ 52,124.00	\$ 60,972.00
5410	Interest Income	\$ -	\$ 389.00
Total		\$ 823,724.00	\$ 865,865.00

EXPENSES		Last Yr Amount	Annual
<u>Administrative Expenses</u>			
6215	NSF Bank Charges	\$ -	\$ -
6216	Bank Service Charges	\$ 315.00	\$ 315.00
6230	Management Fee	\$ 64,152.00	\$ 66,084.00
6325	Administrative Expenses	\$ 8,204.00	\$ 8,204.00
6235	Professional Fees	\$ 5,040.00	\$ 5,040.00
6320	Telephone	\$ 6,204.00	\$ 6,204.00
6710	Misc., Taxes, Licenses, & Permits	\$ 1,500.00	\$ 1,500.00
6800	Site Manager	\$ 49,500.00	\$ 49,500.00
<u>Insurance</u>			
6720	Property & Liability	\$ 282,000.00	\$ 286,000.00
6721	Flood	\$ 47,040.00	\$ 43,000.00
<u>Contract Expenses</u>			
6530	Security	\$ 30,000.00	\$ 31,200.00
6531	Rent Subsidy-Beaufort Sheriff's Dept	\$ 4,200.00	\$ 4,200.00
6540	Pest Control	\$ 19,108.00	\$ 16,000.00
6550	Refuse Contract	\$ 27,936.00	\$ 24,000.00
6585	Landscape Contract	\$ 96,840.00	\$ 96,840.00
6640	Pool Contract	\$ 15,734.00	\$ 15,678.00
6525	Janitorial Contract	\$ 5,200.00	\$ 6,000.00
<u>Maintenance Expenses</u>			
6535	Pest Other	\$ 12,000.00	\$ 12,000.00
6595	Landscape Other	\$ 12,992.00	\$ 12,000.00
6620	General Maintenance	\$ 60,000.00	\$ 60,000.00
6655	Other Pool & Grounds	\$ 2,400.00	\$ 2,400.00
<u>Utilities</u>			
6425	Electric	\$ 21,996.00	\$ 21,996.00
6430	Water & Sewer	\$ 3,504.00	\$ 3,504.00
6426	Security Lights	\$ -	\$ 4,200.00
<u>Capital Expenditures</u>			
7000	Exterior Capital Expenditures/Reserve	\$ 47,859.00	\$ 90,000.00
Total Expenses/Reserve		\$ 823,724.00	\$ 865,865.00

How Your Quartermaster fee is calculated
 (Per reciprocal agreement)
 2003-2004 Budget Year

Total budgeted expenses @ Broad Creek landing	\$	865,865.00
Minus maintenance expense line item	\$	(60,000.00)
Minus any termite bonds	\$	(655.00)?
Minus 2/3 property insurance	\$	<u>(219,311.40)</u>
Basis for QM Fees	\$	585,898.60
\$585,898.60 divided by 278 units (# units in Broad Creek Landing)	\$	2,107.55 avg/unit/year
\$2,107.55 divided by 12 months	\$	175.63 monthly fee improved
An unimproved pays 25% of \$175.63	\$	43.91 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2003/2004)

So using above:

23 QM improved @ .100% = 23

25 QM unimproved @ 25% = 6.25

Total QM "Prorata Share"/"Average Unit" = 29.25

"Prorata Share"/"Average Unit" BCL 278 + 29.25 QM = 307.25

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 307.25 Units.

585,898.60/307.25 = \$1,906.91 avg./unit/year or \$158.91 monthly

\$2,107.55 minus \$1,906.91 = \$200.64 Overcharged to all improved QM Ea.

Unimproved Overcharged \$50.16 Ea. (200.64 x 25%)

\$4,614.72 Total over on improved + \$1,254.00 total over on unimproved = \$5,868.72

If "basis for QM fees" are properly contested the "over" amount will increase!

How Your Quartermaster fee is calculated
(per reciprocal agreement)
July 1, 2004 - June 30, 2005

Total Budgeted expenses @ Broad Creek Landing	\$	865,865.00
Minus Maintenance Expense line item	\$	(60,000.00)
Minus any Termite Bonds	\$	(815.00)
Minus 2/3 Property Insurance	\$	<u>(220,457.00)</u>
	\$	584,593.00
\$584,593.00 divided by 278 units (# of units in Broad Creek Landing)	\$	2,102.85 avg/unit/year
\$2,103.00 divided by 12 months	\$	175.00 monthly fee improved
An unimproved pays 25% of \$175.00	\$	44.00 monthly fee unimproved

Date Prepared: 3/22/04
 Prepared By: TE
 Date Approved: 4/26/04

Broad Creek Landing Approved Budget 7/1/04 thru 6/30/05

		2004/2005 Approved Monthly	2004/2005 Approved Annual
INCOME			
5120	*Regime Fees	\$ 67,042.00	\$ 804,504.00
5121	Quarter Master Fees	\$ 5,081.00	\$ 60,972.00
5410	Interest Income	\$ 32.42	\$ 389.00
Total		<u>\$ 72,155.42</u>	<u>\$ 865,865.00</u>

EXPENSES

		Monthly	
<u>Administrative Expenses</u>			
6216	Bank Service Charges	\$ 26.25	\$ 315.00
6230	Management Fee	\$ 5,368.00	\$ 64,416.00
6325	Administrative Expenses	\$ 683.67	\$ 8,204.00
6235	Professional Fees	\$ 420.00	\$ 5,040.00
6320	Telephone	\$ 517.00	\$ 6,204.00
6710	Misc., Taxes, Licenses, & Permits	\$ 125.00	\$ 1,500.00
6800	Site Manager	\$ 4,125.00	\$ 49,500.00
<u>Insurance</u>			
6720	Property & Liability	\$ 23,833.33	\$ 286,000.00
6721	Flood	\$ 3,583.33	\$ 43,000.00
<u>Contract Expenses</u>			
6530	Security	\$ 2,600.00	\$ 31,200.00
6531	Rent Subsidy-Beaufort Sheriffs Dept	\$ 350.00	\$ 4,200.00
6540	Pest Control	\$ 1,239.00	\$ 14,868.00
6550	Refuse Contract	\$ 2,000.00	\$ 24,000.00
6585	Landscape Contract	\$ 8,070.00	\$ 96,840.00
6640	Pool Contract	\$ 1,306.50	\$ 15,678.00
6525	Janitorial Contract	\$ 500.00	\$ 6,000.00
<u>Maintenance Expenses</u>			
6535	Pest Other	\$ 1,000.00	\$ 12,000.00
6595	Landscape Other	\$ 1,000.00	\$ 12,000.00
6620	General Maintenance	\$ 5,000.00	\$ 60,000.00
6655	Other Pool & Grounds	\$ 200.00	\$ 2,400.00
<u>Utilities</u>			
6425	Electric	\$ 1,833.00	\$ 21,996.00
6430	Water & Sewer	\$ 292.00	\$ 3,504.00
6426	Security Lights	\$ 583.33	\$ 7,000.00
<u>Capital Expenditures</u>			
7000	Exterior Capital Expenditures/Reserve	\$ 7,500.00	\$ 90,000.00
Total Expenses/Reserve		<u>\$ 72,155.42</u>	<u>\$ 865,865.00</u>

* No change to Regime Fees

How Your Quartermaster fee is calculated
(Per reciprocal agreement)
2004-2005 Budget Year

Total budgeted expenses @ Broad Creek landing	\$ 865,865.00
Minus maintenance expense line item	\$ (60,000.00)
Minus any termite bonds	\$ (655.00)?
Minus 2/3 property insurance	<u>\$ (219,311.40)</u>
Basis for QM Fees	\$ 585,898.60
\$585,898.60 divided by 278 units (# units in Broad Creek Landing)	\$ 2,107.55 avg/unit/year
\$2,107.55 divided by 12 months	\$ 175.63 monthly fee improved
An unimproved pays 25% of \$175.63	\$ 43.91 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2004/2005)

So using above:

28 QM improved @ 100% = 28

20 QM unimproved @ 25% = 5.00

Total QM "Prorata Share"/"Average Unit" = 33.00

"Prorata Share"/"Average Unit" BCL 278 + 33.00 QM = 311.00

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 311.00 Units.

$585,898.60 / 311.00 = \$1,883.92$ avg./unit/year or $\$157.00$ monthly

$\$2,107.55$ minus $\$1,883.92 = \223.63 Overcharged to all improved QM Ea.

Unimproved Overcharged $\$55.91$ Ea. ($223.63 \times 25\%$)

$\$6,261.64$ Total over on improved + $\$1,118.20$ total over on unimproved = $\$7,379.84$

If "basis for QM fees" are properly contested the "over" amount will increase!

How Your Quartermaster fee is calculated
(per reciprocal agreement)
July 1, 2005 - June 30, 2006

Total Budgeted expenses @ Broad Creek Landing	\$	898,025.00
Minus Maintenance Expense line item	\$	(60,000.00)
Minus any Termite Bonds	\$	(815.00)
Minus 2/3 Property Insurance	\$	<u>(236,730.00)</u>
	\$	600,480.00
\$600,480.00 divided by 278 units (# of units in Broad Creek Landing)	\$	2,160.00 avg/unit/year
\$2,160.00 divided by 12 months	\$	180.00 monthly fee improved
An unimproved pays 25% of \$180.00	\$	45.00 monthly fee unimproved

QM 0021

Date Prepared: 3/22/06
 Prepared By: AJB, SJF
 Date Approved: 4/19/06

Broad Creek Landing Approved Budget 7/1/06 thru 6/30/07

	2005/2006 <u>Approved</u>	2006/2007 <u>Approved</u>	Annual <u>Change</u>
INCOME			
5120 *Regime Fees	\$ 826,008.00	\$ 879,192.00	\$ 53,184.00
5121 Quarter Master Fees	\$ 71,280.00	\$ 71,280.00	\$ -
5410 Interest Income	\$ 737.00	\$ -	\$ (737.00)
Total	\$ 898,025.00	\$ 950,472.00	\$ 52,447.00

EXPENSES			
<u>Administrative Expenses</u>			
6216 Bank Service Charges	\$ 500.00	\$ 100.00	\$ (400.00)
6230 Management Fee	\$ 65,044.00	\$ 67,014.00	\$ 1,970.00
6325 Administrative Expenses	\$ 9,704.00	\$ 10,000.00	\$ 296.00
6235 Professional Fees	\$ 1,815.00	\$ 3,975.00	\$ 2,160.00
6320 Telephone	\$ 6,204.00	\$ 6,204.00	\$ -
6710 Misc., Taxes, Licenses, & Permits	\$ 1,500.00	\$ 1,500.00	\$ -
6800 Site Manager	\$ 49,500.00	\$ 52,000.00	\$ 2,500.00
<u>Insurance</u>			
6720 Property & Liability	\$ 286,000.00	\$ 364,000.00	\$ 78,000.00
6721 Flood	\$ 43,000.00	\$ 55,000.00	\$ 12,000.00
<u>Contract Expenses</u>			
6530 Security	\$ 33,600.00	\$ 26,000.00	\$ (7,600.00)
6531 Rent Subsidy-Beaufort Sheriff's Dept	\$ 4,200.00	\$ 4,200.00	\$ -
6540 Pest Control	\$ 14,868.00	\$ 14,868.00	\$ -
6550 Refuse Contract	\$ 23,040.00	\$ 25,536.00	\$ 2,496.00
6585 Landscape Contract	\$ 96,000.00	\$ 58,200.00	\$ (37,800.00)
6640 Pool Contract	\$ 16,200.00	\$ 16,680.00	\$ 480.00
6525 Janitorial Contract	\$ 7,200.00	\$ 7,200.00	\$ -
<u>Maintenance Expenses</u>			
6535 Pest Other	\$ 12,000.00	\$ 8,500.00	\$ (3,500.00)
6595 Landscape Other	\$ 12,000.00	\$ 13,845.00	\$ 1,845.00
6620 General Maintenance	\$ 60,000.00	\$ 60,000.00	\$ -
6655 Other Pool & Grounds	\$ 3,000.00	\$ 3,000.00	\$ -
<u>Utilities</u>			
6425 Electric	\$ 21,996.00	\$ 19,746.00	\$ (2,250.00)
6430 Water & Sewer	\$ 3,504.00	\$ 3,504.00	\$ -
6426 Security Lights	\$ 7,150.00	\$ 9,400.00	\$ 2,250.00
<u>Capital Expenditures</u>			
7000 Exterior Capital Expenditures/Reserve	\$ 120,000.00	\$ 120,000.00	\$ -
Total Expenses/Reserve	\$ 898,025.00	\$ 950,472.00	\$ 52,447.00

How Your Quartermaster fee is calculated
(Per reciprocal agreement)
2007-2008 Budget Year

Total budgeted expenses @ Broad Creek landing	\$ 950,472.00
Minus maintenance expense line item	\$ (60,000.00)
Minus any termite bonds	\$ (7,000.00)?
Minus 2/3 property insurance	<u>\$ (240,000.00)?</u>
Basis for QM Fees	\$ 643,472.00
\$643,472.00 divided by 278 units (# units in Broad Creek Landing)	\$ 2,314.65 avg/unit/year
\$2,337.47 divided by 12 months	\$ 194.79 monthly fee improved
An unimproved pays 25% of \$194.79	\$ 48.70 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2007/2008)

So using above:

28 QM improved @ 100% = 28

20 QM unimproved @ 25% = 5.00

Total QM "Prorata Share"/"Average Unit" = 33.00

"Prorata Share"/"Average Unit" BCL 278 + 33.00 QM = 311.00

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 311.00 Units.

643,472.00/311.00 = \$2,069.04 avg./unit/year or \$172.42 monthly

\$2,314.65 minus \$2,069.04 = \$245.61 Overcharged to all improved QM Ea.

Unimproved Overcharged \$61.40 Ea. (245.61 x 25%)

\$6,877.08 Total over on improved + \$1,228.00 total over on unimproved = \$8,105.08

If "basis for QM fees" are properly contested the "over" amount will increase!

Date Prepared: 3/16/07
 Prepared By: SJF/GH
 Date Approved: 3/22/07

Broad Creek Landing Approved Budget 7/1/07 thru 6/30/08

	2007/2008 Approved	2006/2007 Approved	Annual Change
INCOME			
5120 *Regime Fees	\$ 879,192.00	\$ 879,192.00	\$ -
5121 Quarter Master Fees	\$ 71,280.00	\$ 71,280.00	\$ -
5410 Interest Income	\$ -	\$ -	\$ -
Total	\$ 950,472.00	\$ 950,472.00	\$ -
EXPENSES			
<u>Administrative Expenses</u>			
6216 Bank Service Charges	\$ 100.00	\$ 100.00	\$ -
6230 Management Fee	\$ 69,024.00	\$ 67,014.00	\$ 2,010.00
6325 Administrative Expenses	\$ 12,000.00	\$ 10,000.00	\$ 2,000.00
6235 Professional Fees	\$ 701.00	\$ 3,975.00	\$ (3,274.00)
6320 Telephone	\$ 6,204.00	\$ 6,204.00	\$ -
6710 Misc., Taxes, Licenses, & Permits	\$ 1,500.00	\$ 1,500.00	\$ -
6800 Site Manager	\$ 52,000.00	\$ 52,000.00	\$ -
<u>Insurance Expense</u>			
6720 **Insurance (Allowance)	\$ 419,000.00	\$ 364,000.00	\$ 55,000.00
6721		\$ 55,000.00	\$ (55,000.00)
<u>Contract Expenses</u>			
6530 Security	\$ 26,000.00	\$ 26,000.00	\$ -
6531 Rent Subsidy-Beaufort Sheriff's Dept	\$ -	\$ 4,200.00	\$ (4,200.00)
6540 Pest Control	\$ 14,868.00	\$ 14,868.00	\$ -
6550 Refuse Contract	\$ 25,536.00	\$ 25,536.00	\$ -
6585 Landscape Contract	\$ 60,000.00	\$ 58,200.00	\$ 1,800.00
6640 Pool Contract	\$ 17,100.00	\$ 16,680.00	\$ 420.00
6525 Janitorial Contract	\$ 7,200.00	\$ 7,200.00	\$ -
<u>Maintenance Expenses</u>			
6535 Pest Other	\$ 8,500.00	\$ 8,500.00	\$ -
6595 Landscape Other	\$ 13,845.00	\$ 13,845.00	\$ -
6620 General Maintenance	\$ 60,000.00	\$ 60,000.00	\$ -
6655 Other Pool & Grounds	\$ 3,000.00	\$ 3,000.00	\$ -
<u>Utilities</u>			
6425 Electric	\$ 20,990.00	\$ 19,746.00	\$ 1,244.00
6430 Water & Sewer	\$ 3,504.00	\$ 3,504.00	\$ -
6426 Security Lights	\$ 9,400.00	\$ 9,400.00	\$ -
<u>Capital Expenditures</u>			
7000 Exterior Capital Expenditures/Reserve	\$ 120,000.00	\$ 120,000.00	\$ -
Total Expenses/Reserve	\$ 950,472.00	\$ 950,472.00	\$ -

*Please note that there is no increase in regime fees for the 2007 - 2008 fiscal year.

**Please note INSURANCE EXPENSE is only an allowance, shortfall will be billed to the owners.

How Your Quartermaster fee is calculated
 (Per reciprocal agreement)
 2007-2008 Budget Year

Total budgeted expenses @ Broad Creek landing	\$ 950,472.00
Minus maintenance expense line item	\$ (60,000.00)
Minus any termite bonds	\$ (7,000.00)?
Minus 2/3 property insurance	<u>\$ (240,000.00)?</u>
Basis for QM Fees	\$ 643,472.00
\$643,472.00 divided by 278 units (# units in Broad Creek Landing)	\$ 2,314.65 avg/unit/year
\$2,337.47 divided by 12 months	\$ 194.79 monthly fee improved
An unimproved pays 25% of \$194.79	\$ 48.70 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2007/2008)

So using above:

28 QM improved @ 100% = 28

20 QM unimproved @ 25% = 5.00

Total QM "Prorata Share"/"Average Unit" = 33.00

"Prorata Share"/"Average Unit" BCL 278 + 33.00 QM = 311.00

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 311.00 Units.

$643,472.00 / 311.00 = \$2,069.04$ avg./unit/year or $\$172.42$ monthly

$\$2,314.65$ minus $\$2,069.04 = \245.61 Overcharged to all improved QM Ea.

Unimproved Overcharged $\$61.40$ Ea. ($245.61 \times 25\%$)

$\$6,877.08$ Total over on improved + $\$1,228.00$ total over on unimproved = $\$8,105.08$

If "basis for QM fees" are properly contested the "over" amount will increase!

Date Prepared: 3/16/07
 Prepared By: SJF/GH
 Date Approved: 3/22/07

Broad Creek Landing Approved Budget 7/1/07 thru 6/30/08

	2007/2008 <u>Approved</u>	2006/2007 <u>Approved</u>	Annual Change
INCOME			
5120 *Regime Fees	\$ 879,192.00	\$ 879,192.00	\$ -
5121 Quarter Master Fees	\$ 71,280.00	\$ 71,280.00	\$ -
5410 Interest Income	\$ -	\$ -	\$ -
Total	<u>\$ 950,472.00</u>	<u>\$ 950,472.00</u>	<u>\$ -</u>
EXPENSES			
<u>Administrative Expenses</u>			
6216 Bank Service Charges	\$ 100.00	\$ 100.00	\$ -
6230 Management Fee	\$ 69,024.00	\$ 67,014.00	\$ 2,010.00
6325 Administrative Expenses	\$ 12,000.00	\$ 10,000.00	\$ 2,000.00
6235 Professional Fees	\$ 701.00	\$ 3,975.00	\$ (3,274.00)
6320 Telephone	\$ 6,204.00	\$ 6,204.00	\$ -
6710 Misc., Taxes, Licenses, & Permits	\$ 1,500.00	\$ 1,500.00	\$ -
6800 Site Manager	\$ 52,000.00	\$ 52,000.00	\$ -
<u>Insurance Expense</u>			
6720 **Insurance (Allowance)	\$ 419,000.00	\$ 364,000.00	\$ 55,000.00
6721		\$ 55,000.00	\$ (55,000.00)
<u>Contract Expenses</u>			
6530 Security	\$ 26,000.00	\$ 26,000.00	\$ -
6531 Rent Subsidy-Beaufort Sheriff's Dept	\$ -	\$ 4,200.00	\$ (4,200.00)
6540 Pest Control	\$ 14,868.00	\$ 14,868.00	\$ -
6550 Refuse Contract	\$ 25,536.00	\$ 25,536.00	\$ -
6585 Landscape Contract	\$ 60,000.00	\$ 58,200.00	\$ 1,800.00
6640 Pool Contract	\$ 17,100.00	\$ 16,680.00	\$ 420.00
6525 Janitorial Contract	\$ 7,200.00	\$ 7,200.00	\$ -
<u>Maintenance Expenses</u>			
6535 Pest Other	\$ 8,500.00	\$ 8,500.00	\$ -
6595 Landscape Other	\$ 13,845.00	\$ 13,845.00	\$ -
6620 General Maintenance	\$ 60,000.00	\$ 60,000.00	\$ -
6655 Other Pool & Grounds	\$ 3,000.00	\$ 3,000.00	\$ -
<u>Utilities</u>			
6425 Electric	\$ 20,990.00	\$ 19,746.00	\$ 1,244.00
6430 Water & Sewer	\$ 3,504.00	\$ 3,504.00	\$ -
6426 Security Lights	\$ 9,400.00	\$ 9,400.00	\$ -
<u>Capital Expenditures</u>			
7000 Exterior Capital Expenditures/Reserve	\$ 120,000.00	\$ 120,000.00	\$ -
Total Expenses/Reserve	<u>\$ 950,472.00</u>	<u>\$ 950,472.00</u>	<u>\$ -</u>

*Please note that there is no increase in regime fees for the 2007 - 2008 fiscal year.

**Please note INSURANCE EXPENSE is only an allowance, shortfall will be billed to the owners.

How Your Quartermaster fee is calculated
(per reciprocal agreement)
2008-2009 Budget Year

Total budgeted expenses @ Broad Creek Landing	\$	969,472.00	
Minus maintenance expense line item	\$	(110,845.00)	
Minus any termite bonds	\$	(7,700.00)	
Minus 2/3 property insurance	\$	<u>(237,103.00)</u>	
	\$	613,824.00	
\$613,824.00 divided by 278 units (# of units in Broad Creek Landing)	\$	2,208.00	avg/unit/year
\$2,208.00 divided by 12 months	\$	184.00	monthly fee improved (\$70,656.00 annual improved)
An unimproved pays 25% of \$184.00	\$	46.00	monthly fee unimproved (\$9,384.00 annual unimproved)

QM 0018

Date Prepared: 3/12/08
 Prepared By: SJF/GH
 Date Approved: 3/27/08

Broad Creek Landing Approved Budget 7/1/08 thru 6/30/09
 Revised 3/28/08 @ 1:02pm

		2008/2009 <u>Approved</u>	2007/2008 <u>Approved</u>
INCOME			
5120	*Regime Fees	\$ 889,432.00	\$ 879,192.00
5121	Quarter Master Fees	\$ 80,040.00	\$ 71,280.00
	Total	<u>\$ 969,472.00</u>	<u>\$ 950,472.00</u>
EXPENSES			
<u>Administrative Expenses</u>			
6216	Bank Service Charges	\$ 100.00	\$ 100.00
6230	Management Fee	\$ 71,604.00	\$ 69,024.00
6325	Administrative Expenses	\$ 14,150.00	\$ 12,000.00
6235	Professional Fees	\$ 4,000.00	\$ 701.00
6320	Telephone	\$ 6,204.00	\$ 6,204.00
6710	Misc., Taxes, Licenses, & Permits	\$ 1,500.00	\$ 1,500.00
6800	Site Manager	\$ 53,560.00	\$ 52,000.00
<u>Insurance Expense</u>			
6720	**Insurance (Allowance)	\$ 351,273.00	\$ 419,000.00
<u>Contract Expenses</u>			
6530	Security	\$ 26,000.00	\$ 26,000.00
6540	Pest Control	\$ 14,868.00	\$ 14,868.00
6550	Refuse Contract	\$ 27,000.00	\$ 25,536.00
6585	Landscape Contract	\$ 60,000.00	\$ 60,000.00
6640	Pool Contract	\$ 17,700.00	\$ 17,100.00
6525	Janitorial Contract	\$ 7,200.00	\$ 7,200.00
<u>Maintenance Expenses</u>			
6535	Pest Other	\$ 7,700.00	\$ 8,500.00
6536	Critter Proofing	\$ 12,000.00	\$ -
6595	Landscape Other	\$ 7,500.00	\$ 13,845.00
6575	Irrigation Repairs	\$ 6,345.00	\$ -
6620	General Maintenance	\$ 72,000.00	\$ 60,000.00
6625	Roof Repairs	\$ 10,000.00	\$ -
6655	Other Pool & Grounds	\$ 3,000.00	\$ 3,000.00
<u>Utilities</u>			
6425	Electric	\$ 23,140.00	\$ 20,990.00
6430	Water & Sewer	\$ 4,000.00	\$ 3,504.00
6426	Security Lights	\$ 9,628.00	\$ 9,400.00
<u>Reserves</u>			
7000	Operating Reserve	\$ 95,000.00	\$ 120,000.00
7004	Roof Reserve	\$ 45,000.00	\$ -
7005	Paint Reserve	\$ 19,000.00	\$ -
	Total	<u>\$ 969,472.00</u>	<u>\$ 950,472.00</u>

**Please note INSURANCE EXPENSE is only an allowance, shortfall will be billed to the

How Your Quartermaster fee is calculated
(Per reciprocal agreement)
2008-2009 Budget Year

Total budgeted expenses @ Broad Creek landing	\$ 969,472.00
Minus maintenance expense line item	\$ (110,845.00)
Minus any termite bonds	\$ (7,700.00)?
Minus 2/3 property insurance	<u>\$ (237,103.00)?</u>
Basis for QM Fees	\$ 613,824.00
 \$613,824.00 divided by 278 units (# units in Broad Creek Landing)	 \$ 2,208.00 avg/unit/year
 \$2,208.00 divided by 12 months	 \$ 184.00 monthly fee improved
 An unimproved pays 25% of \$184.00	 \$ 46.00 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2008/2009)

So using above:

30 QM improved @ 100% = 30

18 QM unimproved @ 25% = 4.50

Total QM "Prorata Share"/"Average Unit" = 34.50

"Prorata Share"/"Average Unit" BCL 278 + 34.50 QM = 312.50

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 312.50 Units.

$613,824.00 / 312.50 = \$1,964.24$ avg./unit/year or $\$163.69$ monthly

$\$2,208.00$ minus $\$1,964.24 = \243.76 Overcharged to all improved QM Ea.

Unimproved Overcharged $\$60.94$ Ea. ($243.76 \times 25\%$)

$\$7,312.80$ Total over on improved + $\$1,096.92$ total over on unimproved = $\$8,409.72$

If "basis for QM fees" are properly contested the "over" amount will increase!

How Your Quartermaster fee is calculated
(per reciprocal agreement)
.2009-2010 Budget Year

Total budgeted expenses @ Broad Creek Landing	\$	969,472.00	
Minus maintenance expense line item	\$	(110,845.00)	
Minus any termite bonds	\$	(7,700.00)	
Minus 2/3 property insurance	\$	<u>(237,103.00)</u>	
	\$	613,824.00	
\$613,824.00 divided by 278 units (# of units in Broad Creek Landing)	\$	2,208.00	avg/unit/year
\$2,208.00 divided by 12 months	\$	184.00	monthly fee improved (\$70,666.00 annual improved)
An unimproved pays 25% of \$184.00	\$	46.00	monthly fee unimproved (\$9,384.00 annual unimproved)

Date Prepared: 3/5/09
 Prepared By: SJF/CF
 Date Approved: 3/19/09

Broad Creek Landing Approved Budget 7/1/09 thru 6/30/10

	2008/2009 <u>Approved</u>	2009/2010 <u>Approved</u>	Annual Change
INCOME			
5120 Regime Fees	\$ 889,432.00	\$ 889,432.00	\$ -
5121 Quarter Master Fees	\$ 80,040.00	\$ 80,040.00	\$ -
Total	<u>\$ 969,472.00</u>	<u>\$ 969,472.00</u>	<u>\$ -</u>
EXPENSES			
<u>Administrative Expenses</u>			
6216 Bank Service Charges	\$ 100.00	\$ 100.00	\$ -
6230 Management Fee	\$ 71,604.00	\$ 74,289.00	\$ (2,685.00)
6325 Administrative Expenses	\$ 14,150.00	\$ 14,150.00	\$ -
6235 Professional Fees	\$ 4,000.00	\$ 5,840.00	\$ (1,840.00)
6320 Telephone	\$ 6,204.00	\$ 6,204.00	\$ -
6710 Misc., Taxes, Licenses, & Permits	\$ 1,500.00	\$ 1,500.00	\$ -
6800 Site Manager	\$ 53,560.00	\$ 53,560.00	\$ -
<u>Insurance Expense</u>			
6720 **Insurance (Allowance)	\$ 351,273.00	\$ 351,273.00	\$ -
<u>Contract Expenses</u>			
6530 Security	\$ 26,000.00	\$ 26,000.00	\$ -
6540 Pest Control	\$ 14,868.00	\$ 14,868.00	\$ -
6550 Refuse Contract	\$ 27,000.00	\$ 27,000.00	\$ -
6585 Landscape Contract	\$ 60,000.00	\$ 55,000.00	\$ 5,000.00
6640 Pool Contract	\$ 17,700.00	\$ 18,120.00	\$ (420.00)
6525 Janitorial Contract	\$ 7,200.00	\$ 7,800.00	\$ (600.00)
<u>Maintenance Expenses</u>			
6535 Pest Other	\$ 7,700.00	\$ 7,700.00	\$ -
6536 Critter Proofing	\$ 12,000.00	\$ 12,000.00	\$ -
6595 Landscape Other	\$ 7,500.00	\$ 7,500.00	\$ -
6575 Irrigation Repairs	\$ 6,345.00	\$ 6,345.00	\$ -
6620 General Maintenance	\$ 72,000.00	\$ 72,000.00	\$ -
6625 Roof Repairs	\$ 10,000.00	\$ 10,000.00	\$ -
6655 Other Pool & Grounds	\$ 3,000.00	\$ 3,000.00	\$ -
<u>Utilities</u>			
6425 Electric	\$ 23,140.00	\$ 25,923.00	\$ (2,783.00)
6430 Water & Sewer	\$ 4,000.00	\$ 3,840.00	\$ 160.00
6426 Security Lights	\$ 9,628.00	\$ 10,260.00	\$ (632.00)
<u>Reserves</u>			
7000 Operating Reserve	\$ 95,000.00	\$ 91,200.00	\$ 3,800.00
7004 Roof Reserve	\$ 45,000.00	\$ 45,000.00	\$ -
7005 Paint Reserve	\$ 19,000.00	\$ 19,000.00	\$ -
	<u>\$ 969,472.00</u>	<u>\$ 969,472.00</u>	<u>\$ -</u>

**Please note INSURANCE EXPENSE is only an allowance, shortfall will be billed to the owners.

How Your Quartermaster fee is calculated
(per reciprocal agreement)
2010 -2011 Budget Year

Total budgeted expenses @ Broad Creek Landing	\$ 965,608.00	
Minus maintenance expense line item	\$ (106,845.00)	
Minus any termite bonds	\$ (7,700.00)	
Minus 2/3 property insurance	<u>\$ (234,182.00)</u>	
	\$ 616,881.00	
\$616,881.00 divided by 278 units (# of units in Broad Creek Landing)	\$ 2,219.00	avg/unit/year
\$2,219.00 divided by 12 months	\$ 185.00	monthly fee improved (Left at previous year \$184.00)
An unimproved pays 25% of \$184.00	\$ 46.00	monthly fee unImproved

Date Prepared: 2/19/10
 Prepared By: SJF/RAF
 Date Approved: 3/12/10

Broad Creek Landing Approved Budget 7/1/10 thru 6/30/11

		2010/2011 Monthly	2010/2011 Annual
INCOME			
5120	Regime Fees	\$ 74,119.33	\$ 889,432.00
5121	Quarter Master Fees	\$ 6,348.00	\$ 76,176.00
	Total	\$ 80,467.33	\$ 965,608.00
EXPENSES			
<u>Administrative Expenses</u>			
6216	Bank Service Charges	\$ 8.33	\$ 100.00
6230	Management Fee	\$ 6,190.75	\$ 74,289.00
6325	Administrative Expenses	\$ 1,179.17	\$ 14,150.00
6235	Professional Fees	\$ 498.00	\$ 5,976.00
6320	Telephone	\$ 517.00	\$ 6,204.00
6710	Misc., Taxes, Licenses, & Permits	\$ 125.00	\$ 1,500.00
6800	Site Manager	\$ 4,463.33	\$ 53,560.00
<u>Insurance Expense</u>			
6720	**Insurance (Allowance)	\$ 29,272.75	\$ 351,273.00
<u>Contract Expenses</u>			
6530	Security	\$ 2,166.67	\$ 26,000.00
6540	Pest Control	\$ 1,239.00	\$ 14,868.00
6550	Refuse Contract	\$ 2,250.00	\$ 27,000.00
6585	Landscape Contract	\$ 4,583.33	\$ 55,000.00
6640	Pool Contract	\$ 1,510.00	\$ 18,120.00
6525	Janitorial Contract	\$ 650.00	\$ 7,800.00
<u>Maintenance Expenses</u>			
6535	Pest Other	\$ 641.67	\$ 7,700.00
6536	Critter Proofing	\$ 833.33	\$ 10,000.00
6595	Landscape Other	\$ 625.00	\$ 7,500.00
6575	Irrigation Repairs	\$ 362.08	\$ 4,345.00
6620	General Maintenance	\$ 6,000.00	\$ 72,000.00
6625	Roof Repairs	\$ 833.33	\$ 10,000.00
6655	Other Pool & Grounds	\$ 250.00	\$ 3,000.00
<u>Utilities</u>			
6425	Electric	\$ 2,160.25	\$ 25,923.00
6430	Water & Sewer	\$ 320.00	\$ 3,840.00
6426	Security Lights	\$ 855.00	\$ 10,260.00
<u>Reserves</u>			
7000	Operating Reserve	\$ 7,600.00	\$ 91,200.00
7004	Roof Reserve	\$ 3,750.00	\$ 45,000.00
7005	Paint Reserve	\$ 1,583.33	\$ 19,000.00
	Total	\$ 80,467.33	\$ 965,608.00

**Please note INSURANCE EXPENSE is only an allowance, shortfall will be billed to the owners.

D:\Jo Docs\BCL files\budget prep 2010-2011\BCL Approved 2010-2011 Budget

How Your Quatermaster fee is calculated
(Per reciprocal agreement)
2010-2011 Budget Year

Total budgeted expenses @ Broad Creek landing	\$	965,608.00
Minus maintenance expense line item	\$	(106,845.00)
Minus any termite bonds	\$	(7,700.00)?
Minus 2/3 property insurance	\$	<u>(234,159.00)?</u>
Basis for QM Fees	\$	616,904.00
\$616,904.00 divided by 278 units (# units in Broad Creek Landing)	\$	2,219.08 avg/unit/year
\$2,219.08 divided by 12 months	\$	184.92 monthly fee improved
An unimproved pays 25% of \$184.92	\$	46.23 monthly fee unimproved

There were 23 of 48 QM improved at time of this budget, (2010/2011)

So using above:

30 QM improved @ 100% = 30

18 QM unimproved @ 25% = 4.50

Total QM "Prorata Share"/"Average Unit" = 34.50

"Prorata Share"/"Average Unit" BCL 278 + 34.50 QM = 312.50

Not contesting the "Basis for QM Fees" We should have at least been properly factored in at 312.50 Units.

616,904.00/312.50 = \$1,974.09 avg./unit/year or \$164.51 monthly

\$2,219.08 minus \$1,974.09 = \$245.00 Overcharged to all improved QM Ea.

Unimproved Overcharged \$61.25 Ea. (245.00 x 25%)

\$7,350.00 Total over on improved + \$1,102.50 total over on unimproved = \$8,452.50

If "basis for QM fees" are properly contested the "over" amount will increase!

How Your Quartermaster fee is calculated
(per reciprocal agreement)
2011-2012 Budget Year

Total budgeted expenses @ Broad Creek Landing	\$	956,608.00	
Minus maintenance expense line item	\$	(106,845.00)	
Minus any termite bonds	\$	(7,700.00)	
Minus 2/3 property Insurance	\$	<u>(234,182.00)</u>	
	\$	607,881.00	
\$607,881.00 divided by 278 units (# of units in Broad Creek Landing)	\$	2,186.62	avg/unit/year
\$2,186.62 divided by 12 months	\$	184.00	monthly fee improved (\$70,656.00 annual improved)
An unimproved pays 25% of \$184.00	\$	46.00	monthly fee unimproved (\$9,384.00 annual unimproved)

QM 0015

Date Prepared: 3/2/11
 Prepared By: SJF
 Date Approved: 5/2/11

Broad Creek Landing Approved Budget 7/1/11 thru 6/30/12

		2011/2012 Approved Monthly	2011/2012 Approved Annual
INCOME			
5120	Regime Fees	\$ 74,119.33	\$ 889,432.00
5121	Quarter Master Fees	\$ 6,348.00	\$ 76,176.00
	Total	<u>\$ 80,467.33</u>	<u>\$ 965,608.00</u>
EXPENSES			
<u>Administrative Expenses</u>			
6216	Bank Service Charges	\$ 8.33	\$ 100.00
6230	Management Fee	\$ 6,190.75	\$ 74,289.00
6235	Professional Fees	\$ 498.00	\$ 5,976.00
6310	Allowance for Doubtful Accounts	\$ 2,500.00	\$ 30,000.00
6320	Telephone	\$ 517.00	\$ 6,204.00
6325	Administrative Expenses	\$ 1,179.17	\$ 14,150.00
6710	Misc., Taxes, Licenses, & Permits	\$ 125.00	\$ 1,500.00
6800	Site Manager	\$ 4,463.33	\$ 53,560.00
<u>Insurance Expense</u>			
6720	**Insurance (Allowance)	\$ 29,272.75	\$ 351,273.00
<u>Contract Expenses</u>			
6530	Security	\$ 2,166.67	\$ 26,000.00
6540	Pest Control	\$ 1,239.00	\$ 14,868.00
6550	Refuse Contract	\$ 2,250.00	\$ 27,000.00
6585	Landscape Contract	\$ 4,500.00	\$ 54,000.00
6640	Pool Contract	\$ 1,545.00	\$ 18,540.00
6525	Janitorial Contract	\$ 650.00	\$ 7,800.00
<u>Maintenance Expenses</u>			
6535	Pest Other	\$ 641.67	\$ 7,700.00
6536	Critter Proofing	\$ 833.33	\$ 10,000.00
6595	Landscape Other	\$ 625.00	\$ 7,500.00
6575	Irrigation Repairs	\$ 362.08	\$ 4,345.00
6620	General Maintenance	\$ 6,000.00	\$ 72,000.00
6625	Roof Repairs	\$ 833.33	\$ 10,000.00
6655	Other Pool & Grounds	\$ 250.00	\$ 3,000.00
<u>Utilities</u>			
6425	Electric	\$ 2,250.00	\$ 27,000.00
6430	Water & Sewer	\$ 320.00	\$ 3,840.00
6426	Security Lights	\$ 855.00	\$ 10,260.00
<u>Reserves</u>			
7000	Operating Reserve	\$ 7,600.00	\$ 91,200.00
7004	Roof Reserve	\$ 2,791.92	\$ 33,503.00
	Total	<u>\$ 80,467.33</u>	<u>\$ 965,608.00</u>

**Please note INSURANCE EXPENSE is only an allowance, shortfall will be Billed to the owners.

Date Prepared: 4/1/12
 Prepared By: SJF
 Date Approved: 4/26/12

Broad Creek Landing Approved Budget 7/1/12 thru 6/30/13

		2012/2013 Approved Monthly	2012/2013 Approved Annual
INCOME			
5120	Regime Fees	\$ 74,174.00	\$ 890,088.00
5121	Quarter Master Fees	\$ 6,486.00	\$ 77,832.00
Total		<u>\$ 80,660.00</u>	<u>\$ 967,920.00</u>
EXPENSES			
<u>Administrative Expenses</u>			
6216	Bank Service Charges	\$ 8.33	\$ 100.00
6230	Management Fee	\$ 6,190.75	\$ 74,289.00
6235	Professional Fees	\$ 125.00	\$ 1,500.00
6310	Allowance for Doubtful Accounts	\$ 583.33	\$ 7,000.00
6320	Telephone	\$ 517.00	\$ 6,204.00
6325	Administrative Expenses	\$ 1,179.17	\$ 14,150.00
6710	Misc., Taxes, Licenses, & Permits	\$ 125.00	\$ 1,500.00
6800	Site Manager	\$ 4,574.67	\$ 54,896.00
<u>Insurance Expense</u>			
6720	**Insurance (Allowance)	\$ 29,272.75	\$ 351,273.00
<u>Contract Expenses</u>			
6530	Night Site	\$ 2,166.67	\$ 26,000.00
6540	Pest Control	\$ 1,085.00	\$ 13,020.00
6550	Refuse Contract	\$ 4,750.00	\$ 57,000.00
6585	Landscape Contract	\$ 4,500.00	\$ 54,000.00
6640	Pool Contract	\$ 1,570.00	\$ 18,840.00
6525	Janitorial Contract	\$ 650.00	\$ 7,800.00
<u>Maintenance Expenses</u>			
6535	Pest Other	\$ 641.67	\$ 7,700.00
6536	Critter Proofing	\$ 833.33	\$ 10,000.00
6595	Landscape Other	\$ 625.00	\$ 7,500.00
6575	Irrigation Repairs	\$ 362.08	\$ 4,345.00
6620	General Maintenance	\$ 6,000.00	\$ 72,000.00
6625	Roof Repairs	\$ 833.33	\$ 10,000.00
6655	Other Pool & Grounds	\$ 250.00	\$ 3,000.00
<u>Utilities</u>			
6425	Electric	\$ 2,250.00	\$ 27,000.00
6430	Water & Sewer	\$ 320.00	\$ 3,840.00
6426	Security Lights	\$ 855.00	\$ 10,260.00
<u>Reserves</u>			
7000	Operating Reserve	\$ 7,600.00	\$ 91,200.00
7004	Roof Reserve	\$ 2,791.92	\$ 33,503.00
7005	Paint Reserve	\$ -	\$ -
Total		<u>\$ 80,660.00</u>	<u>\$ 967,920.00</u>

**Please note INSURANCE EXPENSE is only an allowance, shortfall will be billed to the

EXHIBIT B

How Your Quartermaster fee is calculated
(per reciprocal agreement)
2012-2013 Budget Year

Total budgeted expenses @ Broad Creek Landing	\$	967,920.00	
Minus maintenance expense line item	\$	(106,845.00)	
Minus any termite bonds	\$	(7,700.00)	
Minus 2/3 property insurance	\$	<u>(234,182.00)</u>	
	\$	619,193.00	
\$619,193.00 divided by 278 units (# of units in Broad Creek Landing)	\$	2,227.31	avg/unit/year
\$2,227.31 divided by 12 months	\$	185.61	monthly fee improved (\$70,656.00 annual improved)
An unimproved pays 25% of \$185.61	\$	46.40	monthly fee unimproved (\$9,384.00 annual unimproved)

*** 7/1/12 - 6/30/13 QM fees to remain unchanged from prior year
(ie: Improved @ \$184.00/mo - Unimproved @ \$46.00/mo)

Improved Lots at Quatermaster:

Year	Quatermaster Assessment per formula in Agreement	Assessment per December 1990 inflation indexed dollars
1999-2000	\$151	\$131.75
2001-2002	\$147.68	\$135.50
2002-2003	\$163	\$137.64
2003-2004	\$175.63	\$140.78
2004-2005	\$175.63	\$144.53
2005-2006		
2006-2007		
2007-2008	\$48.70	
2008-2009	\$184	
2009-2010	\$184	
2010-2011	\$184.92	\$172.10 (2011)
2011-2012	\$184	\$175.66 (2012)
2012-2013	\$184	\$178.10 (2013)

Unimproved Lots at Quatermaster:

Year	Quatermaster Assessment per formula in Agreement	Assessment per December 1990 inflation indexed dollars	Percentage Difference
1999-2000	\$38		
2001-2002	\$36.92		
2002-2003	\$40.75		
2003-2004	\$43.91		
2004-2005	\$43.91		
2005-2006			
2006-2007			
2007-2008	\$194.79		
2008-2009	\$46		
2009-2010	\$46	\$41.71 (2010)	
2010-2011	\$46.23	\$43.03 (2011)	
2011-2012	\$46	\$43.92 (2012)	
2012-2013	\$46	\$44.52 (2013)	

Data gathered from United States Bureau of Labor Statistics Inflation Calculator accessed at: http://www.bls.gov/data/inflation_calculator.htm on 5/1/2013.



TPGL 5077388v1

3001

1392

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT) RECIPROCAL EASEMENT
AND AMENITY USE AGREEMENT

34066

THIS AGREEMENT made this 20th day of December, 1990, by and between F.J.S.G.P. II, a Delaware Partnership, as Owner and Developer of Quartermaster at Broad Creek Landing (hereinafter "Quartermaster"), Quartermaster at Broad Creek Landing Owners' Association, Inc. (hereinafter "Association"), and Broad Creek Landing Horizontal Property Regime (hereinafter "Regime").

STATEMENT OF BACKGROUND

WHEREAS, Broad Creek Landing Horizontal Property Regime is an existing condominium regime, with existing roads, amenities and common areas, all as described in that certain Master Deed, By-Laws, Rules and Regulations (hereinafter "Master Deed") dated May 18, 1982 and recorded in the Office of the RMC for Beaufort County, South Carolina in Deed Book 348 at Page 1074 on June 3, 1982, as amended, and the Master Deed and all amendments thereto are hereby incorporated by reference into this Agreement; and

WHEREAS, the Quartermaster at Broad Creek Landing property is identified in certain documents recorded in the public records of Beaufort County, South Carolina as a potential future phase property for the Regime which may have a right to join into the

Regime as a condominium development and share all costs and ownership proportionately with existing owners; and

WHEREAS, in order to develop the Quartermaster Property at lower density and provide single-family housing on the Quartermaster Property, F.J.S.G.P. II has elected to create a subdivision of fifty (50) lots on the property, which technically may not merge into the Regime Master Deed as part of the condominium form of ownership; and

WHEREAS, the Quartermaster Property includes a lagoon which the Regime desires to utilize as a common amenity, together with owners of Quartermaster lots, and the Regime property contains certain recreational amenities, open space and roads which Quartermaster and the Association desire to utilize together with Regime Owners; and

WHEREAS, Quartermaster, the Association and the Regime desire to enter into an agreement to establish the rights of the respective parties and owners within Quartermaster and the Regime to share certain roads, amenities and open spaces; and, further to share the use and maintenance costs of certain roads, amenities and open space charges; and further, to provide for the smooth and orderly functioning of the overall community;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable

1394

consideration, the receipt and sufficiency whereof is hereby acknowledged, the parties do hereby agree as follows:

ARTICLE 1 - INCORPORATION CLAUSE. The above recitals are hereby incorporated into this Agreement as an integral part of this Agreement.

ARTICLE 2 - DEFINITIONS. For purposes of this Agreement, the following terms shall have the meanings set forth in this Article 2:

2.1 Amenities Area. That portion of the Regime property as described on Exhibit "A" attached hereto and incorporated herein by reference.

2.2 Quartermaster Property. That certain piece, parcel or tract of land being particularly shown on Exhibit "B", consisting of 7.96 acres, more or less, and containing fifty (50) residential lots.

2.3 Quartermaster Residents. F.J.S.G.P. II, the Association, and the owners of any lot located on the Quartermaster property or any portion of the Quartermaster property or the tenants, guests and family members of any of them.

2.4 Regime Residents. Regime and the owners of any unit subject to the Master Deed or any portion of the Regime property, or the tenants, guests and family members of any of them.

2.5 Common Area. All areas and improvements thereon or thereunder within the exterior boundaries of the Regime Property identified as common area under the Master Deed for the Regime, as the same may be amended from time to time, including parking areas, roadways, sidewalks, landscaped areas, the amenities area.

2.6 Average Unit. Total combined assessment for all regime property owners divided by the number of regime property owners.

ARTICLE 3 - RIGHTS OF JOINT USE OF COMMON AREA.

3.1 Rights to Use Common Area. Upon satisfaction of the conditions stated in Section 3.2 below, Quartermaster Residents shall have the same rights to use the common area located on the Regime Property as Regime Residents, subject to contribution to the costs of maintaining and improving the same as provided in Article Four below. In the same manner, and to the same extent as Quartermaster Residents, the rights of Regime Residents to use the common area located on the Quartermaster Property shall be subject to the rules and regulations and fee structure (if any) promulgated with respect to the common area located on the Quartermaster Property by the governing association, partnership or corporation of the Quartermaster Property, but such rules and regulations shall not discriminate against Regime Residents.

3.2 Conditions Precedent. The rights of the Quartermaster Residents to use the common area located on the

Regime Property shall arise only upon satisfaction of the following conditions:

(a) Payment of all General or special Assessment in accord with Article Four below.

(b) Construction Standards. In the event that improvements are constructed on Quartermaster Property, Quartermaster and Quartermaster Residents shall cause all construction of improvements (including initial alterations and restorations prior to the completion of construction) to be carried out in accordance with the following standards:

(1) Upon commencement of construction, all construction shall be diligently prosecuted to completion in accordance with the terms of this Agreement, subject only to unavoidable delays; and

(2) All construction shall be performed in a good and workmanlike manner with good quality materials and, in the case of improvements to be constructed on common areas of the Quartermaster Property, in accordance with the plans approved pursuant to Article Three, Section 3.2 (c) hereof and in accordance with applicable laws, ordinances, rules and regulations;

(3) Construction work shall be performed so as not to cause any unnecessary interferences with the use and enjoyment of

the Amenities Area, Regime Property or any unit owned by any owner within the Regime; and

(4) Such safety measures to be taken are as reasonably required to protect the Regime and the unit owners within the Regime, and such parties' families, tenants and guests from injury or damage caused by the construction; Regime and the unit owners within the Regime shall be defended, indemnified and held harmless from and against all claims, costs, expenses and liabilities arising from or in respect to the death of or accident, injury, loss or damage caused to any natural person or to property caused or arising out of construction; and the Regime and the unit owners within the Regime shall be defended, indemnified and held harmless from and against mechanics, materialman, and laborers liens resulting from said construction.

(c) The Regime shall have the right to appoint an equal number of members as Quartermaster to the Architectural Review Committee, commencing with the date of execution of this Agreement. No improvements shall be constructed on the Quartermaster property without the formation by Quartermaster of the Architectural Review Committee and a review of such improvement plans by the said Committee including 50% representation by Regime appointed members. Architectural standards for Quartermaster shall be established at the first

meeting of the Architectural Review Committee.

1398

(d) The Declaration of Covenants, Conditions, Easements and Restrictions for Quartermaster at Broad Creek Landing attached hereto as Exhibit "D" shall not be amended without the consent of a majority of the then existing Board of Directors of Broad Creek Landing Horizontal Property Regime.

(e) Approval of Plans. No construction or reconstruction in the Quartermaster Property Common Area can commence until plans and specifications thereof have been approved by the Regime Board of Directors, not to be unreasonably withheld.

(f) Final Plans and Approvals. After approval of preliminary plans by Regime, final plans shall be prepared by the submitting party, which final plans shall be consistent with the concepts indicated on the approved preliminary plans. Such final plans, when completed, shall be submitted to Regime for its approval, which approval shall not be unreasonably or arbitrarily withheld. Regime shall either approve or disapprove in writing such plans within fourteen (14) days after receipt. If disapproval is given, such notice shall specify the items within such final plans which are disapproved and the changes necessary to correct such items. Upon receipt of a notice that final plans are not approved, the submitting party will amend and modify such final plans to meet such objections and will resubmit them for

1399

approval as required herein. If Regime again fails to approve such plans, then the submitting party may again revise such plans and submit them for approval or demand arbitration as provided hereinbelow. Failure by Regime to approve or disapprove such final plans within fourteen (14) days after receipt by it of such plans shall be deemed approval of such plans by it. Following approval of its final plans, the final plans shall not be modified or changed without the written approval of Regime if such changes would violate the terms of this Agreement or lessen the quality of materials or workmanship of said improvements, or change the general architectural treatment of the appearance of such improvements. If Regime disapproves preliminary or final plans submitted hereunder and the submitting party and Regime are unable to resolve any disagreements over such plans within thirty (30) days after their final submission to Regime, then upon the election of the submitting party, the submitting party and Regime shall each select an architect to review such plans as to compliance with this Agreement, which architect shall be selected within fifteen (15) days after such election. If such architects cannot resolve the disagreement over such plans within fifteen (15) days after their selection, then such architect shall select a third architect who shall, within fifteen (15) days after his selection, render a decision as to whether such plans are in

compliance with this Agreement, or whether any changes proposed by Regime are required by this Agreement, which decision shall be final. Any architect selected hereunder shall be independent and shall be a member of American Institute of Architects and shall be regularly engaged in the practice of resort architecture. Any third architect appointed by the initial two architects shall meet the standards imposed in the preceding sentence and shall further not be regularly engaged in practice in the Hilton Head Island, South Carolina area. The charges of the architect selected by each party shall be borne by such party and the charges of the third architect, if necessary, shall be shared equally by both parties. Failure of either party to select an architect within the time frame provided, shall constitute a waiver of its right to object to such plans or any proposed changes therein.

ARTICLE 4 - MAINTENANCE.

4.1 Maintenance Management. Maintenance and operating management of the common area shall be under the control of, and at the sole cost and expense of the Regime Residents, except that the Quartermaster Residents shall bear a portion of the expense of operation and management of the common area, including the amenities area, as set forth in Section 4.2 below.

4.2 Common Area Expense. In order to provide a fund for

1401

Regime road maintenance, roadside landscaping, insect control, security and for maintenance, improvement and operation of the common area, Quartermaster and each owner of a lot within Quartermaster, shall pay to the Regime or its authorized agent, a monthly assessment of \$100.00 per each dwelling unit and \$25.00 per each unimproved lot, both expressed in December, 1990, Inflation Indexed Dollars, said sum to be placed in the Regime account and to be used exclusively for landscape maintenance and improvement, security, pool supplies and maintenance, pest control (excluding termite bond), common area electric, common area water/sewer, garbage and trash collection, management fee, reserve and general office expenses (including, but not limited to utilities, office supplies and professional services). Each unimproved lot monthly assessment shall increase to the then prevailing monthly assessment, as determined in accordance with the provisions herein, for dwelling units at such time as a dwelling unit is started on the lot (i.e. ground breaking) and such monthly assessment shall be prorated between the unimproved property monthly assessment and the improved property monthly assessment for that month.

(a) The Regime assumes the obligation of furnishing services to the Quartermaster Property and the common area of the Regime only to the extent that the cost of such services can be

1402

defrayed by the proceeds from the aforesaid monthly assessment together with the regime fees collected from Regime Residents.

(b) In determining the amount of the monthly assessment payable by a lot owner within Quartermaster to the Regime for any current year, the Regime may, in its discretion, set an amount different from the immediately preceding years monthly assessment in accord with the following standards:

(1) Monthly Assessment for Improved Lots. Each improved lot within the Quartermaster property, shall pay unto the Regime a monthly assessment amount equal to its prorata share, if such dwelling unit were an "Average Unit" within the Regime provided further that the budgetary line items entitled "Building Maintenance" and "Termite Bond" are subtracted from the monthly regime fee for the "Average Unit" and provided further that, two-thirds (2/3) of the "Property Insurance" line item from the "Average Unit" monthly regime fee is subtracted.

(2) Monthly Assessment for Unimproved Lots Owned by Third Party Purchaser from Quartermaster Within Quartermaster Property. Monthly assessment for unimproved lots owned by third party purchaser from Quartermaster within Quartermaster property shall be 25% of the monthly assessment for improved lots.

(3) Monthly Cost for Unimproved Lots Owned by Quartermaster. It is understood that Quartermaster is the

initial owner of all fifty (50) lots within the Quartermaster property, and that Quartermaster will continue to own lots for some time in the future until final sale efforts are completed. The unimproved lots which are owned by Quartermaster as part of its sales inventory will produce the least impact upon the common area. For this reason, unimproved lots within Quartermaster's sales inventory will not be subject to the normal monthly assessment process described above. Specifically, commencing January 1, 1992, Quartermaster shall pay to the Regime, 15¢ per month of the monthly assessment for improved lots per each unimproved lot owned by Quartermaster.

4.3 Payment of Monthly Assessment. The Regime or Regime managing agent for the common area located on the Regime Property shall prepare an annual budget for maintenance and operating expenses for the common area and the improvements located thereon, including reasonable reserves for repair and replacement and including security, garbage and trash collection, no later than the 15th day of the last month of the fiscal year adopted by the Regime or the Regime managing agent. The Quartermaster Residents shall make monthly payments as required by the Regime or Regime managing agent; provided, however, that the due dates of such payments are the same for both the Regime Residents and the Quartermaster Residents. The first monthly assessment

payable hereunder shall become due and payable in advance at closing of the sale of any lot by Quartermaster to a third party purchaser of any Quartermaster property. The assessment for any month, after the first month, shall become due and payable the first day of the succeeding month.

4.4 Special Assessments. The Regime may, but shall not be obligated to, make special assessments from time to time during the fiscal year of the Regime. Such special assessments may become necessary for various purposes, including, but not limited to, the necessity to restore existing improvements or erect additional improvements on the common area. The Regime, in its discretion may assess each dwelling unit within the Quartermaster Property (including such unimproved lots as are then owned by Quartermaster), provided further that the said special assessment for a dwelling unit and an unimproved lot shall be the same amount and further provided that such amounts are equal to the prorata share, if such dwelling units or unimproved lots were an average condominium within the Regime.

4.5 Delinquent Assessments: Assessment Rights. If any assessment is not paid on the date when such assessment is due, then such assessment shall become delinquent and shall, together with such interest thereon at the rate of fourteen (14%) percent per annum from the date and cost of collection thereof as

1405

hereinafter provided, thereupon become a charge and continuing lien on the said land and all improvements thereon, against which each such assessment is made, in the hands of the then owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the owner at the time the assessment to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass as a personal obligation to his successor in title unless expressly assumed by them.

In the event any lot owner within the Quartermaster Property shall fail to pay the amount of any assessment levied pursuant to this Agreement within thirty (30) days of the due date, the owner shall be considered in default. In the event of such default, the Regime, its successors or assigns, may enforce the assessment against the lot owner personally, and/or file a lien against the lot which is the subject of the default and proceed to enforce such lien by foreclosure pursuant to South Carolina Law in like manner that mortgages are foreclosed. In the event any legal action is necessary to enforce these assessment provisions, either by personal suit, foreclosure or lien and foreclosure, the defaulting lot owner shall be responsible for all costs and expenses of such action, including reasonable attorney's fees, which may be incurred by the Regime.

Furthermore, any lot owner who fails to pay an assessment due hereunder within thirty (30) days of the due date, may receive a notice from the Regime terminating the right to utilize the common area, including any amenities in the amenities area, and the Regime shall have the power to enforce any such termination of rights and to collect all costs and expenses of necessary legal action, including reasonable attorney's fees. Upon full payment of any past due assessment amount, together with any interest due thereon and cost associated with collection efforts, the delinquent lot owner shall be restored to full use rights under this Agreement. Prior to termination of use rights pursuant to this provision, the Regime shall give the delinquent owner notice, by certified mail, of its election to enforce this provision.

Nothing contained within this article regarding rights of enforcing assessments shall be deemed to prejudice or interfere with the right of any mortgage holder of property within the Quartermaster property or within the Regime property, and the provisions of South Carolina Law, the Regime Master Deed and the Quartermaster Declaration which protects the rights of mortgage holders in assessment collection proceedings, shall apply fully in the event of any assessment collection proceeding pursuant to this Agreement.

1407

ARTICLE 5 - EASEMENTS.

5.1 Rights and Easement Granted unto Regime. F.J.S.G.P. II, as owner of the Quartermaster Property, does hereby grant and convey unto the Regime, the Regime property and all present and future owners of units within the regime property, their heirs, successors and assigns, a non-exclusive, perpetual and appurtenant easement to use, enjoy and/or enter upon for maintenance and/or covenant enforcement purposes, all property identified on the plat referenced on Exhibit "B" hereto. Nothing contained herein shall prevent Quartermaster, the Quartermaster Association or individual lot owners from entering into separate agreements with the Regime or its agents, from time to time, for grounds maintenance of lots and the area lying between lots and the lagoon. Further, nothing herein contained shall prevent the Regime or the Association from exercising any rights to enforcement of provisions contained in the Master Deed or Declaration of Quartermaster upon any portion of the Quartermaster Property whatsoever.

The right and easement granted unto the Regime specifically includes a grant to Regime, its legal representatives, successors and assigns, and the tenants, customers, employees and invitees of such parties, a Non-Exclusive Easement appurtenant to the Regime Property for passage and use for the purpose of ingress

1408

and egress over the Quartermaster Property and for the purpose of walking upon and driving vehicles upon and across all those entrances, drives, roads and walkways which are now or may hereafter from time to time be used for vehicles or pedestrian traffic. The rights granted unto the Regime specifically also includes the right of the Regime and its owners, tenants, customers, employees and invitees of such parties to enjoy the lagoon amenity located upon the property and maintain the same, subject to the exclusions mentioned above. Furthermore, the Regime and its owners shall have the right to enter upon the common property and roads of the Quartermaster Property for the additional purposes of upkeep and maintenance, subject to the Regime and the Quartermaster Association reaching an agreement as to compensation paid unto the Regime for such services from time to time. Quartermaster agrees to convey title to lagoon property, as depicted on Exhibit "B", unto the Regime at the request of the Regime, subject to approval of the existing mortgagee. If such approval cannot be obtained immediately, Quartermaster and its successors and assigns, including the Quartermaster Association agree to convey title after satisfaction of the mortgage, upon the request of the Regime.

5.2 Rights Granted Unto Quartermaster at Broad Creek Landing. The Regime does hereby grant and convey unto the

Quartermaster Property, and present and future owners therein, a non-exclusive, perpetual and appurtenant easement for the access, enjoyment and use of the following properties, subject to the provisions of this Agreement, and particularly subject to the conditions precedent described in Article Three and the compensation provided under Article Four of this Agreement.

(a) Recreational Amenity Use. The Regime hereby grants unto Quartermaster, its lot owners and successors and assigns, an easement and right of use to the recreational amenities contained within the Amenities Area, which is described in Exhibit "A" hereto, including the right to utilize the tennis courts and swimming pools as they presently exist or may be improved or enlarged in the future, together with surrounding open areas of these amenities and access to such amenities over other regime properties, subject to all provisions in the Master Deed and any and all rules and regulations which may be adopted by the Board of the Regime, from time to time, regarding access and use of the amenities, and conduct upon the property, provided that such provisions and rules shall apply equally to Regime owners and Quartermaster owners.

(b) Access and Roadways. The Regime grants unto Quartermaster, its lot owners and their successors and assigns, a non-exclusive, perpetual and appurtenant easement for ingress and

1410

egress over the road system of the Regime to access the Quartermaster Property and the recreational amenities mentioned above subject to all provisions of the Master Deed and any and all rules and regulations adopted by the Board of Directors of the Regime, from time to time, governing activities and conduct upon such property, provided that any such provisions or rules shall apply equally to Regime owners and Quartermaster owners.

ARTICLE 6 - MISCELLANEOUS.

6.1 Duration of Agreement. The terms, conditions and covenants of this Agreement shall become effective on the date hereof and shall continue until the affirmative vote in favor of terminating the same by the Quartermaster Residents holding title to 67% of the lots on the Quartermaster property, plus the affirmative vote of terminating the same by the Regime Residents holding title to 67% of the units on the Regime property.

6.2 Covenants Run With the Land. All covenants, conditions, and agreements contained herein shall be deemed to be covenants running with the land, and shall bind and inure to the benefit of the owners of each of the parcels, or units, or any portion thereof, and their respective heirs, personal representatives, successors and assigns.

6.3 No Partnership. Nothing contained in this Agreement shall be construed to make the parties hereto partners of or

1411

joint venturers with each other, or to render any of the parties hereto liable for the debts or the obligations of the other, except as expressly provided in this Agreement.

6.4 Governing Law: Severability. This Agreement shall be governed and construed in accordance with the laws of the State of South Carolina. If any provisions or a portion thereof of this Agreement or the application thereof shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of any such other provision or portion thereof, shall not be effected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

6.5 Notices. Every notice, which is required to be given hereunder shall be effective only if given in writing and if given or made or communicated by mailing the same by registered or certified mail, postage pre-paid, return receipt requested, as follows:

(i) If to Regime:

Resident Manager

Broad Creek Landing Regime, 40 Point Comfort Road

Hilton Head Island, SC 29928

or at such other address as Regime may at any time designate by written notice as herein provided.

(ii) If to Quartermaster: F.J.S.G.P.II

1412

or at such other address as Quartermaster may at any time designate by written notice as herein provided.

(iii) If to the Association:

Quartermaster at Broad Creek Landing Owners'
Association, Inc.

or at such other address as the Association may at any time designate by written notice as herein provided.

(iv) If to a Quartermaster resident: to the address of the lot as established by the United States Postal Service.

(b) Every notice sent as aforesaid shall be deemed to have been given three (3) business days after the time that the same shall have been deposited in the United States Mail, registered or certified, properly addressed as aforesaid, postage pre-paid.

6.6 Modifications. No Agreement shall be effective to add to, change, modify, waive or discharge this Agreement in whole or in part unless such agreement is in writing and signed by 67% of the owners of all portions of the Regime property and the Quartermaster property.

6.7 Captions. Captions of the Articles and Sections of this Agreement are for convenience only and shall not be considered or referred to in resolving questions of interpretation and construction.

6.8 Beneficiaries of Agreement. This Agreement is made for the exclusive benefit of the parties hereto and for their respective legal representatives, heirs, successors and assigns, and not for any third person. Nothing in this Agreement, expressed or implied, is intended to confer upon each such person, other than the parties hereto, their respective legal representatives, heirs, successors and assigns, any rights or remedies under or by this Agreement.

6.9 Waiver. No delay or omission by any party hereto to exercise any right or power accruing upon any non-compliance or failure of performance by any other party of the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by any party hereto of any of the covenants, conditions or agreements hereof to be performed by the other party, shall not be constructed to be a waiver of any succeeding breach thereof or any other covenant, condition or agreement herein contained.

6.10 No Dedication. This Agreement is not intended to, and shall not be construed to, dedicate all or any portion of the

1414

Quartermaster property or the Regime property to the general public.

6.11 No Timeshare. No timeshare or interval ownership shall be permitted in Quartermaster.

IN WITNESS WHEREOF, the parties hereby set their hands and seals effective the date first above written.

F.J.S.G.P. II
A Delaware Partnership

Lara Marie Cook
Witness

Lew J. Hines
Witness

By: *[Signature]*

1415

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY appeared before me the undersigned witness, who being duly sworn, deposes and states that s/he saw the within named F.J.S.G.P. II by its duly authorized representative, sign, seal and as the act and deed of the Partnership, deliver the within written instrument and that said witness, together with the undersigned Notary Public, witnessed the execution thereof.

Anna Marie Cech

SWORN TO before me this 20th day of December, 1990.

Terri J. Hammett
Notary Public for South Carolina
My Commission Expires: 2-10-94

BROAD CREEK LANDING HORIZONTAL
PROPERTY REGIME

Honette Origel
Witness

BY: Nancy G. Dizon
President

Aleha J. Redmond

Attest: Terri J. Hammett

1416

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF BEAUFORT)

PERSONALLY appeared before me the undersigned witness,
who being duly sworn, says that s/he saw the within named Broad
Creek Landing Horizontal Property Regime by
Nancy DiFare its President, sign the within
written instrument and Dennis Ayres its
~~Exec Director~~ attest the same, and as the act and deed of
the Regime, deliver the same and the said witness, together with
the said Notary Public, witnessed the execution thereof.

Sharon Paterson

SWORN TO BEFORE ME THIS 20th
day of December, 1990.

Alisha J. Redmond
Notary Public for South Carolina
My Commission Expires: 4/15/92

1417

QUARTERMASTER AT BROAD CREEK
LANDING OWNERS' ASSOCIATION,
INC.

Anna Marie Cesh
Witness
Leah J. Hunt
Witness

BY: [Signature]
President
Attest: n/a

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY appeared before me the undersigned witness,
who being duly sworn, says that s/he saw the within named
Quartermaster at Broad Creek Landing Owners' Association, Inc. by
William B. Scott its President, sign the within written
instrument, and n/a its
attest the same, and as the act and deed of
the Association, deliver the same and the said witness, together
with the said Notary Public, witnessed the execution thereof.

Anna Marie Cesh

SWORN TO BEFORE ME THIS
20 DAY OF December, 1990.

Leah J. Hunt
Notary Public for South Carolina
My Commission Expires: 2-10-94

Exhibit "A"
Regime Amenity Area
Legal Description

1418

ALL that certain property constituting the common properties of Broad Creek Landing Horizontal Property Regime, as described in that certain Master Deed of Broad Creek Landing Horizontal Property Regime recorded in Deed Book 348 at Page 1074, in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, as amended in Deed Book 349 at Page 817, Deed Book 349 at Page 1256, Deed Book 349 at Page 1274, Deed Book 349 at Page 1946, Deed Book 349 at Page 1946, Deed Book 349 at Page 1964, Deed Book 361 at Page 223, Deed Book 362 at Page 496, Deed Book 363 at Page 111, Deed Book 363 at Page 129, Deed Book 374 at Page 1207, Deed Book 384 at Page 1320, Deed Book 413 at Page 886, Deed Book 414 at Page 1180, Deed Book 415 at Page 1216, Deed Book 415 at Page 1221, Deed Book 417 at Page 22, Deed Book 417 at Page 27, Deed Book 418 at Page 1114, Deed Book 421 at Page 532, Deed Book 421 at Page 537, Deed Book 421 at Page 1891, Deed Book 421 at Page 1896, Deed Book 424 at Page 940, Deed Book 424 at Page 226, Deed Book 433 at Page 431, Deed Book 433 at Page 437, Deed Book 433 at Page 447, Deed Book 433 at Page 453, Deed Book 433 at Page 459 and Deed Book 433 at Page 1156, and also all such common properties as described in subsequent amendments to such Master Deed, the Master Deed and all amendments thereof of record in Beaufort County, South Carolina, being hereby incorporated herein by reference.

Save and except therefrom the area actually occupied by residential structures of Broad Creek Landing Horizontal Property Regime or areas reserved as limited common elements of residences thereof.

Exhibit "B"
Quartermaster at Broad Creek Landing
Legal Description

1419

ALL that certain tract, and parcel of land on Hilton Head Island, Beaufort County, South Carolina, containing 7.94 acres, more or less, as shown and described on a plat entitled "Plat of Townhouse Lots of Quartermaster at Broad Creek Landing," prepared by George A.Z. Johnson, Jr., Inc., David E. Gasque, S.C.R.L.S. No. 10506, dated August 21, 1990, and recorded in Plat Book 40 at Page 47 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina.

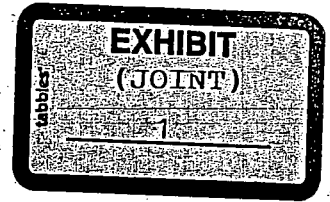
Exhibit "D"
**Declaration of Covenants, Conditions,
Easements and Restrictions
Quartermaster at Broad Creek Landing**

1420

Incorporated herein by reference is that certain document entitled "Declaration of Covenants, Conditions, Easements and Restrictions, Quartermaster at Broad Creek Landing," dated December 20, 1990 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, on December 27, 1990 in Deed Book 567 at Page 1363.

Hannet

FILED AT	BEAUFORT COUNTY S.C.	RECORDED IN BOOK
9:53 O'CLOCK	DEC 27 1990	567 PAGE
<i>A. W. ...</i> REGISTER OF MESNE CONVEYANCES		1392



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STATE OF SOUTH CAROLINA)
) AMENDED RECIPROCAL EASEMENT AND
 COUNTY OF BEAUFORT) AMENITY USE AGREEMENT

THIS AGREEMENT made this 28 day of May, 1993, by and between Lopez Developers, Inc., a South Carolina corporation, (hereinafter "Lopez"), as owner of twenty-six (26) lots at Quartermaster at Broad Creek Landing (hereinafter "Quartermaster"), Quartermaster at Broad Creek Landing's Owner's Association, Inc. (hereinafter "Association") and Broad Creek Landing Horizontal Property Regime (hereinafter "Regime").

WHEREAS, on or about December 20, 1990, F.J.S.G.P. II, a Delaware partnership ("Developer"), executed and caused to be recorded that certain Declaration of Covenants, Conditions, Easements, and Restrictions (hereinafter "Restrictive Covenants") on 7.94 acres, more or less, as more particularly described on Exhibit "B" attached hereto. Said covenants, conditions, easements and restrictions were recorded at the Beaufort County Courthouse on December 27, 1990 in Deed Book 567 at Page 1363;

WHEREAS, on or about December 20, 1990, Developer, Association, and Regime, entered into a Reciprocal Easement and Amenity Use Agreement ("Amenity Use Agreement") which was recorded at the Beaufort County Courthouse in Deed Book 567 at Page 1392 on December 27, 1990;

WHEREAS, Developer has sold its remaining 26 townhouse lots at Quartermaster (as described on Exhibit "A") to Lopez;

1

AM

WHEREAS, in exchange for Lopez agreeing to increase the minimum enclosed Dwelling Area of the townhouses to be constructed on said 26 lots, the Association and the Regime have agreed to modify the monthly assessments for unimproved lots owned by Lopez as set forth herein.

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

1. Article 4.2(b)(3) - Monthly cost for unimproved lots owned by Quartermaster - Article 4.2(b)(3) of the "Amenity Use Agreement" is hereby deleted and the following provision is inserted in its place:

4.2(b)(3) - Monthly Cost for Unimproved Lots Owned by Lopez Developers, Inc. - It is understood that Lopez is the owner of the remaining 26 lots, as set forth on Exhibit "A" hereto, within the Quartermaster property and that Lopez will continue to own lots for some time in the future until final sale efforts are completed. The unimproved lots which are owned by Lopez as part of its sales inventory will produce the least impact upon the common area. For this reason, unimproved lots within Lopez' sales inventory will not be subject to the normal monthly assessment process described in the "Amenity Use Agreement." Specifically, Lopez will not be obligated to pay any monthly assessment until December 31, 1994, or at such time as a specific individual townhouse lot is sold to a third-party. Upon the sale to the third-party, the assessments due and owing, pursuant to the Amenity Use Agreement, shall be applicable. Commencing after December 31, 1994, Lopez shall pay to the Regime, fifteen (15%) percent per month of the monthly assessment for improved lots for each unimproved lot owned by Lopez.

2. Minimum size structure - Lopez, its successors or assigns agrees that for each of the 26 lots it has purchased, as

set forth on Exhibit "A" attached hereto, no plans will be approved and no structure will be built unless the proposed Dwelling has a minimum of 1600 square feet of enclosed Dwelling Area.

3. Other changes - All other terms, conditions and covenants of the "Amenity Use Agreement" and the "Restrictive Covenants" shall remain unchanged, and shall continue to be applicable against the parties hereto, and their successors and assigns.

4. Covenants running with the land - All covenants, conditions, and agreements contained herein shall be deemed to be covenants running with the land, and shall bind and inure to the benefit of the owners of each of the parcels or units, or any portion thereof, and their respective heirs, personal representatives, successors and assigns.

5. Modifications - No agreement shall be effective to add to, change, modify, waive, or discharge this agreement in whole or in part unless such agreement is in writing and signed by all parties.

6. Beneficiaries of Agreement - This Agreement is made for the exclusive benefits of the parties hereto and for their respective legal representatives, heirs, successors and assigns; not for any third-person. The parties hereto may assign their rights under this Agreement, the "Amenity Use Agreement" and the "Restrictive Covenants", upon giving written notice to the remaining parties of said assignment.

IN WITNESS WHEREOF, the parties hereto set their hands and seals effective the date first above written.

WITNESSES:

[Signature]
[Signature]

LOPEZ DEVELOPERS, INC.

By: [Signature]

Its: Assistant Sec.

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY appeared before me, the undersigned witness, and made oath that s/he saw the within named Rick Hilton, as authorized as an Officer of Lopez Developers, Inc., sign, seal and as its corporate act and deed, deliver the within written Instrument, and that s/he, with the other witness whose signature appears above, witnessed the execution.

[Signature]

SWORN TO before me this 28 day of May, 1993.

[Signature]
Notary Public for South Carolina
My Commission Expires: _____

[agent/lopez, inc.]

4. [Signature]

WITNESSES:

BROAD CREEK LANDING HORIZONTAL
PROPERTY REGIME

Sandra Stone

By: Arthur T. Meador
President

V. Brian Bean

Attest: Nancy J. DiLiscio

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me, the undersigned witness,
and made oath that s/he saw the within named Arthur T. Meador
and Nancy DiLiscio as authorized Officers of Broad Creek
Landing Horizontal Property Regime, sign, seal and as its corporate
act and deed, deliver the within written Instrument, and that s/he,
with the other witness whose signature appears above, witnessed the
execution.

Sandra Stone

SWORN TO before me this
1st day of June, 1993.

Elizabeth W. Fuller
Notary Public for South Carolina
My Commission Expires: 6/19/2000

WITNESSES:

QUARTERMASTER AT BROAD CREEK LANDING
OWNER'S ASSOCIATION, INC.

[Signature]
[Signature]

By: [Signature]
President

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY appeared before me, the undersigned witness,
and made oath that s/he saw the within named [Signature]
[Signature] as authorized Officer of Quartermaster
at Broad Creek Landing Owner's Association, Inc., sign, seal and as
its corporate act and deed, deliver the within written Instrument,
and that s/he, with the other witness whose signature appears
above, witnessed the execution.

[Signature]

SWORN TO before me this
2 day of July, 1993.

[Signature]
Notary Public for South Carolina
My Commission Expires: [Signature]

(sgm/Vopez.ava)

EXHIBIT "A"

ALL that certain piece, parcel or lot of land, lying and being on Hilton Head Island, Beaufort County, South Carolina, known and described as Lots 56, 72, 66, 27, 23, 77, 79, 69, 71, 75, 64, 62, 54, 52, 50, 38, 30, 29, 21, 73, 4, 6, 8, 24, 26, 28, Quartermaster at Broad Creek Landing, as shown and described on a plat entitled "Plat of Townhouse Lots of Quartermaster at Broad Creek Landing," prepared by George A.Z. Johnson, Jr., Inc., David E. Gasque, S.C.R.L.S. No. 10506, dated August 21, 1990, and recorded in Plat Book 40 at Page 47 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina.

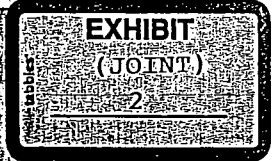
AM

186

Exhibit "B"
Quartermaster at Broad Creek Landing
Legal Description

1419

ALL that certain tract, and parcel of land on Hilton Head Island, Beaufort County, South Carolina, containing 7.94 acres, more or less, as shown and described on a plat entitled "Plat of Townhouse Lots of Quartermaster at Broad Creek Landing," prepared by George A.Z. Johnson, Jr., Inc., David E. Gasque, S.C.R.L.S. NO. 10506, dated August 21, 1990, and recorded in Plat Book 40 at Page 47 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina.

**BROAD CREEK LANDING HORIZONTAL PROPERTY REGIME, INC.**

Note: This online database was last updated on 5/25/2013 6:01:20 PM.
See our Disclaimer.

DOMESTIC / FOREIGN:	Domestic
STATUS:	Good Standing
STATE OF INCORPORATION / ORGANIZATION:	SOUTH CAROLINA Non Profit

REGISTERED AGENT INFORMATION

REGISTERED AGENT NAME:	RONALD A FENSTERMAKER
ADDRESS:	2 CORPUS CHRISTIE
CITY:	HILTON HEAD
STATE:	SC
ZIP:	29928
SECOND ADDRESS:	STE 302
FILE DATE:	06/25/1982
EFFECTIVE DATE:	06/25/1982
DISSOLVED DATE:	//

Corporation History Records

CODE	FILE DATE	COMMENT	Document
Eleemosynary Amendment	12/02/2004		
Agent	10/15/2004	CHANGED REGISTERED AGENT AND ADDRESS FROM: EDWARD E BULLARD, ESQ	
Agent	04/01/2004	CH AGT/ADD FR-JOHN P QUALEY JR, ESQ	
Eleemosynary Amendment	12/04/1995	AMD-ADD AGT/ADD	image
Reinstatement	01/24/1991	REINSTATEMENT	Film
Dissolution	08/31/1990	DIS BY FOR #2	Film
Incorporation	06/25/1982	ELEE	Film

Disclaimer: The South Carolina Secretary of State's Business Filings database is provided as a convenience to our customers to research information on business entities filed with our office. Updates are uploaded every 48 hours. Users are advised that the Secretary of State, the State of South Carolina or any agency, officer or employee of the State of South Carolina does not guarantee the accuracy, reliability or timeliness of such information, as it is the responsibility of the business entity to inform the

Joint
Exhibit
#2
dst 10-1-13

5/26/2013



QUARTERMASTER AT BROAD CREEK LANDING OWNERS ASSOCIATION, INC.

Note: This online database was last updated on 6/23/2011 6:01:19 PM.
See our Disclaimer.

DOMESTIC / FOREIGN: Domestic
 STATUS: Forfeiture
 STATE OF INCORPORATION / ORGANIZATION: SOUTH CAROLINA Non Profit

REGISTERED AGENT INFORMATION

REGISTERED AGENT NAME: BRYAN H LUEDTKE
 ADDRESS: 79 QUARTERMASTER DR
 CITY: HILTON HEAD ISLAND
 STATE: SC
 ZIP: 29928

SECOND ADDRESS:

FILE DATE: 09/03/1996
 EFFECTIVE DATE: 09/03/1996
 DISSOLVED DATE: 12/28/1998

Corporation History Records

CODE	FILE DATE	COMMENT	Document
Forfeiture	12/28/1998	FORFEITURE #2	Image
Eleemosynary Incorporation	09/03/1996	NONPROFIT INCORPORATION	Image

Disclaimer: The South Carolina Secretary of State's Business Filings database is provided as a convenience to our customers to research information on business entities filed with our office. Updates are uploaded every 48 hours. Users are advised that the Secretary of State, the State of South Carolina or any agency, officer or employee of the State of South Carolina does not guarantee the accuracy, reliability or timeliness of such information, as it is the responsibility of the business entity to inform the Secretary of State of any updated information. While every effort is made to insure the reliability of this information, portions may be incorrect or not current. Any person or entity who relies on information obtained from this database does so at his own risk.

*Joint Exhibit #3
 dt 10-1-13*

Physical Address: Edgar Brown Building - 1205 Pendleton Street Suite 525 Columbia, SC 29201
 Mailing Address: SC Secretary of State's Office 1205 Pendleton Street Suite 525 Columbia, SC 29201

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

MAY 16 2013

ARTICLES OF INCORPORATION
Nonprofit Corporation - Domestic
Filing Fee \$25.00

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

TYPE OR PRINT CLEARLY IN BLACK INK

Pursuant to S.C. Code of Laws §33-31-202, the undersigned corporation submits the following information:
Quartermaster at Broad Creek Landing

1. The name of the nonprofit corporation is Owners Association, Inc.

2. The initial registered office (registered agent's address in SC) of the nonprofit corporation is

35 Hospital Center Common, Suite 200 Street Address
Hilton Head Island Beaufort SC 29926
City County State Zip Code

The name of the registered agent of the nonprofit corporation at that office is

Terry A. Finger, Esquire Print Name

I hereby consent to the appointment as registered agent of the corporation.
Terry A. Finger
Agent's Signature

3. Check "a", "b", or "c" whichever is applicable. Check only one box.
- a. The nonprofit corporation is a public benefit corporation.
 - b. The nonprofit corporation is a religious corporation.
 - c. The nonprofit corporation is a mutual benefit corporation.



4. Check "a" or "b", whichever is applicable.
- a. This corporation will have members.
 - b. This corporation will not have members.

5. The address of the principal office of the nonprofit corporation is

35 Hospital Center Common, Suite 200 Street Address
Hilton Head Island Beaufort SC 29926
City County State Zip Code

NP - Domestic - Articles of Incorporation

130516-0140 FILED: 05/16/2013
QUARtermaster AT BROAD CREEK LANDING OWNERS AS
Filing Fee: \$25.00 ORIG



Mark Hammond

South Carolina Secretary of State

Quartermaster at Broad Creek Landing
Name of Corporation Owners Association, Inc.

6. If this nonprofit corporation is either a **public benefit** or **religious corporation** complete either "a" or "b", whichever is applicable, to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation. If you are going to apply for 501(c)(3) status, you must complete section "a."

a. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future Federal tax code, or shall be distributed to the Federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

If you choose to name a specific 501(c)(3) entity to which the assets should be distributed, please indicate the name of the selected entity.

OR

b. If the dissolved corporation is not described in Section 501(c)(3) of the Internal Code, upon dissolution of the corporation, the assets shall be distributed to one or more public benefit or religious corporations or to one or more of the entities described in (a.) above.

If you chose to name a specific public benefit, religious corporation or 501(c)(3) entity to which the assets should be distributed, please indicate the name of the selected entity.

7. If the corporation is a **mutual benefit corporation** complete either "a" or "b", whichever is applicable, to describe how the (remaining) assets of the corporation will be distributed upon dissolution of the corporation.

a. Upon dissolution of the mutual benefit corporation, the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.

b. Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to

8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See S.C. Code of Laws §33-31-202(c)).

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Incorporation, Nonprofit Corporation

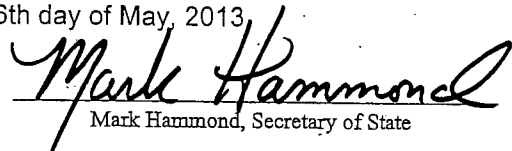
I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

QUARTERMASTER AT BROAD CREEK LANDING OWNERS ASSOCIATION,
INC.,

a nonprofit corporation duly organized under the laws of the State of South Carolina on May 16th, 2013, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed a Declaration and Petition for Incorporation of a nonprofit corporation for Religious, Educational, Social, Fraternal, Charitable, or other eleemosynary purpose.

Now, therefore, I Mark Hammond, Secretary of State, by virtue of the authority in me vested by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.

Given under my Hand and the Great
Seal of the State of South Carolina this
16th day of May, 2013.


Mark Hammond, Secretary of State

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

Aug 17 2016

REFERENCE ID: 1608171629222

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

17356

DEPARTMENT OF STATE
COLUMBIA, SOUTH CAROLINA

DECLARATION OF DISSOLUTION BY FORFEITURE

Date of Dissolution August 31, 1998

Broad Creek Landing Horizontal Property Regime,
Inc.
48 Point Comfort Rd.
Hilton Head, SC 29928

File: 28108131-9

Whereas, Section 33-14-200, of the 1976 Code of Laws of S.C., as amended, provides for the dissolution of a corporation by forfeiture if the corporation has failed to:

- (1) File its annual report within the time required by Chapters 1 to 25 of this Title, or
- (2) Pay its franchise tax on or before the date on which such franchise tax is due and payable, or
- (3) Appoint and maintain a registered agent in this State, or
- (4) Notify the office of The Secretary of State of a change in its registered agent or registered office, or
- (5) The corporation's period of duration stated in its Articles of Incorporation expires.

AND WHEREAS, IT APPEARS FROM THE RECORDS IN THIS OFFICE, AFTER DUE NOTICE, THAT THE ABOVE NAMED CORPORATION HAS FAILED TO MEET REQUIREMENTS OF NOS. 1 AND/OR 2 ABOVE SET FORTH.

NOW THEREFORE, UNDER THE AUTHORITY OF SAID ACT, THE CHARTER IS HEREBY DECLARED FORFEITED AND DISSOLVED THIS DATE.

Inquires concerning this administrative dissolution should be directed to the SC Tax Commission, P.O. Box 125, Columbia, SC 29214, Attn: Corporate Section.

.....
John T. Campbell
Secretary of State

SOS-2 (Rev 4/89) 3119

Aug 17 2016
REFERENCE ID: 1608171629222

Mark H. ...
SECRETARY OF STATE OF SOUTH CAROLINA

1738

Jim Miles
SECRETARY OF STATE
FILED
JAN 24 1991
AM 7 8 9 10 11 12 1 2 3 4 5 6 PM

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

APPLICATION FOR REINSTATEMENT
OF CORPORATION DISSOLVED
BY ADMINISTRATIVE ACTION

JSR 01/02 4973
91-001880/91-001880 14:23:00 004
01-25-91 PNT \$25.00
SECT. OF STATE OF SOUTH CAROLINA

Pursuant to §33-14-220 of the 1976 South Carolina Code, as amended, the undersigned hereby applies to the Secretary of State for reinstatement of a corporation dissolved by administrative action and for that purpose, submits the following information:

- The name of the corporation is: BROAD CREEK LANDING HORIZONTAL PROPERTY REGIME, INC.
- Complete either a or b, whichever is applicable:
a. Grounds for administrative dissolution did not exist.
b. The grounds for administrative dissolution, which were: LATE FILING
_____ have now been eliminated.
- The corporation's name satisfies the requirements of Section 33-4-101.

DATE: 1-7-91

BROAD CREEK LANDING
HORIZONTAL PROPERTY REGIME
(Name of Corporation)
By: H.B. Montgomery
(Signature)
H.B. MONTGOMERY SECRETARY
(Type of Print Name and Office)

FILING INSTRUCTIONS

- Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed.
- Filing Fee (Payable to the Secretary of State at the time of filing this application) - \$25.00
- THIS APPLICATION MUST BE FILED WITHIN TWO YEARS AFTER THE EFFECTIVE DATE OF THE CORPORATION'S DISSOLUTION BY ADMINISTRATIVE ACTION AND MUST BE ACCOMPANIED BY A CERTIFICATE FROM THE SOUTH CAROLINA TAX COMMISSION RECITING THAT ALL STATE TAXES OWED BY THE CORPORATION HAVE BEEN PAID.

Form Approved by South Carolina
Secretary of State 1/89

EXHIBIT A

DEPARTMENT OF STATE

COLUMBIA, SOUTH CAROLINA

DECLARATION OF DISSOLUTION BY FORFEITURE

File: 20209460-6

Date of Dissolution DECEMBER 28, 1998

QUARtermaster AT BROAD CREEK LANDING
OWNERS ASSOCIATION INC
79 QUARtermaster DR
HILTON HEAD ISL SC 29928

Whereas, Section 33-14-200, of the 1976 Code of Laws of S.C., as amended, provides for the dissolution of a corporation by forfeiture if the corporation has failed to:

- (1) File its annual report on or before the date on which such report is due, or
- (2) Pay its franchise tax or income tax on or before the date on which such tax is due and payable, or
- (3) Appoint and maintain a registered agent in this State, or
- (4) Notify the office of The Secretary of State of a change in its registered agent or registered office, or
- (5) The corporation's period of duration stated in its Articles of Incorporation expires.

AND WHEREAS, IT APPEARS FROM THE RECORDS IN THIS OFFICE, AFTER DUE NOTICE, THAT THE ABOVE NAMED CORPORATION HAS FAILED TO MEET REQUIREMENTS OF NOS. 1 AND/OR 2 ABOVE SET FORTH.

NOW THEREFORE, UNDER THE AUTHORITY OF SAID ACT, THE CHARTER IS HEREBY DECLARED FORFEITED AND DISSOLVED THIS DATE.

Inquiries concerning this administrative dissolution should be directed to the SC Department of Revenue, P.O. Box 125, Columbia, SC 29214, Attn: Corporate Section.

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

MAY 02 2013

Jim Miles
Secretary of State


SECRETARY OF STATE OF SOUTH CAROLINA

SOS-2 (Rev 4/94) 3119

98-047787CC

QUARtermaster

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT
Civil Action No.: 2011-CP-07-2497

QUARtermaster AT BROAD CREEK
LANDING OWNERS ASSOCIATION, INC.,

Plaintiff,

vs.

BROAD CREEK LANDING HORIZONTAL
PROPERTY REGIME,

Defendants.

AFFIDAVIT OF RON FENSTERMAKER

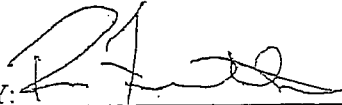
PERSONALLY appeared before me the undersigned, being first duly sworn, deposes and says to the best of my knowledge:

1. I am the president of IMC Resort Services.
2. IMC Resort Services is the association manager for the Broad Creek Landing development.
3. IMC Resort Services has been the association manager for Broad Creek Landing since 1997.
4. Each year since 1997, IMC Resort Services has provided to owners of the fee simple properties at Quartermaster a document explaining how the Quartermaster assessment is calculated.
5. The document attached as Exhibit A is an example of the document provided to Quartermasters owners each year referred to in Paragraph 4.
6. The assessment for Quartermaster owners in the budget year 2012 -2013 is \$184 for improved lots and \$46 for unimproved lots.

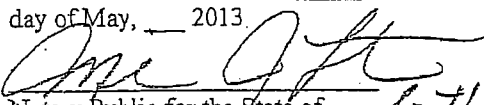


7. I have personal knowledge on all matters contained in this affidavit.

FURTHER AFFIANT SAYETH NOT.

BY: 

Ron Fenstermaker

SWORN to before me this 2nd
day of May, 2013.

Notary Public for the State of South
Carolina

My Commission Expires: _____

My Commission Expires
October 29, 2014

How Your Quartermaster fee is calculated
(per reciprocal agreement)
2011-2012 Budget Year

Total budgeted expenses @ Broad Creek Landing	\$	965,608.00	
Minus maintenance expense line item	\$	(106,845.00)	
Minus any termite bonds	\$	(7,700.00)	
Minus 2/3 property insurance	\$	<u>(234,182.00)</u>	
	\$	616,881.00	
\$616,881.00 divided by 278 units (# of units in Broad Creek Landing)	\$	2,219.00	avg/unit/year
\$2,219.00 divided by 12 months	\$	184.00	monthly fee improved (\$70,566.00 annual improved)
An unimproved pays 25% of \$184.00	\$	46.00	monthly fee unimproved (\$9,384.00 annual unimproved)

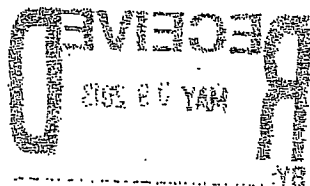


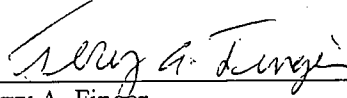
EXHIBIT A

Certificate of Counsel

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

September 1, 2016

FINGER, MELNICK & BROOKS, P.A.



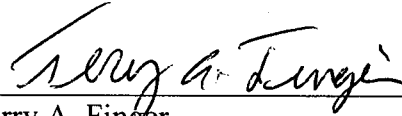
Terry A. Finger
35 Hospital Center Common, Suite 200
P. O. Box 24005
Hilton Head Island, SC 29925-4005
(843) 681-7000
Attorneys for Appellant

Certificate of Counsel

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

September 1, 2016

FINGER, MELNICK & BROOKS, P.A.



Terry A. Finger
35 Hospital Center Common, Suite 200
P. O. Box 24005
Hilton Head Island, SC 29925-4005
(843) 681-7000
Attorneys for Appellant

RECEIVED
SEP 06 2016
SC Court of Appeals